**Chichester Local Plan 2021 - 2039**

**Economic Development and Employment**

**Background Paper**

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# **Introduction**

* 1. This paper sets out the background to the employment policies and proposed allocation of land for employment as set out in the Chichester Local Plan 2021-39: Proposed Submission. The projected requirement for employment land and floorspace is set out in more detail in the Housing and Employment Development Needs Assessment April 2022 (HEDNA) (H06) which is available to view in the Local Plan Examination Library.
  2. The background papers and related evidence are available on the council website at [www.chichester.gov.uk/localplanexaminationlibrary](https://www.chichester.gov.uk/localplanexaminationlibrary). This background paper may be reviewed and updates issued during the examination of the Local Plan.

# **National Policy and guidance**

* 1. The NPPF was updated on 19 December 2023. However, under paragraph 230, plans that have reached regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012 (pre-submission) stage on or before the 19 March 2024 will be examined under the relevant previous version of the Framework. All references to the NPPF are therefore to the 2021 version which will be used as the basis for the examination of the plan.

* 1. National Planning Policy sets out, in para 82 of the National Planning Policy Framework (July 2021), that planning policies should:
     + 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;
     + Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
     + Seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and
     + Be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live/work accommodation), and to enable a rapid response to changes in economic circumstances.
  2. Planning policy and decisions should also support a prosperous rural economy by enabling (NPPF para 84):
* The sustainable growth and expansion of all types of business in rural areas, both through conversion of existing buildings and well-designed new buildings;
* The development and diversification of agricultural and other land based rural businesses;
* Sustainable rural tourism and leisure development which respect the character of the countryside; and
* The retention and development of accessible local services and community facilities, such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship.

# **What is the Economic Vision?**

* 1. Part of the Local Plan Vision is that people will be able to choose from a range of work opportunities to meet their aspirations for employment or use their entrepreneurial flair to start and grow their own creative, innovative and competitive businesses, moving towards a greener economy. Thriving sectors will include food and drink production and creative and low carbon industries supported by Chichester’s natural and cultural assets, high-tech manufacturing, as well as service and retail sectors needed to support the local and visitor population, including a night-time economy attractive to all and improving the offer for young people and students.
  2. Objective 4 of the Local Plan is to support delivery of a strong, thriving and diverse economy, improving job opportunities for all skill levels while supporting a move to a diverse and low carbon economy. This reflects the Plan vision and the main priorities identified in the Economic Development Strategy for Chichester District 2022-2025: A Prosperous and Sustainable Economy (REE02). The approach is consistent with key priorities of the Coast to Capital Local Economic Partnership (LEP)’s Strategic Economic Plan 2018-2030 (REE03), the West Sussex Economy Plan 2020-24 (REE07) and the Coastal West Sussex Economic Plan 2016-20 (REE01). A key element of the Economic Development Strategy for the district is a targeted approach supporting businesses with high growth potential that reflect local characteristics, along with supporting inward investment through a new Inward Investment Strategy. The provision of suitable employment space is an important part in enabling this to happen.
  3. Following the Government’s decision to withdraw funding for LEPs from April 2024, Coast 2 Capital agreed in November 2023 to end the statutory functions of the LEP at the end of March 2024. At this time the LEP’s functions transferred to relevant upper tier authorities, including WSCC.

# **Background – previous stages of Local Plan preparation**

## **Local Plan Review Preferred Approach Stage:**

* 1. A Housing and Economic Needs Assessment (HEDNA) prepared in January 2018 was updated in August 2018 (H08) to inform the Preferred Approach stage of plan preparation. At that time the requirement for employment land across the plan period (at that time 2016-2035) was predicted to be around 146,000sqm of floorspace or 27.7ha, based on a labour demand growth scenario. An additional allowance was added to this to allow for replacement of trend based losses across the first 10 years of the plan period, which increased the requirement by 86,000sqm.
  2. It was proposed that this need be met by bringing forward existing allocations on Land West of Chichester (part of a residential led scheme), Land at Chichester Business Park and Shopwyke, together with new allocations at Southern Gateway and Land South West of Chichester. An employment land allocation was proposed on land South West of Chichester to meet this need.
  3. Development Management policies sought to allow additional employment floorspace, modernisation and refurbishment within existing employment areas subject to criteria, and to allow other employment generating uses of similar character. Non employment uses would only be allowed on existing employment sites in specific circumstances. New employment uses would be permitted within settlement boundaries, with a sequential test applied to office uses.

