MATTER 5: EMPLOYMENT LAND PROVISION

1. This response to Matter 5 is submitted on behalf of our client, WT Lamb Holdings Ltd. Whilst it has been submitted by LRM Planning, it has been prepared by Hardisty Jones Associates, who are an economic development consultancy.

Issue: Is the plan positively prepared and would it be effective in providing for enough employment land to meet objectively assessed needs?

5.1 Does the provision of employment land set out in Policy TLP01 take into account any future loss of B1 floorspace as a result of permitted development rights and is the amount of land for B Use Class employment land justified?

2. The amount of land for B Use Class employment is justified. The Tandridge Economic Needs Assessment Update 2017 (ECRT4) considers a range of economic scenarios and approaches to considering future employment land requirements. The baseline scenario, on which the provision within Policy TLP01 is based, lies within the centre of the range and represents a substantial uplift to the level of historic B Use Class development in Tandridge District (i.e. the past trends projection). It can therefore be considered aspirational and realistic.

3. Through expressing the requirement in TLP01 as a minimum there is clear scope to enable additional growth in the economy as required. Further, the provision of employment land within the Plan through policies SES01-04 and IES01-07 exceeds the minimum requirement providing additional flexibility. On this basis the plan is positively prepared.

4. Technical work in respect of site SES03 Lambs Business Park, South Godstone has identified 8.53ha (gross) of land for B Use Class development and intensification. This will support the development of a Technology Park at the site, with opportunity for modern B1/B2/B8 uses to be developed in addition to the more advanced proposals for energy and datacentre uses.

5. The energy and datacentre uses proposed at site SES03 Lambs Business Park would provide strategic infrastructure to support sub-regional and national economic competitiveness. Further justification for such uses is set out within Proposed Development at Lambs Business Park, South Godstone: Economic Case and Economic Impact (Update August 2019) (provided at Appendix 1 of this Participant Statement). Chapter 2 of this document is particularly relevant to the justification of such uses.

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1 WT Lamb Holdings Ltd own Lambs Business Park on a freehold basis. Lambs Business Park is proposed for allocation in the Submission Tandridge District Council Local Plan (hereafter TDCLP), wherein there is also recognition that the exceptional circumstances exist to remove the site from the Metropolitan Green Belt. Policy SES03 allocates the site to protect its existing employment function and to encourage its intensification for B-class employment uses. There is also acknowledgement that the north western portion of the site is suitable for waste management purposes. The north western portion of the site is identified as an allocation in the Submission Surrey Waste Local Plan 2019-2033 (Policy 11a refers). The Examination of the Surrey Waste Local Plan (hereafter SWLP) commences in September 2019.
Appendix 1
Proposed Development at Lambs Business Park, South Godstone

Economic Case and Economic Impact

Report to W T Lamb Holdings Ltd

August 2019
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Executive Summary

Introduction
i. Hardisty Jones Associates (HJA) has been instructed by W T Lamb Holdings Ltd to consider the economic case for, and economic impacts arising from, emerging development proposals at Lambs Business Park, South Godstone.

ii. The core research tasks which inform this report include:
   - A review of relevant national, regional, sub-regional and local policy and research;
   - Consultations with key economic development stakeholders; and
   - Economic impact modelling of the development proposals.

The Site
iii. The subject site is a former brickworks located immediately south of the Reading to Tonbridge Railway line in Tandridge District. The site lies less than one mile to the west of South Godstone and is approximately three miles south of Junction 6 of the M25, and therefore in close proximity to London. The site falls wholly within the Metropolitan Green Belt. However, part of the site is classified as a Strategic Employment Site\(^1\) and comprises a mix of modern and ageing commercial units. The remainder comprises mineral extraction pits used as part of the brick making process. There is a railway siding providing direct rail access into the site. The entirety of the subject site is owned by W T Lamb Holdings Ltd.

iv. The site is being promoted for redevelopment for high technology uses to include a Combined Cycle Energy Centre incorporating a renewable biofuel production plant and two data centre facilities plus additional complementary B Use Class floorspace. Such redevelopment would include some reconfiguration and redevelopment of existing on-site buildings, compounds and infrastructure as well as the restoration of mineral extraction pits. Part of the side would be used for flood alleviation and a nature reserve.

National Policy, Strategy and Research
v. There are social and economic imperatives for improving both data centre and low carbon energy generation infrastructure in the UK. These are key enabling infrastructures required to underpin the UK’s economic competitiveness as well as creating direct economic benefit.

vi. National level policy, strategy and research highlights the importance of the facilities being proposed at Lambs Business Park, which will provide substantial data centre capacity with on-site low carbon energy production as well as a plant to generate energy from waste materials.

Sub Regional Policy and Strategy
vii. The proposed development has the potential to make a contribution to the growth of key sectors and achievement of key priorities of the Coast to Capital LEP and Gatwick Diamond Initiative, providing a globally recognised inward investment that supports critical infrastructure for the digital and IT sector as well as supporting the move to a low carbon economy.

viii. Initial consultation with the key sub-regional economic development stakeholders has identified very strong support for the proposals, confirming alignment with strategic ambition.

**Local Policy and Strategy**

ix. Local economic development and planning policy, strategy and research provide a clear recognition of the current weakness in the Tandridge economy. As a result there is a requirement to seek to improve economic performance. In order to do so there is awareness of the opportunities afforded by development at Lambs Business Park. Despite its current designation within the Green Belt it is designated as a Strategic Employment Site and noted as a priority site for new employment development within the District. The most recent economic papers make clear that substantive redevelopment options of Lambs Business Park should be considered.

**Construction Phase Economic Impacts**

x. The complex and high technology uses which are proposed will support a substantial initial capital investment estimate of £473 million. Such an investment will support a range of activity within the local economy during the construction phase. Detailed economic impact analysis indicates approximately 402 person-years of employment to residents of Tandridge District, generating wages of around £14 million, and GVA of circa £44 million over the four year construction period. When considering benefits across the wider functional economic market area (FEMA) 596 person-years of employment are anticipated to accrue to residents, generating £20 million in wages.

**Operational Phase Impact**

xi. During the operational phase the proposed development will support a range of employment which will deliver a net growth in jobs to local residents. The high value of the uses will generate higher wages and GVA than is currently secured on site and contribute a boost to local GVA.

xii. Economic impact analysis conservatively indicates approximately 207 FTE net additional jobs to residents of Tandridge District, generating around £7 million in net additional annual wages. In GVA terms the proposed development is estimated to deliver circa £14 million per annum in net additional annual GVA in the district.

xiii. At the FEMA level approximately 465 net additional FTE jobs are estimated to be secured by local residents, supporting around £14 million in net additional wages annually, and generating circa £35 million in net additional annual GVA.
1 Introduction

1.1.1 Hardisty Jones Associates (HJA) has been instructed by W T Lamb Holdings Ltd to consider the economic case for and economic impacts arising from emerging development proposals at Lambs Business Park, South Godstone.

1.1.2 This document brings together and updates the following previously prepared reports:

- Economic Case for Development at Lambs Business Park, South Godstone (HJA, March 2017)
- Proposed Development at Lambs Business Park, South Godstone – Summary of Local Economic and Fiscal Impact (HJA, January 2017)
- Economic Impact of Potential Development at Lambs Business Park, South Godstone (HJA, February 2016)

1.1.3 The core research tasks which inform this report include:

- A review of relevant national, regional, sub-regional and local policy and research;
- Consultations with key economic development stakeholders; and
- Economic impact modelling of the development proposals.

1.1.4 The updates in this report reflect changes to the emerging development proposals as well as strategy, policy and research documents and data published since the previous reports were prepared.

