
Development Management Advice

Note 5: Supporting the local economy and our high streets

Purpose of the advice note

This advice note has been prepared as part of the measures and initiatives within the wider recovery programme the council is undertaking to support local businesses and communities as they recover from the effects of the Covid-19 pandemic. Further information on the council's recovery programme can be found [here](#).

This advice note also forms part of a series produced to assist applicants and their agents when considering proposals during the preparation of the new Elmbridge Local Plan. This note focusses on matters relating to employment land (B uses) and those within the borough's retail centres and provides a direction for the type of development that will or will not be encouraged in these locations.

Background and local context

The starting point for assessing planning applications is the current Local Plan policies as set out in the Elmbridge Core Strategy 2011 and the Development Management Plan 2015. Relevant policies¹ seek to protect Strategic Employment Land (SEL), resist the loss of employment uses and support the multi-functional role of centres with a focus on maintaining retail uses in primary shopping frontages (this can be identified on the [Policies Map](#)).

When considering applications, the council must also take into account material planning considerations including current national policy set out in the National Planning Policy Framework (NPPF, 2019) and guidance (Planning Practice Guidance (PPG)) as well as local evidence relating to market trends and development needs.

National planning policy places significant weight on the need to support economic growth and expects planning policies and decisions to help create conditions in which businesses can invest, expand and adapt. The NPPF 2019 sets out what is

¹ The relevant adopted policies consist of Core Strategy Policy CS18 Town Centre Uses, Policy CS23 Employment Land Provision and Development Management Plan Policy DM11 Employment

expected in planning policies and decisions to support town centres, recognising the role that they play at the heart of local communities.

The role of our high streets has been changing and there has been a reduced retail focus. To ensure the future vitality of centres a wide range of complementary uses can be considered, such as residential, employment, office, commercial, leisure/entertainment, healthcare and educational, as well as temporary activities. National planning policy and guidance emphasis 'the wider offer of centres through diversification, developing a brand and offering of services and facilities beyond retail. For example, the role of meantime and pop-up uses as visitor attractors as well as residential development which can play a role in increasing footfall, gives residents easier access to a range of services, and can lead to a potential economic benefit from evening and night time uses.

For clarity, the current employment and retail Local Plan policies are not considered out of date but, there have been changing circumstances in national policy and the market since these were adopted, requiring a more flexible and pro-active approach. Market changes prior to the Covid-19 pandemic had already been impacting the type of demand for employment space in the borough and the role of our high streets.

These changes will be reflected in our new Local Plan. However, the requirement for planning decisions to respond to the implications of Covid-19 and contribute to sustainable economic recovery have highlighted the need to ensure that these changing circumstances are not overlooked in the determination of current planning applications.

Understanding market trends and demand

Demand for employment (B uses) space

National and South East regional trends for offices show a demand for high quality space that is provided either as large space for corporates or as smaller flexible multi-let space for smaller businesses.

Start-ups, micro businesses and Small- Medium Enterprises (SMEs) are increasingly looking for flexible and affordable space that can grow with the business and is adaptable to changing working practices and 'virtual office' technology. The growth of the latter may curb the need for additional physical space and is something that will need to be carefully monitored and managed on a flexible, on-going basis.

Co-working space and the flexibility in leasing (subscription / pay as you use) are also proving very attractive to start-ups, micro and small businesses and for these sectors, co-location with other facilities such as retail and leisure coupled with good accessibility is a major consideration.

Reflecting national and regional trends, there is evidence of an increasing level of demand for smaller, start up space in the borough with a series of examples of smaller units, often outside of the designated SEL and the borough's centres. This is not surprising as the business base within the borough is predominately SMEs with round 92% of all companies employing less than 10 people.

National trends indicate that there will be limited (if any) growth in manufacturing-based sectors and the continuing demand for warehousing / distribution space will be driven primarily from the logistics sector. Competition for suitable sites will lead to more multi-level logistics as well as the reuse of other urban sites.

Local evidence published in 2017 had indicated the need for 58,000sqm additional employment floorspace over the period 2015-2035. This equated to a need for around 16ha, circa 9ha for office and around 7ha for warehouse / distribution. However more recent Experian forecasts (prior to Covid-19) are less optimistic and therefore the needs figure is likely to be an over-estimate in the medium to long term. Emerging evidence therefore indicates that a cautious safeguarding approach is pursued to maintain and intensify the existing provision.

A safeguarding approach against redevelopment is particularly important for industrial and warehousing uses in the borough as there are high levels of utilisation, low vacancy rates and occupiers would have potential difficulties in finding alternative locations if existing floorspace were lost. However, this does not preclude the redevelopment of sites to optimise the use of the employment land.