## **Consultation responses on the Preferred Approach:**

* 1. Representations suggested that the employment floorspace requirement was too high, and that the homes/jobs balance and any commuting implications should be clarified. A large number of objections were received to the allocation of land South West of Chichester.
  2. Some respondents suggested brownfield sites, areas around Goodwood and/or areas north of the City (including within the South Downs National Park which is outside of the plan area) be considered instead and a site promoter suggested land in the north of the plan area at Crouchlands Farm.
  3. Rolls Royce asked that land adjacent to their current premises be safeguarded for future expansion.
  4. Comments on the development management policies questioned the focus of the policies on B1-B8 uses, suggested mixed use development should be supported, queried how employment development would be provided in rural areas, raised concerns about the length of marketing required before alternative uses could be considered and suggested additional elements in relation to marine employment. Other comments related to sites and locations so were more relevant to the strategic policy.

## **Further technical work**

* 1. In light of comments received an update to the HEDNA was commissioned. As well updating population and economic projections, the consultants were asked to advise more specifically on the jobs/homes balance and any commuting implications, and on the need to allow for both a contingency buffer and replacement of losses. Consultants were also asked to update the evidence on horticulture, which is subject of a separate background paper. The update, published in October 2020 (H07), recommended that the contingency buffer be reduced from 5 years to 2 years with a separate allowance for replacement of losses included in the assessment. This resulted in a reduced requirement for employment space. A further update was commissioned which reported in April 2022 (H06), to include consideration of the impacts of Covid and BREXIT. The latest update is considered further below.

# **Supporting evidence: How much employment space is needed?**

* 1. The latest update to the HEDNA was published in April 2022 (H06). The HEDNA examines several different scenarios for future employment growth in the plan area based on:
* Labour Demand (baseline) – based on a baseline forecast number of jobs (forecasts produced by Oxford Economics)
* Labour Demand (growth) – based on an adjusted growth forecast number of jobs which takes account of strengths in the local economy
* Labour Supply – based on the forecast increase in the number of residents of working age
* Past completions (upper and lower net floorspace completion trends including and excluding the large development at Rolls Royce which is seen as atypical).
  1. The report recommends that the labour demand scenario is used for office space and the completions scenario for factory and warehousing.
  2. Forecast job numbers are converted to floorspace and land area using employment densities and plot ratios as set out in Table 12.2 of the 2022 HEDNA (H06). This suggests employment land and floorspace requirements for the period 2021-2039 as set out below. These figures include an allowance for some replacement of losses, at 50% of historic rates, and a flexible margin/ contingency buffer equivalent to 2 years of completions – as set out in Chapter 12 of the HEDNA. Account is also taken of potential ongoing impacts of both Brexit and Covid. A range is given for office floorspace given uncertainty around the return to offices post Covid, with more people working at home for at least some of the time. It is noted that some of the requirement is likely to overlap with horticultural needs which are covered in more detail in the Horticulture Background Paper.

|  |  |  |
| --- | --- | --- |
|  | Floorspace (Sq. m) | Employment Land (Ha) |
| Office | 36,488 – 42,863 | 4.9 - 5.7 |
| Industry | 50,497 | 12.6 |
| Warehouse | 21,288 | 4.3 |
| Total | 108,273 – 114,648 | 22.0 – 23.0 |

Source – Table EX3 of the 2022 HEDNA, with corrections to the total figure.

# **Policy Approach: Where will the employment space be provided?**

* 1. Just over 3,695 sqm of employment floorspace was delivered between April 2021 and March 2022 – rising to 7,106 sqm by March 2023. Another 53,190 had planning permission in March 2022 (53,190 in March 2023). In addition, there remains some employment space still to be delivered on sites allocated in the Chichester Local Plan Key Policies 2014-29 and subsequent Site Allocations DPD (adopted in 2019) which are being brought forward as allocations in the new Local Plan 2021-39. The table in Policy E1 shows the remaining space that does not yet have detailed planning permission on each of these. Land at Kingsham Road is allocated for 7,200sqm of office floorspace in the Site Allocation DPD 2014-29 adopted in 2019. Where floorspace figures are not available they have been estimated from site area using plot ratios consistent with Table 12.2 of the HEDNA.
  2. Chichester Business Park (A19) is largely covered by an existing permission (covering 2.47ha of the 2.7ha allocation). There is one plot remaining – plot 11 from the original masterplan for the site.
  3. At the Shopwyke strategic development location (SDL), brought forward as Policy A7, the former employment allocation at Portfield Quarry, within the SDL, is now built out as Glenmore Business Park. There is an outline permission covering the rest of the SDL which includes 4,000 sqm of employment floorspace (11/05283/OUT condition 4 – 4,000 square metres of B1 and B8). This is included as an extant permission so is not listed separately.