1.1.5 This report (v2.0 August 2019) provides a further update to the original September 2018 version to take account of revisions to the proposed masterplan on the likely economic impacts.

1.2 The Site and Proposed Development

1.2.1 The subject site is a former brickworks located immediately south of the Reading to Tonbridge Railway line in Tandridge District. The site lies less than one mile to the west of South Godstone and is approximately three miles south of Junction 6 of the M25, and therefore in close proximity to London. The site falls wholly within the Metropolitan Green Belt. However, part of the site is classified as a Strategic Employment Site and comprises a mix of modern and ageing commercial units. The remainder comprises mineral extraction pits used as part of the brick making process. There is a railway siding providing direct rail access into the site. The entirety of the subject site is owned by W T Lamb Holdings Ltd.

1.2.2 The site is being promoted for redevelopment for high technology uses to include a Combined Cycle Energy Centre incorporating a renewable biofuel production plant and two data centre facilities. Further areas of the site for B Use Class development and intensification are also included to enable the accommodation of complementary and related uses within the Technology Park. Such redevelopment would include some reconfiguration and redevelopment of existing on-site buildings, compounds and infrastructure as well as the restoration of mineral extraction pits. Part of the site would be used for flood alleviation and a nature reserve.

1.2.3 The Lambs Business Park site, close to the M25 is particularly well located to provide data centre capacity to meet the needs of the central London finance sector, meeting the requirements for low latency\(^3\). The rail siding running directly into the site provides a major benefit to the sustainable operation of the proposed renewable biofuel production plant. The co-location of the facilities provides further important benefits, particularly via the provision of cheap and reliable energy and heat supplies for the data centres. Further details of the site specific benefits are set out in the Lambs Technology Park, Godstone (v3a March 2019) prospectus and Description of Development (June 2018) document.

1.2.4 The proposed development provides a substantial strategic economic development opportunity within Tandridge District and aligns with national, sub-regional and local economic policy and ambition.

1.3 Report Structure

1.3.1 The remainder of this report is structured as follows:

**Part One – The Economic Case**

1.3.2 Chapter 2 provides a summary of national level research, policy and strategy

1.3.3 Chapter 3 provides a summary of regional and sub-regional research, policy and strategy

1.3.4 Chapter 4 provides a summary of local research, policy and strategy

**Part Two – Headline Economic Impact**

1.3.5 Chapter 5 provides an overview of the economic impact approach and baseline

1.3.6 Chapter 6 sets out the analysis of construction phase impacts

1.3.7 Chapter 7 sets out the analysis of the operational phase impacts

1.3.8 Chapter 8 considers wider economic impacts

**Conclusions**

1.3.9 Chapter 9 provides summary conclusions

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\(^3\) i.e. virtually instantaneous digital transactions
PART ONE – THE ECONOMIC CASE
2 National Perspective

2.1.1 This chapter briefly sets the national context in terms of policy and research identifying the importance of and need for both data centre and renewable energy generation capacity.

2.2 Data Centres

2.2.1 The need for data centre capacity has increased rapidly in recent years. The growth is anticipated to continue with the ever-increasing demand for cloud-based services. Data centre floorspace across Europe is forecast to grow by 20% between 2015 and 2020. The UK is presently the leading data centre location within Europe and is anticipated to capture a substantial share of future growth and retain its leading position. However, the location characteristics of data centres have been changing, moving away from the centres of major cities to their periphery, but not to very remote sites.

“The datacentres still tend to be relatively close to the big cities, because you still need to have the latency and connectivity to connect to the bigger corporate clients. This is really important for firms in financial services, for example, as they’re involved with high-frequency trading.” Anthony Day, DLA Piper.

2.2.2 This has been experienced in the UK with the growth of locations such as Slough, Hayes and Kent, as well as peripheral areas of other major UK cities.

2.2.3 New data centres are also forecast to create hundreds of thousands of new jobs for Europe by 2020. But there is work to be done to capture this opportunity fully. AT Kearney analysis suggests a major jobs gap, with Europe currently struggling to meet the needs for 50% of demand by 2020.

Seizing the data opportunity: A strategy for UK data capability (HM Govt, 2013)

2.2.4 The UK Government has recognised the critical importance of infrastructure to support the digital economy. Seizing the data opportunity: A strategy for UK data capability was published in 2013. This stresses the importance of data infrastructure for the UK’s economic success, the ever-growing requirement for such infrastructure, the UK’s prime position for developing this area of the economy and the Government’s commitment to enable the UK to capitalise on this:

“In the information economy, the ability to handle and analyse data is essential for the UK’s competitive advantage and business transformation. The volume, velocity and variety of data being created and analysed globally is rising every day, and using data intelligently has the potential to transform public sector organisations, drive research and development, and enable market-changing products and services. The social and economic potential is significant, and the UK is well placed to compete in the global market for data analytics. Through this strategy, the government aims to place the UK at the forefront of this process by building our capability to exploit data for the benefit of citizens, business, and academia. This is our action plan for making the UK a data success story.” (p5)

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6 https://www.atkearney.co.uk/documents/10192/6231640/The+Data+Center+of+the+Future+-+Creating+New+Jobs+in+Europe.pdf/2d8499ad-8016-4f5e-8615-f20c7aa53e32n (last accessed 24/08/16).
"As emerging products and technologies create increasing volumes of data, and business and consumer demands become more sophisticated, it is vital that the UK’s data infrastructure remains agile, resilient and responsive to changing trends and behaviour..." (p5)

“It is crucial that the UK maintains a sufficient level of data storage capacity to ensure that organisations can store and access increasing amounts of data.” (p30)

2.2.5 The strategy also recognises that without developing domestic capability the UK will lose out to international competitor locations:

“However, since this is a global market, we must continue to develop and plan for the future if we are to maintain the UK’s national competitiveness.” (p12)

“The UK needs to act now to build the capability within the UK to be at the forefront of extracting knowledge and value from data for the benefit of citizens, business, academia and government.” (p12)

UK Industrial Strategy: Building a Britain Fit for the Future (2017)

2.2.6 The Industrial Strategy sets out the vision for the UK under five “foundations” or themes:

- Ideas - Become the world’s most innovative economy
- People - Provide good jobs and greater earning power to all
- Infrastructure - Conduct a major upgrade to the UK’s infrastructure
- Business Environment - Become the best place to start and grow a business
- Places - Ensure there are prosperous communities across the UK

2.2.7 The “Grand Challenges” are the roadmap to meeting the central objective of the industrial strategy namely; ‘to improve living standards and economic growth across the country.’ These “Grand Challenges” are the plan for the future where the fourth industrial revolution will create challenges and opportunities in almost every sector.

2.2.8 The proposed development makes a substantial contribution to providing infrastructure relevant to achieving the ambitions of the Industrial Strategy and the key challenges around artificial intelligence and the data driven economy and clean growth. The colocation and high levels of energy efficiency that are targeted can make a direct contribution to the clean growth priority area of making energy intensive industries competitive in the clean economy.

UK Digital Strategy (2017)

2.2.9 Following the principles set out in the Industrial Strategy, the government is committed to supporting the growth of the data economy to help increase future growth and prosperity across the UK. One of the seven ‘strands’ of the digital strategy is “building world-class digital infrastructure for the UK” as, through facilitating the creation of this infrastructure the government will increase digital connectivity which will drive productivity and innovation. This data infrastructure includes; “storage facilities, software tools, networks, cyber-security systems, and data-management platforms”.

