Runnymede 2035
Employment Land Review

September 2016

Runnymede Borough Council

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Executive Summary

Introduction (Chapter 1)

This 2016 Employment Land Review (ELR) was produced in collaboration with Nathaniel Lichfield and Partners and seeks to provide a robust assessment of economic development needs across the Borough of Runnymede.

The review seeks to:

- Assess how much employment land is likely to be required within Runnymede Borough to the year 2035;
- Assess how suitable existing and proposed sites are for employment use;
- Highlight current employment sites which are no longer considered suitable and could be released for alternative uses.

The ELR focuses on employment space needs for the B Use Classes – B1 (business), B2 (industry) and B8 (warehousing/distribution). The review draws on other relevant documents including property market information, local, County and EM3 LEP economic strategy documents, economic sector studies and published documents, economic sector studies and published documents, economic sector studies and published economic statistics.

The draft Employment land Review was subject to consultation with Duty to Cooperate partners in March 2016.

Policy background (Chapter 2)

The NPPF establishes a presumption in favour of sustainable development, where development that accords with a Borough's development plan (or when judged against the policies in the NPPF if the development plan for an area is absent, silent or relevant policies are out of date) should be approved without delay. It requires each Council to produce a Local Plan for its area that addresses the spatial implications of economic, social and environmental change. The NPPF states that a Local Plan should also set out the strategic priorities for the area.

The NPPF also confirms that each local planning authority should ensure that its Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of its area. This gives rise to the need for the planning system to perform a number of roles including an economic role – contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure.

There is a range of other policy/guidance documents at national, county and local level that are considered relevant in the preparation of this ELR. A comprehensive summary of the most relevant documents can be found in chapter 2 of the main document.

Economic Overview (Chapter 3)

Runnymede is located in North West Surrey and is split into 14 wards. It contains three main towns; Addlestone, Egham and Chertsey, alongside a range of smaller settlements at Englefield Green, Virginia Water, New Haw, Woodham, Ottershaw, Lyne, Longcross and Thorpe (the last three settlements listed are all located in the Green Belt). In total approximately 79% of the Borough is located in the Green Belt. The remainder of the Borough including its town centres is located in the Urban Area.

The Borough is strategically located at the junction of the M25 and M3 motorways. It has excellent road and rail connections to the capital and by road to Heathrow and Gatwick Airports. There is good access to the wider South East by the motorway network and the Reading – Waterloo and Weybridge – Waterloo railway lines. The South West region is also easily accessible by motorway and the rail system.

The Borough itself has a strong local economic base with many commercial enterprises located in its three town centres, industrial estates, suburban business areas and business parks. The local economy, in common with the rest of Surrey, is dominated by the service sector. In 2014, 83.9% of employees jobs within the Borough were in the service sector compared to just 2.4% in the manufacturing sector. The Borough has a particular concentration of workforce jobs (approximately 28%) in professional and other private services.

Despite a relatively low level of population growth experienced in the decade to 2011, the population density of the Borough in 2011 was 10.3 persons per hectare, making Runnymede the 6th most densely populated borough/district out of the eleven boroughs/districts in Surrey.

Of the 55,400 people who are of working age (those aged between 16 and 64) in Runnymede 44,800 are economically active and 43,400 are in employment. In Runnymede, between July 2014 and June 2015 3.3% of the resident workforce was out of work. The level of unemployment in the Borough has been slowly reducing since it peaked at 5.6% in the period April 2011 to March 2012 as a result of the recession.

Approximately half of Runnymede residents are employed in higher skilled professions, such as managers, senior officials, professional occupations, associate professional and technical occupations. Over half of residents in Runnymede (59.3%) are qualified to NVQ Level 3 and above.

Runnymede records higher earnings than the South East and Great Britain averages for earnings by residence. However, workplace earnings for full-time workers are higher than resident earnings suggesting that there are a number of well-paid jobs in Runnymede, but a percentage of these are held by in-commuters rather than the resident workforce.

Between 2007 and 2015 the number of enterprises in Runnymede grew by 1,100 from 2,940 in 2007 to 4,040 in 2015 – a total growth rate in this period of 37%. In 2015 there were 66,770 workforce jobs within Runnymede Borough. Of this total, 30,738 were for B class jobs. Between 1999 and 2015 there has been a steady increase in total workforce job numbers and the number of total B class jobs. Across this period however, the increase in the number of office jobs has risen significantly by 54%, whilst the number of industrial jobs has seen little variance.

Runnymede is a top 10 destination for tech firms (by local authority area in the UK). There is also a very high concentration of cyber security employment in Runnymede, about 4.1 times the national average.

Self-containment levels for Runnymede are generally low at 39% - a fall of 4% since 2001, reflecting the influence of London and density of the transport network. The influence of London on commuting patterns in Runnymede is strong with 19% of Runnymede residents commuting to Inner London. The proportion of people commuting to Greater London as a whole is higher still with 24% of working residents in Runnymede commuting to work in London.

Existing Employment Stock (Chapter 4)

It has been established that there is approximately 631,121 sqm of commercial floorspace in Runnymede at the time the ELR was undertaken. Across the sites analysed in this ELR, approximately 590,919sqm of commercial land/premises has been identified. This is approximately 94% of the total commercial land/premises identified across the whole of Runnymede Borough and is therefore considered to provide a robust representation of the type and range of employment site in the Borough of Runnymede.

The Council's business rates department has provided its list of empty commercial properties as at November 16th 2015. At this time, there was a reported vacancy of approximately 81,287sqm across the Borough or approximately 13% across the total commercial floorspace. This represents a very similar picture to that found across the ELR sites, where a vacancy rate of 13% was also found.

The gross amount of floorspace developed for employment uses in Runnymede during the period 2005/06 to 2014/15 shows that around 42,297sqm of gross B class space was developed over this ten year period, equivalent to an average of 4,230sqm per annum. Most of this new employment floorspace within the Borough was developed for office uses (80%).

Across the ten year period under consideration, the net development rate was positive with a net floorspace across all B class uses of 7751sqm being delivered. When each use class is looked at individually, the picture is quite varied. For office floorspace, over the ten year period there was an overall net increase of 13,789sqm. A modest loss of 780sqm was reported over this same period for B2 floorspace while larger overall losses were reported for B1c floorspace (-2482sqm) and for B8 floorspace (-4003sqm).

The impact of permitted development rights is also considered in this chapter. If all of the applications where prior approval details have been approved under class J are implemented in full 11,533sqm of office floorspace will be lost in the Borough. This is equivalent to approximately 3% of the Borough's existing recorded office stock or just under 400sqm of office floorspace per application.

It is also important to understand the extent of available employment land in adjoining boroughs and any major new economic developments coming forward which might compete with the Borough for future demand. A brief review has therefore been undertaken of the current position in adjoining/nearby authorities in this chapter of the main document.

Review of existing and potential employment sites (Chapter 5)

The assessment of the characteristics and the quality of existing employment sites in the Borough and their suitability to meet future employment needs was undertaken by Council Officers in November 2015. Space likely to come forward in the future and losses to the current stock are also examined in this chapter of the main document.

Overall, there is a good range of employment sites across the Borough with a particularly high proportion of good quality office accommodation. Provision of good quality accommodation within the Green Belt is more limited but there are good examples of such sites.

The assessment has examined a total of 45 existing employment sites/areas across the Borough of which 14 were considered to be of good quality. This equates to approximately 116.46 ha of employment land although it should be noted that the Borough's three town centres make up part of this area and only parts of the town centres are in a B class use. A further 14 sites were assessed to be of average quality which equates to approximately 137.42ha although it should be noted that Longcross Park accounts for 117ha of this. Approximately 62% of the employment areas are assessed as being average quality or above. This is compared to a figure of 81% in the 2010 ELR although the actual area of employment land in these categories appears to have increased.

The majority of the good quality sites are located in good accessible locations either close to the town centres or motorway junctions. The majority of the poorer quality employment sites are older industrial sites which are poorly located in terms of public and private accessibility or are older urban industrial sites/estates. However, these sites were still generally well occupied and a lower score on the assessment criteria does not imply that an employment area is not meeting a local need for low cost space or 'bad neighbour' uses.

As noted above, a low score for an existing employment site does not necessarily mean that the site does not serve an important role in providing employment floorspace at a particular location. There are many reasons why businesses locate in particular areas and a high score against the criteria of the assessment is not necessarily the determining factor when businesses choose their locations. Sites such as the Central Veterinary Laboratories and Longcross Park have long associations with their sites and the historic reasons for their locations being chosen by their occupiers are unlikely to have been related to the site assessment criteria.

In addition to considering existing employment sites in the Borough, officers have analysed the sites submitted during the 2015 call for sites for the Council's Strategic Land Availability Assessment (SLAA) to determine if these sites could also have capacity for commercial floorspace. The sites considered are those sites where landowners/promoters have confirmed that they would be willing to consider provision of commercial floorspace specially or 'other uses'. A commentary is provided to indicate the suitability of these sites for B class uses.

Review of Commercial Property Market (Chapter 6)

The findings in this chapter of the main document relate to current property market conditions in Runnymede and its relationship with surrounding areas, including recent trends in the demand for and supply of office and industrial premises. The findings are based on discussions with a number of commercial property agents active in the area as well as a review of recent publicly available commercial property market reports and statistics.

Runnymede forms part of a wider M25 commercial property market which is characterised by its strong links with nearby Heathrow Airport to the east of the M25 and Thames Valley to the west. This accessibility, alongside quality of life factors and a skilled local workforce, makes Runnymede an attractive business location which has seen significant growth in recent years.

At a more local level, the northern parts of the Borough in and around Egham are generally more popular for larger office occupiers due to its location adjacent to a junction of the M25, better train links to London and proximity to Staines-upon-Thames. Occupiers seeking commercial property in this area will also tend to consider Staines-upon-Thames, Slough and Windsor and locations near to Heathrow. Meanwhile, Chertsey and Addlestone to the south of the Borough tend to compete with the nearby centre of Weybridge and the Brooklands business area in particular which are less likely to serve Heathrow due to its relative distance from the airport.

The Borough's commercial property market is dominated by office uses for which demand remains strong. Larger HQ style requirements tend to characterise the majority of demand, building on the Borough's historic success in attracting a wide range of international, national and regional firms.

Echoing trends across the whole of the M25 office market, office stock is now in short supply, with a particularly low level of vacancy within modern Grade A space. There are a number of new office schemes currently in the pipeline in Runnymede and surrounding Boroughs which are expected to help satisfy some of this demand, although a gap is likely to remain for smaller office accommodation (sub 25,000sqft), particularly as this size characterises much of the office stock lost through PDR in Runnymede in recent months and years.

Runnymede is not recognised as a significant industrial location despite its location close to the M25 and the industrial market is small in scale. This positon is echoed across most of North Surrey. Nevertheless, market demand for industrial space is strong and very low levels of vacancy reflect a limited supply of industrial accommodation with the Borough. In light of this demand/supply imbalance, the view from local agents is that at least one new industrial park/site is required in the Borough to provide a release valve and enable churn, intensification and upgrading of existing older sites.

Whilst small scale, flexible businesses space for SME and start-up firms is generally well catered for in the Borough, the supply of industrial start-up premises is very low and scope is therefore seen to provide more of this type of space. Provision of employment space in the rural parts of Runnymede is limited, partly reflecting its Green Belt constraints. These types of premises can play an important role in providing affordable workspace and retaining home based businesses within the local community.

Market views suggest that the future economic outlook for the Borough is positive with its strategic importance as a business location expected to continue. In absence of new land being available to accommodate new B class development however, rates of new development are expected to reduce as any remaining potential development areas are built on. The only real commercial development opportunity lies in the former DERA site (Longcross Park) which given its relatively isolated location, represents an untested proposition in Runnymede in commercial property market terms (with regards to the type of development being proposed, i.e. a large scale, high quality office park, in such a location). Success may be dependent upon a high profile anchor tenant creating their own hub or critical mass of activity on the site, and it may take a few years to attract an occupier of the scale that would be required to trigger the wider development of the site.

Future employment floorspace requirements (Chapter 7)

The NPPF required local authorities to "set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth" (paragraph 21). In evidence base terms, this should be underpinned by a "clear understanding of business needs within the economic markets operating in and across their area" (paragraph 160).

In this context, a number of potential future economic scenarios have been constructed to provide a framework for considering the future economic growth needs and B class employment space requirements within Runnymede during the period to 2035. These scenarios reflect the Planning Practice Guidance (PPG) and draw on the following:

- projections of employment growth in the main B class sectors (**labour demand**) derived from economic projections produced by the Experian Regional Planning Service (RPS);

- consideration of **past trends in completions of employment space** based on monitoring data collected by Runnymede Borough Council, and how these might change in the future; and

- estimating future growth of the **local labour supply** based upon the objectively assessed housing need (OAN) figure derived for the Borough from the Strategic Housing Market Assessment (SHMA) (2015) prepared for Runnymede Borough Council and Spelthorne Borough Council.

It is however important to recognise that there are inevitable uncertainties and limitations related to modelling assumptions under any of the future scenarios of growth considered in this study. For example, there are some inherent limitations to the use of local level economic projections, particularly within the context of significant recent changes within the economy. These forecasts are regularly updated and the resulting employment outputs will change over the plan period for Runnymede.

The assessment considered three different scenarios of future employment space requirements in Runnymede based on a number of approaches that reflect economic growth, past development patterns, and potential housing supply factors. The overall gross B class employment floorspace requirements related to these different scenarios range from

37,150sqm to 237,180sqm during the period to 2035, which implies in broad terms a need for between 4.0ha and 46.2ha of employment land.

Under two of the three assessed scenarios (i.e. labour demand and labour supply), the majority of this spatial requirement related to industrial (B1c/B2/B8) uses. In job terms, office based sectors are expected to drive the majority of growth, but make more efficient use of space than industrial sectors. Office uses represent the key driver under the past take-up based scenario. The overall B class job growth associated with all three scenarios is significantly lower than what was achieved in the recent past in Runnymede.

Within the context of the NPPF requirement to plan positively for growth, the scenario based on past take-up rates continuing appears to provide a less robust basis for objectively assessing the employment space requirements for supporting economic growth as new development (particularly industrial development) in the Borough has been constrained in recent years due to land supply side factors. As noted above, the monitoring period for which detailed completions data is available (i.e. 2005-2014) also post-dates the period of time around the late 1990s and early 2000s when significant new commercial development was completed in Runnymede which is therefore not captured within the historic take-up trends.

In contrast, the growth scenarios implied by the Experian job growth forecasts and the OAN figure from the Runnymede and Spelthorne SHMA 2015 are based on the most up-to-date demographic and macroeconomic assumptions and therefore provide the most objective assessment of needs. In the contact of the NPPF requirement to plan positively for growth, the Council should plan to support at least the labour supply (466 d.p.a) scenario based on the OAN figure for the Borough to ensure that the indigenous growth potential of Runnymede (i.e. from its resident workforce) is not constrained by a lack of space.

At the same time, the Council should consider planning to accommodate the higher requirement arising form the baseline labour demand scenario based on the Experian employment projections, which implies higher B class job growth over the plan period up to 2035 than the other two scenarios but still falls behind historic levels of job growth recorded in Runnymede.

The demand/supply balance (Chapter 8)

Based on an analysis of available employment space in Runnymede from outstanding planning permissions that are currently under construction or are yet to be implemented, the demand and supply balance for the Borough indicates an insufficient emerging supply of employment space in quantitative terms to meet future needs for employment/B class uses up to 2035 under two of the three scenarios considered, and for those two scenarios that appear to provide the most objective assessment of economic needs (i.e. labour demand and labour supply). The starting point for planning policy should therefore be that, to varying degrees, some further space will need to be identified if business needs are to be met within Runnymede during the plan period. From a purely quantitative perspective, the existing shortfall of B class employment floorspace in Runnymede ranges from 74,885sq.m under the labour supply scenario to 129,685sq.m for the baseline labour demand scenario.

From a more qualitative perspective, local market intelligence suggests that continued strong demand amongst office occupiers coupled with diminishing availability is starting to have an impact on the demand/supply balance of office space in and around Runnymede. Whilst larger HQ style requirements dominate the profile of demand, local property agents also report a current gap in supply for good quality, modern office space at the lower size range end of the market, particularly for firms in the first few years of trading. Part of this trend can be explained by the recently introduced Permitted Development (PD) rights for changes of use from office to residential which has resulted in a reasonable amount of smaller scale office space being lost in Runnymede in recent times.

Demand is also reported to be strong for industrial space across the Borough despite its relatively small sized industrial market. The supply of industrial accommodation is very limited and local commercial property agents report that the majority of enquiries for industrial space across all premises sizes in the Borough are unable to be met. There is particular shortage of smaller scale incubator/nursery type industrial units for local firms and start-ups.

There are very few opportunities and sites available to accommodate B class development in Runnymede which partly explains why recent development in the Borough has largely entailed refurbishment of existing building to bring them up to Grade A standard. The scope for older industrial estates to be upgraded or redeveloped to provide modern industrial space is considered to be limited because of low rental levels and limited developer appetite in the current market. The only real commercial development opportunity lies in the former DERA site – the largest strategic business park site in the EM3 LEP area – although this currently represents an untested proposition in Runnymede in commercial property market terms.

Conclusions and Policy Implications (Chapter 9)

Runnymede has a small but strong local economy that outperforms Surrey and South East averages on a number of indicators, including its high wage levels and its historic and predicted growth rates GVA (borough level). There is a good range of employment sites across the Borough with a particularly high proportion of good quality office accommodation, primarily located in the urban areas of Egham/Staines, Chertsey and Addlestone. Its main drawbacks and potential constraints to future economic growth include a land supply which is limited by Green Belt, flooding and heritage factors.

The Borough has a relatively high proportion of office space relative to surrounding boroughs but a much lower amount of factory and warehousing space. Offices comprise over half of the total employment stock in the Borough. The office premises are of a reasonably modern stock and there is relatively little very old space. The Borough's commercial property market is dominated by office uses for which demand remains strong. Echoing trends across the whole of the M25 office market, office stock is now in short supply, with a particularly low level of vacancy within modern Grade A space. There are a number of new office schemes currently in the pipeline in Runnymede and surrounding Boroughs which are expected to help satisfy some of this demand.

Almost all new development in recent years has been for B1 accommodation, the majority of this specifically for B1a space. Losses of employment space have been modest and generally relate to B1c/B2 and B8 floorspace. There is a sizeable amount of permitted floorspace (107,495sqm) in the development pipeline, the majority of which relates to unimplemented permissions for B1 (a) office space. This is concentrated on a few larger sites including Longcross Park and on sites along the Causeway.

Runnymede is not recognised as a significant industrial location despite its location close to the M25 and the industrial market is small in scale. This position is echoed across most of North Surrey. Nevertheless, market demand for industrial space is strong and very low levels of vacancy reflect a limited supply of industrial accommodation with the Borough.

Whilst small scale, flexible business space for SME and start-up firms is generally well catered for in the Borough, the supply of industrial start-up premises is very low and scope is therefore seen to provide more of this type of space. Provision of employment space in the rural parts of Runnymede is limited, partly reflecting its Green Belt constraints.

The three scenarios tested in chapter 7 of the main document indicate the broad scale and type of growth arising from different approaches to modelling the Borough's future employment space needs. The scenarios each reflect both indigenous needs arising within Runnymede as well as a degree of footloose demand which operates across the Borough's boundaries from the wider sub-region.

It is recommended that the emerging Local Plan seeks to plan for a choice of sites and locations to meet the needs of particular sectors and occupier needs.

Within the office sector, the Borough is expected to remain an attractive office location particularly amongst key sectors such as IT and Financial and Business services, and footloose firms seeking an accessible South West London location.

The Council's monitoring data shows that there is a sufficient pipeline supply (108,162sqm) of office space to meet any of the floorspace requirements recommended by the three growth scenarios tested. The surplus anticipated ranges from 9,202sqm to 68,382sqm of office floorspace.

Within the industrial sector it is recommended that the Council should not proceed with a strategy based on past completion rates which would actually see a reduction in industrial employment land and floorspace as this would not represent a positive or proactive strategy as required by the NPPF. The Council's pipeline data shows however that there is insufficient industrial supply to accommodate the demand arising from the remaining two scenarios tested.

Specific recommendations relating to the office and industrial sectors have been made in the conclusions and policy implications chapter in the main report.

Demand for rural employment space in Runnymede is reported to be steady, with continued growth of this type of premises considered inevitable to meet the needs of what is essentially a local market consisting of rural businesses which operate in the area. The scale of new space anticipated to be required, in conjunction with Green Belt and sustainability factors, would not justify any significant new provision in rural areas.

The Borough's emerging pipeline supply of employment land would appear to be insufficient to accommodate identified industrial needs over the plan period. Accordingly, it is recommended that the Council should carefully consider how allocations and other development opportunities could support the delivery of new space over the short, medium and long term in a development trajectory.

It has to be recognised that the Borough Council does not necessarily have to make land provision for the maximum level of potential market demand estimated by the ELR. While it is important to realise the economic potential of an area, this usually needs to be set against its socio-economic and environmental capacity. Indeed, in an area like Runnymede which has major constraints on land supply, there could be clear arguments for providing for less than the highest level of need forecast.

It is not the place of the ELR to consider how the Council will balance its substantial economic needs with other identified needs, including for different types of housing (starter homes, self-build properties, market and affordable housing, traveller sites), retail and leisure needs. Any strategy arrived at by the Council will need to carefully balance competing needs and priorities.

If the Council is not able to meet all of its identified economic (and housing) needs within the Borough boundaries, it will be required to engage with the Local Authorities in its Housing Market Area (HMA) and Functional Economic Area (FEA) to see if any unmet needs generated by Runnymede can be met elsewhere in the relevant market area. If this is not possible, the Council will need to engage with adjoining FEAs and HMAs to ensure that identified needs are met as far as possible in the sub region.

It will be important to monitor future changes in the demand and supply of employment space to identify changing patterns and inform any policy responses required. Specific items which could be useful to monitor are set out in this chapter of the main document.

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FIGURES

APPENDICES

Chapter 1: Introduction

1.1 The Employment Land Review (ELR) is part of the evidence base that will underpin the Runnymede 2035 Local Plan. The ELR assesses how much employment land is likely to be required within Runnymede Borough to the year 2035.

1.2 The ELR also assesses how suitable existing and proposed sites are for employment use. This is to make sure that the Council is understands which are the most important employment sites/areas in the Borough so it can consider whether any protection should be given to such areas through the Local Plan to ensure that they are not developed for alternative uses. The ELR also highlights current employment sites which are no longer considered suitable and could be released for an alternative use.

1.3 The ELR generally follows Government guidance on undertaking economic development needs assessments as set out in the Planning Practice Guidance. It builds on the 2010 ELR completed by Nathaniel Lichfield and Partners (NLP), in collaboration with Runnymede officers, and the subsequent 2012 update produced by Runnymede officers. Again NLP has completed certain elements of this 2016 ELR, specifically chapters 6, 7 and 8.

1.4 The ELR focuses on employment space needs for the B Use Classes – B1 (business), B2 (industry) and B8 (warehousing/distribution). Development and buildings that are used for health, education, retail or leisure purposes, or sui generis uses are not included. References to 'employment space' are intended to mean both employment land and floorspace while 'industrial space' refers to both manufacturing and distribution uses.

The Town and Country Planning (Use Classes) Order 1987 as amended

Business class uses are defined as follows:

Class B1: Business
B1a Offices (other than those that fall within A2 - financial and professional services)
B1b Research and development of products and processes
B1c Light industry (appropriate in a residential area.)

Class B2: General industrial
Use for industrial process other than one falling within class B1 (excluding incineration purposes, chemical treatment or landfill or hazardous waste).

Class B8: Storage or Distribution
This class includes open-air storage.

1.5 The study also draws on other relevant documents including property market information, local, County and EM3 LEP economic strategy documents, economic sector studies and published documents, economic sector studies and published economic statistics. Where such documents have been relied upon in this Review, the source has been clearly stated.

1.6 The report is structured as follows:

Chapter no.	Chapter title	Overview of chapter content
Chapter 1	Introduction	Provides an overview of what the Runnymede ELR seeks to achieve and the type of information it will contain.
Chapter 2	Policy overview	Provides an overview of national and local level policies and guidance, and other relevant publications (i.e. documents produced by SCC and the Enterprise M3 LEP).
Chapter 3	Economic overview	Provides an overview of current economic conditions and recent trends in the Borough and adjoining areas.
Chapter 4	An assessment of existing employment stock	Provides a quantitative assessment of the current stock of employment space in the Borough, including levels and types of provision, recent changes in supply and major developments and employment land supply in nearby areas.
Chapter 5	Review of current and potential employment sites	Provides a review of existing or allocated employment sites in the Borough in terms of their quality and adequacy to meet future needs. As well as a review of sites submitted for commercial use via the call for sites.
Chapter 6	Review of the commercial property market	Nathaniel Lichfield and Partners provide an overview of the UK property market, market geography (looking at both sub-regional markets and local property markets), market segments (looking at both office and industrial space), start-up space, rural provision, future growth potential and scope for redevelopment/intensification. The views of local businesses are also summarised.
Chapter 7	Future requirements for employment space	Nathaniel Lichfield and Partners provide estimates of future employment land and floorspace requirements in both quantitative and qualitative terms to meet the needs of the future workforce and respond to the likely changes in the demand from business. Includes sensitivity analysis and forecasts for different future growth scenarios.
Chapter 8	The demand/supply balance	Nathaniel Lichfield and Partners provide an assessment of the balance of supply/demand for employment land. Answers the questions of how much additional land, if any, and what types need to be allocated.
Chapter 9	Conclusions and policy implications	Contains the overall conclusions and recommendations for the study. Considers policy options available to the Council in the development of the Runnymede 2035 Local Plan.

1.7 It should be noted that following the completion of this report in draft form, a focussed consultation event was carried out with key stakeholders in March 2016. This included

consultation with all of the bodies outlined in the Council's Duty to Cooperate Scoping Framework (October 2015)[1] including:
• The Enterprise M3 LEP;
• The Local Authorities identified in the Council's Functional Economic Area Analysis (June 2015) as being FEA partners for the Council;
• Surrey County Council;
• In addition to those local authorities identified above, any other local planning authorities identified in the Council's FEA analysis report as having some identified links to the borough in relation to the economy; and,
• Other relevant organisations such as Heathrow Airport Holdings and the Greater London Authority.

1.9 The comments made by stakeholders were considered by Officers at Runnymede and have been addressed in this final version of the report where considered necessary. A summary of the comments made by stakeholders and the responses of Officers can be found at Appendix 8.

Disclaimer

In relation to the information contained within this report and any other report relating to the Employment Land Review (ELR), the Council and NLP makes the following disclaimer:

- The identification of land with potential for economic uses in the ELR does not imply that the Council will necessarily grant planning permission for employment development on that land or allocate land for employment development through the Local Plan. All planning applications will continue to be determined against the policies in the development plan and material planning considerations.

- The inclusion of land for employment development in the ELR does not preclude it being developed for uses other than employment.

- The site boundaries included in the ELR are based on the best information reasonably available at the time of production. The ELR does not limit an expansion or contraction of these boundaries for the purpose of a planning application or future allocation through the Local Plan process.

- The exclusion of sites from the ELR (either because they were discounted or never identified) does not preclude the possibility of planning permission being granted on them for economic development. The Council acknowledges that sites which are not identified in this ELR will continue to come forward through the planning system. Proposals will continue to be considered against the development plan and other material considerations.

- The Council does not accept liability for any factual inaccuracies or omissions in the ELR. The information within the ELR represents the information that was reasonably available to the Council at the time of writing. Users of the study should acknowledge that there may be additional constraints on sites that are not included within the ELR and that planning applications will continue to be determined on their own merits rather than based on the information contained within this document. Issues may arise during the planning application process that could not be and were not foreseen at the time of publication of the ELR. Applicants are therefore advised to carry out their own analysis of site constraints for the purpose of a planning application and

[1] https://www.runnymede.gov.uk/CHttpHandler.ashx?id=13520&p=0

should not rely on the information contained within the ELR.

- Data referred to in this ELR was gathered between September and December 2015 and therefore represents a snapshot of information available at this time. A variety of sources have been used in the preparation of the ELR and the time periods for some of the information vary. However, the most up-to-date information has been used wherever possible.

- The Council has relied on VOA data to determine the total employment floorspace in the Borough of Runnymede and the floor area and amount of vacancy for each individual site assessment. The Council cannot accept responsibility for any inaccuracies in this data.

- The Council considers the ELR to be a living document that will be updated through the Annual Monitoring Report process and reviewed every five years.

Chapter 2: Policy overview

NATIONAL LEVEL

2.1 **The National Planning Policy Framework (NPPF):** The NPPF sets out the Government's planning policies for England and how these are expected to be applied. Planning law requires that applications for planning permission are determined in accordance with the development plan, unless material considerations indicate otherwise. The NPPF must however be taken into account in the preparation of local and neighbourhood plans, and is a material consideration in planning decisions.

2.2 The NPPF is clear that there are three dimensions to sustainable development, one of which is an economic dimension. This gives rise to the need for the planning system to perform a number of roles including an economic role – contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure.

2.3 One of the 12 core principles of the NPPF is that planning should, *'proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities'.*

2.4 The NPPF contains a chapter titled 'Building a strong competitive economy'. In summary the policies in this chapter seek to:

- Ensure that the planning system supports sustainable economic growth, operating to encourage and not act as an impediment to sustainable growth. Local Planning Authorities (LPAs) should have a vision and strategy to achieve this;
- Ensure that LPAs plan proactively to support and help meet the needs of an economy fit for the 21st century;
- Ensure that planning policies do not over burden investors in business or seek to protect allocated employment sites in the long term if there is no reasonable prospect of a site being used for that purpose;
- Ensure that LPAs have flexible policies to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances; and,
- Facilitate flexible working practices, support existing business sectors, and identify and plan for emerging sectors where possible.

2.5 **The national Planning Practice Guidance (PPG):** Provides additional guidance on how Councils should carry out housing and economic needs assessments, and housing and economic land availability assessments. This guidance has been carefully considered in the production of this ELR.

2.6 **Changes to the General Permitted Development Order (GPDO):** On 30th May 2013 the Government made amendments to the General Permitted Development Order including the insertion of a new class O into Part 3 of Schedule 2 (changes of use) for a temporary three year period to allow for changes of use from buildings within Class B1(a) (offices) to a C3 use (dwellinghouses). This Class requires a number of qualifying criteria to first be met before a developer can make an application to a LPA for a determination as to whether the prior approval of the authority will be required as to-

(a) Transport and highways impacts of the development
(b) Contamination risks on the site; and
(c) Flooding risks on the site.

2.7 Housing and Planning Minister Brandon Lewis confirmed on 13 October 2015 that Class O will be made permanent. In addition those who already have permission will have 3 years in which to complete the change of use. Mr Lewis also confirmed that the GPDO will also be amended to allow for the demolition of office buildings to allow them to be replaced with new buildings for residential use. In addition, new permitted development rights will enable the change of use of light industrial buildings and launderettes to new homes.

LOCAL LEVEL

2.8 The saved policies from the Runnymede Borough Local Plan (2001), the waste and minerals policies of Surrey County Council (SCC) and policy NRM6 of the South East Plan currently make up the development plan for the Borough. The key saved employment policies in the 2001 Local Plan and a summary of their effects since they were introduced are set out in table 1 below:

Table 1: Runnymede Borough Local Plan (2001) saved employment policies

Policy and title	Main policy requirements	Has the policy been successfully delivered?	Effects of policy
LE1-General Economic Policy	The council will seek to contribute to economic growth by promoting employment development opportunities in the revitalisation areas	3 key sites have gained planning permission in the Addlestone Revitalisation Area (2 implemented)[2]. Only one of these (RU.96/0684) which was granted when the Plan was at deposit draft stage granted permission for an employment use. Whilst the Chertsey Revitalisation Area policies were not saved in 2007, prior to this under the policy a number of applications were granted which	Policy is considered to have been largely unsuccessful in achieving economic growth in the Addlestone Revitalisation Area In the Chertsey Revitalisation Area the policy is considered to have been successful in

[2] RU.96/0684 at 1-11 Station Road and 2-4 High Street for the erection of a B1 use, RU.09/0879 at Station House, 21 Station Road for the demolition of the public house and erection of a two and a half storey building containing 10 flats, RU.11/1087 at 10-22 High Street for the demolition of 10-22 High Street and erection of three storey building comprising 26 no flats and ancillary works.

Policy and title	Main policy requirements	Has the policy been successfully delivered?	Effects of policy
		saw substantial economic development in the Chertsey Revitalisation Area including: -RU.95/0067- Chertsey Revitalisation Scheme Revised 'Master Plan' (outline consent) (local plan at consultation draft stage). -RU.95/0328-Phase 1 scheme (Cranmer House). Full planning permission for the erection of a 3 storey office building ((local plan at consultation draft stage). -RU.98/0464-Phase 2 (Syward Place). Full planning permission for construction of a 2 and 3 storey office building. -RU.97/0807-Phase 5 scheme (Culverdon House). Full planning permission for the erection of 2 and 3 storey office building -RU.96/0753-Phase 6 (Rutherwyck House). Full planning permission for the construction of a two and three storey office building. RU.00/0970-Full planning permission for Chertsey Revitalisation phases 8 -14 including no.37 residential units, 986sqm of retail floorspace (class A1 and A3) and 7702sqm of commercial floorspace. -RU.02/0804- Development comprising 93 x residential units, 925 sq.m (net) of retail floor- space (Classes A1 & A3) including conversion & extension of 23-27 Guildford Street to restaurant; parking, private raised courtyard & public square	contributing to economic growth by promoting numerous employment development opportunities.
LE1- General Economic Policy	The council will seek to contribute to economic growth by promoting employment development opportunities through the redevelopment or intensification of existing	A number of employment sites across the Borough have been redeveloped over the Plan period to provide more modern accommodation to meet the current needs of business occupiers, for example numerous permissions have been granted along the Causeway, at Unit 5 Pine Trees Business Park, the former	The policy has assisted in facilitating the regeneration of existing employment sites over the Plan period

Policy and title	Main policy requirements	Has the policy been successfully delivered?	Effects of policy
	employment sites where appropriate	DERA site and at Parklands, Bittams Lane[3].	
LE1-General Economic Policy	The council will seek to contribute to economic growth by promoting employment development opportunities through limited development as part of mixed use schemes of new sites in the town centres	New sites that came forward for development at the start of the Plan period were mainly within the Chertsey Revitalisation Area which has been discussed above. Redevelopment of existing sites has also occurred in the town centres with mixed use schemes being granted. For example the comprehensive development scheme in Addlestone Town Centre, the Waitrose and Travel Lodge Scheme in Egham, 89-95 High Street, Egham and within the Chertsey Revitalisation Area[4].	The policy has facilitated economic growth in mixed use development schemes in the Borough's town centres
LE1-General Economic Policy	Schemes which make provision for the accommodation of small firms and local firms wishing to expand will be particularly encouraged.	Extensions to numerous commercial buildings have been granted over the Plan period. The Council does not hold the monitoring data to quantify whether these extensions were constructed to accommodate growing small or local firms but this seems a valid assumption in a number of cases from looking an individual applications.	Some success in this area through the extension of existing commercial buildings.
LE4: Existing economic sites	Permission for the redevelopment of existing industrial, office or warehousing premises to provide business uses will normally be granted	There are a number of examples where planning permission has been granted for the redevelopment of existing employment sites in the Borough. The majority of permissions relate to the redevelopment of office premises (see examples of planning references referred to in sections above).	Some success in this area, however success is mainly limited to redevelopment of office sites.
LE4: Existing economic sites	Schemes which make provision for the accommodation of small local firms will be particularly appropriate	ONS data (see table 12 of this report) shows that Runnymede contains a high percentage of small firms (0-9 people) at approximately 89%. This trend has continued over time with the Council's 1993 Employment	Policy appears to have been successful in ensuring that small firms continue to be supported in Runnymede,

[3] Numerous relevant references including RU.10/1186 at Unit 5, Pine Trees Business Park, RU.02/1228 at Causeway Service Station, RU.09/0618 at Burgan House, RU.12/0777 at Buildings 3 and 4 Lotus Park, RU.05/0538 and RU.13/0856 at the former DERA site, RU.10/0839 at Parklands, Bittams Lane, RU.07/0400 at Land fronting the Glanty

[4] RU.02/0804 in the Chertsey Revitalisation Area, RU.14/0435 in Addlestone Town Centre, RU.09/0033 at the Arndale car park, Egham, RU.99/0874 at 89-95 High Street, Egham, RU.13/0325 at 40-44A High Street, Egham

Policy and title	Main policy requirements	Has the policy been successfully delivered?	Effects of policy
		Survey also noting that across Surrey at this time 90% of all businesses employed fewer than 25 people. The Council does not hold the monitoring data to demonstrate how successful this policy has been successful in accommodating local firms.	although it is not clear how the % of local firms in the Borough has changed over the Plan period.
LE4: Existing economic sites	The loss of existing suitably located industrial and commercial land to other uses will be resisted	The Council's AMRs demonstrate that over the period 1st April 2005 and 31st March 2015 there was an increase of 8110sqm of commercial floorspace in the Borough, with an increase in B1(a) floorspace of 13,789sqm, a loss in B8 floorspace of 2417sqm, a loss of 2482sqm B1(c) floorspace and a loss of 780sqm of B2 floorspace over this same period (all net figures).	Sites have been considered on a site by site basis through the Plan period. Officers in Development Management report that it has been more difficult to safeguard the loss of employment land since the publication of the NPPF in 2012 which seeks to avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. The introduction of Class O into the GDPO in 2013 has also made it more difficult to prevent the loss of employment sites.
LE4: Existing economic sites	Schemes to provide uses within use class B2 (General Industry/Special Industry) in predominantly residential areas and schemes within use class B8 (Storage and Distribution) over 5,000 square metres will only be	This has been assessed on a case by case basis throughout the Plan period to ensure compliance with this policy.	This has been assessed on a case by case basis throughout the Plan period to ensure compliance with this policy.

Policy and title	Main policy requirements	Has the policy been successfully delivered?	Effects of policy
	permitted if they do not cause harm to the amenity of the neighbourhood or to the environment generally		

The Runnymede 2035 Local Plan evidence base

2.9 Particularly relevant pieces of evidence that have been produced during the preparation of the Runnymede 2035 Local Plan are as follows:

Functional Economic Area Analysis (June 2015)

2.10 As part of the evidence gathering necessary to underpin the Council's 2035 Local Plan, an analysis of the Functional Economic Area (FEA) that Runnymede is located with has been carried out. The Council's analysis concluded that given the strength of transport links in and out of Runnymede, the Borough is most likely to sit on the edges of two different FEAs. The northern part of the Borough, in particular the Thorpe and Egham areas are considered to sit within a wider FEA which focusses on Heathrow airport at its centre. The boroughs that Runnymede has the strongest relationships with in this Heathrow centred FEA are Spelthorne, Hounslow and Hillingdon. It is these three authorities that the report recommends that Runnymede engages with as it progresses its economic work.

2.11 The southern parts of the borough, in particular the Addlestone and Chertsey areas are considered to sit on the edge of a South West London/M3/A3 corridor market. Again the extent of this wider FEA is considered to cover a substantial geographical area stretching to Reigate to the south, Croydon to the east and Guildford to the south west. Whilst these areas undoubtedly have some links to Runnymede due to the existing transport network, this report has not identified that Runnymede benefits from any strong links with these authorities. The analysis carried out indicates that in this wider FEA, Runnymede has the strongest links with Woking and Elmbridge and as such it is these authorities that the report also recommends that Runnymede engages with as it progresses its economic work.

2.12 In addition to the above, given the location of the former DERA site on the western side of the Borough, it is also recommended that the Council engages with Surrey Heath Borough Council on any matters that arise relating to this large employment site. Whilst such discussions are important, it is considered that Surrey Heath Borough Council does not fall within the same FEA as Runnymede. Some links with the Royal Borough of Windsor and Maidenhead were also found in the FEA analysis although overall this authority was found to have stronger links elsewhere and be located in a different FEA to Runnymede. The same was found for Bracknell Forest.

Runnymede-Spelthorne Strategic Housing Market Assessment (SHMA), November 2015

2.13 In compliance with national planning policy, the Council has produced a SHMA which has identified the Housing Market Area (HMA) that the Council is located within, and the needs for housing within this area. This is made up of the core local authorities of Runnymede and Spelthorne Borough Councils with notable links to the London Borough of Hounslow, Woking Borough Council and Elmbridge Borough Council. The SHMA also confirms the objectively assessed housing needs for the HMA which are stated to be 1018 to 1292 dpa. This equates to a need for 466-535dpa in Runnymede and 552-757dpa in Spelthorne.

2.14 The Planning Practice Guidance recommends that SHMAs should consider whether economic growth could result in a need for additional housing. As such in arriving at its conclusions on objectively assessed needs, the SHMA examined the needs of the local economy. The SHMA considered the LEP's evidence regarding economic prospects as set out in the Enterprise M3 Housing Evidence Study (September 2014). This study directly uses the Experian job forecasts from September 2013.

2.15 The analysis of the Experian projections showed a considerable and questionable variance from past trends. Because of the difference there was considered to be a level of uncertainty, and the economic projections were therefore recommended to be tested further through other evidence base documents that were to underpin the Local Plans of both authorities. Runnymede and Spelthorne Borough Councils therefore committed to produce assessments of economic growth as part of work on economic/ employment needs through their Employment Land Reviews.

