Spelthorne Employment Land Needs Assessment (ELNA) 2022

Spelthorne Takes Shape

Contents

Executive Summary

This study assesses the future demand and need for different types of employment land in the borough up to the end of the plan period 2037, and considers if more land is needed, and considers which of the boroughs employment areas should be designated as Strategic Employment sites. The study provides the evidence base to support and underpin the employment policies and some of the designations and site allocations in the borough.

The review of planning policy highlights that the borough's plans and policies should actively and positively support economic growth. As part of the Duty to Cooperate the Council will work co-operatively with neighbouring authorities, especially its partners in the functional economic area (FEA) and other stakeholders including business interests.

Often ELNAs include a lot of background information about the borough's economy and existing employment sites but given that the Council has published or is about to publish documents containing this information there is no need to repeat this information. Together the documents will all form part of the evidence base to support the new Local Plan. This study brings together information from a number of existing pieces of research:

- Functional Economic Area (FEA) Analysis
- Economic Prosperity Strategy 2022-2027 (forthcoming)

The Functional Economic Area (FEA) Analysis seeks to determine the functional economic area which Spelthorne lies within and forms part of the evidence to support the Spelthorne Local Plan. The FEA will also be used as the basis for further employment needs evidence on demand and supply over a wider geographical area and identify which authorities the Council will need to engage with under the Duty to Cooperate and new statements of common ground on economic development.

Key findings

Based on the methodology used in the 2018 ELNA, employment forecasts for Spelthorne borough, provided by Oxford Economics and Cambridge Econometrics, a calculation to estimate of the amount of floorspace which may be needed over plan period has been completed. Translating employment forecast into a floorspace estimate an as set out in the 2018 ELNA and further in this document. It is currently even more difficult, particularly for office floorspaces, as the medium- and longer-term impacts of the "post-covid return to work" and hybrid remain unclear.

Table one below shows that over the plan period we anticipate that just over 18,000sq m of E(g)(i) and E(g)(ii) Office and Research & Development will be required, just under 12,000sq m of B8 Warehousing and Storage will be required however it is anticipated that just under 11,000sq m of B2 industrial floorspace will no longer be required. However, due to the locations and nature of the floorspace it is unlikely all of the former B2 floorspace could be used for E(g)(i) and E(g)(ii) and B8.

Table 1: Forecast change in floorspace 2022-37

Use Class	Required change in floorspace 2022-2037 (sqm)
E(g)(i) and E(g)(ii)	18,372
B2	-11,268
B8 (general)	12,005
Total B Class	**19,109**

The Oxford and Cambridge forecast are "policy off" and do not take into account either local planning policy or significant changes which may occur. During the Covid pandemic, Heathrow dropped to using a single runway and only returned to using two in December 2020. In the short term as things return to a post-covid new normal it does not seem likely that Heathrow will be expanded to add an additional runway. The Council will continue to monitor changes in employment floorspace and will update the ELNA as needed, as post-covid working trends become more clear.

1. Introduction

Scope of ELNA

1.1 This report considers all commercial and industrial uses, which previously fell into use classes B1 (a, b and c), B2 and B8 of the Use Classes Order 1987 (as amended), and now fall into class E (g). It does not consider the need for land/buildings used for health, education, retail or leisure purposes, and also excludes offices provided mainly to visiting members of the public that fall into the E (c) which provides services principally to visiting members of the public including financial services, professional services and any other services which it is appropriate to provide in a commercial, business or service locality (previously A2: Financial and Professional Services use class).

Table 2: Use Classes

Use Class	Description
E (g i)	Offices (formerly B1a)
E (g ii)	Research and development of products or processes (formerly B1b)
E (g iii)	Any industrial process, which can be carried out in any residential area without causing detriment to the amenity of the area) Formerly known as Light industrial (formerly B1c)
B2: General Industrial	Use for industrial processes other than one falling within class E(g)(i) and E(g)(ii)
B8: Storage or distribution	Includes warehouses and open-air storage

Employment Land Needs Assessment 2018

1.1 An Employment Land Needs Assessment was published in 2018 to support the Local Plan Preferred Options consultation. This ELNA updates the 2018 study and uses the same methodology.

Economy and Employment Land Study 2006

1.2 An Economy and Employment Land Study was published in 2006 to support the Core Strategy and Policies DPD, adopted in 2009. The forecasts were updated in April 2007 extending the forecasting period to 2026.

Economic Strategy, Economic Prosperity Strategy and Local Economic Assessment

1.3 The 2022 Spelthorne Economic Strategy is planned for adoption in June 2022 and it sets out the actions the Council will be taking over the next 5 years to further secure the sustainable growth of the local economy. This strategy builds upon the 2021 - 2023 Spelthorne Council Corporate Plan which identifies 5 key priorities including Community, Affordable Housing, Recovery, Environment, Service Delivery (C.A.R.E.S). The Vision set out in the Economic Strategy is

To secure sustained growth of the local economy for the benefit of businesses and residents whilst protecting the Borough's environment and character.

1.4 The actions set out in the Strategy have been developed following consultation with businesses, during July to September 2021.

1.5 Spelthorne Economic Strategy was previously refreshed in February 2020 and this update builds upon the first 3 years of the 2017-2022 Economic Strategy and continues to focus on prioritising the key needs for business to settle, grow and thrive.

1.6 The Council's Economic Strategy objective is to secure sustained economic growth. It also recognises that the environment and character of the Borough is important in attracting many businesses, and residents rightly see its protection to be of great importance. Its vision is therefore:

1.7 In 2013 the Council produced the first economic strategy for the borough for the period 2013 - 2016; this has been evaluated and the achievements have been captured in the new Economic Strategy for 2017 - 2022.

1.8 Now dated, the purpose of the 2016 Local Economic Assessment (LEA) was to set out a 'picture' of what the economy of Spelthorne is like. It does this by presenting a wide range of economic information from which the main characteristics of the borough can be understood.

Policy context

1.9 The government's planning polices for England are set out in the National Planning Policy Framework (NPPF), which was published in March 2012, revised in July 2018 and updated in February 2019.. The National Planning Policy Framework was revised on 20 July 2021 and sets out the government's planning policies for England and how these are expected to be applied.

1.10 This states that Spelthorne's plans and policies should actively and positively support economic growth, by doing all it can to meet the demand for employment land. To plan for change in employment land and floorspace (new sites and potentially planned release) the Council should work co-operatively with neighbouring authorities, especially its partners in the functional economic area (FEA) and other stakeholders including business interests.

1.11 The NPPF states that the economic role of the planning system is one of the three dimensions to sustainable development:
   8a "to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure"

1.12 Paragraphs 81 to 83 of the NPPF set out more detail the role of the planning system and expectations for Local Plans:

81   Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential.

82. Planning policies should:
   a)   set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;
   b)   set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

   c)   seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

83.   Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations. Economic and market overview

National and Global considerations

1.13 The UK left the EU on 31st December 2020. It is too early to say how this will affect the UK economy in the long term. Since leaving the EU the delay in goods held at borders is causing concern with companies moving from sea to air to transport the goods which provides some benefit for Heathrow Airport. There is also concern about the number of people available for employment with high levels of vacancies available, particularly in hospitality, retail and farming sectors (October 2021). The impact of leaving the EU has of course been clouded due to the effect on the economy due to the Covid pandemic.

1.14 The war in Ukranie which started in late February 2022 has also impacted movement of good through Europe and impacted food prices.