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7 “characterised by a fusion of technologies that is blurring the lines between the physical, digital and biological worlds”
8 Department for Digital, Culture, Media and Sport (2017). UK Digital Strategy 2017
2.3 Renewable and Low Carbon Energy

2.3.1 The need for new energy generation capacity to serve the UK is clear. Existing power generation infrastructure coming to the end of its operational life and the need for decarbonisation is driving a move towards cleaner energy sources. The National Grid’s Future Energy Scenarios 2016 show a need for low carbon capacity needing to at least double in three of its four future scenarios, with substantial growth in its lowest scenario.

2.3.2 Two important UK Government documents are referenced below.

NIC Smart Power (March 2016)

2.3.3 The National Infrastructure Commission is tasked with ensuring that the UK has fit-for-purpose infrastructure. Its Smart Power report, published in 2016, considered the future of energy supply and demand in the UK and potential responses. This found that:

*Around two-thirds of our existing power stations are expected to close down by 2030 as our coal, nuclear, and oldest gas fired power stations reach the end of their lives.*

*To meet the UK’s legally binding climate change goal – to cut CO2 emissions by 80% by 2050 – power stations must be largely decarbonised. Complete future reliance on unabated industrial fossil fuel power stations is unsustainable.*

*There is a near term need to build new sources of power to ensure we have the electricity we need. Over the next decade, new and more diverse sources of electricity generation will need to come on stream, including more renewable energy, new gas fired plants and new nuclear capacity...The shift to more low carbon technologies will also mean more smaller power stations connected to the distribution network.* (all p7)

UK Renewable Energy Roadmap Update (Department of Energy & Climate Change, 2013)

2.3.4 In 2013 the UK Renewable Energy Roadmap Update stated that:

*“Renewable energy continues to be an attractive market for investors and is supporting jobs and investment throughout the supply chain... DECC’s research shows that the UK is continuing to enjoy particularly strong levels of investment in renewable electricity generation, which is in turn supporting a wide range of jobs in established and new companies... Since 2010, £31 billion worth of private sector investment in renewable electricity has been announced. This has the potential to support over 35,000 jobs across the UK.” (p21)*

*“In addition to the economic opportunities associated with the development of renewable energy infrastructure, further jobs and investment are created through the development of associated supply chains.” (p22)*

*“A tracking survey conducted quarterly for DECC by an independent research organisation have shown consistently high levels of public support for the use of renewable energy. Interviews conducted with 2,103 UK adults in September 2013 showed 76% of respondents support the use of renewables to generate the UK’s electricity, fuel and heat. Only 4% are opposed.” (p26)*

*“Biomass, when sourced sustainably, can provide a cost-effective, low carbon and controllable source of renewable energy across the electricity, heat and transport sectors.” (p37)*

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National Planning Policy Framework (Department for Communities and Local Government, 2012)

2.3.5 In the section that outlines how the NPPF suggests meeting the challenge of climate change, it directly links the delivery of low carbon energy infrastructure with sustainable development:

“Planning plays a key role in helping shape places to secure radical reductions in greenhouse gas emissions, minimising vulnerability and providing resilience to the impacts of climate change, and supporting the delivery of renewable and low carbon energy and associated infrastructure. This is central to the economic, social and environmental dimensions of sustainable development.” (pp21-22)

Planning Practice Guidance for Renewable and Low Carbon Energy (Department for Communities and Local Government, 2013)

2.3.6 DCLG guidance provides advice on the planning issues associated with the development of renewable and low carbon energy. Their advice states that:

“Increasing the amount of energy from renewable and low carbon technologies will help to make sure the UK has a secure energy supply, reduce greenhouse gas emissions to slow down climate change and stimulate investment in new jobs and businesses.” (p3)

Energy from Waste: A guide to the debate (Department for Environment, Food & Rural Affairs, 2014)

2.3.7 This DEFRA guide highlights questions that should be asked, options that are available, and the process for making decisions around energy from waste. It states that:

“The energy it [waste] produces is a valuable domestic energy source contributing to energy security. As a partially renewable energy source it can also contribute to our renewable energy targets which are aimed at decarbonising energy generation. It has the added advantage that it is non-intermittent, so it can complement other renewable energy sources such as wind or solar.” (p3)

2.3.8 In addition, the guide states that:

“The Government sees a long term role for energy from waste both as a waste management tool and as a source of energy. Energy from waste is in a unique position to fulfil a range of objectives across a number of Government departments. For Defra it helps divert waste out of landfill, for DECC it is a potential source of low carbon energy, for DCLG it can be a contributor to waste planning objectives and for DfT it is a potential source for a variety of transport fuels. It can also contribute to growth in the waste and energy sectors as well as the construction sector through infrastructure development.” (p54)

2.4 Summary

2.4.1 Whilst the above review is not intended to be exhaustive, it draws out conclusions which are consistent across much other literature. There are social and economic imperatives for improving both data centre and energy generation infrastructure in the UK. These are key enabling infrastructures required to underpin the UK’s economic competitiveness as well as creating direct economic benefit.
2.4.2 This establishes at the national level the importance of the facilities being proposed at Lambs Business Park which will provide substantial data centre capacity with on-site low carbon energy production as well as a plant to generate energy from waste materials.
3 Sub-Regional Perspective

3.1.1 This chapter considers a sub-regional perspective, including the Coast to Capital Local Enterprise Partnership (LEP), Gatwick Diamond Initiative and Surrey County Council.

3.2 LEP

3.2.1 The Coast to Capital LEP is focused on creating economic growth in an innovative, enterprising and international business environment. The LEP area extends across West Sussex, parts of Surrey, East Sussex and the London Borough of Croydon.

Gatwick 360° – The Coast to Capital Strategic Economic Plan 2018-2030

3.2.2 The SEP sets out the LEP’s economic vision as such:

“Our vision by 2030 is for our towns and cities to be known around the world as fantastic places to live, to grow and to succeed. We will become the most dynamic non-city region in England...” (p17)

3.2.3 Eight strategic priorities are set out within the SEP. These encompass place-based and hard infrastructure issues; business and sector issues; the workforce; digital; and communities.

- Deliver prosperous urban centres
- Develop business infrastructure and support
- Invest in sustainable growth
- Create skills for the future
- Pioneer innovation in core strengths
- Promote better transport and mobility
- Improve digital network capability
- Build a strong national and international identity

3.2.4 Of particular relevance to the proposals for Lambs Business Park are the following:

Invest in sustainable growth

3.2.5 When discussing sustainable growth, there is a clear intention to maximise opportunities in this area:

“We will prioritise development of regional strategies for energy, waste, water and low emission vehicles so that ours is a truly sustainable economy.” (p23)

“Our ambition is to develop a model of sustainable growth for the area. All new development will come with an equivalent investment in natural capital, prioritise the production and use of renewable energy, reduce the demand on water and minimise the amount of waste generated.” (p33)

3.2.6 The SEP focuses on renewable and low carbon energy as an important aspect of delivering on this priority:

“The way energy is generated, distributed, and consumed is critical to the economy and our lives, and has a significant impact on our environment. The Climate Change Act sets a legally binding target of reducing emissions by at least 80% by 2050, which needs to be achieved without
sacrificing economic growth... [and] there needs to be a significant transition to a low carbon economy to meet these targets” (p68)

**Improve digital network capability**

3.2.7 The LEP has clearly identified the need to improve the level of digital infrastructure in the area:

“Our digital infrastructure is also at an uncertain phase of its development. In spite of the area’s innate strengths in digital and creative technologies, the quality of our infrastructure remains inconsistent; with problems accessing modern technology services.” (p67)

3.2.8 There is a clear desire to invest in the area’s digital network over the coming years:

“Our goal is to deliver the kind of world-class digital network capability that can help deliver high productivity gains across all sectors of our economy.” (p49)

3.2.9 To deliver this priority the economy will use “new infrastructure, big data and communications technology to support the growth of Smart Cities and smart connectivity across our economic hubs.” (p51)

3.2.10 Research by the University of Chichester has reiterated the importance of the key sectors from the 2014 SEP, which are: Advanced Manufacturing, Creative, Digital, and IT, Low Carbon, Professional and Financial Services, and Health and Life Science sectors. This latest SEP attempts to understand the emerging sub-sectors of the economy. It highlights Data Processing & Hosting as a significant sub-sector, employing 1,600 people in the area, which equates to around 3.6% of national employment in the sector. Electric Power Generation and Transmission is also picked out as a significant sub-sector, employing 4,200 people in the area, which accounts for around 4% of national employment in the sector.