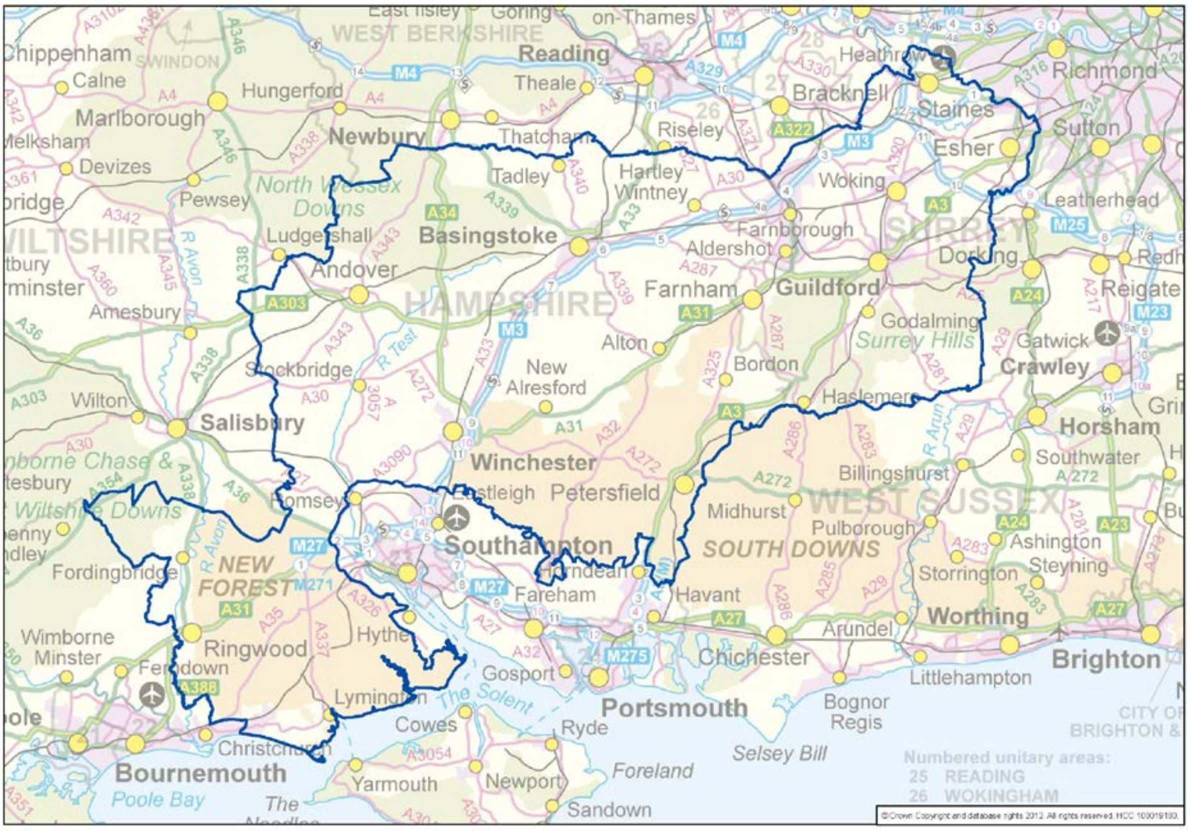
OTHER

Local Enterprise Partnerships

2.16 Local Enterprise Partnerships, or LEPs, are the main drivers of economic development at the sub-national level, since the abolition of regional development agencies in March 2012. They bring business and civic leaders together to drive sustainable economic growth and create the conditions for private sector job growth in their areas. There are 39 LEPs operating across the country and Runnymede is part of Enterprise M3 LEP (EM3 LEP).

2.17 The EM3 LEP area stretches from the outskirts of London along the wider M3 corridor to the New Forest in the south and is one of the largest of the LEPs (by population) in the country with a population of 1.6m and 86,500 businesses. Figure 1 shows the extent of the EM3 LEP area.

Figure 1: extent of Enterprise M3 area



2.18 **The Enterprise M3 Strategy for Growth** was published in May 2013. It has four components which are listed below. The central objective is the growth of business in the EM3 LEP area, but supported by investments in enterprise support, innovation capacity, skills development, infrastructure and place.

Enterprise: Maintaining and growing the business base. The priority relates to the expansion of the existing business base; seeking to remove the constraints on growth and pursue new inward investment projects in high growth sectors and new business ventures as part of the strategy;

Innovation: Delivering accelerated economic growth through positive action to promote innovation and growth in high value industries. This recognises that the EM3 LEP area has a strong base to develop innovation and to support the advancement and adoption of new technologies but it is stretched and needs to expand further;

Skills and Employment: Ensuring that investment in skills and employment support meets the needs of employers. This recognises that the education and skills profile of the Enterprise M3 area is strong when compared to national averages but the growth in the labour market and skills base, and the infrastructure to develop it, could be further strengthened to ensure that employment growth aspirations are met;

Infrastructure and Place: Many of the constraints on business growth concern infrastructure – road and rail 'bottlenecks' causing congestion and slow/unreliable journey times, limitations on the capacity of the rail network, a shortage of housing for local workers, differential supply of reliable high speed broadband, access and capacity issues in relation to Heathrow and Gatwick airports. These are current problems that will worsen without investment.

2.19 The high level targets for the Strategy are determined by the vision and the shared objective to maintain and improve the competitive position of the EM3 LEP area relative to the national baseline. The headline targets for the period up to 2020 are:

***Jobs**:* To increase the employment rate from 76.8% to 80%-an increase of 25,000.

Gross Added Value (GVA): To increase GVA per head from 8% to 10% above the national average through increased productivity and a focus on businesses in high value sectors.

Business Births and Survival: To grow the overall business base within the area by 2.4% (1,400 businesses) per annum.

2.20 **The Enterprise M3 Strategic Economic Plan (March 2014):** Another document produced by the Enterprise M3 LEP which is considered worthy of mention, is its Strategic Economic Plan. This document sets out that the Enterprise M3 LEP will focus investment on four Growth Towns (Basingstoke, Guildford, Farnborough and Woking) and five Step-Up towns of (Aldershot, Andover, Camberley, Staines upon Thames and Whitehill and Bordon) within the LEP area during 2014 to 2020. Growth Packages have been produced for each of these towns to detail how investment will be delivered. It is also worth noting that LEP funding is available to locations outside the Growth Towns and Step-Up towns mentioned above, especially for projects which support development and promotion of the Sci-Tech Corridor.

2.21 The Strategic Economic Plan also outlines that a significant proportion of investment over the period 2014 to 2020 will be channelled into the LEP priority sectors and a set of niche technologies and specialisms which can be listed as follows:

- ICT and digital media;
- Pharmaceuticals;
- Aerospace and defence;
- Professional and business services;
- 5 G Telecoms;
- Satellite technologies;
- Cyber security;
- Advanced materials and nano-technology;
- Photonics;
- Advanced aerospace/ automotive manufacturing;
- Animal health; and,
- Computer games and entertainment technologies.

2.22 Overall, the aims of the Strategic Economic Plan are to create:

- An economically competitive area driven by innovation in science and technology business;
- A region of complementary Growth Towns combined with a vibrant rural economy – with the collective economic significance of a City Region;
- A region supported by strong infrastructure offering unparalleled accessibility, attractive to national and international businesses; and

- An exceptionally attractive place to live and work for all.

The Enterprise M3 LEP Commercial Property Market Study (July 2016)

2.23 This study was carried out to look at the current and future demands of the commercial property market. It was felt necessary to refresh the study as since this first study was published in April 2013 the market conditions have changed. The study continues to support that Elmbridge, Runnymede and Spelthorne are located in the Upper M3 Property Market Area. The study found that flexible workspace, superfast broadband and town centre locations were important to firms in the 'ICT and digital' sectors and that access to London and Heathrow, town centre locations and high quality business parks and car parking ratios were important to 'professional and finance' sectors. These are the two largest priority sectors in the Enterprise M3 LEP area.

2.24 The report notes that there has recently been a strong increase in demand in the office market, particularly in the Upper M3 area where a recovery in rental values has encouraged the development of new Grade A office space, and which has seen the area attract a number of high profile HQs in the digital and professional services sectors. The LEP is proposing to focus its support in addressing site constraints in high demand areas to unlock sites, and investing in shared workspaces for digital start-ups, noting that there may be opportunities in a number of locations which have large clusters of digital businesses (including the Upper M3 area).

2.25 In terms of the industrial market, the report notes that there remains a persistent shortage of both industrial space and land with development potential in most market areas, making this by the far the most pressing cross-LEP priority. The undersupply of industrial space (particularly B8) transcends LEP boundaries, with very strong demand for any sites that can serve the London market. There are a number of constraints when LPA's are seeking to identify new sites for industrial development. The LEP is proposing to carry out additional work in this area.

Surrey Wide initiatives

2.26 **The Surrey Local Economic Assessment (LEA) (December 2010):** The purpose of the LEA is to provide a comprehensive and robust assessment of the local economy, integrating economic, social and environmental issues. It was envisaged at the time of its production that the LEA would support SCC in playing a more significant role in promoting economic development. It was also hoped that the document would provide an opportunity for SCC to both better understand and to inform the strategic direction for economic development in Surrey and to start to set out the business case for investment in the local economy.

2.27 As part of the LEA, SQW and Cambridge Econometrics undertook analysis on forward-looking economic scenarios. This piece of work looked at some 'alternative futures' for the Surrey economy. The forecasts considered the baseline position (Surrey remains on its present course, unchanged) as well as three scenarios: more global competitiveness, less global competitiveness and the impact of the anticipated public sector funding cuts on the Surrey economy over a 20 year timeframe. The economic forecasts were updated in 2013, using the same economic model and similar scenarios. The LEA was used to inform the Surrey Connects Strategy.

2.28 **The Surrey Connects Strategy and Action Plan (August 2011):** Surrey Connects is an independent, business-led economic development company working in partnership with stakeholders to stimulate enterprise growth across Surrey. It consists of representatives from business, Surrey Chambers of Commerce, education providers, SCC and district/borough councils.

2.29 The overarching objective of Surrey Connects is to double the value of the Surrey economy to £52bn by 2030. To achieve this, Surrey Connects will facilitate and lead activities which embed sustainability at the heart of the Surrey business community so companies are in a better position to weather economic cycles in the long-term.

2.30 Surrey Connects also has the following strategic aims:

- To maintain Surrey's position as a world class business location by supporting the retention of existing businesses and attraction of inward investment;
- To stimulate investment in key Business Critical Infrastructure required for Surrey;
- To lobby for incubation space and hubs across Surrey;
- To facilitate partnerships which support access to finance;
- To stimulate exporting activity and the internationalisation of Surrey companies;
- To establish a World Class Business School in Surrey;
- To stimulate Youth Regeneration as the future driver of enterprise development in Surrey;
- To promote Surrey as a Leader of the Digital Age.

2.31 These eight key aims are embedded in the Surrey Connects Action Plan 2012-2015 along with key action points to help achieve them.

Invest in Surrey

2.32 The Invest in Surrey website, which has been created by Surrey County Council to help attract investment into the County confirms that there are the following niche sectors in the County:
-5G,
-Advanced Automotive,
-Creative media technologies,
-Cyber security, and
-Space and satellite technology.

2.33 These niche sectors broadly mirror those highlighted by the LEP (see paragraph 2.21 above).

Chapter 3: Economic Overview

INTRODUCTION

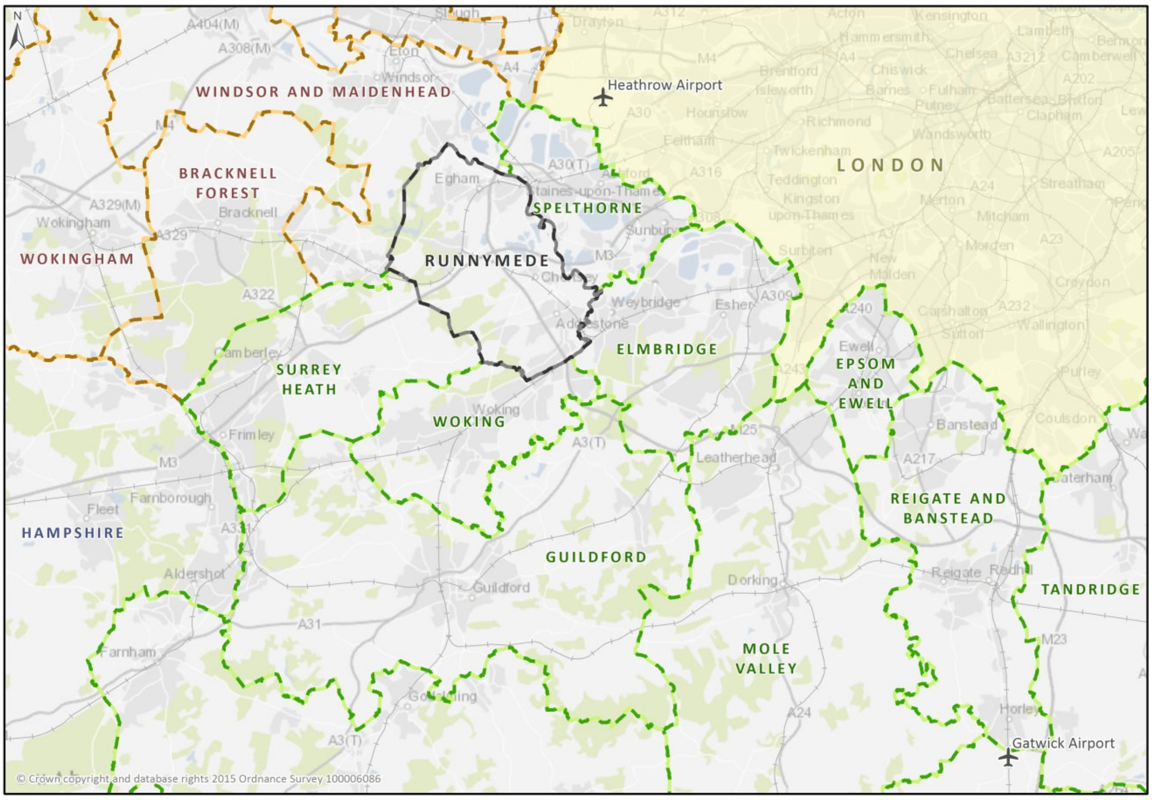
3.1 This Chapter analyses the structure of the Borough, reviewing recent economic conditions and trends to establish the economic context for this ELR and how Runnymede's position compares to its setting within Surrey/the EM3 LEP area/South East and where appropriate nationally.

3.2 This economic overview has enabled the strengths and weaknesses of the local economy to be drawn out, which has led to the identification of important factors that may influence the character and level of future employment land sought.

THE BOROUGH OF RUNNYMEDE

3.3 Runnymede Borough is located in North West Surrey only 20 miles from Central London. It is a small borough when compared with most other Surrey authorities, measuring only 8 miles from north to south. Approximately 79% of its area lies within the metropolitan Green Belt and the Borough provides the first major expanse of Green Belt on the south-western edge of the London Metropolitan area. The quality of the environment and proximity to London make Runnymede an attractive place to live, work and visit. Figure 2 below shows the location of Runnymede in the wider context.

Figure 2: Context of Runnymede Borough in the wider area



3.4 As figure 2 shows, Runnymede has boundaries with five neighbouring Local Authorities; Windsor and Maidenhead to the north, Spelthorne and Elmbridge to the north-east and south-east respectively, Woking to the south and Surrey Heath to the west. The nearest major settlements in these adjacent local authorities are Staines-upon-Thames, Weybridge, Windsor and Woking. Camberley and Maidenhead are also large towns located within the neighbouring authorities but are geographically some distance from the boundary of Runnymede.

3.5 The Borough is strategically located at the junction of the M25 and M3 motorways. It has excellent road and rail connections to the capital and by road to Heathrow and Gatwick Airports. There is good access to the wider South East by the motorway network and the Reading – Waterloo and Weybridge – Waterloo railway lines. The South West region is also easily accessible by motorway and the rail system.

3.6 The Borough itself has a strong local economic base with many commercial enterprises located in its three town centres (Addlestone, Chertsey and Egham), industrial estates, suburban business areas and business parks. The local economy, in common with the rest of Surrey, is dominated by the service sector. In 2014, 83.9% of employees jobs within the Borough were in the service sector compared to just 2.4% in the manufacturing sector (ONS, business register and employment survey 2014).

3.7 There are a large number of major businesses and institutions in the Borough from a variety of sectors, including: Astellas Pharma, Automatic Data Processing, Belron, BUPA, British Gas/Centrica, Chep, Compass Group, Crest Nicholson, Gartner, Hitachi, Kone, Merlin Entertainments (Thorpe Park), Procter & Gamble, Samsung Electronics, Thales and Toshiba, as well as a number of institutions such as the Animal and Plant Health Agency veterinary laboratories, CABI, Royal Holloway (University of London) and St Peter's Hospital & Ashford Hospital NHS Trusts.

3.8 Royal Holloway University of London, located in Egham, was ranked 17th in the UK and 118th in the world in the Times Higher Education UK and World University Rankings (2015). It has 20 academic departments covering sciences, arts and social sciences and over 1000 research students. The University is building an innovation and knowledge transfer system that can catalyse the flow of ideas between the University and Businesses. Key innovation strengths include cyber security, software engineering data systems and big data research, biomedical sciences and molecular biology, quantum technologies and petroleum geoscience. Other higher education establishments located nearby include Kingston University, Surrey University at Guildford and Thames Valley University at Slough. Further education colleges beyond the borough boundary include Berkshire College of Agriculture in Maidenhead and East Berkshire College campuses in Windsor, Maidenhead and Langley which provide a range of vocational courses.

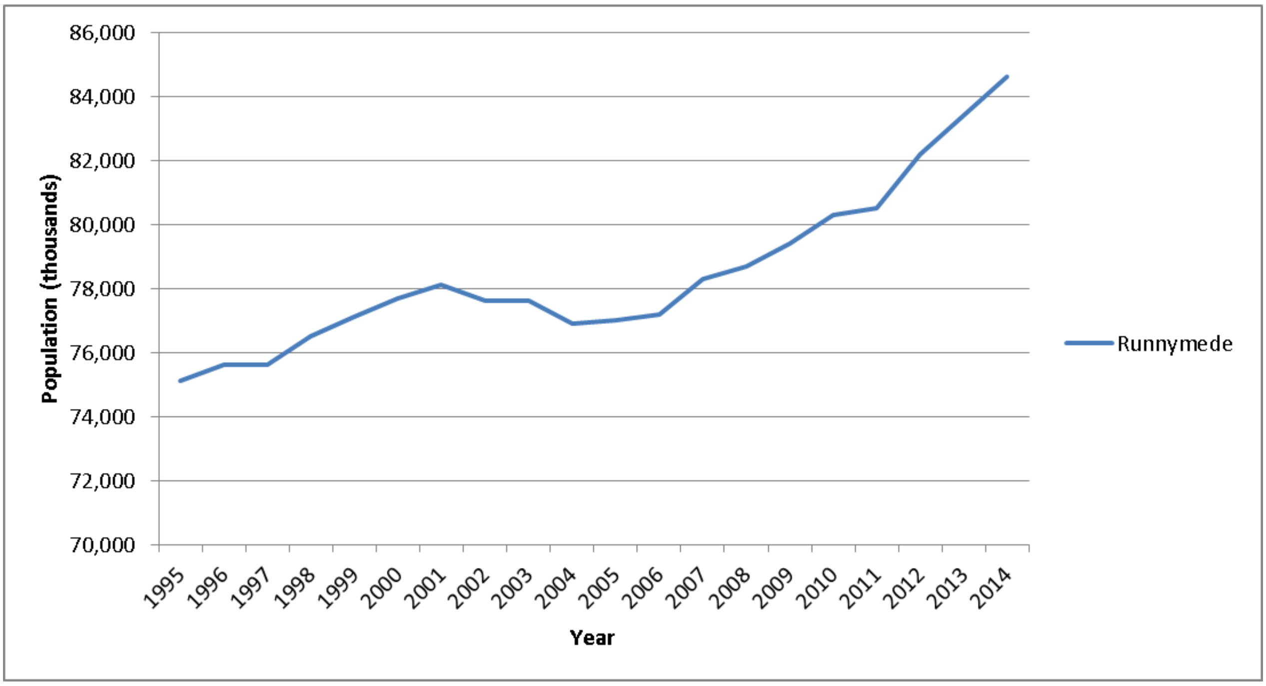
3.9 A number of significant leisure and tourism businesses are located in Runnymede including Thorpe Park and Wentworth Golf course. The area also offers a range of hotel accommodation from 4* establishments at the Runnymede-on-Thames which provides business conferencing facilities, to historic Great Fosters, Foxhills and Savill Court. The Borough is also home to a growing number of budget hotels, which are located in the town centres.

POPULATION

3.10 The size of the local population determines the size of the local resident labour force. In this regard, Runnymede Borough witnessed a 8.7% growth in population between 1991 and 2001 compared to just 3.2% growth between 2001 and 2011 - the lowest percentage increase in population of any Surrey district/borough and lower than the South East increase of 8% over this same period. There were 31,700 households in the Borough in 2001, accommodating a population of 78,033 compared to 32,714 households accommodating a population of 80,500 in 2011 (2011 Census). Despite the relatively low level of population growth experienced in the decade to 2011, the population density of the Borough in 2011 was 10.3 persons per hectare, making Runnymede the 6th most densely populated borough/district out of the eleven boroughs/districts in Surrey.

3.11 The figure below provides more detailed information on population growth in Runnymede through the mid-year population estimates and shows that the population at 2014 was estimated to be at 84,600 people.

Figure 3: Total population in Runnymede based on the mid-year estimates (1995-2014)



Source: Nomis Mid-Year Population Estimates

Working age population

3.12 The table below illustrates that Runnymede has a higher percentage of working age residents (65.5%) than the South East (62.4%) and the Great Britain (63.5%) averages.

Table 2: Working age population in Runnymede, the South East and Great Britain

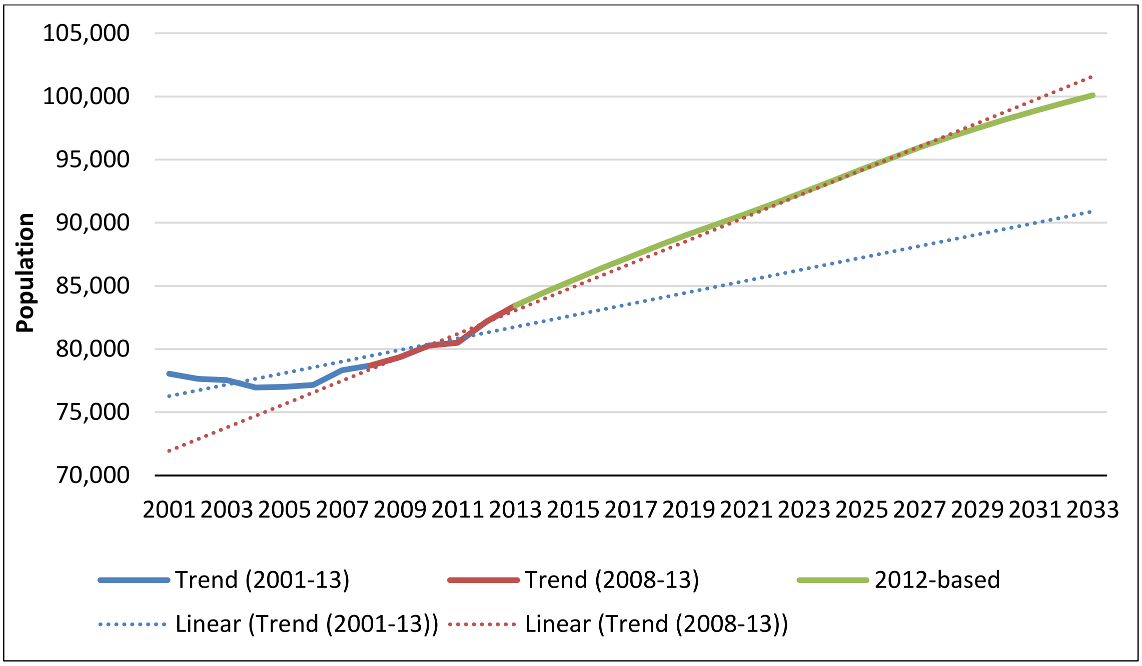
Population Aged 16-64	Runnymede Numbers	Runnymede (%)	South East (%)	Great Britain (%)
All people	55,400	65.5	62.4	63.5
Males	27,200	65.9	63.1	64.3
Females	28,200	65.1	61.7	62.8

Source: ONS Mid-Year Estimates (2014). Note: working aged residents (all people aged 16-64 years)

Population change

3.13 Although historic growth has been lower in Runnymede, population growth in the Borough is projected to grow by 16,640 persons (19.9%) between 2013-2033, higher than for Surrey (16%), the South East (14.9%) and England (13.3%).

Figure 4: Past and Projected Population Growth – Runnymede



Source: ONS (from the Runnymede-Spelthorne SHMA, Nov 2015, GL Hearn)

DEPRIVATION

3.14 The Indices of Deprivation 2015 provide a set of relative measures of deprivation for small areas (Lower-layer Super Output Areas) across England, based on seven domains of deprivation. The domains have been combined using the following weights to produce the overall Index of Multiple Deprivation:

- Income Deprivation (22.5%)
- Employment Deprivation (22.5%)
- Education, Skills and Training Deprivation (13.5%)
- Health Deprivation and Disability (13.5%)
- Crime (9.3%)
- Barriers to Housing and Services (9.3%)
- Living Environment Deprivation (9.3%)

3.15 The table below shows the overall IMD ranking and seven domain rankings, for each of the authorities in the sub-region, contrasted against all other Local Authorities in England. This shows that Runnymede is the 46th least deprived local authority out of 326 local authorities. Although Runnymede Borough has a high domain rank for employment, it has a low domain rank for barriers to housing and services. The domain rank for education is also average when compared with the sub-regional rankings. Furthermore, when compared with the 2010 IMD data, Runnymede has fallen 12 places in the rankings across England over the intervening 5 years.

Table 3: Indices of Multiple Deprivation across the sub region

English Indices of Deprivation 2015									
	Rank of Average Rank	**IMD**	**Income**	**Employment**	**Education**	**Health**	**Crime**	**Barriers**	**Living**
EM3 LEP Authorities	Basingstoke & Deane	275	275	275	222	226	226	149	317
	East Hampshire	308	301	300	298	295	288	135	302
	Hart	326	325	325	319	324	298	218	325
	New Forest	257	253	235	214	256	206	126	251
	Rushmoor	205	198	242	111	148	126	177	279
	Test Valley	286	290	291	258	288	253	101	284
	Winchester	307	306	301	312	299	286	110	276
	Elmbridge	322	314	319	317	315	234	282	195
	Guildford	304	308	308	284	304	221	174	215
	Runnymede	280	289	307	234	282	243	53	146
	Spelthorne	233	234	261	132	249	132	189	130
	Surrey Heath	320	321	317	296	303	265	148	319
	Waverley	323	316	312	313	302	301	247	307
	Woking	301	287	293	287	272	213	210	220
Other Surrey Authorities	Epsom and Ewell	313	311	309	310	307	201	202	198
	Mole Valley	305	317	305	306	301	294	132	191
	Reigate and Banstead	292	279	286	267	285	181	137	267
	Tandridge	284	283	276	249	278	108	183	256
Other neigh-bouring authorities	Bracknell Forest	287	267	284	219	268	249	78	326
	Hillingdon	153	120	193	185	175	44	86	165
	Hounslow	86	86	175	224	161	28	7	57
	Slough UA	79	66	139	116	141	14	30	77
	Windsor & Maidenhead	306	300	306	308	311	152	235	244

Source: IMD 2015 (based on 2012/13 data). 1 most deprived – 326 least deprived. Population weighted average of the combined ranks for the LSOAs in a larger area.

3.16 Table 4 shows how the Surrey Authorities rank in order of deprivation when only compared against each other. The table highlights Runnymede's relative deprivation when compared to the other Surrey Authorities.

Table 4: Indices of Multiple Deprivation across the Surrey Authorities

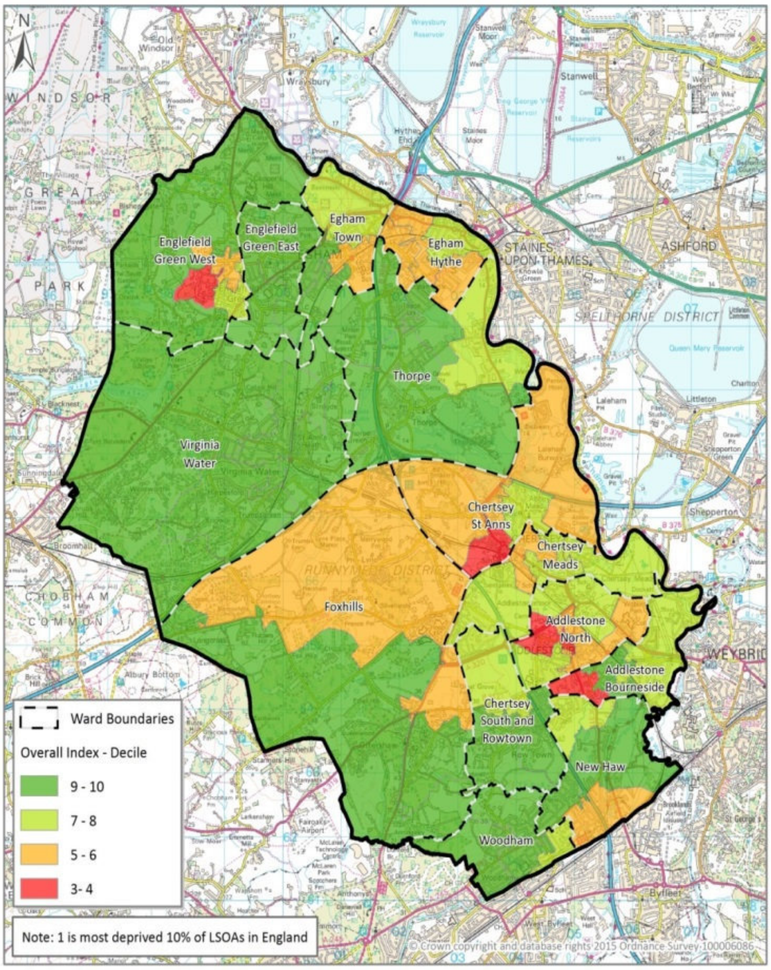
Local Authority District	Overall Index Rank in Surrey (where one is the most deprived)
Elmbridge	10
Epsom and Ewell	8
Guildford	6
Mole Valley	7
Reigate and Banstead	4
Runnymede	2
Spelthorne	1
Surrey Heath	9
Tandridge	3
Waverley	11
Woking	5

Source: IMD 2015/Surreyi

3.17 It should be noted that Runnymede does not contain any Lower-layer Super Output Areas that are within the most deprived 10% nationally.

3.18 Figure 5 shows the levels of deprivation in the wards within Runnymede Borough. It identifies the areas with greatest deprivation in the Borough as Addlestone Bourneside, Addlestone North, Chertsey St Anns and Englefield Green West.

Figure 5: level of deprivation at ward level in Runnymede Borough

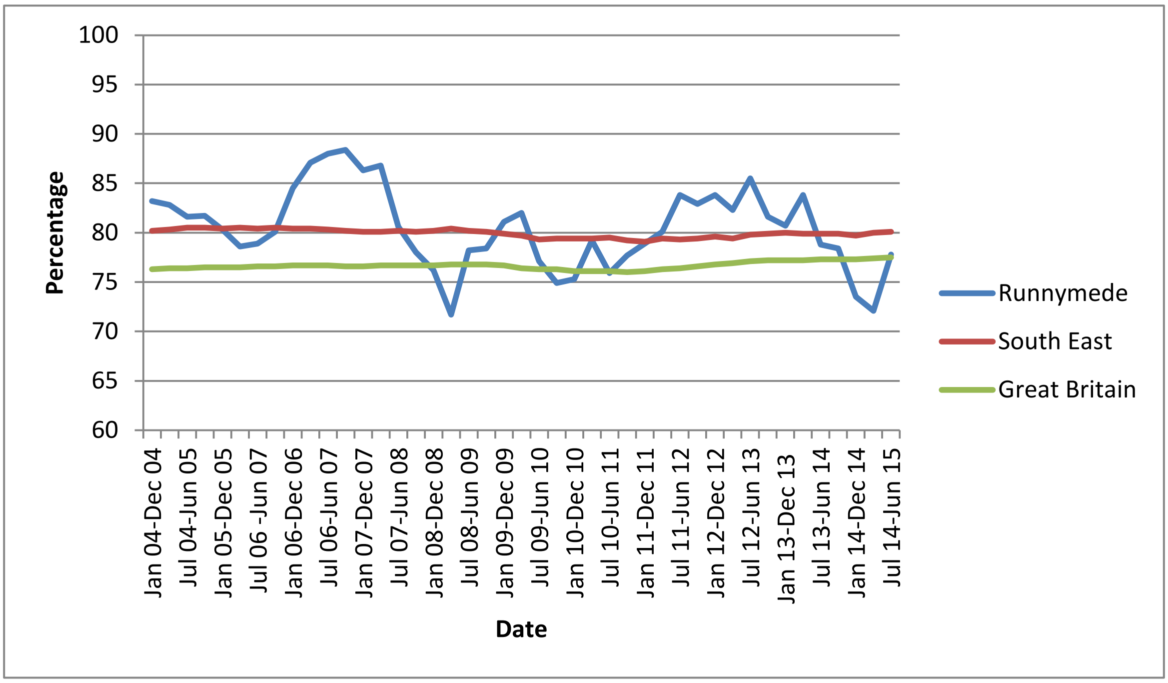


LABOUR SUPPLY

Economically Active Population

3.19 Of the 55,400 people who are of working age (those aged between 16 and 64) in Runnymede 44,800 are economically active and 43,400 are in employment (ONS annual population survey July 2014-June 2015). The proportion of economically active residents in Runnymede is approximately the same as for Great Britain and approximately 2% lower than seen across the South East as a whole.

Figure 6: Economically active population in Runnymede, the South East and Great Britain



Source: ONS Annual Population Survey

Unemployment

3.20 In Runnymede, between July 2014 and June 2015, 3.3% of the resident workforce was out of work, which was below both the percentages seen in the South East and Great Britain. The level of unemployment in the Borough has been slowly reducing since it peaked at 5.6% in the period April 2011 to March 2012 as a result of the recession.

Table 5: Unemployment figures for Runnymede, the South East and Great Britain

All People	Runnymede (Numbers)	Runnymede (%)	South East (%)	Great Britain (%)
Unemployed (All)	1,500	3.3	4.4	5.7
Unemployed (Males)	No data available	No data available	4.1	5.8
Unemployed (Females)	No data available	No data available	4.8	5.4

Source: ONS Annual Population Survey (July 2014-June 2015)

Runnymede Employment by Occupation

3.21 The standard occupational classification 2010 (SOC2010) is a common classification of occupational information for the UK. Jobs are classified in terms of their skill level and skill content. It is used for career information to labour market entrants, job matching by employment agencies and the development of government labour market policies.

3.22 Approximately half of Runnymede residents are employed in higher skilled professions, such as managers, senior officials, professional occupations, associate professional and technical occupations as shown in table 6 below. This is a similar picture to that observed in the wider South East although the percentage of people in this type of occupation in Runnymede exceeds that seen across Great Britain as a whole by over 5%. Other variations between the Runnymede, South East and Great Britain averages across different types of occupation are less pronounced.

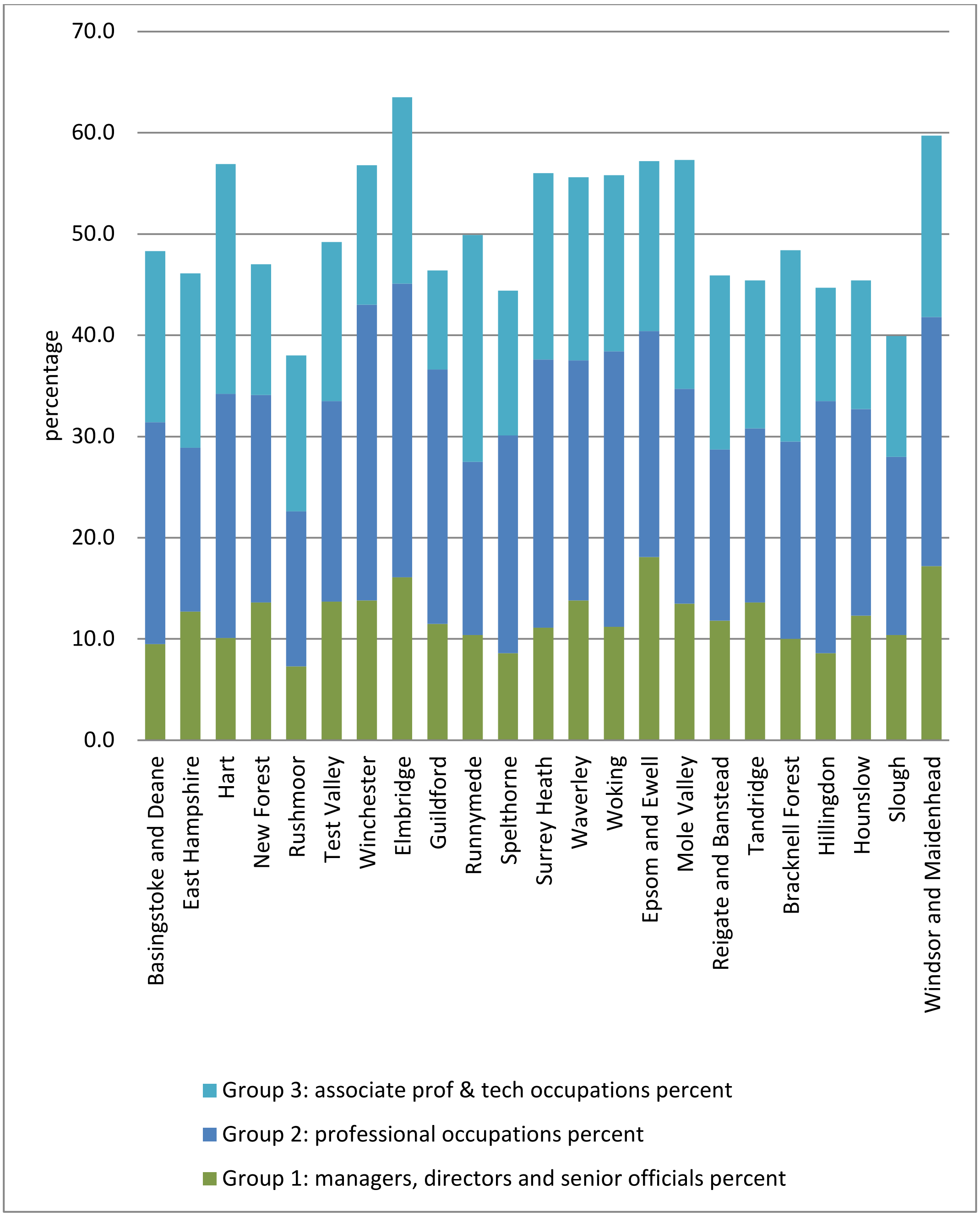
Table 6: Employment in Runnymede by occupation

Occupational classification and types of occupation included in each group	Runnymede (%)	South East (%)	Great Britain (%)
Soc 2010 Major Group 1-3: -Managers, Directors and Senior Officials -Professional Occupations -Associate Professional and Technical	49.9	49.4	44.3
Soc 2010 Major Group 4-5: -Administrative and Secretarial -Skilled Trades and Occupations	19.0	21.1	21.5
Soc 2010 Major Group 6-7: -Caring, Leisure and Other Service Occupations -Sales and Customer Service Occupations	14.5	15.6	17.1
Soc 2010 Major Group 8-9: -Process Plant and Machine Operatives -Elementary Occupations	16.7	13.9	17.2

Source: ONS Annual Population Survey (July 2014-June 2015)

3.23 When compared with other local authorities in the sub-region figure 7 shows that Runnymede has a lower than average percentage of managers and professional occupations (Group 1 and 2) and a higher than average percentage of associate professional and technical occupations (Group 3). The Soc 2010 Major Groups data also highlights that Runnymede has a lower percentage of skilled trade occupations and a higher percentage of process, plant and machine operatives when compared with other local authorities in the sub-region.

Figure 7: Percentage of all those in employment who are in Soc 2010 Major Groups 1-3



Source: ONS Annual Population Survey July 2014 - June 2015

Qualifications and Skills

3.24 Over half of residents in Runnymede (59.3%) are qualified to NVQ Level 3 and above. This is comparable to the percentage for the South East and slightly higher than for Great Britain as shown in table 7.