1.15 UK inflation jumped to 9% in the 12 months to April 2022, up from 7% in March and the highest level it has reached since 1982 (source: BBC news). Inflation is the rate at which prices are rising. the Office for National Statistics (ONS) stated that around three quarters of the rise in inflation in April came from higher electricity and gas bills, following April's £700-a-year increase in

energy costs as the domestic price-cap on energy was raised. Fuel prices have also hit new record highs in May 2022 of £1.68 and £1.81 per litre respectively. The ONS report prices of most other goods and services have risen as well while wages are failing to keep pace with inflation and falling in real terms.

Functional Economic Area (FEA)

1.16 There is no formal definition of a Functional Economic Area (FEA) and no definitive map of the geographies of FEAs. The Spelthorne FEA was decided by considering and analysing five key themes: the housing market area, the functional commercial property market area, the functional labour market area, industrial clustering, and retail and service sector geographies. A summary of the key findings of the study are summarised by topic below.

The Spelthorne Economy

1.17 Spelthorne is a relatively small borough, with a relatively dense population and is also home to more business space per hectare than any other Surrey District. Industrial and warehousing uses represent a large proportion of this floorspace, largely due to the influence of Heathrow Airport to the north of the Borough. 79.4% of residents are in employment in Spelthorne, with the service sector being the largest employer. Spelthorne performs particularly well in terms of gross weekly pay, with gross earnings at £658 per week, which is above both the South East and England averages, however the total mean income for the borough (£33,800) is 27% lower than the Surrey average. Furthermore, 35% of Spelthorne residents are qualified to degree level or equivalent however this is the lowest percentage of all Surrey authorities. Despite the need for an improvement in educational attainment, Spelthorne has a relatively strong economy.

Housing Market Area

1.18 The joint SHMA undertaken on behalf of Spelthorne and Runnymede places Spelthorne, along with Runnymede, in a North West Surrey Housing Market Area. Overlapping links with other neighbouring local authorities have also been identified such as to Elmbridge, Woking and Hounslow. Further links are likely to exist to authorities in other neighbouring HMAs although are likely to be less of an influence on the Spelthorne/Runnymede HMA.

Commercial Property Market Area

1.19 Evidence suggests that Spelthorne is part of a wider Property Market Area (PMA); however the CBRE South East Regional Property Market Study and the Enterprise M3 LEP Commercial Property Market Study place the borough in slightly different PMAs. The CBRE study places Spelthorne into property market 5, which covers Heathrow, Slough and High Wycombe. Contrastingly the LEP Upper M3 PMA encompasses the local authorities of Spelthorne, Runnymede and Elmbridge and therefore presents a more locally contained PMA. Commercial rents and yields are fairly similar across a consistent area which partly corresponds to the different PMAs identified. Nonetheless, there is a clear sub-regional market for employment floorspace in the area surrounding Heathrow Airport. The strongest links would appear to be with Elmbridge, Hillingdon, Hounslow, Runnymede, Slough and Windsor & Maidenhead.

1.20 Spelthorne is located within the Slough and Heathrow Travel to Work Area, which also includes Slough, Hillingdon, South Bucks, Richmond, as well as the majority of Runnymede, Hounslow, and Windsor & Maidenhead. The Joint Spelthorne and Runnymede SHMA found the strongest commuting links between Spelthorne and Runnymede, as well as Hillingdon and Hounslow. Flows towards the London Boroughs appear to be stronger than those to the rest of Surrey with the exception of Runnymede, although other substantial links exist with Elmbridge, Slough, the London Borough of Richmond and to a lesser degree Windsor & Maidenhead.

Industry Clusters

1.21 The South East region has a high concentration of industry clusters especially within the South Buckinghamshire, Thames Valley, Blackwater Valley and Surrey areas. Spelthorne performs relatively well and is within the KPMG top 25 Tech Quotient rankings along with a number of other authorities from Surrey, the Thames Valley and South West London which is also home to a cluster of ICT/Digital Technology sectors. Clusters are also located in the EM3 LEP upper M3 area with respect to 'Advanced Engineering & Marine' sectors.

Retail and Service Sector Geographies

1.22 Staines-upon-Thames is classified as a secondary regional retail centre and performs a strong comparison goods role in the wider sub-region with a catchment that extends into Runnymede, Elmbridge, Windsor & Maidenhead and the London Borough of Hounslow. However, Staines-upon-Thames does experience some expenditure leakage to Kingston-upon-Thames. Furthermore, analysis of retail studies in the surrounding local authorities found links from Runnymede, Elmbridge, Hillingdon and Hounslow to parts of Spelthorne, namely Staines-upon-Thames.

Conclusion on the Functional Economic Area for the borough of Spelthorne

1.23 Based on the various thematic Functional Economic Area assessments for Spelthorne, it is considered that Spelthorne shares its strongest links with Runnymede, Elmbridge and the London Boroughs of Hillingdon & Hounslow and together these authorities sit within a Heathrow focussed FEA. It should however be acknowledged that other identified FEAs will overlap and areas such Slough and Windsor & Maidenhead will need to be engaged in the process. Spelthorne also works with local authorities across the whole of the County of Surrey as well as those authorities within the Enterprise M3 LEP area. Figure 1 provides a visual illustration of the functional links held between Spelthorne and its surrounding authorities and also the strength of those ties. As such, Spelthorne holds its strongest links with the Surrey authorities of Runnymede and Elmbridge and also the London Boroughs of Hillingdon and Hounslow. It must however be noted that these functional connections are not evenly distributed throughout the surrounding Local Authorities and are most prevalent in those areas which are immediately adjacent to Spelthorne, such as Heathrow Airport, the Colnbrook and Poyle trading estates and the surrounding local centres.

Figure 1: Functional Economic Area that Spelthorne is located within
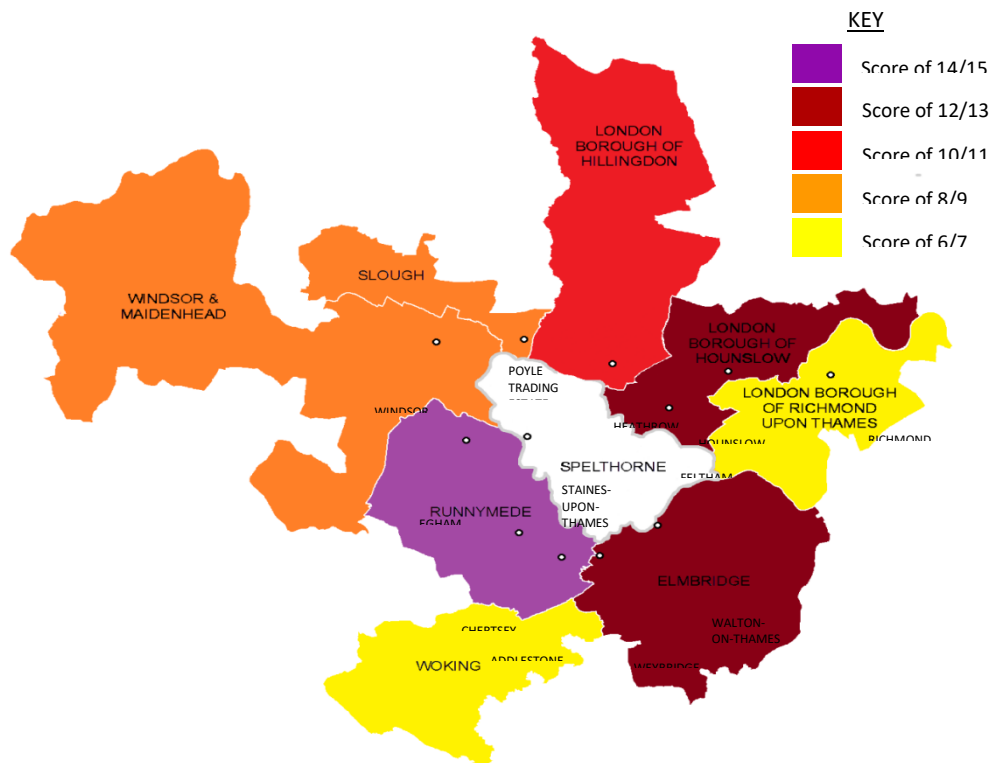
Evidence of Market Rental Values & Yields: Office

Colliers South East Offices (Q3 2021) Snapshot South East Offices Snapshot[1] report suggests that the South East office market has experienced the most comprehensive improvement in demand since the pandemic began.
In Q3 quarterly take-up in Thames Valley is up 50%

- The number of transactions over 50,000 sq ft in 2021 to date has reached nine, totalling in excess of 1 million sq ft.
- Headline rental uplift is spreading across a wider number of centres, an inevitable consequence of improving demand across all size bands.
- Investment demand is weighted to two ends of the investor spectrum with strong levels of demand for secure income assets and core value add opportunities.
- Q4 investment volumes should be boosted by strong end-of-year activity, with over £1 billion currently under offer.