3.2.11 The Proposed Development will deliver significant new infrastructure and economic growth in two of the LEPs priority sub-sectors.

**Coast to Capital Growth Deal**

3.2.12 The Coast to Capital Growth Deal is an agreement between the LEP and UK Government which “aims to encourage growth across the Coast to Capital area, through targeted investment in infrastructure and innovation, as well as supporting Coast to Capital’s thriving business base.” Coast to Capital LEP and Central Government have therefore agreed to co-invest in a list of priority projects clearly demonstrating the desire to deliver economic growth across the area. The Proposed Development is not seeking Growth Deal funds, but will complement the funded projects in helping to meet the objectives set out in the SEP.

**European Structural and Investment Funds (ESIF) Strategy (2014-2020)**

3.2.13 The Coast to Capital European Structural and Investment Funds (ESIF) Strategy 2014-2020 forms part of the overarching Strategic Economic Plan (SEP) and is closely aligned, setting out more specifically how available European funds will be targeted. Whilst the Proposed Development is not presently seeking such funds, the ESIF provides further insight into the priorities of the LEP and local understanding of economic opportunities. It states that:

“We intend to concentrate support for high growth businesses in those sectors where we have a clear competitive advantage. Coast to Capital has identified the following five regional sector strengths:
- Advanced Engineering;
- **Creative Digital and IT (CDIT);**
- **Environmental Technologies and Low Carbon & Environmental Goods and Services**
- Financial and Business Services;
- Healthcare, medical technology and life sciences." (p11, emphasis added)

“The following research and technology futures have been identified to form the basis of a Regional Innovation Strategy (RIS) strategy for Coast to Capital:

- **Connected Digital Economy Including, creative digital IT, software development, Big Data:**
- Bioscience including Medical Technologies (Life Sciences);
- Electronics potentially further focused on vehicle electronics and sensors;
- **Environmental/Renewable Technologies.**” (p12, emphasis added)

3.2.14 There is a specific ambition to develop adoption of biomass for energy generation infrastructure and highly energy efficient enterprises as part of a concerted effort to move to a low carbon future:

“Sustainable growth requires ever increasing efficiency and reduction in emissions. Our sectoral, institutional and other advantages mean we have a major opportunity to take a strategic approach to environmental sustainability in our area and support the move to low carbon through for example, the development and take up of renewables, adoption of alternative fuels (e.g. biomass) and promotion of energy efficiency in enterprises and homes.” (p18,)

3.2.15 There is also a recognition of the range of skills required in the area, with plans to deliver appropriate skills which will be well suited to the Proposed Development:

“In the short term, the projected skills required are:

- IT security skills (the ability to develop solutions and manage risk),
- **Cloud computing abilities (including project management and integrated solutions management skills, as well as technical architecture, infrastructure and networking skills),**
- **IT convergence skills (to move from hardware to software intensive platforms),**
- **Multi-platform content management.” (p59)**

**Coast to Capital Sector Report: Creative, Digital, and IT (2015)**

3.2.16 Following its identification as a priority sector for the Coast to Capital area, a specific paper on the Creative, Digital and IT sector has been prepared. This provides further intelligence on the current state and future opportunities for the sector. This notes that:

“The Creative, Digital and IT sector makes up a sizable part of the local economy and has grown at a faster rate than the region as a whole. It accounts for 15% of businesses, 5% of employment, and 8% of Gross Value Added (GVA), nationally the shares are 11%, 5%, and 8% respectively...” (p1)

“Employment in the sector in the Coast to Capital region is expected to grow 16% by 2022, slightly below the national level of 17.5%... In comparison, employment in the region as a whole is predicted to grow by just under 5%.” (p1)
3.2.17 Clearly whilst there is a clear growth opportunity identified, it is also appreciated that at present the full potential of the sector is not being realised:

“The sector is an important component of the region’s economy, it has a strong presence of businesses and an excellent support structure embedded within the region, is well catered for in terms of skills and education involvement in the sector, and enjoys an international reputation. The full benefit of this is not being taken advantage of as there is a dearth of large businesses and employee numbers are lower than might be expected when the CDIT share of businesses is 15% in the Coast to Capital region compared to 11% nationally. This may be why local CDIT productivity is lower than the national and South East regional economies. The sector is starting from a strong position but its areas of underperformance make it both high value and full of potential future growth.” (p3)

3.2.18 The analysis sets out the key drivers and implications of growth for the sector.

“The trends and drivers are based on the national sector but are equally applicable to the local CDIT sectors:

- A growing ‘digital native’ population – those who have grown up using digital and technological products and services;
- ‘borderless businesses’ which are able to expand across nations, devices, and applications with ease; demand for services can happen anywhere at any time;
- increasing spending on software and services compared to hardware (e.g. cloud services);
- rising investment in IT;
- continual technical innovation and the opportunities for new products and services they create;
- enhanced data collecting capacity to provide information on consumer demands and provider capabilities;
- technological change driving from within the sector and from the outside, via changing consumer demands for productivity gains from technology in their businesses;
- specific technologies are changing the sector, such as cloud computing, mobile computing, big data and analytics, cyber-crime and security, and data protection;
- increasing importance of management skills to respond to challenges;
- increased emphasis on services and service skills;
- globalisation pushing the need for innovation and higher value added skills;
- developments in Green IT, which will require skills in power management, and environmental impact assessment;
- an older worker profile requiring replacement as they retire;
- the impact of the 12 disruptive technologies identified by McKinsey opening up new market opportunities;
- Government policy on supporting the 8 great technologies influencing the take-up of big data and satellites.” (pp21-22)

3.2.19 The paper also notes that “the Gatwick Diamond’s strengths include Other information technology and computer services, Computer consultancy activities, Advertising, Data processing and hosting, Publishing, and Telecommunications.” (p41, emphasis added)
The Proposed Development has the potential to provide a step change in global recognition of the Coast to Capital area as a location of state of the art digital infrastructure, capitalising on the economic opportunities presented by growth in the need for data storage and processing capacity. This will further the ambitions of the LEP in growing the creative, digital and IT sector across the area.

3.3 Gatwick Diamond Initiative Business Plan 2018-21

3.3.1 The Gatwick Diamond Initiative (GDI) sets a vision “To be an internationally recognised, world-class, business location achieving sustainable prosperity”. This means developing a flourishing knowledge-intensive economy and ensuring businesses will have access to the type of sites and premises they need to grow. Its strategic aims are:

- “To promote the area as a world class business location
- To encourage and maximise public and private sector investment, to retain and foster business growth and to attract new inward investment
- To maximise the benefits of technological change
- To contribute to public sector decision making at a local, regional and national level
- To attract, develop and retain the highest talent.”

3.3.2 Digital technologies is identified as one of three key sectors for the GDI.

3.3.3 W T Lamb Holdings are currently in discussions with a number of global companies exploring investment at the Proposed Development. The scheme has the potential to put the area on the map with a high profile foreign investment supporting the achievement of many of the GDI key objectives.

