APRIL 2022

Employment and Economic Study Eastbourne and Wealden

ICENI PROJECTS LIMITED ON BEHALF OF EASTBOURNE AND WEALDEN DISTRICT COUNCILS

Final Report

Iceni Projects Limited on behalf of
Eastbourne and Wealden District
Councils
April 2022

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Employment and Economic Study Eastbourne and Wealden
FINAL REPORT

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1. *EXECUTIVE SUMMARY*

1.1 Eastbourne Borough Council and Wealden District Council have jointly commissioned an Economic Study considering the 2019-2039 period. The Councils have commissioned a consultancy team comprising Iceni Projects (Iceni) and Cambridge Econometrics. There are a number of core strands to the study. This report responds to the following key objectives of the brief to be considered for each area:

- To determine the best fit FEMA that Wealden/Eastbourne falls within and the extent of those boundaries having regard to national planning policy and guidance;
- To establish the existing economic context for both Eastbourne Borough and Wealden District in relation to existing stock as well as recent and anticipated supply and loss trends;
- To identify the current commercial property market demands and trends for different segments of the economy and its spatial distribution for each local authority;
- To provide an understanding of wider market signals including evidence of market changes (including those as a result of Covid-19 pandemic) and opportunities for economic growth, diversification and innovation including specialist or new sectors, and flexible workspaces;
- To determine the minimum amount of the economic floorspace/land required for each local authority over their respective Local Plan periods, taking into account the associated national planning policy guidance on determining economic development needs;
- To determine the potential size, type, tenure, format and potential locations (broad locations) of economic development needed for established and prospective business uses in each local authority area;
- To provide information to inform a prospective Economic Development Strategy for each local authority.

1.2 The main findings of this study are as follows. These are reported separately for each authority other than for the FEMA review below:

Functional Economic Market Area (FEMA)

1.3 There is a complex set of economic relationships across Wealden, although consistently there appears to be some alignment between the south of Wealden and Eastbourne. The key question is the extent of the Eastbourne FEMA into Wealden and how the northern parts of Wealden should be treated. Both the Housing Market Area (HMA) and the Travel to Work Area (TTWA) define these

relationships and the guidance notes suggest that no standard approach is possible as patterns of economic activity vary from place to place.

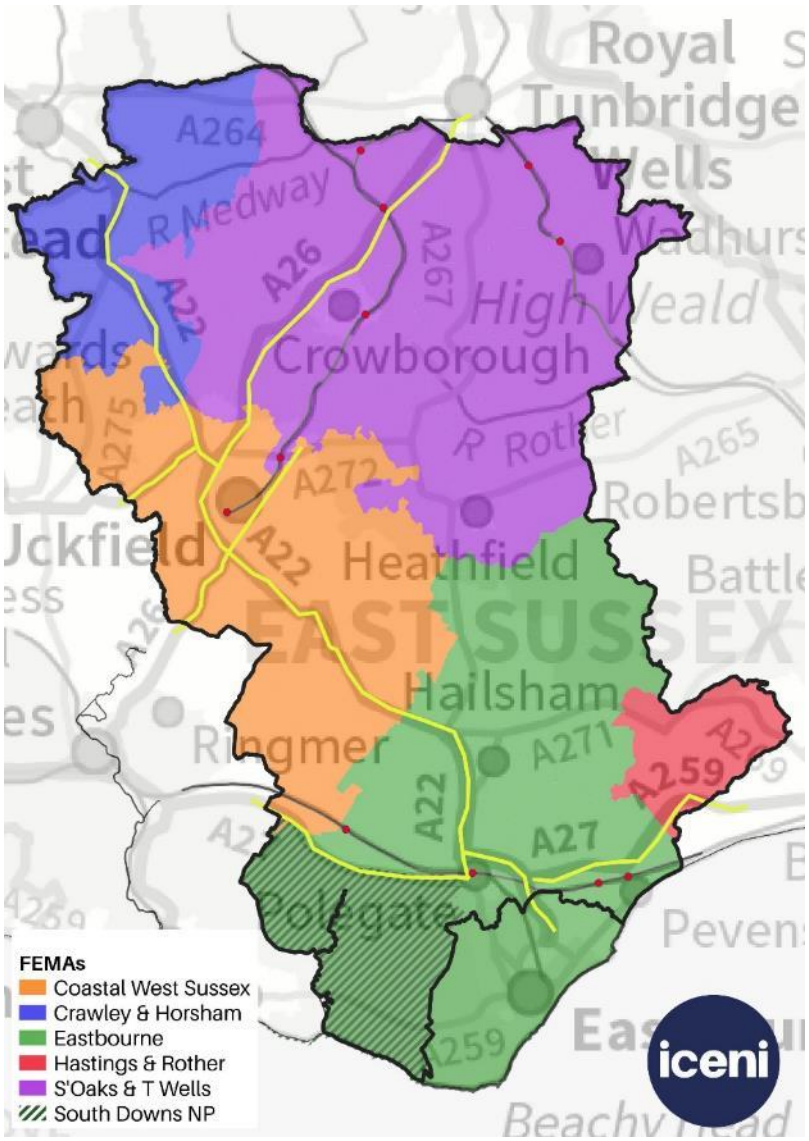
1.4 While the TTWAs will exceed a self-containment rate of 75% there will also be some benefit of aligning HMA and FEMA geographies. A key question is how Uckfield is treated – whether it is more closely aligned to Eastbourne, or to Lewes and the wider Greater Brighton area. The Wealden Local Housing Needs Assessment (LHNA) (2021)[1] identifies Uckfield as being in a zone of transition between these geographies.

1.5 Local commercial agents report that when Eastbourne based businesses are looking for new premises, they tend to look and relocate along the A27 corridor and up the A22 corridor, although such businesses are generally less likely to relocate north of Hailsham due to distance and time involved for the additional commuting from their existing workforce.

1.6 Overall, it is concluded that the FEMA areas align with HMA geographies. We should still recognise that Uckfield is in a zone of transition. The confirmed FEMA boundaries are therefore as set out in Figure 1.1 below.

[1] Wealden Local Housing Needs Assessment, August 2021

Figure 1.1 - FEMA for Wealden / Eastbourne



Source: Iceni Projects and Open Streetmap

Eastbourne

Policy Drivers

1.7 A wide ranging review of policy and strategy documents and evidence has been undertaken. Amongst other elements, this includes recent commercial market reviews for East Sussex which notably highlight the undersupply in the County industrial market. The office market is weaker but some levels of demand are evident in Eastbourne.

Economic Dynamics

1.8 Eastbourne has been particularly impacted by Covid-19 in terms of employees being furloughed. This is likely to reflect the nature of employment in the local authority area (e.g. a high percentage of

employment in tourism related sectors). Between June 2019 (before the onset of the Covid-19 crisis) and June 2021, Eastbourne's claimant rate rose by 3.3 percentage points (i.e. from 3.4% to 6.7%).

1.9 In terms of skills, 32.5% of Eastbourne's residents have a level 4 qualification or above (HND, Degree and Higher Degree level qualifications or equivalent), lower than the regional and national averages. On the other hand, 9.2% of Eastbourne's population had no qualifications (above the regional and national averages of 4.9% and 6.2% respectively).

1.10 **Sector strengths:** When compared to England as a whole, the sector with the largest location quotient in Eastbourne is Human health and Social work activities, followed by Accommodation and food service activities, Wholesale and retail trade, and other service activities[2]. Aside from other service activities, these sectors are also the largest in Eastbourne in absolute terms.

1.11 Between 2010 and 2019, the residential and social, food and beverage services and the construction sectors all grew. However, due to contraction in other sectors the overall employment count remained stable.

Commercial Market Assessment

1.12 **Office:** Eastbourne's office floorspace has seen a decline of 23% between 2000/01 – 2019/20. In part this loss may be explained by the prevalence of conversion to residential under permitted development rights and we can see a stabilisation of losses in recent years in Eastbourne, suggesting the stock most readily converted to residential has been completed.

1.13 Net absorption suggests that demand for office floorspace in Eastbourne is limited but requirements do exist particularly for smaller quality premises with flexible leasing.

1.14 **Industrial:** Over the last 19 years (i.e. 2000/01 – 2019/20) Eastbourne's industrial floorspace has seen a decline of 4%. Net absorption (moves in to premises) has been positive except for 2016 in Eastbourne; this suggests that there is relatively strong demand for industrial floorspace. The latest industrial vacancy rate in Eastbourne is 1.2%, which is below the regional rate of 3.7% and significantly below the UK rate of 3.2%. Rents rose by 42% in Eastbourne between 2009 and 2020.

[2] Activities of membership organisations, Repair of computers and personal and household goods, Other personal service activities (including: Washing and (dry-)cleaning of textile and fur products, Hairdressing and other beauty treatment, Funeral and related activities, Physical well-being activities, Other personal service activities.

1.15 **Stakeholder Engagement:** There are high levels of demand for industrial units and essentially no available stock of any kind. There is lack of land for development and businesses are having to look outside the area for new premises or growth. A typical range of unit demand is from 2,000 sqft to 20,000 sqft. preferably being delivered in a terrace of units that can be subdivided. There is a need for more land to be brought forward to support economic growth.

1.16 Reports are that Pacific House in Sovereign Harbour is performing well as of 2021 with occupiers attracted to its quality premises. Overall it is a small stock market but the general outlook is a need for continuing steady supply of quality space, more typically on flexible leases, albeit speculative development is unlikely to be viable and therefore public sector support is likely to be required for flexible short lease space such as Pacific House. There is some uncertainty in the post pandemic period regarding the balance of in vs out of town space. This may need further consideration in the future.

Economic Forecasts

1.17 For Eastbourne, the 2019-2039 period total change is 2,300 jobs at 120 jobs per annum. The growth rate outlook is weaker than the national level for the overall plan period. The 2021 growth rate is more positive as it recovers jobs lost during the pandemic but remains below the national rate.

Employment Land Needs

1.18 For Eastbourne the recommendations are that a degree of undersupply in office space exists once recent completions and commitments are considered, and that in town and out of town (Sovereign Harbour) are likely to play an important role in the future. Ongoing losses are likely to constrain the economy so replacement is recommended (and monitoring would be prudent) albeit delivery will be challenging and require cross or public subsidy.

1.19 An undersupply in industrial / warehousing space of around -12.5 ha is identified. Whilst some redevelopment of existing sites is expected to come forward through the Plan period, there is also a need to consider ways to deliver additional supply and this may involve considering working with Wealden in accessible locations if there is an unmet employment need. Protecting existing industrial and encouraging intensification is recommended to reduce losses.

Economic Development

1.20 Detailed economic development briefing notes are appended. An overview of the main challenges and opportunities suggest that the following priorities would be useful to consider when developing an economic strategy for Eastbourne:

- Low carbon and sustainability

- Quality of place / town centre / place promotion and events – including building on the recent Levelling up Fund grant
- Business support and advice - supply chains, continuity, HR, skills
- Digital business and technology investment / data connectivity
- Youth and adult training and job entry
- Construction innovation and sustainability
- Provision of quality industrial and commercial property

Wealden

Policy Drivers

1.21 A wide ranging review of policy and strategy documents and evidence has been undertaken. Amongst other elements, this includes recent commercial market reviews for East Sussex which notably highlight the undersupply in the County industrial market. Looking beyond the Covid-19 pandemic, there is an emphasis on sustainability, growing local business and the local economy, as well as emphasising a green and digital economy.

Economic Dynamics

1.22 Wealden saw some impact by Covid-19 in terms of employees being furloughed. This is likely to reflect the nature of employment in the local authority areas (e.g. a high percentage of employment in tourism related sectors). However, this does not appear to have translated into significant job losses.

1.23 Between June 2019 (before the onset of the Covid-19 crisis) and June 2021, Wealden's claimant rate rose by only 2.2 percentage points (i.e. from 1.2% to 3.4%) being below the regional and national averages.

1.24 In terms of skills, 43.2% of Wealden's population have a level 4 qualification or above (HND, Degree and Higher Degree level qualifications or equivalent), which is similar to the regional and national averages. Average pay in Wealden sits between the regional and national average at £615.80 per week.

1.25 From 2010 to 2019, the amount of employment (jobs) in Wealden has increased at a comparable rate to across the UK. Through this period, the sectors with the greatest growth sectors were Professional services, Education, Other services and Construction. The manufacturing sector also performed relatively well.

1.26 **Sector strengths:** When compared to England as a whole, the sectors with the largest location quotient (highest concentration) in Wealden are Agriculture, Construction, Other services, Arts and Accommodation and food (tourism). Whilst these are not high value, it is reasonably well represented in Manufacturing and Professional, scientific and technical activities – the latter has been growing in recent years. Viticulture is reported as a potential niche growth sector.

1.27 The towns of Hailsham, Crowborough and Uckfield have the greatest numbers of employment followed by Polegate / Willingdon area. Around half the employment in Wealden is in urban areas and half in rural locations.

Commercial Market Assessment

1.28 **Office:** Over the last 19 years (i.e. 2000/01 – 2019/20) the net growth of office space has been strong across Wealden, with growth of over 22%, compared to 2% for the South East and 10% for England as a whole. This is despite a contraction between 2016/17 and 2018/19 that brought current office stock back to 2010/11 levels.

1.29 In Wealden, net absorption has been positive since 2012, albeit modest. This suggests that a level of demand for office floorspace exists in Wealden.

1.30 **Industrial:** Over the last 19 years (i.e. 2000/01 – 2019/20) net growth of industrial space has been very strong across Wealden. Wealden has seen growth of 20%, compared to just 3% for the South East and shrinkage of 3% for England as a whole.

1.31 Wealden's latest industrial vacancy rate is 2%, which is below the regional rate of 3.7%. Rents rose by 47% in Wealden over the period.

Stakeholder Engagement

1.32 Demand for industrial property is extremely high and is not matched by supply, leading to an 'acute shortage' of floorspace with demand 2-4 times the level of supply. The general view amongst stakeholders is that a mix of sizes and types of premises are required to support a thriving local economy. Despite high levels of demand, delivery can be challenging and there is a strong case for ensuring public sector involvement in supporting delivery through allocations and infrastructure funding.

1.33 Whilst demand exists across the board, there is a particularly significant demand for large industrial and warehousing units (>100,000 sqft). On the other end of the spectrum, there is also demand for small industrial units (sub-10,000 sqft). Prospective occupiers of these spaces want it to be high quality, but simple units with 'their own front door'.

1.34 Wealden's office market is small in regional terms but holds a large stock relative to surrounding districts. The few good quality offices which do go on the market are leased. These are generally small (~2,000 sqft). Demand exists for flexible office space and business centres in town centres.

Economic Forecasts

1.35 For the 2019-2039 period, total change for Wealden is 6,600 jobs at 330 jobs per annum. The growth rate outlook is comparable to the national level for the overall plan period. However, the 2021 growth rate is stronger as it is expected to bounce back quickly from Covid-19 impacts to ensure overall growth is in line with the UK growth rate.

Employment Land Needs: Wealden

1.36 Detailed modelling of labour demand, supply and completions trends has been undertaken. Based on the preferred model for Wealden and taking into account completions to date and current commitments, there is a limited shortfall in office requirements of -1.5 to -5.7 ha that can be met through mixed use allocations and through encouraging conversions or developments in the town centres. For industrial and warehousing needs, there is a substantial shortfall of -37.1 ha. Potential infill sites or limited extensions to existing sites of around 5 ha have been identified through site assessments, which could help to reduce the total need brought forward. It is recommended that at least one large allocation is made (10ha+) in the A22/A27 area to help meet needs in this better connected location. Further residual need should be met across the district either through extensions to existing industrial parks or potential new developments.

Economic Development: Wealden

1.37 Detailed economic development briefing notes are appended. An overview of the main challenges and opportunities suggest that the following priorities would be useful to consider when developing an economic strategy for Wealden:

- Low carbon and sustainability;
- Quality of place and place identity;
- Business support and advice – supply chains, continuity, HR, skills;
- Digital business and technology investment / data connectivity;
- Encouraging skilled commuters to locate businesses or jobs in the district;
- Youth and adult training and job entry;
- Employment land provision;
- Construction innovation and sustainability; and

- Flexible toolkit and funds for Town Centre Futures.

2. FUNCTIONAL ECONOMIC MARKET AREA

2.1 This section of the report considers the extent of the Functional Economic Market Area (FEMA) for Eastbourne and Wealden.

Guidance on defining FEMA Geographies

2.2 The Planning Practice Guidance (PPG) relating to Plan Making[3] provides guidance on how Functional Economic Market Areas (FEMAs) can be defined. It notes that no standard approach is possible as patterns of economic activity vary from place to place. However, it does suggest that when defining a FEMA, the following are relevant:

- extent of any Local Enterprise Partnership within the area;
- travel to work areas;
- housing market area;
- flow of goods, services and information within the local economy;
- service market for consumers;
- administrative geographies;
- catchment areas of facilities providing cultural and social well-being; and
- transport network.

2.3 As the FEMA also considers the housing market area and travel to work areas, there is typically a level of overlap between housing market and economic geographies; and in many cases our experience is that the evidence supports consistent geographies.

Previous Research

2.4 The Eastbourne Economic Development Needs Assessment (October 2017)[4] reviewed the Functional Economic Geography. It considered the 2011 Census to examine commuting flows (a

[3] Reference ID: 61-018-20190315

[4] https://www.lewes-eastbourne.gov.uk/_resources/assets/inline/full/0/283910.pdf

dataset which has not been updated), housing market areas, commercial property market areas, and transport and communications networks.

2.5 The report concluded that "Eastbourne's core FEMA incorporates the Eastbourne local authority area and southern parts of Wealden, most notably the towns of Polegate and Hailsham", although the definition was more generic than exacting.

2.6 The Wealden Economy Study (December 2016) examined the extent of FEMA (Functional Economic Market Area) in Wealden. The analysis showed strong commuting and migration flows between Wealden and its surrounding districts within East Sussex and particularly Eastbourne, in addition to Tunbridge Wells and Mid Sussex located in Kent and West Sussex respectively. It also showed that house prices across districts and boroughs in East Sussex were fairly comparable with each other.

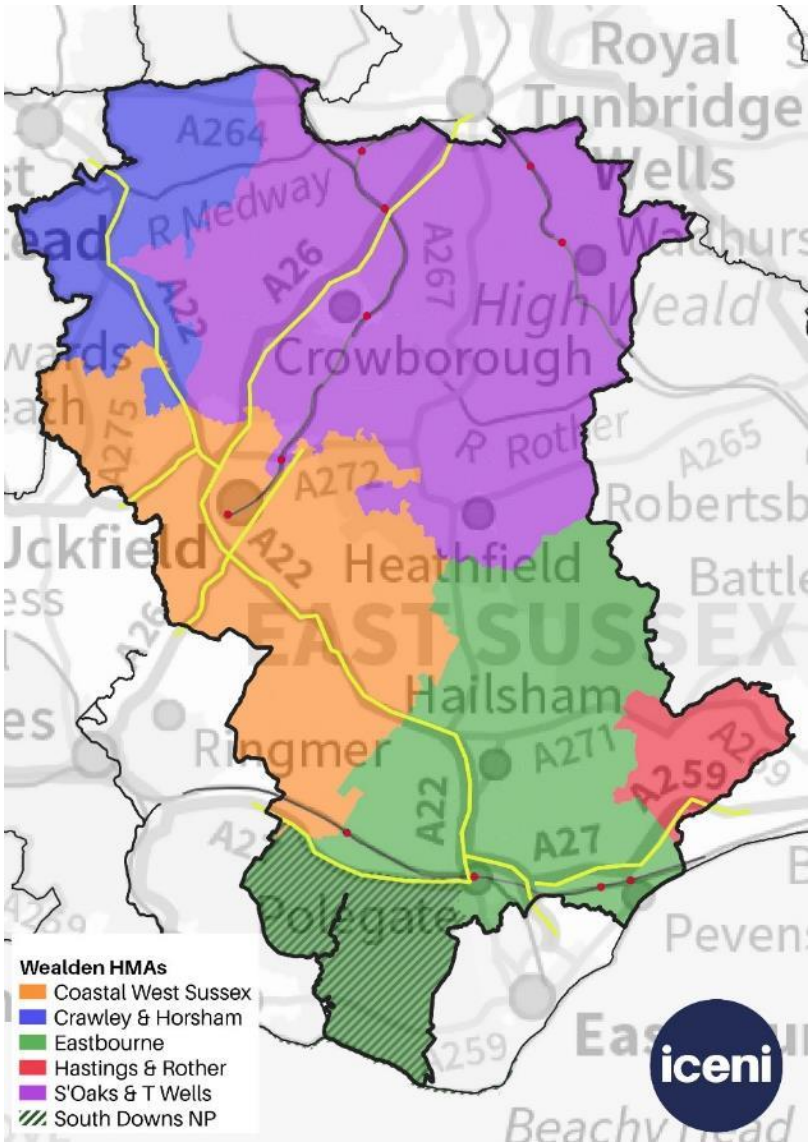
2.7 The report concluded that Wealden's FEMA consisted of the following districts / boroughs: Wealden, Tunbridge Wells, Eastbourne, Lewes, Mid Sussex and Rother. This was in line with the Housing Market Area (HMA) identified in the 2015 SHMA for Wealden. However, this definition lacked nuance and the Housing Market Area has subsequently been refined in the Council's latest Local Housing Needs Assessment (2021) that is described below.

Housing Market Area

2.8 As set out in the Wealden Local Housing Needs Assessment (2021), there is a complex set of Housing Market Areas in Wealden, although at a strategic level there is clearly a strong link between Eastbourne and Wealden, as well as Tunbridge Wells.

2.9 The map below illustrates the extent of the HMAs within Wealden. This includes the Eastbourne HMA which covers all of Eastbourne and much of the south of Wealden district including the towns of Polegate and Hailsham. Other large parts of the district fall within the Sevenoaks and Tunbridge Wells HMA. This includes the towns/villages of Crowborough, Heathfield and Wadhurst and the Coastal West Sussex HMA that also overlaps into Wealden to the west which includes Uckfield.

Figure 2.1 - Housing Market Areas in Wealden



Source: Iceni Projects, 2021 based on OS Data

2.10 The remaining smaller and mostly rural parts of the district relate to Hastings and Rother HMA (that includes Ninfield) and the Crawley and Horsham HMA (that includes Forest Row). There is also a small part of the district which falls within the South Downs National Park (SDNP), below the A27.

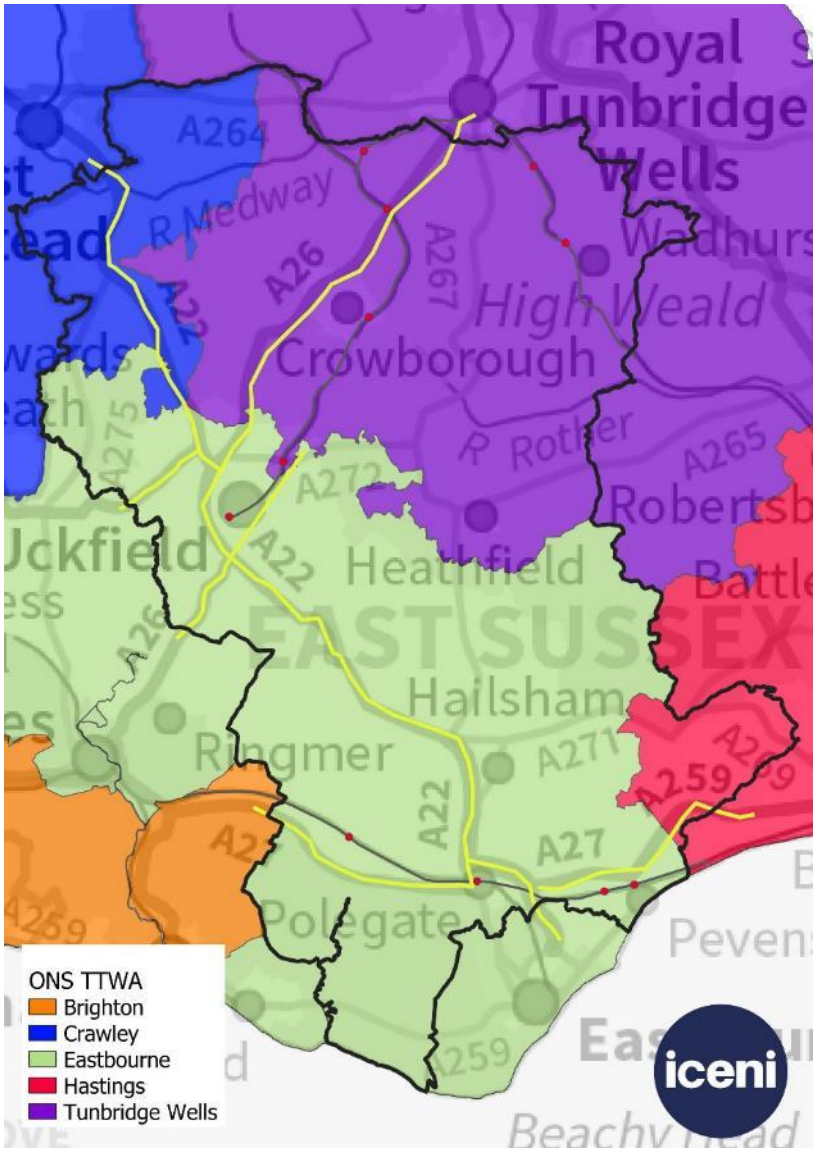
2.11 As noted above, there are often benefits of aligning HMA and FEMA geographies, although admittedly, this presents a complex picture for a large district such as Wealden that does not have any major settlements, albeit that it is influenced by other major settlements on its border (most notably Eastbourne and Royal Tunbridge Wells to the south and north respectively).

Travel to Work Areas

2.12 The Wealden Local Housing Needs Assessment (2021) drew on and examined ONS Travel to Work areas (derived from 2011 Census data). These are set out below and shows that four travel to work areas cover different parts of Eastbourne and Wealden.

2.13 The TTWAs relate to Eastbourne, Hastings, Crawley and Tunbridge Wells. The largest TTWA covering more than half of Wealden district is the Eastbourne TTWA. This includes the southern part of Wealden and includes Polegate, Hailsham and Uckfield as well as the whole of Eastbourne.

Figure 2.2 - ONS Travel to Work Area Geography



Source: ONS Travel to Work Area

2.14 There is also a sizeable part of the population, including Wadhurst, Heathfield and Crowborough which fall within the Tunbridge Wells TTWA which also includes the major towns of Royal Tunbridge Wells, Sevenoaks and Tonbridge.

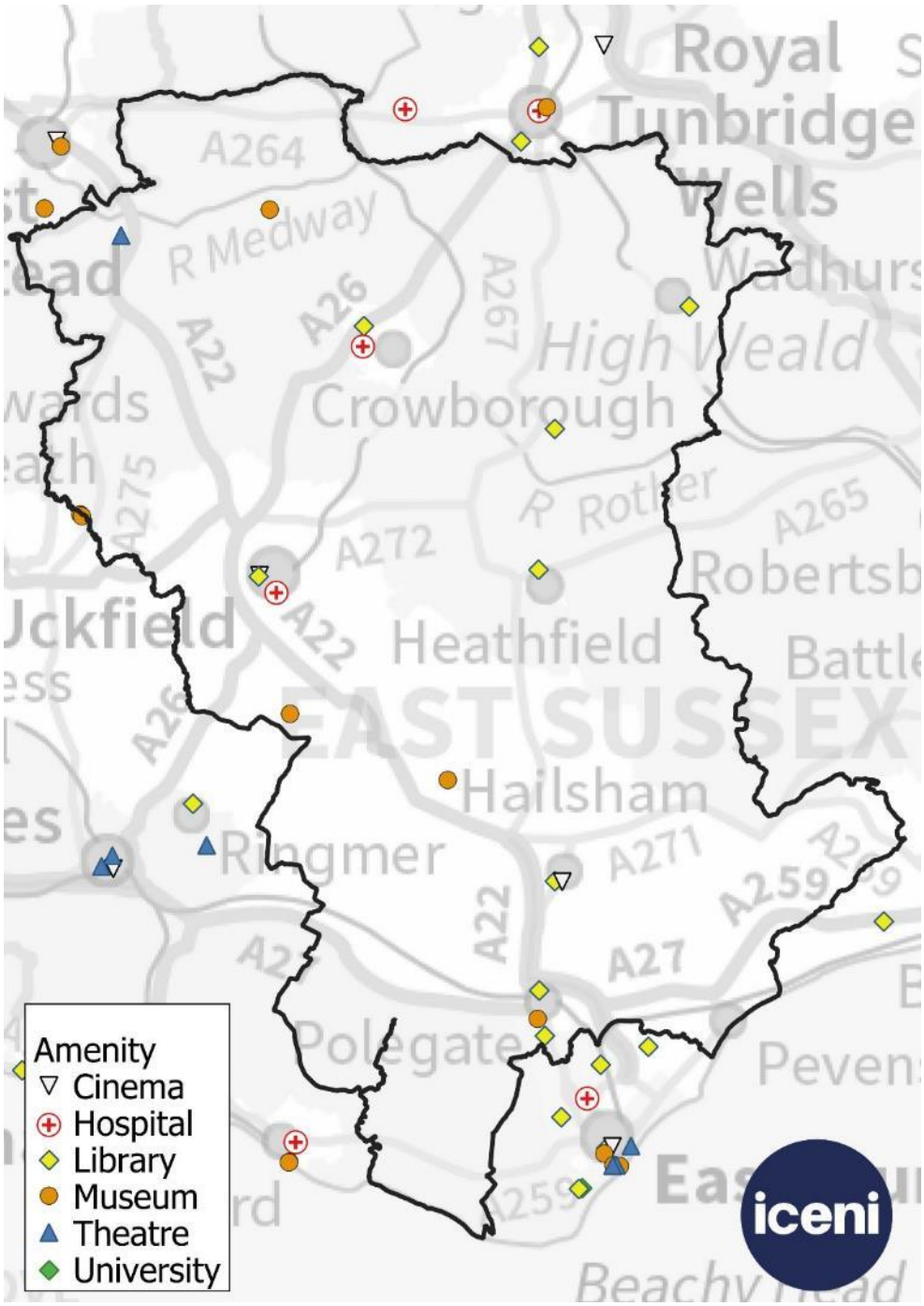
2.15 Again, this paints a particularly complex pattern within the study area with the northern parts of Wealden facing outwards towards other major towns. However, there is a clear indication that Eastbourne and the south of Wealden are closely linked in economic terms.

Cultural and Social Facilities

2.16 The map below illustrates the location of key cultural and social facilities in Eastbourne, Wealden and the immediate surrounding area using data provided by OpenStreetMap[5]. There is a cultural and social amenity cluster in Eastbourne, while a wider range of facilities will be provided in Brighton and Hove and Royal Tunbridge Wells.

[5] This is an open source resource and relies on public accuracy. As such not all facilities may be picked up

Figure 2.3 - Cultural and Social Facilities



Source: Iceni Projects and Open Streetmap

2.17 The only area where there is a notable absence of cultural and social facilities is Wealden, although most of the major towns provide some facilities. This perhaps illustrates that the area is reliant on larger nearby centres such as Eastbourne and Tunbridge Wells for some higher order services and cultural facilities.

2.18 The analysis of social and cultural facilities again shows the south of Wealden being connected to Eastbourne. The north of the district is also reliant on larger neighbouring towns, such as Royal

Tunbridge Wells to provide a range of services. Travelling a short distance from the district can also reach Lewes, Bexhill and East Grinstead amongst others.

Service Market for Consumers

2.19 The Wealden Town Centre and Retail Study (2016)[6] sets out the Venuescore rankings of the retail centres within and around Wealden. This can be used to understand where people in the study area are likely to shop, with higher ranking centres likely to achieve a greater draw. As of spring 2022 it is known that a new Retail Study has been commissioned however this is not yet available and as a result the 2016 position remains the latest available.

Table 2.1 Venuescore UK Ranking of Retail Centres in Wealden and Surrounds (2015)

Centre	Grade	2015 UK Rank
Brighton	Major City	6
Tunbridge Wells	Regional City	52
Crawley	Regional	87
Eastbourne	**Regional**	**117**
Haywards Heath	Sub-Regional	324
East Grinstead	Sub-Regional	350
Lewes	Major District	569
Hailsham	**District**	**768**
Uckfield	**District**	**796**
Crowborough	**District**	**989**

Source: Venuescore, Javelin Group, 2015 (Those in bold are within the study area)

2.20 This table demonstrates the importance of Eastbourne as a retail centre within the study area, which ranks far higher than any centres in Wealden. Eastbourne Town Centre also provides a higher end retail offer and has a catchment area that extends to much of the study area. The same can also be said with regards to Tunbridge Wells, particularly for those in the North of Wealden. There are also a number of smaller towns which are ranked lower, where residents of Wealden may visit.

2.21 As with cultural and social facilities, it is also likely that Brighton will take some draw from the study area as it is ranked number 6 in the Country for its retail offer.

2.22 The Wealden Town Centre and Retail Study (2016) also demonstrates considerable leakage when it comes to convenience shopping, with less than 50% of convenience expenditure being retained locally. The Wealden Town Centre and Retail Study shows leakage (expenditure outside the district) for all comparison goods stands at around 61%

[6] https://www.wealden.gov.uk/UploadedFiles/Wealden_DC_stage_1_16_March_2017.pdf

2.23 Of the 61.2% of comparison goods expenditure that is 'leaking' to other centres and stores outside the District area, the most popular shopping destinations are Royal Tunbridge Wells (19.9%), Eastbourne (19.2%) and East Grinstead (6.6%).

2.24 Within the District, Uckfield has some of the highest retention rates of convenience expenditure and the Town Centre operates better than a town population suggests it should. There is limited leakage for food shopping to Lewes (3.2%) and Haywards Heath (2.1%). In contrast, Hailsham has much lower retention rates of retail expenditure with leakage to Eastbourne at 24.4%.

2.25 The Eastbourne Economic Development Needs Assessment Final Report (October 2017)[7] states that Eastbourne Town Centre is secondary to the larger retail centres of Brighton and Tunbridge Wells, while Hastings is seen as being on a par with Eastbourne as a shopping destination.

2.26 It also notes that "the Eastbourne catchment area includes a good number of villages and small towns particularly in the rural areas to the north, including Hailsham and Heathfield, along with numerous prosperous villages. However, the further north, the greater the attraction to Tunbridge Wells. Lewes residents are more likely to visit Brighton for shopping."

2.27 The retail analysis again shows the south of Wealden being reliant on Eastbourne as a major retail destination. The north of Wealden district is also again reliant on neighbouring towns, such as Tunbridge Wells to provide a range of retail, as demonstrated by the leakage of around a quarter of all comparison expenditure.

Flow of Goods and Services

2.28 The flow of goods, services and information within the local economy is difficult to quantify. Our approach, therefore, is to look at the make-up of the economies in both local authorities. We also examine office and industrial clusters across the study area and its neighbouring areas.

2.29 Drawing on Cambridge Econometrics data, we have examined the relative representation of different economic sectors in each local authority in comparison to the wider South East region. For this we have used location quotient analysis where a score over one represents an over-representation and a score under one represents an under-representation in relation to the study area.

2.30 The study area has particular strengths in comparison to the region in hospitality, arts, entertainment and recreation and other services. This reflects locational attributes, including the tourism industry

[7] https://www.lewes-eastbourne.gov.uk/_resources/assets/inline/full/0/278464.pdf

linked to Ashdown Forest, the High Weald Area of Outstanding Natural Beauty (AONB), the South Downs National Park and the South Coast.

2.31 The data also shows under-representation in transportation and storage and office based industries, such as information and communications, finance and insurance and professional, scientific and technical sector.

2.32 According to Valuation Office Agency (VOA) floorspace data, Wealden has almost twice the amount of office and industrial floorspace when compared with Eastbourne. The largest office centres in the wider area are found in Brighton and Crawley. The largest industrial centre in the wider area is found in Tonbridge and Malling and Crawley.

2.33 Within Wealden, there are notable industrial floorspace clusters to the south of the district around Hailsham, Polegate and Uckfield. Although Uckfield is north of the other two towns, it still falls within the Eastbourne TTWA. There is also a large industrial cluster around Hampden Park and the Hawthorn Industrial Estate in Eastbourne. The office market is centred on Eastbourne Town Centre and a number of smaller mixed commercial areas that include an office element, such as Polegate. Discussions with agents indicate an important differentiation between the north and south of Wealden in terms of its commercial markets with the Eastbourne / Polegate / Hailsham operating to a different market from Uckfield / Crowborough, the latter being more centred on local businesses not preferring to commute.

2.34 The logistics market is likely to operate differently from the wider industrial market with operators unlikely to confine their accommodation search to one FEMA. Speaking to local agents the demand for logistics space in the area is centred along the A27 and the A22 corridors with the greatest demand in the area close to both.

2.35 Such is the relatively low level of office supply within the study area, it would be reasonable to suggest that the study area would not be that self-sufficient when it comes to the flow of all goods and services. This would justify the study area not being a FEMA in its own right. Again, as with other services such as comparison retail and cultural services, the study area is reliant on major nearby towns to provide certain goods and services.

Employment Self-Containment

2.36 Finally, we have looked at self-containment for jobs and residents. For ONS Travel to Work Areas “the current criteria for defining TTWAs are that at least 75% of the area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area…However, for areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted”. Both Wealden and Eastbourne each have a working population in excess of 25,000.

2.37 As the table below shows, the resident self-containment rate for the study area is as high as 72% and the job self-containment is around 77%. This lower self-containment figure is influenced by high levels of out-commuting to London from Wealden. Only the job self-containment rates would exceed ONS self-containment threshold. This would suggest there is not a single self-containment rate covering the study area.

Table 2.2 Job and Resident Self-Containment Rates

	Wealden	Eastbourne	Study Area
All Residents in Employment	71,755	44,793	116,548
All Internal Commutes	21,579	23,381	55,765
All Working from Home and No Fixed Place	19,652	8,443	28,095
Resident Self Containment	57%	71%	72%
	Wealden	**Eastbourne**	**Study Area**
All Jobs	36,588	35,761	72,349
All Jobs Taken by Locals	21,579	23,381	55,765
Job Self-Containment Rate	59%	65%	77%

Source: ONS, Census 2011

2.38 However, the rates for each local authority area are lower than the combined rates although only marginally in Eastbourne's case. This would indicate that Eastbourne is less disaggregated than Wealden.

Other Considerations

2.39 There are also a range of wider considerations when examining the FEMA that do not need further interpretation, for example:

- As well as the two local authorities, the administrative geographies covering Wealden and Eastbourne also include East Sussex County Council which has responsibility for education, strategic planning, emergency services, social services, public safety, the fire service and waste disposal;
- The County Council also provides transport (specifically, highways and buses), while trains are provided by Southern Rail. The nearest major airport is Gatwick Airport near Crawley;
- Sussex Police covers both East and West Sussex counties including Brighton and Hove unitary authority;
- Ambulance services are provided by the South East Coast Ambulance Service which covers, Kent, Sussex (East and West), Surrey and parts of northern Hampshire around Farnborough. NHS Services are provided by the East Sussex Clinical Commissioning Group and East Sussex Healthcare Trust; and

- The South East Local Enterprise Partnership (LEP) is the defined LEP area reflecting a bottom-up definition of economic geography, which has been agreed by Government. The LEP is the largest in the Country outside of London, in terms of population and economic output, and covers an area encompassing the local authority areas of East Sussex as well as Essex and Kent.

Drawing the Evidence Together

2.40 As demonstrated by the evidence set out above, there is a complex set of economic relationships across Wealden, although consistently there appears to be some alignment between the south of Wealden and Eastbourne. This is supported by evidence on HMAs, services, markets and commuting patterns.

2.41 This report seeks to update the previous FEMA definitions reported based on the latest granular analysis and building on Wealden's Local Housing Needs Assessment report (2021) that considered its HMA.

2.42 The key question is therefore the extent of the Eastbourne FEMA into Wealden and how the northern parts of Wealden should be treated. Both the housing market area and the TTWA areas define these relationships and the guidance notes state that no standard approach is possible as patterns of economic activity vary from place to place.

2.43 While the TTWAs will exceed a self-containment rate of 75% when considered together, there will also be some benefit of aligning the HMA and FEMA geographies. As with the HMA analysis, the question comes down to how Uckfield is treated and whether it is more closely aligned to Eastbourne or to Lewes and the wider Greater Brighton area?

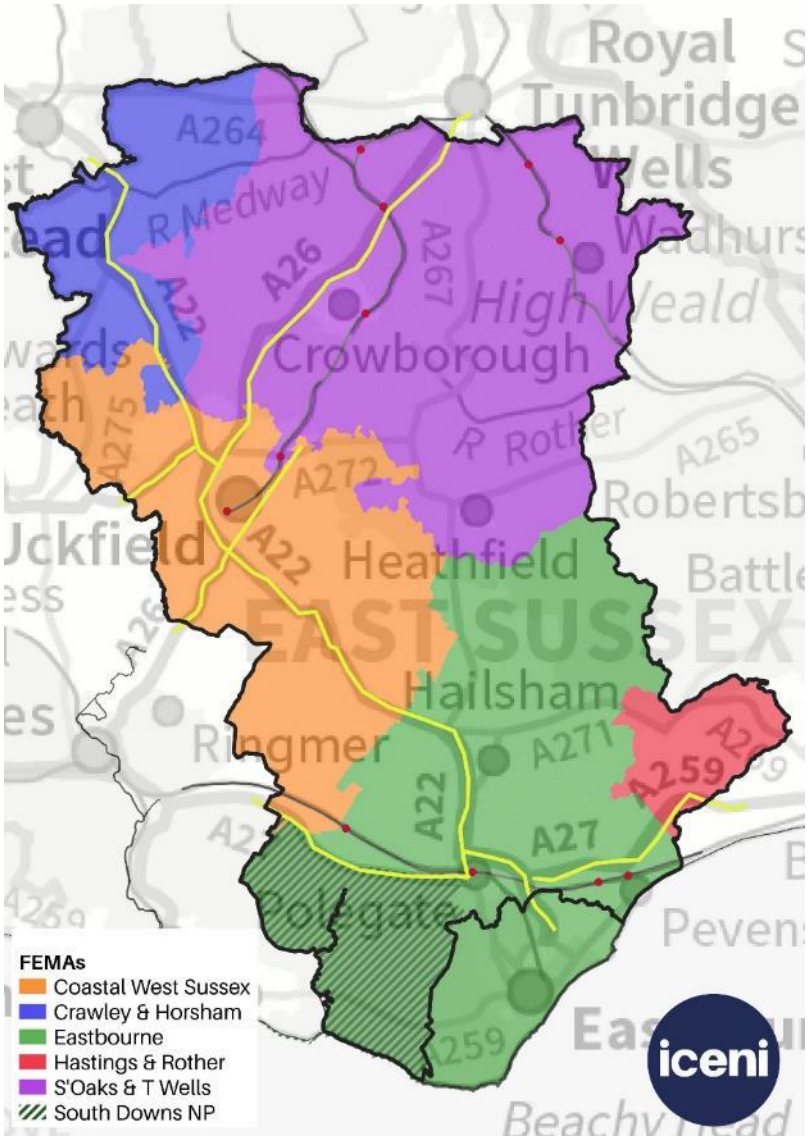
2.44 The Wealden Local Housing Needs Assessment (2021) identifies the town as being in a zone of transition between these geographies. This is because broadly equal numbers of people commute to each area. However, the HMA looks at more limited criteria than the FEMA.

2.45 The additional criteria reveals a high level of expenditure retention within Uckfield and clusters of cultural and social facilities in Eastbourne as well as Brighton and Tunbridge Wells and to a lesser extent Lewes and Haywards Heath. There are also a number of services which are provided across the wider Sussex area (police) and beyond (LEP), although Eastbourne and Uckfield share East Sussex County Council services. None of the above criteria leads us to a clearer picture.

2.46 However, when we speak to local agents, their understanding is that when Eastbourne based businesses are looking for new premises, they tend to look and relocate along the A27 and A22 corridor, although they are unlikely to relocate north of Hailsham due to commuting times and distances from Eastbourne.

2.47 This would lead us back to the HMA geographies, as the TTWA geographies see Eastbourne's influence much further north. It is also beneficial for pragmatic reasons (to allow for an alignment of jobs and homes) to have the HMA and FEMA boundaries align. However, we should still recognise that Uckfield is in a zone of transition. The confirmed FEMA boundaries are set out below.

Figure 2.4 – Functional Economic Market Areas



Source: Iceni Projects and Open Streetmap

2.48 One of the purposes of defining the FEMA is to identify the "appropriate functional geographical area to gather evidence and develop policies to address these (Strategic) matters, based on demonstrable cross-boundary relationships" (PPG Reference ID: 61-017-20190315).

2.49 It will therefore be important for both Eastbourne and Wealden councils to liaise with surrounding authorities both in agreeing FEMA geographies and in discussing any issues associated with unmet needs (either from Wealden/Eastbourne or neighbouring areas as relevant).

3. POLICY DRIVERS

3.1 This section reviews the main policy and strategic documents relevant to the Eastbourne and Wealden economy including those pre-pandemic and response documents.

Policy Review: LEP / East Sussex wide

South East LEP: Growth Deal and Strategic Economic Plan (2014)

3.2 This document identifies three growth corridors within East Sussex in which there is potential to support significant economic growth:

- A21/A259 Hastings-Bexhill Growth Corridor – connects the centre of Bexhill and Hastings where significant investment has taken place and contains some of the most severely deprived areas in the South East. Potential to create 9,700 new jobs and 11,300 new homes.
- A22/A27 Eastbourne-South Wealden Growth Corridor – seeks to improve the connectivity between Eastbourne and Lewes and enhance the accessibility of Newhaven port, improvements have the potential to deliver 9,240 new jobs and 17,800 homes.
- Newhaven Clean Tech and Maritime Growth Corridor – identifies a large capacity for growth in brownfield sites close to the town centre which could deliver 4500 jobs and 190 new homes.

East Sussex Growth Strategy, Doing Business Brilliantly 2014-2020 (2014)[8]

3.3 The Growth Strategy sets out East Sussex County Council's vision for a more innovative, productive and faster growing economy.

3.4 It identifies the key challenges to economic growth within East Sussex as being low productivity, low wages, slow employment growth, little evidence of innovation and exporting and pockets of deprivation within the County.

3.5 It identifies business growth as one of the key strategic objectives in delivering economic growth and sets aims to achieve this as capitalising on opportunities for growth in current and emerging sectors, supporting business start-ups and overall growth and enabling the delivery of an appropriate pipeline of suitable business premises.

3.6 Actions recommended to achieve these aims include but are not limited to:

[8] file:///C:/Users/R/Downloads/eastsussexgrowthstrategydec2014.pdf

- taking forward proposals for Newhaven Enterprise Zone;
- providing more focused support to higher value and potential growth and niche employers;
- developing proposals for the East Sussex Growth Hub;
- encouraging self- employment as a career choice; and
- retaining and expanding existing access to business finance programmes to stimulate economic growth and job creation.

3.7 Directly linked to providing suitable business premises, East Sussex County Council proposes to:

- support the development of demand-led supply of business incubator units where required;
- explore and support access to different funding mechanisms to unlock key sites and premises;
- support development of small workspace units in rural and village locations to meet local business demand; and
- to encourage the development of investment-ready commercial and housing sites for public sector funding opportunities.

Smarter, Faster, Together - Towards a Local Industrial Strategy: the South East LEP's Economic Strategy Statement (2018)[9]

3.8 This document replaces the 2014 Strategic Economic Plan for the South East LEP and is seeking to provide a new long-term strategy looking forward to the next decade. It has five main priorities that are listed below:

- Priority 1: Creating ideas and enterprise – supporting innovative capacity within businesses. Increasing the opportunities for creativity and enabling businesses with potential to grow the opportunity to do so.
- Priority 2: Developing tomorrow's workforce – enabling growth in skills as a route to better pay, jobs and progression, seeking to attract businesses to a highly skilled workforce.
- Priority 3: Accelerating infrastructure – infrastructure funding gaps remain significant despite funding being secured in the wake of the 2014 report.

[9] https://www.southeastlep.com/app/uploads/2019/03/SELEP_StratEconState_singles.pdf

- Priority 4: Creating places – greater productivity is only useful if it improves living standards and communities. As well as delivering 'growth', we need to create places to which South East residents and businesses aspire.

- Priority 5: Working together – building on links within the wider region and neighbours and ensuring co-operation.

Locate East Sussex, Land and Premises Supply Study – Market Assessment for East Sussex (2020)[10]

3.9 The report aims to ascertain whether premises and land supply in East Sussex for business use classes is adequate to meet market needs and be fit for purpose. It is important to note that although published in 2020, most of the research within the document was undertaken pre-pandemic and therefore most of the findings do not take the Covid-19 pandemic into account.

3.10 The closest regional centres to East Sussex are Brighton and Crawley; in both regional centres, land supply is tight following a period of strong development. Crawley's location close to the M23, M25 and Gatwick lends itself to logistics distribution, as such units are generally much larger than in East Sussex and tend to attract larger occupiers and institutional finance.

3.11 The study highlights the following characteristics of the East Sussex property market.

- The office and industrial market within East Sussex are generally localised and fragmented. They have generally poor road/rail connections to London and national motorway network beyond. The effect felt from regional economic drivers such as London and international airports (Gatwick) is relatively limited.

- East Sussex lacks positive 'brand image', which was a key factor in the limited demand. This has adversely affected developer investment and occupier demand for commercial premises.

- The property market is not highly contested and of little interest to the mainstream property industry nationally. The main business locations are predominantly served by single commercial agents.

- Many sites are fundamentally constrained by their location and accessibility.

- Development is obstructed by other generic barriers such as low values, land ownership problems, poor or uncertain demand, lack of developer ambition, inappropriate planning

[10] https://locateeastsussex.org.uk/admin/resources/admin/final-paper-small.pdf

designations, adverse site conditions and extraordinary costs sometimes as a requirement by statutory bodies.

- The encroachment on employment land by alternative and higher value uses such as residential also impacted sites.

3.12 The markets within East Sussex are closely linked to centres of population as follows: Hastings/Bexhill, Eastbourne/Polegate/Hailsham, Newhaven/Lewes. There are some crossovers within economic market areas because of variations in workforce skill within the labour pool.

3.13 North Wealden is separate in commercial market terms to most East Sussex markets. It's location between the coast and Crawley/Gatwick has allowed it to become a 'staging post' for business.

3.14 Sussex in general is not considered a typical investment destination. It is rare for businesses to relocate to the area. Crawley and Brighton are exceptions to this, Crawley due to its proximity to Gatwick and Brighton due to its large and highly qualified labour pool, amongst other factors.

3.15 The existing stock within the industrial market in East Sussex is considered old and in poor condition. In Hastings, this was seen as desirable due to the low cost of this type of space. However, on the whole, companies preferred the benefits from newer and up-to-date premises.