* 1. The remaining employment land at Ellis Square, Selsey, which was brought forward into the Chichester Local Plan Key Policies 2014-29 from an earlier 1999 Local Plan, is not being brought forward again as there has been little interest in developing the remaining part of the allocated site for employment. The southern edge of the remaining land is now affected by a climate change tidal flood layer.
  2. Some land at Barnfield Drive within Chichester City was identified for retail and employment uses in the 2014-29 plan, as part of a wider Chichester City North Area policy, subject to flood risk and landfill gas assessments. The remaining land is affected by flooding and contamination and is not being brought forward as a strategic allocation, although Chichester City Council may want to consider the appropriate future use of this site in their neighbourhood plan.

* 1. Together, these commitments and brought forward allocations do not provide sufficient floorspace to meet the estimated need set out in the HEDNA. A new allocation is therefore proposed on land South of Bognor Road. This is an alternative to the allocation on land South West of Chichester proposed at the Preferred Approach stage - such a large site as that proposed South West of Chichester is no longer required, that site received numerous objections, and further work showed the site was not deliverable due to the cost of the link road. That site was therefore removed from the plan.

## **Land South of Bognor Road**

* 1. The Local Plan strategy focusses growth on Chichester City as the main sub regional centre. A site of 19.5ha has been identified south of Bognor Road (Policy A20) which is located close to Chichester City, the A27 and A259 and close to the Runcton Horticultural Development Area, and on existing bus routes which could be enhanced with additional bus stops and pedestrian crossing points, and close to a planned bus lane on the A259. It is estimated that around 40% of the site would be available for employment uses with the rest used for open space and landscaping to retain key views, biodiversity net gain, protection of habitats, cycle routes and accommodation and storage for travelling showpeople. Development of the site could also deliver the diversion of Vinnetrow Road removing one arm from the A27/A259 roundabout, if considered necessary as part of the monitor and manage package to be determined by the Transport Infrastructure Management Group. The existing cycle route along the A259 presents an opportunity to maximise cycle links into the site. Subject to detailed masterplanning the site could potentially accommodate more employment and so the floorspace is described in the allocation policy as a minimum.
  2. The 2020 HEDNA (H07) noted that about 6.8 ha of the warehousing requirement in the plan area is likely to overlap with horticultural storage, distribution or packhouse requirements. The overall warehousing requirement has fallen in the 2022 update but it is considered that there is still likely to be a need for food production and distribution facilities in and close to the Horticultural Development Areas. The location of this site makes it potentially suitable for the types of uses that overlap between the horticultural and general employment needs.
  3. Some employment space is also expected to come forward in other areas to meet more local needs. The strategic allocation for development at Land East of Chichester (A8) requires flexible space for employment/ leisure use, and the broad location for development at Southbourne (A13) will also include local employment uses. Employment space may also come forward through other neighbourhood plans.
  4. The table in Policy E1 sets out the identified sources of supply. This incorporates the council’s suggested modifications post Regulation 19 consultation (marked up by strikethrough of suggested deletions and underlining of suggested additions) – to take account of more recent planning permissions and completions data (to March 2023), and to amend the floorspace figure for Land West of Chichester to a figure based on the HEDNA methodology rather than a floorspace figure from a planning application, in response to a representation. The updated completions information means there is now a slight oversupply compared to the requirement but this will increase flexibility.