The evolving high street

The 'traditional' high street continues to face a number of challenges stemming from the impacts of the recent economic downturn, the tightening of retail spending in recent years, and continued significant changes in consumer shopping behaviour.

In general, the future prospects for the town centre market is somewhat mixed. Whilst food retailing and other experiential offerings are expected to continue at existing levels or with slight growth, other sectors are likely to reduce their physical presence on the high street. As a result, the expectation that retail will be the backbone of town and village centre uses should be reconsidered. The future is more likely to be a series of complementary mixed uses, which will include retail but could equally be leisure, health and wellness, community space, employment and residential. Managing this change is likely to require temporary and flexible meantime and pop-up uses.

Overall, the borough's retail centres have been performing well with vacancy rates² remaining relatively low and stable despite changes in demand and market conditions. However, based on the changing nature of retail and market trends and the impact of the covid-19 pandemic, any proposed loss in floorspace of retail and / or commercial use will need to be closely monitored and a flexible approach should be taken. A flexible and adaptable approach will enable centres to meet shifting demands of an evolving 21st century retail landscape.

Local evidence published in 2016 included a conventional floorspace assessment which estimated a need for additional comparison goods shopping floorspace of between 14,100 and 19,700sqm and convenience goods shopping floorspace of between 1,000 and 1,900sqm in the borough, up to 2035.

However, these figures were based on a more buoyant time for retailing and centres and they are likely to be overestimates of needs especially in relation to comparison shopping floorspace. In addition, there is no local evidence to indicate that retailers are over trading compared to normal / acceptable trading levels which would indicate a need for additional floorspace. Therefore, the emerging evidence indicates an approach to allow for healthy trade levels to continue rather than plan for an increase in floorspace within the borough.

The level of convenience (day to day shopping goods) over trading is relatively high in the borough and this may need to be addressed through additional stores. However, this overtrading could be met through the provision of enhanced 'click and collect' or home delivery services to take the pressure off the in-store environment. The demand for these services has been increasing especially in response to the Covid-19 pandemic.

The local market for high street retail premises is challenging with demand coming from independents seeking smaller units with shorter leases. In general, national multiple retailers are generally scaling back their store networks.

Existing and emerging local evidence highlights the importance of improving the retail centres appearance, accessibility and ensuring a good mix of uses to drive footfall. This could be for example, the inclusion of small scale B1 e.g. co-working and community uses to add vibrancy. Shifting to mixed use will also encourage multi-purpose trips for people to spend longer in centres.

With national policy no longer focusing on primary and secondary retail frontages (this can be identified on the [Policies Map](#)) there is an opportunity for centres to be more flexible. Providing a wider offer for socialising, community support and services

² See the Elmbridge [Authority Monitoring Reports](#) for uses and vacancy rates within each centre

as well as potentially providing additional employment or residential accommodation as part of mix use schemes.

Local evidence base and plan preparation

The council has been utilising market trends, the findings of its local evidence, the requirements of national planning policy and consultation responses to inform the development of new policies as part of its local plan preparation.

The latest Regulation 18 consultation '[Creating our vision, objectives and the direction for development management policies 2020](#)' held in early 2020 set out the council's current thinking as to the approaches that new Local Plan policies should take, including those that relate to growing a prosperous economy.

The consultation document and the responses received can be found [here](#). Further information, including a summary of the requirements of national planning policy and the evidence base documents prepared at the time can be found in the [Key Theme Summary Paper: Growing a prosperous economy](#) which was published alongside the consultation document.

Elmbridge Local Plan Evidence Base

The main published evidence base documents are:

- Elmbridge Commercial Property Market Study Update 2017 (GL Hearn)
- Elmbridge Strategic Employment Land Review 2019 (EBC)
- Elmbridge Retail Assessment 2016 (Bilfinger GVA)
- Elmbridge Economic Strategy 2019-2023 (EBC)
- Elmbridge Baseline Review and Functional Economic Area 2016 (EBC)
- A Strategic Economic Plan for the Enterprise M3 Area 2018-2030 (Enterprise M3 SEP)
- Economic Development Strategy for Surrey - Report on Local Industrial Strategy Evidence Base for Surrey 2019 (Ove Arup & Partners)
- Surrey Economic Development Strategy - Economic Baseline Assessment 2020 (Ove Arup & Partners)

Emerging evidence base document:

- Elmbridge Local Market Appraisal (Boyer Planning) - 2020

The published and emerging local evidence base was prepared prior to the Covid-19 pandemic. The council will continue to closely monitor land supply, economic performance, take up rates and vacancy rates in relation to its employment areas and high streets as well as local and national trends. However, at this time it is

considered premature to undertake further or additional evidence work and to forecast the short, medium and longer-term implications on market demand.