3.16 Within East Sussex, demand between employment use classes was seen to be as follows:

- B2 General Industrial = 20%
- B1c Light Industrial (now Class E (g)(iii) = 30%
- B8 Warehousing = 50%

3.17 Demand for warehousing and light industrial floorspace has increased due to a need for assembly space for products sourced from overseas and increased requirement of logistics networks.

3.18 All agents and developers interviewed were of the view that there is a shortage in industrial property supply and land for future development.

3.19 Supply was considered to differ across the County. The districts of Lewes and Wealden had some existing available B1 floorspace in the form of small units remaining in new business parks and upcoming supply still under construction.

3.20 Agents in the stronger business locations, Hastings/Bexhill, Eastbourne/Polegate, Uckfield and Lewes all reported shortages in existing space and minimal space with planning permission or under construction.

3.21 Industrial floorspace supply shortages also translated into freehold stock for which there is very little property for sale and as such, very little trade.

3.22 Units in excess of 20,000sq. ft are in particularly short supply in East Sussex. Locate East Sussex had 14 companies requiring up to 100,000sq. ft of industrial space. Similarly, Sea Change Sussex have received 43 enquires from potential occupiers seeking over 10,000sq. ft of space.

3.23 Within the East Sussex office sector, agents considered Lewes to have the strongest market. However, take-up is reportedly low, and rental values (£15-17.5sq. ft) are well below neighbouring Brighton (up to £32sq. ft).

3.24 In Eastbourne, there is evidence of patchy demand with the limited stock of higher quality office space generally struggling to be let. Hastings and Bexhill, whilst having a reasonable amount of Grade A space available, have also seen difficulties in finding occupiers.

3.25 In contrast, managed office space has remarkably high occupancy rates. Both the Hastings and Newhaven Enterprise Centre was 98% full and The Mallings in Lewes had circa 80-90% occupancy at the time of research.

3.26 Assessments of existing industrial land in each East Sussex market were undertaken:

- Hastings – Undersupplied, currently no developable land known to be available within the borough.
- Bexhill – Large secondary location, suitable for local business, potential expansion of Bexhill Enterprise Park North.
- Lewes – Undersupplied, strategic location but constrained by national park designation and as such is not considered to have developable land.
- Newhaven – Brand new high-quality space is currently available, is considered to have enough space to meet demand.
- Peacehaven – Local demand limited but is adequately served by the supply. Accessibility is poor compared to nearby Newhaven.

- Eastbourne – Strategic location currently undersupplied, some sites have potential but are unallocated.
- Uckfield – High demand, particularly for larger spaces, undersupplied.
- Hailsham – Lack of land for warehousing/distribution development as Swallow Park not considered to be a major distributor location.
- Polegate – Strategic location with potential to be suitable for major distributors.
- Across the whole of Wealden – Key barrier to development is lack of allocated land.

3.27 There is a strong market view that properties which are the most required are small units providing high-spec flexible space and high-grade warehousing/ light assembly.

3.28 Whilst East Sussex is a small business economy, with most activity related to the smaller size segments, consultees reported that larger requirements – usually comprising of expanding local businesses – are proving almost impossible to fulfil with severe pent-up demand for larger units, typically in the range 20,000-60,000 ft.

3.29 The office market generally has faded in recent years with demand in some key locations shifting to smaller grade A stock – however East Sussex does have a growing local market for managed workspace, mostly consisting of small office units where micro-businesses can be incubated or accommodated sustainably.

3.30 Looking forward, the study made the following observations:

- International supply chain disruption could endanger in-house assembly/light manufacturing. East Sussex could benefit from this.
- Online sales will continue to rise, distribution networks will need to respond to this, resulting in an increase in warehousing space required.

3.31 Key recommendations include:

- East Sussex County Council should look to produce a business accommodation strategy and action plan drawing together the issues raised. Industrial sites should be allocated in strategic locations as well as in locations able to serve local markets.
- Encouraging the identification of examples of best practice regarding employment land protection by Local Planning Authorities (LPAs).

- LPAs may have a role in reviving the market through strategic allocations, intensifying existing sites and engaging with developers.

East Sussex Economy Recovery Plan - 'East Sussex Reset' (2020)[11]

3.32 Produced in response to the Covid-19 pandemic, East Sussex Reset identifies six missions aimed to support the East Sussex economy and businesses as shown below.

- Mission 1: Thinking local, acting local – giving businesses the opportunity to grow, building investment into the local economy.
- Mission 2: Building skill, creating jobs – seeking to retain and improve local skills and support local employment.
- Mission 3: Fast-forwarding business – supporting business and people in the aftermath of the pandemic.
- Mission 4: Better places, fuller lives – encouraging local engagement and diversity.
- Mission 5: Cleaner energy, greener transport – pushing towards a low-carbon economy.
- Mission 6: The future is digital – capitalising on connectivity to support the digital transformation of business.

Room To Grow Report 2 – June 2021 (SHW for East Sussex County Council)[12]

3.33 Key findings of the report include:

- There has been a shift towards industrial (warehouse and logistics) demand as opposed to office and this demand is high when compared to other locations outside of the County. This shift has been accelerated by the Covid-19 pandemic. There is a market shortage of readily available sites for development.
- Within industrial uses, there has been a shift towards warehousing and logistics from general manufacturing.
- Limited introduction of new space has resulted in low vacancy rates. In June 2021, the vacancy rate was less than 1%.

[11] https://www.eastsussex.gov.uk/business/eastsussex/selep/tes/eserp/

[12] https://locateeastsussex.org.uk/admin/resources/admin/room-to-grow-report-2.pdf

- While some new employment developments have been built, they are not suitable for larger scale occupiers. Developers are unlikely to develop buildings over 10,000-15,000ft^2 if occupiers are speculative unless the unit can be subdivided. However, a lack of available sites has resulted in high demand for 30,000-80,000ft^2 units.

- Existing industrial and office stock is aging and of poor quality.

- Demand for office space is very low from both inside and outside the County. Permitted development conversions have impacted the stock available; however, this is not restrictive to occupiers due to low demand. Flexible office space differs from the general trend and is likely to have strong demand.

- Low office market value outside of Brighton and Croydon mean that the construction of such buildings is not financially viable. Development and upgrading should still be encouraged wherever possible.

- Industrial market value is high, this has aided in bringing forward new development.

- Most of the new industrial development has been brought forward by local developers. There are currently no national developers operating schemes within the County.

3.34 Key recommendations include:

- New development should be high quality and flexible.

- External funding is vital to encourage development.

- To ensure an improvement in the rate of new development, market conditions and levels of development should be monitored regularly.

South East Local Enterprise Partnership – Economic Recovery and Renewal Strategy (2021)[13]

3.35 The South East Local Enterprise Partnership – Economic and Recovery Renewal Strategy identifies four strategic priorities:

- Business Resilience and Growth – Work to support people transitioning across sectors, raising awareness of climate change and responding to its challenges, facilitating business collaboration and supporting business to improve inclusion and diversity.

[13] https://www.southeastlep.com/our-strategy/economic-recovery-and-renewal-strategy/

- UK's Global Gateway - Build on the strong record of inward investment and maximise new trade deals, support business in navigating trading arrangements.

- Communities for the Future - Lead the UK in reimagining, designing and creating communities; work through the Social Enterprise Group to support inclusive business development; working with partners to ensure that new developments protect and enhance natural resources; work through the Major Projects Group for a strategic approach to the successful delivery and impact of major investments and support the development of renewable energy infrastructure and low carbon technologies and behaviours.

- Coastal Catalyst – Facilitate greater connectivity; support coastal and rural business to innovate and grow; maximise the economic and social benefits generated from infrastructure projects and address the impacts of poorer physical connectivity on coastal and rural economies.

East Sussex Strategic Partnership – Pride of Place, Sustainable community strategy 2008-26 (undated)[14]

3.36 The Pride of Place strategy identifies the biggest economic issues in East Sussex as:

- low paid jobs;

- skills and poor educational attainment;

- low job density and areas of high deprivation;

- too little affordable housing;

- poor transport infrastructure;

- and inappropriate; and

- insufficient business accommodation.

3.37 Key points in the economic strategy aim to attract new business and investment to the County and facilitate the development of modern and affordable business accommodation and sites.

[14]https://www.essp.org.uk/what-we-do/pride-of-place/#:~:text=In%20East%20Sussex%2C%20the%20six,do%20to%20achieve%20that%20vision.

Eastbourne

Eastbourne Core Strategy Local Plan (2013)

3.38 The Local Plan offers some context regarding the economy of Eastbourne. It recognises that like many other seaside towns in the UK, Eastbourne struggles with a low skills base and low business activity. It states that a key priority for the Council is providing high quality, skilled employment opportunities at Sovereign Harbour.

3.39 Policy D2: Economy identifies a need for 55,430m^2 of employment floorspace in Eastbourne in the period up to 2027, superseded by the Eastbourne Employment Land Local Plan (below).

3.40 The Local Plan identifies sites for employment densification at: Birch Road Industrial Estate - 23,000m^2; Brampton Road Industrial Estate - 2,500m^2; Hammonds Drive Industrial Estate - 5,100m^2; and Town Centre redevelopment opportunities - 3,000m^2.

Eastbourne Employment Land Local Plan (2016)

3.41 The Employment Land Local Plan highlights some of the key issues with employment land in Eastbourne. Issues with demand include the requirement for additional land, the need for job creation and diversification, provision for start-up businesses. Issues with supply include the suitability of existing commercial premises, loss of employment land to other higher value uses and the identification of appropriate sites.

3.42 Policy EL1 states that a total of 48,750m^2 (Gross External Area) of employment floorspace is required and distributes this as follows:

- Intensification of Industrial Estates – 20,000 sqm (GEA) of B1c/B2/B8 floorspace and 1,875 sqm (GEA) of B1a/B1b floorspace;
- Town Centre – 3,750 sqm (GEA) of B1a/b floorspace; and
- Sovereign Harbour – 23,125 sqm (GEA) of B1 floorspace – this is further supported by the **Sovereign Harbour SPD**.

3.43 Policy EL2 considers industrial estates and states that an additional 20,000m^2 of B1c, B2 and B8 floorspace is required. It limits non-ancillary B1a/b floorspace to within industrial estates to a maximum of 1,875m^2.

Eastbourne Economic Development Needs Assessment (2017)

3.44 The aim of this report is to objectively assess and evidence the need for economic development in Eastbourne during the period up to 2035.

3.45 The report offers some context on the economic conditions of Eastbourne:

- Eastbourne has strategic road access from the A22 and A27 and reasonable rail links to Brighton and London.
- Since 2005, Eastbourne's population has increased by 14.1%, higher than the regional and national average. Workforce jobs and employment have also increased overall, with office-based jobs in particular increasing.
- Small (10-49 workers) and medium sized businesses (50-249 workers) have a higher share of the business base than regionally and nationally. There is a lower share of micro firms (0-9 workers) and self-employed people. On the whole, business and employment bases are concentrated around the town centre.
- The workforce is similarly skilled to the national average; however, it does fall slightly behind the rest of the South East region in terms of higher level skills (NVQ4+). A lower proportion of the workforce is employed in the highest (1-3) and lowest (8-9) Standard Occupational Classification Major Groups.

3.46 Regarding employment, retail and leisure space in Eastbourne the key findings of the study are as follows:

- Since 2000, there has been a net reduction in office, industrial and retail floorspace. Office floorspace remains much lower than its industrial and retail stock.
- Employment space is concentrated in Hampden Park and Lottbridge Drove (the main industrial locations) and the town centre (the main office location), much is the same for retail and leisure floorspace.
- Eastbourne has a similar stock of office, industrial and retail space to nearby towns. It has significantly less industrial space and office space, but more retail stock, than neighbouring Wealden.
- Over the past ten years, there has been average net loss of 2,260 sqm of office space per annum and average net gains of 474 sqm of industrial space per annum. Retail (624 sqm) and leisure (649 sqm) space have seen average net gains.
- 16.2% of office stock has had prior approval for change of use to residential use, a majority of this being in the town centre. The B1c to residential Permitted Development Right has the potential to increase the rate of employment space losses.

3.47 A business survey was undertaken as part of the study, the key findings of which are as follows:

- Most companies are satisfied with their business space in terms of meeting their current needs.
- Two in five businesses have faced difficulties in upgrading and many believe that the supply is inadequate and increasing it would improve this.
- Just over half of businesses hope to expand/relocate in the future, many hope to do this within Eastbourne. Higher office specification and superfast broadband is desirable in this regard.

3.48 Over the period up to 2035, a range of potential scenarios result in different minimum B class employment floorspace requirements:

- Baseline Job Growth: 63,720m^2 (10% buffer: 70,090m^2)
- Past Development Rates: -35,720m^2 (10% buffer: -34,550m^2)
- Labour Supply: 48,690m^2 (10% buffer: 53,560m^2)

3.49 The baseline job growth scenario implies that a higher scale of total workforce and B class job growth up to 2035 when compared with recent employment trends. The past take-up scenario results in a negative requirement for B class jobs and therefore floorspace, while the labour supply scenario has a lower total workforce job requirement than the recent average, but higher B class job requirement.

3.50 To meet future economic needs, the following recommendations were made:

- Planning for office, industrial, retail and leisure employment growth in the Borough must be balanced against pressures from other land uses.
- The Council should plan for growth under the highest possible growth scenario, this would also align well with their ambitions for wider development and regeneration.
- Focus for accommodating industrial growth should be placed on more efficient use of existing industrial sites.
- Focus for office-based growth should be balanced, split between in-town and out-of-town provision, with an aim to diversify the stock available.
- Effective planning for economic growth will require close working and co-operation with neighbouring Wealden.

Eastbourne's Infrastructure Funding Statement (IFS) 2020-21 (2021)

3.51 As at 9th December 2021, Eastbourne Borough Council has collected £913,244 of CIL. The primary Strategic Pot has £731,166. Infrastructure providers will be invited to bid to help deliver strategic

infrastructure identified as fundamental to support development. EBC is yet to hold a bidding round due to the amount of funds currently being held. This is to be reviewed in 2022.

Wealden

Wealden District Core Strategy Local Plan (2013)

3.52 Policy WCS1 states that there will be a need for 128,695m^2 of employment floorspace (B1/B2/B8) from 2006 to 2027 and the policy therefore required an additional 40,000m^2 of floorspace to be provided until 2027.

3.53 Policy WCS3 confirmed that employment floorspace (B1/B2/B8) in Uckfield (12,650m^2), Hailsham and Hellingly (8,650m^2) and Polegate and Willingdon/Stone Cross (16,890m^2) will be distributed to meet employment needs. It is noted that individual sites to meet these provisions were to be allocated in a later Site Allocations Development Plan Document (DPD), although this did not come forward.

Attracting Large Scale Employers to Wealden (2016)

3.54 This report was commissioned to advise Wealden District Council on the impact that is being made by Locate East Sussex on inward investment to the district.

3.55 Low levels of regional investment are primarily a result of poor regional awareness of Wealden as a business location; inadequate local and intra South-East transport connectivity; a lack of a range of modern employment space; and workforce availability.

3.56 The report makes several conclusions regarding how Wealden can attract more inward investment:

- Better performance monitoring and close liaison with Locate East Sussex during the contract are key to maximising the benefit to Wealden.
- Priority markets are expansions and relocations within a 30-mile radius from which most of its inward investment already comes, with the Brighton City region a principal focus.
- Markets surrounding the southern arc of the M25 and Outer London are attractive in terms of size, but breaking into them would require considerable resources.
- There is little prospect for first time foreign investment and opportunities for sector-specific promotion, except in the ultra-high vacuum technology sector, which has a mini cluster in East Sussex or possibly specialisms in wider precision engineering and instrumentation.
- It would be unrealistic to aim for the creation of sector clusters in Wealden. However, the creation of mini clusters associated with Greater Brighton may be possible.

- The creation of a major investment campaign separate to that of Locate East Sussex would be a major risk. However, an incremental performance improvement programme could deliver significant extra investment.

- Wealden should develop value-focused messaging for promotion of space and sites to ensure the messaging is effective.

Wealden Industry Cluster Study (2016)

3.57 The strongest represented industries in Wealden are Construction and Accommodation and food (tourism) as well as some sub sectors of manufacturing and construction. These themes are evident at the firm level as well as ICT, Specialist medical practice activities and Non-life insurance. The most appropriate opportunities within the District in regard to industry clusters were considered to be amongst; start-up and small businesses, neighbourhood energy initiatives, energy efficiency in construction, resource efficiency and the greening existing activities, developing further sustainable visitor activities and resources in Ashdown Forest and exploring how sustainability and the environment can be used to boost tourism activities and employment.

3.58 It is recommended that any of the approaches would need to focus on the following points:

- “So what makes this place special? Wealden as a competitive business and visitor location and an attractive place to live”.

- Focus on a small number of transformational projects.

- Reinforce and build on what’s working now.

- Focus on activities that provide investment opportunities for partners such as South East LEP, East Sussex County Council and UK government.

- Better utilise existing assets and uncover hidden assets.

- Think solutions and outcomes first.

- Communicate and inspire.

- To win further resources for your community.

Wealden Economy Study (2016)

3.59 This document was commissioned to inform the development of the Council’s draft Wealden Local Plan (2019). Several key points were made regarding the Wealden economy including:

- 74,200 of Wealden’s residents are economically active (70% economic activity rate), unemployment levels are low, a low proportion of population have no qualifications.

- The highest employing sectors in Wealden district were wholesale and retail (18%), accommodation and food (12%) and human health and social work (12%). Other sectors such as advanced manufacturing, energy and the creative sector are also important to the area.

3.60 Regarding the commercial property market, it is stated:

- 1,000 office units were available in Wealden District in July 2016 consisting mainly of smaller units, none greater than 5,000 sq. feet. This reflects the constrained supply locally with a lack of speculative development.

- The industrial market is considered reasonably strong with demand predicted to increase. Much of the available industrial stock was older, which could prove difficult for businesses seeking high specification space.

3.61 Data indicates that between 2005 and 2015, 65,400m^2 of net additional employment floorspace had been delivered. This was segmented into 19,700 m^2 of office (B1a/B1b), 15,800m^2 of manufacturing (B1c/B2) and 29,900m^2 of distribution (B8) floorspace.

3.62 It was estimated that the current supply of employment land was approximately 31.5 ha split across 7 sites in the district. This supply has the potential to deliver up to 77,800m^2 of B1/B2/B8 floorspace.

3.63 Key recommendations and conclusions of the report include:

- Good quality office space is a key driver of growth, the district should ensure that it is has a supply of this type of floorspace.

- Wealden has a large highly skilled workforce and should look to capitalise on this.

- Infrastructure is vital to support growth; future developments should consider infrastructure improvements also.

Wealden Economy Study Update 2013- 2028 (2018)

3.64 This report seeks to update the Wealden Economy Study (2016) report and highlights the key planning policy changes for employment land within Wealden as:

- Previous supply of employment land has outstripped economic forecasts and population growth, resulting in only a slight reduction in overall employment land need from the 40,000m2 identified until 2037 in the 2016 study to 38,600m2 identified until 2028 (a shorter Plan period).

- Strategic focus on the A22 corridor is maintained.

3.65 Within Wealden, key employment sectors include wholesale and retail trade, health and social care, as well as accommodation and food services. Since 2010, indicators show that economic growth has been largely driven by ICT, professional, scientific and technical sectors, as well as administrative and business support services.

3.66 The report estimated that B class employment land needs to increase and considered the Experian forecasting model to be the most applicable to Wealden's circumstances. Experian identified a need for 45,100m^2 across all B Class uses, translating to 5.8 ha of land with 3.92 ha reserved for office use, 0.87 ha for manufacturing and 1.01ha for distribution.

The Economic Impact of Tourism on Wealden District (2017)

3.67 This report seeks to examine the volume and value of tourism and the impact of visitor expenditure on the local economy of Wealden in 2017. Overall, it found that 8,369 jobs were supported by tourism for both residents and those living nearby, with 17.9% of the population employed because of tourism in Wealden.

Wealden Viticulture Feasibility Study 2018

3.68 The viticulture sector in Wealden is relatively small and is in its infancy. Discussions with the wine producers in the area confirmed local and projected growth. The sector appears to be performing well with more than 90% of vineyards expecting growth over the next 3-5 years. A series of recommendations are made, of which the core activity will be to formalise the local Wealden wine cluster group and facilitate its development as an industry-led organisation.

Wealden Strategic Housing and Economic Land Availability Assessment (2019)

3.69 This document identifies over 80 sites of various sizes that have capacity to provide employment floorspace. It should be noted that Wealden's SHELAA is currently in the process of being updated.

Industrial Estates Review – Stage One, Individual review of estates - Wealden (2019)

3.70 In 2015/16, Wealden's industrial stock was just over 5.4 million sq. ft, considerably more than any other district within East Sussex and accounted for 30% of the total East Sussex stock. Wealden had an office stock of 1.13 million sq. ft in 2015/16, accounting for 28% of the total East Sussex stock.

3.71 The market appears to be focused on smaller transactions, with 87% of deals for less than 10,000 sq. ft. However, information from Locate East Sussex shows that there is still a market for floorspace over 10,00sq. ft.

3.72 Uckfield and Hailsham had the largest amounts of industrial floorspace let during 2015-19 at 74% and 20% respectively.

3.73 Requirements across the board for new business occupiers are generally B1/B8, mainly being light manufacturing or warehousing, B2 is generally not required.

3.74 The report identifies four sites worthy of further investigation for redevelopment and expansion potential, sustainable initiatives and prospects for economic growth within Wealden, contributing towards inward investment to be taken forward for further examination in a stage 2 review:

- Diplocks Way, Hailsham;
- Chaucer Industrial Estate, Polegate;
- Hackhurst Lane Industrial Estate, Lower Dicker; and
- Farningham Road Industrial Estate, Crowborough.

Industrial Estates Review – Stage Two – Shortlisted Estates: review and recommendations (2020)

3.75 This report develops on the four sites identified in Stage One and offers further recommendations on improvement.

3.76 The report states that overall, the district lacks space for industrial uses. Several recommendations are made to the Council including, balancing allocated employment land with land allocated for residential development, acquiring the freehold of industrial estates and identifying brownfield land for redevelopment.

3.77 Recommendations for the identified sites include, reducing congestion, considering security and safety, improving cycling and walking connectivity and increasing signage and sense of place within the sites to make them more attractive to occupiers.

Covid-19 Restart and Recovery Plan (June 2020)

3.78 Key actions and commitments from Wealden District Council regarding supporting the local economy and businesses include:

- Supporting business by continuing to provide business relief for 2020 and 2021 and grants to those businesses who qualify in addition to the £38m already distributed.
- Accelerate the processing of planning applications and land charge searches to help stimulate the local economy.
- Review the districts office needs for the future and use learning from the pandemic to “build back better”.

Town Centre and Retail Study (2016)

3.79 Key conclusions from this study into forecasted retail floorspace needs include:

- All the forecasted need for new retail floorspace over the local plan period could be met in full by development sites identified by the Wealden Local Plan Issues, Options and Recommendations document (2015).
- Hailsham is the only centre that may face pressure to extend the town centre boundary over the long term.

3.80 It is of note that at spring 2022 a new retail study has been commissioned but this has not yet been made available for review.

Wealden's Infrastructure Funding Statement 2020-21 (2021)

3.81 At the start of 2020-21, Wealden had £10,660,878 in CIL receipts available. £1,711,212 of this was spent during the financial year.

4. ECONOMIC DYNAMICS

4.1 This section provides an overview of the Eastbourne and Wealden economies. Throughout 2020 and 2021, the local, national and global economy has been severely impacted by the global Covid-19 pandemic causing recession, rising unemployment and high levels of furloughed employees. There are limited datasets providing detailed local information on the pandemic's impacts although the best information available has been used.

Impact of Covid-19

4.2 Furlough data at local authority level reports that as of 31st March 2021, 16% of Eastbourne's employments and 15% of Wealden's employments were furloughed. This compares to 14% across the South East and England as a whole.

4.3 At the time of the peak furlough rate nationally (up to 31st July 2020), 34% of Eastbourne's employments and 33% of Wealden's employments were furloughed, compared to just 30% across the South East and 32% across England as a whole. This suggests that Eastbourne and Wealden have been particularly impacted by Covid-19 in terms of employments furloughed. This is likely to reflect the nature of employment in the areas (e.g. a high percentage of employment in tourism related sectors).

4.4 At the 30th April 2021, there were 4,950 furloughed employments in Eastbourne. The highest count was in accommodation and food services at 1,690 (34% of furloughs), followed by 770 in wholesale, retail and repair of motor vehicles (16% of furloughs).

4.5 At the 30th April 2021, there were 7,290 furloughed employments in Wealden. The highest count was in accommodation and food services at 1,570 (22% of furloughs), followed by 1,260 in wholesale, retail and repair of motor vehicles (17% of furloughs).

4.6 At the end of March 2021, furlough rates by sector at the national level give an indication of sectoral impact. The highest rates of furlough were in the accommodation & food services sector (58%), and arts, entertainment and recreation sector (54%), followed by other service sector activities (40%). At this time, construction, wholesale/retail/repair of motor vehicles, real estate, professional services, manufacturing and admin & support were all 10-20%. Local level data is not known but can reasonably be extrapolated from national level.

4.7

Table 4.1 National employments furloughed rate, 31st March 2021

Sector	Employments Furloughed Take up rate
Agriculture, forestry and fishing	9%
Mining and quarrying	3%
Manufacturing	12%
Energy production and supply	2%
Water supply, sewerage and waste	7%
Construction	16%
Wholesale and retail; repair of motor vehicles	19%
Transportation and storage	15%
Accommodation and food services	58%
Information and communication	8%
Finance and insurance	3%
Real estate	13%
Professional, scientific and technical	11%
Administrative and support services	14%
Public administration and defence; social security	1%
Education	5%
Health and social work	4%
Arts, entertainment and recreation	54%
Other service activities	40%
Total	15%

Source: HMRC CJRS and PAYE Real Time Information

Claimant count

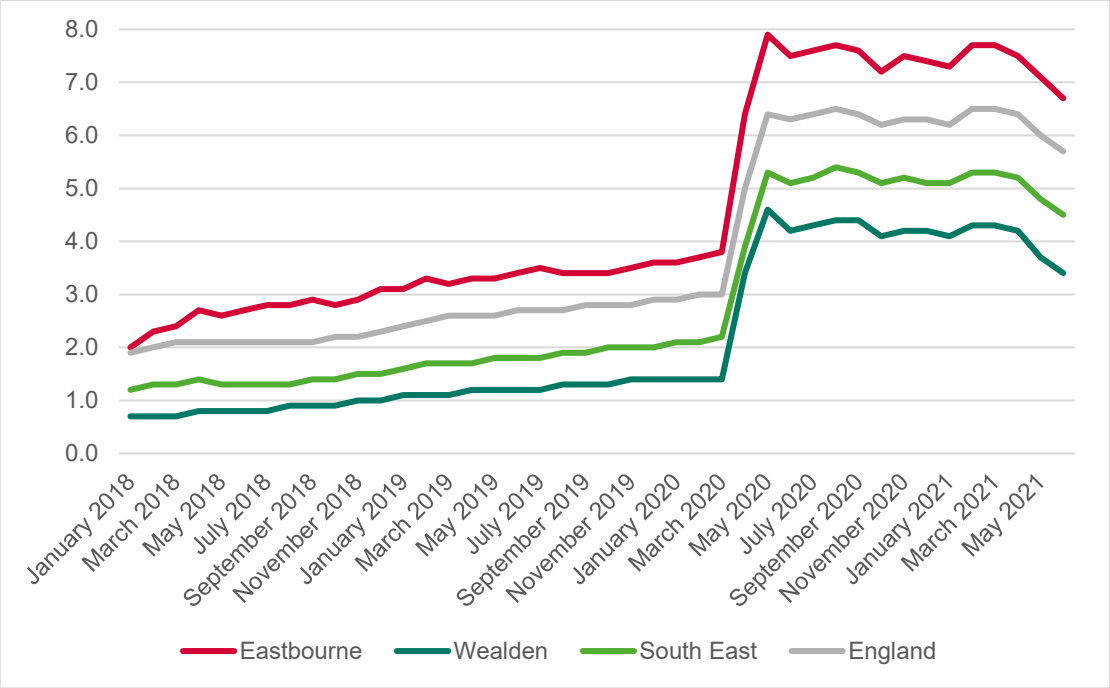
4.8 The claimant rate provides an indicator of unemployment levels and has risen as a result of the Covid-19 pandemic.

4.9 Based on latest data June 2021, Eastbourne and Wealden sit at either side of the regional and national average increase (2.7 and 3 percentage points respectively). This suggests that the Covid-19 pandemic has had a significant impact on Eastbourne in terms of unemployment, whereas Wealden has fared relatively better.

4.10 **Wealden:** As shown below, Wealden had a claimant rate of 3.4% in June 2021, lower than the regional and national rates (as was the case prior to the pandemic). Between June 2019 (before the onset of the Covid-19 crisis) and June 2021, Wealden's claimant rate has risen by just 2.2 percentage points (i.e. from 1.2% to 3.4%). Whilst, Wealden suffered a relatively high furlough rate, this did not translate to the scale of increased unemployment seen elsewhere.

4.11 **Eastbourne:** Eastbourne had a claimant rate of 6.7% in June 2021, above the national and regional rates (as was the case prior to the pandemic). Between June 2019 and June 2021, Eastbourne's claimant rate has risen by 3.3 percentage points (i.e. from 3.4% to 6.7%). Overall, the pandemic appears to have impacted Eastbourne's labour market and economy hard.

Figure 4-1 Claimant count as a proportion of residents aged 16-64



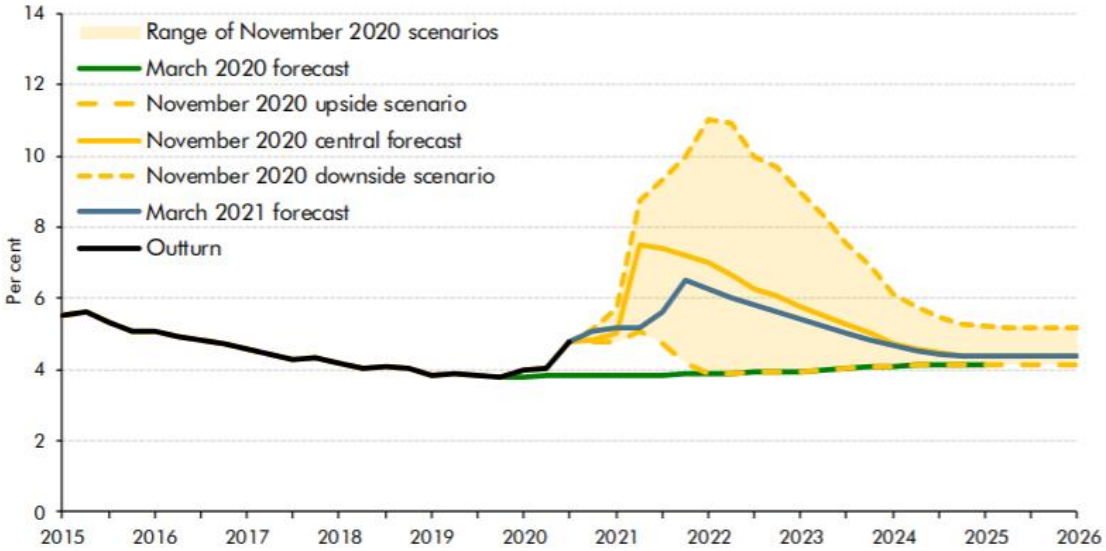
Source: ONS via NOMIS

OBR outlook

4.12 The Office for Budget Responsibility (OBR) in March 2021 released its latest economic scenario planning for Covid-19. The outlook in terms of GDP is a steady return to growth by mid-2022.

4.13 The figure below sets out the scenario based forecast for unemployment. The OBR consider that it will take 4-5 years to recover the majority of employment lost during the pandemic.

Figure 4-2 Unemployment rate forecast, OBR



Source: OBR

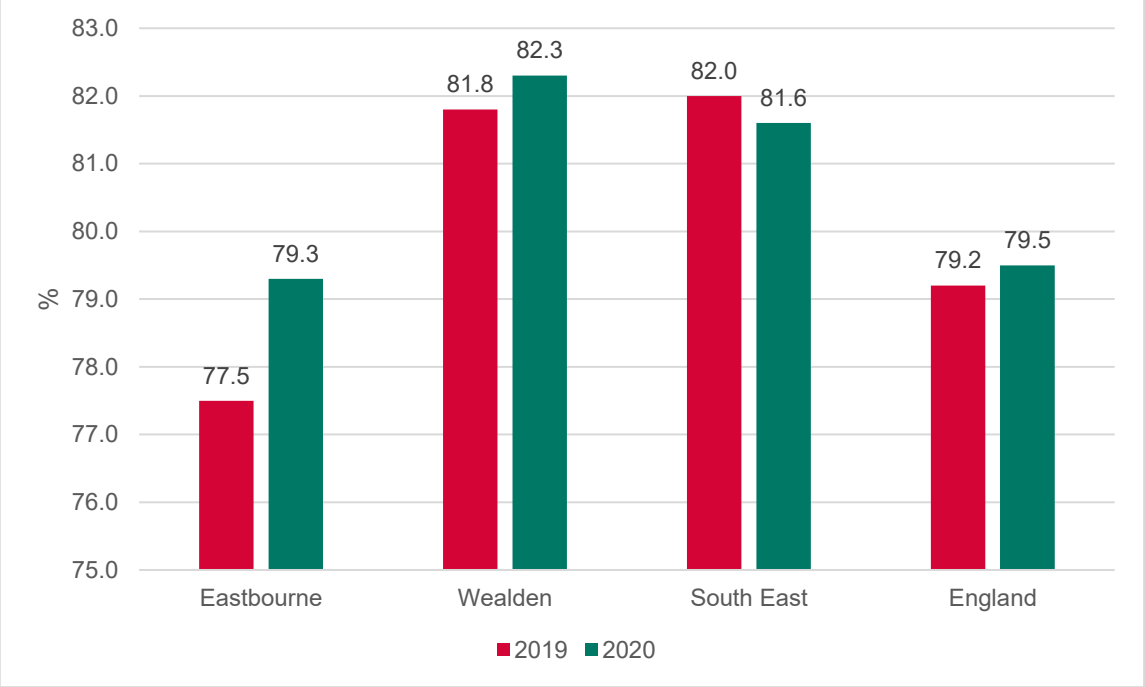
Economic Participation

4.14 The figure below shows the economic activity rate, which describes the average percentage of working-age adults who were working or looking for work, in 2019 and 2020. 2020 is the latest year for which data is available but 2019 data has also been included to provide a picture of the economy before the onset of the Covid-19 crisis.

4.15 **Eastbourne:** The 2019 economic activity rate in Eastbourne (77.5%) was much lower than the regional and national averages. Between 2019 and 2020 the economic activity rate rose significantly in Eastbourne. This meant that the economic activity rate across Eastbourne was similar to the national rate in 2020.

4.16 **Wealden:** The 2019 economic activity rate in Wealden (81.8%) was similar to the South East average, and above the English average. There was a slight increase in economic activity between 2019 and 2021, mirroring an increase at the national level.

Figure 4-3: Economic Activity Rates (2019 and 2020)



Source: Annual Population Survey via NOMIS (2021)

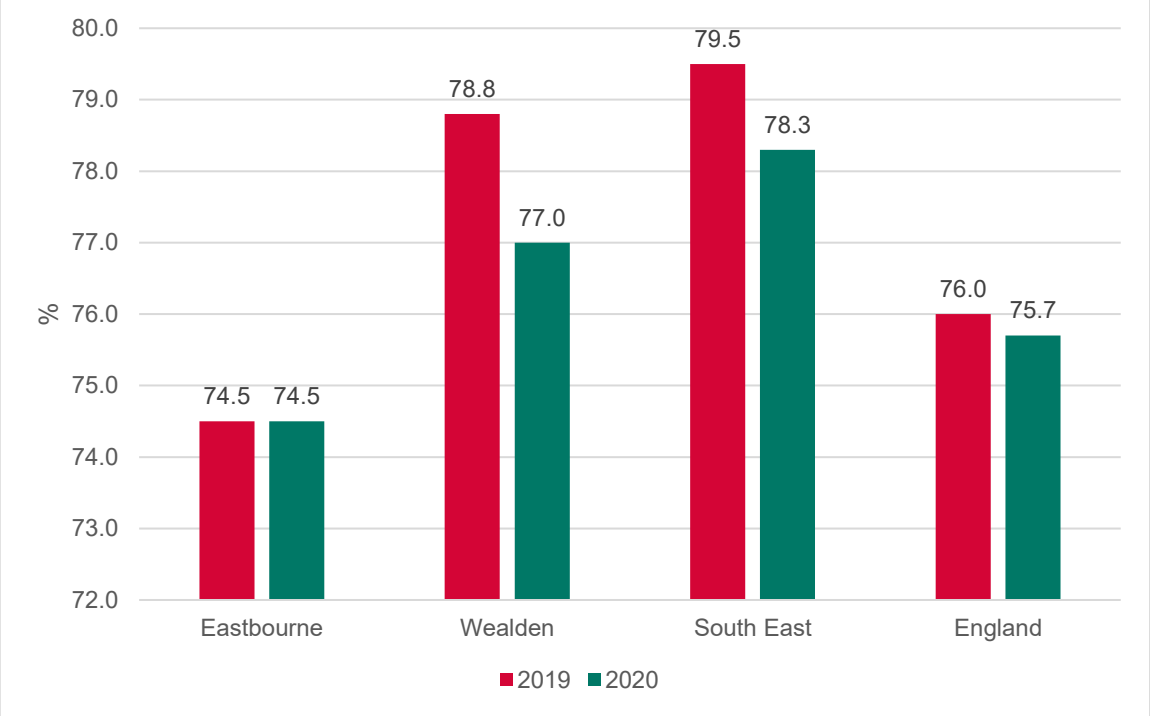
Employment Rate

4.17 The employment rate is the percentage of the working age population in employment. The figure below shows the average employment rate in 2019 and 2020. Again, 2020 is the latest year for which data is available but 2019 data has also been included to provide a picture of the economy before the onset of the Covid-19 crisis.

4.18 **Eastbourne:** It can be seen that the 2019 employment rate in Eastbourne is lower than the national average and significantly lower than the South East average. This suggests that policy interventions are required to get more people into work. Between 2019 and 2020 the employment rate in Eastbourne did not change suggesting that the increased economic activity rates were due to an increase in those seeking employment.

4.19 **Wealden:** The 2019 employment rate in Wealden is higher than the national average and only slightly lower than the South East average. This suggests that whilst more could be done to get people into work, it is not an urgent policy issue. The employment rate in Wealden went down between 2019 and 2020, again suggesting that the increase in economic activity was due to an increase in those seeking employment.

Figure 4-4: Employment Rates (2019 and 2020)

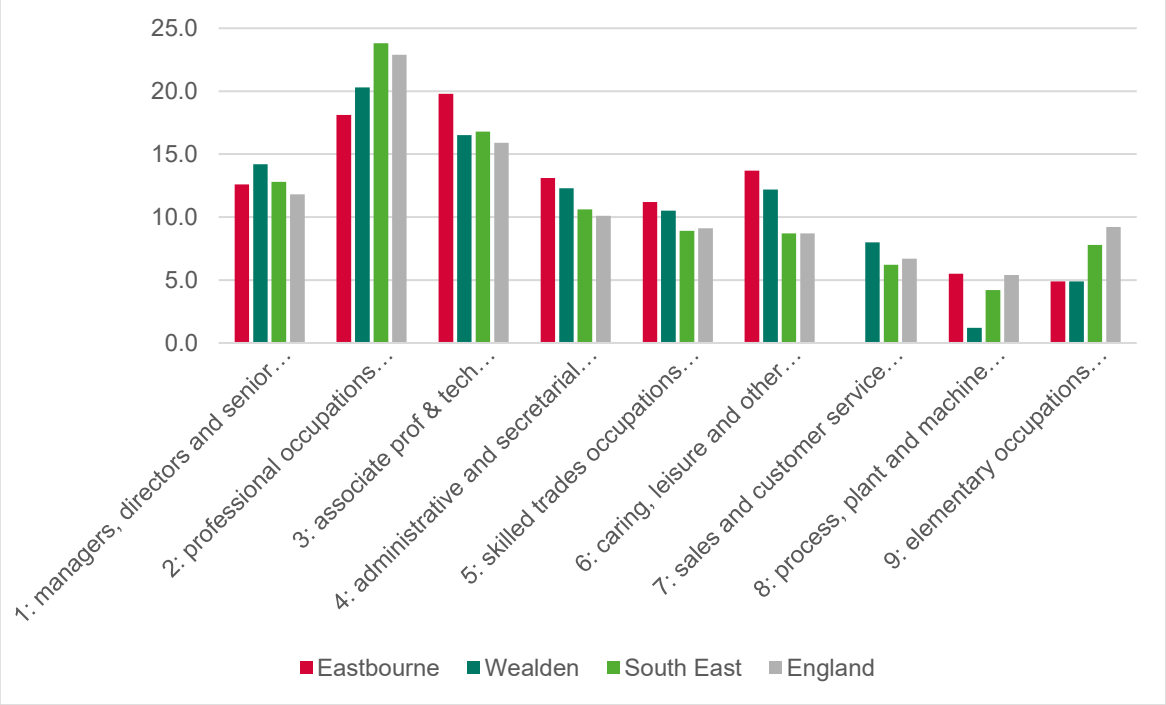


Source: Annual Population Survey via NOMIS (2021)

Occupational and Skills Profile

4.20 The detailed occupational profile in the figure below shows that both Eastbourne and Wealden have around 51% of residents in the top three occupational groups – the same as the English average but lower than the South East average of 53%. However, both Eastbourne and Wealden have a higher percentage of employment in the middle three occupational groups (38% and 35% respectively) than the regional and national averages (both 28%).

Figure 4-5: Detailed Occupational Profile (2020)



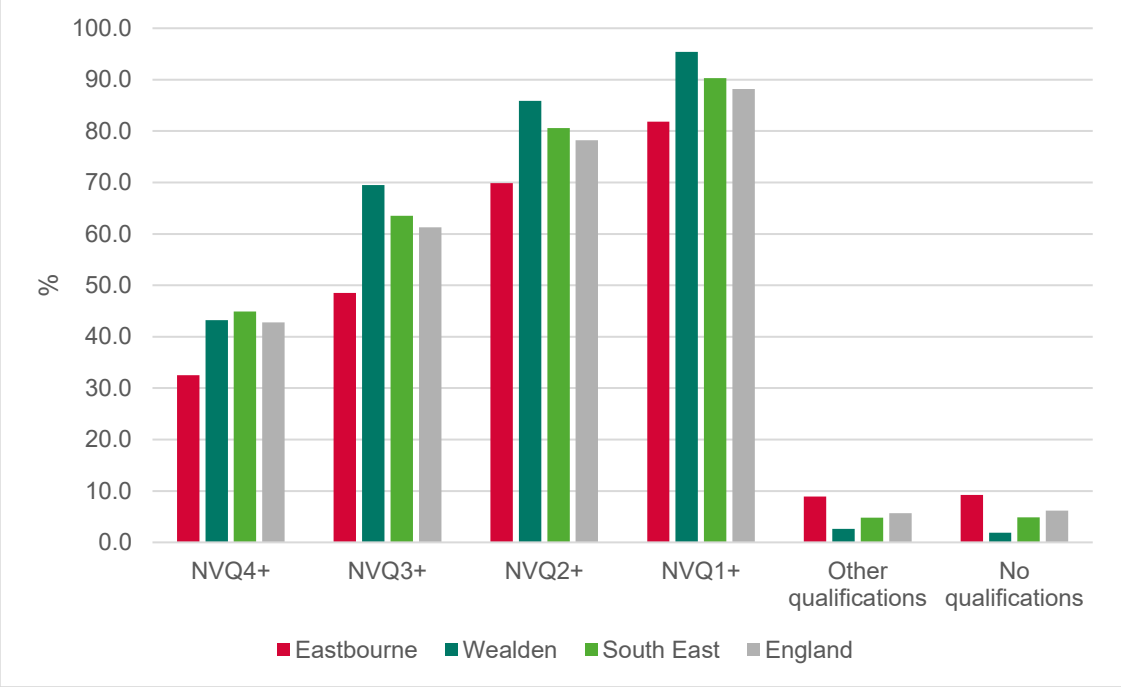
Source: Annual Population Survey via NOMIS (2021)

4.21 The figure below shows the proportion of residents by highest level of qualification in 2020.

4.22 **Eastbourne:** It can be seen that 32.5% of Eastbourne's residents have a level 4 qualification or above, which is much lower than the regional and national averages. On the other hand, 9.2% of Eastbourne's population had no qualifications, which is above the regional and national averages of 4.9% and 6.2% respectively.

4.23 **Wealden:** It can be seen in the figure below that 43.2% of Wealden's residents have a level 4 qualification or above, which is similar to the regional and national level. Just 1.9% of Wealden's residents have no qualifications, which is significantly lower than at the regional and national level.

Figure 4-6: Highest Level of Qualification (2020)



Source: Annual Population Survey via NOMIS (2021)

4.24 **Eastbourne:** Overall, whilst Eastbourne doesn't have a high concentration of jobs in the bottom three occupational groups (generally lower skilled), it does have a relatively poorly qualified workforce. Investment in education and training is likely to benefit the area in terms of getting more people into employment (as well as shifting more people into higher skilled jobs).

4.25 **Wealden:** Overall, Wealden has a skilled/well qualified labour force with no particular concerns around the prevalence of low skilled employment.

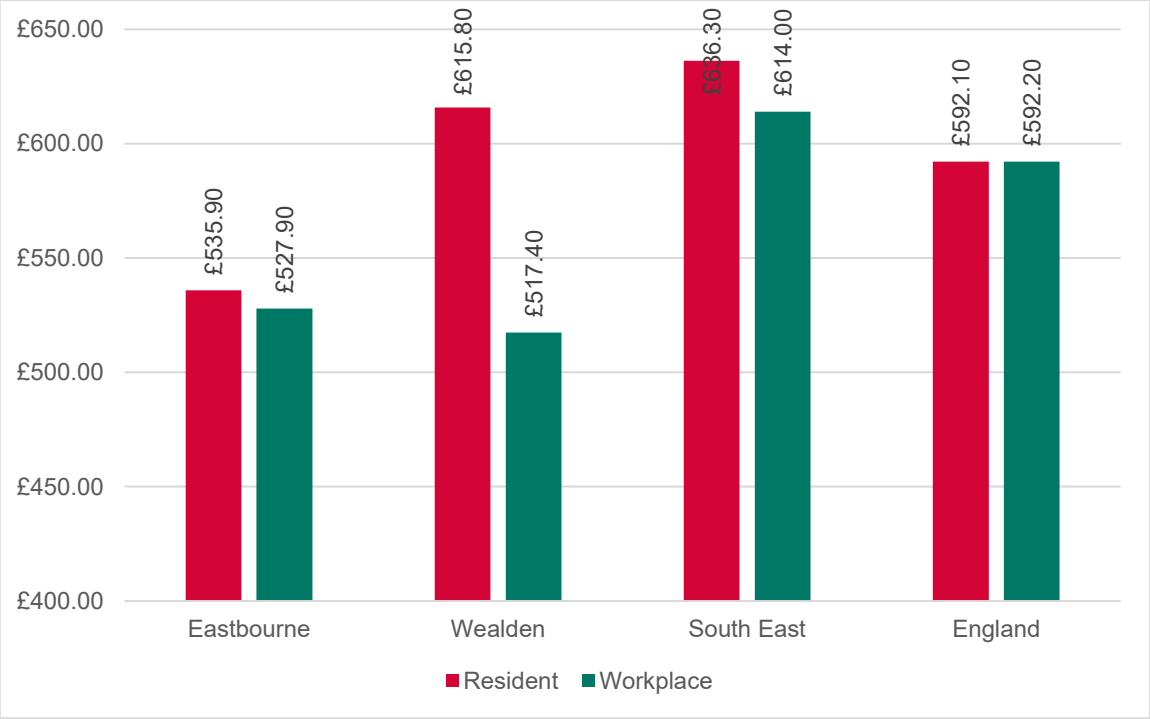
Earnings

4.26 **Eastbourne:** Eastbourne residents in full-time employment earn an average gross weekly pay of £535.90 – lower than the regional and national average. Workplace earnings are slightly lower than resident earnings at £527.90. This is significantly lower than the regional and national averages. Low earnings in the Borough are likely to be due to the sectoral split of employment, with more employment in low value sectors such as Wholesale and retail and Health and social. This will be explored further later in this chapter.

4.27 **Wealden:** The average pay of Wealden's residents sits between the regional and national average at £615.80. However, workplace earnings in Wealden (£517.40) are around £100 lower than resident earnings suggesting that significant levels of out-commuting occur. Workplace earnings in Wealden are significantly lower than the regional and national average. Again, low workplace earnings are

likely due to large proportions of employment being in lower value sectors, which will be explored further later in this chapter.

Figure 4-7: Earnings by Residents – Median Pay of Full-Time Workers (2019)



Source: Annual Survey of Hours and Earnings via NOMIS (2020)

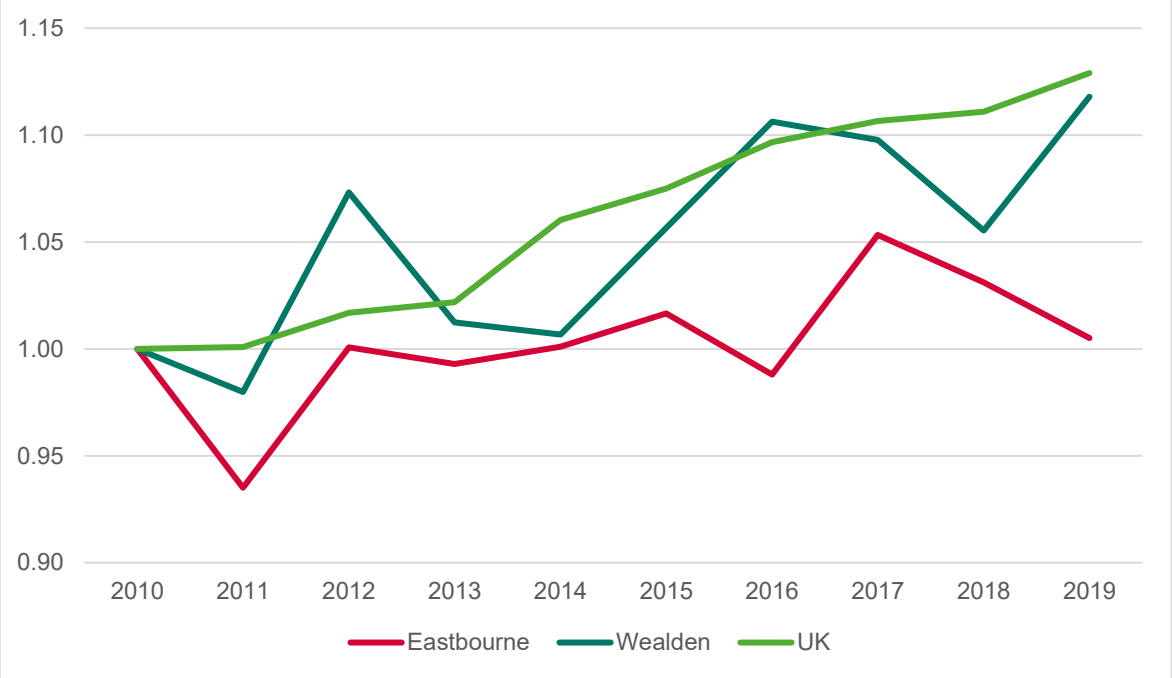
Employment

4.28 The figure below sets out the growth in jobs over the period since 2010 to 2019 according to Cambridge Econometrics data.