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| Policy E1 Meeting Employment Land Needs |
| To contribute towards sustainable economic growth, provision will be made for a net additional 108,000 to 115,000sqm of new floorspace for office, industrial and warehousing use, in addition to other employment-generating uses, through the following sources of supply:   |  |  |  | | --- | --- | --- | | **Category** | | **Floorspace (m2)** | | **Employment floorspace requirement for the full Plan period (1 April 2021 to 31 March 2039)** | |  | | *Identified need from HEDNA* | | 108,000 to 115,000 | | **Identified sources of supply** | |  | | Employment floorspace completions (1 April 2021 to 31 March 202~~2~~**3**) | | ~~3,695~~7,106 | | Floorspace supply  (1 April 2023 to 31 March 2039) | Permissions | ~~53,655~~  53,190 | | Allocation in Site Allocations DPD 2014 – 2029 | 7,200 | | Proposed allocations in this Plan (see Strategic Site Allocations Chapter)  Brought forward from adopted plan (remaining employment space without permission):  Land West of Chichester  Chichester Business Park  New allocations:  Land South of Bognor Road | ~~22,000~~  20,800  92  28,000 | | **Total supply for the full Plan period (1 April 2021 to 31 March 2039)** | | **~~114,652~~ 116,388** |   Proposals for employment related development on unallocated sites will be supported in accordance with Policy E2 of this Plan. Proposals for significant new office development will be encouraged in Chichester city centre in accordance with Policy A1. Smaller-scale office developments will be supported in other settlements in accordance with Policy E2. |

## **Existing vacant space:**

* 1. An audit of existing employment premises across the plan area in 2020 indicated that about 22,500sqm of floorspace was vacant across the plan area. This represents around 4% of total employment floorspace and is not considered excessive. Some vacancy at any point in time is expected to allow for turnover and given the low level it is not considered that the vacant space is sufficient to be counted as an additional component of supply.
  2. More recently, the 2022 HEDNA (H06) refers to vacancy of 5.5% in the office market in November 2021, which was in line with vacancy rates across the South East, and notes that lower vacancy rates could mean an undersupply. The vacancy rate for industry and warehousing was extremely low at 0.4%

## **Land Adjacent to Rolls Royce**

* 1. At the Preferred Approach consultation on the Local Plan, representations were made on behalf of Rolls Royce seeking an allocation to create longer term expansion space to the east of the current Rolls Royce factory, and to provide confidence for future investment. A safeguarding policy (Policy A21) is proposed in the plan – any development would need to be directly connected to Rolls Royce. A criteria based policy is proposed to ensure matters such as traffic and impact on the South Downs National Park are fully considered and addressed.
  2. This site of approximately 10ha is not counted towards the general employment requirement since it relates to a specific requirement rather than part of the broader forecast need.
  3. A hybrid planning application for development on this site (for full permission for Phase 1 and outline for Phase 2) was submitted in August 2023 (23/01855/FULEIA). Planning Committee resolved on March 27th 2024 to permit subject to s106 being agreed.

# **Development Management Policies**

* 1. The development management policies have been updated since the Preferred Approach to reflect changes to the Use Classes Order as well as in response to representations received. Separate policies relating to existing and new employment sites were combined into a single policy (E2). The marketing requirements set out in an appendix (Appendix C) to the plan were reviewed, and the marketing requirement was reduced from 2 years to 1 year. The supporting text to the employment policy sets out that particular scrutiny will be given to the marketing evidence for marine related uses with the aim of preserving these uses - marine economy uses are more specifically covered by Policy NE12 Development Around the Coast.
  2. Only one minor change is suggested post Reg 19 consultation, to refer to “office developments” rather than “class E(g)”.

# **Sustainability Appraisal and reasonable alternatives**

* 1. Appendix II of the Sustainability Appraisal (SA) (SD03.01) (which starts on page 68) summarises the alternatives which were considered as the plan was prepared, both in terms of employment growth scenario and site selection, noting that the majority of supply will come from existing permissions and allocations.
  2. Land South of Bognor Road performed well in the SA with other options generally either being too small or not well located in terms of the overall plan strategy of focussing employment close to the city. The SA concludes that there are no reasonable alternatives to the proposed allocation.

# **Conclusion**

* 1. Land South of Bognor Road is proposed as a new employment allocation (A20) to provide space for additional employment alongside existing commitments and retained allocations. This site benefits from good access to the road network and proximity to Chichester. The development can also facilitate the diversion of Vinnetrow Road, if required, and is in a good location to support employment development linked to the horticultural industry.
  2. Land is also safeguarded to the East of Rolls Royce (A21) to allow for future expansion. Whilst an application on this site has now progressed it has not yet been granted full permission and so it is considered appropriate to retain the policy.
  3. Additional employment is likely to be delivered through neighbourhood plans and at the Southbourne Broad Location for Development.
  4. Development management policy (E2) continues to protect existing employment sites for employment uses unless specific criteria are met. The marketing requirements to be considered as part of that assessment have been reviewed.