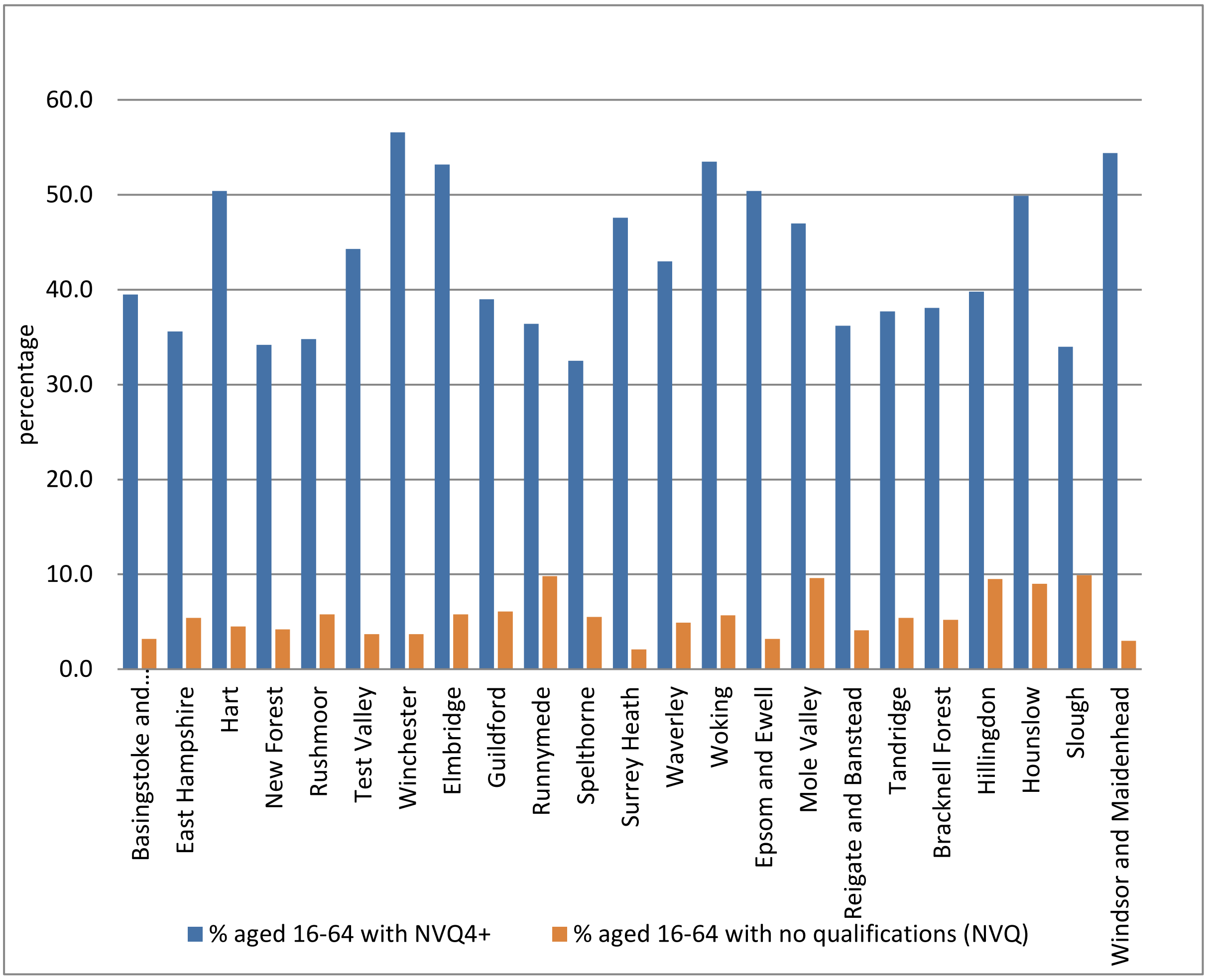
Table 7: Number and percentage of Runnymede residents qualified to NVQ level 3 and above compared to the South East and Great Britain

	Runnymede Numbers	Runnymede (%)	South East (%)	Great Britain (%)
NVQ4 and above	19,900	36.4	39.1	36.0
NVQ3 and above	32,500	59.3	60.5	56.7
NVQ2 and above	40,600	74.1	77.1	73.3
NVQ1 and above	46,600	85.1	89.2	85.0
Other Qualifications	No data available	No data available	5.2	6.2
No qualifications	5,400	9.8	5.6	8.8

Source: ONS Annual Population Survey (January 2014 to December 2014)

3.25 When the qualifications of the population of Runnymede are compared to those of other local authorities in the sub-region however the Borough does not compare so favourably, and has one of the lowest percentages of 16-64's qualified to level NVQ4 and above, and the highest percentage of 16-64's with no qualifications (figure 8).

Figure 8: Percentage of those aged 16-64 with NVQ4+ and no qualifications



Source: ONS Annual Population Survey (January 2014 to December 2014)

Earnings by residence

3.26 Runnymede records higher earnings than the South East and Great Britain averages for earnings by residence as shown in table 8.

Table 8: Earnings by residence in Runnymede, the South East and Great Britain

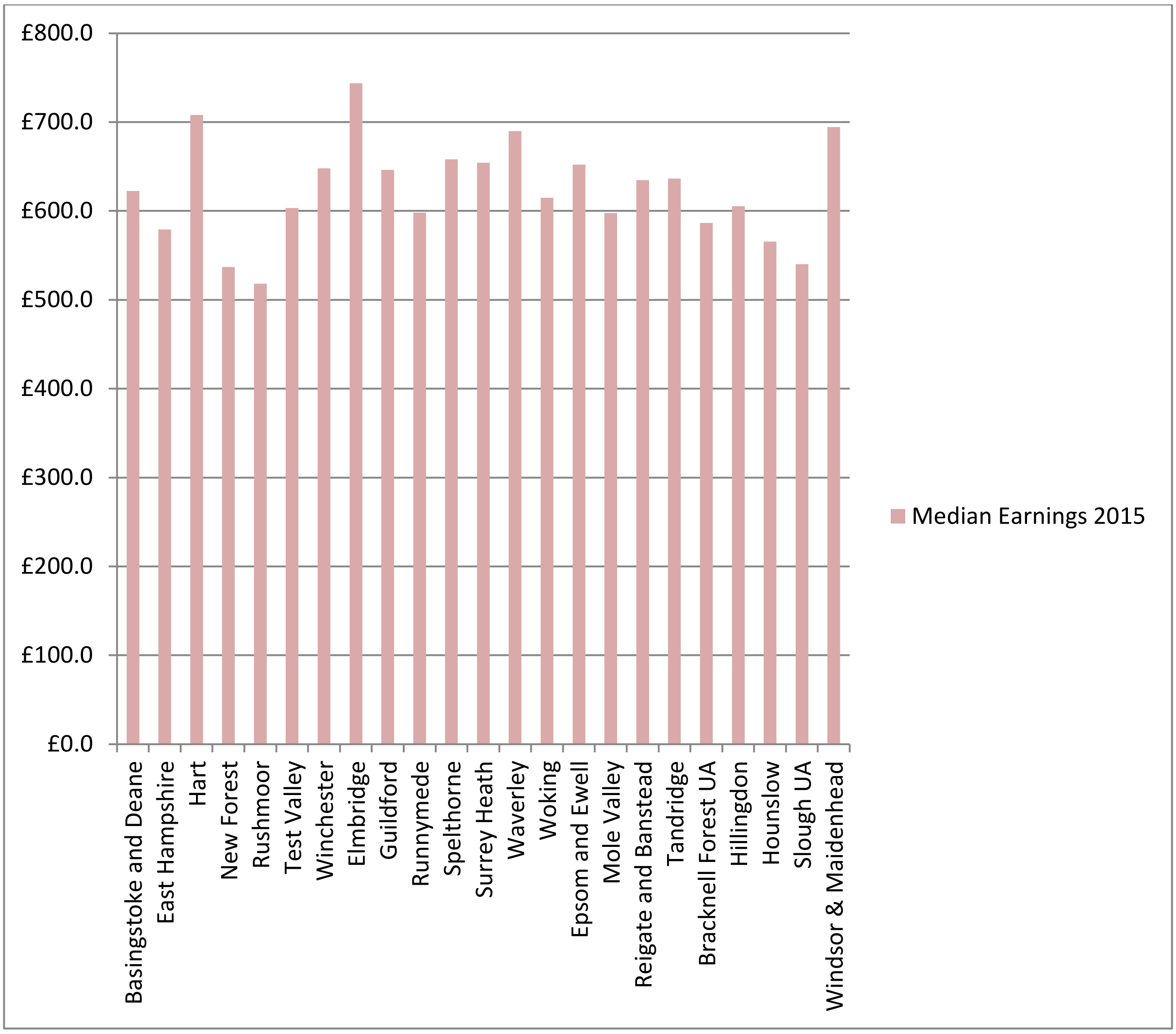
Gross Weekly Pay (Full Time Workers) Per Week	Runnymede (£)	South East (£)	Great Britain (£)
Full Time Workers (All)	597.9	574.9	529.6
Male Full Time Workers	618.8	626.5	570.4
Female Full Time Workers	544.5	499.5	471.6

Source: ONS Annual Survey of Hours and Earnings – Resident Analysis (2015).

Note: Median earnings in pounds for employees living in the area.

3.27 Figure 9 compares median earnings for residents in the sub-region. This shows that although earnings in Runnymede are high in comparison with the regional and national figures, they are lower than for many areas in the sub-region, in particular other parts of Surrey.

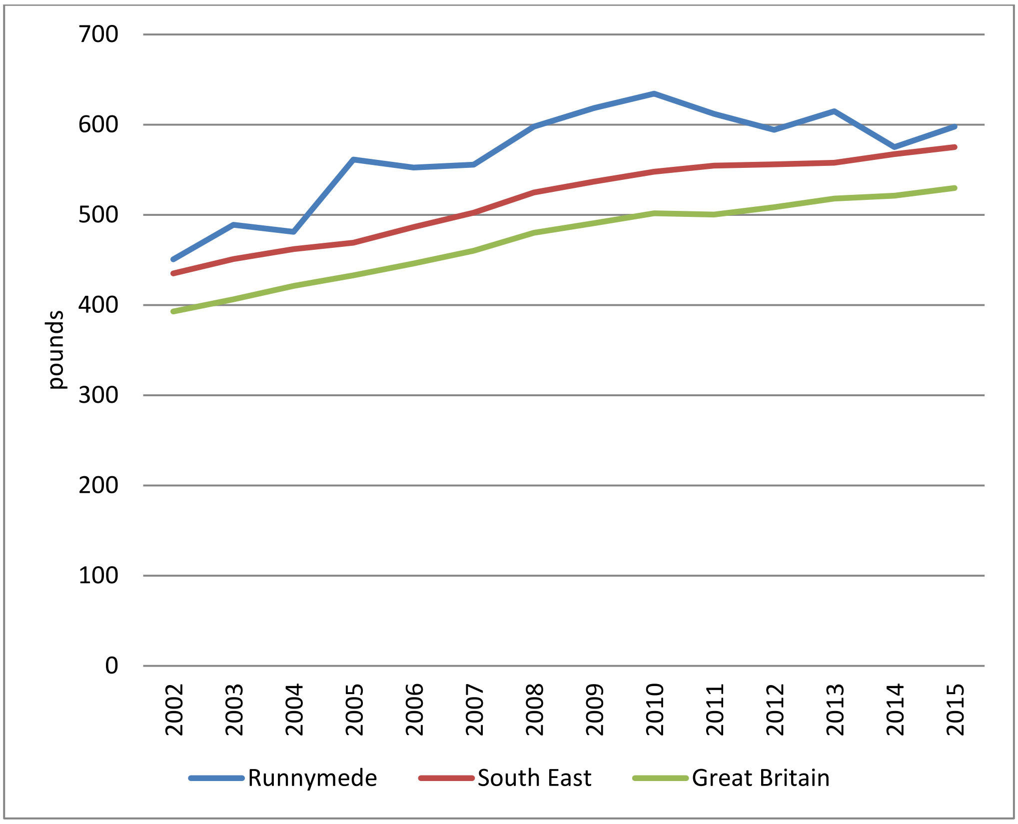
Figure 9: Earnings by residence in the sub-region



Source: ONS Annual Survey of Hours and Earnings – Resident Analysis (2015).

3.28 Figure 10 highlights the changes in median gross weekly pay for all full-time workers living in Runnymede between 2002 and 2015 compared to the South East and Great Britain. The graph shows that earnings continued to rise in Runnymede after the start of the recession, peaking in 2010. During the last year median gross weekly pay for all full-time workers living in Runnymede increased by £23.

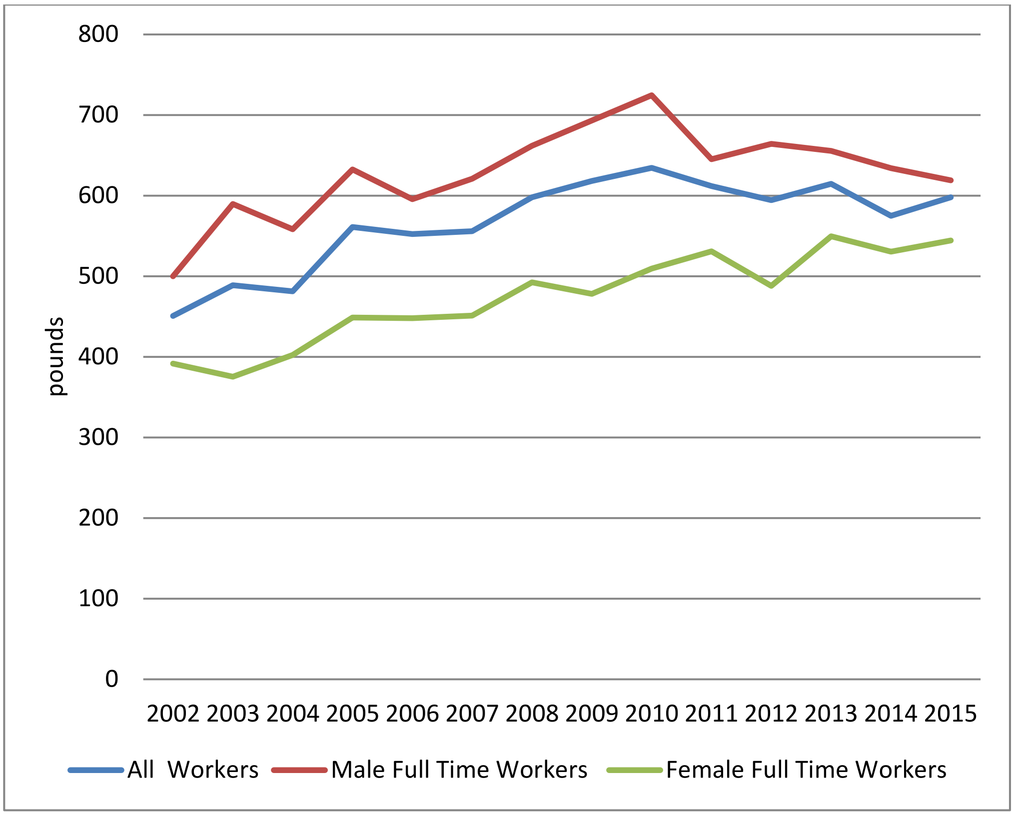
Figure 10: Median earnings for all full-time workers between 2002 and 2015



Source: ONS Annual Survey of Hours and Earnings – Resident Analysis (2015).
Note: Median earnings in pounds for employees living in the area.

3.29 Figure 11 compares the changes in median gross weekly pay for all full-time male and female workers living in Runnymede between 2002 and 2015. The data shows the gradual closing of the earnings gap between the sexes, but highlights markedly different fluctuations in earnings over this period. Female earnings have generally shown a progressive increase resulting in an overall increase in median gross weekly pay of £152.8, whereas male earning witnessed an increase to 2010 of over £200 followed by a decrease to 2015 of over £100, resulting in an overall increase for the period of £119.

Figure 11: Median earnings for full-time workers living in Runnymede between 2002 and 2015



Source: ONS Annual Survey of Hours and Earnings – Resident Analysis (2015).
Note: Median earnings in pounds for employees living in the area.

Out of work benefits

3.30 Runnymede records a low level of out-of-work benefit claimants compared to both the South East and Great Britain. In particular, Runnymede has 1% less claimants than the Great Britain average (table 9). Recent figures published for December 2015 show a 0.1 reduction for Runnymede, the South East and Great Britain.

Table 9: JSA claimants in Runnymede, the South East and Great Britain (between ages 16-64)

Total JSA Claimants	Runnymede (Numbers)	Runnymede (%)	South East (%)	Great Britain (%)
All people	317	0.6	1.0	1.6
Males	180	0.7	1.2	2.0
Females	137	0.5	0.8	1.2

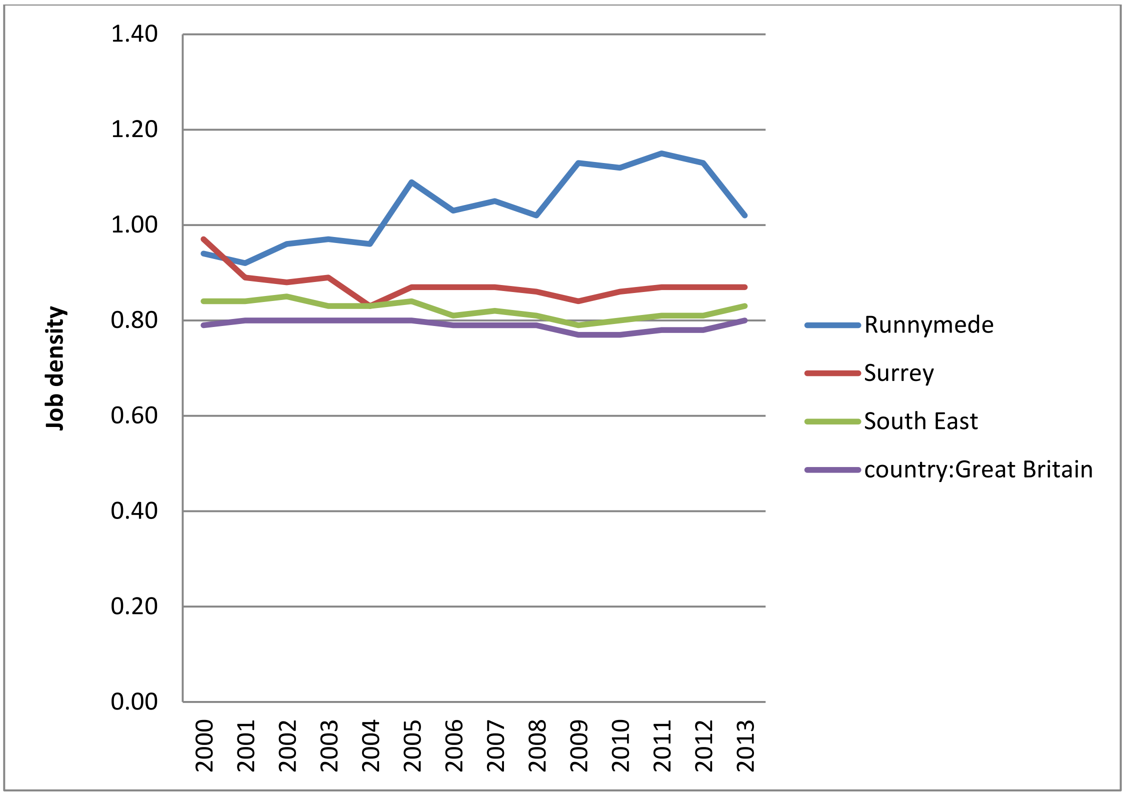
Source: ONS Claimant Count with Rates and Proportions (September 2015)

LABOUR DEMAND

Job Density

3.31 Job density figures represent the ratio of total jobs to population aged 16-64. A job density of one would mean that there is one job for every resident of working age. Figure 12 shows changes to job density figures in Runnymede since 2000. The data shows how the job density figure in the Borough increased during this period, reaching a high of 1.15 in 2011, indicating a relatively high proportion of jobs based in the Borough relative to the number of working age residents, before dropping to 1.02 in 2013. Unlike Surrey, the South East or Great Britain, Runnymede witnessed an increase in job density between 2008 and 2010 at the height of the recession. In 2013, Runnymede had the third highest job density in the EM3 LEP area and the second highest job density in Surrey.

Figure 12: Job densities 2000 – 2013



Source: ONS/Nomis data

Workforce jobs

3.32 In 2015 there were 66,770 workforce jobs within Runnymede Borough. Of this total, 30,738 were for B class jobs. As table 10 below shows, between 1999 and 2015 there has been a steady increase in total workforce job numbers and the number of total B class jobs. Across this period however, the increase in the number of office jobs has risen significantly by 54%, whilst the number of industrial jobs has seen little variance. In 1999, out of the total B class jobs in Runnymede 54% were office jobs compared to 46% of industrial jobs; 16 years later however in 2015, this balance had shifted with 70% of the total B jobs being made up of office jobs and just 30% being made up of industrial jobs. The data in table 10 includes self-employee jobs, government sponsored trainees and her Majesty's Forces. This in contrast to data published by ONS (Business register and employment survey) which excludes these categories and has total employee jobs for Runnymede in 2014 at 53,700.

Table 10: Workforce jobs in Runnymede, 1999-2015

Job category	1999	2003	2007	2011	2015	+/-
Total workforce jobs	47,290	52,040	58,090	61,790	66,770	+19,470 (+41%)
B Class jobs	19,967	22,304	25,760	27,721	30,738	+10,771 (+54%)
Office jobs	10,774	13,100	16,233	18,876	21,495	+10,721 (+99.5%)
Industrial jobs	9,193	9,204	9,527	8,845	9,243	+50 (+0.5%)

Source: Experian RPS September 2015 / NLP analysis

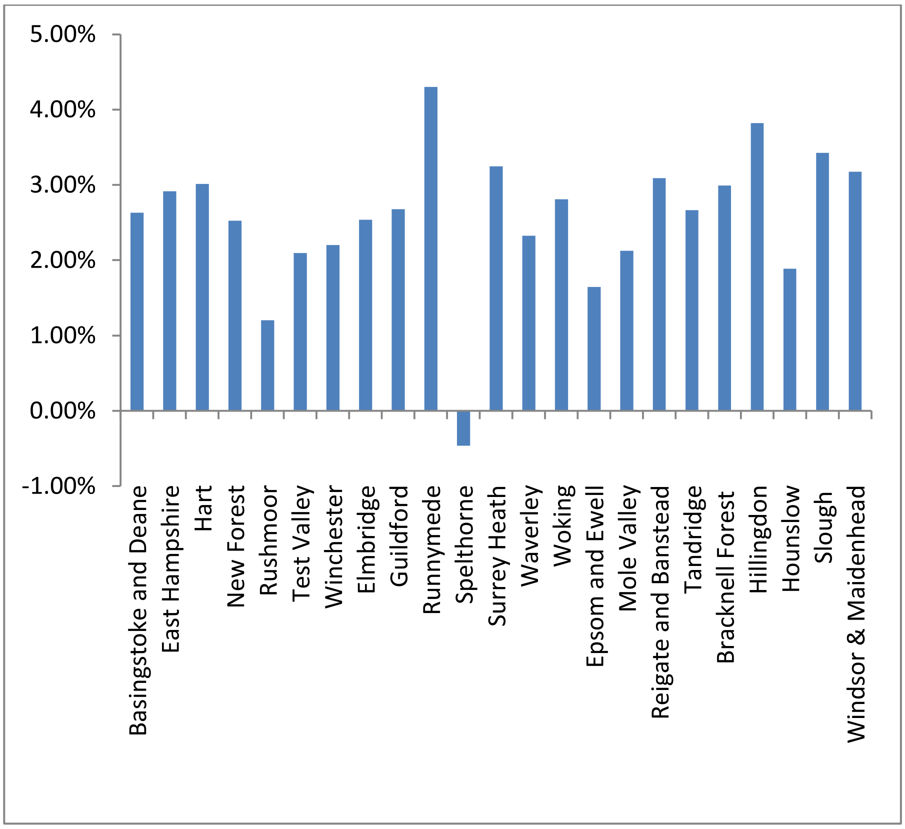
Productivity

3.33 To measure how large an economy is, we look at its total output – the total value of new goods produced and services provided in a given time period. This is calculated at a national level using Gross Domestic Product (GDP). At a regional/country or local level, GDP data is not available, but another similar measure called Gross Value Added (GVA) is. GVA is GDP excluding taxes and subsidies on production (so GVA does not include VAT, for example). These estimates allow us to see where the UK's economic output is being produced and, by using GVA per head, to compare the standard of living in different areas of the country.

Historic trends in GVA

3.34 Between 2000 and 2015 Runnymede exhibited a very high compound annual growth rate in GVA of 4.3%. This growth rate was higher than that of all the other local authorities in the sub-region (see figure 13), and considerably higher than for Surrey (2.52%), the South East (2.17%) and the UK (1.76%).

Figure 13: Compound annual growth rate GVA 2000 to 2015

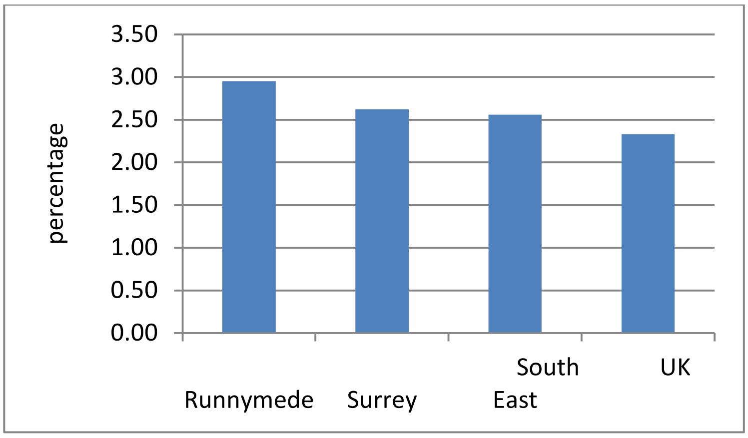


Source: Experian RPS Local Labour Market Forecasts September 2015/RBC analysis. Note: GVA in the RPS is measured by the place where the work is done (workplace based). Total Output (GVA) (£mn CVM 2011 prices)

Projected trends in GVA

3.35 Although the projected compound annual growth rate in GVA for Runnymede for the period 2015 to 2035 is significantly lower at 2.95%, it is still above that for Surrey (2.62%), the South East (2.56%) and the UK (2.33%).

Figure 14: Projected compound Annual Growth Rate in forecast GVA (2015 to 2035)

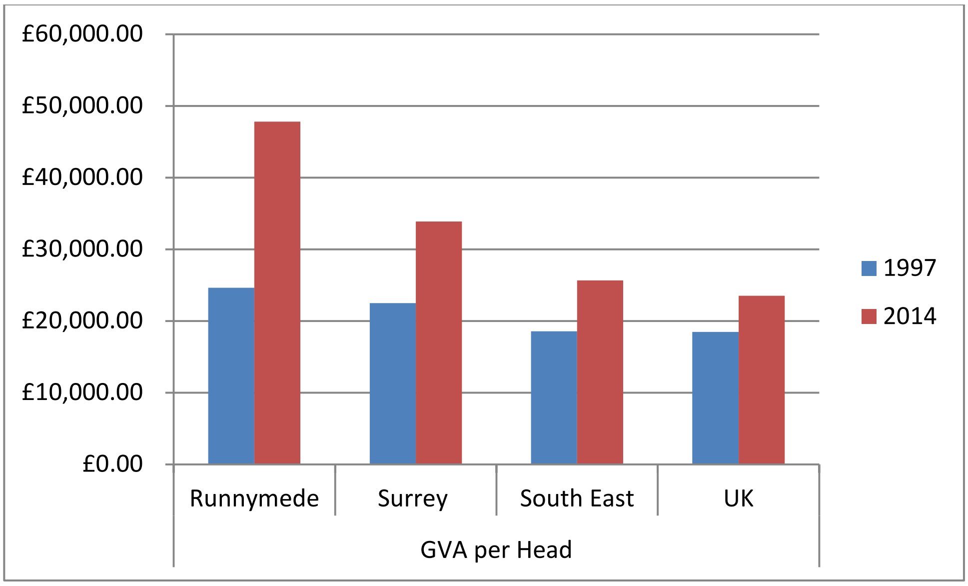


Source: Experian RPS Local Labour Market Forecasts September 2015/RBC analysis.

GVA per head

3.36 GVA per head provides an indicative guide to the relative economic performance of an area, but is not strictly a direct measure of either labour productivity or household income. It is calculated by dividing the total GVA figure by the total resident population[5]. As GVA figures are workplace based whereas population is based on residence, areas with a large commuter influx (such as Runnymede) will have their true GVA per head over-stated.

Figure 15: GVA per head 1997 and 2014



Source: Experian RPS Local Labour Market Forecasts September 2015 and ONS

Earnings by Workplace

3.37 Runnymede records high earnings in the workplace with the median gross weekly pay recorded as approximately £671 per week for full-time workers, compared to £552 in the South East and £529 in Great Britain.

3.38 Workplace earnings for full-time workers, as set out in table 11, are higher than resident earnings (see table 8) suggesting that there are a number of well-paid jobs in Runnymede, but a percentage of these are held by in-commuters rather than the resident workforce. Male full-time workplace earnings are significantly higher (approximately 15%) than female full-time workplace earnings.

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[5] It should be noted that workplace based GVA allocates income to the region in which the economic activity takes place. GVA per head is calculated by dividing this figure by the total resident population. When comparing GVA across areas, it must be noted that GVA per capita does not take into consideration differing commuting patterns, differences in the proportions of residents not contributing to GVA (e.g. young and retired) and differences in labour market structures (e.g. full and part-time working).

Table 11: Earnings by Workplace in Runnymede, the South East and Great Britain

Gross Weekly Pay (Full Time Workers) Per Week	Runnymede (£)	South East (£)	Great Britain (£)
Full Time Workers (All)	670.8	552.1	529.0
Male Full Time Workers	709.9	600.0	569.9
Female Full Time Workers	604.8	484.7	471.5

Source: ONS Annual Survey of Hours and Earnings – Workplace Analysis (2015)

Note: Median earnings in pounds for employees working in the area

COMMUTING

3.39 The self containment rate of an area signals the proportion of working age residents working within it, as opposed to commuting elsewhere. In Runnymede, origin and destination data from the 2001 Census, showed that at this time:

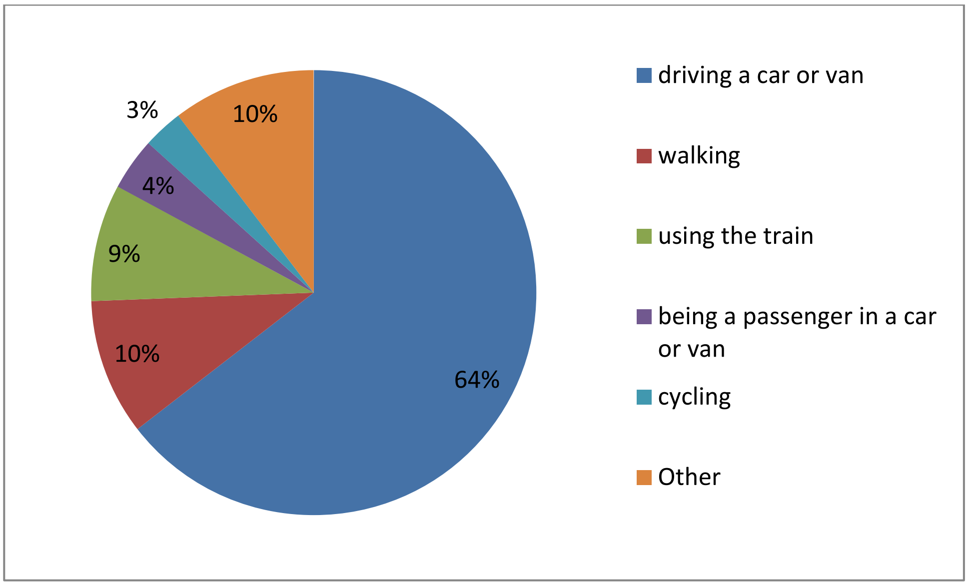
- The self-containment rate in Runnymede was 43%;
- Although this rate of self containment was relatively low it was similar to that of neighbouring boroughs: Elmbridge (43%), Spelthorne (39%), Surrey Heath (44%), Windsor & Maidenhead (51%), Bracknell Forest (51%) and Woking (47%), indicating high levels of cross boundary commuting flows within the sub-region;
- There was an overall net inflow of workers into the Borough (approximately 4,900), with the largest numbers coming from other Surrey districts and boroughs (approximately 3,100); and,
- Inner and Outer London and Elmbridge Borough were the only destinations that received a net outflow of workers from Runnymede.

3.40 Information from the 2011 Census indicates that:

- Self-containment levels for Runnymede continue to be generally low at 39% - a fall of 4% since 2001, reflecting the influence of London and density of the transport network,
- The influence of London on commuting patterns in Runnymede is still strong with 19% of Runnymede residents commuting to Inner London. The proportion of people commuting to Greater London as a whole is higher still with 24% of working residents in Runnymede commuting to work in London.
- After commuting to London the largest single flows from Runnymede are to Elmbridge (8.9%), Spelthorne (7.2%) and Woking (6.3%) but in all cases are significantly lower than flows towards London (24%).
- The overall net inflow of workers into the Borough has almost doubled since 2001 to approximately 9,289, with the largest numbers still coming from other Surrey districts and boroughs.
- As in 2001, Inner and Outer London and Elmbridge Borough are the only destinations which receive a net outflow of workers from Runnymede, with the greatest outflows to Hillingdon, City of Westminster, Elmbridge and City of London.

3.41 In 2011 by far the most popular method of travel to work for those commuting from and into Runnymede was driving a car or van (64.5%). Other popular methods of commuting included walking (9.9%) and using the train (8.5%), however the numbers were very small in comparison to commuters driving car/vans. Being a passenger in a car or van (3.8%) and cycling (2.9%) recorded even lower percentages.

Figure 16: Most popular method of travel to work for those commuting from and into Runnymede



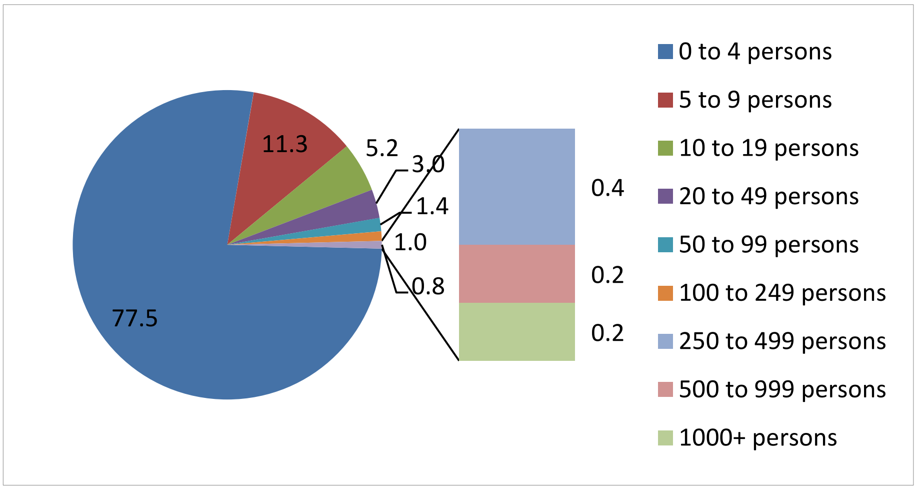
Source: 2011 Census

BUSINESSES IN RUNNYMEDE

Size of Firms

3.42 The majority of enterprises within Runnymede in 2015 like the rest of the county and beyond, are small businesses with 0-9 persons (see figure 17). However, the Borough contains more than double the percentage of large enterprises of 250 or more persons than Surrey, the South East and Great Britain.

Figure 17: Percentage of Enterprises in each size band in Runnymede in 2015



Source: Inter Departmental Business Register (ONS)

3.43 Table 12 highlights the predominance of large enterprises in Runnymede compared to Surrey, the South East, and Great Britain. When data on large enterprises is considered in more detail, Runnymede is shown to have a particularly high percentage of medium sized enterprises with 250-499 persons compared to Surrey, the South East and Great Britain, although the percentage of very large enterprises in sized bands 500-999 and 1000+ is also higher.

Table 12: Size of Enterprises

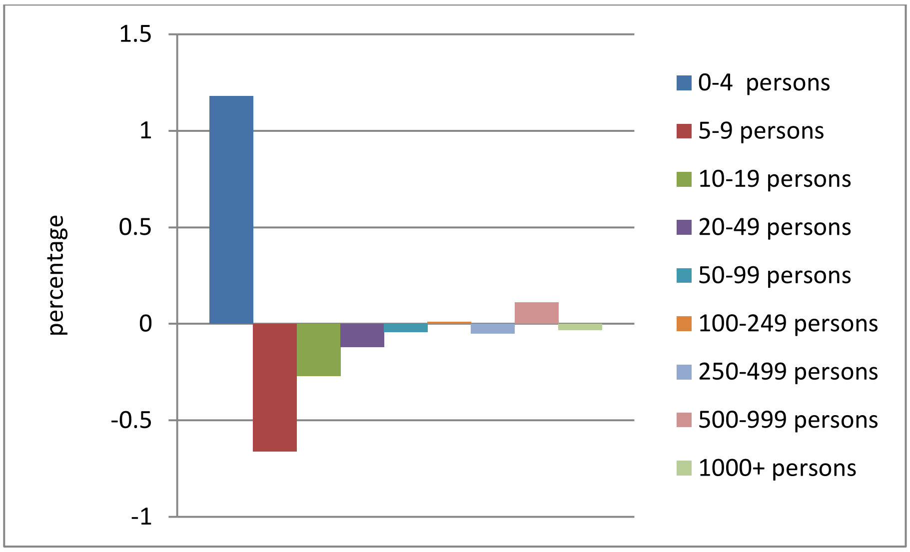
Number of VAT and/or PAYE Enterprises by Employment Size Band	Runnymede (%)	Surrey (%)	South East (%)	Great Britain (%)
0-9 Persons (micro)	88.7	90.7	89.4	88.7
10-49 Persons (small)	8.2	7.5	8.7	9.3
50-249 Persons (medium)	2.4	1.4	1.5	1.6
250 or more Persons (large)	0.9	0.4	0.4	0.4

Source: Inter Departmental Business Register (ONS) 2015 Business Count

3.44 In 2015, the Borough was home to the largest number of large enterprises of all the Surrey authorities (accounting for 15.6% of large enterprises in Surrey), and also accounted for the second highest number of large enterprises of all the authorities in the EM3 LEP area (contributing 10.8% of all large enterprises in the EM3 LEP area).

3.45 Figure 18 shows the percentage change in the size of companies in the Borough between 2010 and 2015. Although the changes are not significant in percentage terms, there has been an increase in the percentage of micro enterprises and large enterprises employing 500-999 persons. Overall, the number of large enterprises in the Borough increased from 30 in 2010 to 35 in 2015.

Figure 18: Percentage change in the size of enterprises in Runnymede 2010 to 2015



Source: Inter Departmental Business Register (ONS)[6]

[6] In 2015, ONS extended the coverage of businesses to include a population of solely PAYE based businesses that were previously excluded because of the risk of duplication.

Business Counts

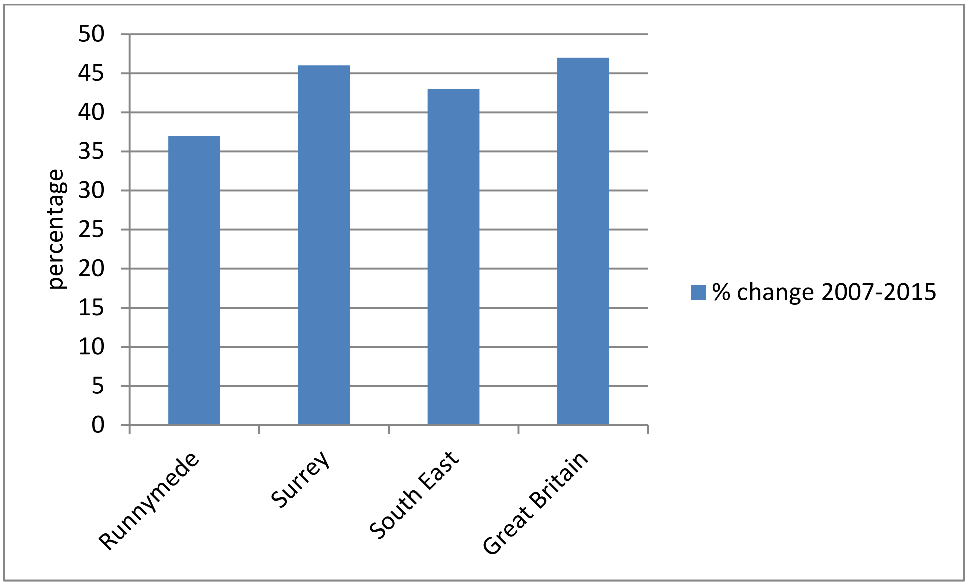
3.46 Table 13 shows that between 2007 and 2015 the number of enterprises in Runnymede grew by 1,100 from 2,940 in 2007 to 4,040 in 2015 – a total growth rate in this period of 37%. This growth rate however, was ten percentage points below growth experienced in Great Britain, 9 percentage points less than Surrey and six percentage points less than the South East (see figure 19).

Table 13: Number of Enterprises 2007-2015

Region	2007	2009	2011	2013	2015
Runnymede	2,940	3,625	3,555	3,735	4040
Surrey	42,110	53,070	52,410	55,250	61430
South East	263,125	337,385	328,015	339,965	377445
Great Britain	1,615,700	2,081,780	2,012,900	2,100,885	2382370

Source: ONS data (Inter Departmental Business Register (IDBR))

Figure 19: Percentage change in number of enterprises between 2007 and 2015

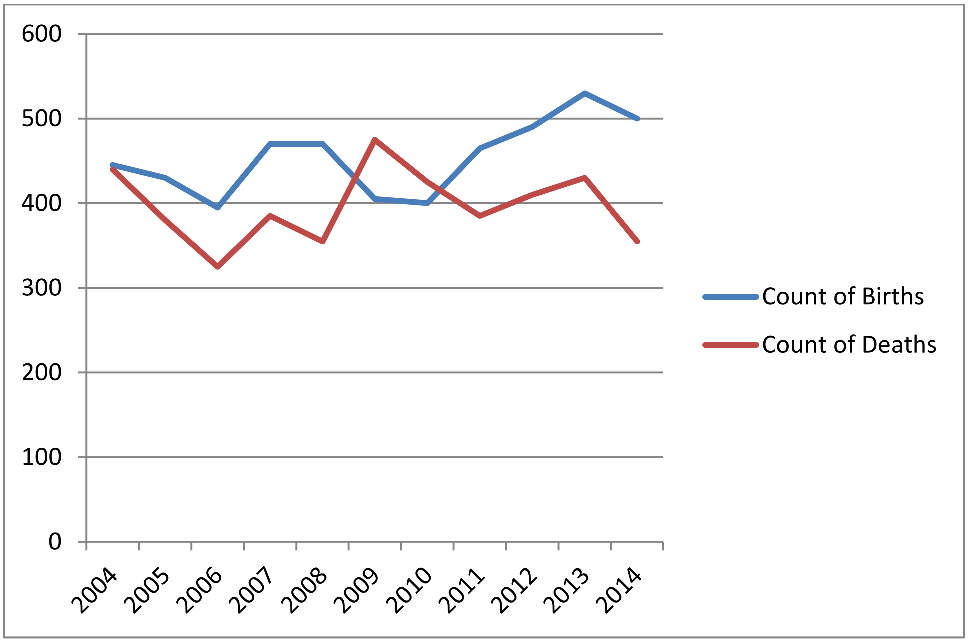


Source: ONS data (Inter Departmental Business Register (IDBR)). Note: data generally based on VAT and/or PAYE records

Business Formation

3.47 Figure 20 shows the pattern of business births and deaths occurring in Runnymede between 2004 and 2014. Although there was a slight fall in the number of business births in 2013-14, the trend in business births has been rising since 2009 as the economy recovers from the recession. In contrast, the number of business deaths has been falling since a peak was reached in 2009.