4.29 **Eastbourne:** There was no low jobs growth in Eastbourne between 2010 and 2019. This is likely to be constraining rates of employment (which are low, as can be seen above). The lack of jobs growth observed reflects a lack of growth in the Borough's working age population and a decline in its economic activity rate over the same period.

4.30 **Wealden:** It can be seen that the amount of employment in Wealden has increased at a comparable rate to across the UK since 2010.

Figure 4-8: Indexed Employment Growth (2010-2019)



Source: Cambridge Econometrics

Employment by Sector

4.31 The table below provides an analysis of the composition of employment by Standard Industrial Classification (SIC) sector based on Business Register and Employment Survey data. Location quotients have been presented to compare the relative size of sectors in Eastbourne and Wealden compared with the South East and England. Location quotients have been presented to compare the relative size of sectors in Eastbourne and Wealden compared with the South East and England.

4.32 **Eastbourne:** When compared to England as a whole, it can be seen that the sectors with the largest employment count in Eastbourne are human health and social work activities, followed by wholesale and retail trade, accommodation and food service activities and education. These sectors are also the ones with the highest concentration of employment compared to the national and regional average. These sectors are generally low value sectors and the strong presence of these sectors in Eastbourne is likely to explain the Borough's low average earnings. This suggests a need for the diversification of the economy into more high value sectors.

4.33 **Wealden:** The largest employment sectors in Wealden are wholesale and retail trade followed by human health and social work activities then education. Construction, manufacturing and professional services are also large employment sectors.

4.34 Relative to England, the most concentrated sector in Wealden is by far agriculture, forestry and fishing. Anecdotally it is reported that the viticulture sector (i.e. Vineyards) is a contributor to this

sector. In absolute terms, the agriculture sector is moderately sized. The second most concentrated sector relative to England is other service activities, which again in absolute terms is moderate to small in size. The third most concentrated sector in relative terms is construction. The arts, manufacturing and accommodation and food (tourism) are also relatively highly concentrated in Wealden.

4.35 Whilst Wealden has strengths and employment in some relatively high value sectors such as professional services, construction and manufacturing, more could be done to diversify the economy. This could be through further growth of high-quality office-based jobs (e.g. professional services) and by building on existing strengths in manufacturing.

Table 4.2 Employment by Sector (2019)

	Eastbourne %	Eastbourne Count	Vs South East LQ	Vs England LQ	Wealden %	Wealden Count	Vs South East LQ	Vs England LQ
A : Agriculture, forestry and fishing	0.3	125	0.23	0.23	4.6	2,500	3.54	3.54
B : Mining and quarrying	0.0	0	0.00	0.00	0.0	0	0.00	0.00
C : Manufacturing	4.4	1,750	0.69	0.56	8.3	4,500	1.30	1.06
D : Electricity, gas, steam…	0.0	10	0.00	0.00	0.2	100	0.50	0.50
E : Water supply; sewerage, …	0.2	75	0.25	0.33	0.7	400	0.88	1.17
F : Construction	4.4	1,750	0.81	0.88	8.3	4,500	1.54	1.66
G : Wholesale and retail trade; …	22.5	9,000	1.38	1.49	16.7	9,000	1.02	1.11
H : Transportation and storage	2.2	900	0.50	0.44	1.7	900	0.39	0.34
I : Accommodation and food service activities	11.2	4,500	1.47	1.49	9.3	5,000	1.22	1.24
J : Information and communication	1.5	600	0.27	0.34	3.2	1,750	0.57	0.73
K : Financial and insurance activities	1.8	700	0.69	0.51	0.9	500	0.35	0.26
L : Real estate activities	1.1	450	0.73	0.55	1.7	900	1.13	0.85
M : Professional, scientific and technical activities	6.2	2,500	0.68	0.67	8.3	4,500	0.91	0.90
N : Administrative and support service activities	4.4	1,750	0.54	0.49	5.6	3,000	0.68	0.63

	Eastbourne %	Eastbourne Count	Vs South East LQ	Vs England LQ	Wealden %	Wealden Count	Vs South East LQ	Vs England LQ
O : Public administration and defence; compulsory social security	2.5	1,000	0.81	0.64	1.7	900	0.55	0.44
P : Education	10.0	4,000	1.03	1.19	9.3	5,000	0.96	1.11
Q : Human health and social work activities	25.0	10,000	1.98	2.02	13.0	7,000	1.03	1.05
R : Arts, entertainment and recreation	2.2	900	0.96	0.88	3.2	1,750	1.39	1.28
S : Other service activities	3.1	1,250	1.24	1.48	3.7	2,000	1.48	1.76

Source: Cambridge Econometrics. Note: Reds highlight low concentrations and greens highlight high concentrations.

Changes in Employment by Sector

4.36 We have sought to assess trends in employment growth by sector. Our analysis considers trends over relevant economic cycles, looking at the 2001-2019 and 2010-2019 periods and is based on Cambridge Econometrics data.

4.37 **Eastbourne:** In Eastbourne, over the period 2001-2019, the strongest employment growth was in the residential and social sector with growth also occurring in the education, health, food and beverage services and construction. Between 2010 and 2019, the residential and social, food and beverage services and the construction sectors grew, with more growth in the construction sector occurring since 2010 than since 2000.

4.38 Eastbourne's manufacturing sector saw a very large fall in employment in the period 2001-19 (occurring in the earlier part of the period), along with significant declines in the public administration & defence and business support services sectors. The decline in the public administration and defence sector also occurred since 2010, with the health sector also declining over this period, but with manufacturing stabilising.

Table 4.3 Employment Trends by Sector (Change in thousands, 2001-2019)

	Eastbourne 2001-2019	Eastbourne 2010-2019	Wealden 2001-2019	Wealden 2010-2019
Agriculture, forestry & fishing	0.1	0.2	-0.2	0.3
Mining & quarrying	0.0	0.0	0.0	0.0
Manufacturing	-5.8	0.3	-0.9	0.4
Electricity & gas	0.0	0.0	-0.1	0.1

	Eastbourne 2001-2019	Eastbourne 2010-2019	Wealden 2001-2019	Wealden 2010-2019
Water, sewerage & waste	0.0	-0.1	0.2	0.0
Construction	0.8	1.0	1.3	-0.3
Motor vehicles trade	0.1	0.1	0.0	0.1
Wholesale trade	-0.1	0.2	0.0	0.4
Retail trade	0.0	0.2	1.0	0.3
Land transport	0.0	0.3	0.1	0.4
Water transport	0.0	0.0	0.0	0.0
Air transport	0.0	0.0	0.0	0.0
Warehousing & postal	0.1	0.0	0.1	0.1
Accommodation	0.4	0.0	0.2	0.2
Food & beverage services	1.0	0.5	2.6	0.0
Media	-0.1	0.0	0.4	0.2
IT services	0.2	0.2	0.3	0.0
Financial & insurance	-0.1	-0.1	0.3	-0.1
Real estate	0.1	-0.1	0.4	0.2
Legal & accounting	0.3	0.2	0.2	0.4
Head offices & management consultancies	0.5	0.1	0.8	0.5
Architectural & engineering services	0.1	0.0	0.2	0.1
Other professional services	0.5	0.5	0.9	1.0
Business support services	-0.9	0.3	0.4	1.0
Public Administration & Defence	-1.6	-0.5	-0.6	-0.1
Education	1.1	0.0	1.8	1.4
Health	1.1	-0.9	0.5	-0.2
Residential & social	1.7	0.3	1.7	0.5
Arts	0.1	0.0	0.3	0.0
Recreational services	0.2	0.0	1.0	0.0
Other services	0.3	0.6	1.7	1.4
Total	0.1	3.3	14.6	8.5

Source: Cambridge Econometrics, Iceni analysis. Note: Reds highlight low concentrations and greens highlight high concentrations.

4.39 **Wealden:** In Wealden, between 2000 and 2019, the food and beverages sector saw the greatest growth followed by education, residential and social, other services and construction. Education, residential and social, other services also saw growth since 2010 as did professional services represented by various sub sectors including business support and other professional services.

4.40 Wealden's manufacturing sector saw the greatest decline between 2000 and 2019; however, this did not occur after 2010, with some growth. A significant decline in the Public administration and defence sector also occurred between 2000 and 2019. Since 2010, the Construction and Heath sectors have seen limited decline.

Business Profile Overview

4.41 Data from the Inter-Departmental Business Register (IDBR) indicated that there were 418,370 enterprises (of which 416,485 were private sector) operating across the South East in 2020. However, this data does not capture all businesses (namely, it does not include some businesses with a turnover below the VAT threshold). BEIS data[15], which is not available at Local Authority level but provides a more accurate estimate of business numbers, shows that there were in fact around 931,675 private sector enterprises across the South East at the start of 2020.

4.42 **Eastbourne:** Data (IDBR) indicated that there were 3,200 enterprises (of which 3,195 were private sector) operating in Eastbourne in March 2020. Applying the ratio of IDBR to BEIS recorded business in the South East suggests there are around 7,100 private enterprises in Eastbourne.

4.43 IDBR data suggests that Eastbourne has a low enterprise density of 54 per 1,000 working age people compared to 74 across the South East and 68 across England as a whole. The lack of businesses in Eastbourne could contribute to the low levels of employment observed – a point which will be explored further later in this chapter.

4.44 **Wealden:** There were 8,505 enterprises (of which 8,465 were private sector) operating in Wealden as of March 2020. Applying the ratio of IDBR to BEIS recorded business in the South East suggests there are around private enterprises 18,900 in Wealden.

4.45 The density of enterprises in Wealden is high. According to the IDBR figure, Wealden had approximately 92 businesses per 1,000 population of working-age (16-64) people in 2020. This suggests that Wealden is relatively enterprising and has a strong business base.

Businesses by Size

4.46 The table below shows the number of enterprises per thousand working age residents, by enterprise size.

[15] Department for Business, Energy and Industrial Strategy (2020), Business Population Estimates for the UK and Regions 2020

4.47 **Eastbourne:** Eastbourne has less enterprises per thousand working age people than across the South East and England at all scales. Support is likely to be needed for start-up enterprises but also more could be done to attract and retain small, medium and particularly large enterprises.

4.48 In Eastbourne, 15.3% of enterprises are sole proprietorships - slightly higher than the English average.

4.49 **Wealden:** As stated above, Wealden has a high concentration of enterprises overall as well as a high concentration in terms of micro and to a lesser extent small enterprises. However, when it comes to medium-sized and large enterprises, Wealden has slightly less than the South East and English averages. Wealden District Council should continue to support these enterprises in order to protect its economy and encourage sustainable growth.

4.50 Levels of sole proprietorship[16] are relatively high in Wealden – 18.6% of enterprises compared to 13.5% across the South East and 14.5% across England. Whilst sole proprietors can employ other people, this provides a good indication that there are high numbers of single person or family businesses and hence self-employment across the district. This is likely to be related to the District's large agricultural sector.

Table 4.4 Enterprises per thousand working age population by scale of employment (2020)

	Eastbourne	Wealden	South East	England
Total	53.9	92.0	74.3	67.9
Micro (0 to 9)	47.9	84.1	67.1	60.9
Small (10 to 49)	5.0	6.9	5.9	5.7
Medium-sized (50 to 249)	0.8	0.9	1.1	1.0
Large (250+)	0.2	0.2	0.3	0.3

Source: IDBR

Business Start-up and Survival

4.51 **Eastbourne:** According to IDBR data seen in the figure below, the number of enterprises in Eastbourne increased by 21% between 2010 and 2020. This is lower than the 27% growth across the South East and 33% across England. Given the low concentration of businesses in Eastbourne,

[16] A type of enterprise owned and run by one person. Sole proprietorships have no legal distinction between the owner and the business entity. A sole proprietor does not necessarily work alone as it is possible for the sole trader to employ other people.

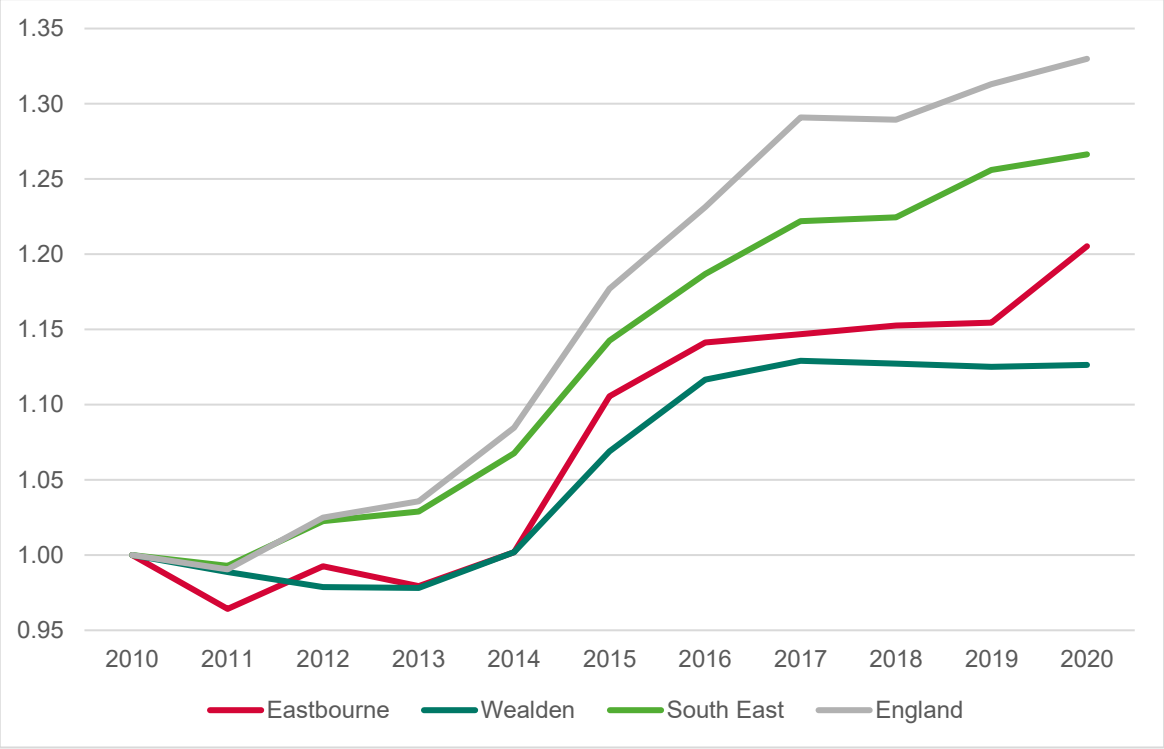
a faster rate of growth may be expected. This again provides evidence that more could be done to encourage start-ups and relocation of existing businesses to the Borough.

4.52 The five-year survival rate of businesses born in 2014 was 43% in Eastbourne compared to 45.6% across the South East and 42.5% across England. Following a similar pattern, one-year survival rates of businesses born in 2014 were 91.9% in Eastbourne compared to 93.2% across the South East and 92.3% across England. Overall this suggests that survival rates are similar to levels seen across England as a whole. Whilst more could be done to support start-ups it may be the case that more people need to be encouraged to go into business through education and raising aspirations.

4.53 **Wealden:** The number of enterprises in Wealden has increased by 13% over the last ten years. However, as can be seen above, there is a high concentration of enterprises in Wealden, meaning the area was starting from a high base and meaning slower rates of growth are expected.

4.54 The five-year survival rate of businesses born in 2014 was 52.4% in Wealden compared to 45.6% across the South East and 42.5% across England. One-year survival rates of businesses born in 2014 were 95.2% in Wealden compared to 93.2% across the South East and 92.3% across England. This data suggests that Wealden offers a good environment for new businesses.

Figure 4-9: Indexed Ten-Year Growth in Business Numbers



Source: IDBR

Economic Performance

4.55 **Eastbourne:** Gross Value Added (GVA) measures the contribution of the area to the economy. Experimental GVA data is available at a district level in current basic prices[17]. This data shows that in 2016, Eastbourne contributed £1,944m equating to £18,866 of GVA per head.

4.56 **Wealden:** In 2016, Wealden contributed £2,930m to the economy equating to a GVA £18,597 per head.

4.57 Official ONS statistics on GVA are also available at regional and national level[18]. In 2016, again in current basic prices, GVA per head in the South East was £29,163 compared to £27,740 across England as a whole. This suggests that both Eastbourne and Wealden are relatively low value economies.

4.58 As can be seen in the figure below, GVA growth in Eastbourne and Wealden has slowed since 2008. Between 1998 and 2008, GVA in Eastbourne and Wealden grew at a Compound Annual Growth Rate (CAGR - which represents average year on year percentage change) of 4.7% and 4.2% respectively – similar to the regional rate of 4.5% and national rate of 4.8%. However, between 2008 and 2016, the CAGRs in Eastbourne and Wealden were 1.2% and 1.9% respectively compared to 2.7% for the South East and 2.9% for England as a whole.

4.59 It should be noted that whilst both using the 'balanced' method of calculation, the figures presented for Eastbourne and Wealden are based on experimental data.

[17] ONS (2019), Regional Gross Value Added (Balanced) by Local Authority in the UK

[18] ONS (2021); Regional gross value added (balanced) per head and income components.

Figure 4-4: Indexed Current Price GVA Growth 1998-2019

Source: Iceni analysis of ONS data. Eastbourne and Wealden data is experimental and included for indicative purposes only.

Productivity

4.60 Productivity data is not available at a local authority level. However, it is available at NUTS Level 3. Eastbourne and Wealden lie within the East Sussex CC NUTS Level 3 area, which also contains Lewes, Rother and Hastings.

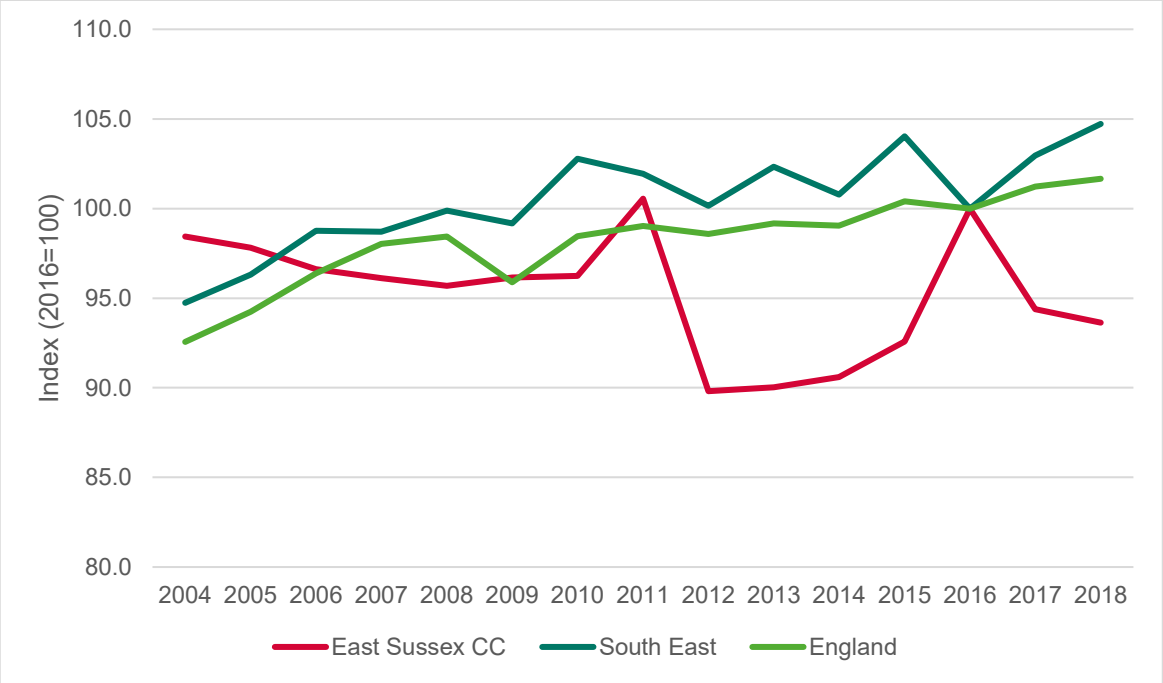
4.61 GVA per hour worked in East Sussex CC was £25.60, which is 33% less than across the South East (£38.20) and 20% less than across England as a whole (£35.60). An even greater shortfall in productivity can be seen when using GVA per filled job data – East Sussex CC had a GVA per filled job of £40,170 in 2010 which is 49% less than the South East (£59,806) and 40% less than England (£57,266).

4.62 The figure below shows that in real terms[19] productivity, in terms of GVA per hour worked, has decreased by around 4.9% across East Sussex CC from 2004, but increased across both the South East (10.5%) and the England as a whole (9.8%). However, there have been considerable fluctuations. Between 2004 and 2011, and in 2016, GVA per hour worked in East Sussex CC was

[19] Taking into account the effects of inflation.

similar to and sometimes surpassed the English value and indicating the potential for better productivity across the area.

Figure 4-5: GVA per hour worked indexed to 2016 value by area



Source: ONS Subregional Productivity (2020)

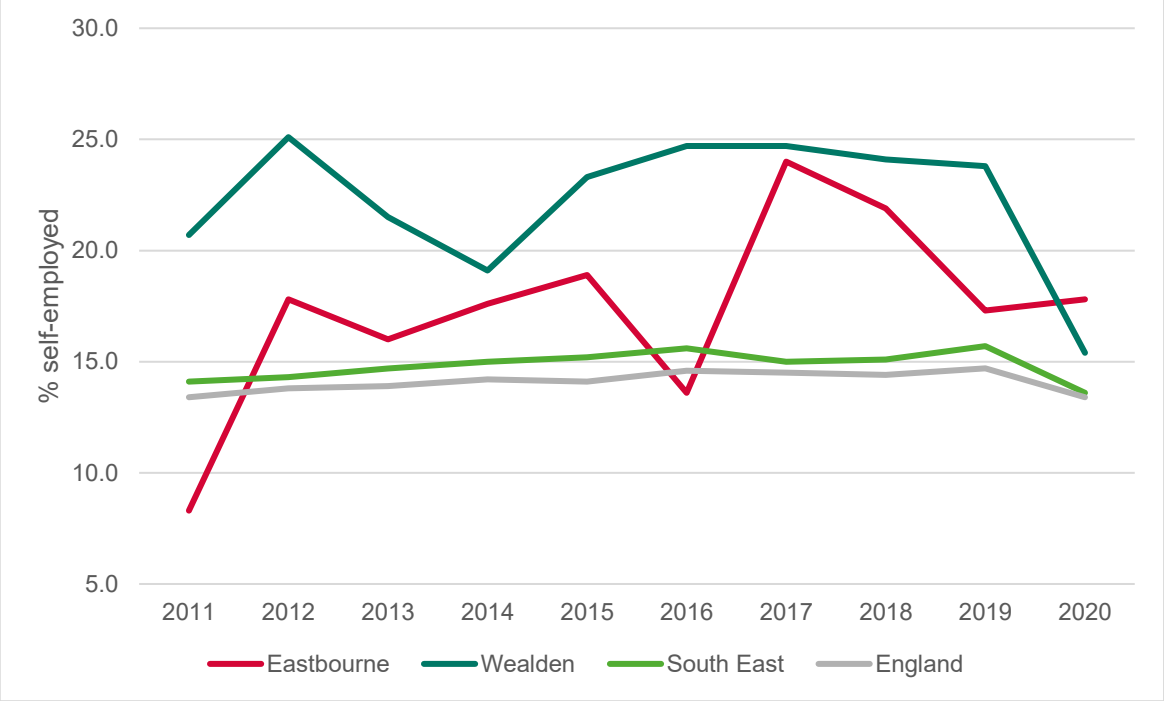
Self-employment

4.63 The figure below shows that levels of self-employment in Eastbourne and Wealden have varied over the last ten years, whereas levels of self-employment across the wider comparator areas has remained relatively constant.

4.64 **Eastbourne:** Between 2011 and 2017, self-employment in Eastbourne was on the rise before falling up to 2020. In 2020, of working aged residents (16-64) in Eastbourne, 17.8% were self-employed. This compares to just 13.6% across the South East and 13.4% across England as a whole.

4.65 **Wealden:** Levels of self-employment in Wealden have been steady, but fell rapidly (by 8.4 percentage points) between 2019 and 2020 likely due to Covid-19. In 2020, of working aged residents (16-64) in Wealden, 15.4% were self-employed, which his relatively high.

Figure 4-6: Self-employment levels as a percentage of working age population



Source: Annual Population Survey

Working age population

4.66 The table below shows the overall population of Eastbourne and Wealden and the proportion of the population of working age compared to the South East and England. It can be seen that both Eastbourne and Wealden have a relatively smaller working age population than both the South East and England as a whole.

Table 4.5 Working age population

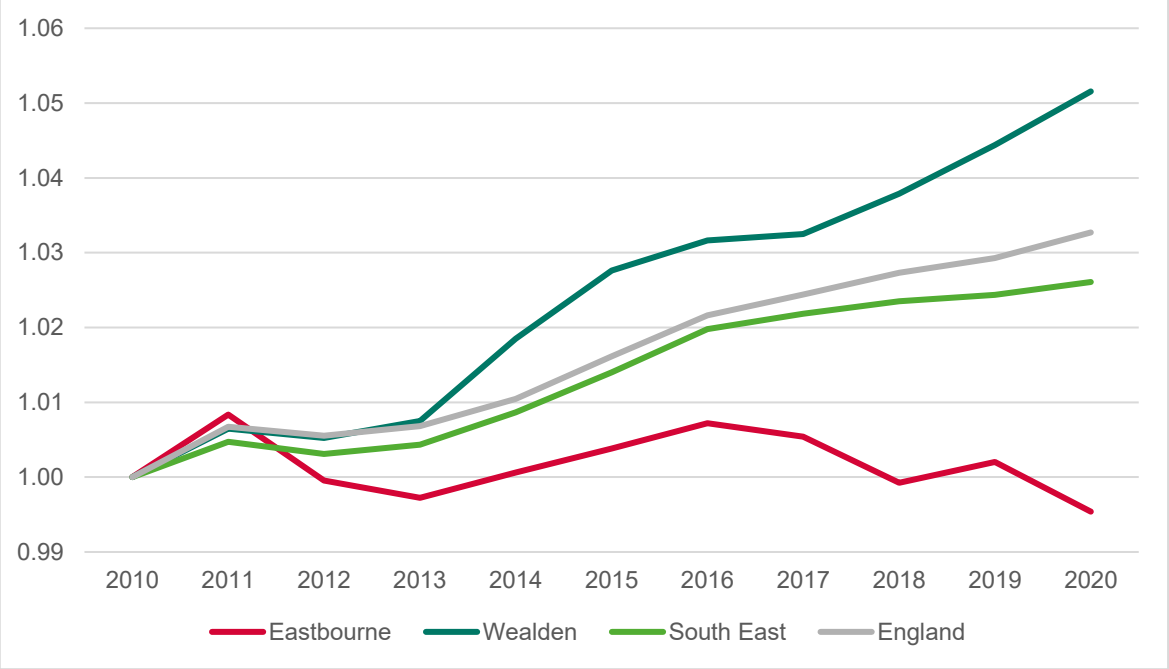
	Eastbourne Absolute	Eastbourne %	Wealden Absolute	Wealden %	South East %	South East %
All ages	103,324	-	162,733	-	-	-
16-64	59,396	57.5%	92,415	56.8%	61.1%	62.3%

Source: ONS Mid-year Population Estimates 2020

4.67 **Eastbourne:** As can be seen in the figure below, the working age population of Eastbourne has fluctuated but declined slightly since 2010 (by 0.5%).

4.68 **Wealden:** The working age population of Wealden has increased significantly (by 5.2%) since 2010. This compares to a 2.6% increase across the South East and a 3.3% increase across England as a whole.

Figure 4-13: Indexed Working age (16-64) population growth



Source: ONS Population Estimates

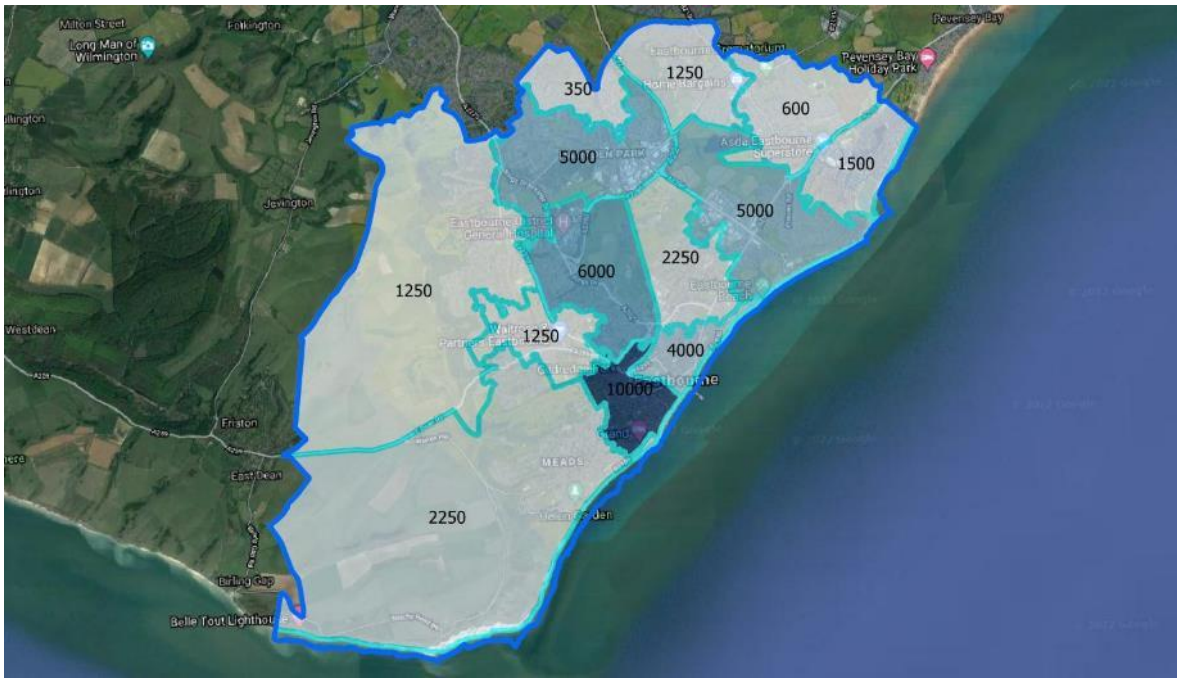
Spatial Distribution of Economic Activity

4.69 This section looks at the spatial distribution of economic activity in both Eastbourne and Wealden considering the broad locations of employment and the locations of businesses (by sector and size).

Employment distribution

4.70 **Eastbourne:** The map below shows the spatial distribution of employment in Eastbourne. It can be seen that most employment is within the town centre. It can also be seen that high levels of employment are also concentrated along the A2270 corridor, around Hampden Park and in Eastern areas of Eastbourne such as Langley and Sovereign Harbour.

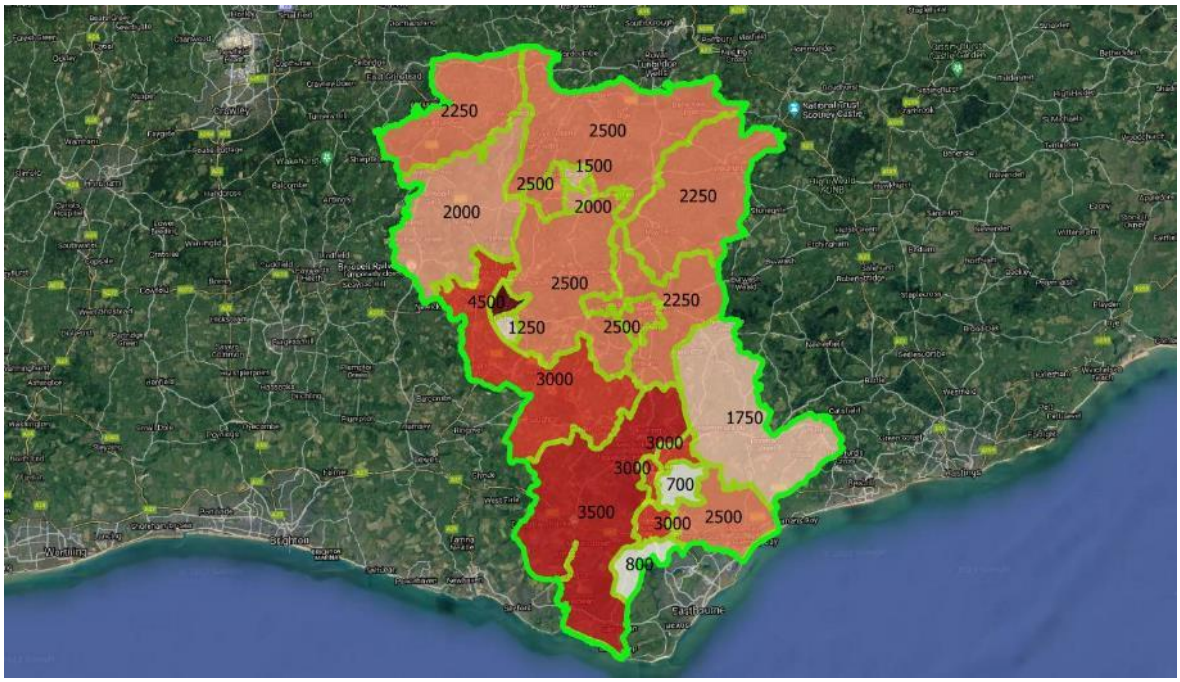
Figure 4-14: Distribution of Employment



Source: Iceni analysis of BRES data (2020)

4.71 **Wealden:** The map below shows the spatial distribution of employment in Wealden (by Middle Super Output Area (MSOA)). It can be seen that the highest amounts of employment are in the south west of the District. More detailed analysis shows that around 50% of employment is in urban areas and 50% is in rural areas.

Figure 4-15: Distribution of Employment



Source: Iceni analysis of BRES data (2020)

4.72 The table below shows that 50% of employment is in 5 key towns in Wealden with the highest percentages in Crowborough, Uckfield and Hailsham.

Table 4.6 Employment by Town, Wealden (2020)

Town	Employment	%
Crowborough	6,000	12%
Uckfield	5,750	12%
Hailsham	6,700	14%
Polegate and Willingdon	3,800	8%
Heathfield	2,500	5%
Other	24,500	50%
Total	49,250	100%

Source: Iceni analysis of BRES data. Note: Based on best-fit MSOAs.

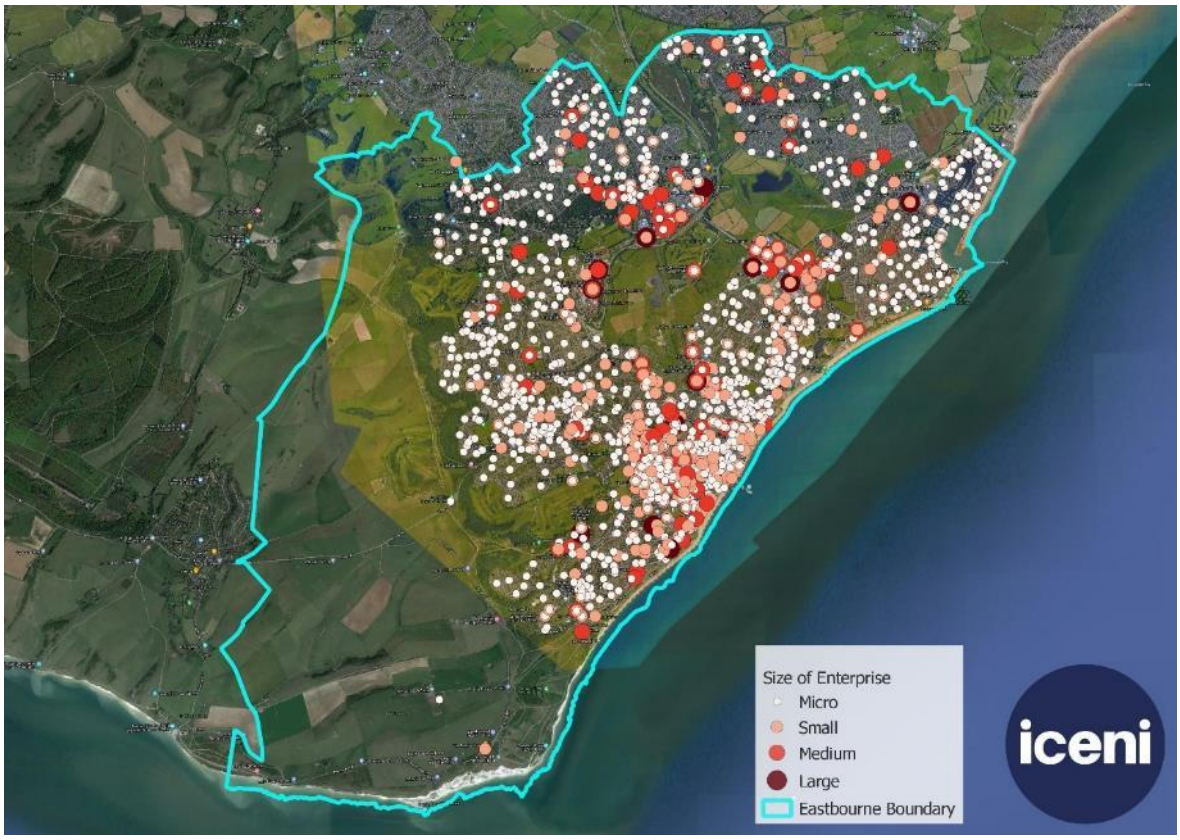
Businesses distribution

4.73 This section looks at the spatial distribution of enterprises in Eastbourne and Wealden, with a particular focus on understanding the distribution of larger enterprises (i.e. larger than micro) and enterprises in key sectors in the context of this study.

4.74 **Eastbourne:** The figure below shows the distribution of enterprises (by size[20]) in Eastbourne. It can be seen that the largest concentration of enterprises is in and around the town centre.

[20] Where: Micro is <10; Small is 10-49; Medium is 50-249; and Large is >249.

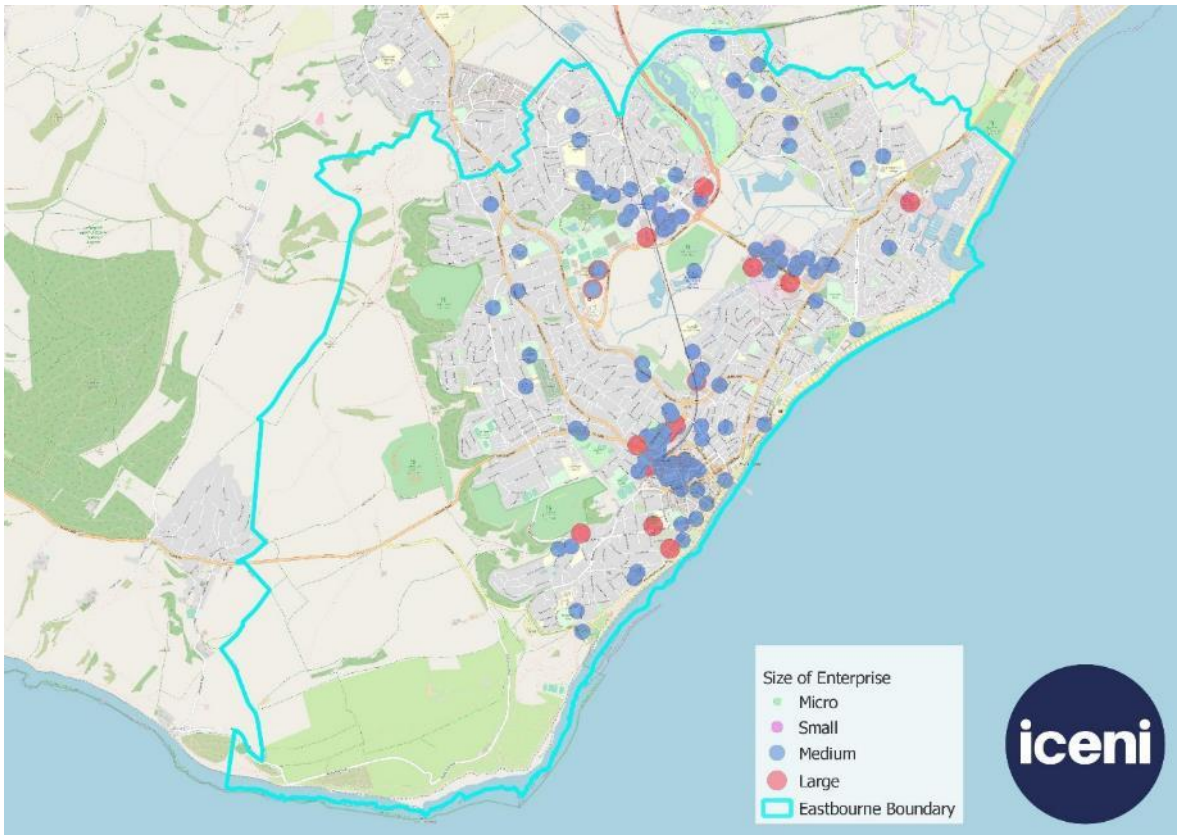
Figure 4-7: Map of Enterprises by Size in Eastbourne



Source: Iceni analysis of IDBR data

4.75 The figure below focusses solely on medium and large enterprises. It can be seen that these are concentrated in three areas: Eastbourne Town Centre around Terminus Road and to the north around The Avenue; Hampden Park including on the industrial estates to the east of the station; and in and around Lottbridge Drive Industrial Estate(s).

Figure 4-8: Map of Medium and Large Enterprises in Eastbourne



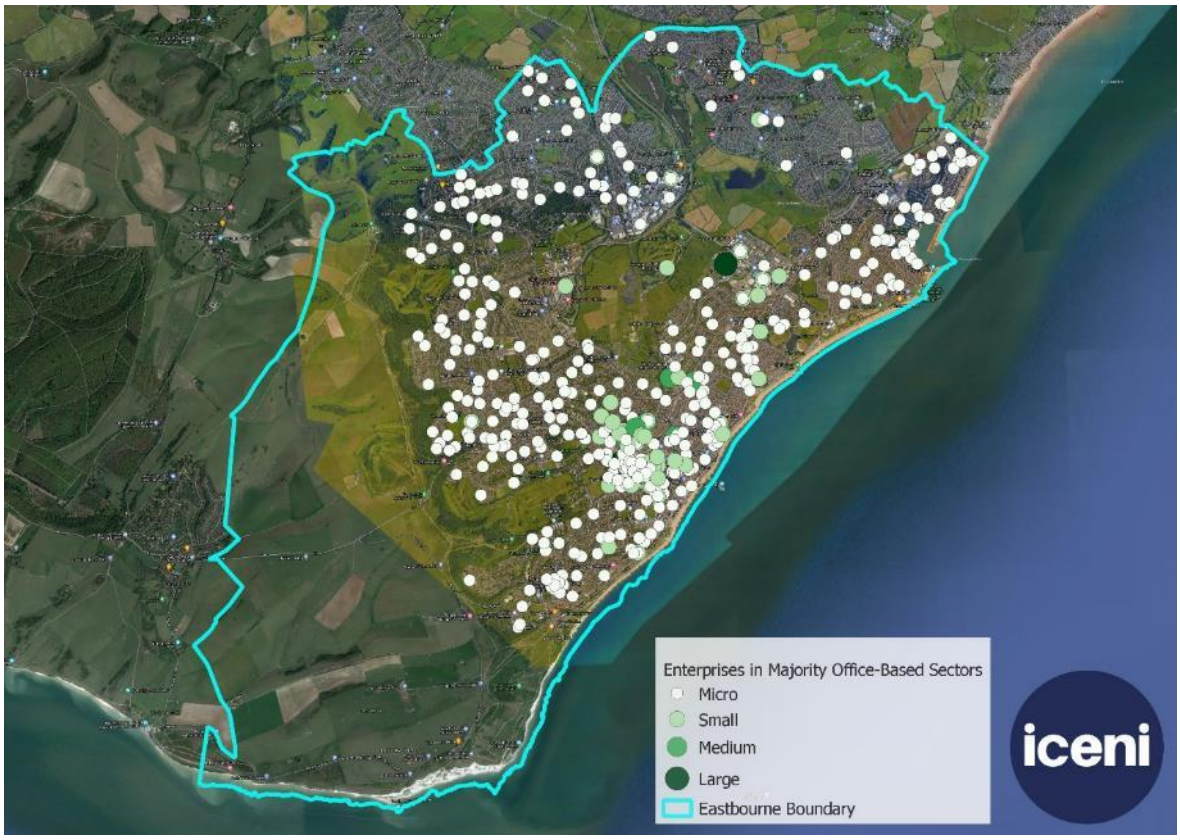
Source: Iceni analysis of IDBR data

4.76 As can be seen in the figure below, enterprises in majority office-based sectors[21] are concentrated in the town centre but spread out along the coast and to the north-west of the town centre. There is a low concentration of enterprises in majority office-based sectors in the north of the borough, which are mostly in the Hampden Park area.

4.77 Employment in small and medium sized enterprises in majority office-based sectors is almost exclusively concentrated in and around the town centre and to a lesser extent to the north east of the town centre.

[21] Financial and insurance activities; Information and communication; Professional, scientific and technical activities; Public administration and defence, and compulsory social security.

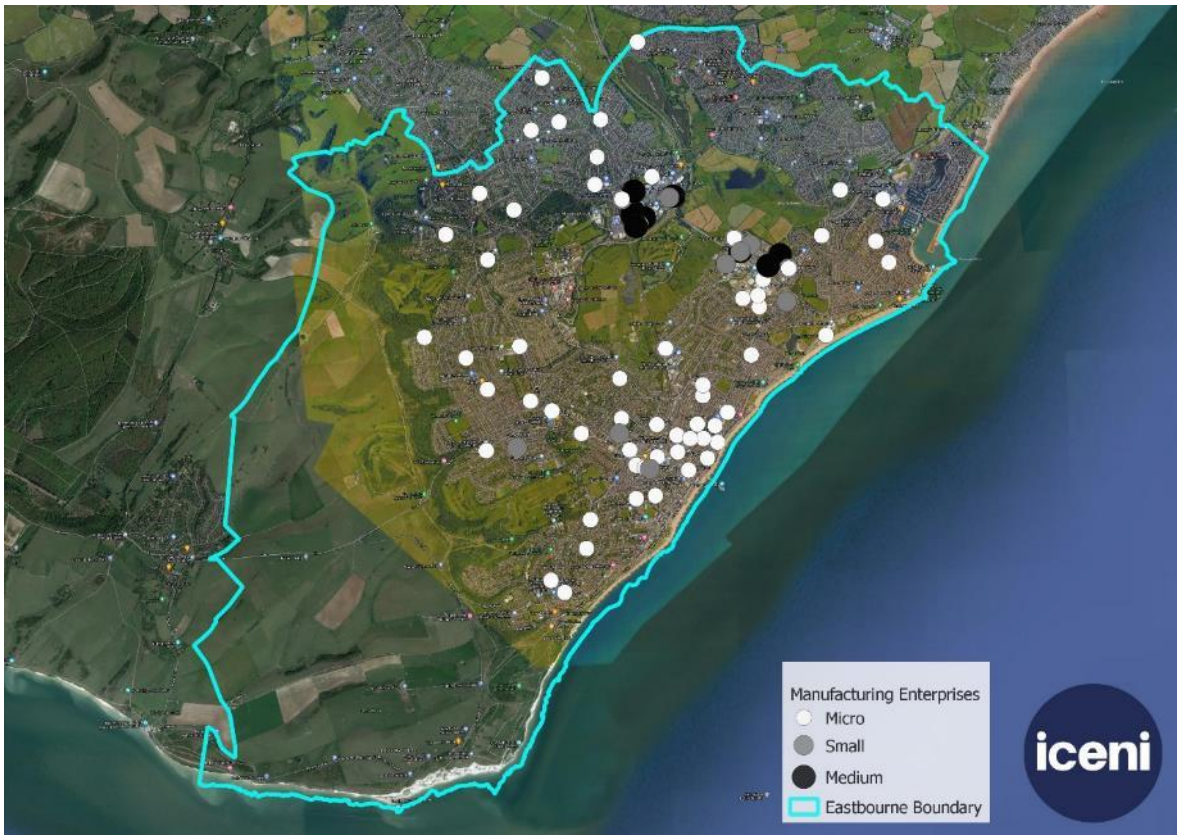
Figure 4-18: Map of Enterprises in Majority Office-Based Sectors in Eastbourne



Source: Iceni analysis of IDBR data

4.78 The figure below shows the distribution of manufacturing enterprises in Eastbourne. There is a concentration of micro manufacturing enterprises in and to the north-east of the town centre. There are two concentrations of small and medium sized manufacturing enterprises. The first is in the industrial estates to the east of Hampden Park Station where there is a particularly high concentration of medium sized enterprises. The second is the Lottbridge Drive Industrial Estate(s).