1.24 The Q4 2021[2] Colliers report on South East Offices stated take-up numbers represented the lowest quarterly total during 2021, annual transactions showed a significant improvement year-on-year. Although there was still evidence of elevated vacancy at the end of the year, occupational activity showed a near 100% increase in 2021, reaching 3.3 million sq ft as opposed to 1.7 million sq ft in 2020. Vacancy, having risen in each of the previous six quarters, has begun to stabilise across the wider market, remaining static at

[1] https://www.colliers.com/en-gb/research/south-east-offices-snapshot-q3-2021
[2] https://www.colliers.com/en-gb/research/south-east-offices-snapshot-q4-2021

9.2%. The Thames Valley experienced its first modest fall in availability since the start of the pandemic but sat at 10.7% (from 10.8% in Q3). Key demand is for new decentralised product with ample car parking.

1.25 Lambert Smith Hampton's Thames Valley Office Market Report 2021[3] reports that the office market has been relatively stable for investors and occupiers for years and therefore
"the experience of the last 12 months is prompting seismic change". For some, the experience of mass remote working implied an existential crisis for the market. But now it's fighting back at pace, and workspace considerations have risen to the top of the agenda.
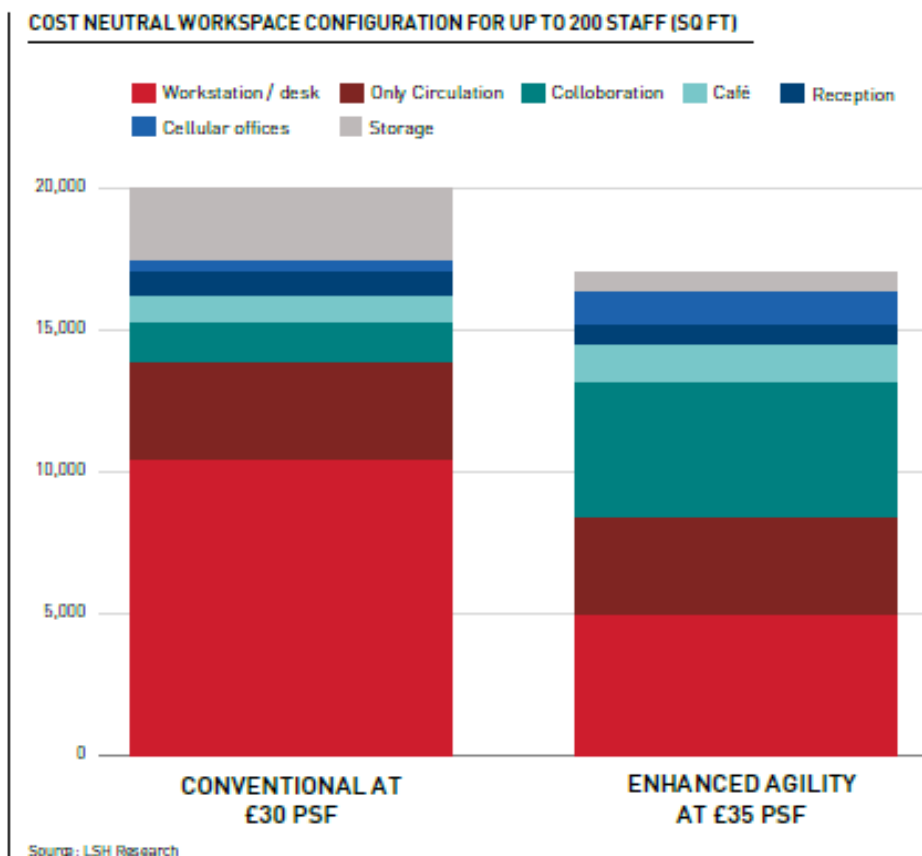
This fight is being led by occupiers at both a corporate and local level, who are now seeking to define their business culture and the role of the workplace in the post-pandemic landscape. But the pace of change has been extraordinary, so fast that many occupiers are yet to set out the direction in which they want their businesses to travel.

Out of every crisis, comes opportunity. Against a backdrop of rapidly recovering demand, many occupiers are seeking out a hybrid working model. And, while this has to be the future, the range within this model is massive. The hybrid model will lead to a reduction in overall occupation but the quality of the space taken will vastly improve".

1.26 The Lambert Smith Hampton report goes on to say the experience of the pandemic has pushed a number of office occupiers to rethink their workplace strategies. The shift to more agile working practices that had already begun was rapidly propelled forward in the wake of the pandemic, resulting in shifting space requirements. While business confidence is rapidly improving, many occupiers are understandably less certain over what exactly their post-COVID workspace ultimately looks like. How much remote working is expected and how much space will be needed as a consequence? How should space be configured for optimal productivity, staff wellbeing and economic efficiency? There will of course be no one-size fits all solution, early indications from demand show that many occupiers are seeking to exchange quantity for quality. The size of the requirement is typically 10% to 15% smaller than previously to allow for greater agility, traded off against a better and more varied working environment.

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[3] Thames Valley Office Market Report (2021) Lambert Smith Hampton. Available at:
https://www.lsh.co.uk/explore/research-and-views/news/2021/june/south-east-office-market-report-2021

COST NEUTRAL WORKSPACE CONFIGURATION FOR UP TO 200 STAFF (SQ FT)

Legend: Workstation / desk, Only Circulation, Colloboration, Café, Reception, Cellular offices, Storage

CONVENTIONAL AT £30 PSF — ENHANCED AGILITY AT £35 PSF

Source: LSH Research

1.27 The Thames Valley Office Market Report highlights that prime headline rents in Staines-upon-Thames are around £35.00 per sq. ft, up slightly from the 2017 report of £34.50 per sq. ft (which has shown a jump in two years from 2015 at £31). Headline rents were the same as Uxbridge and very similar to Woking (36.00) and Guildford (£36.50).

1.28 The Office Market Report 2021 assessed key locations in the region for their resilience to change and their potential to benefit from new spatial dynamics. Using a mixture of economic and market-based statistics, four separate assessments have been produced to evaluate the prospects of 35 key locations. These assessments comprise; Office Market Dynamics, Residential Growth Prospects, Connectivity and LSH's well-established Vitality Index. The outcome was that whilst some locations feature highly across several rankings, no single town or city is ranked in the top ten of all four measures. This demonstrates that each location has its own particular strengths and weaknesses that will affect its prospects and direction of travel in the post-COVID era.

1.29 The Office Market Dynamics ranking assesses the current balance of supply and demand within each market, based on rental growth rates and availability. The size of the office stock is also considered, to gauge whether it provides the critical mass needed to support future growth in demand. Cambridge and Oxford are the top two locations in this ranking, reflecting the current strength of demand from science and technology occupiers.