3.4 Consultation

3.4.1 Representatives of HJA and W T Lamb consulted with key personnel engaged in key economic development organisations in early 2017.

3.4.2 Consultation with Jonathan Sharrock, Chief Executive of the LEP highlighted the strong fit of the development proposals with the LEP’s ambition. It also identified a very strong fit with emerging refinements to the LEP’s strategic documentation (2018-30 SEP). No areas of conflict were identified.

3.4.3 Consultation with Jeff Alexander, acting Chief Executive of the Gatwick Diamond Initiative (GDI) noted that GDI would be highly supportive of the scheme proposals and are keen to see high value adding commercial development. The nature of the scheme underpinning productivity growth was noted as a positive.

3.4.4 Lee McQuade, Economy Manager at Surrey County Council noted that in keeping with the LEP and GDI, there was very strong support for the scheme on economic development grounds, particularly given the economic development needs within Tandridge.

3.5 Summary

3.5.1 The Proposed Development has the potential to make a contribution to the growth of key sectors and achievement of key priorities of the Coast to Capital LEP and Gatwick Diamond Initiative,
providing a globally recognised inward investment that supports critical infrastructure for the digital and IT sector as well as supporting the move to a low carbon economy.

3.5.2 Initial consultation with the key sub-regional economic development stakeholders has identified very strong support for the proposals, confirming alignment with strategic ambition.
4 Local Perspective

4.1.1 This chapter focuses on the Tandridge District, reviewing the relevant policy, strategy and research documentation.

4.2 Economic and Employment Research

Tandridge Economic Development and Business Study (Matthews Associates, 2014)

4.2.1 This document aims to establish the key economic issues in Tandridge, including the economic base within the district, and develop a strategic approach to economic growth. The evidence base for the document is threefold: a business audit, a business survey, and a focus on the visitor economy.

4.2.2 The report notes the existing failure to fulfil economic potential in the area.

“Although Tandridge is situated within the economic powerhouse of the South East and specifically Surrey, across a number of key measures it is performing poorly in relation to other Surrey Districts & Boroughs (D&Bs).”

“Within the key GVA (Gross Value Added) indicator Tandridge is the second lowest across all local authorities within both Coast to Capital and Enterprise M3 Local Enterprise Partnership areas (out of twenty nine in total).”

“Within the most recent (2013) UK Competitiveness Index Tandridge has the lowest ranking of all Surrey D&B’s and the biggest ranking decline against the 2010 competitiveness index.”

“Tandridge has the second lowest business birth rate in Surrey according to 2012 ONS statistics and according to new data based on new business bank accounts ranks 268 out of 326 areas surveyed in early 2014.” (p5)

4.2.3 A series of highly relevant recommendations and actions are set out within the document, including:

“The Council’s strategic policy and future planning policy should be reviewed to encourage businesses to locate within the District and existing businesses to expand and remain within the District.” (p13)

“The provision of business premises i.e. business parks and technology hubs, particularly suited to high-growth, knowledge-based sectors such as ‘information & communication businesses’ and ‘professional, scientific & technical activities’ should be actively encouraged.” (p13)

“Increased diversification and intensification of the District’s rural economy should be encouraged. Following the Council’s green belt review poor quality green belt land of little environmental value could be considered for re-designation to allow controlled sustainable development of commercial activities.” (p13)

“The Council needs to consider robust future planning policies and land allocation to facilitate commercial economic growth within the District.” (p17)

4.2.4 The Proposed Development is well aligned to these actions, bringing about a substantial inward investment in knowledge-based business.
4.2.5 The paper specifically deals with Lambs Business Park, given its designation as one of the District’s Strategic Employment Sites. It notes that:

“The owners however identified issues with some older units meeting the minimum EPC ‘E’ rating by 2018. These units are invariably let at very low rental level per square metre and currently are not commercially viable to upgrade to meet the 2018 minimum standard, even though there is strong demand for inexpensive basic units from many business sectors.” (p22)

“Lambs owners also referenced the possibility to re-utilise the rail siding for freight and ballast, they reported some commercial interest in the siding although at present the estimated costs to upgrade and comply with Network Rail requirements appeared prohibitive. This type of intervention would be of interest to the Local Enterprise Partnership.” (p22)

“Sustainable redevelopment and expansion options of the entire Lambs site should also be considered working in close collaboration with the site owners and Council’s strategic planning/development control departments.” (p23, emphasis added)

4.2.6 This demonstrates the recognition of the potential at the Lambs Business Park. Potential that the Proposed Development brings a step closer.

**Tandridge Economic Needs Assessment Update (GL Hearn, 2017)**

4.2.7 The Economic Needs Assessment Update provides an assessment of the current commercial property dynamics in Tandridge. It includes a survey of existing businesses, an estimate of the district’s future need for employment land, and an assessment of the existing development opportunities at existing sites in the district. The Update informs the Council’s Housing and Economic Land Availability Assessment 2017, and further guides the Council in preparing its Local Plan and Economic Development Strategy.

**Supply of Employment Land**

4.2.8 The report identifies Lambs Business Park as one of only two Designated Employment Areas in Tandridge. It also notes that the site is one of the larger employment locations in the district, and is included as one of the district’s key strategic employment sites.

4.2.9 Table 18 (p110) of the report details the sites with intensification opportunities, with Lambs Business Park listed as one of the Key Strategic Employment Sites with employment land to be redeveloped or intensified.

**Demand for Employment Land**

4.2.10 The latest VOA data (2016) shows that there is 55,000 sq m of office floorspace in Tandridge. Over the period 2006-07 to 2015-16, the Update shows there has been a significant decrease in the amount of office floorspace in Tandridge – a decrease of 5,000 sq m (8%) over the period. This is contrary to regional and national trends where there has been modest growth in office floorspace (2% and 6% respectively).

4.2.11 The latest VOA data (2016) shows Tandridge District contains 198,000 sq m of industrial floorspace. This includes both factories and warehouse/distribution floorspace. Compared to other authorities within the FEMA, Tandridge contains the least amount of industrial floorspace. Over the past decade, Tandridge District has seen a decrease of 20,000 sq m of industrial floorspace with total floorspace falling by 12% from 218,000 sq m in 2006-07 to 198,000 sq m by 2015-16. This reflects the trend nationally where there has been a 5% reduction in industrial space across the
country. This is decline is a result of “...the decline of many types of traditional manufacturing, the growth in hi-tech manufacturing, and substantial changes in manufacturing processes and practices rendering a considerable proportion of traditional manufacturing premises unsuitable for continued use.”

4.2.12 GL Hearn bring together the supply and demand analysis to inform future policy. This is summarized in the two tables below – the first outlining the baseline scenario, and the second outlining the growth scenario:

**Figure 4.1 – Labour Demand Baseline Scenario: Net Floorspace and Land Requirements (2013-33)**

<table>
<thead>
<tr>
<th>Uses</th>
<th>Sq m</th>
<th>Hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1a/b Office</td>
<td>27,000</td>
<td>8.6</td>
</tr>
<tr>
<td>B1c/B2 Industrial</td>
<td>8,000</td>
<td>2.0</td>
</tr>
<tr>
<td>B8 Warehouse/Distribution</td>
<td>23,000</td>
<td>4.7</td>
</tr>
<tr>
<td>Total B-Class Uses</td>
<td>58,000</td>
<td>15.3</td>
</tr>
</tbody>
</table>


**Figure 4.2 – Labour Demand Growth Scenario: Net Floorspace and Land Requirements (2013-33)**

<table>
<thead>
<tr>
<th>Uses</th>
<th>Sq m</th>
<th>Hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1a/b Office</td>
<td>41,000</td>
<td>12.7</td>
</tr>
<tr>
<td>B1c/B2 Industrial</td>
<td>16,300</td>
<td>4.1</td>
</tr>
<tr>
<td>B8 Warehouse/Distribution</td>
<td>28,300</td>
<td>5.7</td>
</tr>
<tr>
<td>Total B-Class Uses</td>
<td>85,600</td>
<td>22.5</td>
</tr>
</tbody>
</table>


4.2.13 The Update identifies 7.44 ha of developable employment land at Lambs Business Park. The Proposed Development would deliver around 75% of industrial demand under the growth scenario, which is the scenario recommended to the Council in the Update’s conclusions in order to support economic growth in the district in-line with the LEP’s aspirations. Providing a quantum of employment land towards the Growth Scenario figure would help to improve the current commuting balance and reduce levels of out-commuting.