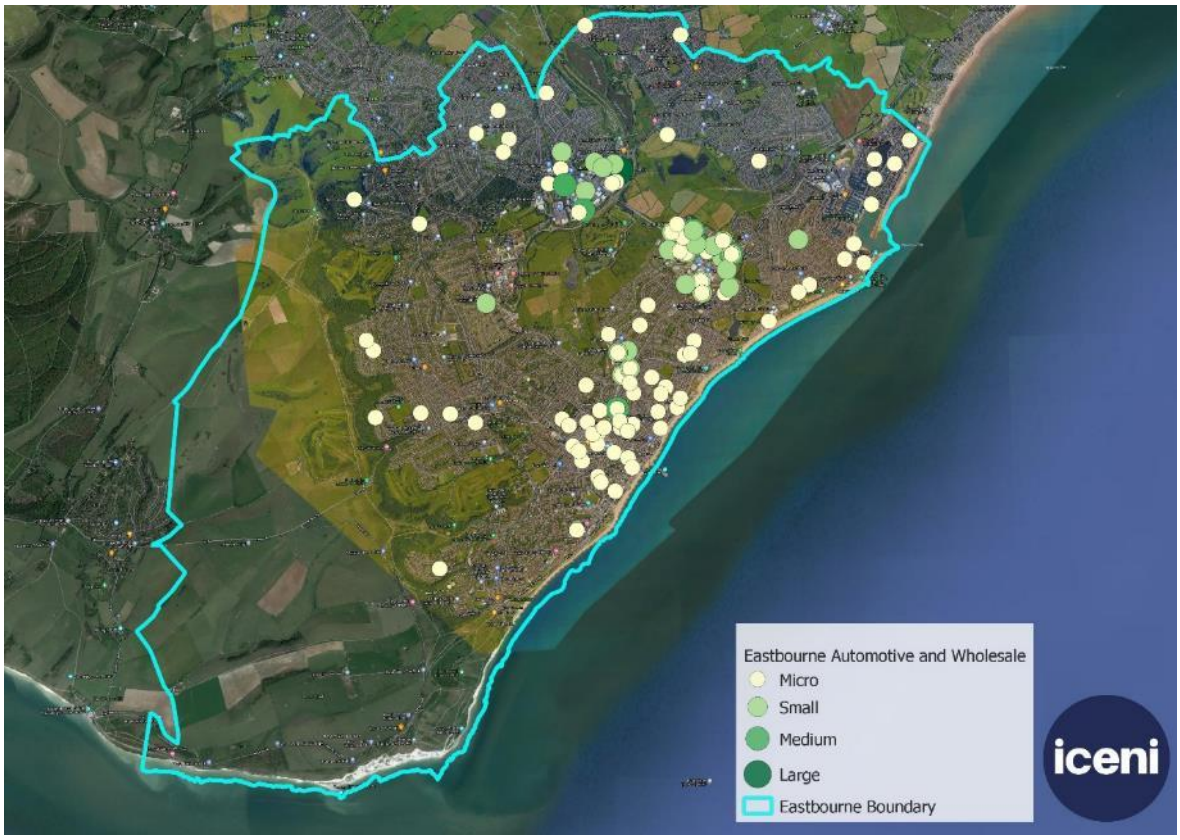
Figure 4-99: Map of Manufacturing Enterprises in Eastbourne



Source: Iceni analysis of IDBR data

4.79 It can be seen in the figure below that the distribution of Wholesale and Car sales and repair enterprises is based is similar to that of Manufacturing enterprises.

Figure 4-10: Map of Wholesale, and Car Sales and Repair Enterprises in Eastbourne

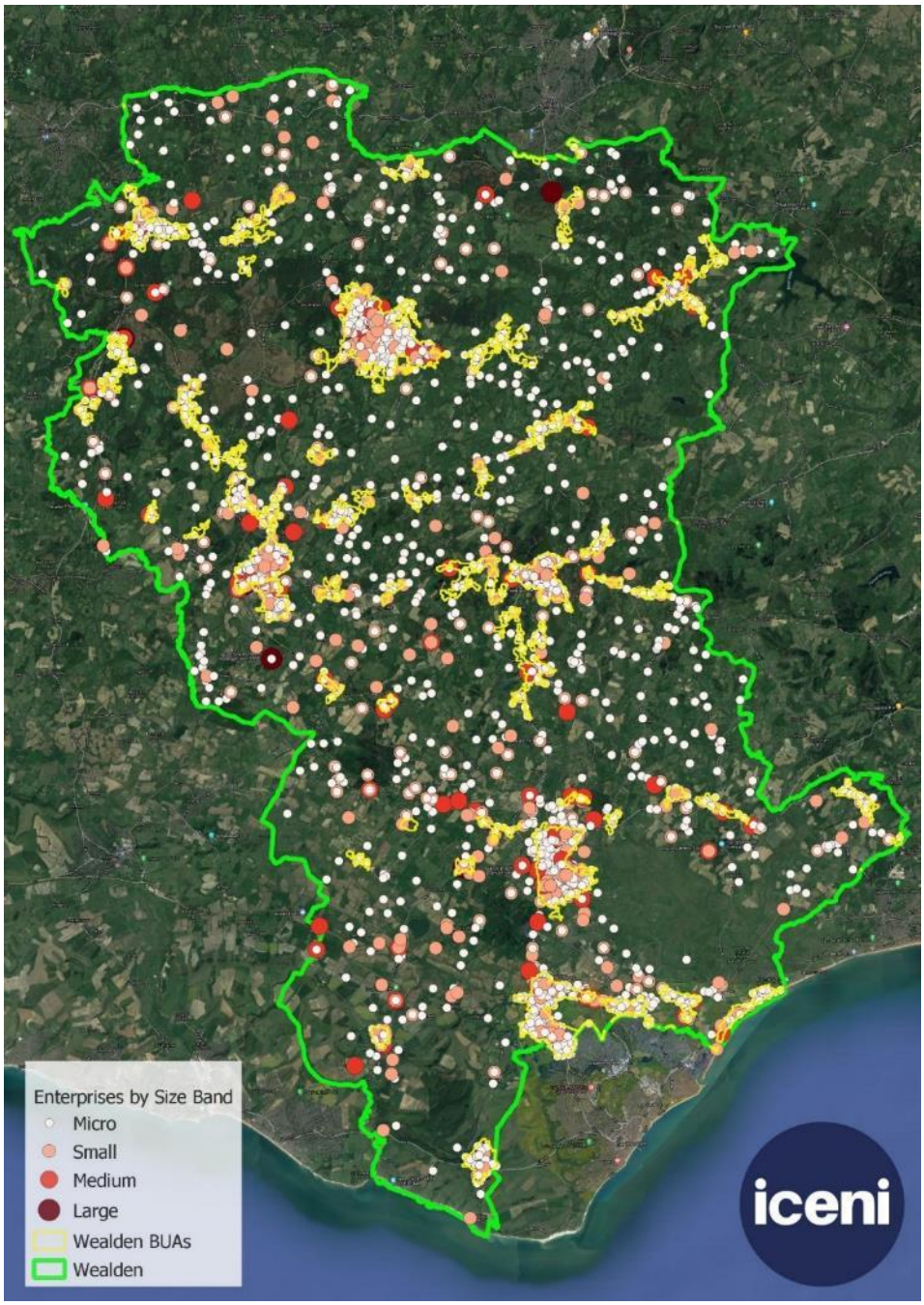


Source: Iceni analysis of IDBR data

4.80 **Wealden:** The figure below shows the distribution of enterprises (by size[22]) in Wealden. It can be seen that enterprises are concentrated within Built-Up-Areas (BUAs), particularly Crowborough, Uckfield, Hailsham and Polegate.

[22] Where: Micro is <10; Small is 10-49; Medium is 50-249; and Large is >249.

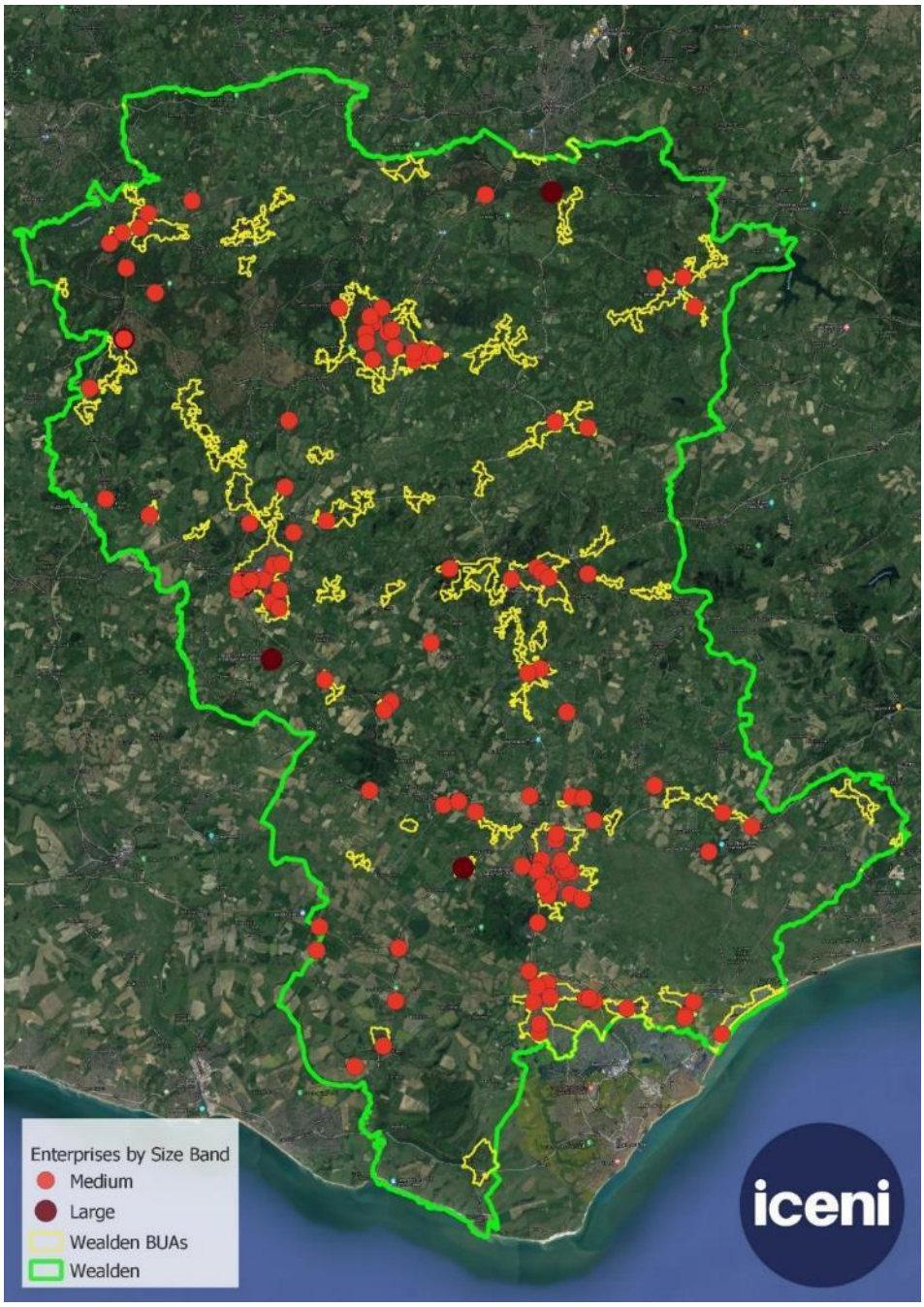
Figure 4-11: Map of Enterprises by Size in Wealden



Source: Iceni analysis of IDBR data

4.81 It can be seen in the figure below that both medium and the five large enterprises in Wealden are also concentrated in BUAs and again, particularly in Crowborough, Uckfield, Hailsham and Polegate.

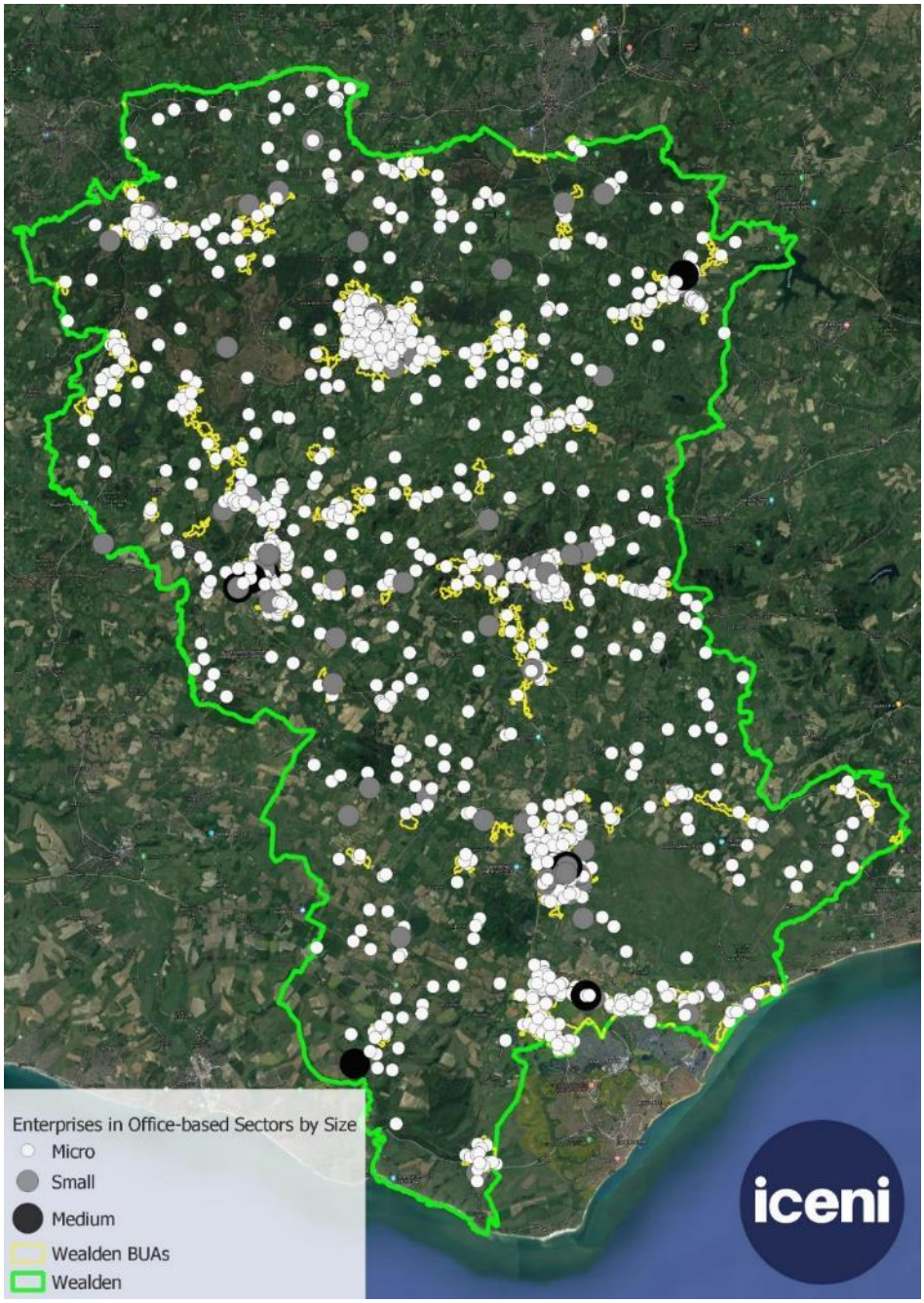
Figure 4-21: Map of Enterprises by Size in Wealden (Medium and Large Only)



Source: Iceni analysis of IDBR data

4.82 As can be seen in the figure below, enterprises in majority office-based sectors[23] are distributed similarly to the enterprise base as a whole. The same can be said when looking at just small and medium sized enterprises (there are no large office-based enterprises).

Figure 4-122: Map of Enterprises in Majority Office-Based Sectors in Wealden

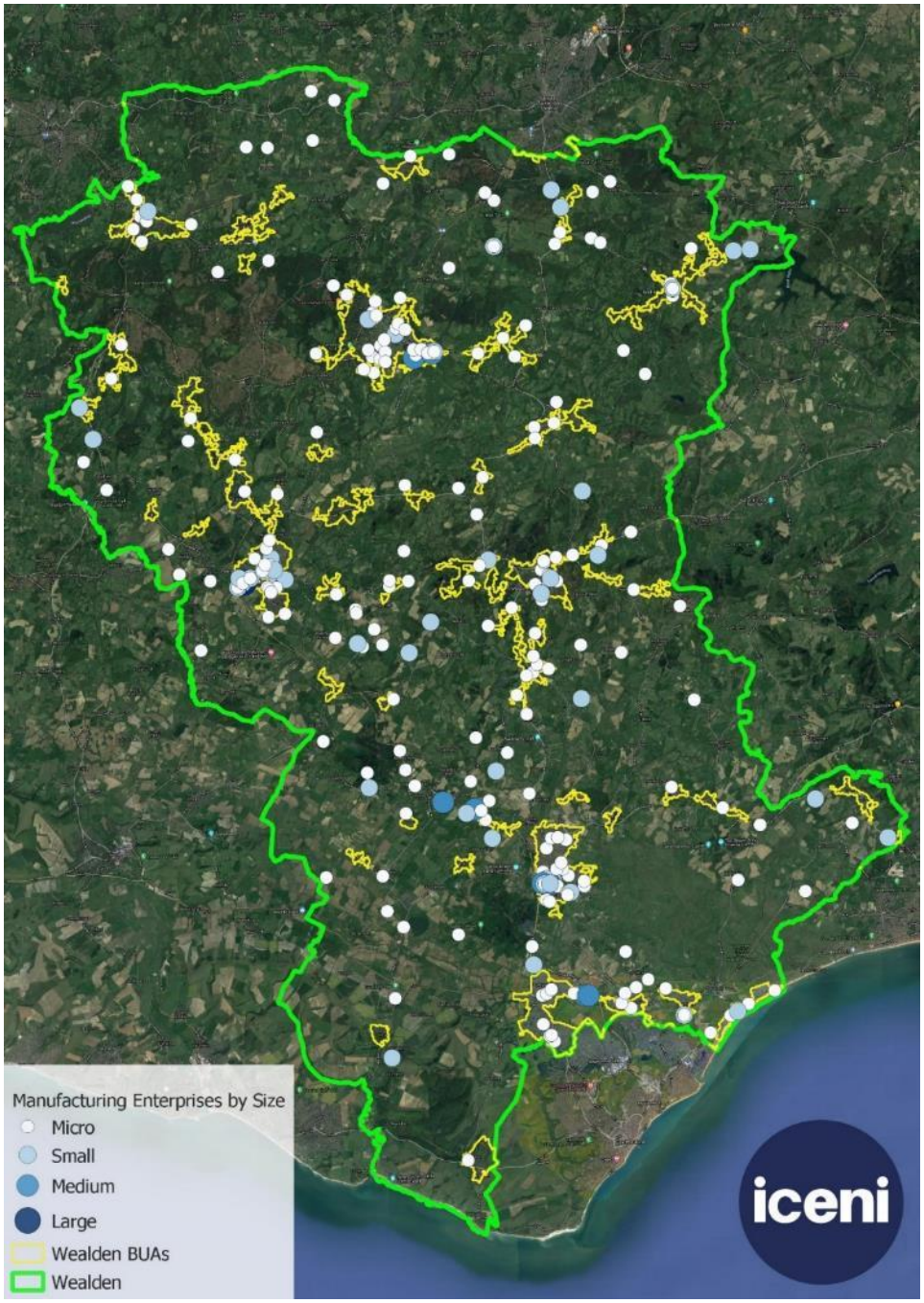


Source: Iceni analysis of IDBR data

[23] Financial and insurance activities; Information and communication; Professional, scientific and technical activities; Public administration and defence, and compulsory social security.

4.83 The figure below shows the distribution of manufacturing enterprises in Wealden. As with office-based sectors, these are concentrated in built-up areas, particularly Crowborough, Uckfield, and Hailsham.

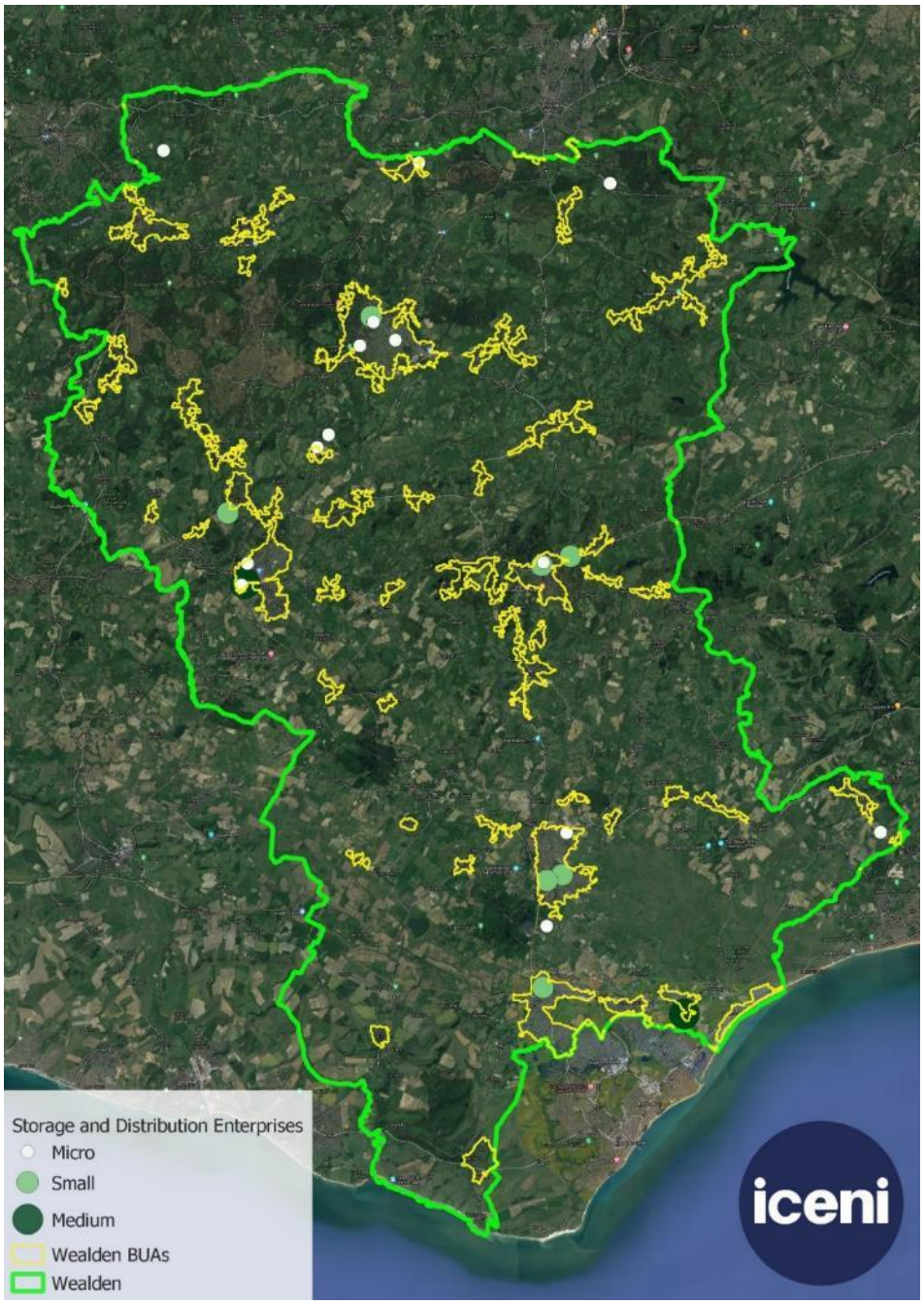
Figure 4-23: Map of Manufacturing Enterprises in Wealden



Source: Iceni analysis of IDBR data

4.84 As can be seen in the figure below, there are very few Storage and Distribution Enterprises in Wealden. Again, the majority of these are situated in major BUAs. It should be remembered that this does not include all enterprises that engage in Storage and Distribution activities but just those that are specifically Storage and Distribution operators.

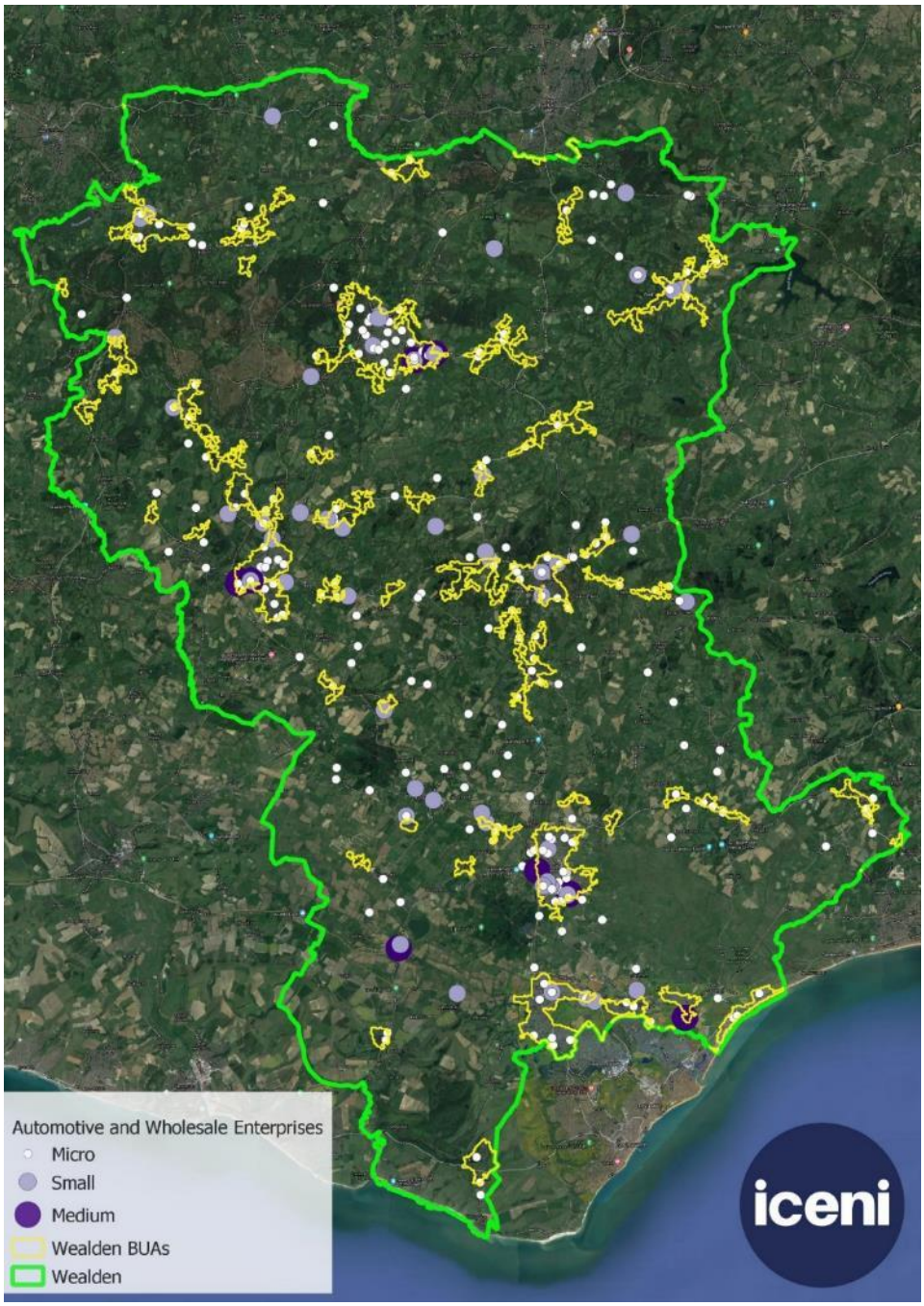
Figure 4-134: Map of Storage and Distribution Enterprises in Wealden



Source: Iceni analysis of IDBR data

4.85 Finally, as can be seen in the figure below, it can be seen that Wholesale and Car Sales and Repair in Wealden are concentrated in BUAs, particularly Hailsham, Uckfield and Crowborough.

Figure 4-145: Map of Wholesale, and Car Sales and Repair Enterprises in Wealden



Source: Iceni analysis of IDBR data

5. COMMERCIAL MARKET ASSESSMENT

5.1 This section provides an assessment of the commercial property market in Eastbourne and Wealden focused particularly on office, research and development, industrial and warehouse/distribution space.

5.2 This assessment has been undertaken using a variety of sources including take-up and availability data from CoStar, a national commercial property database, and supplemented by data provided by Hunt Commercial (Eastbourne based agency) and a review of the latest commercial property literature. Stakeholder and property agent consultation is covered additionally. It is of note that the CoStar data has limitations, particularly relating to smaller transactions or owner occupier parks as many transactions will not be reported to the national database and thus figures can be misleading, hence the inclusion of the Hunt Commercial data.

Office

National Context

5.3 We first consider national office market dynamics over the last few years. Office markets across the UK demonstrated a level of resilience in 2019 set against a context of wider economic uncertainty linked to Brexit. Knight Frank's UK Cities Overview 2019[24] reports that leasing volumes finished the year 8% above the long-term trend as business change strategies continued to motivate space moves. Notably, despite concern derived from Britain's impending exit from the EU, foreign investment increased by 10% year-on-year to £1 billion representing 37% of total investment turnover.

5.4 Cushman and Wakefield reported[25] that office take-up for the whole of 2020 was 7.7 million sqft – comparable to the year after the global financial crisis. During the second quarter, the UK-wide lockdown, which saw most offices across the UK become temporarily closed, had a significant impact on take-up. Q2 2020 take-up, therefore, reflected a 73% decrease from the five-year quarterly average. Whilst take-up remained below the long-term average in the second half of 2020, it did grow, particularly in Q4. Furthermore, in the final quarter of 2020, despite being 33% lower than Q4 2019, office investment turnover rose from the previous quarter signalling renewed confidence in the sector with business sentiment indicating that the office remains important.

[24] https://www.knightfrank.com/research/report-library/uk-cities-office-market-2019-6968.aspx

[25] https://www.cushmanwakefield.com/en/united-kingdom/insights/uk-marketbeat

5.5 The CBRE reported that in the first quarter of 2021,[26] office take-up fell by 75% on the same period in 2020. Furthermore, in the 12 month office take up to Q1 2021 (i.e. 2020/21 financial period) was the lowest on record since 2004 – reflecting the impact of the pandemic over a full year. Office availability increased by 7% over the quarter, reaching 23% above Q1 2020. However, in May 2021, Savills reported[27] that despite decreased take-up on previous years in Q1 2021, there has been a significant increase since the lowest point in the pandemic (Q2 2020) – over 200% in regional office markets (i.e. non-London). This demonstrates that regional office markets are in the process of recovery. Furthermore, despite economic uncertainty, rental growth of prime office space continued to grow in almost all regional markets.

5.6 Expectations are that the pandemic will result in a continuing shift towards more flexible working patterns with increasing numbers of people working at least part of the time from home; but offices remain important in companies' culture, the work community, interaction between colleagues and training. The longer-term more structural trend may be of reduced space requirements as more office workers spend at least part of the week at home. Currently, the outlook is however highly uncertain. How these factors overlay at the local level will impact on demand for space and vacancy levels.

Stock

5.7 The figure below compares the total office floorspace in Eastbourne and Wealden, as well as other East Sussex local authorities for comparison purposes.

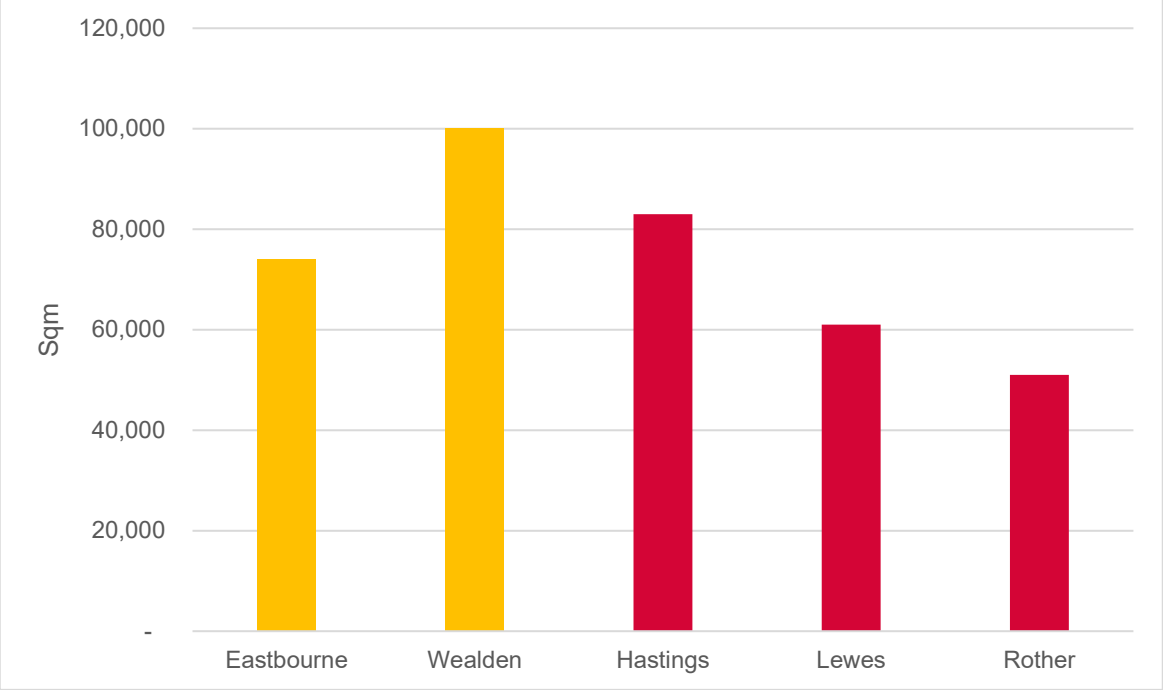
5.8 **Eastbourne:** As of 2020, Eastbourne had 74,000 sqm of office floorspace. This represents the South East's office floorspace. Given that Eastbourne's population makes up 1.1% of the South East's population, this suggests that Eastbourne has a relatively small office market.

5.9 **Wealden:** As of 2020, Wealden had 100,100 sqm of office floorspace. This represents 0.8% of the South East's office floorspace. Given that Wealden's population makes up 1.8% of the South East's population, this suggests that Wealden has a relatively small office market.

[26] United Kingdom Offices Market Snapshot Q2 2021

[27] UK Regional Offices https://www.savills.co.uk/research_articles/229130/314631-0

Figure 5-1: Office Floorspace by Local Authority, 2020

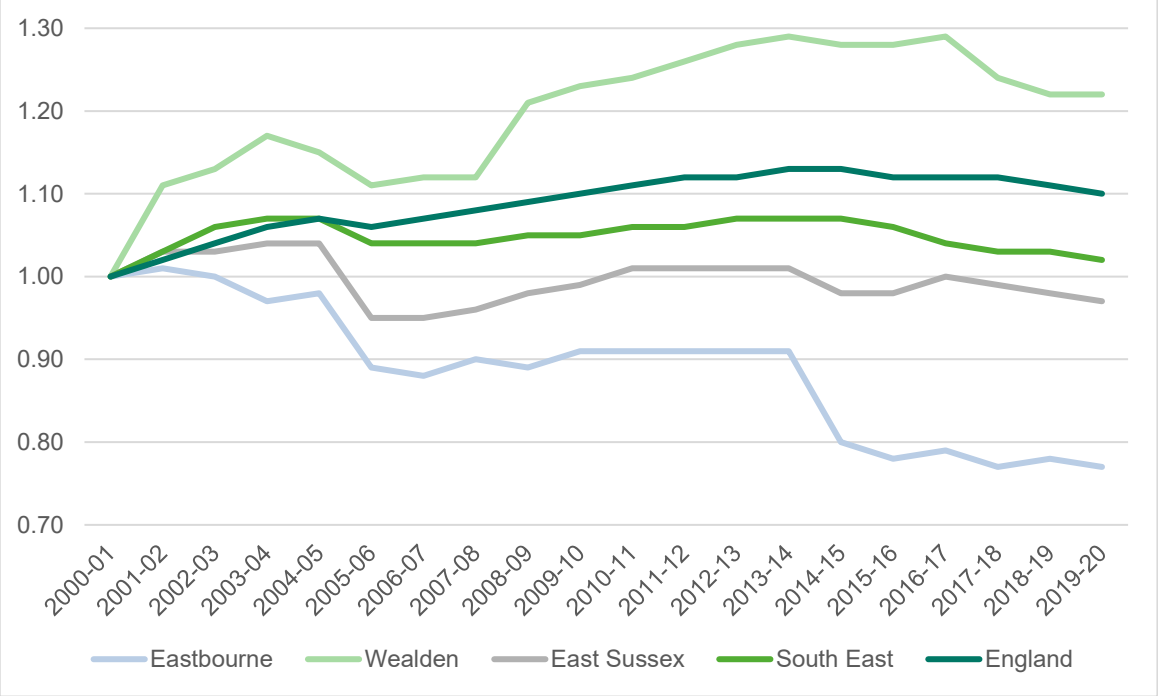


Source: VOA Data, 2020

5.10 **Wealden:** Over the last 19 years (i.e. 2000/01 – 2019/20) net growth of office space has been strong across Wealden, as can be seen in the figure below, with a growth of 22%, compared to 2% for the South East and 10% for England as a whole. However, since 2013/14, the amount of office floorspace has declined across all geographies. Over this period, the amount of office floorspace in Wealden has declined by 6%, which was slightly greater than across the South East and England as a whole (5% and 3% respectively).

5.11 **Eastbourne:** Over the last 19 years (i.e. 2000/01 – 2019/20) there has been a net decline (by 23%) of office space across Eastbourne, as can be seen in the figure below. This compares to 2% growth for the South East and 10% for England as a whole. However, since 2013/14, the amount of office floorspace has declined across all geographies. Over this period, the amount of office floorspace in Eastbourne has declined by 15%, which was greater than across the South East and England as a whole (5% and 3% respectively).

Figure 5-2: Indexed Office Floorspace Change by Local Authority, 2000-2020



Source: VOA Data, 2020

5.12 **Wealden:** In absolute terms, Wealden's office floorspace grew by an average of 950 sqm per annum since 2000/01. However, since 2013/14, office floorspace in Wealden has shrank by 1,000 sqm per annum.

5.13 **Eastbourne:** In absolute terms, Eastbourne's office floorspace shrank by an average of 1,160 sqm per annum since 2000/01. However, since 2013/14, office floorspace in Eastbourne has shrank by 2,170 sqm per annum.

5.14 This net loss may be explained by the prevalence of conversion to residential under permitted development rights and we can see stabilisation of losses in recent years in both areas, suggesting the stock most readily converted to residential has been completed.

5.15 **Eastbourne:** For Eastbourne's offices, 8% were built since 1990 although in floorspace terms this is 11% as some new units are larger (data is from dated units, 44% are undated).

5.16 **Wealden:** For Wealden's offices, 27% were built since 1990 although in floorspace terms this is 38% as some new units are larger (data is from dated units, 24% are undated).

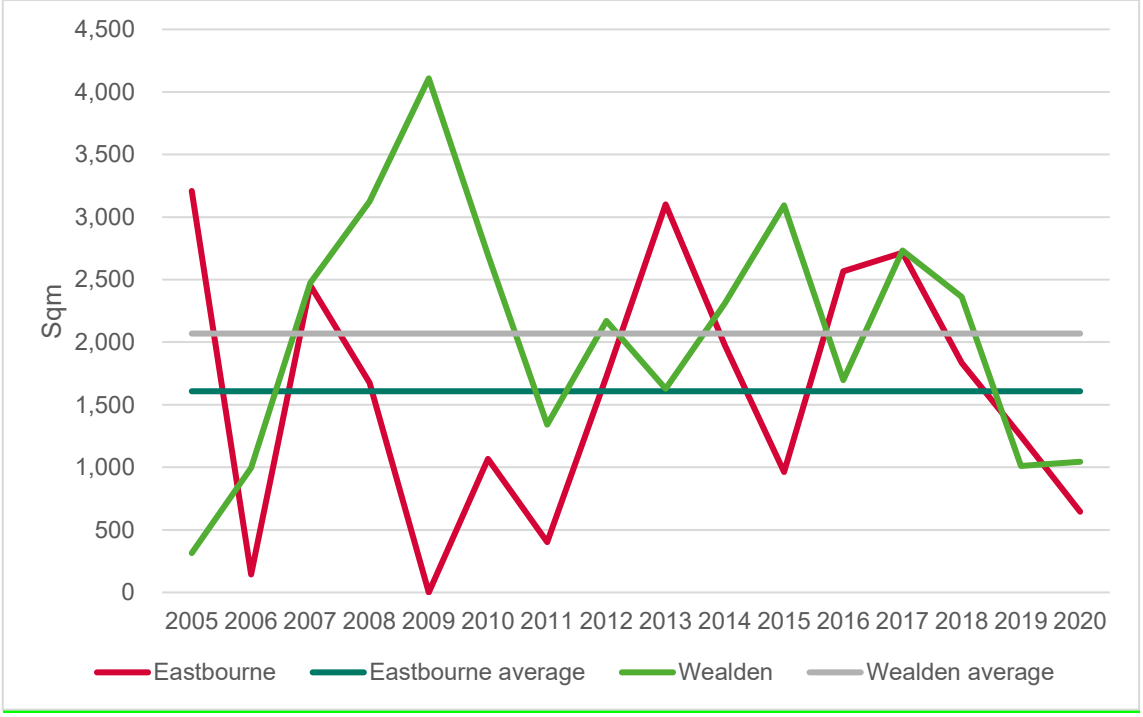
Take-Up

5.17 Take-up can be described as the amount of floorspace moved into in a given area (otherwise known as gross absorption). Levels of take-up between 2005 and 2020 can be seen in the figure below.

5.18 **Eastbourne:** In 2020, there was 646 sqm of office take-up in Eastbourne. This is lower than the average take-up of 1,608 sqm between 2005 and 2020, demonstrating the negative impacts of the Covid-19 pandemic.

5.19 **Wealden:** In 2020, there was 1,043 sqm of office take-up in Wealden, lower than the average of 2,069 sqm between 2005 and 2020. Take-up in Wealden was just 311 sqm in 2021 - one of the lowest years on CoStar's records. Low transactions in 2020 and 2021 are likely to be due to the Covid-19 pandemic.

Figure 5-3: Office Take-up in Eastbourne and Wealden, 2005-2020



Source: CoStar

Net absorption

5.20 Net absorption is equal to occupier move-ins (plus demolitions) minus move-outs (and minus constructions). Net absorption is a measure of demand relative to the new supply of floorspace. Essentially it reflects the change in occupied space. The figure below shows net absorption between 2005 and 2020.

5.21 **Eastbourne:** In 2020, there was positive net absorption of 340 sqm in Eastbourne. Net absorption has been positive in Eastbourne since 2013 (although this was near zero in 2015 and 2016). This suggests that demand for office floorspace in Eastbourne is very limited but present, after accounting for losses of stock to residential. In 2021 to date, net absorption has been negative 636 sqm in Eastbourne.

5.22 **Wealden:** net absorption was positive 3,057 sqm in 2020 and net absorption has been positive in Wealden since 2012. This suggests that demand for office floorspace has been relatively strong in Wealden. However, in 2021 to date, net absorption has been negative 863 sqm.

Figure 5-4: Office Net Absorption in Eastbourne and Wealden, 2005-2020

Source: CoStar

Vacancy Rate

5.23 The vacancy rate is the amount of physically unoccupied space as a percentage of total floorspace.

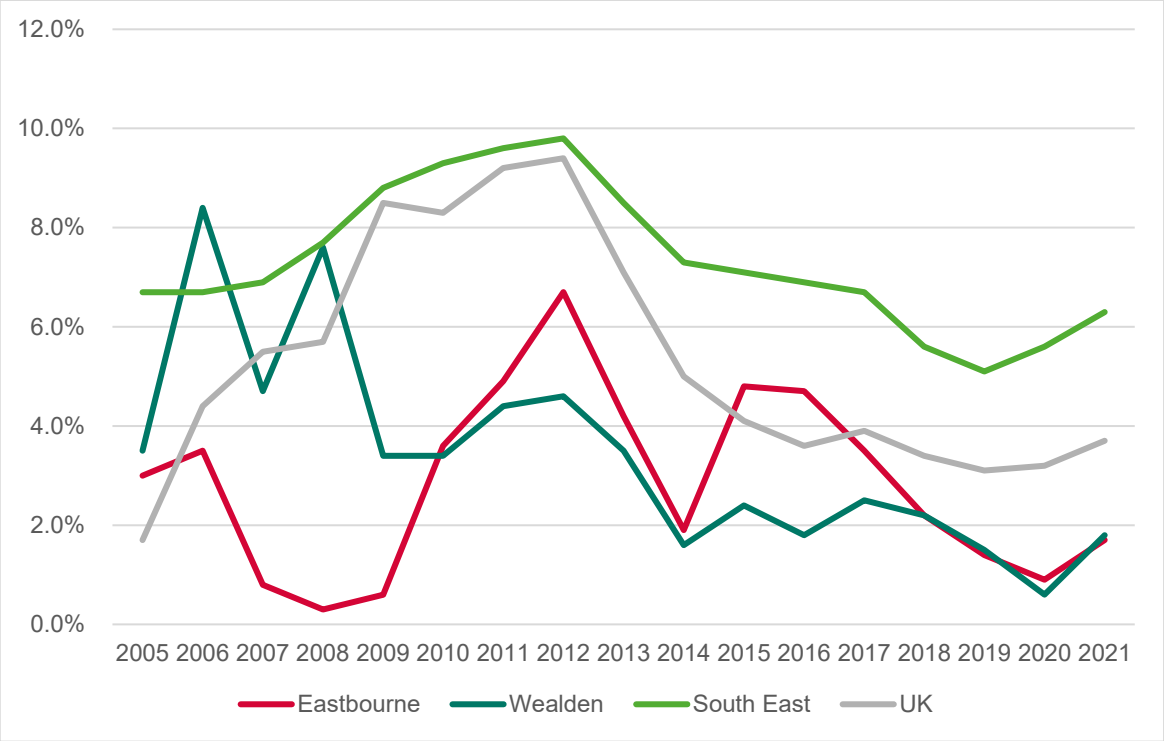
5.24 **Eastbourne:** The figure below shows that the latest vacancy rate in Eastbourne is 1.7%, which is far below the regional value of 6.3% and significantly below the UK value of 3.7%. It is also below the average long-term (since 2005) vacancy rate for Eastbourne of 2.9%. The vacancy rate has been declining in Eastbourne since 2015, reflecting the positive net absorption which has occurred over this period.

5.25 **Wealden:** Wealden's latest vacancy rate is 1.8%, which is far below the regional value of 6.3% and significantly below the UK value of 3.7%. It is also below the average long-term (since 2005) vacancy rate for Wealden of 3.4%. The vacancy rate has been declining in Wealden since 2012, reflecting the positive net absorption, which has occurred over this period.

5.26 Vacancy in both areas has been affected by losses of office to residential, most notably in Eastbourne. This compresses the market reducing vacant space. Typically, vacancy would be at least 5% to allow for market movements. **Therefore, Eastbourne and Wealden's office market's**

appear undersupplied. However, market engagement suggests demand is weak, particularly in Eastbourne. This is discussed further below.

Figure 5-5: Office Vacancy Rate in Eastbourne and Wealden, 2005-August 2021



Source: CoStar

Rental Price

5.27 The figure below shows average rental prices in Eastbourne and Wealden between 2005 and August 2021.

5.28 **Eastbourne:** CoStar suggests that the latest average office rental price in Eastbourne is £25.67 per sq ft, which is slightly higher than the average for the South East. However, this seems to be an anomaly or error given that historically rental prices in Eastbourne were significantly below the South East in all years between 2005 and 2020. This may be explained by a specific and solitary transaction distorting the limited marketplace. In 2020, office rental prices in Eastbourne were £12.68 per sq ft – significantly below the South East average but higher than the UK.

5.29 **Wealden:** The latest office rental price in Wealden is £13.34 per sq ft. This is significantly below the average value for the South East but higher than that for the UK.

5.30 Rents rose by around 40% in both Eastbourne and Wealden between 2011 and 2020, which is much in line with the South East average.

Figure 5-6: Average Office Rental Price in Eastbourne and Wealden, 2005-August 2021

Source: CoStar

Office Lease completions by Size and Location

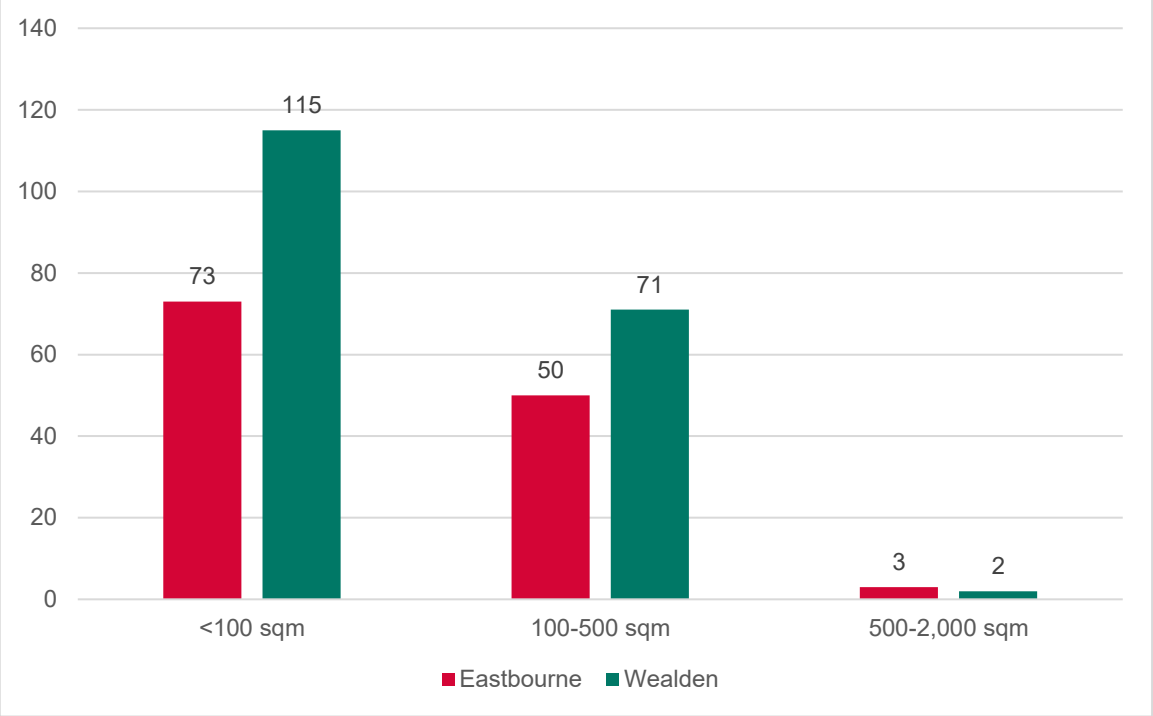
5.31 The figure below shows the number of office lease completions by size band in Eastbourne and Wealden since 2010.

5.32 **Eastbourne:** In Eastbourne, it can be seen that most lease completions (57%) were for floorspace under 100 sqm and that only three lease completions took place for floorspace greater than 500 sqm. The largest transactions were:

- 2019 - 1c Edward Road 6,337 sqft / 589 sqm
- 2018 - 20 Gildredge Road, Eastbourne 6,142 sqft / 571 sqm
- 2016 - 34-36 St Leonards Road 6,093 sqft / 599 sqm

5.33 **Wealden:** In Wealden, most (61%) lease completions were for floorspace of less than 100 sqm and only two lease completions took place for space greater than 500 sqm.