1.30 The Residential Growth Prospects ranking incorporates indicators of population size and growth, housing completion rates and the size of the current residential development pipeline. Large, growing towns are ranked highest, as they will have the greatest capacity to support workforces that may increasingly seek to work at home or live close to their workplaces. With a fast-growing population and one of the largest residential pipelines in the South East, Milton Keynes is the top-ranked location on this measure.

1.31 Connectivity is likely to be a key factor if the pandemic pushes firms to adopt flexible office models where employees' working lives are split between their homes, central office hubs and local satellite or serviced offices. Towns and cities with busy train stations, short commuting times to London and relatively inexpensive office rents, may be the most viable locations for satellite and serviced offices. Croydon, Chelmsford and Milton Keynes took the top 3 spaces in this measure.

1.32 Staines appears in the final component of the ranking, LSH's proprietorial Vitality Index, our annual health check on UK locations which spans economic, business, lifestyle, health and environment indicators. Woking came top of the 2021 index nationally, scoring particularly highly across health and environment indicators and was also one of the highest-ranked locations for a number of economic and business measures, including wage growth and commercial property investment. Staines and St Albans both scored highest across health and environment indicators; Guildford, whose strengths were primarily in lifestyle factors; and Watford, whose economic and business environment was highly rated.

Figure 2: Office Prime Rents & Yields
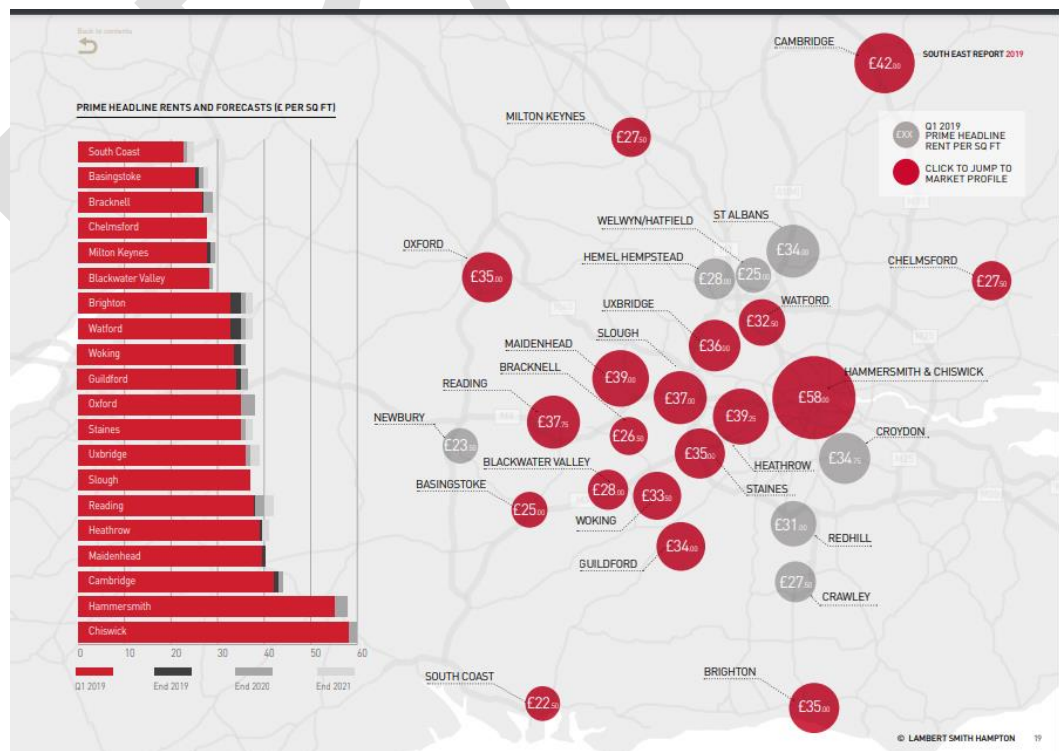
Source: Thames Valley Office Market Report (2021) Lambert Smith Hampton

Staines-upon-Thames

1.33   LDH report Staines, like other Thames Valley markets, has been very subdued over the last 12 months, with most businesses focused on operational matters. Many occupiers in the town are either tech or oil/gas based, sectors where working from home has been actively encouraged since the start of the pandemic. Activity in the year to Q1 has been limited to only three deals, the largest being BP Media's 5,300 sq ft lease at Waterfront House, The Causeway at an agreed headline rent of £33.00 per sq ft. The market remains slow but is improving. 100 Church Street, around 10,000 sq ft was let to DWP as part of their acquisition of 194 temporary jobcentre sites. LSH state that Staines is tipped to capture some of the more footloose requirements now emerging along the M3 corridor.

1.34   Supply increased by 61% in 2020, fuelled by rising grade A space coming into the market. This includes two sizeable buildings at Causeway Park by XLB Property; a refurbishment at CP2 (47,000 sq ft) has been completed, while CP1 (120,341 sq ft) is a new build that completes in Q2 2021 where 75,000 sq ft remains after an initial letting to Gartner. The prominent position of CP1 in relation to the M25 offers rooftop branding opportunities to a potential corporate occupier. There are several buildings such as Lotus Park and Pine Trees where circa 30,000 sq ft of grade A office space remains available.

1.35   Prime headline rents hit a peak of £36.00 per sq ft in 2019 with the letting of the final floor at Strata. Increased competition both in Staines and elsewhere in the region may limit growth and the competition is expected to drive generous rent free incentive packages. However Causeway Park rents are £36.50 per sq ft and could drive growth. Meanwhile, good quality grade B space is relatively limited, reflected in rental levels in excess of £30 per sq ft space at well refurbished schemes such as One London Road.

Evidence of Market Rental Values & Yields: Industrial

1.36   Cushman Wakefield[4] report, that nationally, following a record year in 2020, there was no sign of logistics and industrial leasing momentum slowing down in the first three months of 2021. Transactions reached 12.5 million sq ft, a 115% and 55% rise on Q1 last year and the 10-year average respectively. The number of deals (88) was 70% higher than a typical Q1. Most deals (94%) concerned existing stock. Retailers, parcel delivery and 3PLs remained in the driving seat, accounting together for some 70% of quarterly take-up.

1.37   Cushman Wakefield UK Logistics and Industrial Regional Outlook (winter 2019) reported that London and the South East had a positive year unlike areas such as the West Midlands. Take Up reached 7.9 Million sq ft. Dnata continued to expand at Heathrow through a 115,000 sqft pre-let.

1.38   Jones Lang Lasalle report[5] summary is that occupier demand across the Western Corridor remains elevated. Some 6.0 million sq ft of industrial and logistics floorspace was taken up in the Western Corridor in 2021, the second highest year on record and only surpassed by 2011 (6.1 million sq ft). Void rates across the Western Corridor are low. Available supply continued to fall

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[4] UK Market Beats report Cushman Wakefield 16/02/22. Available at: http://www.cushmanwakefield.co.uk/en-gb/research-and-insight/uk/united-kingdom-industrial-snapshot/
[5] The Western Corridor Industrial and Warehouse Market Report (Spring 2022) Jones Lang Lasalle. Available at https://www.jll.co.uk/en/trends-and-insights/research/western-corridor-report-spring-2022

and reached a record low of 3.9 million sq ft at the end of 2021 across the Western Corridor. Consequently, the market has seen a surge in rental values in many locations. For example, prime rents currently stand (March 2022) at £35 in Park Royal, £30 in Greenford, £25 in Heathrow. In the Thames Valley, prime rents stand at £22 in Slough, £16 in Maidenhead, £15 in Reading and £12.50 in Basingstoke.