**Tandridge Economic Proposition 2017-2027**

4.2.14 The Economic Proposition sets out the Council’s plans for how it will strengthen and grow the Tandridge economy in order to stay competitive and ensure the future prosperity of the area. It will underpin other strategies, plans and policies covering such areas as spatial designations and allocations, commercial development and regeneration.

4.2.15 The Economic Proposition highlights the need for improvement in the Information and Communication sector. A strong representation of businesses in this sector is important as it underpins and drives growth across the wider economy. Although this sector is growing in Tandridge, it is not at a fast enough rate to catch up with the best performers in Surrey.

4.2.16 Taking into account recently revised forecasts, even moderate growth will require an increase in the provision of high quality employment space in Tandridge in the near future. Picking up on the analysis in the Economic Needs Assessment Update, the Proposition shows the baseline estimate to support economic growth over the next 15 years is unlikely to deliver the sort of growth the Council would like to see. To create a high-skilled, high value economy with significantly increased
local job opportunities there is a need for “substantially more employment space that is of the right type and quality”.

4.2.17 The economic vision set out by this document is summarised below:

- A confident, high-profile area delivering sustainable economic growth and a high quality of life for residents with a reduced need for out-commuting.
- A great business location, with plenty of high-quality employment space and good infrastructure, attracting, supporting and retaining successful, high-value, outward-facing businesses of all sizes.
- A skilled and productive local workforce, able to access a range of high-quality local employment opportunities.

4.2.18 The Council has highlighted the need to improve and increase the employment space in the district, with a step change in approach:

“We have to be bold and consider new ideas for expanding employment space and this may include prioritising sites in more rural areas for intensification and possible redevelopment/regeneration where appropriate.”

4.2.19 To deliver on this objective, Ref ES1 provides the following strategic priority:

“Actively encourage and support the regeneration and development of strategic employment sites including Hobbs Industrial Estate and Lambs Business Park to support high value business growth.”

4.2.20 Also of note is Ref ES2, which outlined the following as a strategic priority:

“Support inward investment of new higher-value digital and other knowledge-intensive businesses such as data centres and their supply chains.”

4.3 Planning Policy

4.3.1 Existing planning policy for Tandridge has been reviewed with a focus on outlining the economic objectives. The current Local Plan is formed of two parts, a Core Strategy (2008) and Detailed Policies (2014). Tandridge District Council is currently preparing a new Local Plan.

**Tandridge District Core Strategy 2008**

4.3.2 The Core Strategy forms ‘Part 1’ of the Tandridge Local Plan. The 2008 Core Strategy sets a vision for Tandridge, stating that the Plan proposals:

“...will be underpinned by a successful and sustainable economy with viable and vital town centres serving Oxted and Caterham, and thriving villages and rural areas that meet the needs of their communities.” (p10)

4.3.3 As part of the Strategy’s ‘Spatial Objectives’, it outlines objectives for social progress, environmental protection, and a Sustainable Economy. This includes supporting an economy that is thriving and growing within environmental limits (both urban and rural). It also sets out to maintain and enhance the role of town centres and other centres.

4.3.4 In terms of employment sites is specifically notes that:
“Hobbs Industrial Estate and Lambs Business Park are already identified as Major Developed Sites in the Green Belt and under this strategy are identified as Strategic Employment Sites (SES). These sites, and in particular Lambs Business Park are the exception in terms of commercial investment…” (p50, emphasis added)

“Any demand for new employment will be met through the reuse of existing commercial sites, either by way of redevelopment or where appropriate more intensive use of existing sites.” (p51)

“The strategy...will allow for growth by reusing existing sites particularly on the SESs where new investment is already taking place. This approach will support the objective of a sustainable economy, in other words growth within existing environmental limits.” (p51)

4.3.5 This acknowledges the importance of Lambs Business Park as a commercially viable site. It sets a policy direction to accommodate new employment development Lambs Business Park and accepts that to do so will support the objective of a sustainable economic within environmental limits.

Tandridge Local Plan Part 2: Detailed Policies 2014-2029

4.3.6 The Detailed Policies 2014-29 forms the second part of the Local Plan, building on the Core Strategy. This was adopted in July 2014.

4.3.7 With respect to employment development the Detailed Policies document states that:

“...the Core Strategy makes it clear that any demand for new employment development will be met through the re-use of existing sites, either by way of redevelopment or where appropriate, more intensive use of existing sites.” (p16, emphasis added)

“Where the retention of an employment site is demonstrated to be no longer viable, it is expected that all other alternatives are explored before the loss of the employment land is considered. In the first instance, the site in its current form may be suitable for an alternative commercial or industrial business. Alternatively, it may be possible to redevelop the site for a wholly different type of commercial or industrial use.” (p16, emphasis added)

4.3.8 The Proposed Development comprises new employment development through the re-use of an existing employment site, intensifying its use through redevelopment for a different type of commercial or industrial use, in full accordance with the policy wording.

4.3.9 Recognising that Lambs Business Park falls within the Green Belt the policy document notes that:

“The Council has identified and supports the contained development of two Strategic Employment Sites which are brownfield sites in the Green Belt, outside the Defined Villages. These are Hobbs Industrial Estate and Lambs Business Park, which comprise a range of commercial and industrial uses.” (p34)

Our Local Plan: 2033 (Regulation 19), Tandridge District Council (2018)

4.3.10 The adoption of this Plan will necessitate the full or partial replacement of the above adopted policies – Core Strategy (2008) will be fully replaced, and Local Plan 2: Detailed Policies (2014) will be partly replaced.

4.3.11 TLP01 prioritises the focus of employment provision towards existing employment sites through intensification and expansion. The Proposed Development comprises new employment
development through the re-use of an existing employment site, intensifying its use through redevelopment for a different type of commercial or industrial use, which in full accordance with the policy wording in TLP01.

4.3.12 Policy SES03 specifically relates to Lambs Business Park. It records the site size as 12.8 ha, with an estimated additional provision of 8 ha\(^\text{10}\). The site-specific policy requirements highlight include:

“In addition to complying with all relevant policies and material considerations, the Council will actively encourage and support applications for the regeneration, enhancement and development of Strategic Employment Sites which:

- Support high value business growth
- Facilitate the achievement of the Council’s most up-to-date Economic Proposition
- Maximise opportunities for the intensification of B-Class use employment uses and supporting Sui Generis uses
- Deliver data centre uses, technological innovation and any necessary supporting facilities.”

(emphasis added)

4.4 Summary

4.4.1 The local documents reviewed above provide a clear recognition of the current weakness in the Tandridge economy. As a result there is a requirement to seek to improve economic performance. In order to do so there is recognition of the opportunities afforded by development at Lambs Business Park. Despite its current designation within the Green Belt it is designated as a Strategic Employment Site and noted as a priority site for new employment development within the District. The most recent economic papers make clear that substantive redevelopment options of Lambs Business Park should be considered.