Figure 5-7: Office Lease completions in Eastbourne and Wealden by Size, Since 2010



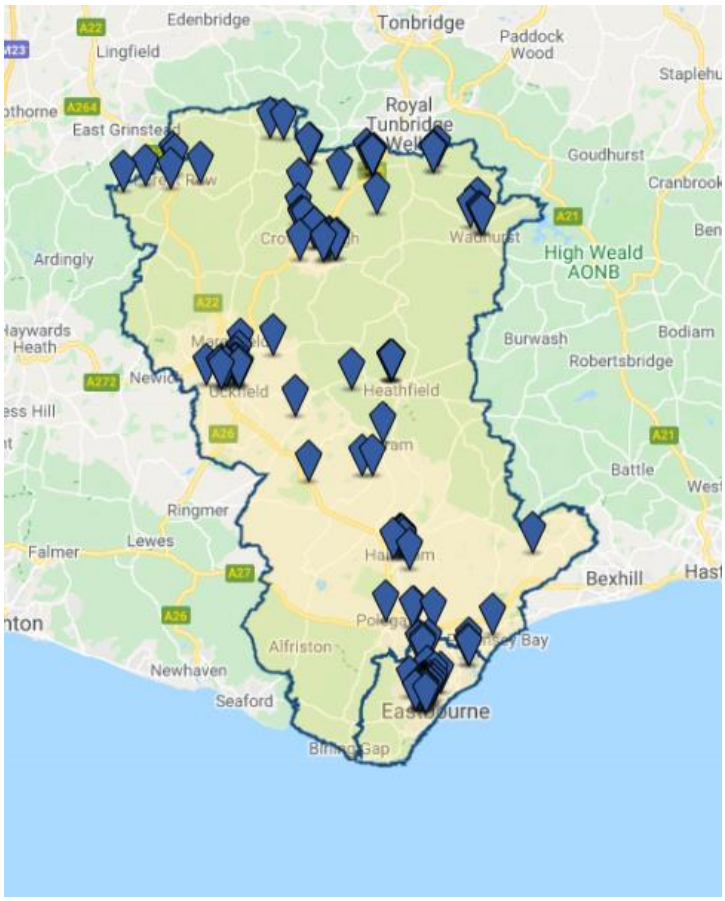
Source: CoStar

5.34 The map below shows office lease completions by location in Eastbourne and Wealden since 2015.

5.35 **Eastbourne:** In Eastbourne, it can be seen that most lease completions are in the town centre, with a limited number at Sovereign Harbour and Hampden Park.

5.36 **Wealden:** In Wealden, lease completions are spread out across the District but are primarily occurring in Crowborough, Uckfield and Hailsham.

Figure 5-8: Office Lease Completions in Eastbourne and Wealden by Local, Since 2015



Source: CoStar

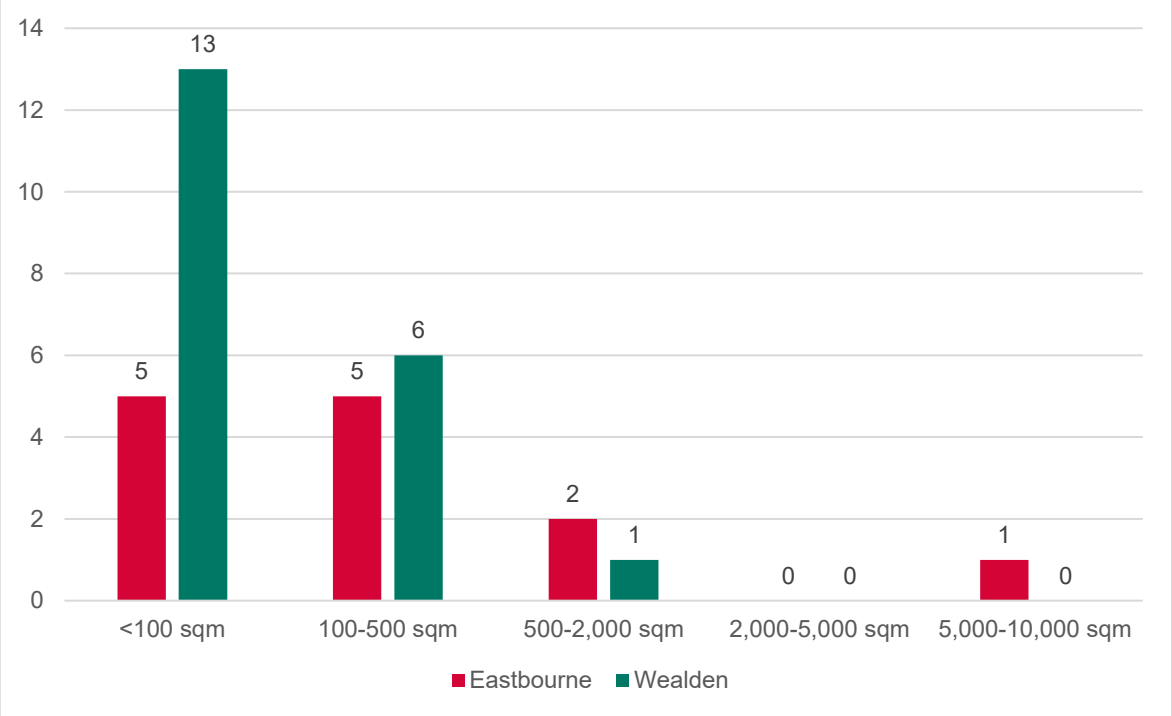
Office Availability by Size

5.37 The figure below shows the number of available offices by size band in Eastbourne and Wealden at the time of writing (July 2021), where size is the total available net internal area of a property. For some properties it may be possible to rent smaller floorplates.

5.38 **Eastbourne:** In Eastbourne, 11 properties are listed, most available offices being either less than 100 sqm or between 100 and 500 sqm. There are three available properties of over 500 sqm. These include, Ivy House at Ivy Ter and Map House at 34-36 St Leonards Road.

5.39 **Wealden:** In Wealden, 23 properties are listed and most available offices are less than 100 sqm, followed by 100-500 sqm. There is just one property over 500 sqm that is located on Dittons Road, Chaucer Business Park (and none over 2,000 sqm). These are all spread across the district including in Crowborough, Heathfield and Hailsham.

Figure 5-9: Office Availability in Eastbourne and Wealden by Size, 2021



Source: CoStar

Figure 5-9: Office Availability locations: Nov 2020

Source: CoStar

Industrial

National Context

5.40 The Covid-19 pandemic and the UK's exit from the EU have evidenced the important role of the logistics sector to keep food and goods moving. 2021 is expected to bring further focus on building more resilient supply chains, increasing stocks and diversifying suppliers to prevent future disruptions. This restructure of the logistics networks will require additional warehousing space in the UK.

5.41 The market for logistics space is being buoyed by expanding demand from online retailers who are benefiting from the lasting effects of Covid-19 pandemic in terms of consumer behaviour. Retailers wanting to preserve market share will need to continue to secure warehouse space to expand their online channels.

5.42 Savills Big Sheds Briefing (Jan 2021)[28] reported that 2020 broke all previous records with new leases signed for 50.1 million sqft of warehouse space, 12.7 million sqft ahead of the previous record set in 2016 and comprising 165 separate transactions, breaking the previous record of 163 set in 2014. Whilst it is important to say that a large proportion of this space was leased to Amazon (25%) with a number of leases on terms less than five years (12%), take-up would still break new records even if Amazon and short-term deals were removed from the time series. Another key trend in 2020 has been the surge in the take-up of units over 500,000 sqft, with 25 deals recorded, making it the highest year since Savills records began and also more than the previous two years combined. Given the number of businesses currently in the market for units over 500,000 sqft, this is a trend that was expected to continue into 2021.

5.43 In May 2021, Cushman and Wakefield[29] reported that the industrial and logistical sector will continue its 2020 momentum into Q1 of 2021, with a 115% increase in take-up on Q1 2020 and 55% rise on the ten-year average. They also reported that retail, parcel delivery and third part logistics accounted for 70% of quarterly take-up. Looking forward, Cushman and Wakefield predict that 2021 will be another strong year for logistics.

Stock

5.44 The figure below compares the total industrial floorspace in Eastbourne and Wealden as well as other East Sussex local authorities for comparison purposes.

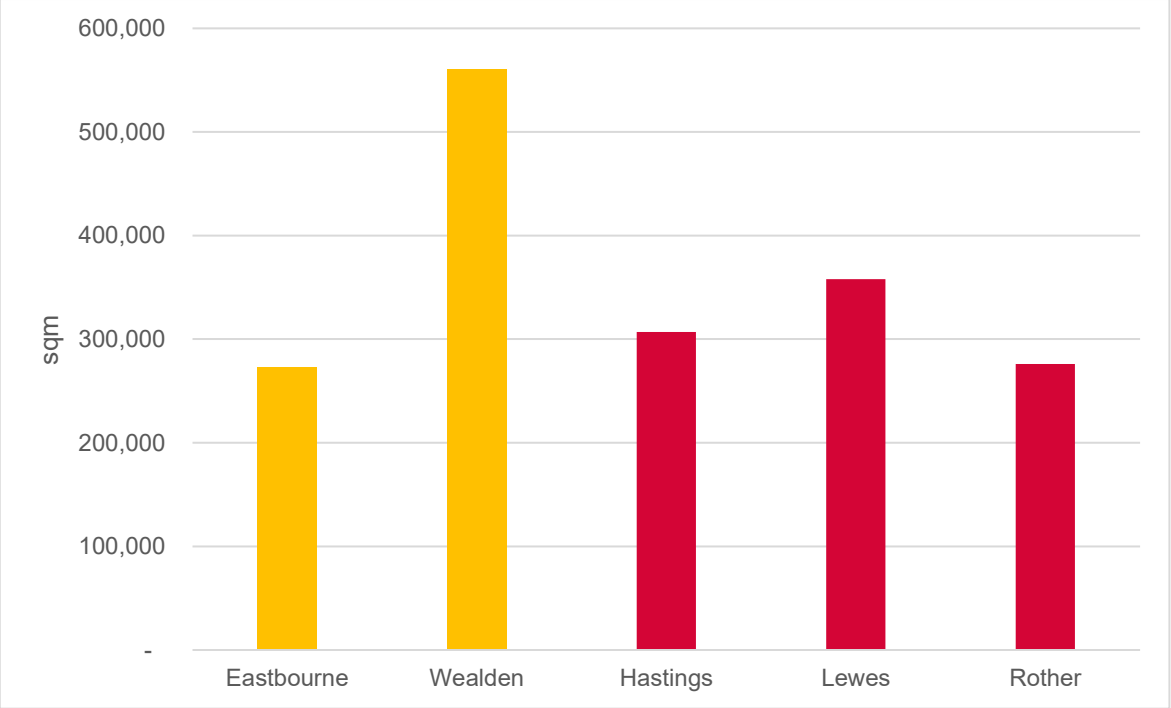
[28] https://www.savills.co.uk/research_articles/229130/309570-0

[29] https://www.cushmanwakefield.com/en/united-kingdom/insights/uk-marketbeat

5.45 **Eastbourne:** As of 2020, Eastbourne had 273,000 sqm of industrial floorspace. This represents 0.7% of the South East's office floorspace. Given the Eastbourne's population makes up 1.1% the South East's population, this suggests that Eastbourne has a relatively small industrial markets.

5.46 **Wealden:** As of 2020, Wealden had 560,000 sqm of industrial floorspace. This represents 1.5% of the South East's office floorspace. Given that Wealden's population make up 1.8% of the South East's population, this suggests that Wealden has a relatively small industrial market.

Figure 5-20: Industrial Floorspace by Local Authority, 2020



Source: VOA Data, 2020

5.47 **Eastbourne:** Eastbourne's industrial floorspace has seen a decline of 4%, similar to the 3% decline seen across England. This compares to 3% growth for the South East.

5.48 **Wealden:** Over the last 19 years (i.e. 2000/01 – 2019/20), as with office floorspace, net growth of industrial space has been very strong across Wealden, as can be seen in the figure below. Wealden has seen growth of 20%, compared to just 3% for the South East and shrinkage of 3% for England as a whole. It can be seen in the figure below that industrial floorspace in Wealden has grown at a particularly fast rate since 2014/15 – growth of 14% compared to 3% and 2% for the South East and England respectively.

5.49 **Eastbourne:** In absolute terms, Eastbourne's industrial floorspace shrank by 600 sqm per annum. However, since the 2013/14 period, industrial floorspace in Eastbourne decline at a lower rate of 400 sqm per annum in Eastbourne. In reality, Eastbourne's constrained area is unlikely to be able to accommodate industrial growth.

5.50 **Wealden:** In absolute terms, Wealden's industrial floorspace grew by an average of 4,900 sqm per annum. However, since the 2013/14 period, industrial floorspace in Wealden has grown by 13,600 sqm per annum. Wealden's growth is likely to continue. It would be reasonable to assert that recent growth in Wealden in part reflects demand in Eastbourne that cannot be accommodated in the constrained area.

Figure 5-31: Indexed Industrial Floorspace Change by Local Authority, 2000-2020

Source: VOA Data, 2020

5.51 **Eastbourne:** For Eastbourne's industrial units, 29% were built since 1990, in floorspace terms this is 28% (data is from dated units, 14% are undated).

5.52 **Wealden:** For Wealden's industrial units, 42% were built since 1990, in floorspace terms this is 44% (data is from dated units, 19% are undated). The delivery rate of such floorspace have been strong in recent years with further completions expected at Swallow Enterprise Park in the near future.

Take-Up

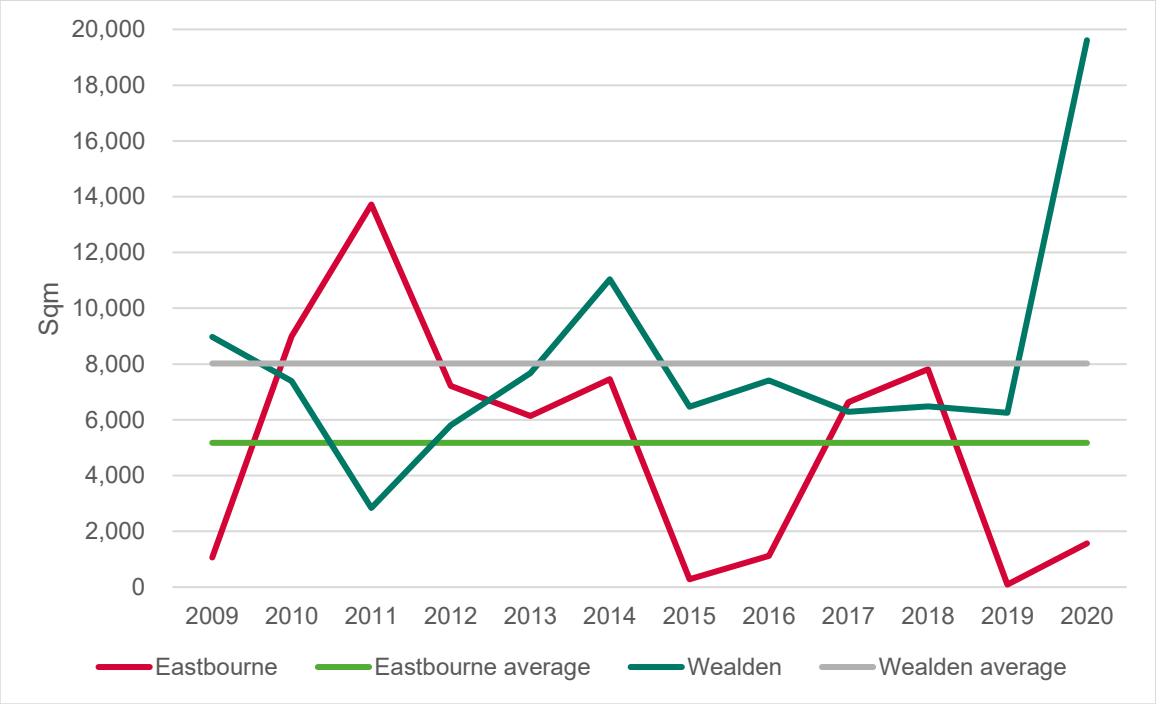
5.53 Take-up can be described as the amount of floorspace moved into in a given area (otherwise known as gross absorption). The figure below shows industrial floorspace take-up between 2009 and 2020.

5.54 **Eastbourne:** In 2020, there was 1,570 sqm of industrial take-up in Eastbourne. This is lower than the average take-up of 5,174 sqm between 2009 and 2020. Take-up for 2021 to date has also been low at just 362 sqm, which may be due to a significant constraint on the amount of vacant stock to move into.

5.55 **Wealden:** In 2020, there was 19,612 sqm of industrial take-up in Wealden, which is much higher than the average of 8,019 sqm between 2009 and 2020. Take-up in Wealden has been 7,927 sqm in 2021 to date meaning its take-up for the year is on course to be greater than average, but not as high as 2020 levels.

5.56 Take up in 2021 was driven by a series of deals at Connect 27 Polegate Business Park, whilst 2020 was across a series of areas including Connect 27, Chaucer Business Park and Bellbrook Business Park, Uckfield.

Figure 5-42: Take-Up of Industrial Floorspace in Eastbourne and Wealden, 2009-2020



Source: CoStar

Net absorption

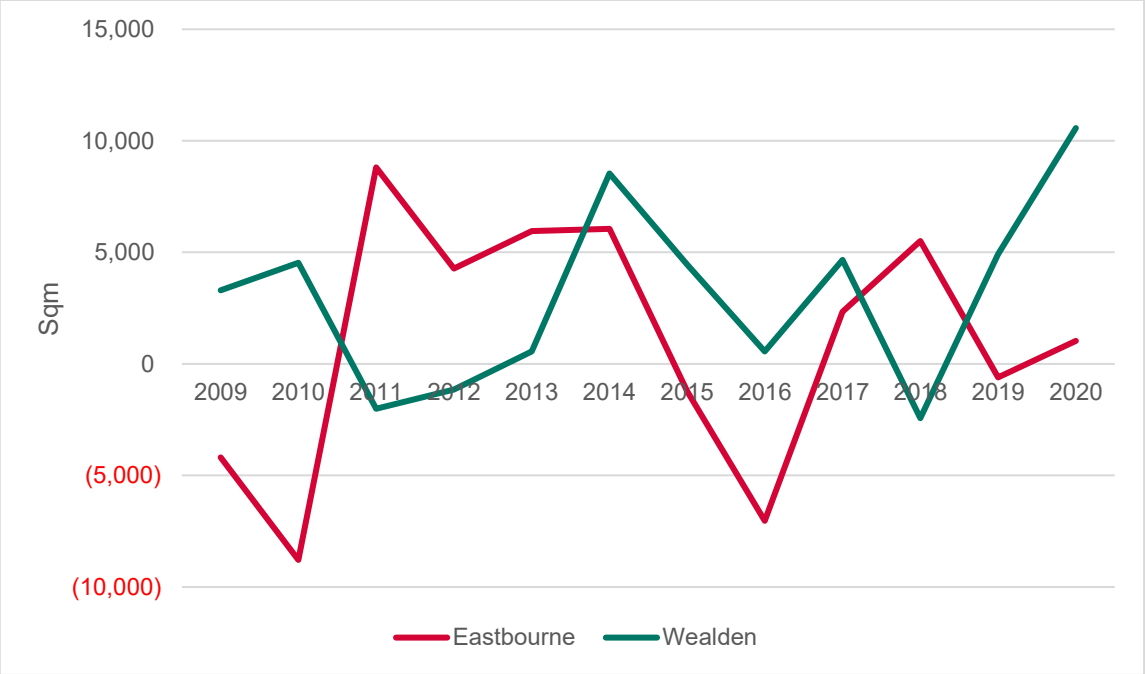
5.57 Net absorption is equal to occupier move-ins (plus demolitions) minus move-outs (and minus constructions). Net absorption is a measure of demand relative to the new supply of floorspace. Essentially it reflects the change in occupied space.

5.58 **Eastbourne:** The figure below shows that in 2020, there was positive net absorption of 1,035 sqm in Eastbourne. Since 2001, net absorption has been positive except for 2016. Between 2009 and 2021 to date, overall net absorption was 11,097 sqm. This data suggests that there is relatively strong demand for industrial floorspace in Eastbourne but that demand is not consistently high.

5.59 **Wealden:** In Wealden, net absorption was positive at 10,571 sqm in 2020 and net absorption has been positive in all but one year since 2013. In 2021 to date, net absorption has been positive 5,248

sqm. This suggests that demand for industrial floorspace is strong in Wealden and has been consistently strong for a long period of time.

Figure 5-53: Net Absorption of Industrial Floorspace in Eastbourne and Wealden, 2009-2020



Source: CoStar

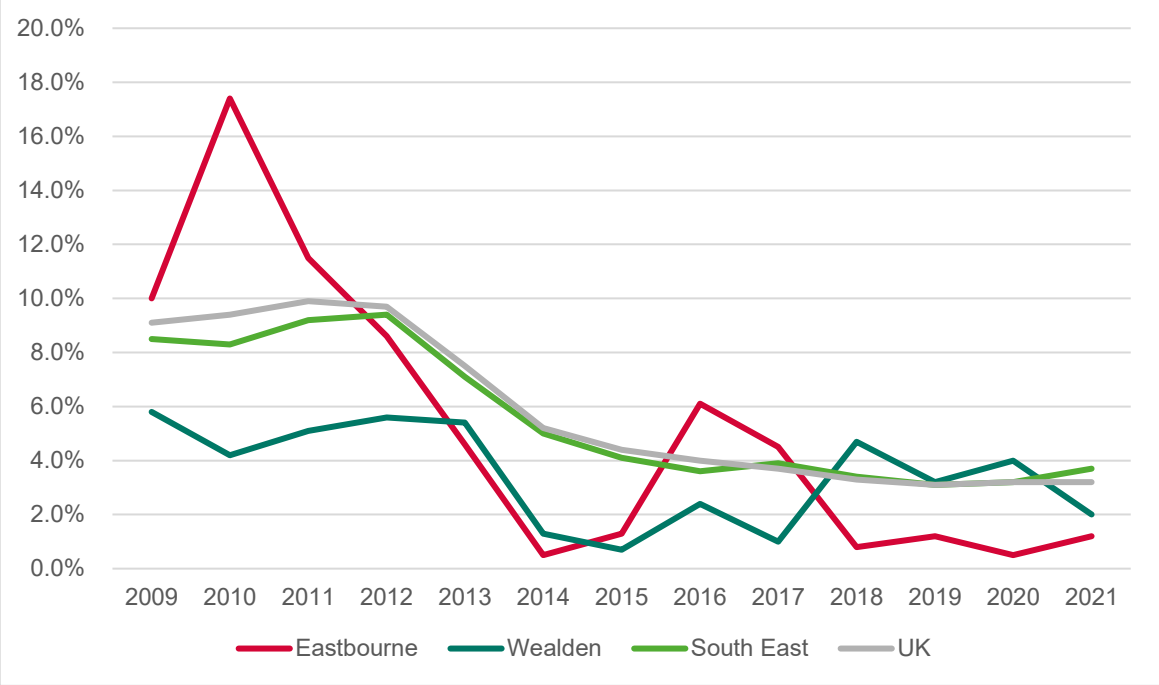
Vacancy Rate

5.60 The vacancy rate is the amount of physically unoccupied space as a percentage of total floorspace.

5.61 **Eastbourne:** The figure below shows that the latest vacancy rate in Eastbourne is 1.2%, which is below the regional rate of 3.7% and significantly below the UK rate of 3.2%. This is very low given the regional and national rates are near to their lowest levels in the time for which data is available. Vacancy rates in Eastbourne have consistently been at very low levels since 2018 and have declined rapidly from a recession driven peak of 17.4% in 2010. Low vacancy rates represent high levels of demand relative to supply.

5.62 **Wealden:** Wealden's latest vacancy rate is 2%, which is again below the historically low regional value of 3.7% and UK value of 3.2%. The vacancy rate was at a high of 5.8% in 2009 before declining to a minimum of 0.7% in 2015 and rising slightly to its present value. These historically low vacancy rates represent the strength of the current industrial demand in Wealden and the lack of local stock.

Figure 5-64: Industrial Vacancy Rate in Eastbourne and Wealden, 2009-August 2021



Source: CoStar

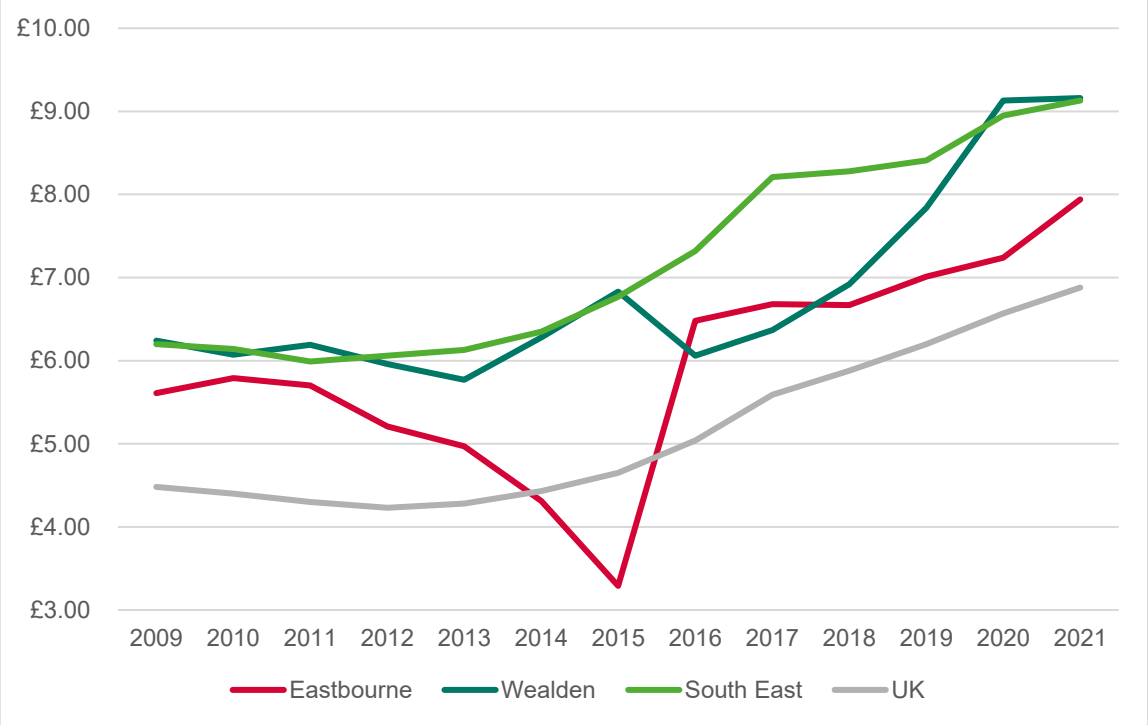
Rental Price

5.63 The figure below shows average industrial rental prices in Eastbourne and Wealden between 2005 and August 2021.

5.64 **Eastbourne:** CoStar suggests that the latest average industrial rental price in Eastbourne is £9.16 per sq ft, which is higher than the UK average but lower than the South East. Rents rose by 42% in Eastbourne between 2009 and 2020, which is lower than the South East (47%) and UK (54%).

5.65 **Wealden:** The latest industrial rental price in Wealden is £13.34 per sq ft. This is significantly above the value for the UK but roughly in line with that for the South East. Rents rose by 47% in Wealden between 2009 and 2020, which is the same as the rise across the South East but lower than the UK (54%).

Figure 5-75: Average Industrial Rental Price in Eastbourne and Wealden, 2005-August 2021



Source: CoStar

Industrial Lease completions by Size and Location

5.66 The figure below shows the number of industrial space lease completions by size band in Eastbourne and Wealden since 2010.

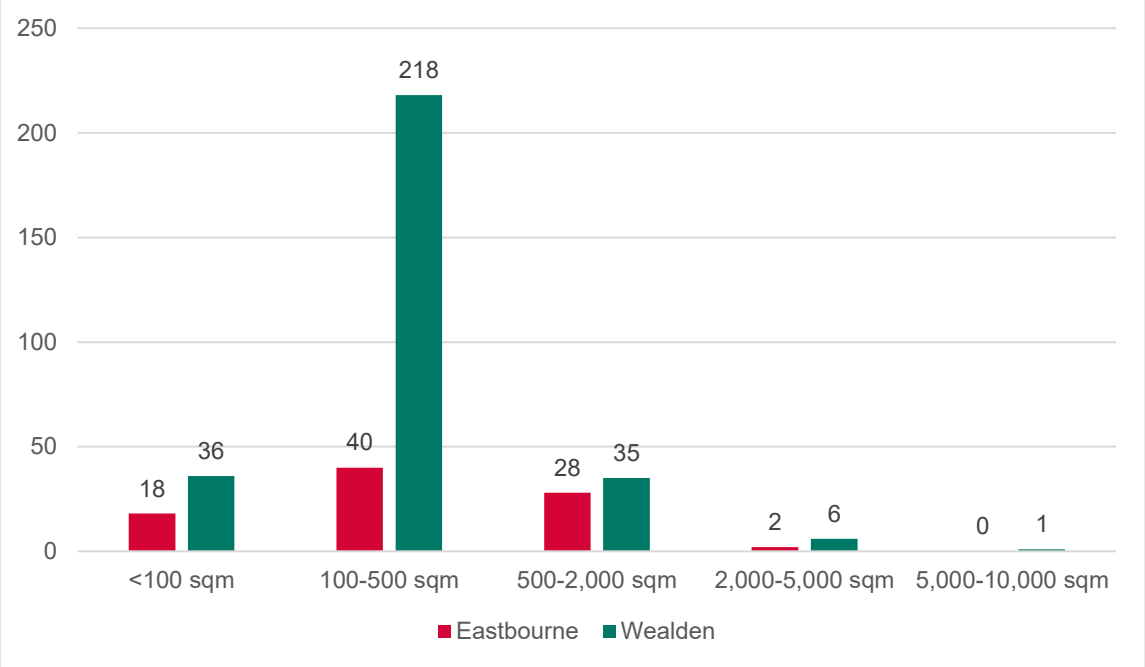
5.67 **Eastbourne:** In Eastbourne, it can be seen that most lease completions (45%) were for floorspace between 100 and 500 sqm, closely followed by floorspace between 500 and 2,000 sqm (32%) and then floorspace less than 100 sqm (20%). Around 3% of lease completions were for floorspace above 2,000 sqm. The largest deals in Eastbourne include:

- Unit 3/3a, White Knight Business Park, 2,640 sqm 2017
- DPD, Birch Close, 1,460 sqm 2016

5.68 **Wealden:** In Wealden, the majority (74%) of lease completions for industrial floorspace were between 100 and 500 sqm with just been 12% each for floorspace less than 100 sqm and between 500-2,000 sqm and just 2% for floorspace above 2,000 sqm. The largest deals in Wealden include:

- Pureprint Group Limited at Bolton Close, Bellbrook Industrial Estate 5,154sqm 2015
- John Lewis at Ashdown Business Park 4,599 sqm in 2016
- J.J.Joinery UK at Bellbrook Industrial Estate 2,812sqm 2018

Figure 5-86: Industrial Lease Completions in Eastbourne and Wealden by Size, Since 2010



Source: CoStar

5.69 The figure below shows the number of industrial lease completions by location in Eastbourne and Wealden since 2015.

5.70 **Eastbourne:** In Eastbourne, most lease completions are in the industrial areas of Hampden Park, Hawthorn Road Industrial Estate and Whiteknight Business Park and around the town centre, with a limited number at Sovereign Harbour and Hampden Park.

5.71 **Wealden:** In Wealden, most lease completions are concentrated in the town's industrial estates in Crowborough (Beacon Business Park / Millbrook Business Park), Uckfield (Bellbrook), Hailsham (Diplocks / Station Road) and Polegate (Chaucer and Connect 27), as well as Westham (Mountney Bridge).

Figure 5-17: Industrial Lease Completions in Eastbourne and Wealden by Local, Since 2015

Source: CoStar

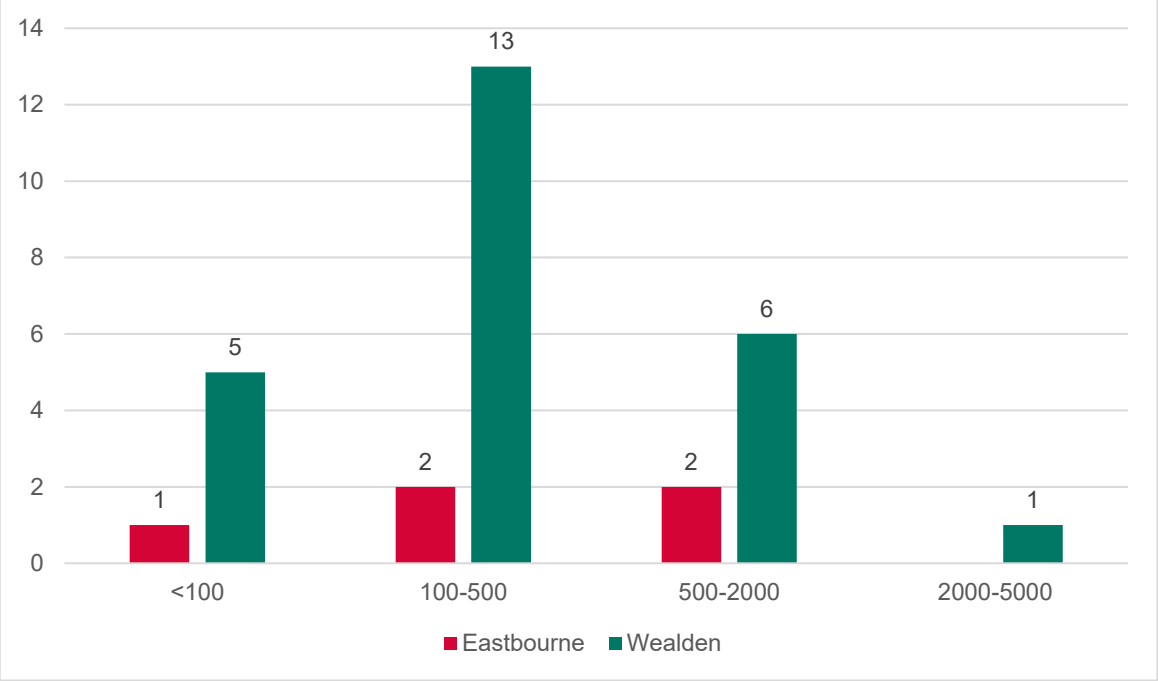
Industrial Availability by Size

5.72 The figure below shows the number of available industrial properties by size band in Eastbourne and Wealden, where size is the total available net internal area of a property. For some properties, it may be possible to rent smaller floorplates.

5.73 **Eastbourne:** In Eastbourne, there are just 5 available industrial properties, none of which are above 2,000 sqm. Only two units were built after 1990 that includes 300 sqm at Harvington Business Park.

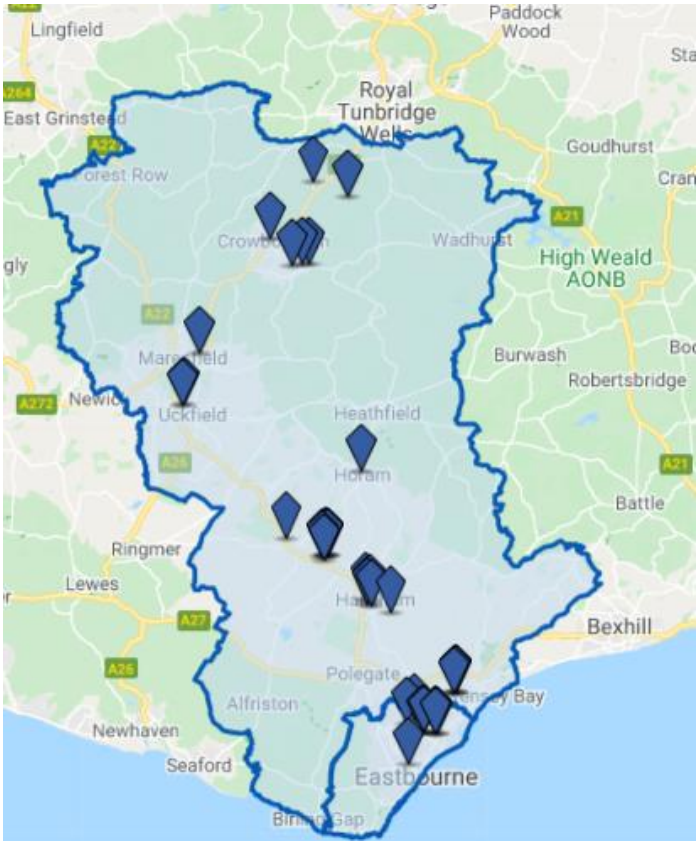
5.74 **Wealden:** In Wealden, 21 properties are listed, with most available units ranging between 100 and 500 sqm. There is just one available property of over 2,000 sqm. The largest units are two at Diamond Drive, Hailsham and one at Apex Business Park, Hailsham. The rest are all small units spread across the district.

Figure 5-98: Industrial Availability in Eastbourne and Wealden by Size, 2021



Source: CoStar

Figure 5-19: Industrial Availability locations: Nov 2020



Source: CoStar

6. STAKEHOLDER ENGAGEMENT

6.1 Iceni Projects has undertaken wide ranging engagement with stakeholders on local economy and commercial property market matters. This section focuses on the feedback in relation to commercial property with more detailed feedback on the economy provided in the appended economy briefing notes. In some instances, comments here relate to the whole FEMA or wider property market, but specific local points are also identified. Both one to one conversations were held and then separate workshops on Eastbourne and Wealden.

- Hunt Commercial
- Lawson Commercial
- Regeneration / Economy & Prosperity Teams, Lewes & Eastbourne Councils
- East Sussex County Council Economic Development Team
- Locate East Sussex
- LEP, Team East Sussex
- Developers East Sussex
- Federation of Small Businesses
- Business East Sussex Growth Hub
- Seachange Sussex
- CEO Sussex Chamber of Commerce
- Uckfield Chamber of Commerce
- Wealden District Council, Economic Development and Well-Being Team

6.2 Overall, much of the messaging was consistent, reflecting the very strong levels of demand for industrial space and the lack of available premises and land for development in both Eastbourne and Wealden. The geographies and often poor connectivity means markets tend to be localised. There is industrial demand in all size bands. For offices, demand is muted in Wealden and tends to be for smaller ‘single front door’ premises as well as potentially flexi space, although this is less proven. In Eastbourne, the office market reports improvements with quality space largely let and potential for some growth.

Wealden

Industrial

6.3 Demand for industrial property is extremely high across the board (size, tenure, lease length, quality) and this has grown during the Covid-19 pandemic. This demand is not matched by supply, leading to an 'acute shortage' of floorspace with demand 2-4 times the level of supply.

6.4 The general view amongst stakeholders is that 'if you build it, they will come' and that a mix of sizes and types of premises are required to support a thriving local economy. However, it was noted that many tenants require light industrial space and do not necessarily need B2 class floorspace (meaning that Class E / B8 units could be appropriate).

6.5 It is suggested that it is important to provide this space in a timely manner, as 'the market is impatient' and that many businesses have simply moved out of the area due to lack of space (and are continuing to do so). This assertion was backed up by a survey of 130 businesses undertaken on a Crowborough Industrial Estate, which found that the majority of businesses could not find space to expand into. Furthermore, one commercial agent (Lawson Commercial) stated that during 2020, out of 25 transactions in Wealden, 23 were for businesses expanding.

6.6 Another stakeholder stated that they knew of a number of businesses looking to move to the area but could not find suitable premises, suggesting that the lack of supply is limiting inward investment.

6.7 Despite the high demand for industrial floorspace, delivery remains a challenge. High land values for competing uses, notably residential, create constant pressure on industrial land. Infrastructure delivery requirements can also create marginal viability. Stakeholders are clear that in the majority of situations, public sector intervention is needed to ensure that employment sites are brought forward ensuring sites are allocated and protected for employment and that in some cases funding is required for infrastructure delivery. Smaller units can suffer from even more challenging viability. Other authorities in the South East take a more proactive approach by owning and managing estates which provide very popular small units, such as Hastings Borough Council[30].

6.8 There is some old stock in Wealden that would benefit from redevelopment; however they are fully occupied by people paying rent which disincentives redevelopment – there is a lack of space to encourage this.

[30] https://www.hastings.gov.uk/estates/letting-developmentops/

6.9 It was also noted that markets tend to be localised - if you are at Crowborough you do not want to go to Hailsham due to excessive commute times. Agents report that whilst there are currently no suggestions of site allocations in Wealden north, the businesses do need space.

Need for Large Stock and Sites

6.10 Whilst demand exists across the board, there is a significant demand for both smaller (<10,000 sqft) and large industrial and warehousing units (>100,000 sqft). This demand comes from businesses thinking about moving into the area, as well as businesses already within the area, which are looking to expand (some of which are currently in unsustainable split premises).

6.11 This need for large stock translates into a need for large sites, which stakeholders do not believe are available. It is thought that businesses looking to expand do not have space to do so on existing sites/within allocation boundaries. However, it was suggested that, as well as allocating new, large sites, this could be dealt with by expanding existing sites, allowing development adjacent to existing site boundaries and being more lenient towards upwards extensions.

6.12 It is believed that the lack of large units and sites is limiting inward investment and expansion of existing businesses and it was noted that some international businesses have already moved out of the area. Many of these businesses are in the manufacturing sector, including high-tech manufacturing and may have decided to relocate (even though they do not want to because of the skilled workforce and relatively affordable rents).

Smaller Units

6.13 On the other end of the spectrum, there is also demand for small industrial units (sub-10,000 sqft). Prospective occupiers of this space want high quality, but simple units with ‘their own front door’.

By Location

6.14 The strong demand detailed above is spread across the whole area. One stakeholder noted that whilst ‘location always matters’ anything in a reasonably accessible location will be occupied quickly, (i.e. near to an A road). Looking particularly at general industrial and warehousing space, it was noted that close proximity to the A27 or A22 is the most desirable location, and general industrial units are preferred across Wealden’s urban locations.

6.15 In recent years, all the urban locations have seen good occupier take up including Crowborough, Uckfield, Hailsham and Polegate. New units at Polegate have seen fast take up of 2,000 sqft (spring 2021) as part of Connect 27 Business Park taking advantage of the A27 / A22 connection and proximity to Eastbourne. Further delivery in this area would be met well by the market, Swallow Business Park is expected to grow. Diplocks Way in Hailsham has performed well again for smaller units. Bellbrook Enterprise Park in Uckfield has seen a number of smaller deals in older units as has Beacon Business Park at Farningham Road, Crowborough.

6.16 A Wealden based commercial agent (Lawson Commercial), reported that in North Wealden there is enough demand for 200,000 sqft of floorspace immediately and a further 100,000 sqft per annum going forward (small units are of particular demand in this area).

Offices

6.17 Unlike the industrial market, in which demand has actually grown since the onset of the Covid-19 pandemic, demand in the office market has been limited. It is thought that Covid-19 has led to a continuation of the hesitancy showed by speculative investors and developers due to Brexit, and that they will wait for more stable conditions.

6.18 Agents noted that Wealden's office market was relatively small and has seen a number of conversions of offices to flats in recent times. However, the few good quality offices, which do go on the market are leased. These are generally small (~2,000 sqft). They also note some demand for flexible office space and business centres in towns – Crowborough Basepoint would like to expand to other towns. This is backed up by one stakeholder who promoted the idea of business hubs with services and which promoted a sense of community. A representative of Uckfield Chamber of Commerce stated that there is some office demand, but not much. This is expected to be similar for Crowborough and Hailsham.

Type of Space Required

6.19 The exact type of office space needed is uncertain. One stakeholder suggested that there is likely to be strong demand for stand-alone offices with their own front door. On the other hand, one stakeholder suggested that the fashion was for shared/co-working spaces (as opposed to stand-alone offices, even amongst large companies). However, it was noted by another stakeholder that there was great demand for this type of space before the Covid-19 pandemic.

6.20 It was generally suggested that there was a greater need for serviced (rather than un-serviced space) and it needed to be relatively flexible in terms of leasing (described as 'easy in, easy out') as per the Basepoint model supporting small businesses. It was also suggested that there was demand for small office space, due to the migration of professionals from London and other cities and the presence of entrepreneurs (often young) looking to move out of their bedrooms/home offices. Finally, it was generally suggested that flexibility, including the possibility of short-term leasing was important.

Eastbourne

Industrial

6.21 As with Wealden, demand for industrial property is extremely high and has grown during the Covid-19 pandemic. Stakeholders evidenced this by saying that small sites are generally fully let within 3-6 months or even fully pre-let, for prices which are £3-4 higher than the historic average. Furthermore, Hunt Commercial stated that there is essentially 'zero availability'.

Sites and unit sizes

6.22 There is some pipeline in Eastbourne of planned development but developers are of the view that there is huge pent up demand around that time across a broad spectrum of demand. Not just for storage / warehousing but general industrial. A typical broad range is from 2,000 sqft and 20,000 sqft. typically being a terrace of long units that can be sub divided. Demand for good quality premises, reflecting the desire for businesses wanting to look smart and being able to pay for property if it is available.

6.23 Hunt Commercial suggest that as stated above, industrial supply in Eastbourne is very constrained with a 'locked market' in which businesses are 'stuck' (which is likely to limit growth and development). However, they go on to note that land supply is a particular issue in Eastbourne with most development occurring on the outskirts. They note that there is very little room for development on existing industrial areas and most development is intensification only and that much of the readily deliverable intensification has already occurred. It is suggested that delivering further stock in Wealden (particularly along the A22) is essential to help relieve Eastbourne's physical constraints. Where Eastbourne is able to provide industrial land, it is suggested that demand is primarily for small terraced units of ~2,500 sqft.

6.24 Looking particularly at logistics space, it noted that close proximity to the A27 or A22 is the most desirable location.

Offices

6.25 Eastbourne is the primary office market for the area. However, perceived levels of demand amongst stakeholders are varied. One stakeholder does not believe there is much demand for office space. One stakeholder suggested that in this area, the supply-demand balance for office space was appropriate with some availability.

6.26 However, it was suggested that demand will return after the worst of the Covid-19 pandemic and this may lead to more speculative development. Furthermore, 'build to occupy' demand for development is coming back more quickly, as some businesses need a new office and cannot wait any longer.

6.27 It was stated that there is demand for office floorspace in Eastbourne but particularly for high quality (Grade A) and small space. It is suggested that not enough of this type of stock has been built meaning supply is low. Two other stakeholders backed up the need for more small office space, particularly in the context of recent rent increases. This lack of stock is leaving some businesses stuck in poor quality and/or expensive office space. New stock is likely to be well met with take up.

6.28 It was also suggested that the presence of vacant old/low quality or large stock may mask the demand for office space in the district.

6.29 Viability for offices is a challenge especially in uncertain times. Some enquiries are reported for larger freeholds rather than rentals. Some people are moving to Eastbourne and then looking to rent quality space too.

6.30 Overall, there is an expectation for some ongoing interest for smaller quality office space in the town centre particularly in the form of flexible co-work space – with existing centres performing well. Out of town development is also likely to be of interest in a similar form.

Sovereign Harbour

6.31 One stakeholder, a developer, stated that the viability of Sovereign Harbour has recently improved and that developers will be interested, given its location and quality of environment. However, they believe that it may still be better as a mixed-use development (rather than office for which the Sovereign Harbour employment sites are currently allocated).

6.32 The owners of Sovereign Harbour Site 6, stated that the site is more likely to be a 'build to occupy' development with any spare space rented out.

6.33 The owners of Sovereign Harbour Site 6 also own Pacific House – the only existing office development across the three Sovereign Harbour sites allocated for office development. They stated that this 'move-on' office space (mainly occupied by start-ups and small businesses) has been well occupied throughout the Covid-19 pandemic. Pacific house had 3 new tenants moving in so just one new suite available, the best performance since 2015. The building layout is quite generous with common areas and good ventilation.

7. ECONOMIC FORECASTS

7.1 Cambridge Econometrics were commissioned by Iceni Projects to provide labour demand forecasts for this study. The forecast is dated March 2021.

Baseline Employment Levels

7.2 The starting point for considering the scale of potential economic growth is to assess the current level of employment in Eastbourne and Wealden. The issue with this is that there is no single definitive source of information regarding employment levels. The Business Register and Employment Survey (BRES) records employment, based on an annual survey of businesses seeking information on employee numbers, turnover and business activities. The Annual Population Survey (APS) also records information. This is a quarterly household survey undertaken by individuals, which records information about respondents' employment status, where they work and in what sectors. Both data sources have drawbacks. BRES data does not fully include self-employed persons who do not register for VAT. It does not capture some sectors, including agriculture well; and can record people at the place which they are paid, rather than necessarily where the job is located. APS data is based on quite small sample sizes and includes a high proportion of proxy interviews, and as it asks what sectors people are working in, it may not accurately record employment sectors. There is effectively no regular "employment census" in the UK.

7.3 Reflecting on some of these issues, forecasters seek to draw datasets together to model total employment. Cambridge Econometrics' forecasts model employment by considering BRES and ABI data on employees in employment by industry and gender; agricultural employment from Department for Environment, Food and Rural Affairs (DEFRA) estimates, and self-employment figures from the Annual Population Survey. Adjustments are then made to ensure estimates are consistent with ONS Workforce Job totals at the regional level, which include armed forces personnel. Overall, Cambridge Econometrics' tend to be higher than BRES as a result of the inclusion of non VAT registered workers.

7.4 The other relevant issue is the relationship between "jobs" and "people." Some people hold down more than one job, and thus, typically the number of jobs in a local economy will exceed the number of people in work (typically around 5%).

7.5 The following two sections briefly revisit the historic performance of each of the economies and then go on to review the baseline labour demand forecasts from Cambridge econometrics.

Wealden

Historic performance

7.6 It is important to treat forecasts critically, using them as a "tool" to understand how a local economy might perform, rather than necessarily an "answer" in their own right. Iceni Projects therefore typically goes through a process of testing economic forecasts.

7.7 An important way of testing the realism of forecasts, consistent with the PPG, is to consider how they sit with past trends. Economic growth is cyclical. In interpreting past economic performance, it is therefore appropriate to consider trends over an "economic cycle."

7.8 Building on the analysis in section 4, the table below reports on the performance of Wealden's and the national economy for past cycles. We have been able to compare historical data between 1991 and 2019. The table reports that Wealden has continuously performed strongly compared to the UK as a whole and in the most recent period, this was particularly the case.