1.39 Colliers Industrial Logistics Viewpoint report 2022 states that demand for warehouse space 100,000 sq ft in London and the south east reached a new record in 2021, with occupiers racing to secure space. In terms of supply there was around 4.3 million sqft or 7 months supply (including speculative development). Lack of development sites is driving land values to record levels. Rents were also rising at 7.9% in the south east in 2021, trend expected to continue in 2022.

1.40 Colliers have an interactive Industrial & Logistics Rents Map[6] on their website which has also been used to compare prime industrial rental values. As such, office and industrial prime rents and yields appear to be relatively similar over a consistent area in and around Heathrow which partly corresponds to the Heathrow-Slough-High Wycombe PMA identified by CBRE but also partly with the Surrey-South West London PMA and upper EM3 area. Tables 3 and 4 show all locations for comparison.

Table 3: Industrial Prime Rents & Yields (2018) [update]

Location	Rent (£ per sq ft)	Yield (%)
Bracknell	£8.50 - £9.0	5.75%-6%
Guildford	£11	-
Heathrow	£12.50 - £13.50	4.25%
High Wycombe	£10	-
Hounslow	£11.50	5.5%
Maidenhead	£10 - £10.75	5.75-6%
Slough	£11.50 - £12	5.75%-6%
Staines-upon-Thames	£11	5.5%
Uxbridge	£11	5.5%
Weybridge	£11.50	-
Woking	£10	-

Monitoring information

1.41 Of the 99,8737 population set out in the 2020 ONS mid-year estimate, 61,334 (61.4 %) were aged between 16 and 64, of which 52,400 (80.3%)8 were economically active (this includes those who were unemployed at the time of the survey but were actively seeking employment). Unemployment was recorded as 5.6% in Spelthorne in January 2021.

1.42 The percentage of Spelthorne's workforce involved in managerial and professional occupations is 56.1% which is lower than the average for Surrey

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[6] Colliers Industrial Rents Map. Available at: http://www.colliers.com/en-gb/uk/insights/industrial-rents-map
[7]https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland

[8] https://www.nomisweb.co.uk/reports/lmp/la/1946157334/report.aspx#tabempocc

(61.1%). When measuring employment by occupation, 'professional occupations' constitute the largest group in Spelthorne. The biggest sector of employee jobs by industry in Spelthorne is the 'Wholesale and Retail Trade; Repair Of Motor Vehicles And Motorcycles'.

1.43   The current state of the property market has brought forward more residential development on sites previously in commercial use, but which are no longer suitable for that purpose. No commercial sites within the designated employment areas have been lost to non-employment uses apart from vacant offices being converted to residential under the "prior approval" regime. Three schemes completed this year, providing 95 dwellings, have resulted in the loss of some 4,053m^2 of E Class office floorspace (previously B1a), whilst further schemes involving the creation of 274 dwellings and the loss of just over 15,057m^2 of office floorspace have either commenced or are outstanding.

Table 4: Completed floorspace developed by employment type – 1 April 2020 – 31 March 2021

	Gross floor space in m^2	Losses in floor space in m^2	Net gain in floor space in m^2
Offices (B1a)	0	2,834	-2,834
Research & Development (B1b)	0	0	0
Light Industry (B1c)	0	878	-878
Industrial (B2)	0	739	-739
Warehousing/storage (B8)	0	0	0
Mixed B1/B2/B8	0	0	0

Source: In house monitoring

N.B. Losses refer to any loss of floorspace arising during the monitoring year and does not necessarily relate to the loss on a site where completed development is recorded during the year.

Table 5: Designated Employment Land lost to non-employment uses within the Borough - 1 April 2020 - 31 March 2021

	Loss to residential (hectares)	Loss to residential (m^2)	Loss to other uses (hectares)
Offices (B1a)	0.19	1,929	0
Research & Development (B1b)	0	0	0
Light Industry (B1c)	0	0	0
Industrial (B2)	0	0	0
Warehousing/storage (B8)	0	0	0
Total	**0.19**	**1,929**	**0**

Source: In house monitoring

Table 6: Completed retail, office & leisure development - 1 April 2020 - 31 March 2021

	Total gross floorspace (m²) Whole Borough	Net change floorspace (m²)
Retail (A1)	4179	3109
Financial & Professional Services (A2)	0	0
Restaurants, Cafes etc (A3/A4/A5)	129	-84
Office (B1a)	0	-2,834
Leisure (D2)	0	0

Source: In house monitoring

1.44 The annual survey of retail vacancies was not carried out in 2021 due to the unusual circumstances associated with the Covid-19 pandemic. A new survey is anticipated to be carried out in 2022. The data up to 2019 is included for information

2. Forecasts

2.1 This section considers future economic growth needs in Spelthorne drawing upon two published forecast. These forecasts 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.

2.2 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].

2.3 There are three well-known companies who produce forecasts on future employment at a Local Authority level: Experian, Oxford Economics and Cambridge Econometrics. There has been concern about the forecasts produced by Experian being unrealistic for Spelthorne borough and so the Strategic Housing Market Assessment (SHMA) used the forecasts from Oxford and Cambridge. In order that the evidence base is consistent the same approach has been used for the ELNA.

2.4 Projections of employment growth in Spelthorne over the period to 2037 were obtained from the spring 2022 releases from the two forecast houses, which take into account of recent regional and national macroeconomic trends to estimate future economic growth at the local authority level.

2.5 Both of the forecasts are the most avaible at time of publication so are the most recent information about how employment will be impacted post-covid. 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, for example the Local Plan or any future changes at Heathrow. 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.

2.6 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 the demand for jobs) and total population (which creates demand for consumption uses). 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.

2.7 Oxford Economics split the employment forecasts into 96 sectors using standard SIC codes and Cambridge Econometrics split into 45 sectors. Appendix one shows how these sectors have been allocated to the B class uses.

Table 7: Oxford Economics Employment Forecast for Spelthorne Borough 2022-2037 (Spring 2022)

Use Class	Employment 2022	Employment 2037	Change in Employment 2022-2037	Change in Employment 2022-2037 %
E(g)(i) and E(g)(ii)	14,780	16,978	**2,198**	**14.9%**
B2	2,437	2,008	**-429**	**-17.6%**
B8	5,045	5,219	**173**	**3.4%**
Total B Class	**22,261**	**24,204**	**1,943**	**8.7%**
Overall Total Employment	44,438	48,219	3,781	8.5%

2.8 In order to calculate the additional employment floorspace that would be required over the plan period, the employment forecasts can be converted to future employment space needs assuming standard ratios of jobs to floorspace for different B class uses. The Homes and Communities Agency (HCA) Employment Density Guide 2015 has been used. Although now dated, it remains the most recently reliable source of information and states that one of its key uses is economic appraisals. As discussed elsewhere int he document, the medium-term impact of employment density post-covid remains unclear. Employment density refers to the average floorspace (in m²) per full-time equivalent (FTE) member of staff. It is used as a measure of intensity of building use and an indicator of how much space each person occupies within the workplace.

2.9 The following ratios have been applied to the employment forecasts:

- Offices: 1 job per 12 sq m for general office space;

- Industrial: 1 job per 36 sq m as an average for B1c and B2 uses; and

- Warehousing: 1 job per 70 sq m for general warehousing.