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\(^{10}\) Estimated additional space slightly deviates from the figures set out in the Employment Needs Assessment Update 2017 and better reflects more up to date detailed site information.
PART TWO – HEADLINE ECONOMIC IMPACT
5 Overview, Approach and Baseline

5.1 Proposed Development
5.1.1 The proposed development at Lambs Business Park comprises:

- A c. 5,418 sqm combined cycle energy centre (up to 49MWe), incorporating a renewable biofuel production plant;
- Two 9,245 sqm data centres (over 2-3 storeys) and associated infrastructure;
- 3.03 ha of opportunity areas for intensification to deliver a mix of B1/B2/B8 uses;11
- Reconfiguration of approximately 18,800 sqm (202,200 sq ft) of occupied premises and storage compounds; and
- The use of the former pit areas as flood alleviation and a nature reserve.

5.2 Method Overview
5.2.1 The economic impact assessment set out within this report has been prepared in line with best practice guidance. The overall approach follows the principles of HM Treasury ‘Green Book’ Appraisal and Evaluation in Central Government, other guidance and best practice documents are referenced at the relevant section. The assessment considers the direct, indirect and induced impacts that are likely to arise from the proposed development, and seeks to capture the wider effects which may take place as a result of the provision of energy and data infrastructure facilities. Additionality is accounted for, as far as is possible. This includes considering the ‘do nothing’ or reference case scenario to assess deadweight, and considering the effects of leakage, displacement, substitution and multiplier effects. The construction and operational phases are considered separately.

5.2.2 The assessment is based on the best available information at the current time. HJA has drawn on information made available by the developer. Where primary evidence is not available, assumptions are made based on case study evidence of similar facilities or via best practice guidance. The detailed methodological approach and supporting evidence is set out throughout the report to ensure transparency.

5.2.3 The spatial level of economic impacts’ considered are set out in the relevant chapter. Where possible the gross site-level impact is stated, with net impacts assessed for the Tandridge District and its functional economic market area (FEMA).

Reference Case
5.2.4 The counterfactual is assumed to be minimal investment within the confines of the subject site. The commercial units affected by the proposed development are largely buildings associated with the former brickworks. These units fall below minimum EPC standards and therefore became unlettable to new tenants from April 2018 and are anticipated to become unlettable to existing tenants from April 2020. The scale of investment required to bring them up to standard is unviable. Open storage compounds at the site are assumed to remain occupied in perpetuity given a healthy market for such facilities locally.

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11 For purposes of indicative assessment it is assumed an equal split of B1, B2 and B8 uses, achieving 50% site coverage. The B1 element is assumed as an equal split of B1a office and B1c light industrial.
5.3 Baseline

Functional Economic Market Area

5.3.1 Tandridge District lies within the county of Surrey in South East England. The district is immediately adjacent to Greater London and straddles the M25 motorway. The district also borders the counties of Kent, West Sussex and East Sussex.

5.3.2 The Tandridge Economic and Business Development Strategy (2014) identifies the Functional Economic Market Area (FEMA) for Tandridge including LB Croydon, Reigate and Banstead, Crawley, Mid Sussex and Sevenoaks. Less pronounced links with LB Bromley and Wealden are noted.

5.3.3 As a result of the proximity to London there is a high degree of out-commuting and a low level of self-containment within the District. 39% of workplace-based employment in the District is filled by residents of the district, 77% by residents of the FEMA.

Economic Performance

5.3.4 Our Local Plan, Issues and Approaches (Tandridge District Council, 2015) notes that Tandridge has the least competitive economy in Surrey with the second lowest GVA in the wider area (defined as the M3 and Coast to Capital LEP areas).

5.3.5 However, The Coast to Capital SEP – Gatwick 360 (2018-30) indicates total GVA at the Tandridge District Level at £2,225 million per annum (ONS, 2017). This indicates Tandridge no longer has the lowest GVA nor labour productivity figures within the Coast to Capital LEP area.

Demographics

5.3.6 The population of Tandridge District was estimated at 87,500 in 2018 (ONS, Population Estimates), and has been rising gradually since the early nineties. Over the ten years between 2008 and 2018 the district’s population has increased by 7.4%, slower than the 8.4% across South East England as a whole and broadly in-line with the 7.5% of the UK. 60.4% of the population is aged 16-64 which is slightly below both the South East and UK averages.

Labour Market

5.3.7 Overall the labour market position appears fairly healthy.

5.3.8 Economic activity rates in the district (78.9% in 2018) are very slightly lower\(^\text{12}\) than the South East and slightly higher than GB averages.

5.3.9 Employment rates are currently above both SE and GB averages and have been for the past four years.

5.3.10 Tandridge District has a much higher proportion of its workforce that is self-employed relative to both the SE and GB averages. This is potentially a reflection of the rural nature of the district as well as the sectoral mix, including a large construction sector.

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\(^{12}\) Time series data shows the Tandridge rate fluctuating around the SE average, most likely due to normal levels of statistical variation due to smaller sample sizes at the district level.
5.3.11 Unemployment is lower than SE and GB averages on both claimant (1.2%) and ILO\textsuperscript{13} (2.4%) measures. Claimant data also shows that lower proportions of those unemployed across all ages. Overall, working age benefits claimants levels are also lower than both SE and GB averages.

5.3.12 Occupational data shows there is overall a higher proportion of residents employed as managers, directors and senior officials and, in professional and associate professional/technical occupations as well as skilled trades. These data also reflect the presence of high levels of self-employment (owner managers) and construction sector activity. This may reflect the qualifications profile of the resident workforce, with more qualified to NVQ4 and above (degree level) than the SE average.

5.3.13 Resident pay is above SE and GB averages. However, workplace based pay is below both SE and GB averages, which shows the effect of commuting, with major outflows, particularly to London.

**Employment Sectors**

5.3.14 ONS Jobs Density data estimates 39,000 jobs within the district (2017). When comparing the number of jobs to residents a jobs density of 0.73 is estimated, this is below the SE and GB figures of 0.87 and 0.86 respectively. This figure has remained below the SE average for a number of years. Time series data suggests the figure has previously been substantially lower than the benchmarks and rarely above the SE but has been subject to fluctuations in the past so some caution needs to be exercised.

5.3.15 Data from the ONS Business Register and Employment Survey (BRES) shows a high proportion of part-time employee jobs (38.7%) compared to both SE and GB average (33.8% and 32.5%).

5.3.16 Construction is a significant sector – just over double the size of the SE and GB in proportional terms. The construction sector in Tandridge currently employs 3,500 workers with a further 22,500 employed in the FEMA (26,000 in total). The local manufacturing sector is small.

5.3.17 *Our Local Plan, Issues and Approaches* (Tandridge District Council, 2015) notes that there is no key growth sector in the local economy.

\textsuperscript{13} International Labour Organisation – this is a standardized international definition of unemployment.
6 Construction Phase Impacts

6.1.1 This section considers the economic impacts arising from the construction of the proposed development. This is considered separately to the operational phase impacts given the time-limited nature of the construction and engineering works.

6.1.2 The construction phase has the potential to deliver substantial economic impact given the scale and complexity of the proposed development, requiring not only ground works and building construction, but also substantial fit-out and installation of complex equipment in the Combined Cycle Energy Centre, Renewable Biofuel Production Plant and Data Centres.

6.1.3 Economic impacts will be felt through the employment of labour, purchase of materials, and the expenditure of these workers in the local area.

6.1.4 No consideration is given to the restoration works of existing mineral extraction pits as these works are legally obligated with or without the proposed development.

6.1.5 All impacts are based on currently available information with any assumptions stated and sourced. The assessment of economic impact can be refined as detailed design work is undertaken. The figures quoted are therefore set out as indicative.