Table 7.1 Comparison employment change and rate of change 1991-2019 Wealden

Area	1991-2019 Count	1991-2019 Av. Change	1991-2019 Growth Rate	2001-19 Count	2001-19 Av. Change	2001-19 Growth Rate	2011-19 Count	2011-19 Av. Change	2011-19 Growth Rate
Wealden	23,000	770	**1.4%**	14,600	810	**1.3%**	8,500	1,100	**1.7%**
UK			**0.8%**			**0.8%**			**1.2%**

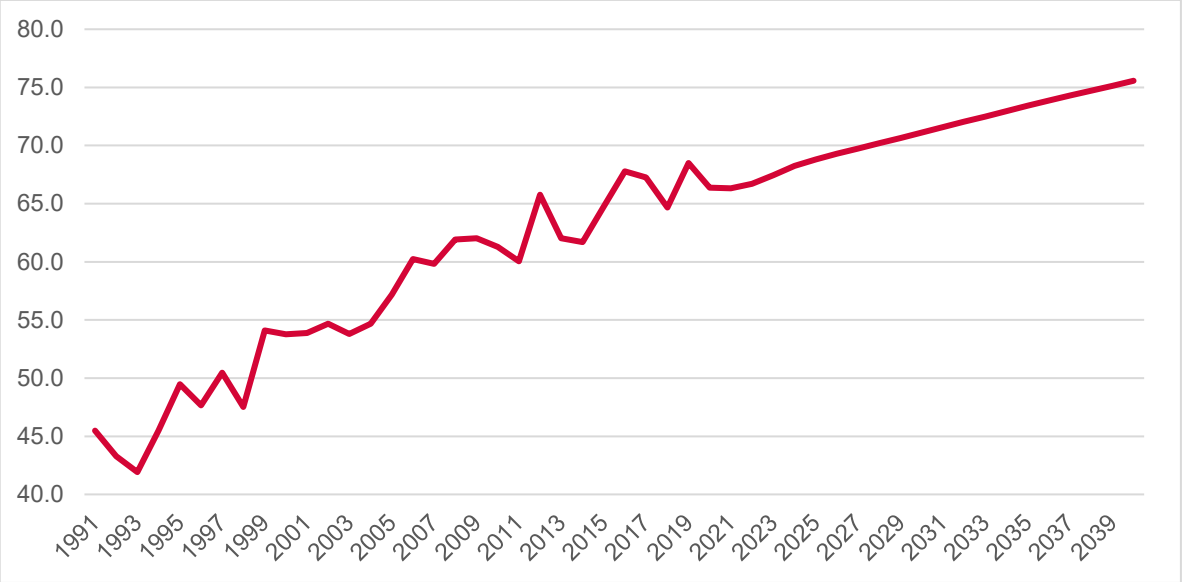
Source: Cambridge Econometrics, Iceni Projects analysis

Baseline forecast

7.9 In this section, we have provided the Cambridge Econometrics baseline forecast between 2021 and 2039 but also reflect on the 2019-2020 position. The Covid-19 pandemic has caused a global, national and local economic contraction through 2020, which is expected to take a number of years to recover to 2019 employment levels. Long term growth estimates need to consider the recovery period and depth of required recovery.

7.10 The chart below reports the baseline forecast for Wealden from 1991 onwards. The trend from 1991 is of overall steady growth after taking into account year on year changes. The forecast impact of the Covid-19 pandemic is evident below as employment falls from 2019 and does not recover fully until 2025. Future growth to 2039 is steady and not dissimilar to that seen in the past.

Figure 7-1: 1991-2039 employment growth, Wealden



Source: Cambridge Econometrics, Iceni Projects analysis

7.11 The chart below compares the indexed growth of Wealden and the UK from 1991 to 2039. The historic and forecast outlook reports a continual steady positive level of performance overall.

Figure 7-2: 1991-2039 indexed employment growth

Source: Cambridge Econometrics, Iceni Projects analysis

7.12 It is of note that from 2019 to 2021, the Wealden economy is reported to have contracted by 2,200 jobs (3.2%) particularly in the food & beverage and business support sectors, whilst the UK sees only a 0.6% contraction. It is forecast to take until 2025 for Wealden to reach the same employment levels as 2019. As a result, it is useful to consider the performance from 2019-39, as well as 2021-39 below, once growth resumes.

7.13 For the 2019-2039 period, total change is 6,600 jobs at 330 jobs per annum. The growth rate outlook is comparable to the national level for the overall plan period. However, the 2021 growth rate is stronger. So overall, whilst Wealden has been hit harder than the UK average, it will bounce back to ensure overall growth is in line with the UK growth rate.

7.14 It is important to note that for both areas, the future outlook growth rate is much weaker than in the past (see table 7.1). Brexit, the maturing economy, weaker global outlook and a UKs ageing population all contribute to slower growth according to Cambridge Econometrics.

Table 7.2 Employment change and rate of change 2019-2039

		Wealden	UK
2019-2039	Change	6,600	n/a
2019-2039	Av. Change	330	n/a
2019-2039	Growth Rate	0.46%	0.44%
2021-2039	Change	8,800	n/a
2021-2039	Av. Change	490	n/a
2021-2039	Growth Rate	0.70%	0.52%

Source: Cambridge Econometrics, Iceni analysis

7.15 A detailed examination of the employment change through the plan period by sector is set out below. The total growth rate and comparison with the last two cycles of growth are also included.

Table 7.3 Employment change and rate of change by sector, Wealden ('000s)

Broad Sector	Employment 2019	Employment 2021	Employment 2039	Change 2021-39	Growth rate 2001-19	Growth rate 2011-19	Growth rate 2021-39	UK Growth rate 2021-39
Manufacturing	4.9	4.9	4.4	-0.6	-0.9%	1.1%	-0.7%	-0.8%
Construction	6.8	7.0	9.3	2.3	1.2%	-0.5%	1.6%	0.9%
Retail	10.0	10.2	10.6	0.4	0.6%	1.1%	0.2%	0.1%
Transport & storage	2.0	1.8	1.8	0.0	0.5%	3.3%	0.0%	0.0%
Accommodation & food	5.5	4.7	7.5	2.8	4.1%	0.5%	2.6%	0.2%
ICT	2.2	2.3	2.7	0.4	2.2%	1.5%	0.9%	0.2%
Professional services	13.2	12.4	14.7	2.3	1.5%	3.3%	0.9%	0.3%
Public Admin & Defence	1.3	1.4	1.4	0.0	-2.1%	-0.5%	0.1%	1.5%
Education	6.4	6.2	6.3	0.2	1.9%	3.0%	0.1%	0.1%
Health	3.5	3.6	3.8	0.2	0.9%	-0.7%	0.3%	0.6%
Residential & social	4.4	4.2	4.4	0.1	2.7%	1.6%	0.2%	0.6%
Arts	0.8	0.8	0.9	0.0	2.9%	0.1%	0.3%	0.4%
Recreational services	1.8	1.9	2.5	0.6	4.3%	0.1%	1.6%	0.9%
Other services	3.5	3.1	3.0	-0.1	3.7%	6.7%	-0.3%	0.1%
Total	68.5	66.3	75.1	8.8	1.3%	1.7%	0.7%	0.5%

Source: Cambridge Econometrics, Iceni analysis

7.16 The key findings for the 2021-2039 baseline employment forecasts are reported as follows:

- A slight decline in manufacturing, which is in line with the long term trend and that of the UK, but a sector that has seen been stable in recent years in Wealden. The decline is forecast to be post 2025.

- Construction sees strong growth in the future, much stronger than in the recent past and above the UK rate.

- Transport sees no change, this contrasts with recent growth in Wealden in this sector.

- Accommodation & food sees strong growth of 2,800 jobs over the total plan period (albeit 800 were lost during 2019-21 owing to Brexit and the Covid-19 pandemic), faster growth than the recent past.

- ICT sees modest growth but at a higher rate than the UK.

- The professional services sector will see 2,300 jobs growth, but this is a much slower rate than in the past.

- Education and residential & social care see much lower levels of growth than in the recent past. These are all population driven sectors. This result is perhaps surprising given the growing population and growing older population - which would be expected to drive growth in these sectors (ultimately this would not have a notable bearing on employment land requirements).

- Recreation sees a stronger outlook than in the recent past, whilst the outlook for 'other services' is much weaker.

7.17 Overall, whilst Wealden has been hit harder by the Covid-19 pandemic than the UK average, it is expected to bounce back to ensure overall growth is in line with the UK growth rate.

7.18 The above forecasts are translated into floorspace needs in section 8.

Eastbourne

Historic performance

7.19 The table below reports on the performance of the Eastbourne and national economy for past economic cycles. We have been able to compare historical data between 1991 and 2019. The table reports that in the 1990s, there was a significant contraction which has since stabilised and seen modest growth more recently.

Table 7.4 Comparison employment change and rate of change 1991-2019 Eastbourne

Area	1991-2019 Count	1991-2019 Av. Change	1991-2019 Growth Rate	2001-19 Count	2001-19 Av. Change	2001-19 Growth Rate	2011-19* Count	2011-19* Av. Change	2011-19* Growth Rate
Eastbourne	-15,000	-500	**-0.9%**	0	0	**0.0%**	3,300	410	**0.7%**
UK			**0.8%**			**0.8%**			**1.2%**

Source: Cambridge Econometrics, Iceni Projects analysis

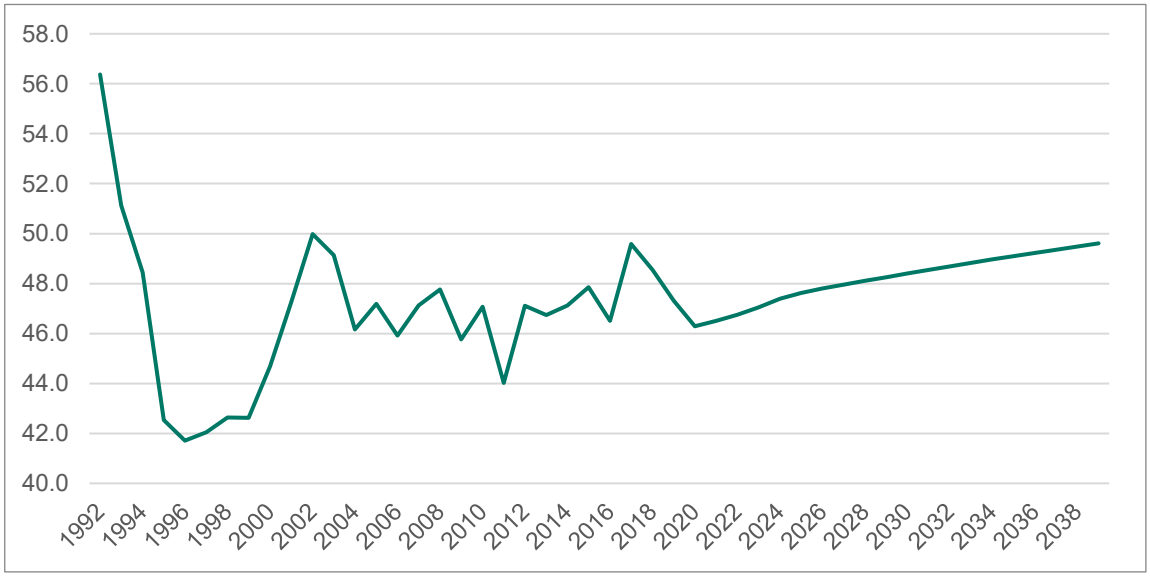
** 2011 appears as a lower figure than 2010 and 2012, whose employment rate is comparable to 2019 and suggests more muted employment growth in recent years than the table indicates.*

Baseline forecast

7.20 In this section we have provided the baseline forecast between 2021 and 2039 but also reflect on the 2019-2020 position. The chart below reports the baseline forecast for Eastbourne from 1991 onwards.

7.21 The trend from 1991 up to 2004 is fairly unstable and according to Cambridge Econometrics this is due to high levels of instability in the electronics manufacturing employment sector. From 2004, employment has been more stable with a single year low in 2011 (driven by low, potentially anomalous figures in the construction and professional services sectors) and a high in 2017. Growth post the Covid-19 pandemic from 2020 eventually reaches an employment level comparable to the 2017 recorded high, but overall suggests a slightly more positive outlook than the recent past on average.

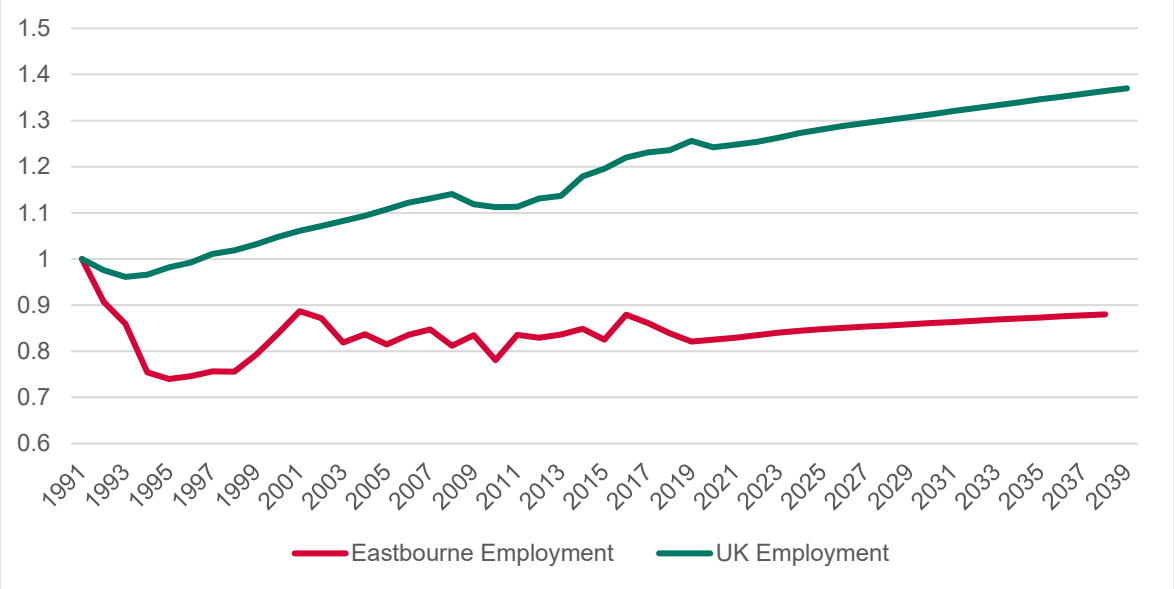
Figure 7-3: 1991-2039 employment, Eastbourne



Source: Cambridge Econometrics, Iceni Projects analysis

7.22 The chart below compares the indexed growth of Eastbourne and the UK from 1991 to 2039. The baseline forecast reports a fairly stable employment level from 2001, which has growth at a slower rate than for the UK.

Figure 7-4: 1991-2039 indexed employment growth



Source: Cambridge Econometrics, Iceni Projects analysis

7.23 From 2019 to 2021, the Eastbourne economy is forecast to contract by 800 jobs (1.7%) particularly in the food & beverage, business support and residential care services sectors (-300 each) although limited gains are made in other sectors. Meanwhile, the UK sees only a 0.6% contraction. It takes until 2024 for Eastbourne to reach the 2019 employment levels.

7.24 For the 2019-2039 period, total change is positive at 2,300 jobs or 120 jobs per annum. The growth rate outlook is weaker than the national level for the overall plan period. The 2021 growth rate is more positive as it recovers jobs lost during the pandemic but remains below the national rate.

Table 7.5 Employment change and rate of change 2019-2039

		Eastbourne	UK
2019-2039	Change	2,300	n/a
2019-2039	Av. Change	120	n/a
2019-2039	Growth Rate	0.24%	0.44%
2021-2039	Change	3,100	n/a
2021-2039	Av. Change	170	n/a
2021-2039	Growth Rate	0.36%	0.52%

Source: Cambridge Econometrics, Iceni analysis

7.25 A detailed examination of the employment change through the plan period by sector is set out below. The total growth rate and comparison with the last two cycles of economic growth are also included.

Table 7.6 Employment change and rate of change by sector, Eastbourne ('000s)

Broad Sector	Employment 2019	Employment 2021	Employment 2039	Change 2021-39	Growth rate 2001-19	Growth rate 2011-19	Growth rate 2021-39	UK Growth rate 2021-39
Manufacturing	2.0	2.0	1.6	-0.4	-7.3%	1.7%	-1.2%	-0.8%
Construction	3.2	3.2	3.5	0.3	1.7%	4.6%	0.6%	0.9%
Retail	9.3	9.5	9.7	0.2	0.0%	0.7%	0.1%	0.1%
Transport & storage	1.4	1.3	1.3	0.0	0.3%	2.7%	0.0%	0.0%
Accommodation & food	4.4	4.1	5.0	0.9	2.2%	1.4%	1.1%	0.2%
ICT	0.9	1.0	1.2	0.3	0.6%	3.0%	1.5%	0.2%
Professional services	7.1	6.7	7.5	0.9	0.3%	2.0%*	0.7%	0.3%
Public Admin & Defence	1.5	1.6	1.6	0.0	-3.8%	-3.2%	0.1%	1.5%
Education	4.5	4.3	4.4	0.1	1.6%	0.0%	0.1%	0.1%
Health	5.1	5.3	5.7	0.4	1.4%	-2.1%*	0.4%	0.6%
Residential & social	4.6	4.4	4.6	0.2	2.6%	0.7%	0.3%	0.6%
Arts	0.4	0.4	0.4	0.0	1.6%	1.3%	0.3%	0.4%
Recreational services	0.9	0.9	1.0	0.1	1.1%	0.7%	0.8%	0.9%
Other services	1.6	1.6	1.5	0.0	1.2%	5.6%	-0.1%	0.1%
Total	47.3	46.5	49.6	3.1	0.0%	0.9%	0.4%	0.5%

Source: Cambridge Econometrics, Iceni analysis

** The 2011 figures for these sectors are outliers compared to the trend and may overstate their growth / decline in this cycle.*

7.26 The key findings for the 2021-2039 baseline employment forecasts are reported as follows:

- Limited growth in a number of sectors, typically slightly slower than the recent past, including construction, retail, transport, ICT, professional services, the arts, residential and social care and total growth.
- Public administration has been in decline, bringing down total growth, but this is forecast to stabilise.
- A slight decline in manufacturing, less than the long term trend, but a sector that has been stable in recent years. The decline is forecast post 2025.
- Accommodation & food sector sees strongest growth of 900 jobs over the total plan period, which is comparable with growth in the recent past. Professional services is also a relatively high growth sector with 900 new jobs expected.
- The outlook in 'other services' is much weaker than in the past.

8. ECONOMIC DEVELOPMENT

8.1 A part of the brief for the commission includes providing information that will form the basis for Eastbourne's and Wealden's future economic strategies to help support the local economy. Detailed briefing notes are provided as Appendix A3 and A4 with key messages summarised here.

Wealden

Characteristics and dynamics of the economy: Implications for the economic strategy

8.2 Wealden experienced high rates of employment growth from 2000 to 2010, but this has tailed off to (slightly) lower than national average growth rates. The trend prior to Covid-19 and Brexit was one of high rates of enterprise ownership, but a decline in growth. Local low GVA sectors and businesses are identifiable in the local economy, offset somewhat by high earning commuters.

8.3 Labour and skills shortages are a real risk, compounded by the fact that Wealden is near other employment centres that already provide jobs for a significant number of commuters. Labour shortages may impact the current social care sector as well as aspirations for hospitality and viticulture. Higher paid workers commute outside the district for jobs – So a key question is what are the prospects for basing more of their jobs nearer home, in the district? What is needed to encourage this?

8.4 Manufacturing has maintained a presence in Wealden, and in particular, has had a recent high demand for premises. The general trend is towards higher capital intensity and lower employment.

Impacts of Covid-19 and Brexit: Implications for the economic strategy

8.5 Wealden's economy has, on the surface, been relatively unscathed by the Covid-19 pandemic. However – the difficulties faced by indebted businesses, or by businesses and customers facing supply chain delays and increased costs – will have consequences. The impact on businesses who exported to the EU or relied on supply chains from EU countries will be significant, and support will be needed to help them manage through this transition period. The increase in construction costs and delays due to supply shortage of materials and labour may affect future developments and prospects.

Enterprise and inward investment: Implications for the economic strategy

8.6 Rates of business ownership are high. Understanding where Covid-19 debts may be a problem, and putting in place support and advice would seem to be appropriate.

Skills: Implications for the economic strategy

8.7 Digital skills are becoming more important, and there will be a need to address this. Skills and labour supply shortages will become more prevalent and a challenge in certain sectors. Lastly, there will be a need to keep informed about the changing labour market, skills demands, and some agility in being able to respond.

Town Centres: Implications for the economic strategy

8.8 Town Centres across the UK are struggling to understand their futures, and to put in place plans in the face of uncertainty. Retail floorspace will continue to contract. The fundamentals of quality of place will continue to attract residents, businesses, and expenditure in town centres. That said, for Wealden, stakeholder feedback is that its towns have proven resilient, as home working and more time at home has meant more visits to the district's smaller town centres.

8.9 Leaders, organisations, and town centres will have to remain agile in terms of responding to the new economic environment as it becomes clearer what kinds of activities and demands are relevant to the town centre. A toolkit of approaches, initiatives and support – that can be flexed as needed – would seem a sensible approach.

Infrastructure: Implications for the economic strategy

8.10 The area is disadvantaged with poor road and rail connectivity and capacity. This could continue to constrain growth, development and attractiveness as a business and residential location. Improved broadband and 5G connectivity could help to offset some of these disadvantages, to some degree.

Low carbon

8.11 Climate change legislation, targets, and the changes needed are unavoidable and there is a need to have a planned transition. Wealden has declared a climate emergency whereby the Council has committed to work towards achieving net-zero carbon emissions by 2050 for both the Council's own operations and the wider Wealden area, and to pursue efforts to bring this date forward if possible. There are opportunities to build on the initial Climate Emergency Plan and consider sustainability and low carbon in infrastructure plans.

Priorities for developing an economic strategy

8.12 An overview of the main challenges and opportunities suggest that the following priorities would be useful to consider when developing an economic strategy for Wealden:

- Low carbon and sustainability;
- Quality of place and place identity;
- Business support and advice – supply chains, continuity, HR, skills;

- Digital business and technology investment;
- Encouraging skilled commuters to locate business or job in district;
- Youth and adult training and job entry;
- Employment land provision;
- Construction innovation and sustainability;
- Flexible toolkit and funds for Town Centre Futures; and
- Data connectivity

Eastbourne

Characteristics and dynamics of the economy: Implications for the economic strategy

8.13 Eastbourne is characterised as a low growth, low value-added and low productivity economy. GVA per head, at £18,866 in 2016, is markedly below the South East of England average of £29,163. Between 2008 and 2016, the rate of economic growth (1.2% per annum) has been less than half the average for England (2.9%) and the South East (2.7%). Productivity is 28% below the England average and has declined over the past 12 years. This is reflected in earnings – where both workers' and residents' earnings are below the England and South East average.

8.14 There was zero growth in employment between 2010 and 2019, despite this being a period of a boom in jobs in the UK. Residents are less well qualified than the national average. Manufacturing jobs have declined over the past 20 years. Business ownership rates (number of businesses per head) is much lower than the England average. However, the creative and cultural sector is perceived as a strength in Eastbourne.

8.15 Clearly there is a risk that Eastbourne continues this downward trajectory. What this would mean for the town is a lack of well-paid jobs and new businesses to support local employment and revitalise the town centre.

8.16 There is merit in trying to attract residents with the means to start, or relocate businesses or activities in higher value services and creative industries. Many seaside towns and boroughs are investing significant time and energy in attracting service professionals and entrepreneurs who want to move their area of residence.

8.17 Recently the University of Brighton has announced its plans to pull out of Eastbourne completely. which presents a further challenge. Meanwhile Eastbourne received a £19.8 million grant from the

Levelling Up fund which could be relevant for developing and delivering an Economic Development Strategy.

Impacts of Covid-19 and Brexit: Implications for the economic strategy

8.18 Eastbourne's economy has been significantly affected by Covid-19 and its impact on visitor-economy related services such as accommodation and food; and on its retail sector. Eastbourne experienced higher rates of furlough during 2020 and unemployment is high compared to the national average.

8.19 As the visitor economy recovers, the tourism sector is facing a labour shortage. Business continuity and resurgence in sectors such as hospitality and tourism are vital, as they are a significant sector and employer for the local area. This should be a continued focus. It is unlikely that labour shortages due to EU exit are going to be resolved. Businesses need to be assisted to adapt, through new HR practices, automation and capital investment, and new business models including the use of digitalisation and apps.

8.20 Exporting to Europe has been seriously constrained due to red tape and regulatory issues according to some stakeholders. Many small businesses have now ceased servicing EU markets.

8.21 During the Covid-19 pandemic there was a resurgence in industrial property demand.

8.22 There is a perception that there are significant changes occurring in markets, sectors, the economy and location choice. Continuing and emphasis on the attractiveness and vibrancy of Eastbourne as a favoured location for residents (including service professionals and entrepreneurs), visitors and creative and cultural industries. The locational factors of Eastbourne appeal to quite a few targets and would seem a sensible strategy.

Enterprise and inward investment: Implications for the economic strategy

8.23 Rates of business ownership are much lower than the national average. Understanding where Covid-19 debts may be a problem, and putting in place support and advice would seem to be appropriate. A small number of digital tech companies have moved from London to Eastbourne as it is more affordable than Brighton. Coworking spaces have been relatively successful, such as The Works and Cohub. Again, a focus for developing and marketing the attractiveness of Eastbourne to small technology businesses would seem to be a valid element of any future strategy.

Skills and employment: Implications for the economic strategy

8.24 Eastbourne has a lower-qualified workforce compared to the national and South East average, the skills system was under strain before Covid-19 and Brexit – and the environment has become even more challenging. There will be a need to provide flexible support for those made unemployed during the pandemic, who, with the right support, could access and sustain jobs where there are labour shortages. Digital skills are becoming more important, and there will be a need to address this.

8.25 Unemployment was recognised as a growing problem. Better connecting local residents to local jobs was considered to be a priority. There will be a need to keep informed about the changing labour market, skills demands, and some agility in being able to respond.

Town Centres: Implications for the economic strategy

8.26 Town Centres across the UK are struggling to understand their futures, and to put in place plans in the face of uncertainty. Eastbourne has been hit by retail closures, and it is likely that retail floorspace will continue to contract. Seasonal tourism has also been hit hard by Covid-19.

8.27 The fundamentals of quality of place will continue to attract residents, businesses, and expenditure in town centres. Leaders, organisations, and town centres will have to remain agile in terms of responding to the new economic environment as it becomes clearer what kinds of activities and demands are relevant to the town centre. A toolkit of approaches, initiatives and support – that can be flexed as needed – would seem a sensible approach.

Property Market: Implications for the economic strategy

8.28 Building flexibility into use classifications might assist speculative development of employment premises. It would seem sensible, given economic uncertainties, to enable mixed use employment premises, within the bounds of environmental and traffic rules and regulations of course.

Infrastructure: Implications for the economic strategy

8.29 The area is disadvantaged with poor road, rail, and utility connectivity and capacity. This could continue to constrain growth, development and attractiveness as a business and residential location. Improved broadband and 5G connectivity could help to offset some of these disadvantages, to some degree.

Low carbon

8.30 There is very little consideration of sustainability and low carbon in infrastructure plans currently. There was very little discussion, and very little in terms of policy documents and plans for dealing with climate change. Climate change legislation, targets, and the changes needed are unavoidable and there is a need to have a planned transition.

8.31 Eastbourne has declared a climate emergency whereby the Council has committed to work towards achieving net-zero carbon emissions by 2030 for both the Council's own operations and the wider area. There are opportunities to build on the initial Climate Emergency Plan Strategy and action Plan and consider sustainability and low carbon further.

Priorities for developing an economic strategy

8.32 An overview of the main challenges and opportunities suggest that the following priorities would be useful to consider when developing an economic strategy for Eastbourne:

- Low carbon and sustainability;
- Quality of place;
- Place promotion and events;
- Business support and advice - supply chains, continuity, HR, skills;
- Digital business and technology investment;
- Youth and adult training and job entry;
- Construction innovation and sustainability;
- Flexible toolkit and funds for Town Centre Futures; and
- Data connectivity

9. EMPLOYMENT LAND NEEDS: WEALDEN

9.1 In this section, we consider demand for employment land and floorspace over the period from 2019-39 for Wealden. The section considers requirements for employment land in offices (Class E(g)(i)); research and development premises (Class E(g)(ii)); light industrial (Class E(g)(iii)); general industrial (Class B2) and storage or distribution (Class B8).

9.2 When considering the scale of future needs, the Planning Practice Guidance (PPG, 2021) requires consideration of quantitative and qualitative need. This entails estimating the scale of future needs broken down by different market segments, such as different B use classes. The PPG recommends the use of a number of different techniques to estimate future employment land requirements, namely assessments based on:

- Labour Demand;
- Labour Supply; and
- Past Take-Up.

9.3 There are benefits for each approach. For Labour Demand and Labour Supply scenarios, econometric forecasts take account of differences in expected economic performance moving forward relative to the past, overall, with regard to the sectoral composition of growth. A detailed model is required to relate net forecasts to use classes and to estimate gross floorspace and land requirements.

9.4 In contrast, past take-up is based on actual delivery of employment development; but this does not take account of the implications of growth in labour supply associated with housing growth, nor any potential differences in economic performance relative to the past. It is also potentially influenced by past land supply policies.

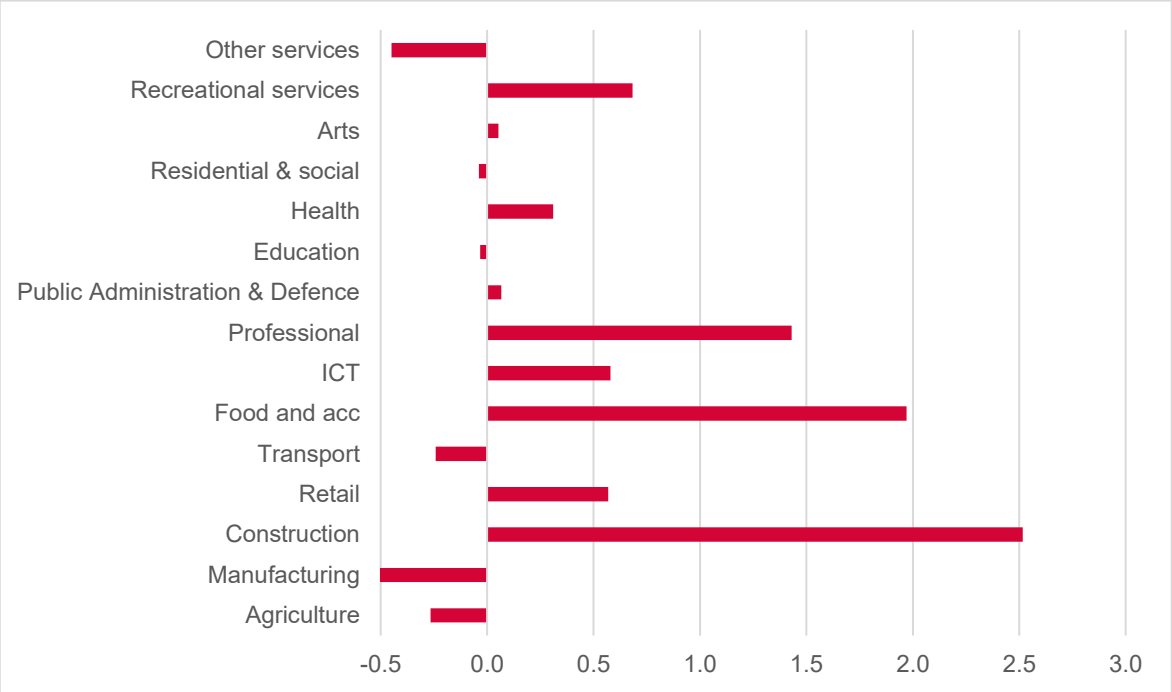
9.5 The quantitative evidence here is also supplemented by the wider analysis of market and economic dynamics.

Labour Demand Scenario

9.6 This section takes forward the economic growth forecasts set out in Chapter 7.

9.7 The baseline scenario considers the quantum of employment land required to support the growth of 6,600 jobs from 2019-39 shown in the Cambridge Econometrics baseline forecast. The jobs changes by sector is set out in the figure below.

Figure 9-1**: Wealden employment change, 2019-2039 ('000s)**

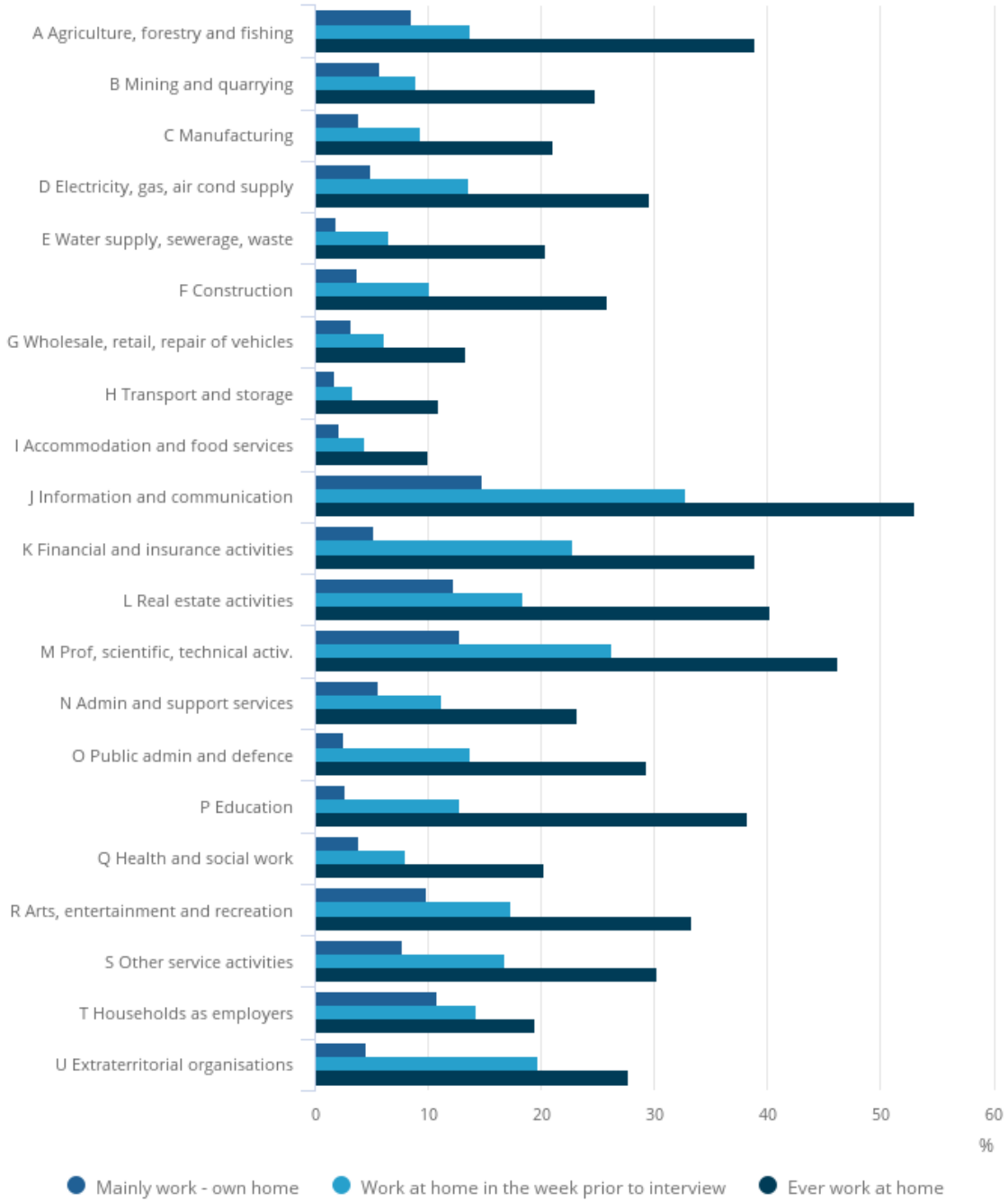


Source: Cambridge Econometrics

9.8 Iceni Projects has converted the forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector through analysis of the proportion of full-time and part-time jobs in Wealden as of 2019 (BRES) on a 2 digit SIC sector by sector basis, aggregated up to the 45 sector forecast.

9.9 An adjustment has been made taking into account home working data based on 2019 estimates (see Appendix A). More recent data for 2020 during the pandemic shows increases of up to 70% home working particularly in office based sectors, however, this level is not expected to continue indefinitely and is discussed further below.

Figure 9-2: Homeworking by sector 2019



Source: ONS

9.10 Iceni Projects has considered the proportion of employment in each sector, which is likely to take place in the various use classes.

9.11 To do this we have calibrated our standard model, which relates to sectors and use classes for the local economy through the interrogation of the current composition of employment in key sectors (see Appendix A). This provides an estimate of the proportion of FTE jobs in each sub-sector which

are currently located on each type of employment land (or other use class). The modelling assumes that this proportion will hold true moving forwards, which in reality will change.

9.12 This approach has been used to derive the following forecasts of net growth in FTE employment by use class over the plan period, relating to the district as a whole. This apportionment is then multiplied by the jobs growth in each sector, showing growth by class of employment. The table below sets out the 5-year band requirements.

Table 9.1 FTE Job Growth by Use Class Sector, 2019-39: Baseline Scenario

Area	2019-21	2021-26	2026-31	2031-36	2036-39	2019-39
Offices Class E(g)(i)	-335	411	429	415	238	1,158
R&D Class E(g)(ii)	3	-1	-0	-0	-0	1
Light industrial Class E(g)(iii)	-15	-17	-14	-11	-7	-63
General industrial (Class B2)	-42	-106	-135	-121	-75	-480
Storage or distribution (Class B8)	-10	84	47	50	24	195
Total of above	-399	372	327	332	180	812
Other sectors	-1,228	1,883	1,353	1,379	767	4,154

Source: Iceni analysis of Cambridge Econometrics

9.13 To these figures we have applied employment densities taking account of the HCA Employment Densities Guide: 3rd Edition (2015). We have converted figures to provide employment densities for gross external floor areas on the following basis:

- Office: an average of 14 sq m GEA per employee based on a blend between business park, serviced office and general office floorspace and assuming that the gross external area of buildings is on average 20% higher than the net internal area – note that a further sensitivity test is run on this further below to take account of remote working practices;
- Research and development: an average of 48 sq m GEA per employee based on low density research premises and assuming that the gross external area of buildings is on average 20% higher than the net internal area;
- Light Industrial: an average of 49 sq m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the net internal area;
- General Industrial: an average of 38 sq m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the gross internal area;
- Warehouse/ Distribution: an average of 70 sq m GEA per employee.

9.14 Applying these employment densities to the forecasts of net growth in jobs in E-Class and B-class activities, we can derive forecasts for net changes in employment floorspace. The breakdown by use class is shown below.

Table 9.2 Floorspace (sqm) requirements by Use Class 2019-39, Baseline

Area	2019-21	2021-26	2026-31	2031-36	2036-39	2019-39
Offices Class E(g)(i)	-4,023	4,933	5,152	4,981	2,856	13,900
R&D Class E(g)(ii)	110	-29	-16	-16	-8	42
Light industrial Class E(g)(iii)	-725	-812	-669	-558	-324	-3,088
General industrial (Class B2)	-1,569	-3,916	-5,005	-4,487	-2,770	-17,747
Storage or distribution (Class B8)	-699	5,888	3,292	3,467	1,685	13,633
Total	-6,907	6,065	2,755	3,388	1,439	6,739

Source: Iceni analysis of Cambridge Econometrics

9.15 Iceni has also considered a further sensitivity, reflecting changing working patterns that most particularly influence office needs. With the Covid-19 pandemic leading to most office based employees home working, it is likely that a greater rate of home working occurs in the future as a result, reducing the need for office floorspace. Whilst definitive evidence is yet to emerge, a sensitivity that reduces office need 30% is considered appropriate. The major corporate companies' position ranges from around 30% home working to complete flexibility[31].

9.16 In the case of the 2019-21 period, there was a reported decline followed by growth, so these are deducted from the overall requirements.

Table 9.3 Floorspace (sqm) requirements by Use Class 2019-39, sensitivity

Area	2019-21	2021-26	2026-31	2031-36	2036-39	2019-39
Offices Class E(g)(i)	-4,023	637	3,607	3,487	1,999	9,730
R&D Class E(g)(ii)	110	-29	-16	-16	-8	42
Light industrial Class E(g)(iii)	-725	-812	-669	-558	-324	-3,088
General industrial (Class B2)	-1,569	-3,916	-5,005	-4,487	-2,770	-17,747
Storage or distribution (Class B8)	-699	5,189	3,292	3,467	1,685	12,934
Total	-6,907	1,070	1,209	1,893	582	1,870

Source: Iceni analysis of Cambridge Econometrics

[31] HSBC is cutting its global office space by 40%. Lloyds is cutting desk numbers by 20%. Alphabet, is developing a model where staff work three days in the office and two days from home. Facebook are allowing 'complete flexibility'.

9.17 To calculate the land requirements to support these net changes in employment, we have revisited the appropriateness in recent developments and are of the view it is suitable to apply the following plot ratios consistent with Wealden's previous 2018 Economy Update report.

- 0.5 for B1a/b office and R&D uses;
- 0.4 for B1c and B2 industrial uses; and
- 0.5 for B8 warehouse / distribution floorspace.

9.18 This generates the following requirement for net additional land to support employment growth over the plan period:

Table 9.4 Labour demand net land (ha) requirements by Use Class 2019-39

Area	Baseline	Baseline sensitivity	2018 requirements
Offices / R&D Class E(g)(i) & (ii)	2.8	1.9	3.7 - 3.9
Light industrial Class E(g)(iii)	-0.8	-0.8	-0.9 - 0.9
General industrial (Class B2)	-4.4	-4.4	-0.9 - 0.9
Storage or distribution (Class B8)	2.7	2.7	-1.0 - 1.6
Total	0.3	-0.5	1.8 – 6.4

Source: Iceni analysis of Cambridge Econometrics

9.19 The labour demand model therefore indicates a total net need range of between 0.3 and 0.6 ha of employment land need. This compares with 1.8 – 6.4 ha in the 2018 study. The main differences are:

- Use of a different forecasting base (Cambridge Econometrics) run post Covid-19 pandemic rather than Experian / EEFM that was pre Covid-19 pandemic in the 2018 study.
- A decrease in office needs, driven by a pandemic related downward trend in 2019-21 generating 'lost years' of growth.
- A weaker outlook for manufacturing, which is likely due to the forecasting model rather than a change in economic structure. Based on Iceni's experience, Cambridge Econometrics tends to be more conservative than Experian regarding manufacturing outlook.
- An increase in B8 requirements, reflecting structural trends and more likely to represent the current economic needs.

9.20 It is important to note that these are net changes that do not take account of further matters such as a margin adjustment, which is considered further in this section below.

Labour Supply Scenario

9.21 This section looks at estimates of the job growth to be supported by the 'Standard Method' for housing growth. In order to support the Government's objective of significantly boosting the supply of homes, the National Planning Policy Framework (NPPF) states (paragraph 61) that in order to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the Standard Method in national planning guidance (unless exceptional circumstances justify an alternative approach). The Standard Method uses a number of steps including drawing on local household growth projections and affordability ratios to determine the minimum number of future homes required. In Wealden's case, the details are set out in the Wealden Local Housing Needs Assessment (2021), but equate to growth of over 1,200 homes per year.

9.22 In order to convert dwellings to population and jobs, a series of stages are undertaken. These can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply).
- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment.
- Bringing together this information will provide an estimate of the potential job growth supported by the population projections.

9.23 The detailed steps in arriving at labour supply jobs count are set out in Appendix A1.

Jobs Supported by Growth in the Resident Labour Force

9.24 The tables below show how many additional jobs might be supported by population growth under the 2018-SNPP and the Standard Method (which draws on the 2014 SNPP and may be subject to future change). For Wealden, the analysis shows a range of 6,600-8,400 jobs supported with the SNPP (in line with labour demand) and a range of 18,800-23,900 with the Standard Method.

Table 9.5 Jobs supported by demographic projections (2019-39) – Wealden

		Total change in economically active	Allowance for net commuting	Allowance for double jobbing (= jobs supported)
2018-SNPP	Census commuting	7,937	6,221	6,604
2018-SNPP	1:1 commuting	7,937	7,937	8,426
Standard Method	Census commuting	22,545	17,670	18,759
Standard Method	1:1 commuting	22,545	22,545	23,934
Labour demand				6,600

Source: Derived from a range of sources as described

Developing a Labour Supply Employment Land Need

9.25 From the above table, we can see that the SNPP jobs supported is in line with that of the forecast growth developed from the labour demand model. However, the Standard Method conclusions are significantly above the SNPP range so this requires consideration of the employment land implications.

9.26 Both the previous 2016 and 2018 Economy Study reports for Wealden assumed that the labour supply scenario could see a redistribution of jobs across the same sector proportions as the labour demand models. However, in our view this requires further examination, particularly given the substantial difference in the jobs supported under the Standard Method that was not a consideration for the previous studies. Population increases do not de facto lead to increases in business type sectors (i.e. Professional Services, Manufacturing) but rather population driven sectors such as retail, education and health. This is in part due to existing commuting and agglomeration patterns, with for example more homes needing more schools and shops, but existing urban centres such as London continuing to provide the majority of professional services type jobs. Therefore, simply increasing jobs in line with sector proportions as per the labour demand Cambridge forecasts is unlikely to represent a realistic outcome.

9.27 Iceni has therefore used the following alternative methodology to determine the labour supply needs:

- Assume out commuting at the previous rate, creating 18,759 job 'workers' in Wealden.
- Assume that the majority of employment growth (80%) occurs in population driven (endogenous) sectors as defined in the table below with the remaining 20% reflecting a further multiplier driving labour demand (exogenous) sectors (excluding manufacturing which is unlikely to be affected by local demand), which is below the 30% suggested in table 4.14 of the HCA Additionality Guide 2014[32], to account for some double counting in the Cambridge Econometric forecast.
- Assume labour supply jobs are additional to the labour demand jobs and that labour supply growth is in line with the existing share in the economy (as at 2019, Cambridge Econometrics).

9.28 The modelling outcomes are summarised in the table below. Column A reports the labour demand model. Column B shows the method outlined in paragraph 9.27 above, sharing growth in endogenous sectors at 80% with a 20% in exogenous sectors. The preferred output is column C,

[32] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/378177/additionality_guide_2014_full.pdf

combining labour demand and supply. The outcomes are similar to that of sharing the labour supply in line with the current economic structure.