Table 8: Oxford Economics Calculated Additional Employment Floorspace required (Spring 2022)

Use Class	Density (sqm)[9]	Change in employment 2022-2037	Required change in floorspace 2022-2037 (sqm)
E(g)(i) and E(g)(ii)	12	2,198	**26,380**
B2	36	-429	**-15,437**
B8 (general)	70	173	**12,157**
Total B Class	-	1,943	**23,100**

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[9] HCA Employment Density Guide 2015,
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/484133/employment_density_guide_3rd_edition.pdf

Table 9: Cambridge Econometrics Employment Forecast for Spelthorne Borough 2022-2037 (March 2022)

Use Class	Employment 2022	Employment 2037	Change in Employment 2022-2037	Change in Employment 2022-2037 %
E(g)(i) and E(g)(ii)	14,949	15,813	864	5.8%
B2	2,218	2,020	-197	-8.9%
B8	3,560	3,730	170	4.8%
Total B Class	**20,727**	**21,563**	**837**	**4.0%**
Overall Total Employment	**44,914**	**48,231**	**3,317**	**7.4%**

Table 10: Cambridge Econometrics Calculated Additional Employment Floorspace required (March 2022)

Use Class	Density (sqm)	Change in employment 2022-2037	Required change in floorspace 2022-2037 (sqm)
E(g)(i) and E(g)(ii)	12	864	10,370
B2	36	-197	-7,116
B8 (general)	70	170	11,907
Total B Class		**837**	15,161

2.10 In order that neither forecasts was given a favourable weighting, a simple mean average of the change in employment from each forecasts was calculated. The resultant mean average required change in floorspace 2022-2037 was calculated from this.

Table 11: Mean Average forecasts

Use Class	Oxford Economics Change in employment 2022-2037	Cambridge Econometrics Change in employment 2022-2037	Mean Average Change in employment 2022-2037	Density (sqm)	Mean Average required change in floorspace 2022-2037 (sqm)
E(g)(i) and E(g)(ii)	2,198	864	1,531	12	**18,372**
B2	-429	-197	-313	36	**-11,268**
B8 general	173	170	172	70	**12,005**

| Total E(g)(i) and E(g)(ii) , B2 and B8 **B Class**	1,943	837	1,390		**19,109**

Key findings

2.11 Table 12 shows that over the plan period we anticipate that just over 18,000 sq m of E(g)(i) and E(g)(ii) Office and Research & Development will be required, just over 12,000 sq m of B8 Warehousing and Storage will be required however it is anticipated that just over 11,000 sq m of B2 industrial floorspace will no longer be required. However, due to the locations and nature of the floorspace it is unlikely all of the former B2 floorspace could be used for E(g)(i) and E(g)(ii) and B8.

Table 12: Forecast change in floorspace 2022-37

Use Class	Required change in floorspace 2022-2037 (sqm)
E(g)(i) and E(g)(ii)	18,372
B2	-11,268
B8 (general)	12,005
Total B Class	**19,109**

Comparison to findings of Spelthorne Employment Land Needs Assessment 2018

2.12 Based on figures from the Valuation Office, shown in figure 3 below, there has been a 30% growth in the amount of office floorspace in the borough in the ten-year period 2009-10 to 2019-20 and a decline of 19% in the amount of industrial floorspace. It is not believed that all office to residential conversions have been taken into account in these figures.
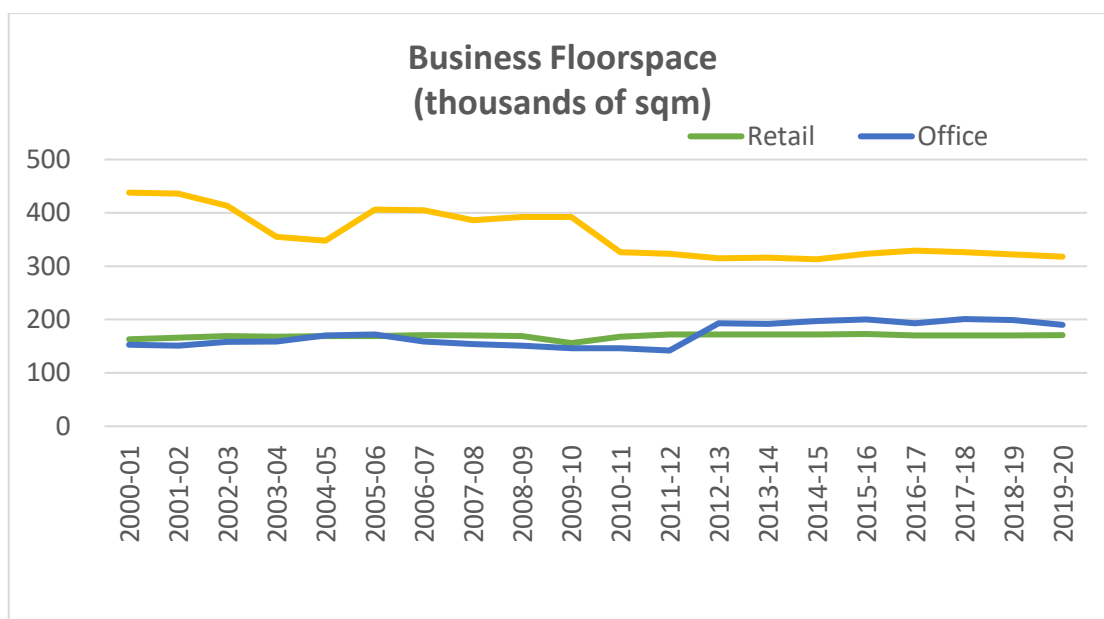
Figure 3: Change in Business Floorspace by use – 2000-01 to 2019-20
Source: Valuation Office 2020 date[10]

2.13 Other fluctuations in the amount of business floorspace arise from:

- New developments providing less but more efficient space

- Changes from one use to another

- Time delay between demolition of a site and completion of new development

- Permitted development rights for office to residential conversions

2.14 The Spelthorne Employment Land Needs Assessment was based on data from August 2017 and Autumn 2017. The resulting floorspace requirements for E(g)(i) and (g)(ii) and B* are very similar, as shown in table 15 below, however the forecast loss of B2 floorspace is around half the previous figure, down to a loss of 11,000 sqm from almost 21,000 sqm.

Table 13: Forecast change in floorspace

Use Class	Required change in floorspace 2017-2035 (sq m)	Required change in floorspace 2022-2037 (sqm)
E(g)(i) and (g)(ii)	15,270	18,372
B2	-20,826	-11,268
B8 (general)	13,720	12,005
Total B Class	**8,164**	**19,109**

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[10] https://www.gov.uk/government/statistics/non-domestic-rating-stock-of-properties-2020

2.15 The final judgement as to the level of need for which Spelthorne should plan for in the future is not only quantitative, there will be qualitative factors 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. In the long term, we will of course also need to take into account the future of Heathrow.

3. Spelthorne Employment Areas

3.1 The borough's Employment Areas are currently designated on the Proposals Map (2009), which will be replaced by the Policies Map. They include a number of business parks and industrial areas. The 2006 Economy and Employment Land Study assessed a number of sites for consideration as Employment Areas. These have been reassessed for the ELNA.

Table 14: Employment areas in Spelthorne

Potential Employment Area	Comments	Potential designation	Conclusion
Spelthorne Lane & Littleton Lane, Ashford	This is a significant industrial estate, fairly well located with a good mix of units. Occupiers include a printers, glaziers and car repairs and there is significant market demand for the units.		Recommended for retention in commercial use.
Shepperton Business Park and south end of Govett Avenue, Shepperton	Shepperton Business Park is a complex of fairly modern units built around 2002. It is the main office and industrial area of Shepperton and is popular and has few vacant units.		Recommended for retention in commercial use.
Drake Avenue, Staines	Due to the limited amount of small office and warehouse units around Staines centre in the past there has been strong demand for these units. However currently there is an active planning application for the demolition of Cadline House, Drake Avenue (21/00947/FUL) and construction of 2.5 storey residential building comprising of 14 flats Permission has been granted for • Drake House, Drake Avenue - Partial demolition of existing building and erection of an apartment block comprising 14 no. flats In addition the Builders yard to the rear of Gresham which backs on to the railway line is to be allocated in the Local Plan in the 11 to 15 year period for approximately 343 residential units.		Recommended that the remaining buildings are retained in commercial use.