Figure 20: Count of business births and deaths in Runnymede



Source: ONS

3.48 Table 14 sets out the survival rates of newly born enterprises by births in 2008. Although the survival rates do not vary markedly between borough, county, regional and national level, the survival rate for businesses in the second and third year is lower in Runnymede than that achieved at the county and South East level.

Table 14: Survival rates of newly born enterprises by births of units in 2008

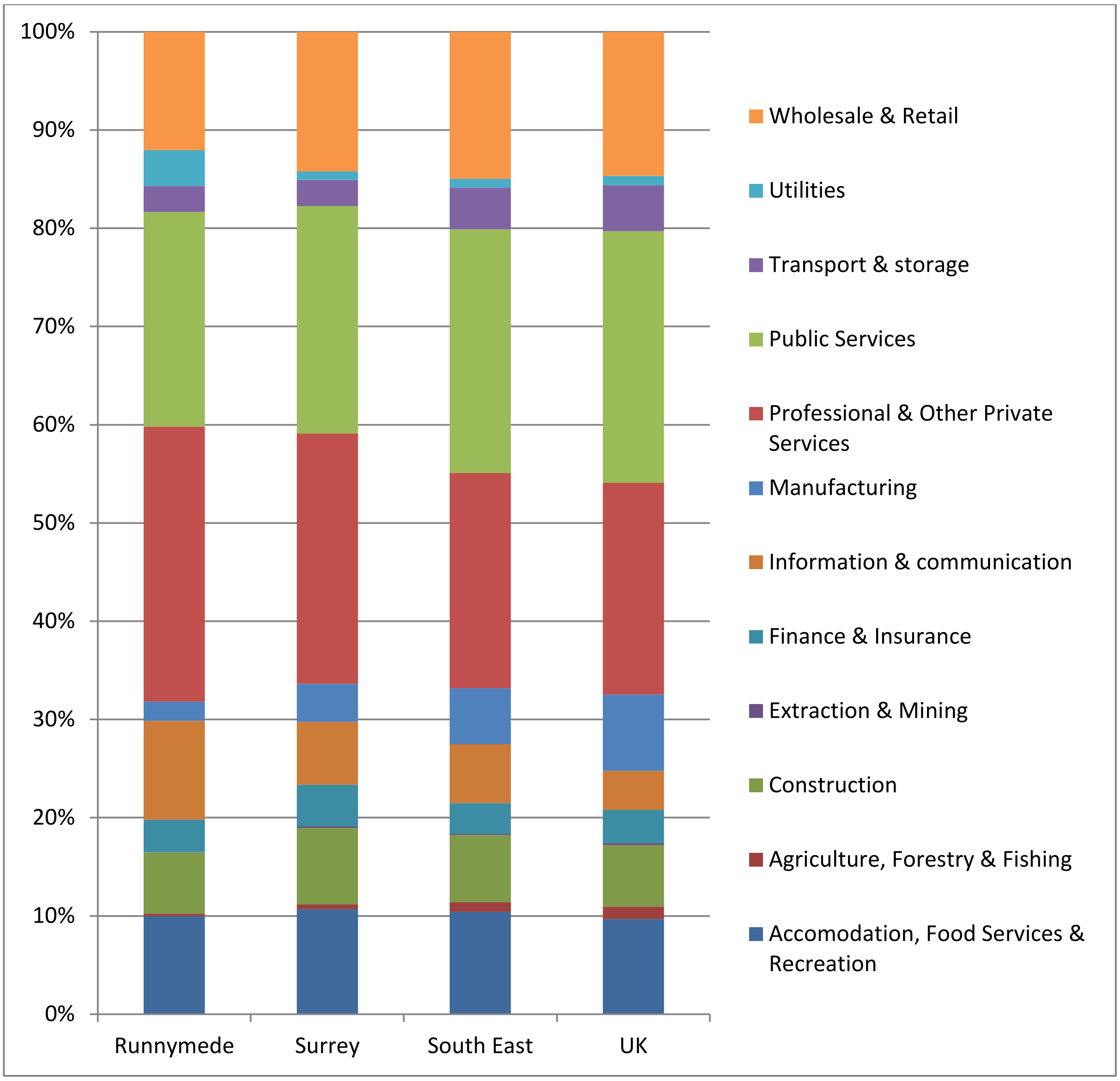
Region	1st Year Survival Rate	2nd Year Survival Rate	3rd Year Survival Rate
Runnymede	91.5%	74.5%	58.5%
Surrey	91.0%	75.7%	61.3%
South East	93.2%	76.6%	61.4%
Great Britain	92.2%	74.2%	58.2%

Source: ONS

Key Sectors of Employment

3.49 Runnymede has a broad business base of companies but shows dominance in certain sectors as shown in figure 21 below. The majority of employment in Runnymede is within the service sector, with the Borough exhibiting a smaller proportion of total workforce jobs in manufacturing than for Surrey, the South East or UK. The Borough has a particular concentration of workforce jobs (approximately 28%) in professional and other private services. Although an important employment sector, public services comprise a smaller proportion of total jobs than for Surrey, the South East or UK. In contrast, although they account for a smaller proportion of total workforce jobs, both the information and communication and utilities sectors are more dominant in Runnymede than in Surrey, the South East and UK.

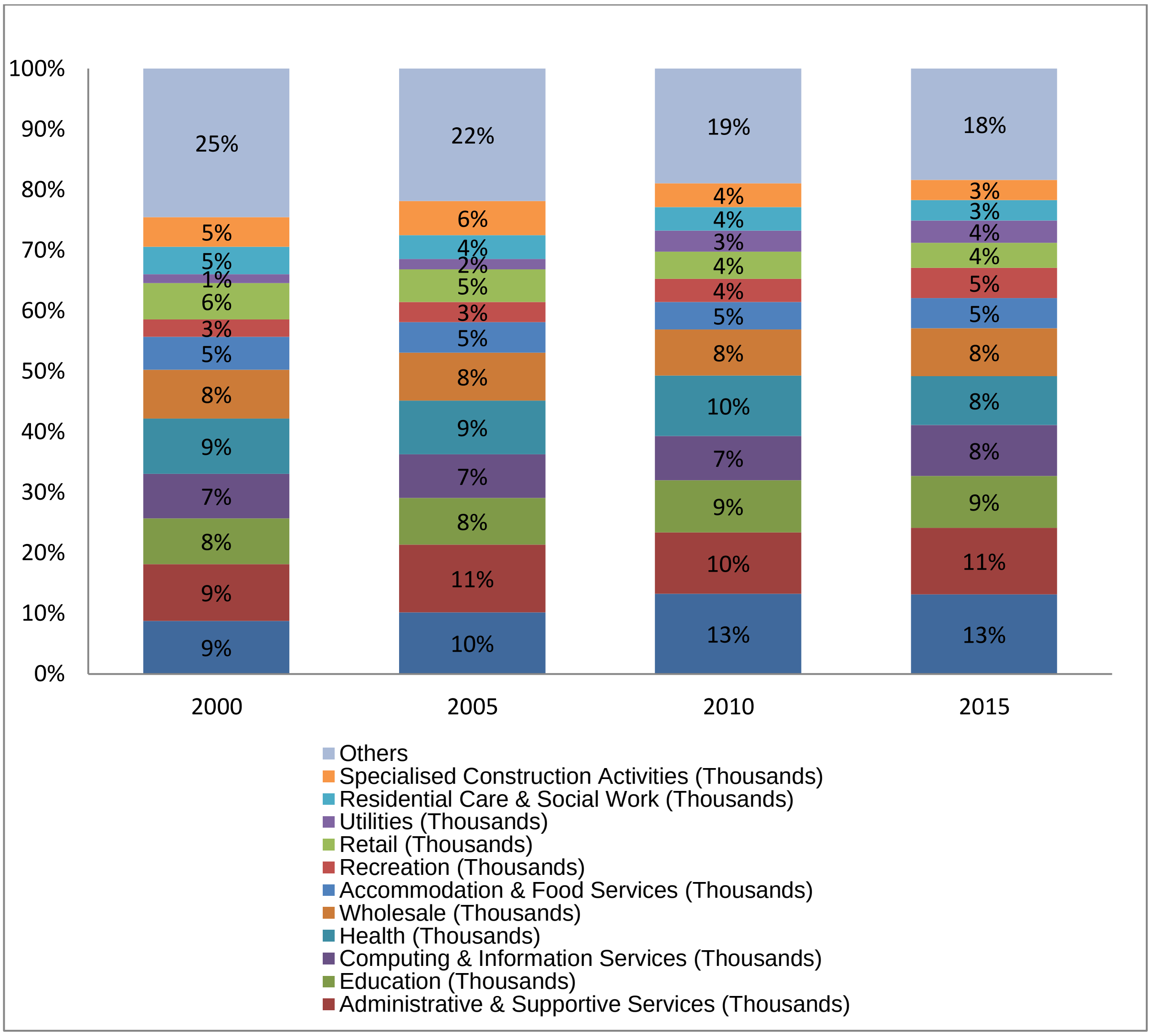
Figure 21: Key sectors of employment in Runnymede, Surrey, the South East and UK 2015



Source: Experian RPS Local Labour Market Forecasts September 2015.

3.50 Figure 22 illustrates the changes in workforce jobs per sector in Runnymede between 2000 and 2015. The data shows that a concentration of jobs in key sectors has taken place with particular growth in professional services.

Figure 22: Change in workforce jobs per sector in Runnymede



Source: Experian data 2015

Location quotients

3.51 Location quotients can be interpreted as a local measure of the geographical concentration of industries. They are calculated as the quotient between the local share of employee jobs in a specific industry and the local share of national employee jobs. A value of one means that a location has the same share of employee jobs in an industry as its share of national employee jobs. A value greater than one means that a location has a higher share of employee jobs in an industry than its share of national employee jobs. Table 14 shows the location quotients for the broad sectors in Runnymede for the years 2000, 2005, 2010 and 2015. The table shows the high concentration of information and communication, utilities and to a lesser extent professional and other private services in the Borough. The greatest increase in concentration has taken place in the utilities sector, with a significant decease experienced in agriculture, forestry and fishing.

Table 14: Location quotients for broad sectors in Runnymede 2000-2015

	2000	2005	2010	2015
Accommodation, Food Service & Recreation	0.97	0.93	0.95	1.03
Agriculture, Forestry & Fishing	0.83	0.35	0.19	0.19
Construction	1.34	1.36	1.08	1.00
Extraction & Mining	0.40	0.39	0.08	0.07
Finance & Insurance	0.49	0.54	0.72	0.99
Information & Communication	2.15	2.21	2.31	2.52
Manufacturing	0.43	0.38	0.31	0.25
Professional and other Private Services	1.31	1.39	1.40	1.30
Public Services	1.08	0.94	0.92	0.85
Transport and Storage	0.56	0.63	0.57	0.57
Utilities	1.71	2.35	3.58	3.74
Wholesale and Retail	0.85	0.83	0.79	0.82

Source: Experian RPS Local Labour Market Forecasts September 2015/RBC analysis.

3.52 Table 15 shows the forecast compound annual growth rate of the broad sectors in Runnymede from 1 Year to 15 Years. The table highlights the forecast growth in the finance and insurance sector and information and communication sector, in contrast to the continuing decline of the manufacturing and public services sectors.

Table 15: Forecast compound annual growth rate (CAPR) of broad sectors in Runnymede

	Forecast Compound Annual Growth Rate (CAPR)					
	15 year	10 Year	5 Year	3 Year	1 Year	
Accommodation, Food Service & Recreation	0.40%	1.07%	1.81%	1.98%	2.21%	
Agriculture, Forestry & Fishing	-9.48%	-6.15%	-0.08%	0.26%	-0.08%	-0.08%
Construction	-1.91%	-3.02%	-1.55%	2.08%	0.35%	0.35%
Extraction & Mining	-10.78%	-15.37%	-2.71%	3.32%	-5.80%	-5.80%
Finance & Insurance	4.84%	6.21%	6.53%	7.04%	2.09%	2.09%
Information & Communication	1.05%	1.30%	1.75%	2.05%	0.62%	0.62%
Manufacturing	-3.49%	-4.03%	-4.09%	-3.52%	-3.02%	-3.20%
Professional and other Private Services	-0.03%	-0.66%	-1.39%	-3.42%	-1.43%	-1.43%
Public Services	-1.55%	-0.98%	-1.55%	-0.32%	-0.75%	-0.75%
Transport and Storage	0.09%	-1.04%	-0.25%	-1.00%	0.76%	0.76%
Utilities	5.36%	4.77%	0.88%	-0.04%	4.80%	4.80%
Wholesale and Retail	-0.24%	-0.08%	0.87%	0.66%	-1.72%	-1.72%

Source: Experian RPS Local Labour Market Forecasts September 2015/RBC analysis.

Technology Based Industries

3.53 In October 2013 KPMG produced a report entitled 'Understanding Tech clusters and tracking the UK Tech sector's outlook for employment and growth'[7]. The report found that the top 10 tech job clusters in the UK are all close to the M4, M3 and M25 motorways, providing easy access to Heathrow and Gatwick Airports, as well as relatively short train journeys to London. Of these top ten clusters four are located in the EM3 LEP area with Runnymede ranked in 6th place.

Table 16: Top ten destinations for tech firms by local authority

Ranking	Region	Local Authority
1	South East	Wokingham
2	South East	Rushmoor
3	South East	Hart
4	South East	Slough
5	South East	Mole Valley
6	South East	Runnymede
7	South East	Windsor and Maidenhead
8	South East	Reading
9	South East	Woking
10	South East	West Berkshire

Source: KPMG Tech Monitor UK (2013)

3.54 The figures in the KPMG study are based on 2011 data from the ONS (BRES) and relate to workplace location. The following five most relevant standard industrial classification (SIC) industrial groups were weighted to provide the results:

- Software publishing (SIC582)
- Computer programming, consultancy and related services (SIC 620)
- Data processing, hosting and related activities, web portals (SIC 631)
- Manufacture of computer, electronics and optical products (SIC 26)
- Manufacture of electrical equipment (SIC 27)

3.55 The presence of a tech cluster in Runnymede is important for the future growth prospects of the local economy, as the most recent Tech Monitor Survey produced for KPMG by Markit[8] identified:

- The widest performance gap between the tech sector and the rest of the UK economy for around six years.
- Tech sector companies registered strong growth trends in the last quarter of 2014, the fastest since May 2010, avoiding the slowdown seen across the wider UK economy.
- Tech sector job growth accelerated with job hiring intentions and capex plans remaining upbeat for the next 12 months.
- 2014 showed the strongest year of new business growth across the tech sector since the survey began in 2003.

[7] http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Market%20Sector/Technology/tech-monitor-uk.pdf
[8] Tech Monitor Survey report produced for KPMG by Markit in February 2015 uses 2014 data.

- Tech companies continue to report especially positive intentions in terms of staff recruitment.

3.56 Tech City UK's 'Tech Nation' report shows that 56 percent of UK-based digital technology companies have seen their revenue rise in the last year, and 90 percent expect it to grow next year.

Growth in the ICT/Cybersecurity sector[9]

3.57 One of the four key sectors identified in the EM3 LEP Strategic Economic Plan (SEP) is ICT and digital media, which provides 8.7% of total employee jobs in the EM3 LEP area. ICT employment in the EM3 LEP area is far more concentrated than nationally and getting more so - from 1.9 to 2.1 times the Great Britain average from 2011 to 2013. The importance of this sector to the EM3 LEP is highlighted by the fact that jobs growth in the ICT sector was 16.7% (about 9,400) in 2013 in the EM3 LEP area, compared to 7.3% in GB. This compares to a job growth in the EM3 LEP area across all sectors in 2013 of just 0.6%.

3.58 There is a very high concentration of cyber security employment in Runnymede, about 4.1 times the national average. An official definition of cyber security does not exist, and therefore defining the sector is challenging. However it is considered that using industry data in the form of SIC codes presents the best approach available in practice. SIC codes 6201 (computer programming activities), 6202 (computer consultancy activities), 6203 (computer facilities management activities) and 6209 (other information technology and computer service activities) are relied upon by the UK cyber security network[10], and as such this is the approach that will be followed in this ELR. Such a high concentration normally points to the emergence of a cluster in the area. The relative employment concentration in this sector is increasing over time. Overall employment growth in Runnymede was just 0.1% in 2013, but was 3.7% in the cyber security sector.

3.59 Although lower than for Runnymede, the EM3 LEP also has a high concentration of cyber security employment - 2.5 times the Great Britain average. This is much higher than in London, Buckinghamshire or Oxfordshire. The only EM3 LEP area with a higher concentration is the Thames Valley Berkshire LEP (which abuts Runnymede Borough) which has a concentration of 4.2 times the Great Britain average.

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[9] Data in this section provided by Hampshire County Council

[10] http://www.datalog.co.uk/browse/detail.php/CompanyNumber/08727499/CompanyName/UK+CYBER+SECURITY+NETWORK+LTD

Table 17: Employment: Cyber-security proxy, concentration and growth per annum (2009-2013)

Total employees in employment	2009	2010	2011	2012	2013
Enterprise M3 LEP	33,787	34,953	36,928	33,699	39,047
London LEP	114,026	135,055	145,880	127,509	144,935
Thames Valley Berkshire LEP	33,895	35,172	39,654	37,210	41,286
Runnymede	**3,770**	**3,875**	**4,090**	**4,189**	**4,362**
Great Britain	475,657	501,703	529,639	501,871	554,137
South East	119,857	126,305	139,314	128,424	144,569
Concentration (GB=1)*	**2009**	**2010**	**2011**	**2012**	**2013**
Hampshire	2.0	1.9	1.9	1.9	2.0
Oxfordshire	1.3	1.2	1.3	1.2	1.3
Surrey	2.3	2.4	2.5	2.3	2.4
Buckinghamshire Thames Valley LEP	1.7	1.7	1.9	1.7	1.8
Coast to Capital LEP	1.2	1.2	1.3	1.2	1.2
Enterprise M3 LEP	2.5	2.4	2.4	2.3	2.5
London LEP	1.5	1.7	1.7	1.5	1.5
Thames Valley Berkshire LEP	4.1	3.9	4.2	4.2	4.2
Runnymede	**4.0**	**3.7**	**3.7**	**4.0**	**4.1**
Great Britain	1.0	1.0	1.0	1.0	1.0
South East	1.8	1.7	1.8	1.8	1.8

Source: Hampshire County Council

3.60 Royal Holloway University of London (RHUL) is the birthplace of information security as an academic discipline. It is a U.K Academic Centre of Excellence in Cyber Security Research and home to one of the largest and most established security groups in the world; the Information Security Group. In addition the university is the home of a world leading 'Think Tank', ICT4D[11], which promotes the use of information technology in developing countries and represents a great resource for companies looking for opportunities. Royal Holloway provides a supply of skilled workers in cyber security, graduating over 100 students at Masters level every year (for the last 25 years), with the university estimating that 60-70% of professionals working in the information security sector in 2014 are RHUL graduates[12]. The cyber security centre is active in both education and research and cooperates with both Government and industry.

[11] This group is placed 7th in a list of the world's top Science and Technology think tanks and ranked 1st in the U.K source: University of Pennsylvania/Wharton Business School's global think tank ranking (based on a survey of over 1,100 international experts evaluating a pool of over 6.500 think tanks from 182 countries).

[12] The Tech Nation – Powering the Digital Economy (2015) report by Tech City UK - a good supply of skilled workers and strong technical infrastructure are the top factors determining a tech company's location.

Other niche/priority sectors in Runnymede

3.61 The paragraphs above demonstrate that Runnymede shows a dominance of various key/niche sectors as identified by Surrey County Council and the LEP (see paragraphs 2.21, 2.32 and 2.33 for more information). It is also considered noteworthy that the advanced automotive sector – another niche sector identified by both Surrey County Council and the LEP, whilst not being a dominant sector in Runnymede, is strong in the adjoining Borough of Woking where the McLaren Technology Group has its corporate and production headquarters. The group, which develops ground-breaking technical solutions in sport, medicine, bio-mechanics and entertainment, is located in close proximity to the Borough boundary and the Hillswood Business Park and Longcross Park Enterprise Zone.

Innovation

3.62 Innovation takes place through a wide variety of business practices and a range of indicators can be used to measure its level within an enterprise or economy as a whole. The UK Innovation Survey 3013 defines the number of 'innovation active' enterprises in the UK based on the following criteria:

- Enterprises introducing new or significantly improved product (good or service) or process.
- Engagement in innovation projects not yet complete or abandoned.
- New and significantly improved forms of organisations, business structures or practices and marketing concepts or strategies.

3.63 Although data is not available at a local authority level from this survey, given the predominance of large enterprises in the Borough it is important to note that the 2013 survey found that the share of large firms classified as 'innovation active' was 50% compared to 45% for SMEs. Although the percentage of firms that were 'innovation active' in the 2011 survey was lower, the percentage difference between large firms and SMEs remained at 5%.

Inward Investment

3.64 Runnymede's strategic location close to both the M25 and M3 motorways, to Central London and Heathrow Airport; one of the world's most important travel and communication hubs, has been important in attracting inward investment into the Borough. A decision on expansion at Heathrow Airport is currently awaited but is expected in Autumn 2016. This decision is likely to have implications for Runnymede due to its economic links with the airport.

3.65 Runnymede is home to a large number of UK or EMEA headquarters which are located throughout the Borough. The most important business location is the Causeway, which crosses from Egham into Staines-upon-Thames, but large companies are also located in business areas on the fringes of Addlestone and Chertsey Town Centres, and on Green Belt sites. Runnymede has attracted a large number of national and international firms during the last 15 years. Recent arrivals in 2014/15 include Akamai - a cloud service provider with EMEA headquarters at Aviator Park (Addlestone), Ingram Micro – the UK's largest distributor of computer and technology products with offices on the Pine Trees Business Park, Ricoh UK Ltd based at Bourne House off the Causeway and VMware UK Ltd - a virtualisation software company based at the Flow development on the Causeway.

CONCLUSION

3.66 Runnymede has a strong economy outperforming regional and sub-regional averages on many indicators, and experienced exceptional growth in GVA between 2000 and 2015. Forecast growth in GVA is lower but the Borough is still expected to perform well. It has a strong business services sector with a much more modest and declining manufacturing role. The Borough is home to a significant number of technology companies, particularly in the IT, and specifically cyber security sector. Despite a fall in business formation rates since 2011, a modest increase in the number of VAT registered businesses in the Borough pre-recession was observed in 2013. The Borough has an above average skills base which is reflected in the higher wage salaries.

3.67 The Borough has many economic strengths that put it in a strong position to support new employment space in the future, including:

- excellent transport accessibility by motorway (M25 and M3), rail and air services;
- a location within an economically buoyant area, close to Heathrow airport;
- a strong record in attracting inward investment, with a significant number of national and EMEA headquarters;
- a high proportion of technology based businesses – 6th most important tech job cluster in the UK;
- a skilled labour force with approximately half of all working age residents employed in higher skilled professions;
- High workplace earnings;
- a growing population with a high proportion of working age residents;
- historic towns and pleasant surroundings offering an interesting and attractive place to work; and,
- the Borough has potential to accommodate future growth in commercial uses (including at Longcross Park, the two Opus sites on the Causeway and sites within the Weybridge and Bourne Business Parks in the south of the Borough).

3.68 There are also a number potential threats and weaknesses to the local economy, including:

- Resident qualification levels in Runnymede are lower than for the majority of other local authorities in the sub-region, with the Borough exhibiting the highest percentage of 16-64's with no qualifications;
- Resident earnings are significantly lower than workforce earnings, suggesting that although there are a number of well-paid jobs in Runnymede, a percentage of these are held by in-commuters, rather than the resident workforce;
- Although overall deprivation levels are low, there are pockets of relative deprivation in the Borough which resulted in Runnymede being ranked the second most deprived local authority area in Surrey in the 2015 IMD;

- In 2011 the self containment rate was low (39%), reflecting the influence of London and the density of the transport network serving the area and its surroundings;
- The overall net inflow of workers into the Borough in 2011 was 9,289, almost double the level experienced in 2001, resulting in increased commuting and congestion;
- A number of key employment sites are located within the Green Belt where planning restrictions could restrict the growth of firms;
- Pressure on employment land from competing uses, particularly residential uses, despite Green Belt and flooding constraints in Runnymede;
- Key employment areas such as Thorpe Industrial Estate, The Causeway and Weybridge and Bourne Business Park all have fragmented land ownership, making it difficult to progress large scale comprehensive redevelopments;
- Potential competition from neighbouring Boroughs;
- Difficulty in recruiting staff due to lack of affordable housing and certain skill shortages;
- Flooding of some employment areas especially those directly beside the Thames (for example, following the 2013/14 flood event, approximately 60 businesses that were directly impacted applied for grant relief, with the overall number of businesses affected directly and indirectly estimated to be considerably higher); and,
- Mineral workings – the Borough is home to large mineral deposits, the extraction of which is likely to cause a certain amount of noise and traffic generation.

3.69 The above indicators provide a snapshot of the Borough at a specific time. This picture is likely to fluctuate with national and international economic cycles and trends.

Chapter 4: Existing Employment Stock

4.1 This section provides an overview of the current stock of employment space in the Borough and looks at recent trends and changes to that supply. The current supply of employment space in the surrounding sub-region, in particular adjoining boroughs and FEA partners, is also reviewed along with major B class development proposals that could affect future demand in Runnymede.

4.2 Both the amount of employment land and the quantity of built employment floorsapce are considered across the main types of employment uses – primarily offices (use class B1(a)), manufacturing industry (B1(c)/B2) and warehousing/distribution (B8). The following sources of information have been used to assess supply.

- Commercial floorspace data from Valuation Office Agency (VOA);
- Runnymede Borough Council's monitoring data on employment space;
- Commercial property websites.

4.3 It should be noted however that the primary data source for establishing the amount of commercial floorspace across Runnymede and the amount of commercial floorspace on individual ELR sites was VOA records (please refer to chapter 5 for details of the sites considered and appendix 2 for their individual assessments).

Main Employment Areas in Runnymede

4.4 The main centres of economic activity and employment within the Borough include:

- Addlestone, Chertsey and Egham town centres;
- Suburban office parks and industrial estates in Thorpe, Chertsey, Staines upon Thames and Addlestone e.g. Thorpe Industrial Estate, The Causeway, Weybridge and Bourne Business Park, Pine Trees and Hillswood Business Park;
- Major non-B class employment sites within the Green Belt e.g. St Peter's Hospital and Royal Holloway University of London; and
- Smaller office and industrial locations scattered across the rest of the Borough.

Stock of employment floorspace in Runnymede

4.5 For the purposes of the ELR, all VOA categories were reviewed for the whole borough to see if they were relevant to this study, and those categories where the data was further analysed are shown in table 18 below. This table shows the total commercial floorspace reported by the VOA for each category on a Borough wide basis, as at November 2015. Other categories were discounted because they related to different types of floorspace, for example, A class uses or Sui Generis uses which are not being considered in this ELR.

4.6 The data was used to identify potential new ELR sites which met the site assessment criteria (discussed in more detail below) but which were not considered in the Council's 2010 ELR. It also helped officers determine whether all of the sites considered in 2010 met the current assessment criteria, and helped determine the employment floorspace on individual ELR sites.

Table 18: Total commercial floor area in Runnymede as at November 2015 as reported by VOA records

VOA code	Category	Use class ascribed to code by the Council	Total commercial floorspace (sqm)
CG1	Vehicle repair workshop and premises	B1c/B2	5685.82
CO	Offices and premises	B1a	272,985
CW	Warehouse and premises	B8	119,937
CW1	Land for storage and premises	B8	47,731
CW3	Store and premises	B8	10,215
IF	Factory and premises	B2	10,986.18
IF3	Workshop and premises	B1c	57,401.7
IF4	Business unit and premises	B1a	468.84
IX*	Other industrial	B1c/B2	2,218.1
		Total B class floorarea	**527,629sqm**

Source: VOA data

**Some of the business uses recorded under this category were considered by Council officers to be Sui Generis uses and as such their floor area has been deducted from the floor area calculations in the table.*

Limitations of the VOA data

4.7 The VOA data was considered to provide a consistent way of assessing the amount and type of floorspace that exists across the Borough. The data does however have a number of limitations, which are primarily related to the fact that in the commercial market there can be rapid rates of churn. Companies can expand, contract or amalgamate; and they may move premises regularly in order to do so. Whilst such changes are required to be reported to the VOA, there can be time lags in updating the information in their records. As such the Council cannot be 100% confident that the information gathered from the VOA reflected the situation on the ground in the Borough as at November 2015. However the site visits carried out by officers at the time the snapshot was taken helped to identify where discrepancies existed.

4.8 Furthermore, floor area is not always recorded for sites in the VOA website. In Runnymede, for two of the borough's largest and most complex employment sites; the Animal and Plant Health Agency (APHA) headquarters in New Haw and the former DERA site, the floor area was not always stated. As such, Council officers reviewed planning history records to establish the commercial floorspace on these sites. This has led to 69,000sqm of B1a/b floorpsace being added to the borough floorpsace calculations for APHA, and an additional 25,000 B1a floorspace and 9492.76 B1c floorspace being added for the DERA site.

4.9 With this additional floorspace added it is possible to calculate the amounts of different types of commercial floorpsace in Runnymede, as shown in table 19 below.

Table 19: Total floor area in Runnymede as at November 2015 broken down by use class (with additions where a gap in the VOA data was found to exist)

Use class	Total floor area (sqm)
B1a/b	367,453.84
B1c/B2	85,784.56
B8	177,883
Total	**631,121.40sqm**

Source: VOA data/Runnymede analysis

4.10 On this basis it has been established that there is approximately 631,121 sqm of commercial floorspace in Runnymede at the time the snapshot was taken. Across the sites analysed in this ELR, approximately 590,919sqm of commercial land/premises has been identified. This is approximately 94% of the total commercial land/premises identified across the whole of Runnymede Borough and is therefore considered to provide a robust representation of the type and range of employment sites in the Borough of Runnymede

Vacancy

4.11 The Council's business rates department has provided its list of empty commercial properties as at November 16th 2015. At this time, there was a reported vacancy of approximately 81,287sqm across the Borough, or approximately 13% across the total commercial floorspace. This presents a very similar picture to that found across the ELR sites, where a vacancy rate of 13% was also found. When this floorspace is broken down into different uses classes, it can be seen there was 41,662sqm of vacant office floorspace, 5028sqm of vacant B1c/B2 industrial floorspace and 32,222sqm of vacant B8 storage and distribution space. A further 2375sqm of floorspace can be accounted for by buildings which were being reconstructed.

4.12 The vacancy across a number of specific geographic areas of the Borough is summarised in Table 20 below. It should be noted that the level of vacancy at Longcross relates to the former DERA site. An estimation of vacancy has been provided based on officer knowledge and does not reflect the VOA data which is considered to provide an underestimate. Table 21 shows the individual ELR sites with the highest levels of vacancy and a commentary to provide an overview of why the vacancy appears to occur.

Table 20: Vacancy levels across different geographic areas in Runnymede

Geographic area	Total amount of commercial floorspace (sqm)	Total amount of vacant floorspace (sqm)	% of vacant floorspace
Addlestone	128,720.64	8059.34	6.3
Ottershaw	4241.57	352.67	8.3
Chertsey	109,834.26	11,170.33	10.2
Longcross	71675	17,918.75	25
Thorpe	83,627.72	10,899.67	13
Englefield Green	8,700	973	11.2
Egham	184,120.2	28,146.03	15.1
TOTAL	590,919.39	77,519.79	

Source: VOA data/Runnymede Borough Council analysis

Table 21: Top 5 highest levels of vacancy across individual ELR sites

ELR site	Level of vacancy	Commentary
C13-Parklands, Bittams Lane, Chertsey	100%	The buildings on the site have been vacant for a number of years. Planning permission was granted for a larger office building circa 5,000sqm in 2010. The supporting market information submitted with this application stressed that the current office building was obsolete in terms of occupier demand. Permission has subsequently been granted for development of the site for a care home, however this permission has yet to be implemented. This employment area has a lower market attractiveness than nearby Hillswood Business Park, due to the lack of critical size and need for redevelopment to provide a Grade A office premises.
E3-Meadlake Place, Egham	73%	The car parking within the site, especially serving the central building was affected to an extent by the 2013 floods. This has had a negative impact on the site's market attractiveness in the short term, as is evident from the high vacancy rate. However the proposed remodelling and upgrading of the central building to provide a more resilient and higher spec office should reverse this impact when implemented.
C9-Staines Road and Chilsey Green Road, Chertsey	68%	The vacancy reported is due to the vacancy of Chilsey House. This building has been vacant for over a year, partly due to the dated exterior of the building and poor building services. The current size of the building is also considered too small to attract a medium sized single occupier. However the two office buildings that make up this employment area benefit however from a prominent gateway position into Chertsey. Following the refurbishment of Chilsey House, the market attractiveness of this employment area should increase significantly.
A6-Addlestone Town Centre	43%	The vacancy reported is mainly accounted for by Lindsey House, the largest office building in the town centre, which has been vacant for approximately 12 months. The current investment in the town centre will improve the public realm and increase footfall and should assist in raising the market profile of the town as an employment centre.
E12-Pinetrees Business Park, Staines upon Thames	37%	The vacancy rate is high partly due to the redeveloped building, number 5, coming onto the market.

Source: Runnymede Borough Council analysis

Past trends

4.13 The total floorspace and levels of vacancy as reported in the Council's 2010 ELR and VOA data from 2012 can be contrasted to that reported by the VOA for the Borough in 2015 to show the following changes in floorspace over the last 5 years. The additional floor space on the DERA site and at the APHA headquarters is not accounted for in the figures below as the floor space figures are not counted by the VOA and as such their inclusion would skew the data.

Table 22: B class floorspace changes in the Borough between 2010 and 2015

Type of floorspace	2010 (ELR)	2012 (VOA)	2015 (VOA)	Change (sqm)
B1a	286,000 sqm	291,000	273,453.84	-12,546.16 (-4.4%)
B1c/B2	94,000 sqm	224,000	76,291.8	-17,708.2 (-18.8%)
B8	123,000 sqm		177,883	+54883 (+44.6%)
Total	503,000	515,000	527,628.64	+24,628.64 (+4.9%)

Source: Runnymede Employment Land Review 2010/ VOA data

4.14 In terms of how the level of vacancy has changed in the Borough, in the 2010 ELR a vacancy level in 2004/05 of 14% was reported. An office vacancy of 25% was reported for offices alone in 2010. This shows that since the 2010 ELR vacancy levels have fallen again to approximately 13% which is back in line with pre-recession levels.

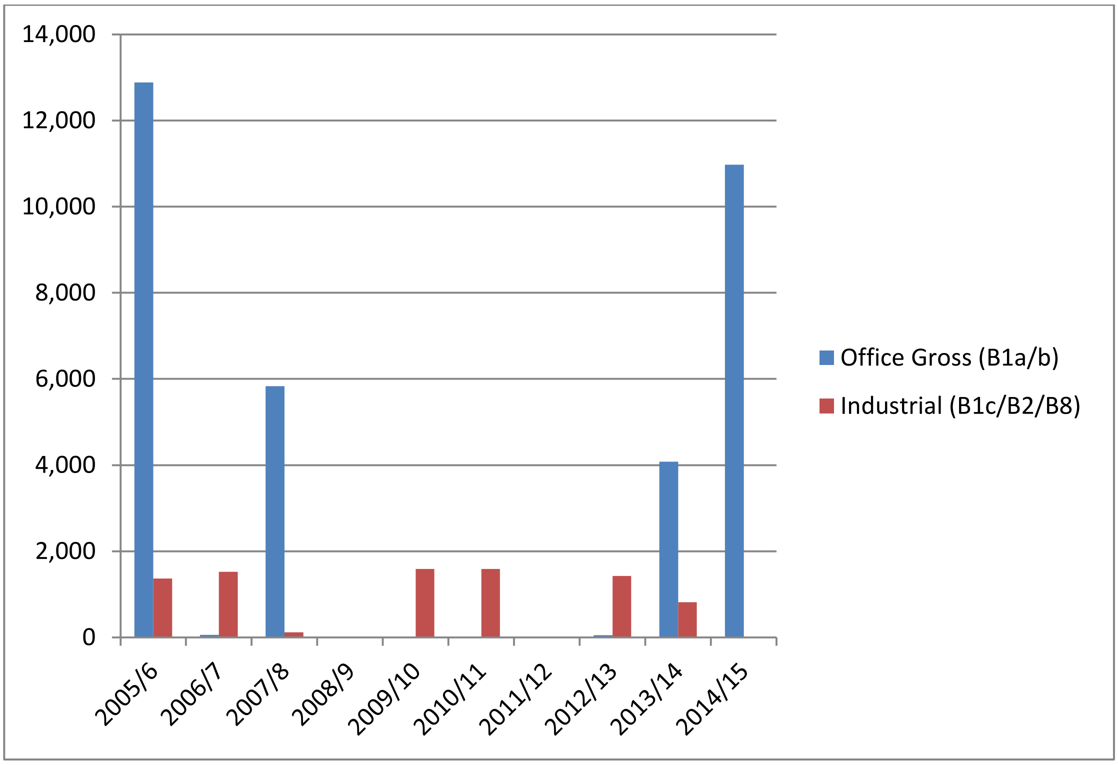
DEVELOPMENT RATES

Gross completions

4.15 The gross amount of floorspace developed for employment uses in Runnymede during the period 2005/06 to 2014/15 is shown in Figure 23. This shows that around 42,297sqm of gross B class space was developed within the Borough over this ten year period, equivalent to an average of 4,230sqm per annum. Most of this new employment floorspace within the Borough was developed for office uses (80%).

4.16 As shown in Figure 23, the level of new development within the Borough was relatively uneven during this period, with the reporting years of 2005/06 and 2014/15 standing out as recording the most significant levels of gross B class development. Between them, these two years made up more than 65% of the total B class space developed during this 10 year monitoring period being considered. The great majority of the floorspace delivered during these two years (94%) was for offices.

Figure 23: Gross development rates in Runnymede, 2005-2015



Source: Runnymede Borough Council monitoring data

4.17 The Council is unable to confirm the key office permissions that contributed to the gross completions in 2005/06 as the Council was not recording commercial permissions at this date. The gross completions figure for 2005/06 is taken from the Council's AMR for this reporting year.

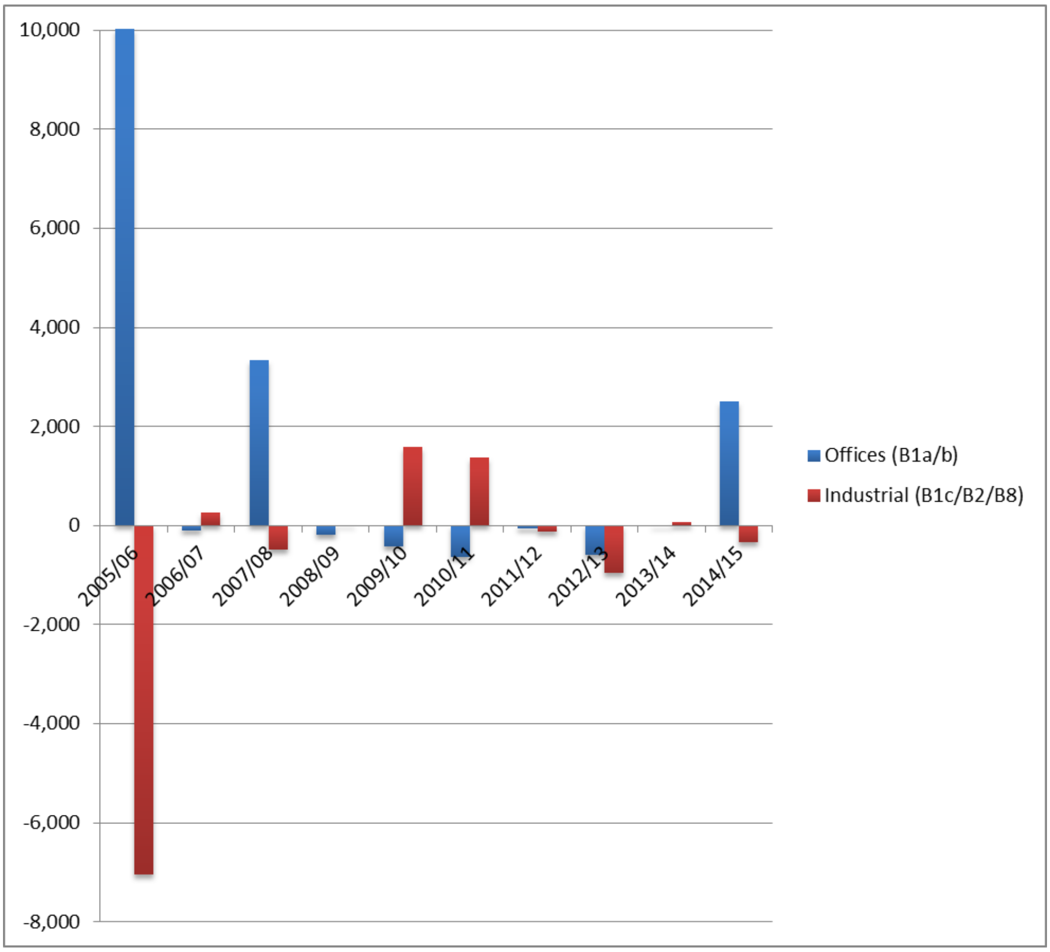
4.18 Completions in 2014/15 were driven by a number of individual office schemes, most notably the redevelopment of Unit 5, Pinetrees Business Park, the remodelling and extension of the office premises at Buildings 3 and 4 Lotus Park, the Causeway and the refurbishment and extension of the offices at Burgan House (now known as Flow), also on the Causeway. All of these sites are located within approximately 500 metres of each other.

4.19 By comparison, gross completions of B2 and B8 space were significantly more limited. Over the ten year period in question there was only an average completion rate for gross industrial floorspace of around 140sqm per annum. For B8 premises the average gross floorspace per annum was at a level of 679sqm. 2005-06 and 2013-14 were the best performing years for the delivery of B2 floorpsace with approximately 640sqm delivered in each of these years. In terms of gross B8 floorspace, 2006-07, 2009-10, 2010-11 and 2012-13 all recorded over 1000sqm being delivered in each of these reporting years. Approximately 40% of the gross B8 floorspace in Runnymede over the ten year period under consideration relates to a single site-Ten Acre Farm in Ottershaw.