Table 9.6 Employment model for labour supply, Wealden ('000s)

Broad Sector	Employment 2019	Labour demand change 19-39 (A)	Labour supply share (B)	Labour supply total change (C)	Type
Manufacturing	4.9	-0.6	/	-0.6	Exogenous
Construction	7.0	2.5	0.6	3.1	Exogenous*
Retail	10.2	0.6	2.9	3.4	Endogenous
Transport & storage	1.8	-0.2	0.6	0.3	Endogenous
Accommodation & food	4.7	2.0	0.5	2.5	Exogenous*
ICT	2.3	0.6	0.2	0.8	Exogenous
Professional services	12.4	1.4	1.2	2.6	Exogenous
Public Admin & Def.	1.4	0.1	0.4	0.4	Endogenous
Education	6.2	0.0	1.8	1.8	Endogenous
Health	3.6	0.3	1.0	1.3	Endogenous
Residential & social	4.2	0.0	1.3	1.2	Endogenous
Arts	0.8	0.1	0.2	0.3	Endogenous
Recreational services	1.9	0.7	0.5	1.2	Endogenous
Other services	3.1	-0.4	1.0	0.6	Endogenous
Total	66.3	6.6	12.1	18.7	

Source: Cambridge Econometrics, Iceni analysis (Agriculture change -0.3 not shown and unadjusted)

** Construction and accommodation & food sectors are both endogenous and exogenous; however the labour demand forecast is already high and above the 2011-19 performance so are categorised as exogenous.*

9.29 From here, the same steps have been applied as to the labour demand model to achieve floorspace needs.

Table 9.7 FTE Job Growth by Use Class Sector, 2019-39: Labour Supply Scenario

Area	2019-21	2021-26	2026-31	2031-36	2036-39	2019-39
Offices Class E(g)(i)	-335	496	526	557	963	2,206
R&D Class E(g)(ii)	3	3	4	4	-0	14
Light industrial Class E(g)(iii)	-15	7	6	8	28	34
General industrial (Class B2)	-42	-84	-104	-83	29	-284
Storage or distribution (Class B8)	-10	191	206	222	243	851
Total of above	-399	614	636	708	1,263	2,821
Other sectors	-1,228	2,531	2,766	3,021	4,416	11,506

Source: Iceni analysis of Cambridge Econometrics

9.30 Applying employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. The breakdown by use class is shown below.

Table 9.8 Floorspace (sqm) requirements by Use Class 2019-39, Labour Supply

Area	2019-21	2021-26	2026-31	2031-36	2036-39	2019-39
Offices Class E(g)(i)	-4,023	5,954	6,306	6,684	11,553	26,474
R&D Class E(g)(ii)	110	118	133	150	-8	503
Light industrial Class E(g)(iii)	-725	346	274	368	1,391	1,654
General industrial (Class B2)	-1,569	-3,103	-3,851	-3,053	1,062	-10,515
Storage or distribution (Class B8)	-699	13,368	14,400	15,514	17,009	59,592
Total	-6,907	16,682	17,263	19,663	31,007	77,709

Source: Iceni analysis of Cambridge Econometrics

9.31 The same sensitivity as the labour demand is applied, assuming a reduction in office demand.

Table 9.9 Floorspace (sqm) requirements by Use Class 2019-39, Labour Supply sensitivity

Area	2019-21	2021-26	2026-31	2031-36	2036-39	2019-39
Offices Class E(g)(i)	-2,816	4,168	4,414	4,679	8,087	18,532
R&D Class E(g)(ii)	110	118	133	150	-8	503
Light industrial Class E(g)(iii)	-725	346	274	368	1,391	1,654
General industrial (Class B2)	-1,569	-3,103	-3,851	-3,053	1,062	-10,515
Storage or distribution (Class B8)	-699	13,368	14,400	15,514	17,009	59,592
Total	-5,700	14,896	15,371	17,658	27,542	69,767

Source: Iceni analysis of Cambridge Econometrics

9.32 Converting to land generates the following requirement for net additional land to support employment growth over the plan period:

Table 9.10 Labour supply net land (ha) requirements by Use Class 2019-39

Area	Baseline	Baseline sensitivity	2018 Economy Update report requirements*
Offices / R&D Class E(g)(i) & (ii)	5.4	3.8	1.7
Light industrial Class E(g)(iii)	0.4	0.4	1.6
General industrial (Class B2)	-2.6	-2.6	1.6
Storage or distribution (Class B8)	11.9	11.9	7.1
Total	15.1	13.5	10.4

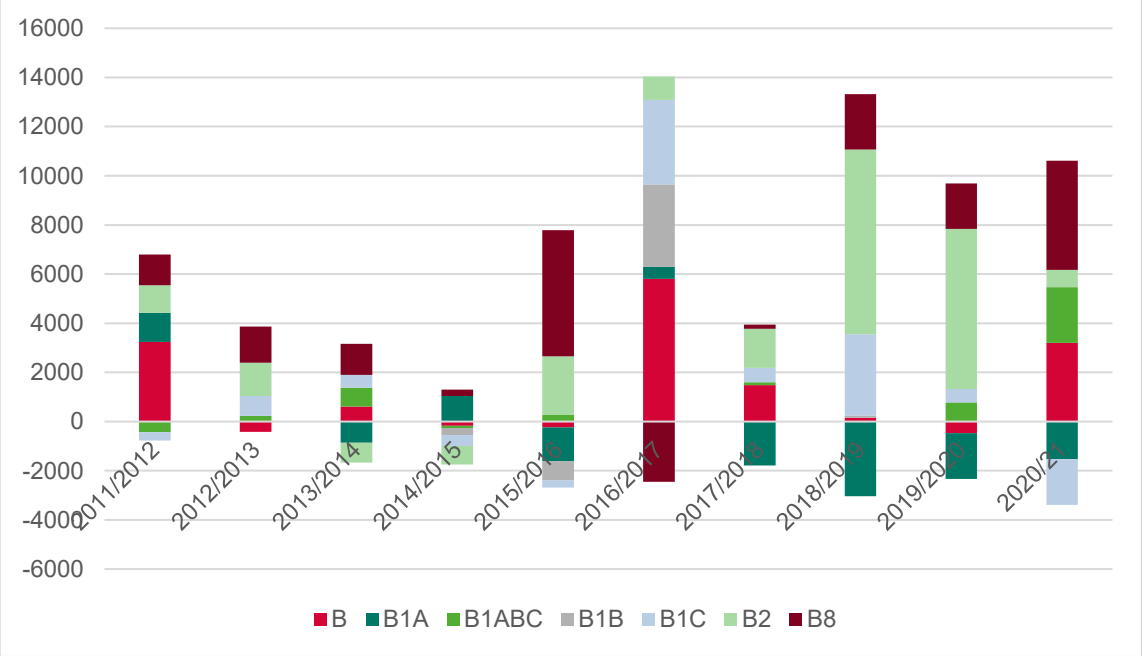
Source: Iceni analysis of Cambridge Econometrics

** converted from floorspace using plot ratios as above*

Completions trend

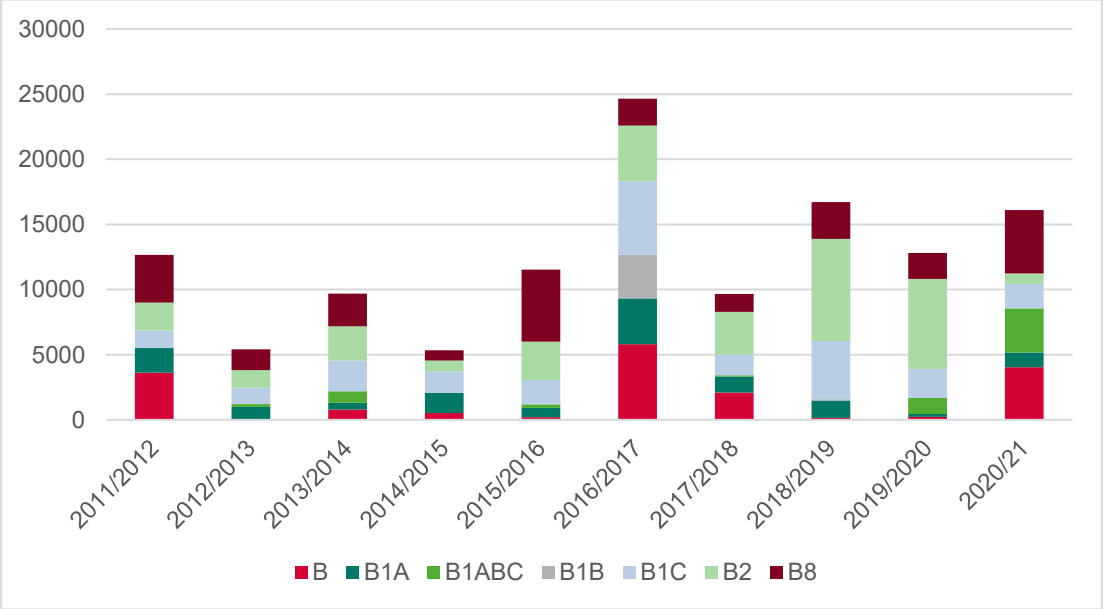
9.33 The Council has provided B Class net and gross completions data for the 2011/12 to 2020/21 monitoring period. This is set out in the figure below.

Figure 9-2: Wealden net completions 2011-2020



Source: Iceni analysis of Wealden District Council Monitoring

Figure 9-3: Wealden gross completions 2011-2020



Source: Iceni analysis of Wealden District Council Monitoring

9.34 These datasets have been annualised and projected forward to provide an outlook to 2039 as below.

Table 9.11 Wealden completions trend 2019-2039 (sqm)

Area	Gross 2011-20 total	Gross 2011-20 average	Gross **2019-39 projection**	Net 2011-20 total	Net 2011-20 average	Net **2019-39 projection**
B1a	13,056	1,306	26,112	-7,716	-772	-15,432
B1b	3,446	345	6,892	2,396	240	4,792
B1c	24,197	2,420	48,394	6,270	627	12,540
B1mix	6,144	614	12,288	3,894	389	7,788
B1/B2/B8	33,085	3,309	66,170	20,556	2,056	41,112
B2	27,185	2,719	54,370	15,662	1,566	31,324
B8	17,469	1,747	34,938	13,197	1,320	26,394
Total	124,582	12,458	249,164	54,259	5,426	108,518

Source: Iceni analysis of Wealden District Council Monitoring

9.35 Key findings from the completions data:

- There have been steady loses in in B1a/b floorspace (now Class E(g)(i)/(ii)) from across the district although new premises have still been completed at a greater rate, delivering net growth.
- There is a clear demand for other B class uses notably mixed B, B2, B1c (E(g)(iii)) and B8.
- Gross gains (other than B1a) run at c50-100% the rate of net gains. This indicates the redevelopment or loss of existing premises is outstripped by the demand for new space.

9.36 These have been modelled to land needs and merged on the same basis as the labour demand model.

Table 9.12 Wealden completions trend requirements 2019-2039 (ha)

Type	Gross	Net
Office	9.1	-0.6
Industrial	33.0	16.1
Warehouse	15.2	8.9
Total	57.3	24.4

Source: Iceni analysis of Council Monitoring

** B1mix included as office, Mixed B included as industrial/warehouse split*

Summary of Wealden needs and further adjustments

9.37 Section 8 of this report as above has undertaken a range of detailed modelling to consider the future employment land needs of the district. The findings are summarised in the table below.

Table 9.13 Wealden net employment land requirements 2019-2039 (ha)

Type	Labour demand	Labour demand sensitivity	Labour supply	Labour supply sensitivity	Completions gross	Completions net
Office	2.8	1.9	5.4	3.8	9.1	-0.6
Industrial	-5.2	-5.2	-2.2	-2.2	33.0	16.1
Warehouse	2.7	2.7	11.9	11.9	15.2	8.9
Total	0.3	-0.5	15.1	13.5	57.3	24.4

Source: Iceni analysis of Council Monitoring

9.38 Evidently there are substantial differences in the outcomes when looking across the model outcomes. These are most pronounced in relation to industrial needs. Most notably the labour demand forecasts indicate a decline in manufacturing floorspace whereas the completions trends indicate strong growth. This is discussed in more detail below following the discussion on margin adjustments.

9.39 Before consideration of a preferred model, further adjustments are made as below.

Margin adjustments

9.40 To provide an indication of the potential gross need for employment land, it may be appropriate to make some allowance for frictional vacancy within employment floorspace and to provide some margin within the supply of land to provide a choice of sites.

Future vacancy

9.41 It is widely accepted in the property industry that 5-10% vacancy is required at all times in commercial markets. A level of vacant floorspace is necessary to ensure churn and choice, allowing innovation, inward investment, resizing of existing business requirements and refurbishments. We have therefore assumed a need to achieve a 7.5% vacancy rate within the additional floorspace for needs outlined above (mid-point between 5-10%), which is what we would consider reasonable in a functioning commercial property market.

Current vacancy

9.42 It is also considered appropriate to make an allowance to increase the current vacancy levels which are at a historic low of 2.0% for industrial stock. To reach a minimum 5% vacancy the current stock of 560,000 sqm needs to increase by 16,800 or around 3.7 ha. For office this is not considered to be required given the uncertainty around office demand in the post Covid-19 market as well as the relatively small office market – such an adjustment is likely to over inflate need.

Safety / flexible margin

9.43 Finally, in identifying how much land to allocate for development, we consider that it would be prudent to include a ‘margin’ to provide for some flexibility, recognising:

- The potential error margin associated with the forecasting process;
- To provide a choice of sites to facilitate competition in the property market; and
- To provide flexibility to allow for any delays in individual sites coming forward.

9.44 We consider that it would be appropriate to make provision for a 'margin'. There are different approaches to identifying a margin, using either a number of years of past take up (i.e. completions) or a percentage of future need. Past take up trends are substantial in Wealden and a 5 year margin for an 18 year period may be excessive. Recent studies in Wealden and Eastbourne use a 10% buffer on need, however since some models are negative, this could be distorting. As a result, on balance a 2 year gross margin is applied.

Replacement demand

9.45 It is useful to note the difference between gross and net completions. Gross gains are all permissions for new floorspace. Net gains include losses of employment space to both residential and other commercial uses. Gross gains often include redevelopments and intensifications at existing industrial estates and therefore essentially capture the trend, including 'replacement demand' which occurs naturally in a viable industrial market.

9.46 Some employment land studies consider whether there is a need to make an allowance for replacing future losses that may follow past patterns, or compensate for past losses.

9.47 Wealden has evidently seen considerable losses in office space in recent years and could do so in the future. However, the view is that much of the space available has already been lost and that office demand is expected to be muted for the foreseeable future. This suggests that applying a compensatory mechanism may not be useful as demand will simply not exist to generate delivery.

9.48 Regarding industrial and warehousing space, losses can be calculated from the difference between gross and net completions. Some methods assume the net change in need, plus typically replacing half of losses, recognising that not all losses need to be replaced due to structural changes in the economy. In the case of Wealden, this would essentially mean the mid-point between gross and net completions. In Iceni's view, the mid-point between the gross and net change should be considered an appropriate level to plan for. No further specific adjustment is therefore made for replacement demand.

9.49 The resulting total needs incorporating the above matters are set out below, with the margin to increase current vacancy split between industrial and warehouse.

Table 9.14 Wealden gross employment floorspace requirements 2019-2039 (sqm)

Type	Labour demand	Labour demand sensitivity	Labour supply	Labour supply sensitivity	Completions gross	Completions net
Office	20,020	15,537	34,033	25,495	53,721	2,180
Industrial	2,659	2,659	14,634	14,634	169,532	92,746
Warehouse	30,614	29,862	80,020	80,020	89,083	66,429
Total	53,293	48,059	128,687	120,149	312,336	161,356

Source: Iceni analysis of Council Monitoring

Table 9.15 Wealden gross employment land requirements 2019-2039 (ha)

Type	Labour demand	Labour demand sensitivity	Labour supply	Labour supply sensitivity	Completions gross	Completions net
Office	4.0	3.1	6.8	5.1	10.7	0.4
Industrial	0.7	0.7	3.7	3.7	42.4	23.2
Warehouse	6.1	6.0	16.0	16.0	17.8	13.3
Total	10.8	9.7	26.5	24.8	70.9	36.9

Source: Iceni analysis of Council Monitoring

9.50 It is of note that when compared to the previous 2016 and 2018 Economy Studies, the industrial and warehousing requirements are substantially higher here. These studies broadly report net completions based requirements of 30,000 sqm of industrial and 20,000 sqm of distribution. The increases above relate to the inclusion of the mixed B Class completions, high completions in recent years and introducing a margin for increasing current vacancy.

Recommendations

9.51 **Offices:** the office market is undergoing a period of adjustment due to the Covid-19 pandemic, which will influence future ways of working. The current market remains in relative stasis. Looking back, losses occurred during the 2016 to 2018 period in Wealden although over the longer period, there has been a picture of growth. Taking a view to 2039, it seems reasonable to expect some future demand, particularly associated with the level of future population growth. Given the change in dynamic, Iceni recommends the sensitivity models under the labour demand and labour supply modelling requirements which identify a range of **3.1 – 6.8 ha**.

9.52 **Industrial and warehousing:** in reality and 'on the ground', the demand for warehousing and industrial units can be interchangeable particularly on industrial estates, given outline permissions for general B Class Units. Overall, it is clear that there is a need for new sites given the positive net completions and the strong market feedback on future needs. On balance, therefore, the net

completions trend is therefore considered a minimum requirement looking forward but it would be appropriate to consider the mid-point between net and gross completions being **48.3 ha**.

Summary of Wealden demand supply balance

9.53 The Council has provided its most recent completions for the 2019/20 and 2020/21 periods, which can be deducted from the needs. Commitments have also been provided.

Table 9.16 Wealden (net) completions and commitments (sqm)

	B1a	B1abc	B1b	B	B1c	B2	B8	Tot.
2019/20	-467	-1,861	780	0	553	6512	1,847	7,364
2020/21	3,208	-1,521	2,258	0	-1,863	700	4,449	7,231
Completions Total	**2,741**	**-3,382**	**3,038**	**-**	**-1,310**	**7,212**	**6,296**	**14,595**
Commitments 20/21	1,865	2,452	0	20,598	2,752	46	452	28,165
Under construction 20/21	-1,292	152	0	9,978	-397	1,247	3,585	13,273
All commitments	**573**	**2,604**	**0**	**30,576**	**2,355**	**1,293**	**4,037**	**41,438**
Total contribution	**3,314**	**-778**	**3,038**	**30,576**	**1,045**	**8,505**	**10,333**	**56,033**

Source: Council Monitoring

9.54 These have been merged as B1 mix included as office and 'B' as industrial, to enabled alignment with recommended needs. This has been converted to plots based on the assumptions for demand modelling.

Table 9.17 Wealden supply at the end of 2020/21

	Office	Industrial & Warehouse	Tot.
Completions (net) (sqm)	2,397	12,198	14,595
Commitments (net) 20/21 (sqm)	3,177	38,261	41,438
All supply (sqm)	5,574	50,459	56,033
All supply (ha)	1.1	11.2*	12.3

Source: Council Monitoring

** converted using a mid-point ratio of 0.45*

Summary of Wealden demand supply balance

9.55 The table below reports on the balance of needs taking into account completions and commitments.

9.56 Based on the recommended needs, there is a limited shortfall in office requirements of -1.5 to -5.7 ha (-5,169 sqm to -23,665 sqm) but a substantial shortfall in industrial and warehousing needs of -39.1 ha (-139,209 sqm).

9.57 Further contributions to meeting the need have been assessed through site visits. This estimates a potential 5.12 ha of further potential development in addition to the known commitments.

9.58 Advice on the composition and potential locations of need is provided in the conclusions section.

Table 9.18 Wealden demand / supply merged 2021-39 (sqm)

	Office Low	Office High	Industrial & Warehouse	Total Low	Total High
Recommended need 2019-2039	13,140	31,636	196,697	209,837	228,333
Recommended need 2019-2039 (ha)	3.1	6.8	48.3	51.4	55.1
Completions 2019-21	2,397		12,198	14,595	
Residual need 2021-39	**10,743**	**29,239**	**184,499**	**195,242**	**213,738**
Residual need 2021-39 (ha)	**2.6**	**6.3**	**45.6**	**48.2**	**51.9**
Commitments 2021	5,574		50,459	56,033	
Residual need 2021-39 after commitments 2021	5,169	23,665	134,040	139,209	157,705
Residual need 2021-39 after commitments 2021 (ha)	**1.5**	**5.7**	**37.1**	**39.1**	**42.8**

** converted using a mid-point ratio of 0.45*

10. EMPLOYMENT LAND NEEDS: EASTBOURNE

10.1 In this section, we consider demand for employment land and floorspace over the period from 2019-39 for Eastbourne. This section considers requirements for employment land in offices (Class E(g)(i)); research and development premises (Class E(g)(ii)); light industrial (Class E(g)(iii)); general industrial (Class B2) and storage or distribution (Class B8).

10.2 When considering the scale of future needs the Planning Practice Guidance (PPG, 2021) requires consideration of quantitative and qualitative need. This entails estimating the scale of future needs broken down by different market segments, such as different B use classes. The PPG recommends the use of a number of different techniques to estimate future employment land requirements, namely assessments based on:

- Labour Demand;
- Labour Supply; and
- Past Take-Up.

10.3 There are relative benefits of each approach. For Labour Demand scenarios and Labour Supply scenarios, econometric forecasts take account of differences in expected economic performance moving forward relative to the past, overall, with regard to the sectoral composition of growth. A detailed model is required to relate net forecasts to use classes and to estimate gross floorspace and land requirements.

10.4 In contrast, past take-up is based on actual delivery of employment development; but this does not take account of the implications of growth in labour supply associated with housing growth nor any potential differences in economic performance relative to the past. It is also potentially influenced by past land supply policies.

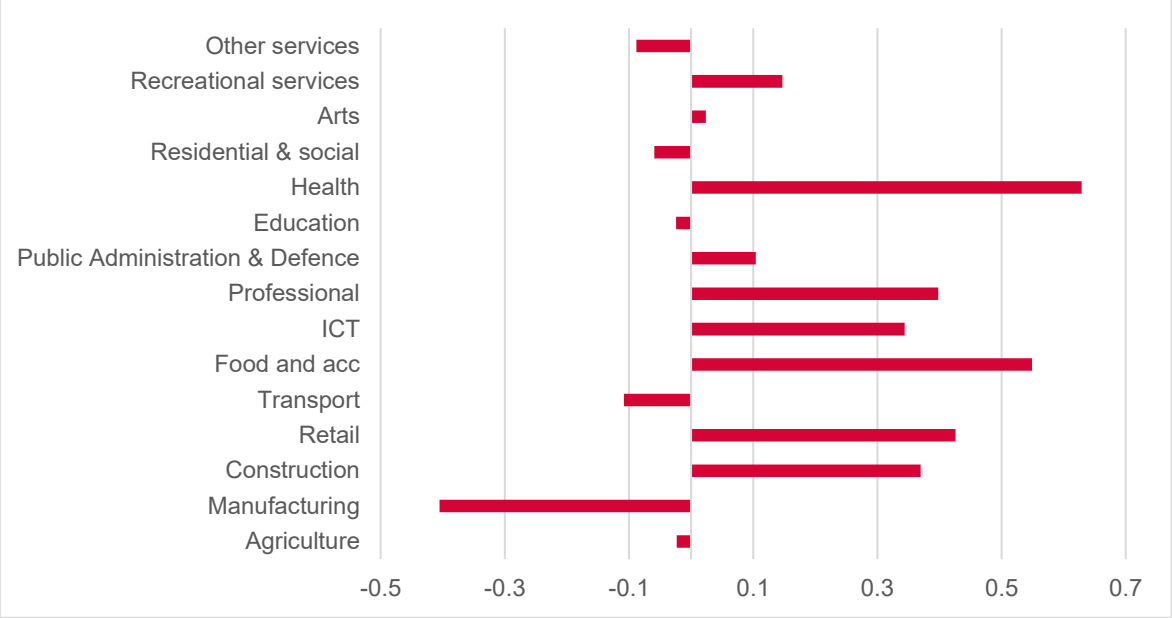
10.5 The quantitative evidence here is also supplemented by the wider analysis of market and economic dynamics.

Labour Demand Scenario

10.6 This section takes forward the economic growth forecasts set out in Chapter 7.

10.7 The baseline scenario considers the quantum of employment land required to support the growth of 2,300 jobs from 2019-39 shown in the Cambridge Econometrics baseline forecast. The jobs changes by sector is set out below:

Figure 10-1: Eastbourne employment change, 2019-2039



Source: Cambridge Econometrics

10.8 Iceni Projects has converted the forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector through the analysis of the proportion of full- and part-time jobs in Eastbourne as of 2019 (BRES) on a 2 digit SIC sector by sector basis, aggregated up to the 45 sector forecast. An adjustment has been made for home working as noted in section 8, figure 8-2.

10.9 Iceni Projects has considered the proportion of employment in each of these sectors which is likely to take place in the various use classes.

10.10 To do this we have calibrated our standard model, which relates to sectors and use classes for the local economy through the interrogation of the current composition of employment in key sectors. This provides an estimate of the proportion of FTE jobs in each sub-sector, which are currently located on each type of employment land (or other use class). The modelling assumes that this proportion will hold true moving forwards, which in reality will change.

10.11 This approach has been used to derive the following forecasts of net growth in FTE employment by use class over the plan period, relating to the district as a whole. This apportionment is then multiplied by the jobs growth in each sector, showing growth by class of employment. The table below sets out the 5-year band change with Covid-19 related contraction in the start of the period.

Table 10.1 Eastbourne FTE Job Growth by Use Class Sector, 2019-39: Baseline Scenario

Area	2019-21	2021-26	2026-31	2031-36	2036-39	2019-39
Offices Class E(g)(i)	-151	197	175	161	91	472
R&D Class E(g)(ii)	0	-0	-0	-0	-0	0
Light industrial Class E(g)(iii)	-4	-8	-10	-9	-5	-35
General industrial (Class B2)	-12	-74	-104	-90	-50	-331
Storage or distribution (Class B8)	2	33	19	20	9	83
Total of above	-165	148	80	82	46	191
Other sectors	-479	833	463	424	237	1,478

Source: Iceni analysis of Cambridge Econometrics

10.12 To these figures we have applied employment densities taking account of the HCA Employment Densities Guide: 3rd Edition (2015). We have converted figures to provide employment densities for gross external floor areas on the following basis:

- Office: an average of 14 sq m GEA per employee based on a blend between business park, serviced office and general office floorspace and assuming that the gross external area of buildings is on average 20% higher than the net internal area – note that further sensitivity test is run on this further below to take account of remote working practices;
- Research and development: an average of 48 sq m GEA per employee based on low density research premises and assuming that the gross external area of buildings is on average 20% higher than the net internal area;
- Light Industrial: an average of 49 sq m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the net internal area;
- General Industrial: an average of 38 sq m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the gross internal area;
- Warehouse/ Distribution: an average of 70 sq m GEA per employee.

10.13 Applying these employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. The breakdown by use class is shown below.

Table 10.2 Eastbourne Floorspace (sqm) requirements by Use Class 2019-39, Baseline

Area	2019-21	2021-26	2026-31	2031-36	2036-39	2019-39
Offices Class E(g)(i)	-1,815	2,360	2,102	1,926	1,095	5,668
R&D Class E(g)(ii)	16	-4	-3	-1	-1	7

Area	2019-21	2021-26	2026-31	2031-36	2036-39	2019-39
Light industrial Class E(g)(iii)	-187	-371	-489	-417	-231	-1,695
General industrial (Class B2)	-454	-2,753	-3,862	-3,330	-1,842	-12,241
Storage or distribution (Class B8)	159	2,321	1,348	1,373	642	5,844
Total	-2,281	1,553	-904	-449	-337	-2,417

Source: Iceni analysis of Cambridge Econometrics

10.14 Iceni has also considered a further sensitivity, reflecting changing working patterns that most particularly influence office needs. With the Covid-19 pandemic leading to most office based employees home working, it is likely that a greater rate of home working occurs in the future as a result, reducing the need for office floorspace. Whilst definitive evidence is yet to emerge, a sensitivity test that reduces office need 30% is considered appropriate. The major corporates companies' position ranges from around 30% home working to complete flexibility[33].

Table 10.3 Eastbourne Floorspace (sqm) requirements by Use Class 2019-39, baseline sensitivity

Area	2019-21	2021-26	2026-31	2031-36	2036-39	2019-39
Offices Class E(g)(i)	-1,270	1,652	1,471	1,348	767	3,968
R&D Class E(g)(ii)	16	-4	-3	-1	-1	7
Light industrial Class E(g)(iii)	-187	-371	-489	-417	-231	-1,695
General industrial (Class B2)	-454	-2,753	-3,862	-3,330	-1,842	-12,241
Storage or distribution (Class B8)	159	2,321	1,348	1,373	642	5,844
Total	-1,736	845	-1,534	-1,027	-666	-4,118

Source: Iceni analysis of Cambridge Econometrics

10.15 To calculate the land requirements to support these net changes, we have applied the following plot ratios.

- 0.5 for B1a/b office and R&D uses;
- 0.4 for B1c and B2 industrial uses; and
- 0.5 for B8 warehouse / distribution floorspace.

10.16 This generates the following requirement for net additional land to support employment growth over the plan period:

[33] HSBC is cutting its global office space by 40%. Lloyds is cutting desk numbers by 20%. Alphabet, is developing a model where staff work three days in the office and two days from home. Facebook are allowing 'complete flexibility'.

Table 10.4 Eastbourne Labour demand net land (ha) requirements by Use Class 2019-39

Area	Baseline	Baseline sensitivity	2017 requirements*
Offices / R&D Class E(g)(i) & (ii)	1.1	0.8	1.7
Light industrial Class E(g)(iii)	-0.4	-0.4	1.6
General industrial (Class B2)	-3.1	-3.1	1.6
Storage or distribution (Class B8)	1.2	1.2	7.1
Total	-1.5	-1.2	10.4

Source: Iceni analysis of Cambridge Econometrics

** Eastbourne Economic Development Needs Assessment 2017: provided in sqm and converted from floorspace using plot ratios as above*

10.17 The labour demand model therefore indicates a total net need range of between -1.2 and -1.1 ha of employment land need. This compares with 10.4 ha in the previous 2017 economic study. The main differences are:

- Use of a different forecasting base (Cambridge Econometrics) run post-Covid-19 rather than Experian / EEFM that were pre-Covid-19 in the 2017 study.
- A comparable requirement in office needs.
- A much weaker outlook for manufacturing, which is estimated to be due to the forecasting model as, based on Iceni experience, Cambridge Econometrics tend to be more conservative about the manufacturing outlook compared to Experian.
- A considerable decrease in B8 requirements due to lower job creation in the wholesale sector outlook, likely to reflect both structural change and forecast model methods.

10.18 It is important to note that these are net changes that do not take account of further matters such as a margin adjustment, which is considered further below in this section.

Labour Supply Scenario

10.19 This section looks at estimates of the job growth to be supported by the 'Standard Method' for housing growth. The Standard Method is the Government's preferred methodology for determining housing needs and uses a number of steps including drawing on local household growth projections and affordability ratios to determine the minimum number of future homes required. Steps used to estimate the job growth to be supported by the Standard Method can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply).

- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment.

- Bringing together this information will provide an estimate of the potential job growth supported by the population projections.

10.20 The detailed approach to calculating jobs in relation to the above is set out in Appendix A2.

Jobs Supported by Growth in the Resident Labour Force

10.21 The tables below show how many additional jobs might be supported by population growth under the 2018-SNPP and the Standard Method. In Eastbourne, given current commuting patterns and estimates about double jobbing, it is estimated that around 3,400 additional jobs could be supported by the changes to the resident labour supply in the SNPP; a very slightly higher number of jobs could be supported if the analysis assumes a 1:1 commuting ratio. Under the Standard Method, the number of jobs potentially supported is notably higher, in the range of 8,200-8,300 depending on the commuting assumptions. The figures below exclude any additional jobs resulting from people returning to work following the Covid-19 pandemic. All figures exceed the baseline projections for labour demand, which would appear even lower when taking into account the 800 jobs reportedly lost during the 2019-2021 period.

Table 10.5 Jobs supported by demographic projections (2019-39) – Eastbourne

		Total change in economically active	Allowance for net commuting	Allowance for double jobbing (= jobs supported)
2018-SNPP	Census commuting	3,864	3,813	4,040
2018-SNPP	1:1 commuting	3,864	3,864	4,094
Standard Method	Census commuting	9,208	9,087	9,627
Standard Method	1:1 commuting	9,208	9,208	9,755
Labour demand				2,300

Source: Derived from a range of sources as described

Developing a Labour Supply Employment Land Need

10.22 From the above table, we can see that the SNPP jobs supported is marginally above that of the forecast growth developed from the labour demand model and it is not considered useful to develop a SNPP aligned model. However, the Standard Method model is significantly above this and requires consideration of the employment land implications.

10.23 The 2017 Economic Development Study for Eastbourne assumed that the labour supply scenario could see a redistribution of jobs across the same sectors as the labour demand model. As noted for Wealden, in our view this requires further examination. Population increases do not de facto lead to increases in business type sectors due to the way industry (i.e. Professional Services, Manufacturing) which tend to be affected by agglomeration and inward investment, but rather

population driven sectors such as retail, education and health. Therefore, simply increasing jobs in line with sector proportions as per the labour demand Cambridge forecasts is unlikely to represent a realistic outcome.

10.24 Iceni has therefore used the following methodology to determine the labour supply needs:

- Assume out commuting at the previous rate creating 9,627 job 'workers' in Eastbourne.
- Assume that the majority of employment growth (80%) occurs in population driven (endogenous) sectors as defined in the table below with the remaining 20% reflecting a further multiplier driving labour demand (exogenous) sectors (excluding manufacturing), which is below the 30% suggested in table 4.14 of the HCA Additionality Guide to account for some double counting in the Cambridge Econometric forecast.
- Assume labour supply jobs are additional to the labour demand jobs and that labour supply growth is in line with the existing share in the economy (as at 2019, Cambridge Econometric) rather than the labour demand model.

10.25 The modelling outcomes are summarised in the table below. Column A reports the labour demand model. Column B shows the method outlined in the bullets above, sharing growth in endogenous sectors at 80%, with a 20% in exogenous sectors. The preferred output is column C, combining labour demand and supply. The outcomes are similar to that of sharing the labour supply in line with the current economic structure.

Table 10.6 Employment change and rate of change by sector, Eastbourne ('000s)

Broad Sector	Employment 2019	Labour demand change 19-39 (A)	Labour supply share (B)	Labour supply total change (C)	Type
Manufacturing	2.0	-0.4	/	-0.4	Exogenous
Construction	3.2	0.4	0.6	0.9	Exogenous
Retail	9.3	0.4	1.7	2.1	Endogenous
Transport & storage	1.4	-0.1	0.3	0.1	Endogenous
Accommodation & food	4.4	0.5	0.5	1.1	Exogenous
ICT	0.9	0.3	0.1	0.5	Exogenous
Professional services	7.1	0.4	0.8	1.2	Exogenous
Public Admin & Defence	1.5	0.1	0.3	0.4	Endogenous
Education	4.5	0.0	0.8	0.8	Endogenous
Health	5.1	0.6	0.9	1.5	Endogenous
Residential & social	4.6	-0.1	0.8	0.8	Endogenous
Arts	0.4	0.0	0.1	0.1	Endogenous
Recreational services	0.9	0.1	0.2	0.3	Endogenous
Other services	1.6	-0.1	0.3	0.2	Endogenous
Total	47.3	2.3	7.3	9.6	

Source: Cambridge Econometrics, Iceni analysis

10.26 From here, the same steps have been applied as to the labour demand model to achieve floorspace needs.

Table 10.7 FTE Job Growth by Use Class Sector, 2019-39: Labour Supply Scenario

Area	2019-21	2021-26	2026-31	2031-36	2036-39	2019-39
Offices Class E(g)(i)	-155	245	256	268	565	1,179
R&D Class E(g)(ii)	0	-0	-0	-0	8	8
Light industrial Class E(g)(iii)	-4	-3	-6	-5	19	2
General industrial (Class B2)	-12	-56	-81	-63	3	-208
Storage or distribution (Class B8)	4	106	113	120	119	461
Total of above	-166	292	281	320	715	1,442
Other sectors	-440	1,455	1,434	1,475	1,976	5,900

Source: Iceni analysis of Cambridge Econometrics

10.27 Applying employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. The breakdown by use class is shown below.

Table 10.8 Floorspace (sqm) requirements by Use Class 2021-39, Labour Supply

Area	2019-21	2021-26	2026-31	2031-36	2036-39	2019-39
Offices Class E(g)(i)	-1,856	2,939	3,068	3,216	6,778	14,146
R&D Class E(g)(ii)	16	-4	-3	-1	286	294
Light industrial Class E(g)(iii)	-181	-138	-303	-241	955	92
General industrial (Class B2)	-440	-2,058	-3,000	-2,315	128	-7,685
Storage or distribution (Class B8)	247	7,399	7,877	8,388	8,325	32,236
Total	-2,214	8,138	7,640	9,047	16,473	39,083

Source: Iceni analysis of Cambridge Econometrics

10.28 The same sensitivity as the labour demand is applied, assuming a reduction in office demand and allowing for reabsorption of 2019-2021 lost jobs owing to the Covid-19 pandemic.

Table 10.9 Floorspace (sqm) requirements by Use Class 2021-39, Labour Supply sensitivity

Area	2019-21	2021-26	2026-31	2031-36	2036-39	2019-39
Offices Class E(g)(i)	-1,299	2,057	2,148	2,252	4,745	9,902
R&D Class E(g)(ii)	16	-4	-3	-1	286	294
Light industrial Class E(g)(iii)	-181	-138	-303	-241	955	92
General industrial (Class B2)	-440	-2,058	-3,000	-2,315	128	-7,685
Storage or distribution (Class B8)	247	7,399	7,877	8,388	8,325	32,236
Total	-1,658	7,257	6,720	8,082	14,439	34,840

Source: Iceni analysis of Cambridge Econometrics

10.29 Converting to land generates the following requirement for net additional land to support employment growth over the plan period:

Table 10.10 Labour supply net land (ha) requirements by Use Class 2021-39

Area	Baseline	Baseline sensitivity	2017 requirements*
Offices / R&D Class E(g)(i) & (ii)	2.9	2.3	1.7
Light industrial Class E(g)(iii)	0.0	0.0	1.6
General industrial (Class B2)	-1.9	-1.9	1.6
Storage or distribution (Class B8)	6.4	6.4	7.1
Total	7.4	6.6	10.4

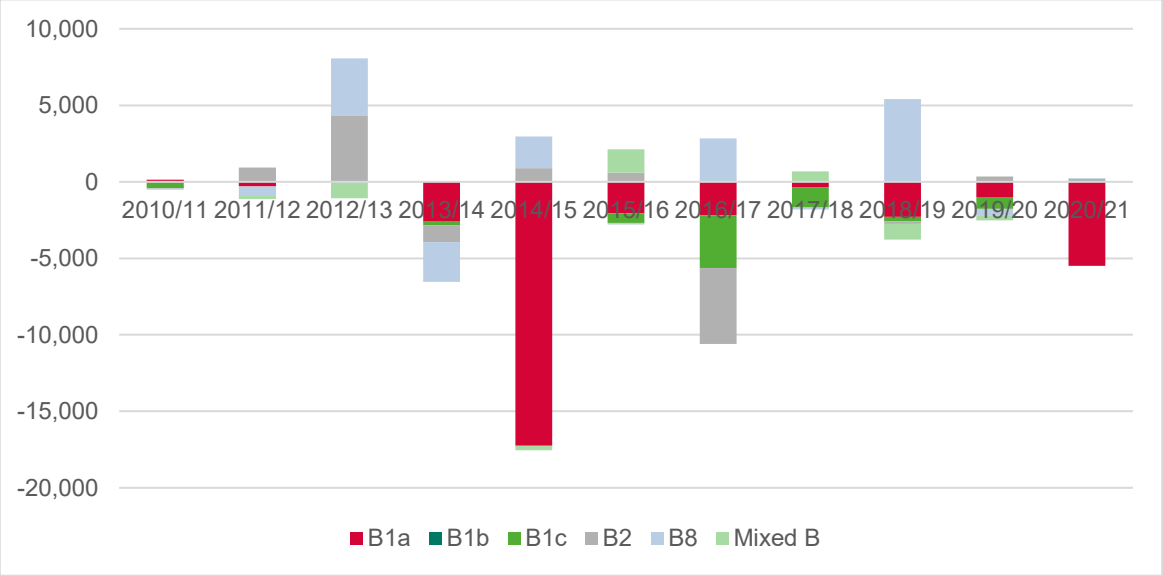
Source: Iceni analysis of Cambridge Econometrics

** converted from floorspace using plot ratios as above*

Completions trend

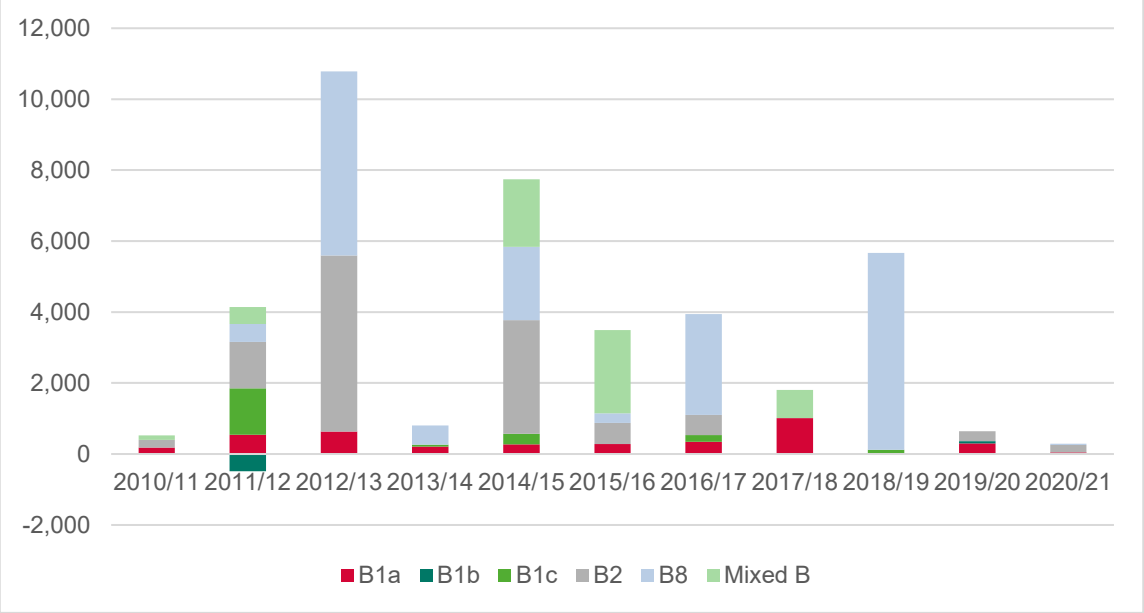
10.30 The Council has provided B Class net and gross completions data for the 2010/11 to 2020/21 monitoring period. This is set out in the figure below.

Figure 10-2: Eastbourne net completions 2010-2020



Source: Iceni analysis of Eastbourne District Council Monitoring

Figure 10-3: Eastbourne gross completions 2010-2020



Source: Iceni analysis of Eastbourne District Council Monitoring

10.31 These datasets have been annualised and projected forward to provide an outlook to 2039 as below.

Table 10.11 Eastbourne completions trend 2021-2039 (sqm)

Area	Gross 2010-20 av.	Gross 2019-39 proj	Net 2010-20 av.	Net 2019-39 proj
B1a	347	6,944	-3032	-60,633
B1b	5	104	-39	-775
B1c	178	3,556	-649	-12,982
B1/B2/B8	513	10,265	-57	-1,131
B2	1032	20,635	87	1,747
B8	1547	30,935	921	18,415
Total	3622	72,438	-2768	-55,358

Source: Iceni analysis of Eastbourne District Council Monitoring

10.32 Key findings from the above are:

- Significant ongoing losses in office accommodation with only limited completions.
- Losses in light industrial at a greater rate than the limited completions.
- Losses in mixed B uses but outweighed by gains, alongside significant gains in general industrial and warehousing. High losses have occurred in B2/B8 uses generating low net completions, particularly in industrial. This is likely to reflect renewal of existing sites, including B1c units.

10.33 The above have been modelled to land needs and merged on the same basis as the labour demand model to provide overall figures for the plan period.

Table 10.12 Eastbourne completions trend requirements 2019-2039 (ha)

Type	Gross	Net
Office	1.4	-12.3
Industrial	7.2	-2.9
Warehouse	7.3	3.6
Total	15.9	-11.7

Source: Iceni analysis of Council Monitoring

** Mixed B split between industrial and warehousing*

Summary of Eastbourne needs and adjustments

10.34 This section has undertaken a range of detailed modelling to consider the future employment land needs of the borough. The findings are summarised below.

Table 10.13 Eastbourne net employment land requirements 2019-2039 (ha)

Type	Labour demand	Labour demand sensitivity	Labour supply	Labour supply sensitivity	Completions gross	Completions net
Office	1.1	0.8	2.9	2.1	1.4	-12.3
Industrial	-3.5	-3.5	-1.9	-1.9	7.2	-2.9
Warehouse	1.2	1.2	6.4	6.4	7.3	3.6
Total	-1.2	-1.5	7.4	6.6	15.9	-11.7

Source: Iceni analysis of Council Monitoring

10.35 Evidently there are substantial differences in the outcomes when looking across the model outcomes. Before consideration of a preferred model, further margin adjustments are made as below.

Margin Adjustments

10.36 To provide an indication of the potential gross need for employment land in this scenario, it may be appropriate to make some allowance for frictional vacancy within employment floorspace and provide some margin within the supply of land to provide a choice of sites.

Future vacancy

10.37 We have assumed a need to achieve a 7.5% vacancy rate within the additional floorspace for needs outlined above (a mid-point between 5-10%), which is what we would consider reasonable in a functioning commercial property market. A level of vacant floorspace is necessary to support turnover and improvements to stock.

Current vacancy

10.38 It is also considered appropriate to make an allowance to increase the current vacancy levels which are at a historic low of 1.2% for industrial stock. To reach a preferred minimum 5% vacancy the current stock of 273,000 sqm needs to increase by 10,400 or around 2.3 ha. For office, this is not considered to be required in the current market given that demand is much more muted.

Safety / flexible margin

10.39 Finally, in identifying how much land to allocate for development, we consider that it would be prudent to include a 'margin' to provide for some flexibility, recognising:

- The potential error margin associated with the forecasting process;
- To provide a choice of sites to facilitate competition in the property market; and
- To provide flexibility to allow for any delays in individual sites coming forward.

10.40 We consider that it would be appropriate to make provision for a 'margin'. There are different approaches to identifying a margin, using either a number of years of past take up (i.e. completions) or a percentage of future need. Recent studies in both Wealden and Eastbourne use a 10% buffer on need; however, as some of the need models are negative this would be distorting. Instead a 2 year gross completion trend is applied. We note that 5 years is also common practice, but in this smaller market, could be excessive.

Replacement demand

10.41 It is useful to note the difference between gross and net completions. Gross gains are all permissions for new floorspace, net gains include losses of employment space to both residential and commercial uses. Gross gains often include redevelopments and intensifications at existing industrial estates and therefore essentially capture the trend of including 'replacement demand', which occurs naturally in a viable industrial market.

10.42 Some employment land studies consider whether there is a need to make an allowance for replacing future losses that may follow past patterns, or to compensate for past losses.

10.43 Eastbourne has evidently seen very considerable losses in office space in recent years, 15,232 sqm of which has been through prior approval (around 25% of all office losses), and could do so in the future. However, the view is that much of the space available has already been lost and that office demand is expected to be muted for the foreseeable future. Whilst it is not recommended that past losses are sought to be replaced, the losses should not continue indefinitely and some need is now being articulated both in qualitative and quantitative terms. Losses resulting in the future (including the pipeline) should be considered for replacement in the town centre / out of town centres, although it is recognised that delivery will be challenging.

10.44 Regarding industrial and warehousing space, losses can be calculated from the difference between gross and net. Not all losses need to be replaced due to structural changes in the economy and taking into account that many of these will be on site redevelopments. In Eastbourne's constrained market, there is a need to plan positively to relieve pressure on sites. Replacing half of losses (essentially the mid-point between gross and net completions) is considered appropriate as this would deliver 11.4 ha or 53,249 sqm (which is equivalent to around 20% of existing Eastbourne stock according to VOA). No further specific adjustment is therefore made for replacement demand.

10.45 The resulting total needs incorporating the above matters are set out below, with the margin to increase current vacancy split between industrial and warehouse.

Table 10.14 Eastbourne gross employment floorspace requirements 2019-2039 (sqm)

Type	Labour demand	Labour demand sensitivity	Labour supply	Labour supply sensitivity	Completions gross	Completions net
Office	6,101	4,273	15,523	10,961	7,576	-61,407
Industrial	-8,736	-8,736	-2,393	-2,393	36,723	-6,600
Warehouse	15,490	15,490	43,861	43,861	47,980	28,395
Total	12,854	11,027	56,991	52,429	92,279	-39,612

Source: Iceni analysis of Council Monitoring

Table 10.15 Eastbourne gross employment land requirements 2021-2039 (ha)

Type	Labour demand	Labour demand sensitivity	Labour supply	Labour supply sensitivity	Completions gross	Completions net
Office	1.2	0.9	3.1	2.2	1.5	-12.3
Industrial	-2.2	-2.2	-0.6	-0.6	9.2	-1.7
Warehouse	3.1	3.1	8.8	8.8	9.6	5.7
Total	2.1	1.8	11.3	10.4	20.3	-8.3

Source: Iceni analysis of Council Monitoring

10.46 It is of note that when compared to the 2017 Economy Study, the results are broadly comparable, which reported a range of -34,550 sqm to 70,090 sqm with an emphasis on distribution uses.

Recommendations

10.47 **Offices:** the office market is undergoing a period of adjustment due to the Covid-19 pandemic which will influence future ways of working. The current market remains in relative stasis. Looking back, Eastbourne has seen substantial losses although these have levelled off since 2014, potentially due to an exhaustion of convertible supply. Taking a view to 2039, it seems reasonable to expect some

future demand focused on non-corporate managed or flexible workspace. Sovereign Harbour is reportedly performing well at present as a signal of future need. Whilst there is uncertainty in the future outlook for offices, it is also important to plan positively particularly to support the Eastbourne economy and potential growth associated with an increased population (subject to housing delivery to be considered in the Local Plan) or 'lifestyle movers' enabled to relocate to Eastbourne through remote working practices. As a result is recommended that the authority plan positively for office space at the upper end of the range reported here being **3.1 ha or 15,523 sqm**. This need is likely to increase as further losses occur, which should be considered for replacement.

10.48 **Industrial and warehousing:** completions indicate a strong demand for industrial and warehousing units although net gains for industrial and warehousing combined show only a modest overall positive trend which is not fulfilling market need. As a result, as noted above, it is recommended that the mid-point between gross and net completions is planned for. Any site redevelopment opportunities can absorb this need in the first instance but market feedback and site assessments suggest that these are more limited now and further space is required. The total need is therefore **11.4 ha or 53,249 sqm** which is around 25% higher than the labour supply needs.

Summary of Eastbourne demand supply balance

10.49 The Council has provided its current commitments as below.

10.50 The permissions for Sovereign Harbour have been summed as 23,000 sqm. With regard to other allocations, there is less certainty about bringing forward office floorspace at the Town Centre Development Opportunity Site 2. Therefore table 10.16 excludes this as well as 1,975 sqm B1 and 20,000 sqm B1c/B2/B8 allocations from the Employment Land Local Plan November 2016, which is identified based on intensification of existing designated Industrial Estates (i.e. no specific sites identified). In addition a further 0.33 ha redevelopment / intensification has been identified (c.1,500 sqm).

Table 10.16 Eastbourne commitments 2020/21 (sqm)

	B1a	B1b	B1c	B2	B8	Mixed B	Tot.
Permissions	-8,208	0	-3,308	-1,045	-1,095		-13,656
Sovereign Harbour	23,000						23,000
Completions 2019-21 (net)	-6,480	57	-784	493	-414	-284	-7,412
Sites assessed	-		1,500				1,500
Total	8,369		-4,937				3,432

Source: Council Monitoring / Iceni

10.51 The overall need and balance based on supply is set out below.

10.52 For office this suggests, after taking into account recent losses, an undersupply. Essentially this takes a view that up until 2019 the office losses do not need to be replaced, but that this cannot continue indefinitely and therefore as losses continue they should be considered to be replaced, including as far as possible those lost between 2019-21 period and expected to be lost from 2021 onwards. This accords with the mixed stakeholder feedback that there is a broad balance moving towards some undersupply, although recognises deliverability is challenging.

10.53 For industrial, there is an evident undersupply, which will be exacerbated by future permissions. Where possible further losses should be resisted and intensification encouraged, alongside potential new supply.

Table 10.17 Eastbourne demand / supply merged 2021 (sqm)

	Office	Industrial &Warehouse	Total
Recommended need	15,523	53,249	73,045
Completions 19-21	-6,423	-989	-7,412
Residual need 21-39	21,946	54,238	80,457
Residual need 21-39 (ha)	4.4	11.6	16.0
Commitments / assessed opportunities	14,792	-3,948	10,844
Balance of need 21-39	-7,154	-58,186	-69,613
Balance (ha.)	-1.4	-12.5	-13.9

11. SITE SUPPLY

11.1 Iceni has undertaken site visits to identify potential employment sites in Eastbourne and Wealden. Specifically, this is to consider existing employment areas within Eastbourne and Wealden and has assisted with the identification of future opportunities for redevelopment or intensification in such locations.

11.2 The main results are reported below with the site assessments appended. In a number of instances vacant areas or those otherwise with development potential already have unimplemented permissions so the net additional development area may be less than the full opportunity area identified.