Potential Employment Area	Comments	Potential designation	Conclusion
London Road, Staines	This is a significant commercial area that is well located, particularly for warehousing. It is between the centre of Staines and the A30 and A308 and has good road access. The large units are very popular.	Strategic Employment Site	Recommended for retention in commercial use.
Northumberland Close and Long Lane, off Bedfont Road, Stanwell	Northumberland Close is largely taken up by 'dnata city', 19,000 sq m of three purpose-built modern warehousing and office units for cargo handling operations. The close proximity to Heathrow means the area is in demand now and is likely to remain so in the future. The Green Belt land to the west and to the south has been put forward for allocation for residential development.		Recommended for retention in commercial use.
Hanworth Road and Country Way, Sunbury	This is a significant commercial area and its loss would materially affect the overall supply of commercial premises in the Borough. It is well generally located and has little adverse impact. Unit 3 and 4 The Summit Centre gave prior for the change of use from offices (Use Class E(g)(i) to residential		Recommended for retention in commercial use.
Windmill Road, Sunbury	This large and accessible commercial area offers a range of units to meet business needs. It is an important component of the Borough's supply of commercial premises. It has potential to become one of the boroughs high tech, innovative commercial areas.	Strategic Employment Site	Recommended for retention.
BP	The BP campus is the largest privately owned office park in the UK and is currently home to approximately 3,000 employees. The site comprises 11 office buildings which provide 58,000 sq m of accommodation, with surrounding land and car parks. The south-west corner of the BP campus comprises a further 13,500 sq m of office space. The Council purchased both parts of	Strategic Employment Site	Recommended for retention.

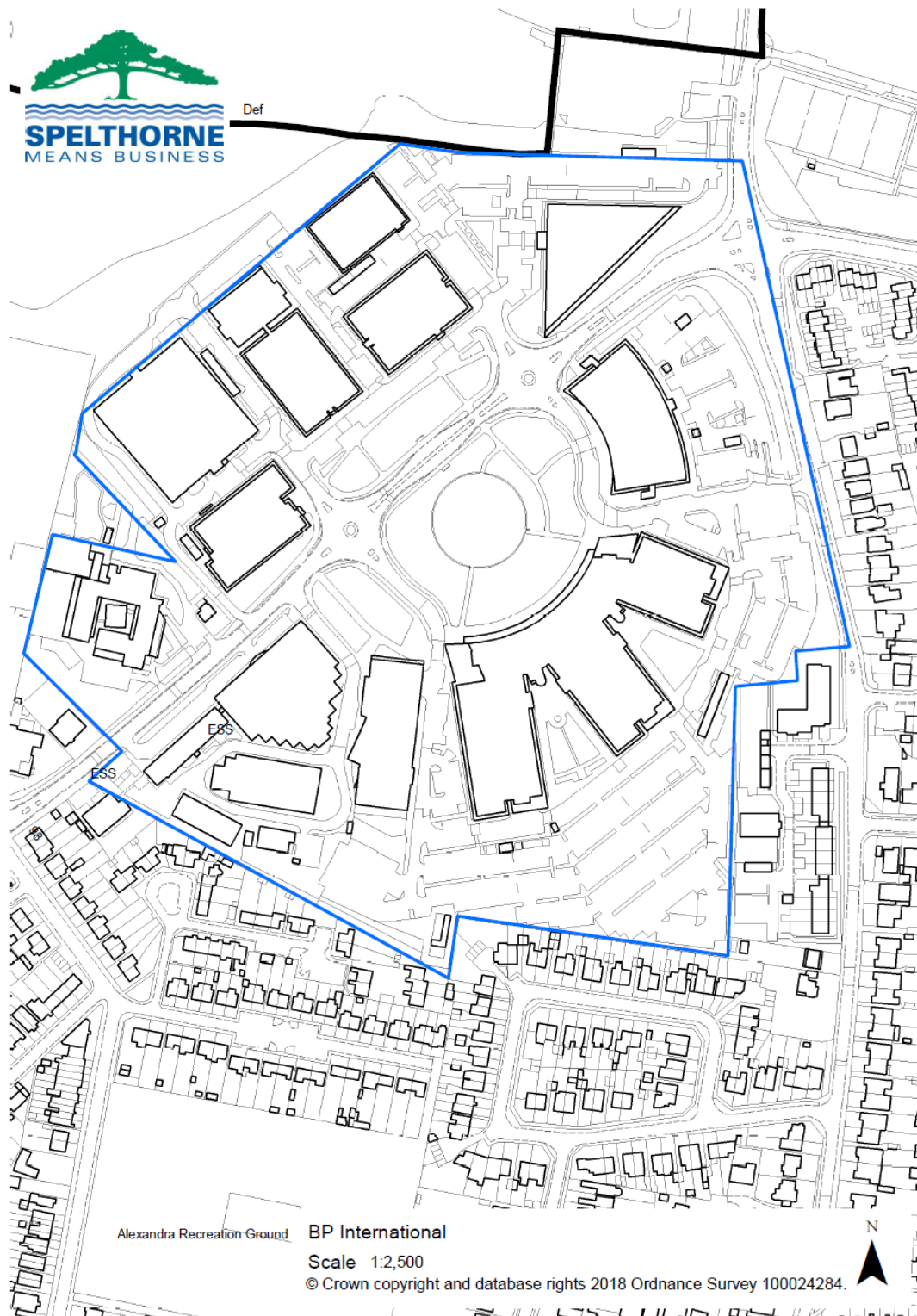| Potential Employment Area	Comments	Potential designation	Conclusion
	the BP campus 2016 . BP remain on the site as tenants and are leasing the offices from the Council for a minimum period of 20 years.		
Shepperton Studios	Shepperton Studios forms part of the Pinewood Studios Group and are recognised as a key component of UK industry. The studios are a major local employer, for whom various permissions have been granted for redevelopment of parts of the site to meet future needs.	Strategic Employment Site	Recommended for retention.
Staines Business Park, 96-104 Church Street, Staines	This is a fairly modern warehousing development. Although it is accessed via a residential area, demand for these units is strong and they are sought-after. The area is fully-let and thriving. This area provides the only small industrial units in Staines town centre so meets a specific need. If high-speed fibre optic broadband were provided to are area it would have further potential to diversify.		
Renshaw Trading Estate, Millmead, Staines	The 2006 ELA Millmead was described as a traditional small industrial estate with some units in office use. Outline PP granted 4/4/18 for up to 275 residential units in 2 buildings (17/01365/OUT) and Reserved Matters application (21/01200/RMA) 14/10/2021		Remaining employment use can be lost.

4. Conclusion

4.1 This study assesses the future demand and need for different types of employment land in the borough up to the end of the plan period 2037, and considers if more land is needed, and considers which of the boroughs employment areas should be designated as Strategic Employment sites. The study provides the evidence base to support and underpin the employment policies and some of the designations and site allocations in the borough.

4.2 The review of planning policy highlights that the borough's plans and policies should actively and positively support economic growth. As part of the Duty to Cooperate the Council will work co-operatively with neighbouring authorities, especially its partners in the functional economic area (FEA) and other stakeholders including business interests.

4.3 This study brings together information from a number of existing pieces of research:

- Functional Economic Area (FEA) Analysis
- Economic Prosperity Strategy 2022-2027 (forthcoming)

Together the documents will all form part of the evidence base to support the new Local Plan and should be read alongside the ELNA for a complete picture of the economy and employment in Spelthorne borough.