Net Completions

4.20 Across the ten year period under consideration, the net development rate (i.e. taking account of losses of employment space) was positive with a net floorspace across all B class uses of 7751sqm being delivered. When each use class is looked at individually, the picture is quite varied. For office floorspace, over the ten year period there was an overall net increase of 13,789sqm. A modest loss of 780sqm was reported over this same period for B2 floorspace whilst larger overall losses were reported for B1c floorspace (-2482sqm) and for B8 floorspace (-4003sqm).

Figure 24: Net completion rates in Runnymede, 2005-2015



Source: Runnymede Borough Council monitoring data

4.21 A review of the Council's monitoring data reveals that for the B8 floorspace, 2005-06 recorded a significant loss of 7373sqm, the largest loss of B8 floorspace across the whole reporting period by some margin. Unfortunately as the Council does not hold the raw data for this year it is not possible to confirm where this floorspace was lost. Similarly the biggest gain of B1a office floorspace (10,016sqm) was recorded in this same reporting year although again it is not possible to provide a commentary as to where this floorspace was delivered for the reasons noted above.

Impact of Permitted Development Rights

4.22 As noted in chapter 2 of this report, in early 2013, the Government announced the proposed introduction of Permitted Development (PD) Rights to allow for change of use from B1(a) offices to residential, whereby premises could undergo change of use without the need to obtain planning permission, at least for an initial three-year period. In October 2015, it was confirmed that this was to be made a permanent change to the General Permitted Development Order (GPDO).

4.23 The Council has monitored the prior approval applications received since the change was made to the GPDO in May 2013. Analysis of this data shows that 29 prior approval applications have been submitted for consideration since the introduction of this change in May 2013. Just 3 of these applications were refused prior approval.

4.24 It is not a requirement under the regulations to monitor the scale of office floorspace lost through this change to the GPDO, although the Council has recorded this information. If all of the applications where prior approval details have been approved under class J are implemented in full 11,533sqm of office floorspace will be lost in the Borough. This is equivalent to approximately 3% of the Borough's existing recorded office stock or just under 400sqm of office floorspace per application. The table below shows the geographic breakdown of how this potential loss of floorspace is split across the Borough. The table also shows what stage the prior approval applications are at in the development process (broken down by floorspace). The data shows that Chertsey could potentially see the largest loss of B1a floorspace by some margin if all the prior approval applications which have been approved there are implemented.

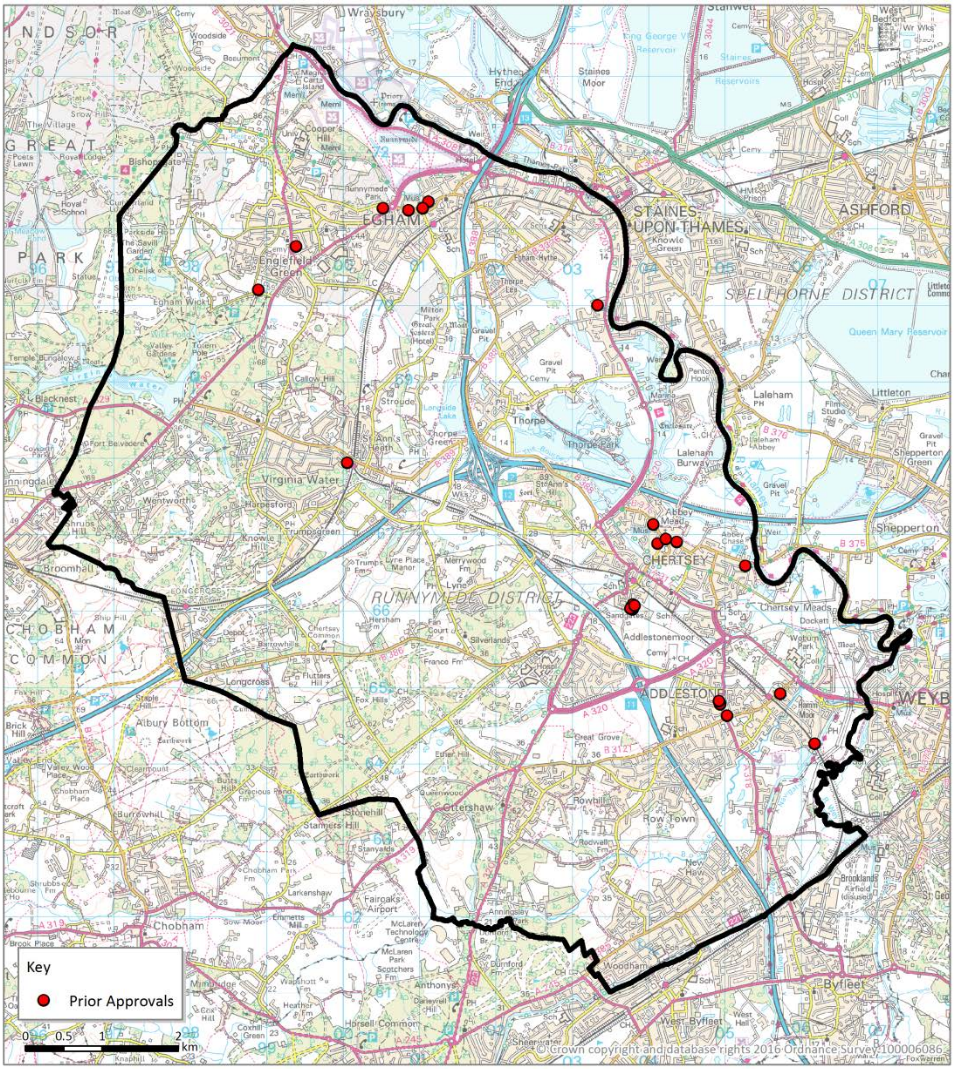
Table 23: prior approvals granted in Runnymede since 30th May 2013

Geographic area	Prior approval issued but not implemented	Prior approval under construction	Prior approval completed	Total
Addlestone	2006.78	516.19	239.5	**2762.47**
Chertsey	3372.48	1259.7	745.3	**5377.48**
Egham/Englefield Green/Staines	1774.89	580.61	180.64	**2536.14**
Rest of borough	0	856.80	0	**856.80**
Total	**7154.15**	**3213.3**	**1165.44**	**11,532.89**

Source: Runnymede Borough Council monitoring data

4.25 Figure 25 below shows the distribution of prior approval applications in the Borough. This shows that to date the applications have been largely concentrated in, and in close proximity to the Borough's three town centres.

Figure 25: Distribution of prior approvals applications (B1-C3) in Runnymede Borough.



Source: Runnymede Borough Council analysis

Employment floorspace in the sub-region

4.26 The VOA stopped producing comprehensive data on commercial floorspace at local authority level in 2012. Table 24 shows the total amount of office, industrial and B use floorspace for all the authorities in the sub-region in 2012. The data shows that Runnymede had the fourth lowest total B use floorspace of the 14 EM3 EM3 LEP authorities and fifth lowest total B use floorspace in Surrey. However, the Borough had the fourth highest concentration of B use floorspace per hectare in the EM3 EM3 LEP area and third highest concentration of B use floorspace per hectare in Surrey.

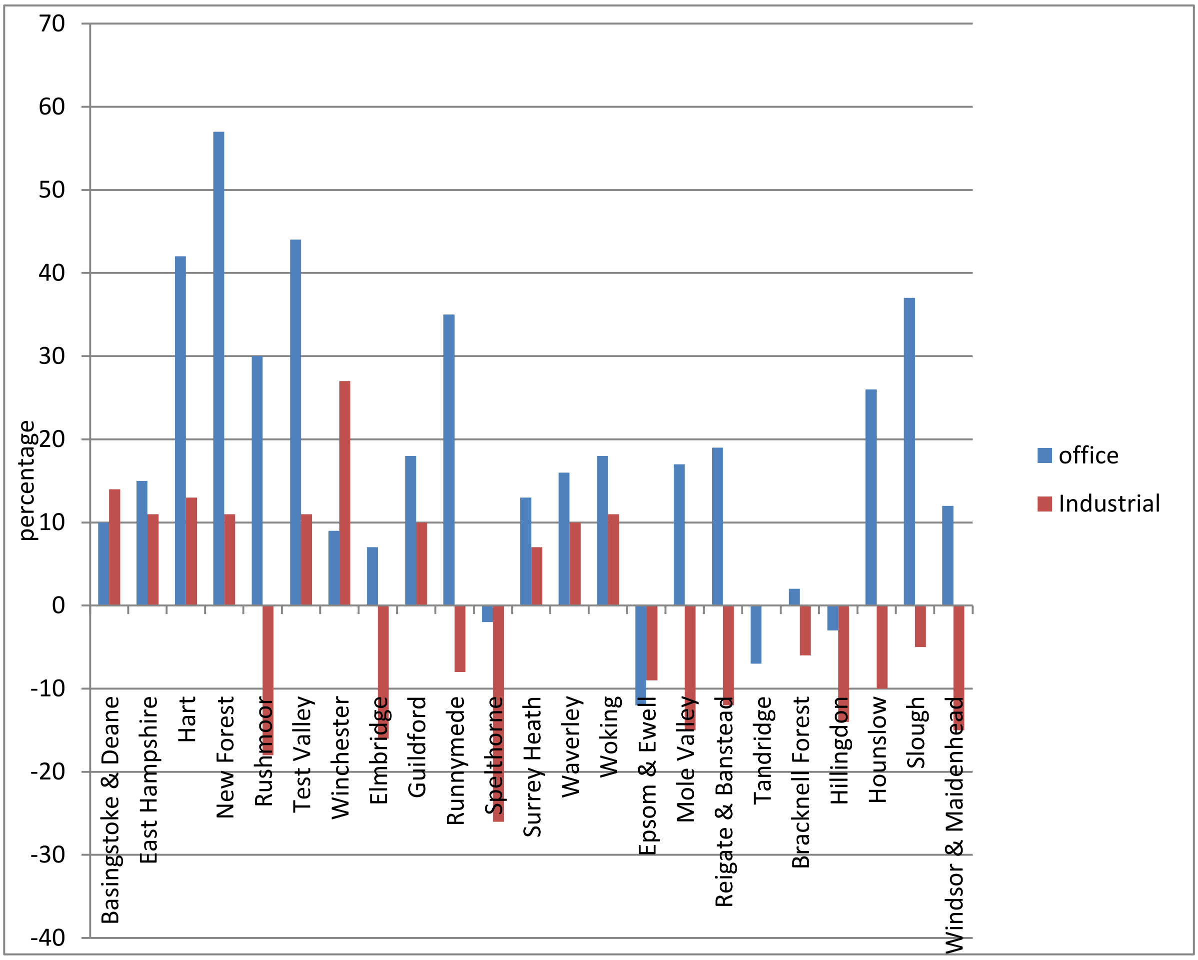
Table 24: Total B use floorspace in the authorities within the sub-region in 2012

Authority	Total office floorspace sq.m	Total industrial floorspace sq.m	total B use floorspace sq.m	B use floorspace per hectare
EM3 LEP Authorities				
Basingstoke & Deane	515,000	980,000	1,495,000	23.6
East Hampshire	94,000	467,000	561,000	10.9
Hart	210,000	155,000	365,000	17.0
New Forest	113,000	604,000	717,000	16.2
Rushmoor	305,000	314,000	619,000	183.6
Test Valley	186,000	1,072,000	1,258,000	9.9
Winchester	285,000	444,000	729,000	11.0
Elmbridge	267,000	335,000	602,000	63.0
Guildford	323,000	373,000	696,000	25.7
Runnymede	291,000	224,000	515,000	66.0
Spelthorne	153,000	313,000	466,000	103.8
Surrey Heath	205,000	323,000	528,000	55.5
Waverley	152,000	268,000	420,000	12.2
Woking	245,000	323,000	568,000	89.3
Other Surrey Las				
Epsom & Ewell	95,000	86,000	181,000	53.1
Mole Valley	269,000	199,000	468,000	18.1
Reigate & Banstead	311,000	295,000	606,000	46.9
Tandridge	70,000	202,000	272,000	11.0
Other nearby Las				
Bracknell Forest	417,000	345,000	762,000	69.7
Hillingdon	664,000	1,080,000	1,744,000	342.8
Hounslow	756,000	1,163,000	1,919,000	474.7
Slough	503,000	1,042,000	1,545,000	474.7
Windsor & Maidenhead	430,000	313,000	743,000	37.8

Source: VOA 2012

4.27 Figure 26 shows the percentage change in employment floorspace between 2000 and 2012 for the authorities in the sub-region. The data highlights the considerable growth in office floorspace which has occurred in Runnymede during this period - the highest percentage increase in Surrey and fourth highest percentage increase in the EM3 LEP area. It also shows the decline in industrial space that has occurred, although this has not been as great as that experienced by some other authorities.

Figure 26: Percentage change in office and industrial floorspace between 2000 and 2012 for all the local authorities in the sub-region



Source: VOA 2012

Employment Space and Land in Adjoining Areas

4.28 It is also important to understand the extent of available employment land in adjoining boroughs and any major new economic developments coming forward there which might compete with the Borough for future demand. A brief review has therefore been undertaken below of the current position in each area.

Windsor & Maidenhead

4.29 This Borough, lying to the north of Runnymede, contains the two main towns of Windsor and Maidenhead as well as a number of smaller towns / villages such as Ascot, Eton, Sunningdale and Cookham. The Borough has a buoyant local economy forming part of the M4 corridor area west of London and relatively close to Heathrow. The Borough's commercial property stock is dominated by offices with this space located in both Windsor and Maidenhead town centres as well as out-of-centre office parks in Maidenhead such as Foundation Park and Maidenhead Office Park and several large single-occupier office complexes such as Centrica in Windsor.

4.30 The Council's 2009 ELR update (its most recent ELR) stated that at this time there was 363 ha of employment land in the Borough across 60 town centre and other sites, with an estimated capacity for an additional 177,000 m2 of office space on these sites.

There was also a sizeable amount of permitted floorspace in the development pipeline (c. 78,000 m2), much of which was under construction (45%) at the time the report was produced and was B1a office space, though these were mainly intensification and smaller infill type schemes. The Borough was not perceived in 2009 as an industrial location due to its lack of supply, development constraints, nearby competitors such as Slough Trading Estate and high labour costs. Accordingly, the market was considered to be localised and mostly for smaller industrial units.

4.31 The Council's March 2011 Employment Commitments Report (its last published employment monitoring report) noted that the Borough contained 676,940sq.m of A2, B1 and B2 floorspace and 216,950sq.m of B8 floorspace at this time. 24,400sq.m of B1 floorspace was granted in 2010/11, and 3870sq.m of B8 floorspace was lost. A modest gain of B2 floorspace was seen at 280sq.m. Between 2001 and 2011 an annual average of 4098sq.m B1 and 859sq.m B2 floorspace was completed an average annual loss of 122sq.m of B8 floorspace was lost over the same period. It is understood that RBWM has recently produced an update to this report although the results have not yet been published.

4.32 Green Belt constraints combined with the area's economic buoyancy and pressures on housing and land have resulted in policies of development restraint in recent years, with no significant allocations of new employment land in the Borough and future growth to be focused on redevelopment of urban sites in Windsor and Maidenhead.

4.33 In February 2016 the Council, along with the other Berkshire authorities, undertook an examination of the functional geography of the FEMA(s) in Berkshire[13]. This report confirms that Runnymede and RBWM are located in different FEMAs. The Council is currently working jointly with its FEMA partners to produce an Economic Development Needs Assessment although this work has not been published at the time of producing this report.

Elmbridge

4.34 Elmbridge adjoins Runnymede to the south east and contains the main towns of Weybridge, Walton-on-Thames, Esher, East Molesey and Cobham. Elmbridge is part of the south west quadrant of the M25 office market, and also has an important industrial market within the sub-region. Weybridge is the principle office location in the Borough with town centre office locations complemented by two large business parks, The Heights and Locke King Road totalling 27 ha, which are both located on the Brooklands site, a former airfield and motor racing track. Brooklands industrial estate (31 ha), also located on this site, is the largest industrial area in the Borough. Brooklands is located adjacent to Elmbridge's boundary with Runnymede and is only 1.5 km south of Addlestone. The other main industrial area in Elmbridge is the 15 ha Moseley industrial estate. Elmbridge Borough Council is currently consulting on a draft Functional Economic Area Analysis (March 2016) which notes key links for economic purposes with Runnymede Borough. This supports the findings of Runnymede's own analysis which was published in June 2015.

[13] http://www3.rbwm.gov.uk/info/200414/local_development_framework/1075/employment/2

4.35 The Elmbridge 2011 Addendum to the Employment Land Review was carried out during a recession and the report concluded that recessionary pressures were supressing both the growth in office stock and demand for it. Vacancy levels were noted to have increased significantly since the Council carried out its 2008 ELR meaning that there was no longer a requirement at this time to provide additional employment land/floorpsace for offices. The expectation in Elmbridge is that between 2011 and 2026 demand for employment floorspace will come principally from warehousing and distribution uses. And at the time the 2011 addendum report was produced, a shortfall of 6000sqm of space across these uses was identified over this period.

Woking

4.36 Woking Borough is located immediately to the south of Runnymede and Woking is its principal town. The largest sector of Woking's economy is Financial & Business Services and includes considerable representation from the IT and telecoms sectors as well as financial services. The single most important employment location is Woking town centre although there are existing industrial estates in Sheerwater and Byfleet, which are fully developed. However, unlike other parts of Surrey and Hampshire, there is little modern out of town business park accommodation. Runnymede's Functional Economic Area assessment (June 2015) identified functional links for economic purposes with Woking.

4.37 In 2015, Woking Borough Council published an Employment Floorspace topic paper which identified that on the basis of the Council's 2010 ELR the Woking Core Strategy policy CS1 identifies the need for 28,000 sqm of office floorspace and 20,000 sqm of warehousing to be accommodated in Woking by 2027. A general distribution of 27,000 sqm of additional office floorspace is to be accommodated within Woking Town Centre and 1,000-1,500 sqm in the West Byfleet District Centre. In terms of warehousing provision, there is a limited number of sites available for an increased level of provision.

4.38 The paper demonstrates that since the publication of the 2010 ELR, the amount of employment floorspace with planning permission has reduced significantly, and there have been notable losses of B1 and B8 space. Taking into consideration completions and commitments as at September 2014, the Council needs to accommodate 59,482 sqm of new office floorspace, 35,742 sqm of industrial floorspace and 35,742 sqm of new warehousing floorspace by 2027.

Bracknell Forest

4.39 Bracknell Forest is a small but densely developed Borough containing the principal town of Bracknell and the smaller settlement of Crowthorne. Although not immediately adjacent to Runnymede it is located only 10 km west of it and one of the larger centres in this area. Bracknell's commercial property market is predominantly offices, with a number of large occupiers located in purpose built accommodation within, or on the edge of Bracknell town centre. In addition, there are a number of older industrial areas, primarily located within Bracknell's suburbs. The Council's Core Strategy directs most employment development to the identified employment areas.

4.40 An ELR was undertaken in 2009. This report found that the supply of office floorspace was considered to be in excess of requirements. There was evidence of some need for further industrial/warehousing floorspace and it was considered that the development of strategic sites might present opportunities for accommodating this need. Generally, existing employment floorspace was considered to be high quality, well serviced, accessible and fit for purpose. A review of the office market in Bracknell Forest in 2011 found that based on vacancy levels and the take-up rates at the time, the amount of vacant office space in the Authority area represented around 8 years' supply. The report recognised that the Core Strategy target for office space provision to 2026 was likely to be met or exceeded by 2016.

4.41 The 2013-14 Authority Monitoring Report for the economy reported that the current total employment floorspace stock (Use Classes A2, B1 and B2) for the Borough at 31st March 2014 was 718,165 m^2. This represented just over a 5% decrease on the previous year's stock and continues the decline since 2011. The demolition of the northern part of Bracknell Town Centre as part of the town centre regeneration contributed to the loss of employment floorspace seen in 2013/14.

4.42 For warehousing (Use Class B8) the floorspace stock was 213,878 m^2, an increase of 720 m^2 (less than 1%) on the previous year. The total stock of B8 floorspace has almost returned to the peak levels seen in 2007 and 2008. There was a total of 86,283 m^2 (net) of employment floorspace (Use Classes A2, B1, B2 and B8) in the Borough with outstanding permission at 31st March 2014. Much of the outstanding floorspace can mainly be accounted for by a few large sites: the outstanding permissions in Bracknell Town Centre (which will provide a net increase of c.17,000 m^2 B1 and c.6,400 m^2 A2); permission for 8,000 m^2 at Peacock Farm; c.27,000 m^2 B1 at the former Brickworks site on Cain Road (at Amen Corner); and Honeywell Control Systems redevelopment to provide c. 7,500 m^2 B8/B2.

4.43 In February 2016 the Council, along with the other Berkshire authorities, undertook an examination of the functional geography of the FEMA(s) in Berkshire. This report confirms that Runnymede and Bracknell Forest are located in different FEMAs. The Council is currently working jointly with its FEMA partners to produce an Economic Development Needs Assessment although this work has not been published at the time of producing this report.

Surrey Heath

4.44 Surrey Heath lies to the south west of the Borough and contains the principal towns of Camberley and Frimley. The EM3 LEP Strategic Economic Plan identifies Camberley as a Step Up town. The Borough has a significant stock of office space in Camberley town centre and several large out-of-centre business parks, most of which are fully developed. The Borough also contains part of the large DERA mixed use development site which straddles the boundary with Runnymede.

4.45 The Surrey Heath Core Strategy (2012) seeks to make provision for 7,500 new jobs in period to 2027 through utilising existing employment areas and promoting more intense use of these sites (policy CP8).

4.46 Surrey Heath, Hart and Rushmoor (FEA partners) published a joint ELR in June 2015 which states that within Surrey Heath there are concentrations of quality office / research and development floorspace that are occupied by a range of corporate office occupiers including the Bank of America, Siemens and Eli Lilly. There is continued demand for properties at Watchmoor Park and Frimley Business Park due to the quality of stock available within these established business park environments and their proximity to the strategic road network (M3). Conversions of office floorspace in town centres had helped reduce the oversupply of lower quality vacant office stock in these locations.

4.47 There is a concentration of industrial premises in Surrey Heath at the western edge of the borough along the Blackwater Valley Corridor. Industrial areas of varying sizes ranging from 37ha to just over 2ha are located in the borough's settlement areas of Camberley and Frimley within close proximity of the A331.

4.48 Across the whole FEA, the scenarios tested in the ELR indicate that the overall floor space requirements range from 243,894sqm to 369,369sqm of all types of employment space to 2032, implying in broad terms a need for between 55.7 ha and 77.1 ha of employment land.

Spelthorne

4.49 Spelthorne is a small, densely developed Borough lying immediately north east of Runnymede. It contains the main town of Staines upon Thames, which is separated from Egham by the River Thames, as well as the small suburban centres of Ashford, Sunbury and Shepperton. Runnymede's June 2015 FEA analysis identifies Spelthorne as a key partner for future economic work with strong functional links being identified between the two local authority areas. The Spelthorne draft FEA analysis (February 2016) also identifies strong links between the two Boroughs.

4.50 Staines upon Thames is a significant office centre which experienced high rates of development in the 1990s although overall levels of office stock in the Borough are low by Surrey standards. There are also a number of out-of-centre office parks such as the Sunbury International Business Park. The close proximity of Heathrow has led to a concentration of airport related warehousing in the north of the Borough whilst the high quantity of industrial floor space is a legacy of the historic development of a number of industrial estates some of which have been redeveloped in recent years at higher densities.

4.51 The 2009 Core Strategy's approach to employment land is to maintain the employment capacity of the Borough by identifying 11 Major Employment Areas to be protected, with some smaller and poorer sites able to be released to other uses. No allocated land is currently available for new employment development and the primary source of land supply is to be through the intensification of existing employment sites. The main employment schemes underway in the Borough include Majestic House in Staines town centre, a redevelopment with planning permission including 32,000 m2 of office space, although it is understood a revised scheme is being worked up following a change of ownership.

4.52 The Council's 2014/15 AMR notes that there was 15,431sqm net office completions in 2014/15 with a 12,285 net loss of warehousing. In terms of significant schemes under construction, the AMR lists 17-51 London Road site in Staines which proposes only a net 2,000sqm gain in employment floorspace but which also includes 19,000sqm of mixed office/retail or mixed office/retail/hotel. The other large site under construction is BP in Sunbury which has permission for 9,822 net sqm of office space.

4.53 Spelthorne Borough Council consulted on its draft Functional Economic Market Assessment in February 2016 which supports Runnymede's previous conclusions about the functional links between the two authority areas.

Slough

4.54 This is a small, densely developed Borough containing the town of Slough and located north of Runnymede, although not immediately adjacent. Slough's economic base has traditionally centred on manufacturing, which is mainly attributable to the location and growth of Slough Trading Estate. However, over the past two decades, the number of manufacturing firms and jobs within the Borough has been in significant decline, in line with national trends. At the same time the research and development, light industrial, retail and the service sectors have become more prominent. The town centre also contains a significant supply of office space although the town centre is underperforming as a retail and commercial centre and regeneration of key areas of the town is required. Around 3,000 Slough residents working at Heathrow Airport due to its close proximity to the Borough and its strong rail and road links.

4.55 The adopted Core Strategy (December 2008) does not allocate any new land as employment growth can be accommodated by the redevelopment and intensification of use of existing sites.

4.56 The Council's latest AMR (2013/14) shows that the total amount of additional net floor space within Slough during the reporting year for B uses was 663sqm. This is significantly lower than the 15,000sqm reported in 2012/13. However there are a number of large speculative Grade A schemes currently underway in Slough. These are discussed more fully in chapter 6.

4.57 The Council has recently advised of its intention to produce a new Local Plan (letter dated 4th December 2015 confirms this) and so updated evidence from the Council in regard to the economic context and needs is expected to be published in due course. This will follow the completion of the Berkshire FEA study, consultation on which is due to be held in early 2016.

Hounslow

4.58 It is noted that Hounslow commissioned consultants to carry out a new ELR in October 2015. The publication of this document is awaited at the time of writing. The Council's 2011 ELR found that in terms of the office market, it appeared that Chiswick offered the most attractive location in the Borough due to its proximity to Central London and high quality of environment. Brentford and Hounslow, although offering lower quality employment space at the time of the study, appeared to present the best opportunities for upgrading existing stock and offering commercially attractive new space especially for business start ups and SMEs.

4.59 Hounslow benefits from a substantial supply of industrial premises. There is a wide range of choice, illustrated by the fact that in parts of the borough industrial space can attract higher rents per sqm than office space. For example, the industrial space near Heathrow is the most expensive in Europe. Heathrow has a significant impact on Hounslow, even though it is in the neighbouring borough of Hillingdon. The numerous industrial and logistics estates are generally high quality and appropriate for their purpose.

4.60 The Council aims to direct new office development to the Borough's town centres and Chiswick Business Village although the Authority Monitoring Report for 2013-14 found that substantial development was coming forward outside these locations with over 70,000sqm of office floorspace being approved at Centaurs Business Centre, Great West Road during the reporting year. 104,836sqm of industrial and warehousing floorspace was also approved in 2013/14, 96,811sqm of which was within the Borough's existing designated industrial locations (including Centaurs Business Park).

Hillingdon

4.61 The London Borough of Hillingdon has a mix of units available with generally good quality building stock. This is reflected in the large number of logistics, distribution and warehousing uses, as well as smaller light industrial uses. There is an increasingly strong stock of office accommodation along the Heathrow perimeter and within town centre locations such as Hayes and Uxbridge. These sites are complemented by 'out-of-town' developments such as Stockley Park which offer regionally competitive B1(a) units which have attracted multinational corporations.

4.62 Hillingdon is located within two main industrial property market areas- the Heathrow PMA and the A40/M40 corridor. Its office market is largely an easterly expression of the Thames Valley market rather than being closely linked to the Central London market. Demand for industrial and office floorspace in the Borough is driven largely by Heathrow

4.63 There is a total of approximately 383.9ha of land currently in active industrial use in Hillingdon. The Council's 2014 Employment Land Study Update reports that there is projected to be a decrease in demand for industrial land of between 20.6ha and 16.3ha in the period 2013 to 2026. This is due largely to a forecast decrease in industrial employment as projected by the GLA.

4.64 There is approximately 664,000m2 of gross office floorspace in Hillingdon It is estimated that there is additional demand for between approximately 155,000 and 200,000m2 of office floorspace throughout the borough up to 2026. A number of new, large office developments are expected to come forward over the next 12 to 18 months at Uxbridge Business Park and in Uxbridge town centre. Development in Uxbridge is discussed more fully in chapter 6.

Chapter 5: Review of existing and potential employment sites

5.1 This chapter of the study assesses the characteristics and quality of existing employment sites in the Borough and their suitability to meet future employment needs. Space likely to come forward in the future and losses to the current stock are also examined. The assessment was undertaken by Council Officers in November 2015 and this is the second time that an assessment of the Borough's employment land (in B-Class Use) has taken place, sites having previously been reviewed as part of the Council's 2010 ELR.

Assessment Approach

5.2 To be comprehensive, it was determined that the assessment would include all stand alone sites with an existing B class employment use over 0.25 ha in area and with over 500sq.m of floorspace. However, to keep the number of existing sites to a manageable number and to aid the presentation of the findings in this study, it was decided that, where a number of employment uses were grouped together either on a recognised business park or trading estate, or in a less formal but still identifiable cluster of employment land, for example the Causeway and the Borough's town centres, these would be assessed as a single employment area. However all individual addresses and occupiers in such clusters have been recorded to provide a database of existing employment land/occupiers and to allow calculation of vacancy rates. In these clusters, there are some sites with an area beneath 0.25 ha but when grouped together in a cluster, exceed this threshold. In terms of the floor area of sites within these more clusters, sites had to have a minimum floor area of 100sqm of rateable floorspace individually to be included, and the cluster itself had to have a minimum commercial floor area of 500sqm when all floorspace/rateable space across the sites was added together.

5.3 Council officers are confident that the use of this approach has helped identify the key employment sites/destinations in Runnymede Borough that make up the great majority of the Borough's employment stock. As such, this ELR is considered to provide a good representation of the employment land supply in Runnymede during the month that the site assessments took place.

Identification of sites

5.4 The 2010 ELR was used to identify potentially suitable sites for consideration. It was found that the great majority of the sites considered in 2010 continued to meet the assessment criteria in this 2016 ELR. The following sites from the 2010 ELR were deleted/merged with others for the reasons given in the table below. This table also lists the new sites for 2016.

Table 25: Changes in sites for assessment since 2010 ELR was produced

Site	Reason for addition/deletion/amendment
A6-Station Road area, Addlestone	Cluster extended to include all B use sites with a floor area of over 100sqm in Addlestone Town Centre and name of site amended accordingly (under reference A6).
A10-Woodham Lane area	Cluster deleted as a number of the sites in this cluster being developed for alternative uses since the 2010 ELR was published. Remaining sites under 0.25ha threshold.
A10-Woodham Park Road area, New Haw	NEW cluster of sites for 2016 which meets the assessment criteria.
C2-Chertsey Revitalisation Area C3-Gogmore Lane, Chertsey	Merged into a single site write up for Chertsey Town Centre (under reference C8)
C9-Tamchester Building, Pretoria Road	Site deleted as currently being redeveloped for housing
C12-J Harris Boatyard	NEW site for 2015 which meets the assessment criteria
E1-Almeria, Thorpe Lea Road	NEW site for 2015 which meets the assessment criteria
E7-The Roundabout area, Egham E8-Church Road and Station Road area, Egham E9-High Street Egham	Merged into a single site write up for Egham Town Centre (under reference E5).
E10-Thorpe Lea Manor, Egham	Site extended to include employment land on the adjoining site at Glenville Farm. And employment area renamed to 'Corner of Thorpe Lea Road and Vicarage Road, Egham' (under reference E2).
EG1-32 Parsonage Road, Englefield Green	Site deleted as site under 0.25ha site threshold.
MDS3-Sewerage Treatment Works	Considered to be a sui generis use and therefore not suitable for consideration in this report. Site deleted.
O3-Ten Acre Farm, Ottershaw	NEW site for 2015 which meets the assessment criteria

Source: Runnymede Borough Council analysis

5.5 45 employment areas were identified in total. It should be noted that new sites were identified by using VOA data supplemented with OS mapping, Council officers' knowledge of the Borough, aerial photographs, the internet, and site visits. Whilst the majority of sites have been re visited during the completion of the 2016 ELR, there were a small number of sites that it was not possible to visit due to the site being secure. In respect of this small number of sites, the assessment was produced using planning history, aerial photographs and the planning case officer's knowledge of sites. The general location of the 45 key employment sites is shown in Appendix 1.

Site assessments

5.6 Each site/cluster of sites has been allocated a reference number. Reference numbers are grouped in distinct geographical locations (e.g. employment areas in Egham are numbered E1, E2, E3 etc.). All employment areas considered in the assessment (both standalone sites and clusters) have their own write up and have all been mapped using GIS. Site plans showing the location of each employment area in relation to their surroundings, and the site areas have been produced to accompany each assessment and photographs of sites/aerial photographs have also been included. The individual write ups for each employment area can be viewed in Appendix 2.

5.7 The assessments considered the suitability of each employment area for employment use, against similar criteria to those relied upon in the original 2010 study, and which are still considered to be fit for purpose. The criteria are:

• public accessibility – access to public transport and services, including bus stops, railway station, cycleways and access to areas of potential labour sources (residential areas) and local services e.g. shops;

• private accessibility – access to the strategic road network including motorway and A-Class roads and local road access to a site/area and parking and servicing arrangements. It should be noted that unless otherwise stated in the site assessment sheets the site junctions and local road access are considered reasonable;

• quality of the environment of site and site characteristics – including age and type of building, landscape/environmental quality and size and shape of plot;

• compatibility of existing use with its surroundings – does the employment use have potential for conflicts with adjoining land uses;

• attractiveness of the site/area to the market including vacancy rates.

5.8 More detailed information on the site assessment criteria can be viewed in Appendix 3.

5.9 A score of 1- 5 (with 5 being the best and 1 the worst) was given against each criterion for each employment area. In addition to the above, in this 2016 study, the assessments also comment on the potential for intensification/extension or scope for redevelopment in employment areas. The total employment floorspace and level of vacancy in each employment area is also stated.

5.10 However it is important to note that for some of the town centre clusters, these wider areas are in mixed use and the number of units in employment use is lower than on the traditional trading/industrial estates or in more established larger employment areas. Although the vacancy rate of these areas has been calculated; with fewer units in employment use, a small number of vacant units can give a much higher vacancy rate which is not necessarily reflective of the characteristics of the occupancy of the mixed use area as a whole.

5.11 In each write up, any relevant planning factors or constraints are also noted. In this regard it should be noted that the eastern edge of the Borough is bounded by the River Thames while the River Wey is to the south. In addition the Addlestone and Chertsey Bournes run through the Borough to the Thames. A significant number of businesses in the urban areas of Egham, Egham Hythe, Chertsey and Addlestone are within Flood zones 2 (medium risk) and 3 (high risk) and as such are at risk of fluvial flooding (to varying degrees). Some 79% of the Borough also lies within the Metropolitan Green

Belt and a number of employment areas in Runnymede are therefore, unsurprisingly perhaps, located in the Green Belt. One of the criteria against which employment areas have been assessed is their commercial attractiveness to the market and it should be noted that this is not the same as their attractiveness in planning policy terms. It will often be the case that a site that scores highly on market attractiveness will have a significant planning policy constraint (e.g. Green Belt policy) that prevents or severely limits its development potential.

5.12 An important point to note in relation to the assessments is that the scoring process in itself does not provide a complete picture of an employment area's role within the local economy. For example, an employment area's importance to meeting a variety of employment needs or providing a location for 'bad neighbour' uses can be important reasons for retaining a site despite it recording a low score. In addition, not all businesses require a site which performs well against the assessment criteria.

Other sites which contribute to the Borough's economy

5.13 It should be noted that in addition to the sites listed above there are a number of other sites in the Borough which, whilst not containing B class occupiers, still contribute significantly to the Borough's economy. Such sites include Thorpe Park, St Peter's Hospital and Royal Holloway University of London. All three of these sites are designated as Major Developed Sites (MDS) in the Runnymede Borough Local Plan (2001).

Sites below the 0.25 Hectare Threshold with less than 500sqm of B class floorspace

5.14 During the site visits for the assessments, it became apparent that there are a considerable number of individual employment sites within the Borough which fall below the 0.25 threshold for assessment and which contain less than 500sqm of B class floorspace. These sites are typically located within residential areas, and vary greatly in terms of the age and appearance of the building, the parking provision on the site and the type of employment use taking place. These sites are often occupied by local and smaller businesses and contribute to employment provision within the Borough. The employment uses found on these sites range from car repairs, van hire, engineering uses, furniture manufacture and offices. Cumulatively these sites make a notable contribution to the Borough's economy.

Ranking of Sites

5.15 The table below shows the relative ranking and quality of the sites assessed. It confirms that a good proportion of the Borough's employment sites are of good or average quality. However, the sites which scored lower are generally those sites which have more remote or constrained locations with difficult road access and poorer public accessibility.

Table 26: Ranking of the sites assessed in the Runnymede 2016 ELR.

Ref no	Site name	Location	Size (ha)	Use	Score out of 25	Quality
C1	Hillswood Business Park	Chertsey	13.54	Office	23	Good quality
E12	Pine Trees Business Park	Staines	3.01	Office	23	
E10	The Causeway (South)	Staines	14.42	Mixed office, industrial and some storage and distribution	22	
E11	The Causeway (North)	Staines	10.76	Office and utility providers	22	
A1	Weybridge and Bourne Business Park (North)	Addlestone	6.3	Office	21	
E6	The Integra, Vicarage Road	Egham	1.87	Office	21	
A4	Waterside Trading Estate	Addlestone	0.82	Industrial/ warehouse	20	
A5	Aviator Park	Addlestone	1.75	Office	20	
C8	Chertsey Town Centre	Chertsey	22.4	Mix of uses but predominantly office	20	
E4	Milton Park	Egham	4.84	Office	20	
E5	Egham Town Centre	Egham	20.1	Predominantly office	20	
E7	The Avenue	Egham	1.84	Office, storage and distribution	20	
A6	Addlestone Town Centre	Addlestone	14.18	Predominantly office	19	
C5	Pound Road area	Chertsey	0.63	Office	19	
A2	Weybridge and Bourne Business Park (West)	Addlestone	3.08	Mixed industrial, warehouse and office area	18	Average quality
A3	Weybridge and Bourne Business Park (East)	Addlestone	3.36	Office	18	
E8	World Duty Free	Egham	2.14	Storage and distribution	18	
T1	Thorpe Industrial Estate	Thorpe	18.1	Office, industrial and storage and distribution	18	
C6	Hanworth Lane Trading Estate	Chertsey	3.94	Industrial and office	17	
C13	Parklands, Bittams Lane	Chertsey	4.16	Office	17	
C4	Bridge Road area	Chertsey	0.50	Office	16	
C7	Downside and Station Road area	Chertsey	0.96	Office, industrial and storage and distribution	16	
E2	Corner of Thorpe Lea Road and Vicarage Road	Egham	1.07	Office, light industrial and storage and distribution.	16	
E3	Meadlake Place	Egham	1.47	Office	16	
EG1	Blays House site, Wick Road	Englefield Green	3.58	Office	16	
A8	Central Veterinary	Addlestone	12.83	Research and	15	

	Laboratories			Development Office		
C11	Penton Hook Marina	Chertsey	3.74	Boatyard, industrial and storage and distribution	15	
E14	Rusham Park	Egham	6.3	Office and laboratories	15	
A7	Hillcrest Farm	Addlestone	0.28	Storage and distribution	14	Lower quality
A9	Canal Bridge Estate	Addlestone	1.27	Industrial and Storage and Distribution	14	
C9	Staines Road and Chilsey Green Road area	Chertsey	0.55	Office	14	
EG2	CABI	Englefield Green	1.64	Office, research and development	14	
L1	Longcross Park (former DERA site)	Longcross	117	Mix of B uses related to film studio	14	
C2	Fordwater Trading Estate	Chertsey	2.74	Industrial and storage and distribution	13	
O1	Brox Road Area	Ottershaw	0.62	Light industrial and storage and distribution	13	
C3	Steven's Yard, Fordwater Road	Chertsey	0.97	Industrial	12	
O2	Great Grove Farm	Ottershaw	0.91	Predominantly industrial	12	
T2	Cemex House, Coldharbour Lane	Thorpe	7.2	Office	12	
E1	Almeria, Thorpe Lea Road	Egham	0.76	Storage and distribution	11	
E9	Bell Weir Boatyard	Egham	0.26	General industrial	11	
E13	Tim's Boatyard	Egham	0.70	Industrial and storage and distribution	11	
O3	Ten Acre Farm	Ottershaw	0.37	Industrial and storage and distribution	11	
C10	Laleham Boatyard, Laleham Reach	Chertsey	0.28	Industrial	8	
C12	J Harris Boatyard	Chertsey	0.38	Industrial	8	
A10	Woodham Park Road	Addlestone	1.49	Industrial and storage and distribution	7	

Source: Runnymede Borough Council analysis

Employment Land Supply and Extant Planning Permissions

5.16 There are no sites allocated for employment land within the Adopted Local Plan. Furthermore although a number of vacant sites were noted during the assessment of the employment areas (particularly along The Causeway), almost all such sites already have the benefit of planning permission for employment purposes. Although some 319.11ha of employment land exists in total across the key employment sites identified above, there is little other undeveloped land available in the Borough which does not lie within the Green Belt or the flood plain. Most potential new capacity therefore comes from the build-out of those sites which already benefit from planning permission for employment or from the redevelopment and intensification of existing employment sites.

5.17 Table 41 and the commentary in chapter 8 detail the extant commercial planning permissions and the likely losses, gains and net increase in employment floorspace provision which is likely to result over the coming years in Runnymede.

5.18 Other than the vacant sites with extant planning permission for employment floorspace, no other vacant employment sites were identified during the assessment phase. All other existing employment sites are currently occupied by buildings (and open storage in some cases).