Responding to change and ensuring flexibility

Pro-actively managing employment floorspace

National planning policy and local evidence supports the safeguarding of sufficient employment land and encourages opportunities to reuse and repurpose land and optimise mixed use opportunities to meet the needs of the economy to support job creation and business growth.

Across the borough, opportunities for employment growth will be maximised with the aim of maintaining and intensifying employment floorspace.

This includes the continued safeguarding and promotion of Strategic Employment Land (SEL) as identified on the [Policies Map](#). In SEL³ locations, development will be supported if it secures the following uses:

- Office and work space (use class B1a),
- Research and development (use class B1b),
- Light industry (use class B1c),
- General Industry (use class B2),
- Storage and distribution (use class B8); and
- Ancillary uses to the above and hybrid and flexible uses that reinforces the function, role and operations of employment uses within the SEL.

Across the borough, the sub-division and re-configuration of existing larger employment units, to produce smaller units and shared or co-working space is key to flexibility and adaptability in units to reflect the needs of the borough's changing office market and demand for smaller and cheaper units.

The provision of smaller and incubator office space (use class B1a) and flexible workspaces for co-working, small and medium size enterprise will be encouraged in the borough's most sustainable locations, in particular in centres. Similarly, high quality and well-designed flexible and adaptable spaces of different unit sizes and types for a range of uses and occupants as part of mixed used developments is also being encouraged.

To ensure that short-term decisions are not being made with regard to the loss of important employment land, longer marketing periods of up to three years, will be

³ This applies to the current SEL designations, although the findings and recommendations set out in the Elmbridge Strategic Employment Land Review 2019 [inset link] are material considerations and will be taken into account on case by case basis.

required to demonstrate that there is no reasonable prospect of the site being retained in employment use(s). The reasonable marketing period for individual sites will be advised at the pre-application stage and will depend on the location, use and quality of the unit. A reasonable marketing period will be no less than 12 months.

Supporting our high streets

With the changing role of our high streets and a reduced retail focus, a move away from traditional A1 uses within primary frontages is required. Changes to or the introduction of new uses that complement the evolving role of centres will be encouraged. This would include leisure, health and wellness and community facilities and services.

This will also include the positive consideration of the visitor attractor role and the planning merits of temporary and flexible meantime and pop-up uses within vacant units which can attract footfall. Flexibility and adaptability of units will be encouraged.

Mixed use development including those with office and residential elements, which contribute to increasing footfall and vibrancy and which demonstrate efficient use of land will be encouraged. The loss of retail and A class uses floorspace to solely residential will be carefully considered and will be dependent on the location and individual circumstances of the site.

As part of larger schemes, the role of a well-designed and multi-functional public realm is increasingly important to contribute to visual interest and climate change adaptation but also allows for valuable outdoor event and meeting/ socialising spaces.

Implications of Covid-19

At this time, it is difficult to predict the short, medium and long-term implications of Covid-19 on the way businesses will adapt and work and on employment space demands and similarly on how our centres will function and how their role as community hubs will continue to adapt and evolve. However, it is reasonable to anticipate that many of the market trends will continue or accelerate.

Therefore, it should be assumed that a pro-active approach informed by clear market trends to date, local evidence, consistent with national planning policy and considerations centred around flexibility will prevent short term, reactionary planning decisions being made. Failure to respond pro-actively could hinder sustainable economic recovery and/or lead to the delivery of unsustainable development and the loss of valued and vital employment space, local businesses and services which will have adverse consequences for the local community.

Positive decision and plan making

The council acknowledges the role of the planning system in assisting sustainable economic recovery post Covid-19 and this may on occasion lead to conflict with the requirements contained within in the current local policies.

The council will continue to assess every application on its merits and consider any arising conflicts on a case-by-case basis, taking into account the relevant national and local policies and material planning considerations. This includes published and emerging Local Plan evidence on market demand and trends and matters raised in this advice note.

The council is working hard to progress its new Local Plan which will include strategic and detailed policies which new development must adhere to. This includes those relevant to growing a prosperous economy and supporting the evolution of our town and village centres. Further information on the progress of the new Local Plan can be found [here](#).

Through the council's pre-application service, it will pro-actively engage with developers, applicants and agents to encourage the submission of schemes that make a positive contribution to the development needs of the borough and support sustainable economic recovery. Further information on the council's pre-application service can be found [here](#).

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