Table 11.1 Wealden sites summary

Site	Description	Opportunities	Recommendation
Ashdown Business Park	Developed, medium-sized employment site with a mix of commercial uses including a waste/recycling plant, Fire Station and training facility and a hotel.	Development Opportunity area (1.08 ha). Net Additional Development Potential of 0 ha after taking account of unimplemented permissions.	Protect for employment uses
Bellbrook Industrial Estate	Developed, medium-large sized employment site with a mix of commercial uses including a waste/recycling plant.	-	Retain protection and protect further (by updating policy to protect from change of use)
Chaucer Industrial Estate	Developed, medium-sized employment site with a mix of commercial uses. Mainly business park (i.e. a mix of offices and light industrial) with some industrial estate type uses.	Two Intensification Opportunity areas. 0.64 ha of net additional development potential in total.	Retain protection and protect further (by updating policy to protect from change of use)
Connors Yard	Developed, small business park with mostly service industry occupiers.	-	No action – do not protect for employment uses
Diplocks Way Industrial Estate	Developed, medium-large sized industrial estate.	Three Development opportunity sites. 0.54 ha of net additional development potential in total.	Retain protection and protect further (by updating policy to protect from change of use)
Durgates Industrial Estate	Developed, small business park.	-	Retain protection

Site	Description	Opportunities	Recommendation
Farningham Road Industrial Estate	Developed, medium-sized employment site with a mix of commercial uses.	-	Retain protection and protect further (by updating policy to protect from change of use)
Ghyll Road Industrial Estate	Developed, small to medium-sized industrial estate.	Intensification Opportunity area (0.77 ha). Net Additional Development Potential of 0 ha after taking account of unimplemented permissions.	Review Boundary to remove the residential area. Retain protection and protect further (by updating policy to protect from change of use).
Hackhurst Lane Industrial Estate and Swallow Business Park	Hackhurst Lane Industrial Estate (Old part of site to the east) - Developed small to medium-sized industrial estate with old, low-quality, but well used stock. Swallow Business Park (New part of site to the west) - Recently developed or under development with high quality stock.	Development Opportunity area (5.22 ha) and Re-development Opportunity area (2.2 ha). Net Additional Development Potential of 1.42 ha after taking account of unimplemented permissions.	Review boundary to cover Development Opportunity area. Retain protection and protect further (by updating policy to protect from change of use).
Lexden Lodge Industrial Estate	Small, developed industrial estate which includes a row of former houses (some of which are still houses). Mix of commercial uses.	-	Review Boundary to remove the area which contains town centre uses rather than employment uses. Retain protection and protect further (by updating policy to protect from change of use).
Millbrook Industrial Estate	Medium-sized, developed industrial and commercial site with a mix of uses.	Two Development Opportunity areas 1.13 ha of net additional development potential.	Retain protection and protect further (by updating policy to protect from change of use)
Mountney Bridge Business Park	Medium-sized, developed industrial estate with a mix of commercial uses.	-	Retain protection and protect further (by updating policy to protect from change of use)
Park Lane Industrial Estate	Small, developed business park and industrial estate with a mix of commercial uses.	-	Retain protection and protect further (by updating policy to protect from change of use)

Site	Description	Opportunities	Recommendation
Ridgewood Industrial Estate	Small, developed industrial park.	-	Retain protection and protect further (by updating policy to protect from change of use)
Squires Farm Industrial Estate	Small, developed rural industrial estate.	Intensification Opportunity Site with 0.48 ha of net additional development potential.	Protect for employment uses
Station Road Industrial Estate (Forest Row)	Small to medium sized, developed industrial estate and business park with a mix of commercial and community uses.	-	Retain protection and protect further (by updating policy to protect from change of use)
Station Road Industrial Estate (Hailsham)	Medium-sized, developed business park and industrial estate with mainly business/office uses but some industrial.	Development Opportunity area with 0.91 ha of net additional development potential.	Retain protection and protect further (by updating policy to protect from change of use)
Station Road Industrial Estate (Heathfield)	Small, developed business park and industrial estate with mix of commercial uses.	-	Retain protection and protect further (by updating policy to protect from change of use)
Wadhurst Business Park	Small, developed business park and industrial estate with mix of commercial uses.	-	Retain protection and protect further (by updating policy to protect from change of use)
Old Swan Lane Business Park	Developed, small-sized employment site with a mix of commercial uses including waste/recycling centre.	-	No action – do not protect for employment uses

Table 11.2 Eastbourne sites summary

Site	Description	Opportunities	Recommendation
Brampton Road Industrial Estate	Medium-large well developed industrial estate adjacent to retail park. Part of a wider area of industrial estates to the east of Hampden Park Station	-	Retain protection and protect further (by updating policy to protect from change of use)
Highfield North Industrial Estate and Highfield Park	Developed, medium sized, mixed commercial site. Part of a wider area of industrial estates to the east of Hampden Park Station.	-	Retain protection (although consider including Food and Drink, Retail and Sui Generis uses for designation under Policy EL2).
Highfield South Industrial Estate	Developed, medium-sized industrial estate. Part of a wider area of industrial estates to the east of Hampden Park Station.	-	Retain protection and protect further (by updating policy

Site	Description	Opportunities	Recommendation
			to protect from change of use)
Finmere and Britland Industrial Estate	Gas works to the north of site with medium, developed industrial estate in the south. Part of wider Lottbridge Drove Industrial Estate area.	-	Retain protection
Hammonds Drive Industrial Estate	Developed, medium-sized employment site with a mix of commercial uses. Part of wider Lottbridge Drove Industrial Estate area.	Development Opportunity Area with 0.33 ha of net additional development potential.	Retain protection and protect further (by updating policy to protect from change of use)
Birch Road, Hawthorns and Compton Industrial Estates	Developed, large employment site with a mix of commercial uses. Core part of wider Lottbridge Drove Industrial Estate area.	-	Retain protection and protect further (by updating policy to protect from change of use)
Courtlands Road Industrial Estate	Developed, medium sized employment site with a mix of commercial uses.	-	Retain protection and protect further (by updating policy to protect from change of use)
Sovereign Harbour Site 4 (Land off Harbour Quay)	Small, undeveloped site currently used as a boatyard and informal storage.	Development potential of 0.27 ha. Net additional development potential of 0 ha after taking account of unimplemented permissions.	Retain allocation of the northern portion of the site for Class E development and release the southern part of the site (in front of the Four Seasons Brasserie) for use as food and drink/leisure/amenity space to prevent significant negative impacts on the local harbourside food and drink businesses.
Sovereign Harbour Site 6 (Land alongside Pevensey Bay Road)	Partially developed, medium-sized site.	2.15 ha, allocated. Net additional development potential of 0 ha.	Retain allocation
Sovereign Harbour Site 7 (Land fronting Pevensey Bay Road and Pacific Drive)	Vacant scrub land, residential	2 ha, allocated Net additional development potential of 0 ha after taking account of unimplemented permissions.	Retain allocation
Town Centre Development Opportunity Site 2	Town centre site with shopping sectors but mainly car park and rail sidings/land.	-	Release allocation – Not a reliable supply of employment land.

11.3 The table below summarises the supply from opportunities which are additional to commitments in Wealden.

Table 11.3: Additional Site opportunities summary Wealden

Wealden	Within existing employment designations & allocations Class E and/or B	Within existing employment designations & allocations Class E only	Within existing employment designations & allocations Class E and/or B	Within existing employment designations & allocations Class E only
Development Opportunity Areas (Vacant land)	2.58	-	1.42	-
Intensification Opportunity Areas (In use land without floorspace e.g. car parks, open storage)	0.78	0.34	-	-
Total Additional to Commitments	**3.36**	**0.34**	**1.42**	**-**

11.4 **The picture in Eastbourne is much simpler. There is just 0.33 ha of supply which is additional to commitments. This is suitable for Class E (light industrial anticipated) and/or B development.**

12. CONCLUSIONS – EASTBOURNE

12.1 This report covers a wide range of economic and employment land matters, intended to inform local authority strategy and policy making. Whilst the executive summary communicates the summary messages from each chapter, these concluding chapters reflects on the messages and their implications for the authorities, starting with Eastbourne.

FEMA

12.2 The Functional Economic Market Area is considered to align with the Housing Market Area geographies. This, in a broad sense, puts southern areas of Wealden (Polegate and Hailsham) in the Eastbourne FEMA.

12.3 An implication of this FEMA arrangement is that economic needs that cannot be met in Eastbourne could be considered for accommodation in southern Wealden, subject to Duty to Cooperate discussions as part of the Local Plan making process. Although it has not been historically defined in this way, it is reasonable to consider that Wealden has already been in part providing premises for Eastbourne's business demands such as at the Connect 27 development at Polegate.

Policy matters

12.4 At the LEP level (2014) it is of note that a growth corridor is identified for the A22/A27 Eastbourne-South Wealden.

12.5 Work at the county level on commercial property (2020) has highlighted significant shortfalls in industrial space from small to large requirements that is constraining business growth and inward investment. The office market is weaker but some levels of demand are evident in Eastbourne.

12.6 It is of note that since the 2017 economic needs report (as below), the forecast employment land has increased at 2021. The primary reason is a preference to look at a completions trend model rather than labour demand. Much evidence suggests that completions are more appropriate than labour demand for industrial premises due to a weakening link between jobs growth and premises requirements[34].

[34] The latest work by the British Property Federation strongly refutes the use of labour demand modelling for industrial and logistics land use needs https://bpf.org.uk/our-work/research-and-briefings/

12.7 Eastbourne's Economic Development Needs Assessment (2017) identified a future B Class need for between -34,550m^2 and 63,720m^2 although the upper end is recommended with focus on warehousing provision. Other recommendations made include: the focus for accommodating industrial growth should be placed on more efficient use of existing industrial sites; the focus for office-based growth should be balanced, split between in-town and out-of-town provision, with an aim to diversify the stock available; and effective planning for economic growth will require close working and co-operation with neighbouring Wealden.

The local economy, its outlook and economic development

12.8 In broad terms, Eastbourne is characterised as a low growth, low value-added and low productivity economy. Highly represented sectors in Eastbourne tend to be lower value being human health and social work activities, accommodation and food service activities, wholesale and retail trade, repair of motor vehicles and motorcycles and other service activities.

12.9 There was zero growth in employment between 2010 and 2019, despite this being a period of a boom for jobs in the UK. Residents are less well qualified than the national average. Manufacturing jobs have declined over the past 20 years. However, the creative and cultural sector is perceived as a strength in Eastbourne. Clearly there is a risk that Eastbourne continues this downward trajectory. What this would mean for the town is a lack of well-paid jobs and new businesses to support local employment and revitalise the town centre.

12.10 Stakeholder feedback indicates conversely an entrepreneurial culture and lifestyle able to attract residents with the means to start, or relocate businesses or activities in higher value services and creative industries. A small number of digital tech companies have moved from London to Eastbourne as it is more affordable than Brighton. Coworking spaces have been relatively successful, such as The Works and Cohub. Again, a focus for developing and marketing the attractiveness of Eastbourne to small technology businesses would seem to be a valid element of any future strategy.

12.11 Recently the University of Brighton has announced its plans to pull out of Eastbourne completely which presents a further challenge. Meanwhile Eastbourne received a £19.8 million grant from the Levelling Up fund which could be relevant for developing and delivering an Economic Development Strategy.

12.12 An overview of the main challenges and opportunities suggest that the following priorities would be useful to consider when developing an economic strategy for Eastbourne:

- Low carbon and sustainability;

- Quality of place / town centre / place promotion and events – including building on the recent Levelling up Fund grant;
- Business support and advice - supply chains, continuity, HR, skills;
- Digital business and technology investment / data connectivity;
- Youth and adult training and job entry;
- Construction innovation and sustainability; and
- Provision of quality industrial and commercial property.

12.13 Looking forward to forecasts for the future economy, for the 2019-2039 period, total change is 2,300 jobs or 120 jobs per annum. The growth rate outlook is weaker than the recent past and includes the impacts of Covid-19.

12.14 The largest growth sectors for the 2021 onwards period are accommodation and food; and professional services. This would indicate that the tourism economy as well as the professional and technical sector have potential to grow.

The commercial market

Office

12.15 Eastbourne has seen steady positive net absorption of office space since 2013 although very weak in 2020 onwards due to the pandemic. Vacancy remains low. The losses of stock to residential have reduced secondary space whilst quality space has generally been well taken. The overall office quantum has stabilised since 2015 after a period of decline. Around 90% of Eastbourne's offices are pre 1990s, so quality space is very much lacking. Reports are that Pacific House in Sovereign Harbour is performing well as of 2021 with occupiers attracted to its quality premises. Overall it is a small stock market but the general outlook is a need for continuing steady supply of quality space, albeit speculative development is unlikely to be viable and therefore public sector support is likely to be required for flexible short lease space such as Pacific House. There is some uncertainty in the post pandemic period regarding the balance of in vs out of town space. This may need further consideration in the future; however, needs are reported in both aspects.

Industrial

12.16 Eastbourne's industrial stock has been slowly shrinking despite a general steady number of deals and typically positive net absorption. The rental price has however been steadily rising and vacancy is essentially zero. The reality as reported by stakeholders is extremely high levels of demand for units and essentially no available stock of any kind. There is lack of land for development and businesses are having to look outside the area for new premises or growth. According to CoStar over

70% of Eastbourne's industrial stock is pre 1990 and none is post 2010; however, there are relatively few opportunities for infill and development.

12.17 A typical range of unit demand is from 2,000 sqft to 20,000 sqft. preferably being delivered in a terrace of long units that can be sub divided.

Future employment land needs

12.18 **Offices:** the office market is undergoing a period of adjustment due to the Covid-19 pandemic which will influence future ways of working. Taking a view to 2039, it seems reasonable to expect some future demand focused on non-corporate managed or flexible workspace. Sovereign Harbour is reportedly performing well at present as a signal of future need. Whilst there is uncertainty in the future outlook for offices, it is also important to plan positively particularly to support the Eastbourne economy and potential growth associated with an increased population (subject to housing delivery to be considered in the Local Plan) or 'lifestyle movers' enabled to relocate to Eastbourne through remote working practices. As a result, it is recommended that the authority plan positively for office space at the upper end of the range reported being **3.1 ha or 15,523 sqm** derived from a future increase in population and labour supply, much of which can be met at Sovereign Harbour. At the present time there is no indication that it would be necessary to replace past losses in office space to increase this need, however these losses cannot continue indefinitely without replacement, so going forward (i.e. from 2019 start date) consideration should be given to replacing space to support economic growth. It would be prudent to monitor this market going forwards.

12.19 **Industrial and warehousing:** completions indicate a strong demand for industrial and warehousing units although net gains for industrial and warehousing combined show only a modest overall positive trend which is not fulfilling market need. As a result, as noted above, it is recommended that the mid-point between gross and net completions is planned for. Any site redevelopment opportunities can absorb this need in the first instance but market feedback and site assessments suggest that these are more limited now and further space is required. The total need is therefore **11.4 ha or 53,249 sqm** derived from a net completions trend uplift towards the gross completions trend by 50% to alleviate market pressures**.**

Policy considerations

12.20 Arguably the biggest challenge for Eastbourne in employment land and in policy terms is how to meet the industrial requirements, identified by the modelling herein and reinforced by stakeholder engagement. There is a strong emphasis from stakeholders that businesses are constrained in growth and choice by a lack of premises and therefore to support economic growth objectives there is a need to provide new industrial accommodation, typically taking the form of smaller flexible units. It is reasonable to expect that some industrial sites will come forward for redevelopment through the Plan period. However, due to the physical and environmental constraints some of this need may

have to be considered through the duty to cooperate process with Wealden. Where possible existing industrial areas should be protected and intensification encouraged, as current commitments indicate that further shrinkage of floorspace may occur. For offices, as above, ongoing losses are expected to now be constraining the market whilst flexible business spaces are performing well. Encouraging and supporting both in town and out of town quality premises would be beneficial in economic growth terms, although delivery may require cross or public subsidy.

12.21 Whilst Eastbourne is a seaside town, it does benefit from the A27 and A22 connections just outside the administrative area, which help to support growth prospects. There are no realistic transport infrastructure investments other than ensuring upgrades in this road network as required. However, digital connectivity is important particularly if Eastbourne is to capture more of a highly skilled mobile workforce – which anecdotally is reported to be an opportunity.

12.22 Eastbourne sees some limited clustering of manufacturing businesses, including medium sized businesses, at its employment parks. Its office sector businesses are focused in the town centre being primarily small and medium sized firms. There is a lack of readily identifiable clustering of niche sectors other than those known (i.e. tourism based); however, the creative and cultural sector with a digital and technology potential is anecdotally an important sector to be explored further in any economic development strategy.

12.23 Covid-19 has had an identifiable and adverse impact on the economy particularly in hospitality and tourism which are key sectors of the local economy. It has also led to instability in the office sector; however, a demand for higher quality leasable premises may be one of the outcomes. Due to viability issues, these are likely to need public sector support in being brought forward. Conversely, the industrial sector is thriving in the Covid / post-Covid environment due to demand for units driven by e-commerce, wholesaling, local manufacturing and trade counter.

13. CONCLUSIONS – WEALDEN

FEMA

13.1 The Functional Economic Market Area is considered to align with the Housing Market Area geographies. This, in a broad sense, puts southern areas of Wealden (Polegate and Hailsham) in the Eastbourne FEMA. Uckfield is more transitional, linking to the west (specifically Lewes in the Greater Brighton Area), whereas Crowborough and Heathfield are more associated with Sevenoaks and Tunbridge Wells FEMA.

13.2 An implication of this FEMA arrangement is that any economic needs that cannot be met in Eastbourne could be considered for accommodation in Wealden, subject to duty to cooperate discussions as part of the Local Plan making process. Although it has not been historically defined in this way, it is reasonable to consider that Wealden has already been in part providing premises for Eastbourne's business demands such as at the Connect 27 development at Polegate.

Policy matters

13.3 At the LEP level (2014), it is of note that a growth corridor is identified for the A22/A27 Eastbourne-South Wealden.

13.4 Work at the county level on commercial property (2020) has highlighted significant shortfalls in industrial space from small to large requirements that is constraining business growth and inward investment. The office market is weaker, but some levels of demand are evident in Eastbourne.

13.5 It is of note that since the 2018 economic needs report (as below), the forecast for employment land has increased significantly at 2021. The primary reason for this is a preference to look at a completions trend model rather than labour demand. Much of the evidence suggests that completions are more appropriate than labour demand for industrial premises due to a weakening link between jobs growth and premises requirements[35].

13.6 The Wealden Economy Study (2016) reported the industrial market is considered reasonably strong with demand predicted to increase. Much of the available industrial stock was older. Key recommendations and conclusions of the report included:

[35] The latest work by the British Property Federation strongly refutes the use of labour demand modelling for industrial and logistics land use needs https://bpf.org.uk/our-work/research-and-briefings/

- Good quality office space is a key driver of growth, the district should ensure that it has a supply of this type of floorspace.
- Wealden has a large highly skilled workforce and should look to capitalise on this.
- Infrastructure is vital to support growth; future developments should consider infrastructure improvements also.

13.7 The Wealden Economic Study (2018) update report estimated B class employment land need and considered the Experian (labour demand) forecasting model to be the most applicable. Experian identified a need for 45,100m^2 across all B Class uses, translating to 5.8 ha of land, with 3.9 ha reserved for office use, 0.9 ha for manufacturing and 1.0ha for distribution.

The local economy, its outlook and economic development

13.8 Wealden is characterised as a largely rural district with the High Weald AONB covering much of the north. The tourism economy is notably important to the district. Wealden generally has a highly skilled resident population, which is represented by high earnings, although these are above workforce earnings reflecting out commuters have better earning employment prospects.

13.9 Wealden's best represented sectors are agriculture, construction, arts and accommodation and food (tourism). Whilst these are not high value, it is reasonably well represented in higher value activities of manufacturing and professional, scientific and technical activities – the latter has been growing in recent years. Viticulture is reported as a potential niche growth sector.

13.10 From 2010 to 2019, the amount of employment (jobs) in Wealden has increased at a comparable rate to across the UK. Through this period, the sectors with the greatest growth were professional services, education, other services and construction. Manufacturing also performed relatively well.

13.11 The towns of Hailsham, Crowborough and Uckfield have the greatest numbers of employment followed by the Polegate / Willingdon area. Around half the employment in Wealden is in urban areas and half in rural locations. The larger businesses are concentrated in Crowborough, Uckfield, Polegate and Hailsham. Larger office businesses tend to locate in Uckfield and Hailsham. Larger manufacturing enterprises are concentrated in built-up areas, particularly Crowborough, Uckfield, and Hailsham.

13.12 It is of note that from 2019 to 2021, the Wealden economy is reported by Cambridge Econometrics to have contracted by 2,200 jobs (3.2%) particularly in the food & beverage and business support sectors, whilst the UK sees only a 0.6% contraction. It is forecast to take until 2025 for Wealden to reach the same employment levels as 2019; however, data published more recently by BRES suggests that this could be achieved sooner. Notwithstanding the above, the future outlook to 2039

for the economy is positive and forecast to exceed the UK growth rate and growing 6,600 jobs 2019-39 (or 8,800 2021-39). Growth is forecast in a number of sectors including construction, professional services and accommodation and food. Manufacturing decline is limited. The overall outlook is therefore positive.

13.13 An overview of the main challenges and opportunities suggest that the following priorities would be useful to consider when developing an economic strategy for Wealden:

- Low carbon and sustainability;
- Quality of place and place identity;
- Business support and advice – supply chains, continuity, HR, skills;
- Digital business and technology investment / data connectivity;
- Encouraging skilled commuters to locate businesses or jobs in the district;
- Youth and adult training and job entry;
- Employment land provision;
- Construction innovation and sustainability; and
- Flexible toolkit and funds for Town Centre Futures.

The commercial market

Office

13.14 Wealden's office stock has declined a little in the last few years (conversion to residential are reported) after some growth between 2005 and 2013. Wealden has seen steady positive net absorption of office space in recent years with occupiers taking a range of small premises around the district. There is a preference for quality stock although provision is limited. Around 73% of Wealden's offices are pre-1990s although this is actually only 62% of floorspace as there are a number of newer larger premises. However, there is a reported lack of quality space which is taken when available. The market feedback report in this study is that a market does exist for smaller quality office space although there is uncertainty in this pandemic / post pandemic period. The expectation is that both independent (own front door) and quality leasable spaces are likely to see some levels of demand although new developments are unlikely to be viable.

Industrial

13.15 Wealden's industrial stock has been increasing since 2014 (VOA) and deals and net absorption have remained strong. Vacancy has been below 5% for a number of years leading to continual rental price

increases in line with the regional average. There is strong demand both in the northern areas around the larger towns, as well as in the south along the A22 and A27 corridor, with rapid take up of newly built floorspace. Enquiries are for both smaller and larger unit sizes and overall there is strong feedback regarding a lack of units and developable sites. Issues are raised regarding site viability due to land prices and infrastructure costs, with public sector support preferred in both planning and funding aspects of delivery.

Future employment land needs

13.16 **Offices:** the office market is undergoing a period of adjustment due to the Covid-19 pandemic which will influence future ways of working. It is clear, however, that there is a level of demand for offices in Wealden particular for higher quality space, albeit there is little in the market. Given uncertainty in future outlook, a range is recommended from **3.1 – 6.8 ha.** In real terms demand for office space will primarily manifest in the town centres of Wealden for small spaces either on flexible footprints (Basepoint) or independent units. There may be a reliance on refurbishment of existing spaces – including potentially the conversion of appropriate retail units if they become available through possible changes through the new Use Class Order - to deliver quality units as speculative new build will not normally be viable. Increased population growth is likely to further drive the demand for smaller premises and there may be occasional demand for medium sized premises in the south of Wealden. It would be prudent to monitor the office market in the post pandemic period to understand the local market dynamic in future years.

13.17 **Industrial and warehousing:** completions indicate a strong demand for industrial and warehousing units and losses have been limited (other than for B1c). Despite these gains, the market remains strongly undersupplied and there is a need for new developments. A trend based **48.3 ha (196,700 sqm)** is recommended to be planned for, which delivers above the net trend as this has historically failed to meet market demand. In spatial terms, there is a need to make provision across the district as all the towns with both northern and southern industrial estates are essentially 'full'. A larger allocation in the south of the district would be appropriate, making use of connectivity and proximity to the Eastbourne urban area.

13.18 Current supply figures suggest that after taking into account completions and commitments, a residual need of 1.5-5.7 ha of office exists. It is not recommended that office specific designations are made; however, conversions or developments in town centres should be encouraged. For industrial, the residual need is 37.1 ha, which is substantial. A review of existing sites indicates a potential opportunity for circa 5 ha of additional intensification or extension sites.

Policy considerations

13.19 Wealden's economic performance has been relatively strong in recent years taking into account its size and rural nature, and despite the pandemic related setback, this is expected to continue in the

future. The tourism economy will continue to be a driver and niche sectors such as viticulture are reportedly promising in developing rural diversification. Housing growth is also likely to support employment in sectors such as construction. Professional services are also expected to grow which may in part be facilitated by remote working practices. This sector can be a drive of office based needs but in reality there are no signals for substantial new build offices, rather development may be owner occupier, ad hoc or delivered through refurbishment of existing buildings – including for flexible workspace.

13.20 There is clearly strong demand for a range of industrial units to support a diverse local economy both in the north and south of Wealden. Where possible, it is recommended that meaningful extensions are made to existing industrial parks across the district including exploring those recommended herein, as well as intensifying existing sites. In other circumstances new allocations can be considered and it is recommended that at least one larger allocation is made (10 ha+) to support growth and investment accommodating larger units, preferably in the A22/27 corridor. This should not be at the expense of exploring ways to support development at the main towns – including Crowborough. This reflects the identified clustering of manufacturing businesses evident in the main towns.

13.21 Notwithstanding improved rents, delivery and viability issues still remain for industrial development and infrastructure funding support may be required to ensure sites are brought forward in a timely manner.

13.22 The delivery of new premises also connects to the construction economy and opportunities to link to sustainable development (both in build and operation) and this should be captured to support economic growth.

13.23 In infrastructure terms, whilst the district benefits from some A Road connectivity, rural parts are inevitably poorly connected by road. Significant transport infrastructure investment is not anticipated but local improvements should be sought where appropriate, albeit that there is the possibility of improvements to the A27. Digital connectivity is important particularly to support smaller and home based enterprises.

13.24 Covid-19 has reportedly (Cambridge Econometrics) had an adverse impact on the economy (particularly in hospitality and tourism); however, recent BRES data and stakeholder engagement suggests that this may be short lived, with town centres performing well and a return to growth likely to be quicker than anticipated. The industrial sector is thriving in the covid / post-covid environment due to demand for units driven by construction, e-commerce, wholesaling, local manufacturing and trade counter.

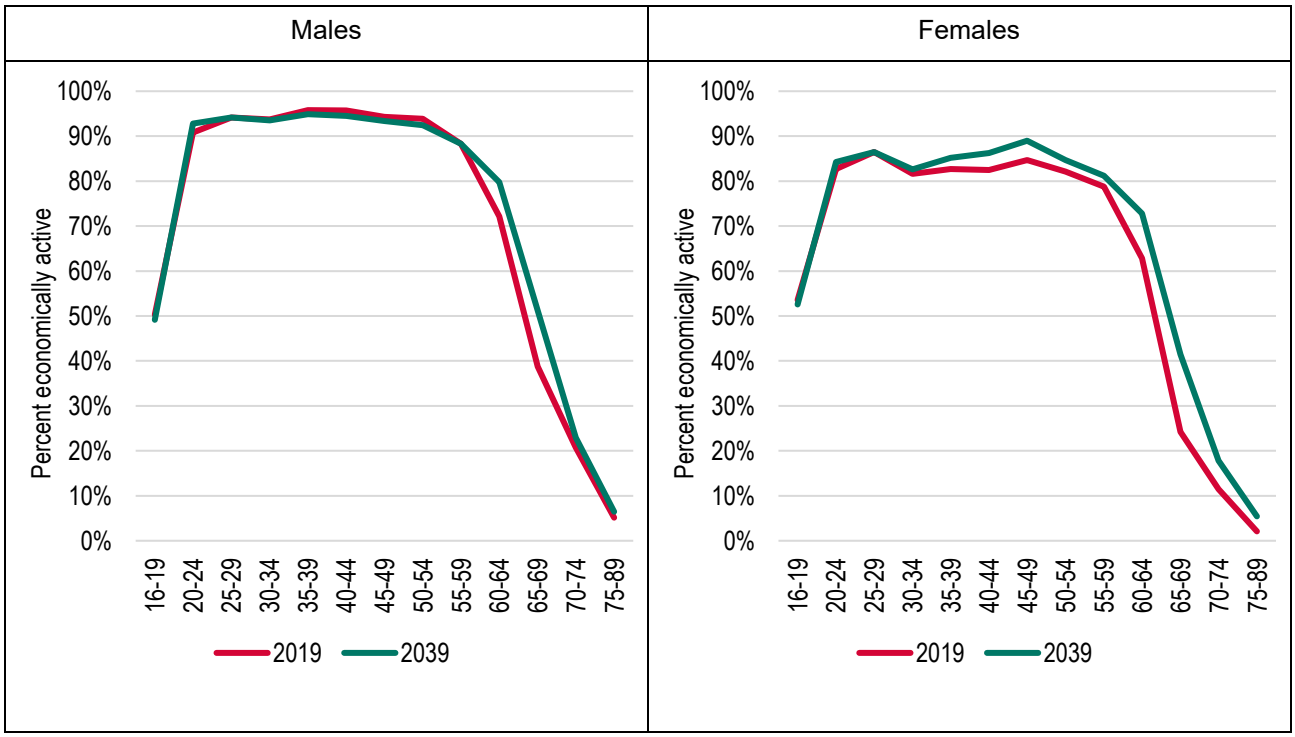
A1.LABOUR SUPPLY POSITION: WEALDEN

Growth in Resident Labour-Supply

14.1 The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach, with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).

14.2 The figures and tables below show the assumptions made. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer, which in itself is linked to general reductions in pension provision.

Figure 13-1: Projected changes to economic activity rates (2019 and 2039) – Wealden



Source: Based on OBR and Census (2011) data

Table 14.1 Projected changes to economic activity rates (2019 and 2039) – Wealden

	Males 2019	Males 2039	Males Change	Females 2019	Females 2039	Females Change
16-19	50.3%	49.1%	-1.2%	53.5%	52.6%	-0.9%
20-24	90.8%	92.8%	2.0%	82.7%	84.2%	1.6%
25-29	94.1%	94.1%	0.0%	86.5%	86.5%	0.0%
30-34	93.7%	93.5%	-0.2%	81.6%	82.6%	1.0%
35-39	95.8%	94.9%	-0.9%	82.7%	85.2%	2.5%
40-44	95.7%	94.5%	-1.2%	82.5%	86.3%	3.8%
45-49	94.3%	93.4%	-0.9%	84.7%	89.0%	4.3%
50-54	93.9%	92.4%	-1.4%	82.1%	84.7%	2.6%
55-59	88.3%	88.3%	0.0%	78.8%	81.2%	2.4%
60-64	72.2%	79.8%	7.6%	62.8%	72.8%	10.0%
65-69	38.8%	51.2%	12.4%	24.2%	41.4%	17.2%
70-74	20.7%	23.0%	2.3%	11.5%	17.8%	6.3%
75-89	5.1%	6.5%	1.3%	2.1%	5.4%	3.3%

Source: Based on OBR and Census (2011) data

14.3 Working through an analysis of age and sex specific economic activity rates, it is possible to estimate the overall change in the number of economically active people in each local authority – this is set out in the tables below. In Wealden, the projections increase the economically active population by 7,900 (10%) with the Sub-National Population Projections (SNPP) 2018 and 22,500 (28%) under the Standard Method.

Table 14.2 Estimated change to the economically active population (2021-39) – Wealden

	Economically active (2021)	Economically active (2039)	Total change in economically active
2018-SNPP	81,519	89,456	7,937
Standard Method	81,551	104,097	22,545

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

14.4 The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute, it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);

- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and

- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

14.5 The table below shows summary data about commuting to and from Wealden from the 2011 Census. Overall, the data shows that Wealden sees a notable level of net out-commuting for work with the number of people resident in the area who are working being about 28% higher than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live). A commuting ratio greater than 1.00 indicates that the size of the resident workforce exceeds the level of employment available in the area, resulting in a net out-commute. A commuting ratio less than 1.00 indicates that employment in the area exceeds the size of the labour force, resulting in a net in-commute.

Table 14.3 Commuting patterns in Wealden

Live and work in Local Authority (LA)	21,579
Home workers	12,045
No fixed workplace	7,607
In-commute	15,009
Out-commute	30,524
Total working in LA	56,240
Total living in LA (and working)	71,755
Commuting ratio	1.28

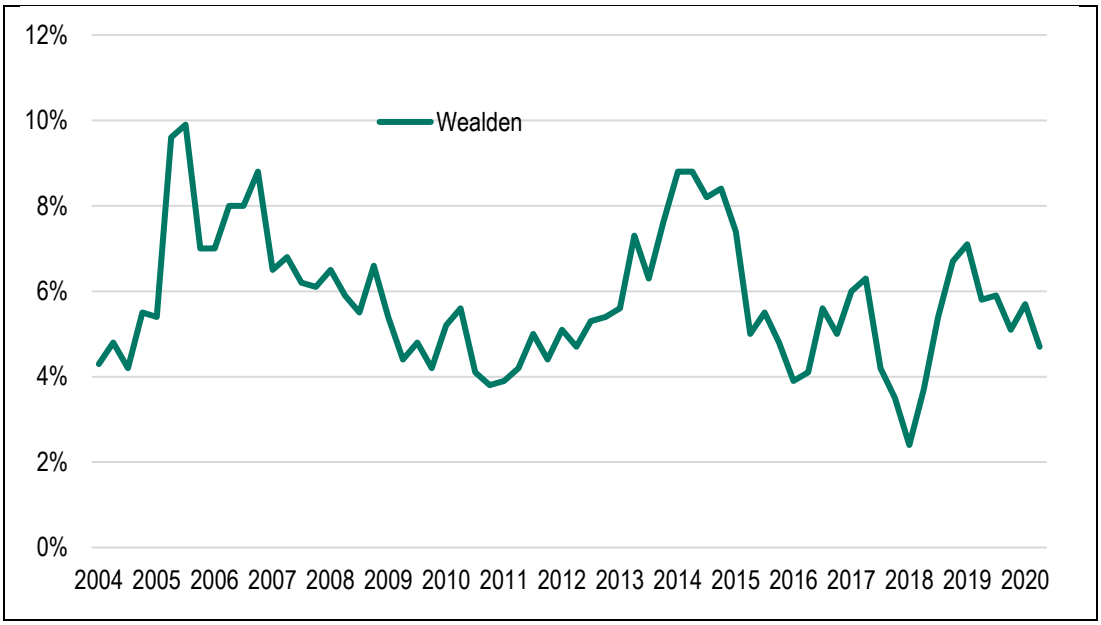
Source: 2011 Census

14.6 In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. A sensitivity has also been developed where commuting for new jobs is assumed to be on a 1:1 ratio (i.e. the increase in the number of people working in each area is equal to the number of people living in the area who are working). This sensitivity is useful to understand the implications for housing, as to continue to assume net out-commuting would arguably mean that other authorities (outside of Wealden) would be providing jobs, but not housing for people taking up those jobs. The 1:1 ratio is also useful in the context of Covid-19 with the likelihood being that a greater proportion of people will work from home (or mainly from home) in the future.

Double Jobbing

14.7 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests across Wealden that typically between about 5.68% of workers have a second job. Levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level).

Figure 13-2: Wealden Percentage of all people in employment who have a second job (2004-2020)



Source: Annual Population Survey (from NOMIS)

14.8 For the purposes of this assessment it has been assumed that around 5.8% of people will have more than one job moving forward. A double jobbing figure of 5.8% gives rise to a ratio below 1.0 so the number of jobs supported by the workforce will higher than workforce growth. It has been assumed in the analysis that the level of double jobbing will remain constant over time.

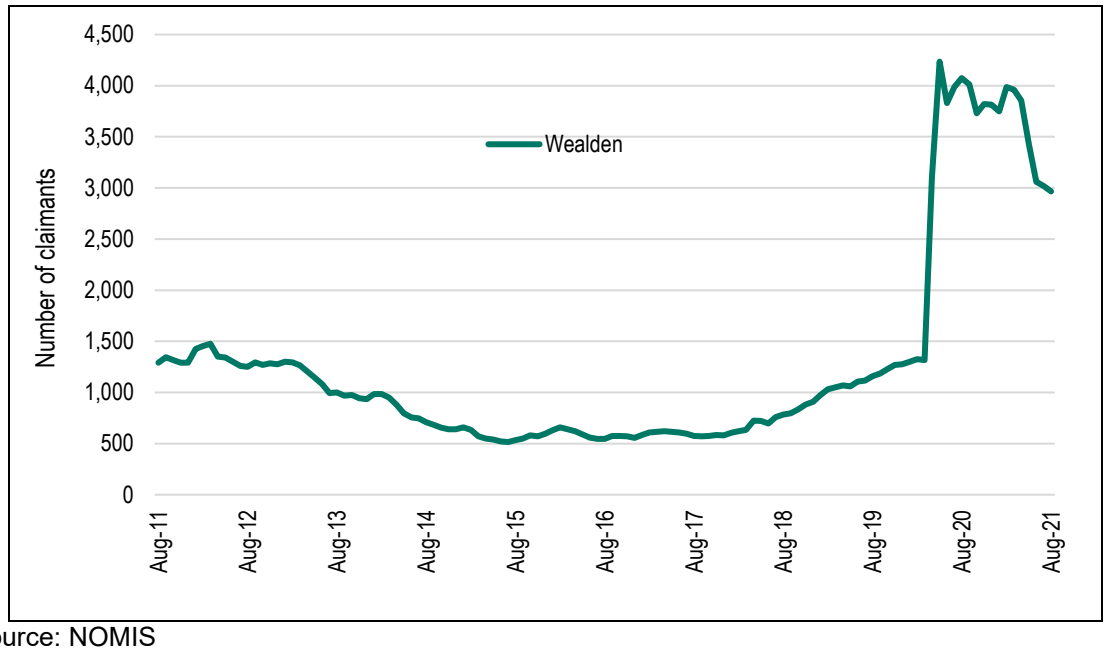
Unemployment

14.9 The last analysis, when looking at the link between jobs and resident labour supply, is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. This is particularly important given there is likely to have been notable increases in unemployment due to Covid-19, although it will be difficult to be precise about numbers, particularly as the impact of the ending of the furlough scheme are currently unknown.

14.10 The figure below looks at Claimant Count data (described as the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit who are out of work). This will not give a full picture of unemployment, as not all those unemployed will be a claimant, but it will certainly help to provide an indication; claimant count data is available up to August 2021, with the data below showing a trend for the previous decade.

14.11 The analysis shows a clear increase in the number of claimants (presumably as a result of the Covid-19 pandemic). For the purposes of modelling, no adjustments are made for the increased unemployment. Essentially, the modelling assumes that job losses as a result of the Covid-19 pandemic will be recovered by the end of the projection period in 2039.

Figure 13-3: Number of out-of-work benefit claimants (2011-2021) – Wealden



Source: NOMIS

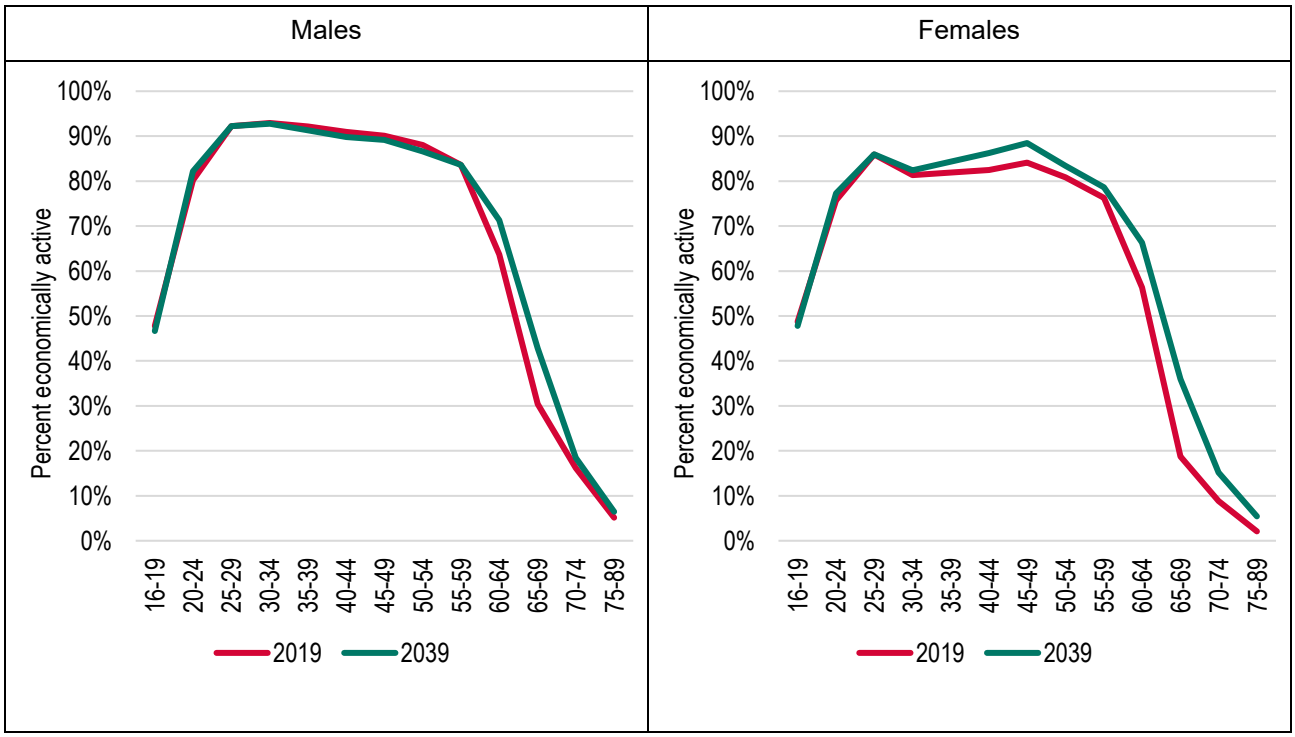
A2. LABOUR SUPPLY POSITION: EASTBOURNE

Growth in Resident Labour-Supply

15.1 The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).

15.2 The figures and tables below show the assumptions made. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree, link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).

Figure 13-4: Projected changes to economic activity rates (2019 and 2039) – Eastbourne



Source: Based on OBR and Census (2011) data

Table 15.1 Projected changes to economic activity rates (2019 and 2039) – Eastbourne

Age	Males 2019	Males 2039	Males Change	Females 2019	Females 2039	Females Change
16-19	47.8%	46.7%	-1.2%	48.7%	47.8%	-0.9%
20-24	80.2%	82.2%	2.0%	75.7%	77.3%	1.6%
25-29	92.3%	92.3%	0.0%	85.9%	85.9%	0.0%
30-34	92.9%	92.8%	-0.2%	81.4%	82.4%	1.0%
35-39	92.2%	91.3%	-0.9%	81.9%	84.3%	2.5%
40-44	91.0%	89.8%	-1.2%	82.5%	86.3%	3.8%
45-49	90.1%	89.2%	-0.9%	84.1%	88.5%	4.3%
50-54	88.0%	86.6%	-1.4%	80.8%	83.4%	2.6%
55-59	83.6%	83.6%	0.0%	76.2%	78.7%	2.4%
60-64	63.7%	71.3%	7.6%	56.3%	66.3%	10.0%
65-69	30.4%	42.8%	12.4%	18.7%	36.0%	17.2%
70-74	16.2%	18.4%	2.3%	8.8%	15.2%	6.3%
75-89	5.1%	6.5%	1.3%	2.1%	5.4%	3.3%

Source: Based on OBR and Census (2011) data

15.3 Working through an analysis of age and sex specific economic activity rates, it is possible to estimate the overall change in the number of economically active people in a local authority – this is set out in the tables below. In Eastbourne, the analysis shows that with the SNPP, there would be an estimated increase in the economically active population of around 3,900 people (an 8% increase over 20-years). With the higher population growth associated with the Standard Method, this number increases notably (an increase of 9,200 economically active people, or an 18% increase over 20-years).

Table 15.2 Estimated change to the economically active population (2019-39) – Eastbourne

	Economically active (2019)	Economically active (2039)	Total change in economically active
2018-SNPP	50,198	54,062	3,864
Standard Method	50,274	59,482	9,208

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

15.4 The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);

- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and

- Unemployment – if unemployment were to fall, then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

15.5 The table below shows summary data about commuting to and from Eastbourne from the 2011 Census. For Eastbourne, commuting is roughly in-balance (a commuting ratio of 1.01 – a very small net out-commute for work).

Table 15.3 Commuting patterns in Eastbourne

Live and work in Local Authority (LA)	23,381
Home workers	4,497
No fixed workplace	3,946
In-commute	12,380
Out-commute	12,969
Total working in LA	44,204
Total living in LA (and working)	44,793
Commuting ratio	1.01

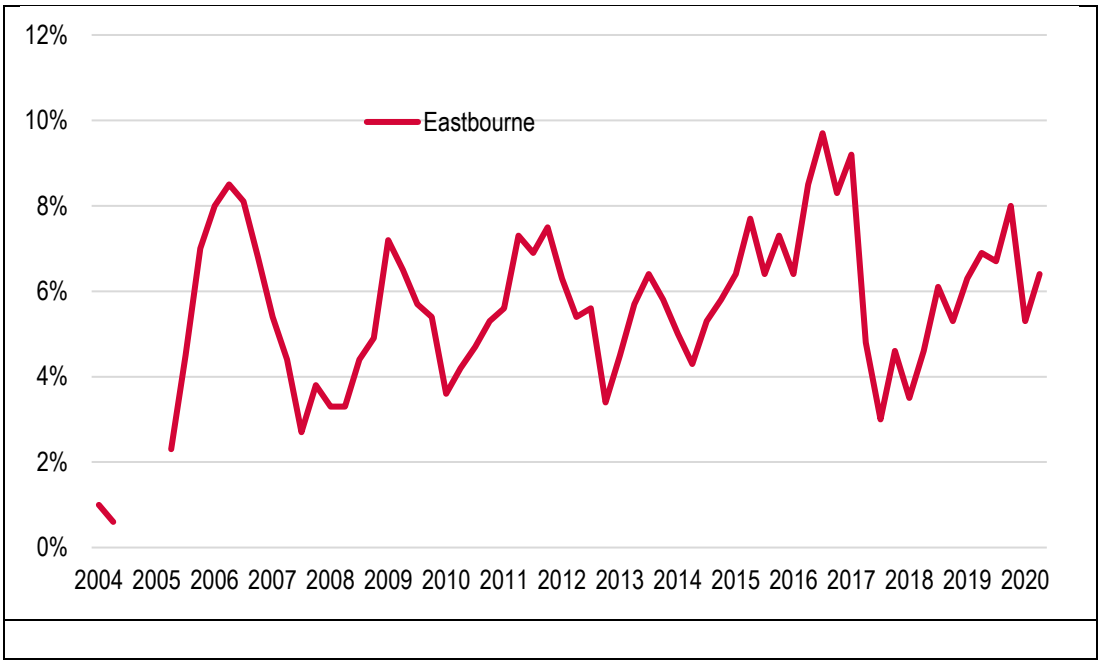
Source: 2011 Census

15.6 In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. A sensitivity has also been developed where commuting for new jobs is assumed to be on a 1:1 ratio (i.e. the increase in the number of people working in each area is equal to the number of people living in the area who are working). This sensitivity is useful to understand the implications for housing, as to continue to assume net out-commuting would arguably mean that other authorities (outside of Eastbourne) would be providing jobs but not housing for people taking up those jobs. The 1:1 ratio is also useful in the context of Covid-19 with the likelihood being that a greater proportion of people will work from home (or mainly from home) in the future.

Double Jobbing

15.7 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests across Eastbourne that typically about 5.6% of workers have a second job – levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level).

Figure 13-5: Eastbourne Percentage of all people in employment who have a second job (2004-2020)



Source: Annual Population Survey (from NOMIS)

15.8 For the purposes of this assessment, it has been assumed that around 5.6% of people will have more than one job moving forward. A double jobbing figure of 5.6% gives rise to a ratio of 0.944 (i.e. the number of jobs supported by the workforce will be around 5.6% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time.

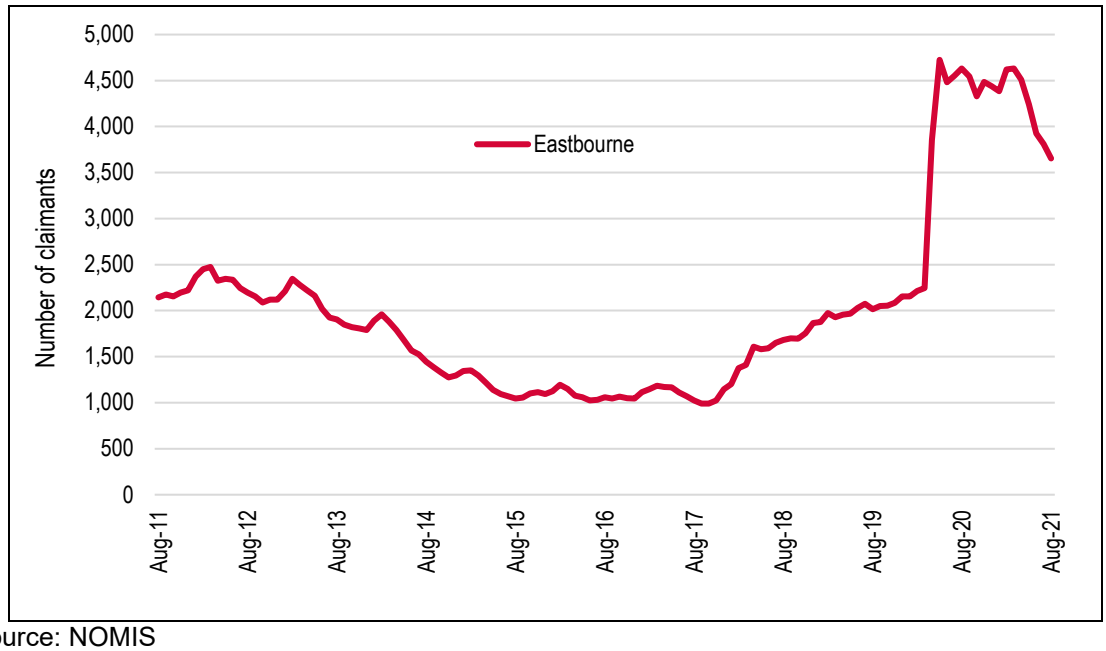
Unemployment

15.9 The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. This is particularly important given there is likely to have been notable increases in unemployment due to Covid-19, although it will be difficult to be precise about numbers, particularly as the impact of ending the furlough scheme are unknown.

15.10 The figure below looks at Claimant Count data (described as the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit who are out of work). This will not give a full picture of unemployment as not all those unemployed will be a claimant, but it will certainly help to provide an indication; claimant count data is available up to August 2021, with the data below showing a trend for the previous decade.

15.11 The analysis shows a clear increase in the number of claimants (presumably as a result of the Covid-19 pandemic). For the purposes of modelling, no adjustments are made for the increased unemployment. Essentially, the modelling assumes that job losses as a result of the Covid-19 pandemic will be recovered by the end of the projection period in 2039.

Figure 13-6: **Number of out-of-work benefit claimants (2011-2021) – Eastbourne**



Source: NOMIS