5.19 The existing employment sites outside the urban areas all lie within the Metropolitan Green Belt, and, as stated in the individual assessments of these employment areas, in the great majority of cases, it is considered that any scope for additional floorspace on these sites will be extremely limited due to the strict policy considerations. Even if 'very special circumstances' for development can be justified, large increases in net floorspace are unlikely to be achieved.

5.20 In addition to considering existing employment sites in the Borough, officers have analysed the sites submitted during the 2015 call for sites for the Council's Strategic Land Availability Assessment (SLAA) to determine if these sites could also have capacity for commercial floorspace. The sites listed in the table below are those sites where landowners/promoters have confirmed that they would be willing to consider provision of commercial floorspace specially or 'other uses'. A commentary is provided to indicate the suitability of these sites for B class uses.

Table 27: Analysis of sites submitted in the 2015 SLAA call for sites that are being promoted for commercial use

Site ID and address	Uses site being promoted for	Constraints	Officer comments
2-Woodcock Hall Farm, Thorpe	-residential -B1 and B8	-Green Belt (outside of Thorpe Settlement as defined by saved policy GB2) -Majority of site in flood zone 3a. Rear part of site located in the functional floodplain	Commercial uses are acceptable in flood zone 3a. There are a number of outbuildings on the site which could potentially be converted to commercial uses. The buildings are however relatively small scale (approx. 275sqm floorspace in total). Further expansion on the site would be restricted by the Green Belt designation of the site.
204-Bellbourne Nurseries, Egham	-residential -commercial	-Green Belt -Site in a mineral safeguarding area	Site currently in use for horticultural business. Several buildings on site forming 2no. glasshouses and storage building with an approximate footprint of 1,550sqm. Rest of the site given over to

			hardstanding forming areas of open storage and/or vehicle parking and turning. Certificate of existing lawful use granted for Class B8 in southern part of the site (0.45ha) in 2011. The northern area of the site is not considered to be suitable for commercial development given Green Belt policy constraints. The southern part of the site where the certificate for B8 use was granted is considered to be PDL and redevelopment would be possible under bullet point 6, para 89 of the NPPF. However it is unlikely that the southern area would be appropriate for any net additional commercial floorspace of 500sqm or more. This is providing that there is no objection to such development from Surrey County Council in their role as Waste and Minerals Authority.
205-Crockford Farm, Addlestone	-residential- -commercial -retail -leisure	-Green Belt -The building on the site is Grade II listed -Whole of site is in flood zone 2, parts of the site also in flood zones 3a and functional floodplain.	The conversion of the building on the site to commercial use is considered unlikely for viability reasons given that the building is listed and given its current residential use. The remainder of the site is considered unsuitable for commercial development given the Green Belt designation of the site.
207-Apple Tree Farm, Virginia Water	-residential (not travellers) -other uses would be considered	-Green Belt but part of a resultant land parcel that is currently being considered in terms of suitability for return to the Urban Area.	The site does not appear to be PDL and given current Green Belt policy, development would commercial purposes would not be acceptable. However if the parcel is returned to the urban area, the site may be able to accommodate in the region of between 7000 sq. m to 13,000 sq. m of commercial floor space over two storeys.
209-Merlewood, Virginia Water	-residential alongside care home -commercial as alternative to care home	-Green Belt but part of a resultant land parcel that is currently being considered in terms of suitability for return to the Urban Area. -Merlewood is a locally listed building	It has been confirmed that the site owner is willing to consider commercial uses on the site. However the land owner wishes to retain the care home so whilst the site remains in the Green Belt there is little potential for additional development. If the site is returned to the urban area the potential of the site would be significantly greater but even in such a scenario the topography on this site is considered to limit its

			potential for significant commercial development.
213-Holme Farm, Woodham Park Road	-residential -other uses would be considered	-Green Belt -Large parts of the site in flood zones 2, 3a and functional floodplain. -safeguarded waste site to east of the site.	The site does not appear to be PDL and as such under current policy, development of this site for commercial uses would not be acceptable.
218-Rusham Park, Whitehall Lane, Egham	-student -retirement housing/healthcare -commercial -research and development -education	-Green Belt -Parts of site in flood zones 2 and 3a.	Previously developed site so application of NPPF para 89 applies (bullet 6) would appear possible. As such redevelopment for commercial uses would be acceptable providing it complied with the requirements of this part of the NPPF
221-Longcross Barracks	-commercial -leisure -residential (specialist care)	-Green Belt (and part of a Major Development site in the GB as defined by the Runnymede Local Plan (2001). -site within 400m of the TBHSPA -trees along southern boundary of site protected by TPO	The site contains a number of buildings that were connected with the previous use of the site as an army barracks. Previously developed site so application of NPPF para 89 applies (bullet 6) would appear possible. As such redevelopment for commercial uses would be acceptable providing it complied with the requirements of this part of the NPPF
222-Land adjacent Accommodation Road, Longcross	-residential -other uses	-Green Belt -trees along eastern boundary of site protected by TPO	This appears to be a greenfield Green Belt site and as such under current policy, development of this site for commercial uses would not be acceptable.
223-Land west of Accommodation Road, Longcross	-residential -commercial -leisure -retail	-Green Belt	This appears to be a greenfield Green Belt site and as such under current policy, development of this site for commercial uses would not be acceptable.
224-Land adjacent 62 Addlestone Moor	-residential -mixed use including commercial and leisure uses	-Green Belt	This appears to be a greenfield Green Belt site and as such under current policy, development of this site for commercial uses would not be acceptable.
225-land adjacent Sandgates, Chertsey	-residential -mixed use including commercial and leisure uses	-Green Belt -TPO covers whole site -Site located in a Minerals Safeguarding Area	This appears to be a greenfield Green Belt site and as such under current policy, development of this site for commercial uses would not be acceptable.
226-40 Crockford	-residential -mixed use	-Site located in Green Belt (with the	As the site is PDL it is therefore suitable for development provided

Park Road	including commercial and leisure uses	exception of the access drive) -Whole of site in flood zones 2, 3a and functional floodplain.	any development does not have a greater impact on openness or the purposes of including land in the Green Belt. However, given the Green Belt location and the comparison to the existing level of development on site it is considered unlikely to yield much more than the 256sqm that currently exists.
227-Woburn Park Farm, Addlestone	-residential -mixed use including commercial, retail and leisure uses	-Green Belt -Site abuts SNCI to north -Parts of site towards northern boundary are located in flood zones 2, 3a and the functional floodplain. -Over half of the site is located in a Minerals Safeguarding Area	Whilst site contains a significant amount of hardstanding and outdoor storage, and some permanent buildings, much of the development on the site is understood to not be authorised and as such much of the site cannot be considered PDL at the current time. As such currently there is a presumption against the development of the majority of this Green Belt site for commercial uses.

Source: Runnymede Borough Council analysis

5.21 The analysis in the table above shows that the 2 most noteworthy sites in terms of scale are Rusham Park and Longcross Barracks. Applewood Farm would be another location where a sizable amount of floorspace could be accommodated but only if the site is returned to the urban area through the Local Plan process. Multiple uses are however being promoted on each of these sites which means that there can be no certainty at the current time that any of the sites are likely to come forward for commercial development. It should also be noted that there may be other sites submitted through the call for sites exercise in 2015, which, whilst not currently being promoted for commercial uses, may also be suitable for such uses, and which officers could consider for such purposes at a later stage in the Plan if the intentions of the land owners change.

5.22 As touched upon in the table above (for the entries for Merlewood and Apple Tree Farm), officers are considering the potential release of a number of sites that are currently in the Green Belt, to the Urban Area as part of the Runnymede 2035 Local Plan. These sites were identified by Arup in their review of the Runnymede Green Belt which was published on the Council's website in December 2014[14]. A number of these sites are not being promoted in the SLAA at the current time, however over the course of the Local Plan (which will consider the period up to 2035), if these sites are removed from the Green Belt and returned to the Urban Area, they may also have capacity for additional commercial floorspace.

Conclusions

5.23 Overall, there is a good range of employment sites across the Borough with a particularly high proportion of good quality office accommodation, primarily located in

[14] https://www.runnymede.gov.uk/article/11311/Green-Belt-Review

the Egham/Staines, Chertsey and Addlestone urban areas. Provision of good quality accommodation within the Green Belt is more limited but Hillswood Business Park and Milton Park are good examples of such sites.

5.24 This assessment has examined a total of 45 existing employment sites/areas across the Borough of which 14 were considered to be of good quality. This equates to approximately 116.46 ha of employment land although it should be noted that the Borough's three town centres make up part of this area and only parts of the town centres are in a B class use. A further 14 sites were assessed to be of average quality (65.23 ha) and 17 sites/areas of lower quality. In regard to the latter this equates to approximately 137.42ha although it should be noted that Longcross Park accounts for 117ha of this. Approximately 62% of the employment areas are assessed as being average quality or above. This is compared to a figure of 81% in the 2010 ELR although the actual area of employment land in these categories appears to have increased. However there must be some caution about making comparisons with the 2010 study due to the inclusion of the town centre sites which means that a direct comparison is not possible in regard to hectarage.

5.25 The majority of the good quality sites are located in good accessible locations either close to the town centre or motorway junctions. The majority of the poorer quality employment sites are older, industrial sites which are poorly located in terms of public and private accessibility or are older urban industrial sites/estates. However, these sites were still generally well occupied and a lower score on the assessment criteria does not imply that an employment area is not meeting a local need for low cost space or 'bad neighbour' uses.

5.26 As noted above, a low score for an existing employment site does not necessarily mean that the site does not serve an important role in providing employment floorspace at a particular location. There are many reasons why businesses locate in particular areas (for example boatyards) and a high score against the criteria of the assessment is not necessarily the determining factor when businesses choose their locations. Sites such as the Central Veterinary Laboratories and Longcross Park have long associations with their sites and the historic reasons for their locations being chosen by their occupiers are unlikely to have been related to the site assessment criteria.

Chapter 6: Review of Commercial Property Market

6.1 This chapter describes current property market conditions in Runnymede and its relationship with surrounding areas, including recent trends in the demand for and supply of office and industrial premises. These findings are based on discussions with a number of commercial property agents active in the area (see Appendix 4) as well as a review of recent publicly available commercial property market reports and statistics.

UK PROPERTY MARKET OVERVIEW

6.2 The UK economic recovery, which began in 2013, has now become firmly established, and sentiment in commercial property appears to be the most positive it has been for some years. Improvements in market conditions have been supported by the greater availability of real estate debt and equity finance, occupier demand is steadily increasing, and generally rents and capital values are broadly stable.

6.3 While central London offices are still the outperforming market segment, some investors and developers are also looking further afield in an attempt to access stock and achieve good returns. However, much of this activity is focusing on the best performing locations in the South East or major provincial cities. In more economically marginal locations, and those without a significant existing commercial property market, there is still uncertainty and lenders and developers are likely to remain cautious.

MARKET GEOGRAPHY

Sub-Regional Markets

6.4 At a sub-regional level, the major commercial property markets are spread geographically along the M3 and M4 corridors with strong functional linkages to Heathrow airport and the outer west London boroughs. These market corridors are sometimes collectively referred to as the Western Corridor and comprise a number of significant commercial centres including Reading, Slough and Basingstoke.

6.5 Given that the majority of potential occupiers or investors search for property by radial routes out of London, there tends to be limited competition between the M3 and M4 corridors. Recent research[15] noted that whilst the M4 market continues to lead the way in terms of occupier activity, rental growth and spec development, the M3 is starting to see the same trends of tightening supply, improving take-up and growing rents. Within the M3 market, the technology sector is reported to have become the dominant business sector for take-up in 2015, followed closely by manufacturing and engineering occupiers.

6.6 The Western corridor is a high value area for offices, attracting some of the highest rents within the South East. Research undertaken by CBRE[16] notes that the rental values seen in the dominant centres of the Western Corridor (such as Maidenhead, Reading, Slough and Bracknell) suggest that these locations are equally attractive to occupiers and have no need to operate at a discount, unlike the smaller markets of

[15] Reported in Property Week, 6th November 2015
[16] CBRE, South East Regional Property Market Study, March 2007

Camberley, Farnborough, High Wycombe and Basingstoke. This reflects the general trend of M4 corridor towns commanding higher office rental values than the towns along the M3, mirroring the greater attractiveness of this section of the market to a wider range of occupiers.

6.7 The area also contains a significant concentration of industrial centres and markets, predominantly influenced by the good transport links offered by the M3/M4/M25 and proximity to Central London. Key Western Corridor industrial locations include Reading, Basingstoke, Slough, High Wycombe and Newbury.

6.8 Although the CBRE research was undertaken nearly nine years ago, it nevertheless provides a useful starting point to consider how the Borough of Runnymede is positioned and operates within these wider sub regional property market areas. It identifies a number of sub market areas operating within the wider Western Corridor and South West London Corridor; the two most relevant to Runnymede are summarised below.

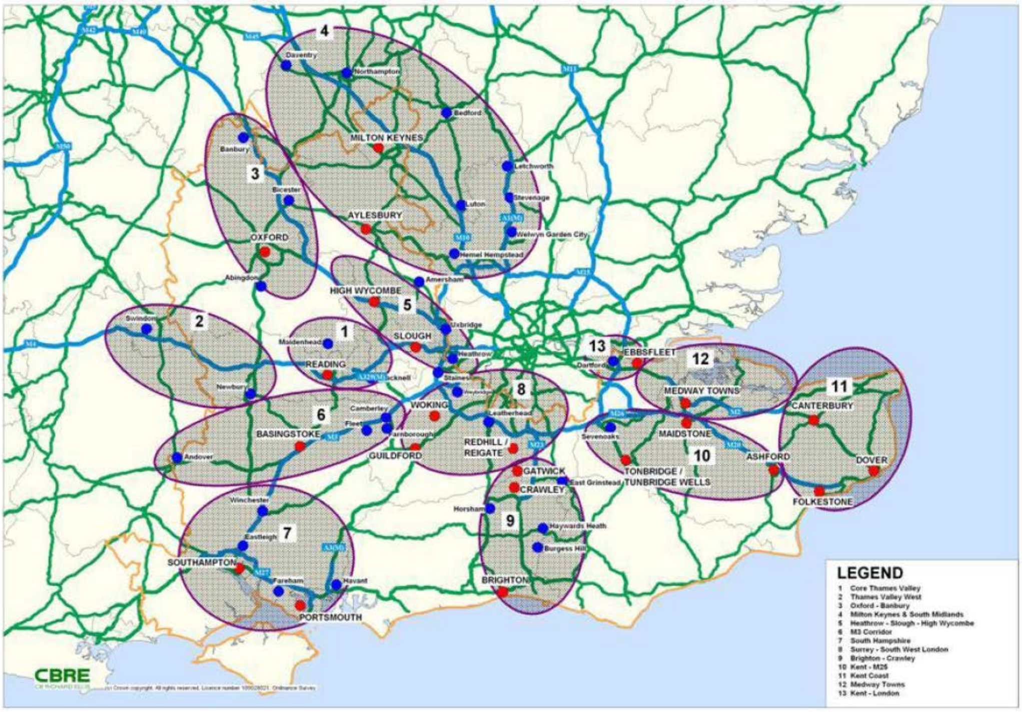
-Heathrow-Slough-High Wycombe: this sub area effectively represents the eastern end of the Thames Valley market and, in overlapping significantly with the London area, acknowledges the pervasive influence of Heathrow Airport. While there are clear linkages with the Core Thames Valley and little difference in terms of typical values, the industrial and quasi-industrial character of demand in the two main markets of Slough and High Wycombe provides a measure of differentiation. The inclusion of Staines-upon-Thames also reflects the influence of the airport on this market and the commonality in value terms with the other markets in the area.

-Surrey – South West London: this sub area covers the western segment of the London Fringe sub-region which accounts for the vast bulk of activity in this area. This reflects the clear functional difference (and value profile) with markets such as Sevenoaks along the south eastern fringe of the M25. The area also skirts into the south western fringes of the London region (with key centres including Croydon and Kingston), which compete with these markets for decentralising office occupiers. The area combines a large number of separate local authorities, and contains a significant number of almost equally strong and established office markets.

6.9 These two sub market areas together cover Runnymede Borough, with northern parts of the Borough (most notably Egham) positioned adjacent to the Heathrow, Slough and High Wycombe area which also comprises the key centres of Slough, High Wycombe, Heathrow Airport, Staines-upon-Thames and parts of Spelthorne Borough (Figure 27).

6.10 Meanwhile, southern parts of Runnymede Borough (including the centres of Chertsey and Addlestone) fall within the Surrey South-West London sub market area which also takes in nearby Weybridge, Woking, Guildford, Leatherhead, Redhill and Reigate, as well as a number of South West London Boroughs (Figure 27).

Figure 27: Key Property Market Groupings



Source: CBRE, South East Regional Property Market Study, March 2007

6.11 This geographical perspective on market areas is broadly validated by more recent commercial property market analysis carried out on behalf of the EM3 LEP in 2013[17]. In light of the large area covered by the LEP (which stretches from the M25 to the south coast), the research sought to examine in more detail the individual market areas which exist in the wider EM3 LEP area. It identified six distinct sub market areas each with different characteristics, with Runnymede Borough best aligned with the Upper M3 sub area which covers the local authority districts of Elmbridge, Runnymede and Spelthorne in their entirety (as shown in Figure 28).

[17] Enterprise M3 Commercial Property Market Study: A report for Enterprise M3 by its Land & Property Action Group, April 2013

Figure 28: Upper M3 Pen Portrait

Source: Enterprise M3 Commercial Property Market Study: A report for Enterprise M3 by its Land & Property Action Group, April 2013

6.12 Unlike other market areas in the EM3 LEP area, the Upper M3 is mostly urbanised with major employment centres in Chertsey, Egham, Esher, Staines-upon-Thames and Weybridge. The area is adjacent to Heathrow Airport and is served by both the M3 and M25.The LEP notes that there are a number of large business parks in the market area, including Bourne Business Park (Addlestone), Hillswood (Chertsey), The Causeway[18] (Egham), Watermans (Staines-upon-Thames) and Weybridge and Brooklands, as well as numerous smaller business parks.

Local Property Markets

6.13 As noted above, Runnymede forms part of a wider M25 commercial property market and particularly the south west M25 quadrant which is characterised by its strong links with nearby Heathrow Airport to the east of the M25 and Thames Valley to the west. This accessibility, alongside quality of life factors and a skilled local workforce, make Runnymede an attractive business location and have given it a relatively large office market which has seen significant growth in recent years.

6.14 This wider M25/Thames valley market comprises some significant employment centres including Staines-upon-Thames, Heathrow, Weybridge, Uxbridge and Slough and represents one of the most active and in-demand corridors of the M25. These centres are generally larger and more established, recognised commercial centres compared with Runnymede and offer key competitive advantages including better rail links in most cases. A typical occupier area of search would tend to extend between 10 to 15 miles within this larger area, and generally follow a north-south direction along the

[18] It should be noted that a significant proportion of office premises along The Causeway have a Staines-upon Thames address despite being located within the Runnymede Borough boundary

M25. By comparison, the M3 is a less significant driver of demand in this part of north Surrey.

6.15 Within this wider area, local commercial property agents described the presence of two distinct sub market areas of relevance to Runnymede, which broadly correlate with the market geography analysis presented above. The northern parts of the Borough in and around Egham are generally more popular for larger office occupiers due to easier access to Junction 13 of the M25, better train links to London and proximity to Staines-upon-Thames, the largest conurbation in the area. Occupiers seeking commercial property in this area will also tend to consider Staines-upon-Thames[19], Slough and Windsor and locations near to Heathrow. Meanwhile, Chertsey and Addlestone to the south of the Borough tend to compete with the nearby centre of Weybridge and the Brooklands business area in particular.

6.16 Beyond this area, there is little in the way of a commercial property market to the west of the M25 which is generally characterised by Green Belt. Nearby Woking tends to operate in a separate market to Runnymede and is more connected to the M3 and southern Surrey centres such as Guildford. Woking also benefits from superior train links into Central London than the north Surrey/M25 market and has been successful in attracting and growing a number of oil and gas sector occupiers in recent years (such as Mustang Engineering which is reported to employ over 600 people from its Woking operation serving the oil and gas sector).

MARKET SEGMENTS

Offices

6.17 The commercial property market in Runnymede is predominately office based and the market for office space both within the Borough and across the wider M25 market area remains buoyant. Although affected by the recession and recent economic downturn, office demand is reported to have picked up in recent months and remains strong.

6.18 Whilst demand spans across all size ranges, local property market agents note that larger HQ style requirements (typically 25,000sqft and above) tend to characterise the majority of demand, building on the Borough’s historic success in attracting a wide range of international, national and regional firms who often choose to locate their headquarter functions within Runnymede. Traditionally these sectors have tended to comprise IT, technology, business services and pharmaceutical firms, and footloose occupiers seeking a south west M25 corridor location. The ongoing decentralisation trend amongst office occupiers from central London locations also accounts for some demand, as noted by recent research published by Savills[20] which found that central London occupiers will most likely relocate to a Greater London location in the hope of not losing staff, particularly to locations inside the M25 where there are buildings that can cater for large grade A office requirements such as Croydon, Chiswick, Uxbridge, Stockley Park and Staines upon Thames.

[19] It should be noted that a significant proportion of office premises along The Causeway have a Staines-upon Thames address despite being located within the Runnymede Borough boundary

[20] Spotlight: How far are occupiers moving? Savills January 2016

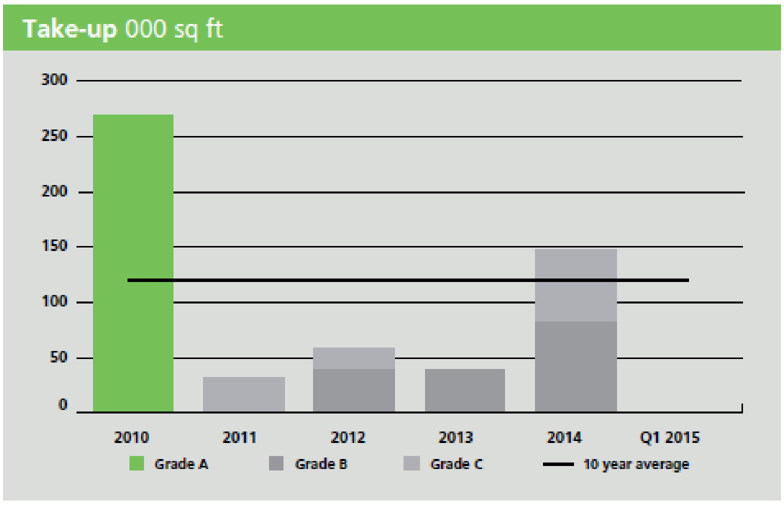
6.19 The Borough's office supply is split across a number of town centre and out-of-centre office clusters and purpose-built business parks. This provides Runnymede with two distinct office markets and while each attracts its own type of occupier (i.e. those seeking proximity to town centre amenities and rail links, and those seeking good car parking provision in a high quality business park setting), demand (and rental values) is equally strong for both products. In this respect, the Borough's office market is also relatively dispersed across a number of locations and sites, and therefore lacks a dominant, established office identity.

6.20 Whilst the current office stock is a mix of ages, a relatively large amount of new office development in recent years means that much of Runnymede's office supply is of a good quality, capable of attracting HQ occupiers who generally seek modern and high specification accommodation.

6.21 As a result of increased demand for office space over recent months, local commercial agents report that office stock is now in short supply, with an overall lack of stock to satisfy demand. Across the whole of the M25 office market availability is currently reported to be low, having fallen to unprecedented levels in some locations in Q3 2015[21]. Vacancy rates remain low and have also been falling across the wider M25 market area over the last few months. These are currently reported to be 5.4% across the M25 market, while the new and 'Grade A' vacancy rate is at a 13-year low of 3.8%[22].

6.22 Take-up of office space across the wider Staines market area (comprising Runnymede Borough) is reported to have recovered from three years of below trend activity in 2014, with transactions totalling 146,800sqft[23] (Figure 29). This activity was skewed towards the second half of the year by the 63,725sqft letting of Rockspring and Exton Estates' Flow building to cloud computing group VMware in Q3. Additional grade A space was let at 2 Pine Trees, where Ingram Micro took the 10,480sqft first floor of the 21,585sqft building.

Figure 29: Office take-up in Staines market area



Source: Lambert Smith Hampton, Thames Valley Office Market Report 2015

[21] Knight Frank, M25 Offices: Investment, Development & Occupier Markets Q3 2015
[22] ibid
[23] Lambert Smith Hampton, Thames Valley Office Market Report 2015

6.23 There are however a number of new office schemes currently in the pipeline in Runnymede and surrounding Boroughs which are expected to deliver a significant quantum of Grade A office space over the next 12 to 18 months and in doing so, help to satisfy some of this demand. These schemes include up to 40,000sqft of refurbished office space at Aviator Park in Addlestone, two buildings (including the Delta site) at Bourne Business Park in Addlestone which will together provide c.90,000sqft and a number of office refurbishments taking place at Weybridge Business Park.

6.24 These schemes largely represent speculative refurbishments but with some examples of new build development. Although office rental values are currently sufficient to justify brand new office development in the area, the lack of available land for development is preventing any significant new build activity from taking place in the current market. In addition, refurbishment also enables developers to maintain generous 1980's car parking standards.

6.25 Local agents also noted that a number of other new office developments are expected to come forward over the next 12 to 18 months at Stockley Park, Uxbridge Business Park (outline planning consent has been granted for the construction of 105,000sqft of office space over two buildings in the Business Park) and Uxbridge town centre (including 124,400sqft of new office space at Belmont Road), which could compete with nearby Runnymede for occupiers.

6.26 There are also a number of speculative Grade A office developments currently underway in Slough including the 115,000sq.ft Porter building opposite Slough station which is expected to be delivered in mid-2017 and a three storey 75,000sqft refurbishment at 234 Bath Road. The Staines Central scheme represents one of the largest development opportunities in the area which could provide 212,000sqft of office space across three buildings once pre lets have been secured.

6.27 Although demand for smaller office accommodation (sub 25,000sqft) is much lower than for larger, HQ style premises, local property agents also report a current gap in supply for good quality, modern office space at the lower size range end of the market, particularly for firms in the first few years of trading. As described in more detail below, Runnymede has lost a reasonable amount of office space in recent months (including through Permitted Development Rights) and most of this is reported to have been smaller scale space (for example above retail in town centre locations) and as a result, it remains difficult to accommodate enquiries for this type of office space (i.e. in the 2,000-5,000sqft range). Going forward, it will therefore be important to replace some of this space, potentially as part of mixed use town centre developments in Runnymede's key office centres. It is however noted that in the short term at least, there is limited developer appetite to build smaller office units or sub-divide larger premises into smaller units due to the lower achievable rents for smaller scale space and therefore lower return on investment.

6.28 This supply and demand imbalance has placed an upward pressure on rents which have increased across the South West London/M25 market segment in recent months. In office rental terms, the Runnymede centres of Egham, Chertsey and Addlestone offer a competitive advantage over nearby locations such as Weybridge, Staines-upon-Thames, Heathrow and Uxbridge but are more expensive than the Thames

Valley centres of Slough, Bracknell and High Wycombe and Woking and Leatherhead to the south and west (Table 28).

Table 28: Industrial & Office Rents in Runnymede and Comparator Centres

Location	Industrial Rent/Sqft		Office Rent/Sqft	
	Prime/ Grade A	Secondary / Grade B	Prime/ Grade A	Secondary / Grade B
Egham	£12	£10	£30	£17.50
Chertsey	£10	£7.50	£30	£16
Addlestone	£10		£30	£16
Weybridge	£11.50	£9.50	£34	£22.50
Brooklands	£14	£12	£32	n/a
Staines-upon-Thames	£12	£10	£34	£27
Heathrow	£13.75	£10	£35	£16
Uxbridge/ Stockley Park	£12	£11	£34	n/a
Slough	£11.50	£9	£27	£17
High Wycombe	£10	£8	£22.50	£17
Windsor	£8.50		£32.50	£24
Maidenhead	£10.75	£8	£35	£26
Bracknell	£8.50	£6.50	£22.50	£18
Woking	£10	£7.50	£28	£20
Leatherhead	£12	£8.50	£28	£20

Source: Colliers International Rent Map 2015 / Knight Frank, M25 Offices: Investment, Development & Occupier Markets Q3 2015 / EGi Property Link / Discussions with local commercial property agents

6.29 The recent introduction of Permitted Development (PD) rights for change of use from office to residential is reported to have so far had some impact upon the Borough's office market. The effect that this policy has had in Runnymede is described in more detail in Chapter 4. The view from local property agents is that so far, this has generally involved loss of poorer quality, tertiary and redundant space rather than prime office space that is in demand. Nevertheless, the Council will need to carefully monitor any future losses to consider whether measures should be put in place to protect this space or plan for additional provision, particularly if Runnymede's better quality provision becomes at risk.

Industrial

6.30 Runnymede is not recognised as a particularly significant industrial location despite its location close to the M25 and there is generally a limited industrial market in Runnymede. The stock of industrial space is low and mostly concentrated on one site, the Thorpe Industrial Estate to the south of Egham. The site accommodates a number of mixed and some large industrial occupiers including Brakes, Maranello and Howdens but suffers from restricted access to the M25.

6.31 There are also some other smaller industrial estates in suburban locations in Chertsey and Addlestone which are fully developed, as well as a significant number of small rural sites that have a Certificate of Lawfulness of Existing Use or Development (CLEUD) for specific uses.

6.32 This constrained industrial market position is not unique to Runnymede and is echoed across most of North Surrey. There are some larger industrial locations and sites at nearby Brooklands in Weybridge, Sunbury-on-Thames and Woking although the Brooklands Industrial Park represents the only strategic industrial location in the immediate area, until you reach Heathrow and Slough to the north. It is likely that this function has never developed as a result of high land values and the lack of large, available sites for this use.

6.33 Typical rents for Runnymede's industrial accommodation generally offer a competitive advantage over nearby Brooklands/Weybridge, Staines-upon-Thames and Heathrow, but tend to command a premium over the Thames Valley centres of Slough, Bracknell, Maidenhead and High Wycombe (Table 28).

6.34 Despite the constrained nature of the Borough's industrial market, demand is reported to be strong for industrial space across the wider sub-region. Much of the industrial and logistics related activity in the area serves Heathrow in some form, and Runnymede is located within the typical 'Heathrow area of search' from an occupier perspective. Recent economic impact analysis[24] notes that the presence of Heathrow providing excellent international air connections for both passengers and freight makes the "western wedge"[25] area an attractive location for businesses that require global connectivity. Proximity to one of the world's leading international airports has been a prime factor in the location and expansion of many businesses in the area, which is characterised by a particularly strong concentration of foreign owned firms and headquarters of businesses.

6.35 Very low levels of vacancy reflect a limited supply of industrial accommodation (particularly modern, good quality space) with the Borough's industrial estates which are predominately fully let. Local commercial property agents report that the majority of enquiries for industrial space across all premises sizes in the Borough are unable to be met, and that there is a particular shortage of smaller scale incubator/nursery type industrial units for local firms and start-ups.

6.36 In light of this demand/supply imbalance, the view from local agents is that at least one new industrial park/site is required in the Borough to provide a release valve and enable churn, intensification and upgrading of existing older sites, as well as to provide new space to satisfy market demand. Any allocation of new industrial space would ideally need to be located in close proximity to the M25 and near to existing well performing industrial sites. In the current market, if an existing industrial occupier were to be displaced, they would find it extremely difficult to relocate elsewhere within Runnymede or the surrounding area.

START-UP SPACE

6.37 There appears to be a reasonable level of provision of small scale, flexible business space for SME and start-up firms in the Borough. For example, Enterprise House on Thorpe Industrial Estate, Egham provides a range of serviced office facilities including hot desking, secretarial support, conferencing and a shuttle bus service that runs at

[24] London Heathrow Economic Impact Study, Regeneris Consulting, September 2013

[25] Defined as west London and the western parts of the South East radiating out from London along the M40, the M4, the M3 and the A3

peak times between the centre and local train stations. The Regus serviced office centre at Hillswood Business Park near Chertsey provides a range of office, meeting and co-working space while the Malthouse in Egham offers recently refurbished serviced office suites. Demand for this type of space is reported to fluctuate over time and this type of accommodation may also be at risk of conversion to residential uses.

6.38 From an industrial perspective as noted above, the supply of start-up premises is very low in and around the Borough, with no dedicated managed small workshop premises on flexible leases. Scope is therefore seen to provide more of this type of space, although local property agents note that rental values for industrial accommodation are not sufficient in the current market place to enable viable development.

RURAL PROVISION

6.39 As a small Borough that is heavily constrained by the Green Belt, there appears to be a very limited provision of employment space in the rural parts of Runnymede. In particular, there is little in the way of a commercial property market to the west of the M25 which is generally characterised by Green Belt.

6.40 Demand for rural employment space in Runnymede is reported to be steady, with continued growth of this type of premises considered inevitable to meet the needs of what is essentially a local market consisting of rural businesses which operate in the area. These premises can also play an important role in providing affordable workspace and retaining home based businesses within the local community.

6.41 Many rural businesses face particular challenges to continued economic growth and prosperity, including poor infrastructure and access to facilities (such as high speed broadband), low density of firms leading to a poorer choice of local employment opportunities for rural residents, and limited access to affordable housing for employees in many areas. The availability of broadband and good access is essential to ensuring the growth and expansion of the local rural economy and should continue to be recognised by relevant planning policy in the Borough.

Broadband Connectivity

6.42 Availability of broadband has significant positive economic, environmental and social impacts. Recent research[26] emphasises that at the local level economic impacts arise from construction effects, productivity growth, enterprise creation, job creation and increased labour force participation. Broadband is also an enabler for international trade and innovation. BT estimate that for a typical rural area in the South East superfast broadband could lead to an annual increase in GVA of 0.3% per annum over 15 years[27]. The availability and quality of broadband coverage are increasingly essential to the relative attractiveness of an area to do business.

6.43 The Government's Universal Service Commitment aims to ensure that everyone will have access to at least basic broadband (with a download speed of 2 Mbs). However,

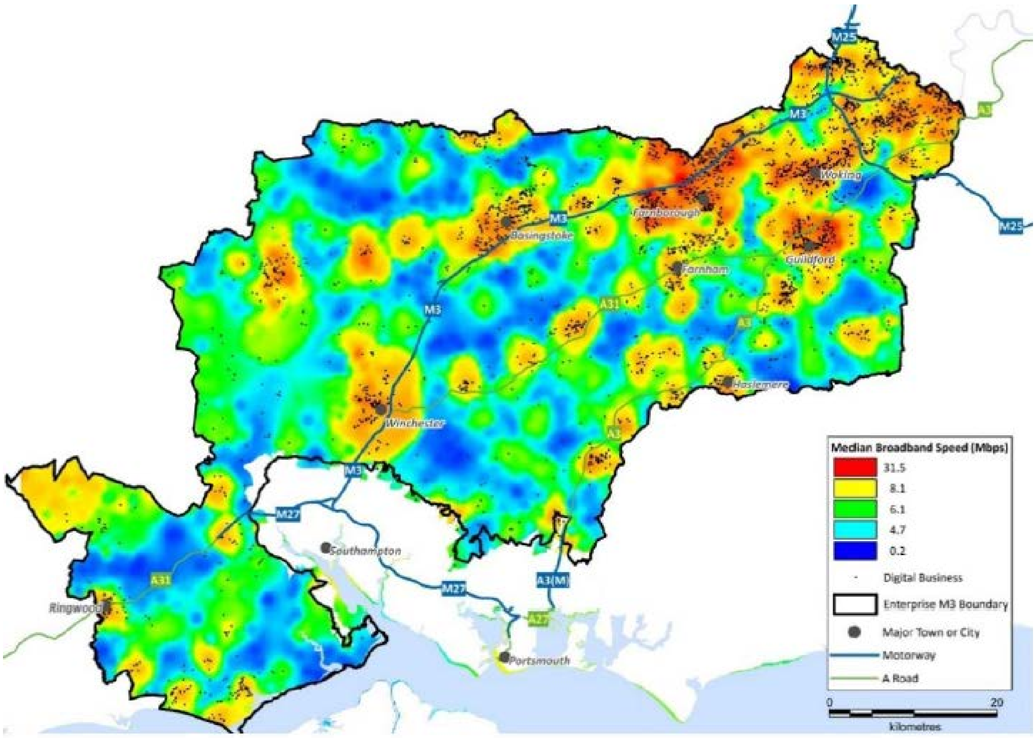
[26] UK Broadband Economic Impact, Literature Review, SQW, February 2013
[27] Social Study 2012 The Economic Impact of BT in the United Kingdom and the South-East, Regeneris

as bandwidths available in urban areas improve it is possible that a 'digital-divide'[28] is emerging.

6.44 'Superfast Surrey' is a multi-million pound partnership between Surrey County Council and BT that builds on the existing commercial rollouts of the fibre broadband network across the county – and the faster broadband speeds they provide – and focuses on providing services to around 84,000 Surrey homes and businesses not currently included in these plans. The increased broadband penetration is expected to boost Surrey's economy and benefit the whole county[29].

6.45 Recent research undertaken for the EM3 LEP[30] notes that whilst superfast broadband is widely available across the LEP area, the take up of superfast broadband is relatively low suggesting more education is needed on the benefits superfast broadband can bring. The map in Figure 30 below shows the median broadband speeds available across the EM3 area. This shows that areas with higher concentrations of digital businesses (which are largely located in urban areas) have faster broadband speeds, and there are important pockets of low speeds in both urban and rural areas which need to be addressed.

Figure 30: Internet Speed Map Showing Median Broadband Speed



Source: Regeneris 2015 (based on Ofcom 2014)

6.46 In order to address this issue, Superfast Surrey is currently undertaking an Open Market Review (OMR) to understand the broadband landscape of Surrey. Data received from service providers indicates that by 2018, 97% of all premises (including both commercial and residential premises) in Surrey will have access to download Next Generation Access (NGA) fibre speeds of 15mbps or more subject to the service

28 UK Broadband Economic Impact Study, Impact Report, SQW, November 2013

29 http://superfastsurrey.org.uk/faqs/

30 Seizing the opportunities of the digital age, Enterprise M3 digital technologies report - November 2015 (Regeneris)

providers completing their commercial rollout plans. Within Runnymede specifically, more than 98% of premises will have access to NGA download speeds of 15mbps or more by 2018 subject to the service providers completing their commercial rollout plans.

FUTURE GROWTH POTENTIAL

6.47 Based on discussions with commercial property market agents active across Runnymede and wider M25 market area, the future economic outlook for the Borough and its commercial property market appears to be positive. Its strategic importance as a business location is expected to continue with Runnymede remaining an attractive office location particularly amongst key growth sectors such as telecoms and pharmaceutical and footloose firms seeking an accessible south west M25 location. Demand for large scale, HQ office accommodation is likely to be maintained in the future, particularly if the London decentralisation trend continues and supply within other locations nearer to Central London (such as Richmond and Kingston) reduces, partly in response to mounting pressure on existing office space from PDR.

6.48 In absence of new land being available to accommodate new B class development however, rates of development are expected to reduce as any remaining potential development areas are built out. As described above, recent development in Runnymede has generally entailed refurbishing outdated stock to bring it up to Grade A standard as a result of a lack of land supply for new build development, and this is likely to continue in future while office values support it.

Longcross Park

6.49 Within this context, it is relevant to note the development opportunity at the former DERA site (known as Longcross Park) on the western edge of Runnymede Borough (adjoining Surrey Heath Borough) which represents the largest strategic business park site in the EM3 LEP area. Since the Longcross site was bought by the Government in the 1940s, it has been a source of significant employment in the area, employing thousands of staff including military officers, scientists and engineers. Most recently, the site has been home to the Longcross Film Studios.

6.50 The 22ha commercial part of the site to the north of the M3 has extant planning permission for commercial uses and is currently being promoted/marketed for 850,000sqft of high quality office space with its own railway station, together with cafes, retail and gym facilities[31]. The site has recently been granted Enterprise Zone status. The key weaknesses of the site include accessibility (although it has its own railway station it does not have direct access to the M3 which adjoins the site) and more broadly its relatively peripheral, isolated location away from existing commercial centres and the critical mass of office space in nearby Chertsey, Addlestone, Egham, Staines-upon-Thames and Weybridge.

6.51 Local commercial agents consider that these weaknesses will make it difficult to encourage occupiers to locate on the site (particularly town centre occupiers) and that success may be dependent upon a high profile anchor tenant creating their own hub or critical mass of activity and supply chain networks on site to make the site attractive as

[31] http://www.discoverlongcross.co.uk/longcross-park/

a business location. Ultimately what is proposed represents an untested proposition in Runnymede in commercial property market terms; much will depend on the type, quality and marketing of the space that eventually comes forward and the site realistically provides a longer term opportunity to develop a new commercial hub within Runnymede.

6.52 The planning consent for the site has been subject to legal challenge which has only recently been quashed, and this is reported to have suppressed the level of market interest in the site over the last few years. A pro-active pre-let marketing campaign is planned for Spring 2016 to launch the opportunity to the market, targeting larger, HQ office occupiers. Commercial agents marketing the site consider that pre-lets of the size that the site is targeting (ranging from c.50,000 to 80,000sqft in size) are relatively rare in the current market place, and recognise that it may take a few years to attract an occupier of the scale that would be required to trigger the wider development of the site.

6.53 It should be noted that the relatively low key use of the site for a film studio with ancillary/secondary offices and light industrial uses is materially different from the development approved at the site under RU.13/0856 (strategic office park). It is understood that the film studio employs in the region of just 200 full-time equivalent staff (estimate) with fluctuating amounts of temporary staff when the studios are in use representing a very low density of employment activity at the site. Conversely the development approved under RU.13/0856 would create approximately 5,259 jobs[32]. This would represent an uplift of approximately 5000FTE jobs on the site. Given the unique circumstances relating to the former DERA site and the significant change in the form and intensity of the use of the site that is proposed under RU.13/0856, it is considered that it is the gross floorspace increase to be provided on this site should be considered as a more appropriate guide when considering future employment requirements and issues relating to pipeline supply rather than the net floorspace which is considered to represent an underestimate of the commercial growth expected on the site. This issue is discussed in more detail in Chapter 8 (demand/supply balance).