4.4 Based on the methodology used in the 2018 ELNA, employment forecasts for Spelthorne borough, provided by Oxford Economics and Cambridge Econometrics, a calculation to estimate of the amount of floorspace which may be needed over plan period has been completed. Translating employment forecast into a floorspace estimate an as set out in the 2018 ELNA and further in this document. It is currently even more difficult, particularly for office floorspaces, as the medium- and longer-term impacts of the "post-covid return to work" and hybrid remain unclear.

4.5 Over the plan period we anticipate that just over 18,000sq m of E(g)(i) and E(g)(ii) Office and Research & Development will be required, just under 12,000sq m of B8 Warehousing and Storage will be required however it is anticipated that just under 11,000sq m of B2 industrial floorspace will no longer be required. However, due to the locations and nature of the floorspace it is unlikely all of the former B2 floorspace could be used for E(g)(i) and E(g)(ii) and B8.
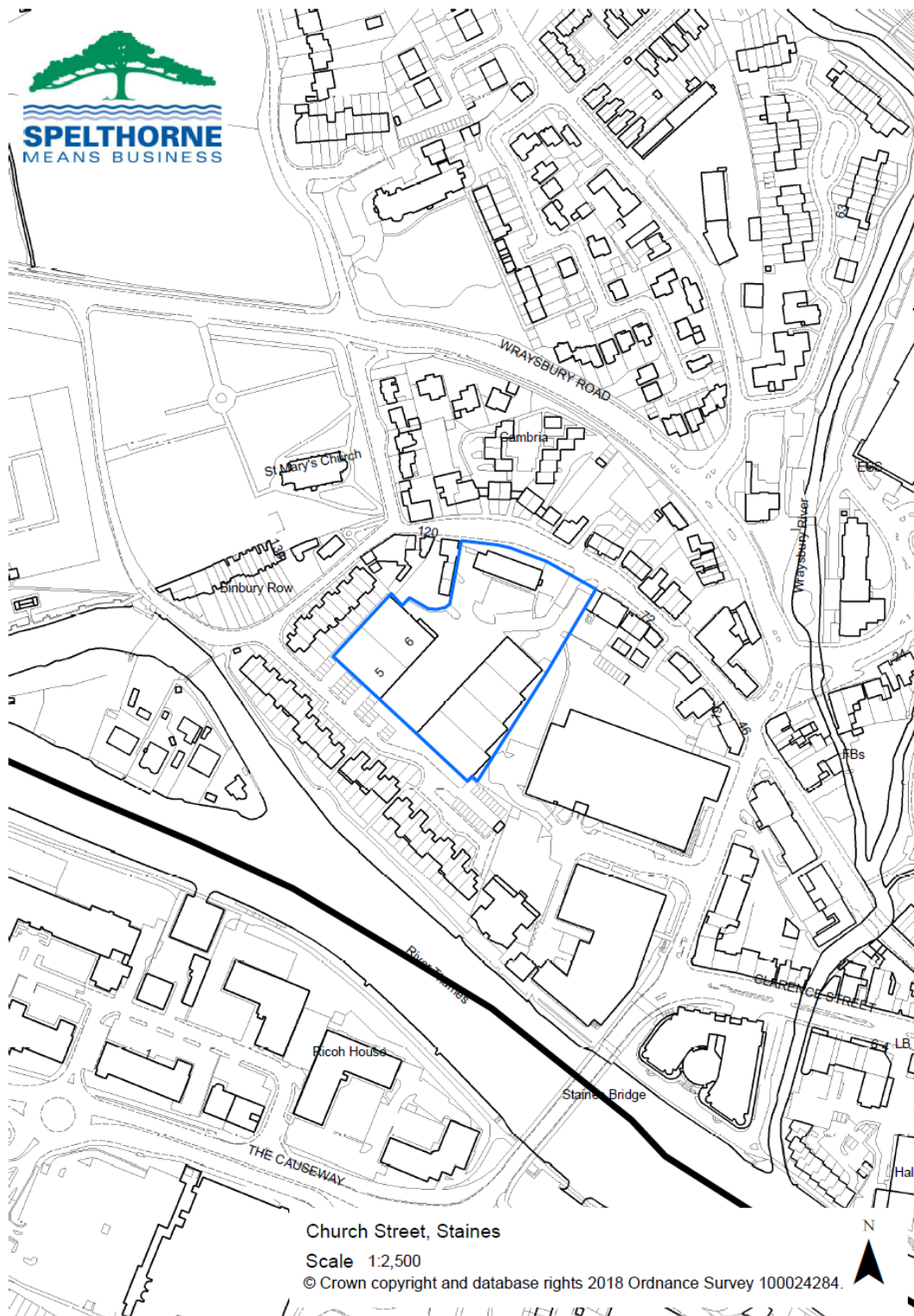
Appendices

Appendix 1: Sector split

Sector	Share of jobs by use class		
	B1 Offices	B2 Industrial	B8 Warehousing
Agriculture, Forestry & Fishing	Non B Class		
Extraction & Mining	Non B Class		
Food, Drink & Tobacco (manufacture of)	0%	100%	0%
Textiles & Clothing (manufacture of)	0%	100%	0%
Wood & Paper (manufacture of)	0%	100%	0%
Printing & Recorded Media (manufacture of)	0%	100%	0%
Fuel Refining	0%	100%	0%
Chemicals (manufacture of)	0%	100%	0%
Pharmaceuticals (manufacture of)	0%	100%	0%
Non-Metallic Products (manufacture of)	0%	100%	0%
Metal Products (manufacture of)	0%	100%	0%
Computer & Electronic Products (manufacture of)	0%	100%	0%
Machinery & Equipment (manufacture of)	0%	100%	0%
Transport Equipment (manufacture of)	0%	100%	0%
Other Manufacturing	0%	100%	0%
Utilities	0%	38%	0%
Construction of Buildings	Non B Class		
Civil Engineering	Non B Class		
Specialised Construction Activities	0%	53%	0%
Wholesale	0%	33%	67%
Retail	Non B Class		
Land Transport, Storage & Post	0%	0%	68%
Air & Water Transport	Non B Class		
Accommodation & Food Services	Non B Class		
Recreation	Non B Class		
Media Activities	100%	0%	0%
Telecoms	100%	0%	0%
Computing & Information Services	100%	0%	0%
Finance	100%	0%	0%
Insurance & Pensions	100%	0%	0%
Real Estate	100%	0%	0%
Professional Services	100%	0%	0%
Administrative & Supportive Services	6%	0%	0%
Other Private Services	Non B Class		
Public Administration & Defence	10%	0%	0%
Education	Non B Class		
Health	Non B Class		
Residential Care & Social Work	Non B Class		

Appendix 3: Maps of Spelthorne borough key employment sites
BP International

BP International

Scale 1:2,500

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Church Street, Staines

Church Street, Staines

Scale 1:2,500
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Drakes Avenue

Drake Avenue, Staines

Scale 1:2,500

© Crown copyright and database rights 2018 Ordnance Survey 100024284.

Govett Avenue, Shepperton

Govett Avenue, Shepperton

Scale 1:2,500

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Hanworth Road & Country Way, Sunbury

Hanworth Road & Country Way, Sunbury
Scale 1:3,000
© Crown copyright and database rights 2018 Ordnance Survey 100024284.

London Road, Staines

London Road, Staines

Scale 1:2,500

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Northumberland Close & Long Lane, Stanwell

Northumberland Close & Long Lane, Stanwell

Scale 1:4,000

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West Bedfont

Shepperton Studios

Shepperton Studios
Scale 1:3,000
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Spelthorne Lane & Littleton Lane, Ashford

Spelthorne Lane & Littleton Lane, Ashford
Scale 1:2,500
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Windmill Road, Sunbury

Windmill Road, Sunbury

Scale 1:3,500

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