SCOPE FOR REDEVELOPMENT/INTENSIFICATION

6.54 With relatively little industrial land within the Borough, market views generally saw little potential for redeveloping older industrial estates for office uses. In addition, the main industrial location – Thorpe Industrial Estate – is in a rural location, away from town centres and public transport, which are generally preferred office locations.

6.55 Although some other small industrial estates are dated, the potential for older estates to be upgraded or redeveloped to provide modern industrial space was also seen as limited because of low rental levels and limited developer appetite in the current market. Notwithstanding this, there are proposals in the pipeline to redevelop 12 units within the Egham Business Village area of the Thorpe Industrial Estate, expected to be started later this year.

[32] As quoted in paragraph 2.8 of the Planning Statement accompanying RU.13/0856.

6.56 As noted previously, a number of office premises in the Borough have recently been, and are in the process of being, refurbished (in most cases speculatively) to bring them up to the Grade A standard required by occupiers.

VIEWS OF LOCAL BUSINESSES

6.57 In 2013 a business survey was undertaken on behalf of Surrey County Council and Surrey Connects with Surrey businesses to help understand more about the challenges they face in order to grow. Some of the questions provide an indication of future employment space needs of established local firms although it should be noted that the responses relate to Surrey-wide businesses rather than Runnymede Borough specifically.

6.58 When asked what they believed were potential barriers to growth of their business, just 5% of respondents cited finding appropriate accommodation/size of current premises. Manufacturing/ transportation and storage, construction and public admin/social security/ education/health were the sectors most likely to cite this factor as a potential barrier to growth, while ‘growing micro’ firms were also most likely to cite this potential barrier. When asked about business priorities for the next year, almost a quarter of respondents mentioned upgrading existing premises (24%) as a key priority.

6.59 This suggests that while the supply (or lack of supply) of employment space in Surrey does not currently represent a growth barrier for the majority of businesses surveyed, there is an appetite amongst local firms to upgrade their premises over the short term which is likely to maintain existing high levels of demand for B class space in Surrey over the coming months and years.

CONCLUSIONS

6.60 Runnymede forms part of a wider M25 commercial property market which is characterised by its strong links with nearby Heathrow Airport to the east of the M25 and Thames Valley to the west. This accessibility, alongside quality of life factors and a skilled local workforce, makes Runnymede an attractive business location which has seen significant growth in recent years.

6.61 At a more local level, the northern parts of the Borough in and around Egham are generally more popular for larger office occupiers due to its location adjacent to a junction of the M25, better train links to London and proximity to Staines-upon-Thames. Occupiers seeking commercial property in this area will also tend to consider Staines-upon-Thames, Slough and Windsor and locations near to Heathrow. Meanwhile, Chertsey and Addlestone to the south of the Borough tend to compete with the nearby centre of Weybridge and the Brooklands business area in particular which are less likely to serve Heathrow due to its relative distance from the airport.

6.62 The Borough’s commercial property market is dominated by office uses for which demand remains strong. Larger HQ style requirements tend to characterise the majority of demand, building on the Borough’s historic success in attracting a wide range of international, national and regional firms.

6.63 Echoing trends across the whole of the M25 office market, office stock is now in short supply, with a particularly low level of vacancy within modern Grade A space. There are a number of new office schemes currently in the pipeline in Runnymede and surrounding Boroughs which are expected to help satisfy some of this demand, although a gap is likely to remain for smaller office accommodation (sub 25,000sqft), particularly as this size characterises much of the office stock lost through PDR in Runnymede in recent months and years.

6.64 Runnymede is not recognised as a significant industrial location despite its location close to the M25 and the industrial market is small in scale. This position is echoed across most of North Surrey. Nevertheless, market demand for industrial space is strong and very low levels of vacancy reflect a limited supply of industrial accommodation with the Borough. In light of this demand/supply imbalance, the view from local agents is that at least one new industrial park/site is required in the Borough to provide a release valve and enable churn, intensification and upgrading of existing older sites.

6.65 Whilst small scale, flexible business space for SME and start-up firms is generally well catered for in the Borough, the supply of industrial start-up premises is very low and scope is therefore seen to provide more of this type of space. Provision of employment space in the rural parts of Runnymede is limited, partly reflecting its Green Belt constraints. These types of premises can play an important role in providing affordable workspace and retaining home based businesses within the local community.

6.66 Market views suggest that the future economic outlook for the Borough is positive with its strategic importance as a business location expected to continue. In absence of new land being available to accommodate new B class development however, rates of new development are expected to reduce as any remaining potential development areas are built out. The only real commercial development opportunity lies in the former DERA site (Longcross Park) which given its relatively isolated location, represents an untested proposition in Runnymede in commercial property market terms (with regards to the type of development being proposed, i.e. a large scale, high quality office park, in such a location). Success may be dependent upon a high profile anchor tenant creating their own hub or critical mass of activity on the site, and it may take a few years to attract an occupier of the scale that would be required to trigger the wider development of the site.

Chapter 7: Future employment floorspace requirements

7.1 This chapter considers future economic growth needs in Runnymede drawing upon several methodologies that are guided by the PPG. These scenarios are used to inform the analysis of the potential economic growth drivers within the Borough, and the employment land and planning policy implications that flow from these growth scenarios.

METHODOLOGY

7.2 The NPPF requires local authorities to "set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth" [paragraph 21]. In evidence base terms, this should be underpinned by a "clear understanding of business needs within the economic markets operating in and across their area" [paragraph 160].

7.3 In this context, a number of potential future economic scenarios have been constructed to provide a framework for considering the future economic growth needs and B class employment space requirements within Runnymede during the period to 2035. These scenarios reflect the Planning Practice Guidance (PPG) and draw on the following:

- projections of employment growth in the main B class sectors (**labour demand**) derived from economic projections produced by the Experian Regional Planning Service (RPS);
- consideration of **past trends in completions of employment space** based on monitoring data collected by Runnymede Borough Council, and how these might change in the future; and
- estimating future growth of the **local labour supply** based upon the objectively assessed housing need (OAN) figure derived for the Borough from the Strategic Housing Market Assessment (SHMA) (2015) prepared for Runnymede Borough Council and Spelthorne Borough Council.

7.4 All of these approaches have some limitations and consideration needs to be given as to how suitable each is to the circumstances in Runnymede. In order to be robust, the economic growth potential and likely demand for employment space within the Borough also needs to be assessed under different future scenarios, to reflect both lower and higher growth conditions that could arise in Runnymede in the future.

7.5 It should also be noted that the ultimate judgement as to the level of need for which Runnymede should plan for in the future is not only quantitative, and that there will be qualitative factors (discussed in other sections of this study) that must be considered alongside the modelled scenarios in this section which will influence the future employment space requirements that need to planned for by the Council.

A. FORECASTS OF JOB GROWTH

7.6 Projections of employment growth in Runnymede over the period to 2035 were obtained from the September 2015 release of the Experian RPS, which takes account of recent regional and national macroeconomic trends to estimate future economic growth at the local authority level.

7.7 Such trends underpinning the projections include a strong performance of the UK economy over the past two years that has accelerated the recovery since the recession, with the ground lost during the recessionary period recovered at a much faster rate than previously predicted. However the longer term repercussions of the recession and ongoing Eurozone difficulties are set to continue to hamper economic progress at the national level in the coming years. In particular, the main risks to future growth within the national economy include the Greek crisis and Eurozone response, weaker demand for UK exports, and the extension of fiscal restraint and tighter monetary policy. At the regional level, recent growth in the South East has been the highest across the country outside London, with strong Gross Domestic Product (GDP) and job growth, and lower levels of unemployment, buoying growth[33].

7.8 It is important to note that there are inherent limitations to the use of economic projections of this type, particularly in the context of changes to the economy. National macroeconomic assumptions are taken as the starting point and then modelled down to the regional and local levels by reference to the existing economic profile and sectoral composition of an area. Data at the local level is less comprehensive and reliable than at the national and regional level, which can affect how the modelling is calibrated. Similarly, top-down forecasts do not take account of specific factors at the local level that might influence job growth. However forecasts are recognised by the PPG as an input to indicate the broad scale and direction of future economic growth within different sectors, which helps to assess the future land requirements of a local economy.

7.9 Latest population projections are just one of several inputs used to generate economic forecasts in terms of both future changes in working-age population (which directly impacts on the demand for jobs) and total population (which creates demand for consumption uses). The Experian RPS September 2015 release uses Office for National Statistics (ONS) 2012-based sub-national population projections to forecast changes in the population profile. It is important to note that population projections are frequently revised, as are assumptions around future working-age population, economic activity levels, and national changes to the pension age.

7.10 Further information about the methodology, assumptions and data sources adopted by Experian is included at Appendix 7.

Scenario 1: Baseline Labour Demand

7.11 The forecasts of job growth by sector in Runnymede reflect recent trends and are based on forecasts at the regional level and how particular sectors in the Borough have fared relative to the historic growth achieved in the region. For example, where particular sectors have performed well compared to the South East average, the economic forecasts generally assume that these sectors will continue to drive growth in the Borough in the future.

[33] Experian Regional Planning Service, Data Guide, September 2015, p. 13 - 15

7.12 In this context, the employment projections obtained from the Experian RPS indicate overall growth of 14,840 jobs in Runnymede over the 20 year period to 2035 (Table 30), equivalent to 742 new jobs per annum on average. Table 31 summarises the highest growing sectors in Runnymede under this scenario, as well as those sectors forecast to see a decline in workforce jobs during this period. A full breakdown of baseline employment growth by sector is set out in Appendix 6.

Table 29: Highest Growing and Declining Employment Sectors in Runnymede, 2015 - 2035

Sector	Use Class	Absolute Change	% Change
Administrative & Supportive Services	Part B Class	+ 3,390	+ 46.0%
Professional Services	B Class	+ 2,870	+ 32.7%
Wholesale	B Class	+ 1,860	+ 35.2%
Education	Non B Class	+ 1,540	+ 27.0%
Computing & Information Services	B Class	+ 1,270	+ 22.5%
Recreation	Non B Class	+ 810	+ 24.3%
Utilities	Part B Class	+ 600	+ 24.5%
Public Administration & Defence	Part B Class	- 200	- 16.1%
Manufacture of Non-Metallic Products	B Class	- 140	- 43.8%
Manufacture of Metal Products	B Class	- 140	- 43.8%
Manufacture of Computer & Electronic Products	B Class	- 100	- 58.8%

Source: Experian RPS September 2015 / NLP analysis

7.13 This analysis indicates that administrative & supportive services, professional services, wholesale and education are expected to be the key drivers of growth in Runnymede during the next 20 year period, while computing & information services, recreation, and utilities are projected to also account for a large share of employment growth over the plan period. Sectors forecast to see the largest employment losses during this period include public administration & defence and numerous manufacturing activities (although these job losses are relatively small in scale in absolute terms). It should also be noted that a good share of the sectors set to record the highest growth over this period are either full or part B class sectors.

7.14 The total employment change in Runnymede resulting from these forecasts is set out in Table 30, alongside the forecast growth in the main B class sectors. This includes an allowance for jobs in other non B class sectors that normally would occupy some office or industrial space such as construction; vehicle repairs; courier services; road transport and cargo handling; and some public administration activities (see Appendix 5).

Table 30: Forecast Employment Change in Runnymede, 2015 - 2035

Uses	Number of Jobs		Change (2015 - 2035)
	2015	2035	
Offices (B1a/B1b)*	21,490	27,750	+ 6,260
Manufacturing (B1c/B2)**	3,310	3,130	- 180
Distribution (B8)***	5,940	7,800	+ 1,860
Total B Class Jobs	**30,740**	**38,680**	**+ 7,950**
Total Jobs in All Sectors	**66,770**	**81,610**	**+ 14,840**

Source: Experian RPS September 2015 / NLP analysis

*Note: * Includes publishing and a proportion of government offices.*
*** Includes vehicle repairs and some construction activities.*
**** Includes parts of transport and communication sectors that use industrial land.*

7.15 This analysis indicates moderate overall net job gains in B class sectors (7,950 jobs) in Runnymede over the period to 2035, with strong growth in office jobs, moderate growth in distribution jobs, and a slight decline in manufacturing jobs. This is in the context of overall workforce job growth of 14,840 jobs forecast for the Borough over the plan period, which outside B class sectors will mainly be in education, recreation, health, and accommodation & food services.

7.16 These employment forecasts can be converted to future employment space needs assuming standard ratios of jobs to floorspace for different B class uses. To estimate employment space needs in Runnymede, the following ratios have been applied to the Experian RPS employment forecasts:

- **Offices:** 1 job per 12.5sq.m for general office space;
- **Industrial:** 1 job per 43sq.m as an average for B1c and B2 uses; and
- **Warehousing:** 1 job per 65sq.m for general, smaller scale warehousing which is assumed to account for all of the warehousing stock in the Borough.

7.17 These assumptions are based upon the latest HCA/OffPAT guidance on job density ratios published in 2010. This guidance takes account of recent trends in terms of changing utilisation of employment space, with the main change being the more efficient use of office floorspace due to the higher frequency of flexible working and hot-desking. This has resulted in a decline in the amount of floorspace per office worker assumed compared to earlier guidance.

7.18 An allowance of 10% is also added to all positive space requirements to reflect a normal level of market vacancy in employment space. From this assessment, the net employment floorspace requirements in Runnymede up to 2035 based on the baseline employment forecasts are set out in Table 31.

Table 31: Net Employment Space Requirements based on Baseline Labour Demand, 2015 - 2035

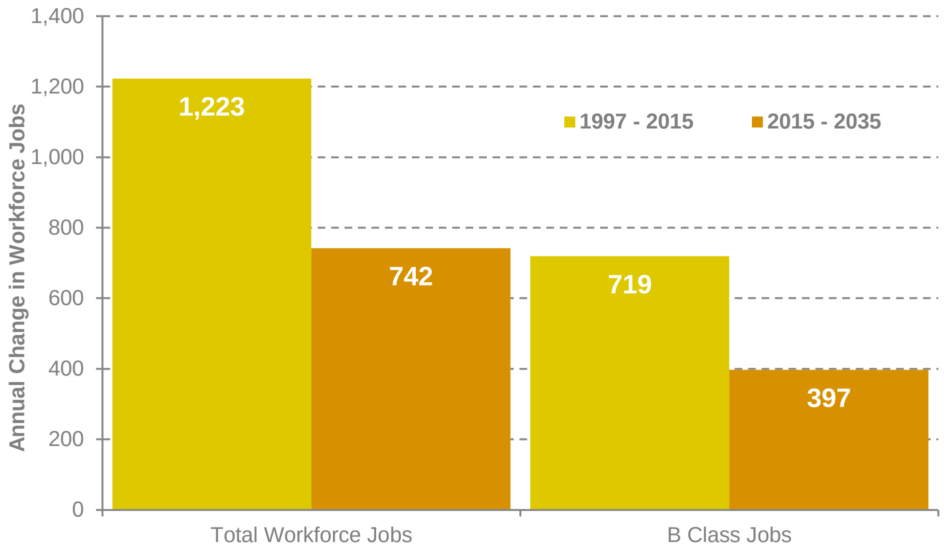
Uses	Net Floorspace Requirement (sq.m)
Offices (B1a/B1b)	86,050
Manufacturing (B1c/B2)	- 3,765
Distribution (B8)	133,250
Total B Class Floorspace	**215,535**

Source: NLP analysis

Interpreting the Employment Forecasts

7.19 The projected net increase of 7,950 B class jobs in Runnymede up to 2035 is equivalent to an annual average increase of 397 B class jobs during the period to 2035. This forecast B class job growth is lower than the historic growth of 719 B class jobs recorded on average each year in the Borough between 1997 (as far back as historic Experian RPS data goes) and 2015, suggesting that growth within B class sectors is set to slow through the plan period in Runnymede compared to historic levels (as summarised in Figure 31).

Figure 31: Historic vs Forecast Annual Workforce Job Growth in Runnymede, 1997 - 2035



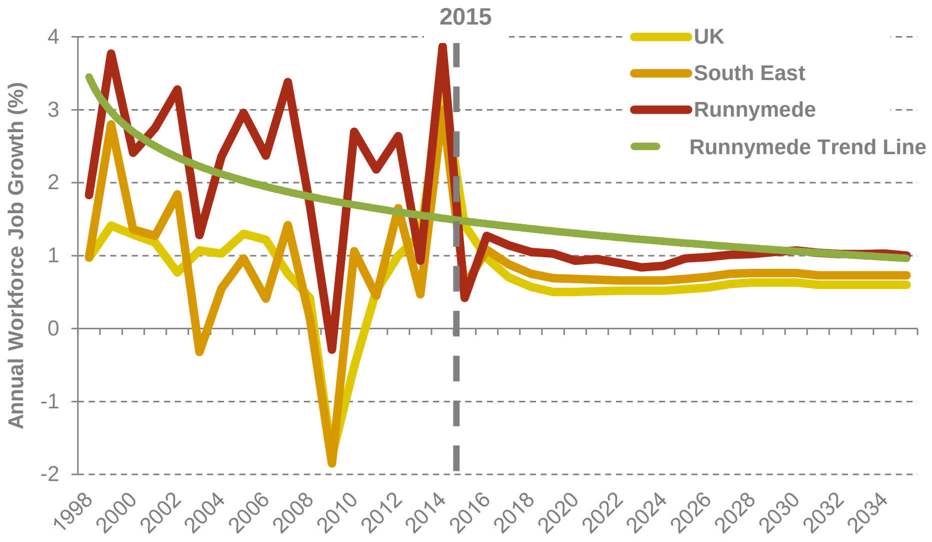
Source: Experian RPS September 2015 / NLP analysis

7.20 Total workforce job growth is also projected to slow down relative to the level of growth recorded in the Borough between 1997 and 2015, with 742 new workforce jobs forecast to be created in Runnymede on average each year up to 2035. This compares with an annual average increase of 1,223 workforce jobs recorded in Runnymede between 1997 and 2015. This suggests that the baseline growth scenario could be regarded as a less optimistic view of future employment growth in the Borough.

7.21 It is worth noting that Runnymede is still expected to outperform the regional and national average rate of workforce job growth over the 20 years to 2035 by some margin; this is equivalent to an overall growth rate of 21.9% between 2015 and 2035, compared with 15.9% across the South East and 12.6% across the UK (based on Experian forecasts from the September 2015 release).

7.22 Experian trend data also shows that the average rate of job growth within Runnymede has been gradually reducing over recent years and since 1997 (as illustrated in Figure 32 below). As such, it would not necessarily be expected that annual average job growth over the forecast period 2015 to 2035 would match the rate recorded between 1997 and 2015.

Figure 32: Annual average workforce job growth in Runnymede, South East and UK (1997-2035)



Source: Experian RPS September 2015 / NLP analysis

7.23 Commuting patterns form one of a number of inputs to the production of economic forecasts and also appear to have a role to play in this changing growth trajectory. Over the ten year period between the 2001 and 2011 Census, there has been an increase in the flow of out commuters from Runnymede, with the proportion of Runnymede residents in employment outside the local authority area growing by nearly 9% over this period (although Runnymede still remains a net importer of labour in overall terms). From an economic modelling perspective, this trend places a downward pressure on job growth in Runnymede over the plan period as resident labour supply is increasingly less able to meet job demand.

7.24 A more detailed analysis of the key sectors driving job growth in Runnymede in both historic and forecast terms suggests that much of this slowdown in overall and B class job growth can be explained by a significant change in the implied growth trajectory associated with a number of key sectors, as shown in Table 32 below.

7.25 A key example of this is the professional services sector which recorded average annual growth of 304 jobs between 1997 and 2015, compared with forecast annual average growth of 159. Similarly, the computing and IT sector is also expected to record a much lower level of annual job growth over the plan period to 2035 than it achieved in the past. A number of other part B class and non B class sectors also follow this changing pattern of growth including education, recreation and utilities.

Table 32: Sector Growth Trajectory Comparison

Experian Sector	Use Class	1997-2015 (annual average)		2015-2035 (annual average)	
		Absolute Change	% Change	Absolute Change	% Change
Professional Services	B Class	304	0.09	159	0.02
Computing and IT	B Class	184	0.08	71	0.01
Education	Non B Class	114	0.03	86	0.02
Recreation	Non B Class	113	0.09	45	0.01
Utilities	Part B Class	79	0.08	33	0.01
Health	Non B Class	64	0.02	7	0.00

Source: Experian RPS September 2015 / NLP analysis

B. PAST DEVELOPMENT RATES

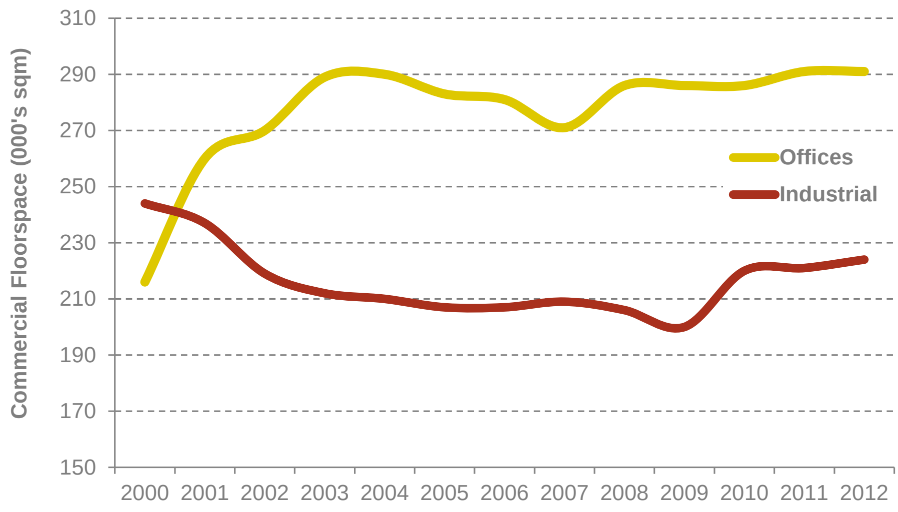
7.26 Because they reflect market demand and actual development patterns on the ground, in some cases long term completion rates of employment floorspace can provide a reasonable basis for informing future land needs. Completions over such a period as ten years or more should even out demand fluctuations over a business cycle, and normally provide a reasonable basis for estimating future needs provided land supply has not been unduly constrained. Whereas job forecasts show growth in net terms, past trend-based assessments take into account development that offsets the redevelopment of employment sites, and from the recycling of sites.

Scenario 2: Past Completion Rates

7.27 Past completions monitoring data by B class use between 2005 and 2014 was analysed by Runnymede Borough Council. During this period, average annual net completions of B class employment space in Runnymede equated to 775sq.m (Table 33). Gross completions were much higher at an average of 4,230sq.m although this masks considerable losses of employment floorspace over this period, which was equivalent to an annual average of 3,455sq.m.

7.28 It should be noted that the monitoring period for which detailed completions data is available (i.e. 2005 to 2014) post-dates the period of time around the late 1990s and early 2000s when significant new commercial development was completed in Runnymede. Valuation Office Agency (VOA) data summarised in Figure 33 below shows that the period between 2000 and 2003 in particular stood out as recording strong net increases in office space in the Borough, with completions of new office space much more modest in subsequent years from 2004 by comparison. This suggests that the past monitoring data available for Runnymede is likely to underestimate the scale of office space growth that has been recorded in the Borough over recent years.

Figure 33: Change in Commercial Floorspace in Runnymede, 2000 - 2012



Source: VOA Business Floorspace / NLP analysis

Table 33: Average Annual B Class Floorspace Completions in Runnymede, 2005-2014

Uses	Net Annual Completions (sq.m)	Gross Annual Completions (sq.m)
Offices (B1a/B1b)	1,345	3,385
Manufacturing (B1c/B2)	-325	160
Distribution (B8)	-245	680
Total B Class Floorspace	**775**	**4,230**

Source: Runnymede Borough Council / NLP analysis (totals rounded)

7.29 One view of future growth within Runnymede could therefore simply assume that historic development rates carry on in the future at the long term average. If it were assumed that past net completion rates were to continue during the next 20 year period, this would equate to an increase of 26,870sq.m of office space and a reduction of 11,365sq.m of manufacturing and distribution space by 2035 (Table 34). The B class employment floorspace requirements associated with this scenario are much lower than those estimated from the baseline labour demand scenario above.

Table 34: Net Employment Space Requirements based on Past Completion Rates, 2015 - 2035

Uses	Assumed Net Annual Completions (sq.m)	Net Floorspace Requirement (sq.m)
Offices (B1a/B1b)	1,345	26,870
Manufacturing (B1c/B2)	-325	-6,520
Distribution (B8)	-245	-4,840
Total B Class Floorspace	**775**	**15,500**

Source: NLP analysis (totals rounded)

7.30 Using standard ratios of jobs to floorspace for the different types of B class floorspace (as set out above), it is possible to estimate that just over 1,920 B class jobs would be created in Runnymede up to 2035 under the past development rates scenario. This is equivalent to a growth of around 96 B class jobs each year on average over the course of the plan period.

7.31 This approach may underestimate future demand if land supply has been constrained in the past. For Runnymede, this is particularly likely to be the case with regards to industrial space as very limited levels of industrial development have occurred within the Borough in recent years.

C. FUTURE LABOUR SUPPLY

7.32 It is also important to take into account the number of jobs and the associated employment floorspace requirement that would be necessary to largely match the forecast growth of the resident workforce in the Borough. In contrast to the other two scenario approaches, this approach focuses on the future supply of labour rather than the demand for labour. It identifies the number of workforce jobs that would be required to match the future increase in supply of working-age and economically active residents (assuming that Runnymede continues to operate as a net importer of labour), and the amount of employment space that would be needed to support the B class element of these new workforce jobs within the Borough.

Scenario 3: Labour Supply (466 d.p.a.)

7.33 At the request of the Council, a labour supply based scenario has been considered based on the forecast increase in labour supply associated with the objectively assessed [housing] need (OAN) figure for Runnymede as set out in the recent Runnymede and Spelthorne SHMA[34]. This identifies a requirement for 466 additional dwellings per year for Runnymede over the period 2013 to 2033[35]. This annual dwelling figure (and associated labour supply growth) has been applied to the plan period for the purposes of this study, which covers a slightly different 20 year period 2015 to 2035.

7.34 Information on the employed resident population growth associated with this level of future housing delivery has been supplied by the SHMA consultants (GL Hearn). This implies an increase of just under 8,820 employed residents in Runnymede over the 20 year period, from 42,305 in 2013 to 51,125 in 2033.

7.35 An adjustment for commuting patterns has been made by NLP based on the latest 2011 Census travel-to-work data. These commuting trends for Runnymede are assumed to remain constant for the entirety of the plan period up to 2035, meaning that the Borough is assumed to continue to operate as a net importer of labour throughout the plan period.

7.36 Table 35 summarises the resident and workplace labour supply resulting from this scenario, which is equivalent to growth of 8,820 and 10,820 respectively over the plan

[34] Strategic Housing Market Assessment, Runnymede BC & Spelthorne BC, Final Report November 2015, GL Hearn

[35] The demographic starting point (taking account of CLG 2012-based Household Projections) for Runnymede is identified by the SHMA as 434 d.p.a. This annual figure increases to 441 to account for London migration, and a further 26 d.p.a. are added as an adjustment to improve affordability, bringing the total d.p.a. figure to 466 (figures do not quite add due to rounding)

period up to 2035. Based upon the projections used to inform the Runnymede and Spelthorne SHMA, the number of workforce jobs required to support the increase in employed persons in the Borough assumes that one additional workforce job would be required for each additional worker, while the proportion employed in B class sectors takes into account the existing and forecast share of B class jobs to total workforce jobs in the Borough from the 2015 Experian RPS data.

7.37 This analysis results in a need for 5,915 B class jobs in Runnymede over the plan period up to 2035, which is equivalent to approximately 296 new jobs per year. This comprises 4,675 office jobs, 1,395 distribution jobs and a reduction of 155 manufacturing jobs (Table 35).

Table 35: Forecast Labour Supply and B Class Job Requirements for Runnymede, 2015 - 2035

Uses	Annual Change	Total Change
Resident Labour Supply	441	8,820
Workplace Labour Supply	541	10,820
Office Jobs (B1a/B1b)	*234*	*4,675*
Manufacturing Jobs (B1c/B2)	*-8*	*-155*
Distribution Jobs (B8)	*70*	*1,395*
Total B Class Jobs	**296**	**5,915**

Source: Runnymede and Spelthorne SHMA 2015, GL Hearn / NLP analysis

7.38 The forecast requirement for B class employment floorspace for these B class jobs can then be estimated by applying the same job density ratios used under the baseline labour demand scenario, and adding a 10% allowance for normal levels of vacancy.

7.39 The overall future employment floorspace requirements based on meeting the B class job needs of forecast workers in the Borough equates to approximately 160,735sq.m of B class employment space in Runnymede during the plan period to 2035. These requirements include 64,295sq.m of office space, -3,375sq.m of manufacturing space, and 99,815sq.m of warehousing space (Table 36).

Table 36: Net Employment Space Requirements based on Labour Supply (466 d.p.a.), 2015 - 2035

Uses	Net Floorspace Requirement (sq.m)
Offices (B1a/B1b)	64,295
Manufacturing (B1c/B2)	-3,375
Distribution (B8)	99,815
Total B Class Floorspace	**160,735**

Source: NLP analysis

7.40 This labour supply based estimate provides a useful benchmark for comparing with the demand approaches. Based on the OAN figure for Runnymede from the Runnymede and Spelthorne SHMA, this forecast generates a positive space requirement that is lower than the baseline labour demand scenario but higher than then past completions rate scenario.

NET EMPLOYMENT SPACE REQUIREMENTS

7.41 Drawing together the results from each of the future scenarios for Runnymede, the net B class employment floorspace requirements for the Borough during the plan period to 2035 reflect a broad range of potential growth scenarios.

7.42 For office space, the requirements range from 26,870sq.m based on the past completion rates scenario and 86,050sq.m from the baseline labour demand scenario. In terms of industrial space, the requirements range from -11,365sq.m based on past take-up continuing and 129,485sq.m from the baseline labour demand scenario.

Table 37: Net Employment Floorspace Requirements for Runnymede by Scenario, 2015 - 2035

Uses	1. Baseline Labour Demand	2. Past Completion Rates	3. Labour Supply (466 d.p.a.)
Offices (B1a/B1b)	86,050	26,870	64,295
Industrial (B1c/B2/B8)	129,485	-11,365	96,440
Total B Class Floorspace (sq.m)	**215,535**	**15,500**	**160,735**

Source: NLP analysis

Safety Margin

7.43 To estimate the overall requirement of employment floorspace that should be planned for in allocating sites, and to give some flexibility of provision, it is normal to add an allowance as a safety margin (i.e. for such factors as delays in some sites coming forward for development).

7.44 In a location like Runnymede with a relatively constrained land supply and some development pressure from other higher value uses, there is a need to ensure a reasonable but not over-generous additional allowance that provides for some flexibility but avoids over-provision of land. However, it also needs to reflect that there may be potential delays in some of the Borough's development sites coming forward for development.

7.45 The former SEEPB guidance on employment land assessments recommended an allowance that is equivalent to the average time for a site to gain planning permission and be developed, typically about two years. For Runnymede, the margins set out in Table 38 were added for B Class use based on two years of average past net take-up of office space and two years of average past gross take-up of industrial space[36]. This

[36] Gross take-up has been used as a proxy for the industrial safety margin because historical average net take up of industrial space in Runnymede between 2005 and 2014 was negative (i.e. more space was lost than gained through new development)

appears an appropriate level relative to the estimated scale of the original (net) requirement.

Table 38: Safety Margin Allowances

Use	Average Annual Take-up (2005-2014) (sq.m)	Safety Margin Added (sq.m)
Industrial (B1c/B2/B8)	840 (gross)	1,680
Offices (B1a/b)	1,345 (net)	2,690

Source: NLP analysis

GROSS EMPLOYMENT SPACE REQUIREMENTS

7.46 To convert the net requirement of employment space into a gross requirement (the amount of employment space or land to be allocated/planned for), an allowance is also typically made for some replacement of losses of existing employment space that may be developed for other, non B Class uses. This allowance ensures that sufficient space is re-provided to account for employment space that is anticipated to be lost in future and provides some protection against continued erosion of employment space in the Borough.

7.47 Judgements were made on the suitability and degree of the allowance for future losses which it would be appropriate to apply here based on analysis of supply-side deliverability factors and current trends in the market. Not all losses need to be replaced as some will reflect restructuring in the local economy, for example as less manufacturing space is needed in future. Consideration has been given to a number of factors and property market dynamics, as described in turn below.

7.48 Analysis of past completions monitoring data from Runnymede Borough Council during the period 2005 to 2014 indicates that the Borough has lost an average of 2,045sq.m of office floorspace and 1,410sq.m of industrial floorspace per annum over this period.

7.49 As noted in Chapter 6 (commercial property market chapter), the Borough does not have a particularly large stock of industrial space and therefore the scale of industrial market activity is relatively low. Over the past 10 years, monitoring data shows that in overall terms, Runnymede has lost more industrial space than it has gained through new development, resulting in a negative rate of net development between 2005 and 2014. Some of these industrial losses relate to the change of use of existing industrial buildings to an alternative industrial use (for example from B2 use to B8) which resulted in no net change to industrial supply in overall terms. Recent losses of industrial space have also involved the recycling of older industrial sites for non B uses such as residential. Examples of this include the demolition of an existing plant hire business/site in Pond Road, Egham replaced with 8 new residential dwellings in 2011/12 and the demolition of an existing warehouse at 55 Station Road, Chertsey which was redeveloped for 7 new dwellings in 2007/08.

7.50 Industrial (particularly warehousing/logistics) employment is forecast to increase in the Borough over the next 20 years and market demand for industrial space in Runnymede remains strong. In order to ensure that industrial activity and growth is not constrained in the future, it has been assumed that 25% of industrial losses will need to be replaced each year, equating to 7,055sq.m by 2035 (or just over 350sq.m per annum).

7.51 Recent losses of office floorspace in Runnymede have to a large extent been driven by the loss of older, redundant office space, such as smaller scale units above shops in the Borough's town centres. There have also been some conversions of larger purpose built office space to residential, C1 (hotel), D1 (non-residential institutions) and D2 (leisure) uses although these buildings still fall in the lower size range category when compared with the large HQ style office premises that drive the majority of market demand in Runnymede and the surrounding area.

7.52 It is therefore considered inappropriate for the Borough to replace all office space that is lost in future and it has been assumed that 25% of office losses recorded over the 10 years 2005 to 2014 will need to be replaced each year, equating to 10,220sq.m to 2035 (or 510sq.m per annum).

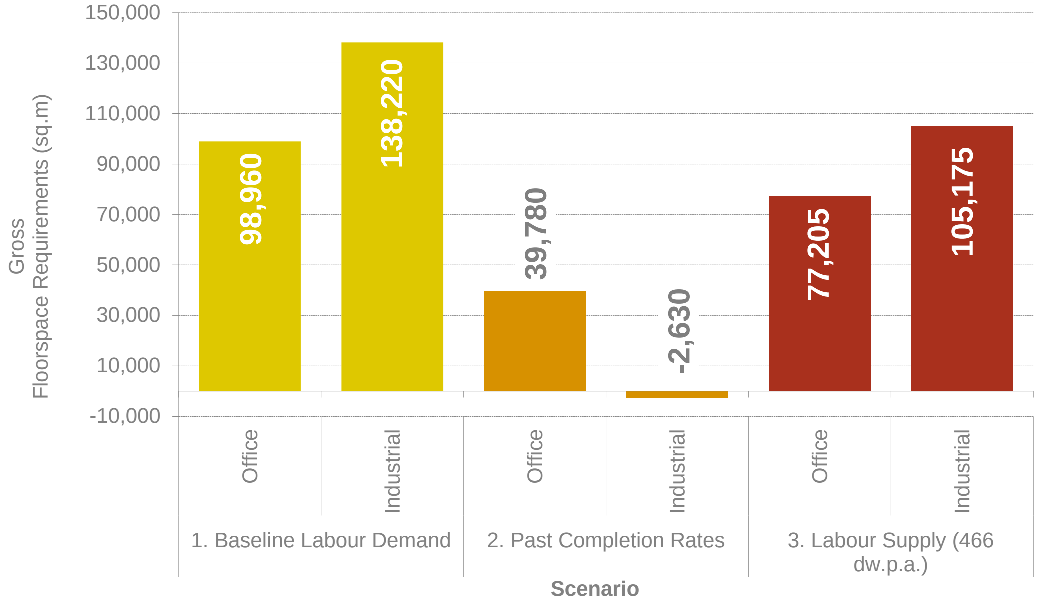
7.53 Based on these estimated replacement allowances for office and industrial floorspace in Runnymede over the period to 2035, as well as the safety margin for flexibility identified above, the resultant gross floorspace requirements for B class employment space are set out by scenario in Table 39 and Figure 34.

Table 39: Gross Employment Floorspace Requirements for Runnymede by Scenario, 2015 - 2035

Uses	1. Baseline Labour Demand	2. Past Completion Rates	3. Labour Supply (466 d.p.a.)
Offices **(B1a/B1b)**	98,960	39,780	77,205
Industrial **(B1c/B2/B8)**	138,220	-2,630	105,175
Total B Class Floorspace (sq.m)	**237,180**	**37,150**	**182,380**

Source: NLP analysis

Figure 34: Gross Employment Floorspace Requirements for Runnymede by Scenario, 2015 - 2035



Source: NLP analysis

7.54 The range of gross floorspace requirements for industrial uses in Runnymede over the plan period to 2035 is relatively wide across the three growth scenarios with the requirements ranging from -2,630sq.m under the past take-up based scenario to 138,220sq.m for the baseline labour demand scenario. Set against the stock of industrial floorspace within the Borough in 2012, this range of requirements would be equivalent to a decrease of 1.2% and an increase of 61.7% of Runnymede's existing industrial stock up to 2035[37].

7.55 In terms of the gross space requirements for office uses in the Borough over the twenty year plan period, the range of requirements is slightly narrower than for industrial floorspace, with the requirements ranging from 39,780sq.m under the past completion rates scenario to 98,960sq.m for the baseline labour demand scenario. These gross requirements are equivalent to a growth of between 13.7% and 34.0% of the total stock of office floorspace in the Borough in 2012[38].

Land Requirements

7.56 The gross employment floorspace requirements for office and industrial space across the three scenarios can then be translated into land requirements, which are calculated by applying appropriate plot ratio assumptions to the gross floorspace requirements. The following plot ratio assumptions have been applied to reflect the development pattern in Runnymede:

- **Industrial:** plot ratio of 0.4 was applied so that a 1ha industrial site would be needed to accommodate a footprint of 4,000sq.m of floorspace; and

[37] Based on total industrial stock of 224,000sq.m in Runnymede in 2012 (from VOA data)

[38] Based on total office stock of 291,000sq.m in Runnymede in 2012 (from VOA data)

- **Offices:** assumed 10% of the new floorspace would be in higher density, town centre sites with a plot ratio of 2.0. The remaining 90% would be developed on town centre, edge-of-centre, or other urban sites at a lower density plot ratio of 0.8[39].

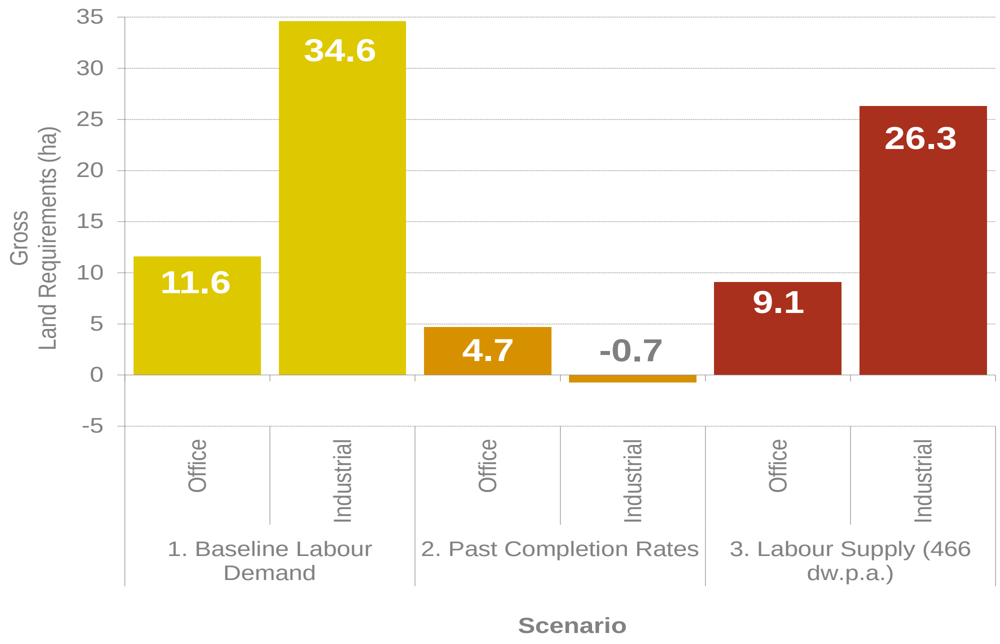
7.57 Based on the application of plot ratios to the estimated gross requirements for office and industrial floorspace in the Borough over the plan period to 2035, the resulting land requirements for office and industrial development are set out in Table 40 and Figure 35.

Table 40: Gross Employment Land Requirements for Runnymede by Scenario, 2015 - 2035

Uses	1. Baseline Labour Demand	2. Past Completion Rates	3. Labour Supply (466 d.p.a.)
Offices **(B1a/B1b)**	11.6	4.7	9.1
Industrial **(B1c/B2/B8)**	34.6	-0.7	26.3
Total B Class Land (ha)	**46.2**	**4.0**	**35.4**

Source: NLP analysis

Figure 35: Gross Employment Land Requirements for Runnymede by Scenario, 2015 - 2035



Source: NLP analysis

[39] An analysis of recent developments and proposals on the Borough's key office sites as undertaken by the previous Runnymede Employment Land Review in 2010 found that plot ratios for office developments have ranged between 0.55 and 1.75, and averaged 0.8, whereby 8,000sq.m of floorspace would be accommodated on a 1ha site

SENSITIVITY TESTS

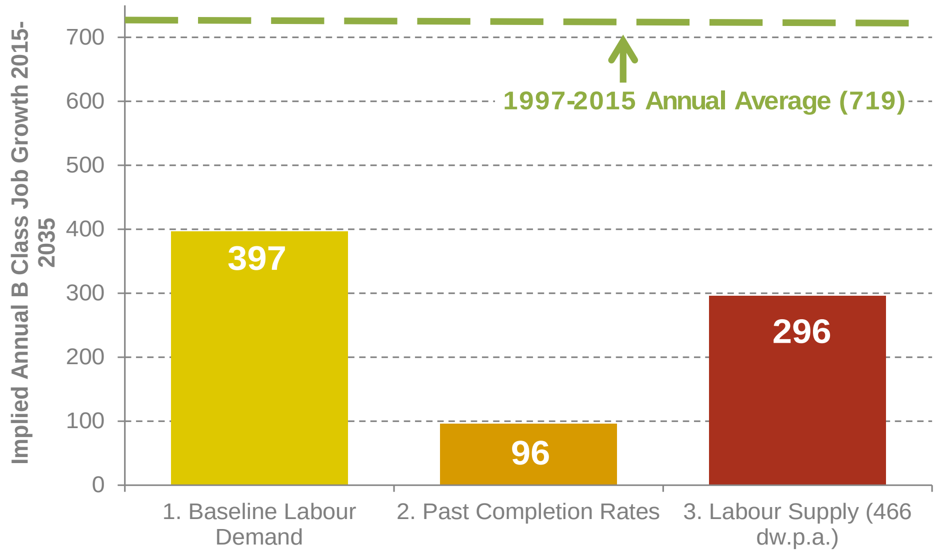
7.58 Given the breadth of the potential requirements for office and industrial space in Runnymede from the three scenarios, it is important to consider how appropriate each requirement appears to be against other factors, and how sensitive they are to different assumptions.

7.59 It is useful to first compare the employment growth implied by these identified land requirements against historic employment growth within the Borough over recent periods (Figure 36). The lowest estimate of land requirements is based on the past take-up scenario which implies an increase of 96 B class jobs per annum during the twenty year period to 2035. All of this implied employment growth relates to office based sectors while small scale industrial job losses are also implied. The historic take-up of employment space is likely to have been constrained in the past by a limited supply of land for new development in the Borough.

7.60 The highest estimate of land requirements for Runnymede is based on the baseline labour demand scenario, which implies an increase of approximately 397 B class jobs per year during the plan period (Figure 36). The vast majority of this growth is in office based jobs, equivalent to 79% of all B class job growth under this scenario.

7.61 The range of implied employment growth associated with the scenarios compares with an average annual increase of 719 B class jobs in Runnymede between 1997 and 2015 (Figure 36) based on Experian employment trend data. This means that all three scenarios imply a much lower rate of B class employment growth in Runnymede than the Borough has recorded in the recent past.

Figure 36: Annual B Class Employment Growth Implied by the Scenarios for Runnymede, 2015 - 2035



Source: NLP analysis

Note: The estimated B class employment levels for each scenario are based on net employment floorspace requirements and do not take into account the additional floorspace allowance in the safety margin, *which is identified for planning purposes and may not actually be developed.*

7.62 As the 1997-2015 time period was one of relatively strong economic growth, followed by a severe recession and fragile recovery, the job growth estimates implied by the three scenarios would not appear to be overly optimistic. The Borough was particularly successful in attracting inward investment and large office occupiers during the early part of the period 1997 to 2015, and this is likely to account for the relatively high levels of annual B class job growth recorded in Runnymede during that time. Within this context, none of the three scenarios considered by this study assume that this level of inward investment occurs to the same extent in future.

7.63 By way of comparison, if it was assumed that the scale of annual B class job growth recorded between 1997 and 2015 (i.e. 719 jobs per year) continued in Runnymede over the 20 year plan period to 2035, this would be equivalent to an increase of 14,380 B class jobs. This scale of job growth would be 80% higher than that implied by the baseline Experian labour demand scenario and would entail an additional 6,430 B class jobs being created in the Borough by 2035 over and above the Experian projections.

SUMMARY

7.64 In interpreting the outputs of this section, regard should be had to guidance from the PPG, which states that local authorities should develop an idea of the future economic needs of their area based on a range of data and forecasts of quantitative and qualitative requirements. In this respect, planning for growth should avoid relying upon using single sources of data or forecasts which tend to rely on a number of different variables that are inevitably subject to change.

7.65 It is also important to recognise that there are inevitable uncertainties and limitations related to modelling assumptions under any of the future scenarios of growth considered in this study. For example, there are some inherent limitations to the use of local level economic projections, particularly within the context of significant recent changes within the economy. These forecasts are regularly updated and the resulting employment outputs will change over the plan period for Runnymede.

7.66 This assessment considered three different scenarios of future employment space requirements in Runnymede based on a number of approaches that reflect economic growth, past development patterns, and potential housing supply factors. The overall gross B class employment floorspace requirements related to these different scenarios range from 37,150sq.m to 237,180sq.m during the period to 2035, which implies in broad terms a need for between 4.0ha and 46.2ha of employment land.

7.67 Under two of the three assessed scenarios (i.e. labour demand and labour supply), the majority of this spatial requirement relates to industrial (B1c/B2/B8) uses. In job terms, office based sectors are expected to drive the majority of growth, but make more efficient use of space than industrial sectors. Office uses represent the key driver under the past take-up based scenario. The overall B class job growth associated with all three scenarios is significantly lower than what was achieved in the recent past in Runnymede.

7.68 Within the context of the NPPF requirement to plan positively for growth, the scenario based on past take-up rates continuing appears to provide a less robust basis for objectively assessing the employment space requirements for supporting economic growth as new development (particularly industrial development) in the Borough has been constrained in recent years due to land supply side factors. As noted above, the monitoring period for which detailed completions data is available (i.e. 2005 to 2014) also post-dates the period of time around the late 1990s and early 2000s when significant new commercial development was completed in Runnymede which is therefore not captured within the historic take-up trends.

7.69 In contrast, the growth scenarios implied by the Experian job growth forecasts and the OAN figure from the Runnymede and Spelthorne SHMA 2015 are based on the most up-to-date demographic and macroeconomic assumptions and therefore provide the most objective assessment of needs. In the context of the NPPF requirement to plan positively for growth, the Council should plan to support at least the labour supply (466 d.p.a.) scenario based on the OAN figure for the Borough to ensure that the indigenous growth potential of Runnymede (i.e. from its resident workforce) is not constrained by a lack of space.

7.70 At the same time, the Council should consider planning to accommodate the higher requirement arising from the baseline labour demand scenario based on the Experian employment projections, which implies higher B class job growth over the plan period up to 2035 than the other two scenarios but still falls behind historic levels of job growth recorded in Runnymede.

Chapter 8: The demand/supply balance

8.1 This section draws together the projections of future employment space needs in Runnymede with the estimate of available employment space in the Borough from outstanding planning permissions to identify any need for additional space in the Borough over the plan period to 2035, or surpluses of it, in both quantitative and qualitative terms.

QUANTITATIVE BALANCE

8.2 Chapter 7 (employment space requirements) identified a need for between 37,150sq.m and 237,180sq.m of B class employment floorspace in Runnymede during the period to 2035 including a safety margin to allow for delays in sites coming forward for development and an allowance to allow for the replacement of some losses of B class floorspace in the future. The majority of this gross B class employment space requirement relates to industrial (B1c/B2/B8) uses, although office uses represent the key driver under the past take-up based scenario. The land requirements related to these amounts of employment floorspace were estimated at between 4.0ha and 46.2ha, which clearly reflects a wide variation in the level of growth that could be supported in the Runnymede economy during the plan period.

8.3 The supply of B class employment floorspace in the development pipeline for Runnymede comes from outstanding planning permissions that are currently under construction or are yet to be implemented, as at September 2015. Based upon monitoring data from Runnymede Borough Council, outstanding planning permissions in the Borough represent approximately 107,495sq.m of B class floorspace in net terms, as summarised in Table 41 below.

Table 41: Net Employment Floorspace from Planning Permissions in Runnymede (at September 2015)

Status / Location		Outstanding Planning Permissions (sq.m)		
		Office (B1a/b)	Industrial (B1c/B2/B8)	Total
Under Construction	Addlestone	10,721	-261	10,460
	Chertsey	-2,084	-888	-2,972
	Virginia Water	-86	0	-86
	Sub total	*8,551*	*-1,149*	*7,402*
Unimplemented	Addlestone	1,072	-100	972
	Chertsey	-694	-140	-834
	Egham	369	722	1,091
	Longcross/ former DERA site	79,025[†]	0[¥]	79,025
	Staines-upon-Thames*	19,839	0	19,839
	Sub total	*99,611*	*482*	*100,093*
Total		**108,162**	**-667**	**107,495**

Source: Runnymede Borough Council

*Note: * This refers to the area of Runnymede Borough that adjoins with Staines-upon-Thames, rather than being located within Spelthorne Borough itself*

† This figure relates to the gross increase in office space with outline planning consent at Longcross Park. After taking account of existing employment space on the site that will be lost as a result of the proposed development, the net increase in office floorspace is likely to be lower, estimated at around 7,350sq.m. However, the existing B1 floorspace on site is generally secondary and ancillary in nature (i.e. supporting the site's main role for film studios and associated workshops). Given the significant change in the form and intensity of the use of the site that is proposed under RU.13/0856, it is considered that it is the gross floorspace increase to be provided on this site should be used as a more appropriate guide when considering future employment requirements and issues relating to pipeline supply rather than the net floorspace which is considered to represent an underestimate of the commercial growth expected on the site.
¥ It is anticipated that the proposed development of Longcross Park will result in an overall loss of light industrial floorspace on the site, although in absence of detailed floorspace data, it is not possible to quantify the scale of loss for the purposes of this analysis.

8.4 Of this total 107,495sq.m of net floorspace, 108,162sq.m relates to office (B1a/b) uses and therefore office space represents all of the net increase in space implied by the planning permissions. In terms of industrial space, the planning permissions (if implemented in full) imply a loss of 667sq.m of industrial space from the Borough's existing stock, and will therefore not be able to contribute towards meeting any industrial needs in future.

8.5 The majority (93%) of the overall floorspace supply from planning permissions is currently identified as unimplemented, with the remaining 7% currently under construction (at September 2015).

8.6 In terms of spatial distribution, Table 41 shows that a significant amount of this pipeline supply of employment space is concentrated within the settlements of Staines-upon-Thames[40] and Addlestone, while the former DERA site also provides the location for a significant amount of the pipeline supply through the proposed Longcross Park office scheme.

8.7 By contrast, Chertsey is not expected to see any net gain in employment space through outstanding planning permissions, but instead the permissions imply a loss of both office and industrial space if implemented in full. The pipeline supply of employment space in Egham is also much lower, although the town of Egham is also likely to be covered by the 'Staines-upon-Thames' category.

8.8 Beyond the supply outlined above, current levels of vacant employment space being marketed do not appear particularly excessive against the 'normal' market vacancy rate of 10% to enable churn and choice and no surplus capacity in terms of existing vacant floorspace has been added to the supply position.

8.9 A broad comparison of estimated demand for B Class space against all currently identified supply, as shown in Table 42, implies that Runnymede would have

[40] This refers to the area of Runnymede Borough that adjoins with Staines-upon-Thames, rather than Staines-upon-Thames itself which is located within Spelthorne Borough

insufficient employment space in quantitative terms up to 2035 to meet the needs arising under two of the three scenarios of future growth (i.e. baseline labour demand and labour supply).

Table 42: Demand / Supply Balance of B Class Employment Floorspace in Runnymede up to 2035 (sq.m)

Uses	1. Baseline Labour Demand	2. Past Completion Rates	3. Labour Supply (466 d.p.a.)
Requirement for B Class Space	237,180	37,150	182,380
Emerging Supply of B Class Space		107,495	
Shortage of B Class Space (sq.m)	**-129,685**	**+70,345**	**-74,885**

Source: NLP analysis

8.10 The potential shortfall of employment floorspace in the Borough over the plan period up to 2035 would range from74,885sq.m under the labour supply scenario to 129,685sq.m for the baseline labour demand scenario. Under the past take-up based approach, there would be a surplus of employment floorspace equivalent to 70,345sq.m (Table 42).

Needs of Different Employment Uses

8.11 The availability of a choice of sites in a market is also important for meeting the needs of different employment sectors within the Borough, particularly in terms of accommodating a diversity of employment opportunities across a wide range of different skill sets. The potential supply of employment space for both office and industrial uses was therefore compared with the estimated need arising for these uses under each of the requirement scenarios.

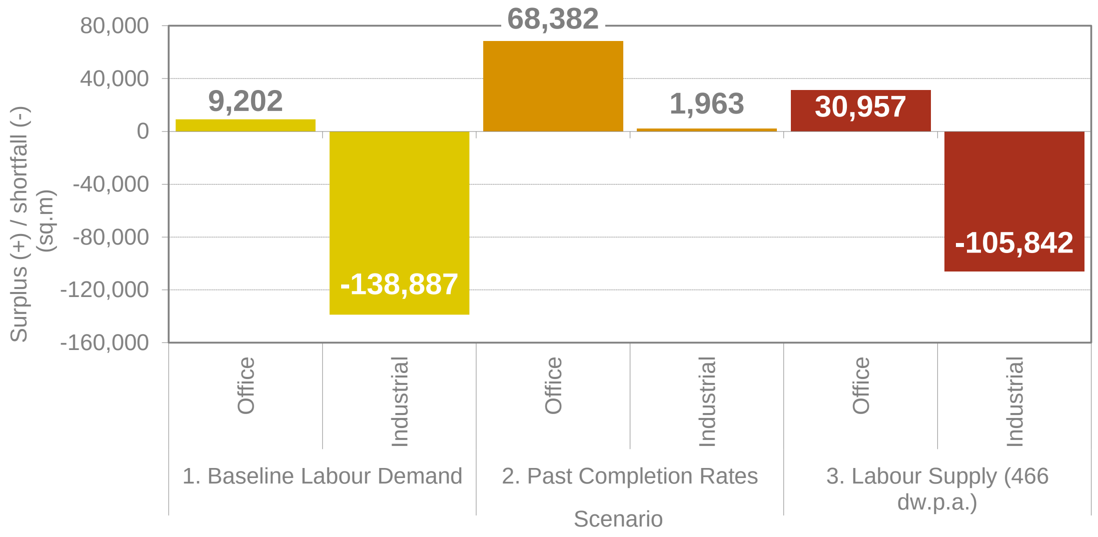
8.12 In this context, the demand and supply situation for industrial and office uses are set out separately in Table 43 and Figure 37. This analysis indicates that there would be sufficient supply available, purely in quantitative terms, to meet the office floorspace requirements under all three demand estimates. The surplus of office space over the period to 2035 would range from 9,202sq.m under the baseline labour demand scenario to 68,382sq.m under the past completions rate scenario (Table 43).

Table 43: Demand / Supply Balance of Office and Industrial Floorspace in Runnymede up to 2035

Uses	1. Baseline Labour Demand	2. Past Completion Rates	3. Labour Supply (466 d.p.a.)
OFFICES			
Requirement for Office Space	98,960	39,780	77,205
Emerging Supply of Office Space		108,162	
Surplus / Shortage (sq.m)	**+9,202**	**+68,382**	**+30,957**
INDUSTRIAL			
Requirement for Industrial Space	138,220	-2,630	105,175
Emerging Supply of Industrial Space		-667	
Surplus / Shortage (sq.m)	**-138,887**	**+1,963**	**-105,842**

Source: NLP analysis

Figure 37: Demand / Supply Balance of Office and Industrial Floorspace in Runnymede up to 2035



Source: NLP analysis

8.13 The position is reversed for industrial uses, whereby there would be insufficient supply to accommodate the demand arising from two of the three scenarios. The position ranges considerably from a small surplus of 1,963sq.m under the past completions rate scenario to a significant shortage of 138,887sq.m under the baseline labour demand scenario (Table 43 and Figure 37).

8.14 In quantitative terms therefore, the identified pipeline supply of employment space in the Borough as it stands would appear to provide an insufficient quantum of industrial floorspace (under two of the three scenarios) but sufficient quantum of office floorspace to support the employment development needs for Runnymede over the plan period under all growth scenarios considered.

8.15 This demand and supply analysis assumes that all outstanding planning permissions (either under construction or yet to commence) come forward in full over the plan period for B class employment development. Any deviation from this assumption could potentially have a further effect on the balance of space within Runnymede up to 2035 by compounding the shortfall of industrial space under all three growth scenarios and potentially resulting in a shortfall of office space depending upon the scale of deviation.

8.16 In this respect, Council monitoring data identifies some uncertainties or potential risks associated with some planning permissions coming forward in full for their intended use over the plan period, particularly where other schemes have subsequently been approved for the same site for non-commercial uses and it is unclear which scheme the applicant will ultimately pursue. Furthermore, there is no guarantee that the permissions will be implemented in full over the plan period, and as they relate to specific schemes and users, they may be less able to meet general future needs.

8.17 It is also important to note that just under 74% of the net increase in employment floorspace associated with the pipeline supply relates to the proposed Longcross Park scheme (on the former DERA site on the western boundary of Runnymede). As noted in chapter 6 (property market chapter), this development opportunity currently represents an untested proposition with regards to its location in Runnymede in commercial property market terms, and the future of the scheme remains uncertain. If this scheme were not to come forward it would reduce the emerging supply of employment space to 28,470sq.m, thereby resulting in an overall shortfall of space over the plan period to between 8,680sq.m and 208,710sq.m (depending upon the scenario considered). It is also anticipated that the proposed development of Longcross Park will result in an overall loss of light industrial floorspace on the site, although in absence of floorspace data being provided by the applicant, it is not possible to quantify the scale of this loss for the purposes of this analysis. As such, the shortfall of industrial space identified under all three future growth scenarios is likely to be greater in scale than implied by Table 43 and Figure 37 above.

8.18 It is also worth noting that the Council monitoring/pipeline supply data presented above does not include potential losses of office space that could occur within the Borough as a result of prior approvals that have been granted through the recently introduced office to residential PDR. Analysis of Council monitoring data (as at September 2015) indicates that the total effect of these prior approvals would be a loss of a further 12,100sq.m of office space from the Borough's existing stock if all implemented in full. This is equivalent to a 4% reduction in Runnymede's total office supply (based on 2012 VOA data), and could worsen the existing demand/supply balance position over the plan period to 2035.

QUALITATIVE FACTORS

8.19 Alongside the identified quantitative shortfall of B class employment space in Runnymede during the plan period, the Borough would also need additional space for more qualitative reasons. This includes for the following reasons:

- improve the choice of provision for occupiers;
- meet gaps in the supply of particular types of premises;
- improve or modernise the quality of current provision, helping to attract more occupiers; and

- provide a better spatial distribution of employment sites to meet the needs of different areas of the Borough.

Office Market

8.20 Offices represent the dominant driver of demand in Runnymede's commercial property market and demand is currently reported to be strong. Whilst demand spans across all size ranges, larger HQ style requirements (typically 25,000sqft and above) tend to characterise the majority of demand, particularly amongst office occupiers seeking a south west M25 location. Local commercial agents report that office stock is now in short supply, with an overall lack of stock to satisfy demand.

8.21 Although demand for smaller office accommodation (sub 25,000sqft) is much lower than for larger, HQ style premises, local property agents also report a current gap in supply for good quality, modern office space at the lower size range end of the market, particularly for firms in the first few years of trading. Runnymede has lost a reasonable amount of office space over the last few years (including through Permitted Development Rights) and most of this is reported to have been smaller scale space (for example above retail in town centre locations) and as a result, it remains difficult to accommodate enquiries for this type of office space (i.e. in the 2,000-5,000sqft range).

Industrial Market

8.22 Whilst Runnymede is not recognised as a particularly significant industrial location, demand is reported to be strong for industrial space across the Borough and the wider sub-region. Much of the industrial and logistics related activity in the area serves Heathrow in some form, and Runnymede is located within the typical 'Heathrow area of search' from an occupier perspective.

8.23 Very low levels of vacancy reflect a limited supply of industrial accommodation (particularly modern, good quality space) with the Borough's industrial estates which are predominately fully let. Local commercial property agents report that the majority of enquiries for industrial space across all premises sizes in the Borough are unable to be met, and that there is a particular shortage of smaller scale incubator/nursery type industrial units for local firms and start-ups. This constrained industrial market position is not unique to Runnymede and is echoed across most of North Surrey.

8.24 In light of this demand/supply imbalance, the view from local agents is that at least one new industrial park/site is required in the Borough to provide a release valve and enable churn, intensification and upgrading of existing older sites, as well as to provide new space to satisfy market demand.

SUMMARY

8.25 Based on an analysis of available employment space in Runnymede from outstanding planning permissions that are currently under construction or are yet to be implemented, the demand and supply balance for the Borough indicates an insufficient emerging supply of employment space in quantitative terms to meet future needs for employment/B class uses up to 2035 under two of the three scenarios considered, and for those two scenarios that appear to provide the most objective assessment of economic needs (i.e. labour demand and labour supply). The starting point for planning policy should therefore be that, to varying degrees, some further space will need to be identified if business needs are to be met within Runnymede during the plan period. From a purely quantitative perspective, the existing shortfall of B class employment floorspace in Runnymede ranges from 74,885sq.m under the labour supply scenario to 129,685sq.m for the baseline labour demand scenario.

8.26 From a more qualitative perspective, local market intelligence suggests that continued strong demand amongst office occupiers coupled with diminishing availability is starting to have an impact on the demand/supply balance of office space in and around Runnymede. Whilst larger HQ style requirements dominate the profile of demand, local property agents also report a current gap in supply for good quality, modern office space at the lower size range end of the market, particularly for firms in the first few years of trading. Part of this trend can be explained by the recently introduced Permitted Development (PD) rights for change of use from office to residential which has resulted in a reasonable amount of smaller scale office space being lost in Runnymede in recent times.

8.27 Demand is also reported to be strong for industrial space across the Borough despite its relatively small sized industrial market. The supply of industrial accommodation is very limited and local commercial property agents report that the majority of enquiries for industrial space across all premises sizes in the Borough are unable to be met. There is a particular shortage of smaller scale incubator/nursery type industrial units for local firms and start-ups.

8.28 There are very few opportunities and sites available to accommodate B class development in Runnymede which partly explains why recent development in the Borough has largely entailed refurbishment of existing buildings to bring them up to Grade A standard. The scope for older industrial estates to be upgraded or redeveloped to provide modern industrial space is considered to be limited because of low rental levels and limited developer appetite in the current market. The only real commercial development opportunity lies in the former DERA site – the largest strategic business park site in the EM3 LEP area – although this currently represents an untested proposition in Runnymede in commercial property market terms.

Chapter 9: Conclusions and policy implications

9.1 This section draws together overall conclusions and considers potential policy approaches in relation to employment space for the emerging Local Plan, as well as other measures which may be required to support Runnymede's economic growth objectives.

Overview of Runnymede's economy

9.2 Runnymede has a small but strong local economy that outperforms Surrey and South East averages on a number of indicators, including its high wage levels (especially workplace wages) and its historic and predicted growth rates in GVA (borough level). The Borough's other main economic strengths include its excellent transport accessibility by motorway (M25 and M3), rail and air services; its location within the economically buoyant M25 area close to Heathrow airport; its strong record in attracting inward investment, with a significant number of national and EMEA headquarters and its skilled labour force, with approximately half of all working age residents employed in higher skilled professions.

9.3 Its main drawbacks and potential constraints to future economic growth include a land supply which is limited by Green Belt, flooding and heritage factors, and which is subject to significant competition from other uses, particularly residential uses; a high level of in-commuting resulting in high levels of congestion and commuting in the Borough; a relatively slow growth rate in business formation; a lack of affordable housing and skills shortages in some areas causing recruitment difficulties; and potential competition from larger economic centres nearby.

9.4 The Borough has a relatively high proportion of office space relative to surrounding boroughs but a much lower amount of factory and warehousing space. Offices comprise over half of the total employment stock in the Borough (54% as opposed to 57% as reported in the 2010 ELR). In recent years (between 2000 and 2012), the Borough has experienced a reasonable net gain in employment floorspace, with losses in industrial space more than compensated for by increases in offices.

9.5 Runnymede has a reasonably modern stock of office premises and relatively little very old space. The Borough has seen refurbishment and redevelopment of a number of large sites in recent years especially in the vicinity of the Causeway (although in Runnymede Borough this area has a Staines-upon-Thames postal address). Vacancy levels for office floorspace have dropped substantially since the 2010 ELR from approximately 25% to 14%. This is perhaps unsurprising given that the previous ELR was prepared during a recessionary period, whilst the current ELR is being undertaken in a period of recovery. The industrial stock is comparatively older than the office stock with the limited amount of available stock resulting in a low vacancy rate which makes refurbishment and redevelopment of premises more challenging.

9.6 Almost all new development in recent years has been for B1 accommodation, the majority of this specifically B1a. Losses of employment space have been modest and generally relate to B1c/B2 and B8 floorspace.

9.7 There is a sizeable amount of permitted floorspace (107,495sqm) in the development pipeline, the majority of which relates to unimplemented permissions for B1(a) office space. This is concentrated on a few larger sites including Longcross Park[41] and on sites along the Causeway.

The commercial property market

9.8 In terms of the characteristics of the wider commercial property market that Runnymede is located within, the Borough forms part of a wider M25 commercial property market which is characterised by its strong links with nearby Heathrow Airport to the east of the M25 and Thames Valley to the west. At a more local level, the northern parts of the Borough in and around Egham are generally more popular for larger office occupiers due to their location adjacent to junction 13 of the M25, better train links to London and proximity to Staines-upon-Thames. Occupiers seeking commercial property in this area will also tend to consider Staines-upon-Thames, Slough, Windsor and locations near to Heathrow. Meanwhile, Chertsey and Addlestone to the south of the Borough tend to compete with the nearby centre of Weybridge and the Brooklands business area in particular, and are less likely to serve Heathrow due to their relative distance from the airport, although staff based in offices in Chertsey and Addlestone may utilise the airport for business travel.

9.9 The Borough's commercial property market is dominated by office uses for which demand remains strong. Echoing trends across the whole of the M25 office market, office stock is now in short supply, with a particularly low level of vacancy within modern Grade A space. There are a number of new office schemes currently in the pipeline in Runnymede and surrounding Boroughs which are expected to help satisfy some of this demand.

9.10 Runnymede is not recognised as a significant industrial location despite its location close to the M25 and the industrial market is small in scale. This position is echoed across most of North Surrey. Nevertheless, market demand for industrial space is strong and very low levels of vacancy reflect a limited supply of industrial accommodation with the Borough.

9.11 Whilst small scale, flexible business space for SME and start-up firms is generally well catered for in the Borough, the supply of industrial start-up premises is very low and scope is therefore seen to provide more of this type of space. Provision of employment space in the rural parts of Runnymede is limited, partly reflecting its Green Belt constraints.

Current Employment Sites

9.12 There is a good range of employment sites across the Borough with a particularly high proportion of good quality office accommodation, primarily located in the urban areas of Egham/Staines, Chertsey and Addlestone. Provision of good quality

[41] It should be noted that given the unique circumstances relating to the former DERA site and the characteristics of the proposed development at the site compared to the existing development, the gross floorspace figure is included for this site rather than the net floorspace when the pipeline data is referred to.

accommodation within the Green Belt is more limited but Hillswood Business Park and Milton Park are good examples of such sites. Most of the better quality sites lie in good, accessible locations, either close to a town centre or motorway junctions.

9.13 The poorer quality employment sites tend to be older, industrial sites which are poorly located in terms of public and private accessibility or are older urban industrial sites/estates. However, these sites are still generally well occupied and their lower ranking against the study criteria does not prevent them meeting a local need for low cost space or 'bad neighbour' uses.

Meeting future needs

9.14 The three scenarios considered in chapter 7 indicate the broad scale and type of growth arising from different approaches to modelling the Borough's future employment space needs. To varying degrees, they reflect both indigenous needs arising within Runnymede as well as – particularly in the case of the scenario based on past development rates – a degree of footloose demand which operates across the Borough's boundaries from the wider sub-region.

9.15 In the context of the NPPF and PPG, the Council's policy approach should aim to plan positively to meet Runnymede's identified employment space needs so that the Borough's economy is not constrained, recognising that developments in adjoining areas will also be a key influence. However, to ensure a flexible and responsive policy framework, it will be necessary for the Council not just to focus on meeting forecast quantitative requirements (which will fluctuate over time), but to think about the opportunities and risks that flow from particular policy approaches. This might concern how delivery can be prioritised in some locations or for some types of employment uses, or how scope can be created for meeting as yet undefined inward investment opportunities, but also ensuring that legacy employment sites for which there is no longer a productive employment use do not continue to be protected. Planning for employment will need to be balanced against pressures from other land uses, as well as other Local Plan objectives such as planned housing, retail and leisure growth. B-class employment space also competes with non B-class uses, some of which may also generate local economic benefits or have identified needs that the NPPF indicates should be supported.

9.16 This requires choices in the Local Plan about which sites to protect or allocate for employment development, or which to consider for mixed use development (either in whole or part). That judgement must ultimately take account of:

1. The benefits of B-class sectors to the local and wider economy, and the need to maintain a diversified and resilient economy that is open to growth and new economic opportunities as they arise (as envisaged by the NPPF);
2. The economic and other outcomes (e.g. for the labour market) if some sectors become displaced or are otherwise constrained from expanding within the Borough;
3. The need to encourage growth of high quality jobs within the Borough to address the disparity between resident employee earnings (lower) and workplace earnings (higher);
4. The trade-off between on the one hand seeking more intensive use of sites and thereby yielding higher net job creation over time, and on the other hand seeking to

meet identified business needs (as specified in the NPPF) which may for some activities or sectors imply a less efficient use of land in order to function effectively and lower job density; and

5. Maintaining a delivery trajectory for employment space with short, medium and longer-term opportunities over the life of the Plan.

9.17 The emerging Local Plan should seek to plan for a choice of sites and locations to meet the needs of particular sectors and occupier needs. Some further commentary on the approach and potential options for providing for the different B-class uses are considered below.

Office uses

9.18 The commercial property market in Runnymede is predominately office based and the market for office space both within the Borough, and in the surrounding area remains buoyant. Although affected by the recent economic downturn, office demand is reported to have picked up during the economic recovery and remains strong. As a result of increased demand for office space during recovery from the recession, local commercial agents report that office stock is now in short supply, with an overall lack of stock to satisfy demand.

9.19 The Borough is expected to remain an attractive office location particularly amongst key sectors such as IT and financial and business services, and footloose firms seeking an accessible South West London location. The Council's monitoring data shows that there is sufficient pipeline supply (108,162sqm) of office space to meet any of the floorspace requirements recommended by the three growth scenarios tested. The surplus anticipated ranges from 9,202sqm to 68,382sqm of office floorspace.

9.20 Qualitatively, larger HQ style requirements (typically 25,000sqft and above) tend to characterise the majority of demand, building on the Borough's historic success in attracting a wide range of international, national and regional firms. There is also a need for good quality, modern smaller office accommodation (sub 25,000sqft), particularly for firms in the first few years of trading. This size characterises much of the office stock lost through permitted development rights in Runnymede since the changes to the GPDO were made in May 2013.

Planning policy options moving forwards include:

1. Safeguarding of the Borough's strategic and best performing B1a employment sites. This will ensure that important employment areas are retained and protected to maintain the Borough's base of higher value occupiers and employers, and enable additional companies to locate in the area thereby delivering skilled jobs and continued growth. Focussing future development on such sites will help build on existing sustainable patterns of development and market successes. Despite demand for headquarters accommodation within the Borough remaining high, a lack of supply of Grade A space in the M25 market area and a vacancy level of just 3.8%, aspirations remain amongst some landowners for higher value non B class land uses which puts established economic areas under threat.

2. Encouraging the provision of smaller (sub 25,000sqft) units of high quality office space, including as part of mixed use schemes within town centres, to help replace some of the generally lower quality floorspace that has been lost in the Borough in recent times through permitted development. Although demand for smaller office space in the Borough is lower than for headquarters space, agents report a current gap in supply for quality good value accommodation, particularly for small businesses in the first and few years of operation that require between 2,000-5,000sq.ft accommodation. Provision of such space is important in encouraging relatively new businesses to remain in the Borough and grow. Provision of this type and size of space is also important for firms in their last few years of trading.
3. Beyond the best performing/key strategic office sites a selective approach should be taken to considering the Borough's portfolio of office accommodation. Drawing upon market feedback on those locations which have proved less attractive to the market despite prolonged periods of marketing and/or reflecting other feedback about their constraints, provision of industrial uses should be encouraged where appropriate. Where such uses are not appropriate changes of use to non B class uses should be considered.

Industrial Space

9.21 Runnymede is not recognised as a particularly significant industrial location despite its location close to the M25 and there is generally a limited industrial market in the Borough. The stock of industrial space is low and mostly concentrated on one site, the Thorpe Industrial Estate to the south of Egham. There are also some other smaller industrial estates in suburban locations in Chertsey and Addlestone which are fully developed.

9.22 In terms of quantitative requirements for future floorspace over the Plan period, the analysis contained in chapter 7 identifies 3 very different scenarios for growth. The requirements range from -2,630sq.m under the past take-up based scenario to 138,220sq.m for the baseline labour demand scenario (gross figures). In between these two requirement figures is a gross requirement of 105,175sqm which is based on the forecast increase in labour supply associated with the objectively assessed need for housing as identified in the Runnymede and Spelthorne SHMA (November 2015). This means that the land requirements to provide this range of gross employment space are between -0.7ha and 34.6ha. It is recommended that the Council should plan to accommodate the quantity of floorspace recommended by the labour supply scenario (equivalent to a land requirement of 26.3ha for industrial uses) to ensure that the Borough's indigenous growth potential (i.e. arising from its resident workforce) is not constrained by lack of spatial capacity in future. At the same time, it is recommended that the higher growth trajectory implied by the baseline labour demand projection is aimed for which would generate a gross industrial land requirement of 34.6ha. This is because this scenario appears to best reflect local market signals which point to the relative strength of the industrial market over the next 20 years as well as a tightening supply of existing stock.

9.23 Either way, it is recommended that the Council should not proceed with a strategy based on past completion rates which would actually see a reduction in industrial employment land and floorspace as this would not represent a positive or proactive strategy as required by the NPPF. Furthermore adopting this approach would mean that existing shortfalls in space reported by local agents and as observed in the site assessments would not be addressed.

9.24 The Council's pipeline data shows that there is insufficient industrial supply to accommodate the demand arising from two of the three scenarios tested. The position ranges considerably from a small surplus of 1,963sq.m under the past completions rate scenario to a significant shortage of 138,887sq.m under the baseline labour demand scenario.

9.25 Within this context, a number of policy issues emerge for consideration as follows:

1. In the first instance, and in light of the demand/supply imbalance identified the Council should consider providing at least one new industrial park/site in the Borough to provide a release valve and to enable churn, intensification and upgrading of existing older industrial sites, as well as to provide new space to satisfy market demand. However this will need to be explored further as low rental levels and limited developer appetite in the current market may limit the likelihood of sites being redeveloped even if additional space is provided.

   A possible option would be to consider release of some Green Belt land for allocation. In this regard in 2014, Arup were commissioned by Runnymede Borough Council to review how well the Green Belt land in Runnymede performs against the purposes of including land within the Green Belt. The study concluded by identifying pieces of Green Belt land within the Borough that perform weakly against the purposes of including land within the Green Belt and which the Council could potentially look to return to the urban area through the Local Plan process, to help meet any identified development needs which cannot be met in the Borough's existing urban areas due to insufficient capacity. At the time of writing this report Council officers are considering the suitability of these sites to meet identified needs. Any sites considered suitable will be consulted upon during the Issues and Options consultation for the Local Plan which is due to take place in Summer 2016. Any allocation for a new industrial park would need to have good access, and be in relatively close proximity to the strategic road network. Furthermore given that industrial land uses; through movements of large vehicles, noise, unsociable hours and other general disturbance have the potential to cause conflict with residential uses, any allocation would need to be away from established residential areas.

   Without the allocation of new sites for industrial purposes, there are very few existing opportunities available to accommodate the identified needs in the Borough. The only real commercial development opportunity lies in the former DERA site – the largest strategic business park site in the EM3 LEP area. However although large with no sensitive adjoining uses other than the Thames Basin Heathlands SPA, the lack of immediate access from this site to the M3 limits potential for larger scale distribution uses in particular.

2. Safeguarding of the Borough's best performing industrial sites should be considered to ensure that important employment areas are retained and protected in order to ensure that the Borough does not lose its most strategically important

sites which will be difficult to replace. This is particularly pertinent in light of aspirations amongst some landowners for higher value non B class land uses.

3. The supply of start up space premises is very low with no dedicated managed small workshop premises on flexible leases. There is therefore a need for a better supply of more modern, small to medium sized industrial units. Some of this could possibly be achieved through redevelopment, subdivision and refurbishment of existing units on industrial estates. However, this can often be deterred by fragmented land ownerships. Furthermore local property agents note that rental values for industrial accommodation are not sufficient in the current market place to enable viable development. Hence this is probably an approach that should be considered in the medium term where there may be more certainty about the aspirations of the market. Policy encouragement to such improvements would nevertheless support such an approach.
4. Some firms in the industrial sector, for example engineering, some pharmaceutical firm functions and high end, advanced manufacturing firms, often occupy premises that are difficult to distinguish from offices. This means that some of the need for industrial space indicated under the demand estimates could be potentially accommodated within office areas. This could also be given consideration when formulating the Borough's economic strategy.

Rural Economy

9.26 As a small Borough that is heavily constrained by the Green Belt, there appears to be a very limited provision of employment space in the rural parts of Runnymede. Where provision is found, it is often in the form of converted rural buildings. However demand for rural employment space in Runnymede is reported to be steady, with continued growth of this type of premises considered inevitable to meet the needs of what is essentially a local market consisting of rural businesses which operate in the area.

9.27 The scale of new space anticipated to be required, in conjunction with Green Belt and sustainability factors, would not justify any significant new provision in rural areas.

9.28 Policy options moving forwards include:

1. To allow for some diversification of the rural economy, a continuation of the trend of permitting conversion of existing rural buildings and controlling this through appropriate Local Plan policies is recommended. While this is a quite a small Borough where many employment needs arising in the rural area could be met within nearby towns, some space in rural locations would add to the range of types of provision.
2. Supporting sustainable rural based employment development and responding positively to proposals that encourage the re-use of redundant agricultural buildings to meet future industrial and office based needs.
3. Recognising that the availability of broadband and good access to services and affordable housing in rural areas is essential to ensure the growth and expansion of the local rural economy.

Constructing a delivery trajectory for employment sites

9.29 As noted above, the Borough's emerging pipeline supply of employment land would appear to be insufficient to accommodate identified industrial needs over the plan period. Accordingly it is recommended that the Council should carefully consider how allocations and other development opportunities could support delivery of new space over the short, medium and long-term (structured broadly in five year periods). This accords with the approach set out in the former SEEPB guidance on employment land assessments which encouraged local authorities to demonstrate a five-year rolling supply of employment land. Where any gaps are identified, the Council will want to consider options for how this can be addressed. Therefore, it is helpful for sites to be assessed on a consistent basis in order to determine at broadly what point in the Plan period they may become available, and how important any individual site is for meeting either office or industrial needs within any rolling five-year period.

9.30 In determining the likely timing and availability of land, this delivery trajectory should have regard to:

A: the planning status of sites (extant planning permission, allocation, development brief etc);

B: development constraints/costs and known requirements for infrastructure;

C: current developer/landowner aspirations; and

D: market delivery and viability factors.

9.31 The assessment provides the opportunity to identify and map out the Local Plan's 'when', 'whom' and 'how' employment space delivery actions for each site. In turn, it will also offer a basis to continually assess the potential role of a site in meeting employment land and other Local Plan objectives (and, inter alia, the policy benefits that would accrue if earlier delivery of the site was encouraged). The trajectory should be linked to the Strategic Land Availability Assessment and Annual Monitoring Report and be periodically updated to ensure a rolling supply of employment land during the plan period.

Employment/housing balance

9.32 It has to be recognised that the Borough Council does not necessarily have to make land provision for the maximum level of potential market demand estimated by this study. While it is important to realise the economic potential of an area, this usually needs to be set against its socio-economic and environmental capacity. Indeed, in an area like Runnymede which has major constraints on land supply, there could be clear arguments for providing for less than the highest level of need forecast.

9.33 It is not the place of the ELR to consider how the Council will balance its substantial economic needs with other identified needs, including for different types of housing (starter homes, self-build properties, market and affordable housing, traveller sites), retail and leisure needs. Any strategy arrived at by the Council will need to carefully balance competing needs and priorities.

9.34 If the Council is not able to meet all of its identified economic (and housing) needs within the Borough boundaries, it will be required to engage with the Local Authorities in its Housing Market Area (HMA) and Functional Economic Area (FEA) to see if any unmet needs generated by Runnymede can be met elsewhere in the relevant market area. If this is not possible, the Council would need to engage with adjoining FEAs and HMAs to ensure that identified needs are met as far as possible in the sub region.

9.35 Any future decision on expansion at Heathrow Airport may also require adjustments to the Council's Local Plan employment and housing strategy due to Runnymede's economic links with the airport. Council officers continue to actively engage with other authorities through the Heathrow Strategic Planning Group on spatial planning issues associated with growth at Heathrow.

Monitoring

9.36 Reflecting guidance set out in the PPG, it will be important to monitor future changes in the demand and supply of employment space to identify changing patterns and inform any policy responses required.

9.37 Specific items which it could be useful to monitor are identified as:

A: levels of future demand for office/industrial space and which of the study's estimates of future requirements this best relates to;

B: how much of the currently identified supply of employment space commitments are likely to come forward and whether any new sites emerge;

C: the extent and type of any losses of existing employment land to non B uses, particularly residential (part of the on-going monitoring of prior approval applications for such changes of use);

D: any on-going deficiencies in provision for specific types of employment premises e.g. small, low cost, business or industrial units.

E: Relative success or failure of adopted Local Plan policies.

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