6.2 Costs and Investment

Combined Cycle Energy Centre and Renewable Biofuel Production Plant

6.2.1 Construction costs are estimated at £40 million including site infrastructure and civil engineering costs to deliver grid connections. A further £40 million is estimated to cover specialised operational plant related to both the energy centre and biofuel production plant. All work is reasonably assumed to be tendered to UK based contractors. This will create the opportunity for local sub-contracting and labour supply as well as materials and plant supply-chain linkages.

Data Centres

6.2.2 Site servicing, including off-site works to deliver power and fibre infrastructure is estimated at £10 million but is subject to further technical assessment. Building shell construction is estimated at £10 million per centre. These works can reasonably be assumed to be tendered to a UK based contractor. This will create the opportunity for local sub-contracting and labour supply as well as materials and plant supply chain linkages.

6.2.3 Installation of M&E within the data centre is estimated at £115 million per centre comprising both the capital equipment (90%) and installation labour costs (10%). All plant required could be procured within the UK, however, this would incur a cost premium. It is therefore likely that some capital equipment will be imported. A working assumption of 50:50 for UK/imported equipment has been used. The installation can reasonably be assumed to be undertaken by a UK based lead

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14 Initial estimate provided by Sol Environment
15 The nature of the data centre could vary depending on the end user. If the proposed development is operated by a single large corporate user they would likely seek to control the design and build process in terms of all facilities (internal and external). If the proposed development is operated as a co-location facility it is likely that the shell would be constructed with the co-location operator taking the lead for the M&E installation, with internal IT specification delegated to ultimate end users.
16 Indicative estimate provided by Arup
17 Assumption provided by W T Lamb Holdings.
18 Initial estimate provided by Arup
contractor given the number of well-regarded UK contractors with strong track records for delivering similar schemes. The majority of labour would therefore be sourced in the UK with opportunities for local sub-contracting and labour supply.

6.2.4 Internal IT equipment and infrastructure is estimated at £60 million\(^{19}\) per centre although this figure is highly dependent on the specification and requirements of the ultimate end user and whilst there will be an initial installation phase, some will be installed through the life of the facility as it is taken up.

6.2.5 Total investment is therefore estimated at £380 million. The total construction and installation period is estimated at up to 4 years.

B1/B2/B8 Site Intensification

6.2.6 Construction costs are estimated to be approximately £13 million\(^{20}\). All work is reasonably assumed to be tendered to UK based contractors. This will create the opportunity for local sub-contracting and labour supply as well as materials and plant supply-chain linkages.

Summary

6.2.7 Total gross capital expenditure for infrastructure, construction and M&E fit out of the proposed development is £473 million.

6.3 Gross Direct Impacts

Gross Direct Employment

Construction and Installation

6.3.1 Total UK based construction phase capital expenditure is estimated at £110 million. This comprises:

- £40 million groundworks and shell construction for the energy and biofuel plant
- £30 million groundworks and shell construction for the datacentres
- £13 million for groundworks and shell construction within intensification areas
- £27 million\(^{21}\) labour installation of plant M&E across the development

6.3.2 Based on estimated turnover per worker\(^{22}\) for the UK construction sector this will support 645 person-years of construction sector employment in the UK\(^{23}\). This gross direct impact will be spread across the anticipated 4-year construction phase. This equates to an average annual requirement for approximately 161 person years of employment.

Equipment and Materials Supply

6.3.3 In addition to UK based construction expenditure, an estimated further £140 million of UK based expenditure on plant and M&E equipment within across the development is anticipated. This has the potential to support 830 person years of employment\(^{24}\).

\(^{19}\) Initial estimate provided by Arup
\(^{20}\) Estimate based on Linesight (2018) average UK construction costs per sqm
\(^{21}\) 10% of total M&E and plant capital investment.
\(^{22}\) Indicative figures (£178,569 for construction and £127,208 for installation) generated from Annual Business Survey (ONS), 2018.
\(^{23}\) Person years of employment is used as a measure of labour requirement. In reality a range of trades will be used throughout the construction programme.
\(^{24}\) Based on SIC 28.2: Manufacture of other general-purpose machinery. Annual Business Survey, ONS.
Gross Direct Wages

6.3.4 Data from the Annual Survey of Hours and Earnings (ONS, 2017) has been used to determine the earnings impacts associated with this employment. Data has been used for the most appropriate industrial sector.

Gross Direct GVA

6.3.5 Gross Value Added is a measure of local economic output.

6.3.6 Data from the Annual Business Survey (ONS, 2018) has been used to determine the GVA impacts associated with this employment. Data has been used for the most appropriate industrial sector.

Summary of Gross Direct Impacts

6.3.7 The following table sets out a summary of the results described in detail above. Gross direct UK-based impacts of approximately 1,500 person years of employment generating around £48 million in wages and around £93 million in GVA will be supported.

Figure 6.1: Summary of Gross Direct UK-based Construction Phase Impacts

<table>
<thead>
<tr>
<th></th>
<th>Employment (Person Years)</th>
<th>Wages</th>
<th>GVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction and install</td>
<td>645</td>
<td>£22m</td>
<td>£44m</td>
</tr>
<tr>
<td>Equipment and materials supply</td>
<td>845</td>
<td>£27m</td>
<td>£49m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,490</strong></td>
<td><strong>£48m</strong></td>
<td><strong>£93m</strong></td>
</tr>
</tbody>
</table>

Source: HJA Analysis. Figures may not sum due to rounding.

6.4 Net Additional Economic Impacts

6.4.1 The impacts outlined above are gross direct impacts at the UK level, only discounting known impacts which will leak outside the UK economy. It is best practice to allow for ‘additionality’ factors in order to arrive at a net additional local impact. This allows an assessment of the net effects upon the Tandridge District and FEMA economic areas. This assessment allows for leakage, deadweight, displacement and substitution, and multiplier effects. These are explained in more detail below. Unless otherwise stated assumptions are informed by HCA (2014) Additionality Guide: Fourth Edition. These only apply to jobs and wages.

6.4.2 GVA is attributed to the workplace. Therefore, only that capital expenditure which goes directly outside the FEMA is discounted i.e. those elements of M&E equipment.

Leakage

6.4.3 Leakage is a measure of the impacts which ‘leak’ outside the impact area being considered. For example, jobs which are taken by those living outside Tandridge. The following assumptions have been made within the modelling.

Construction and Installation

6.4.4 A 10% reduction to gross direct employment has been made to allow for HQ and project management functions, assuming a lead contractor with a HQ outside the FEMA. The remainder are assumed to be site based.

6.4.5 For the remainder, the 2001 Census of Population provided detailed assessment of the origin and destination of workers by sector. Whilst this dataset is now somewhat out of date, it provides some insight into the workings of the economy. At 2001 some 56% of construction workers employed in
Tandridge lived within Tandridge District and 76% lived within the FEMA. The remainder typically commuted from other locations in London and the South East. The 2011 Census of Population data does not provide the sectoral data but does suggest overall levels of commuting are broadly similar to those in 2001. We have therefore adopted the 2001 Census sectoral data to assess leakage of construction employment.

**Equipment and Materials Supply**

6.4.6 All of this expenditure and associated employment is anticipated to be located outside the FEMA.

**Deadweight**

6.4.7 Deadweight is a measure of what impacts would have occurred without the proposed development. This is assessed through the ‘reference case’ scenario outlined above. For the construction phase there is no deadweight to be accounted for.

**Displacement and Substitution Effects**

6.4.8 Displacement and substitution effects are used to discount the proportion of gross impacts which offset other impacts which would otherwise have occurred. For example, a construction firm securing a contract to work on the proposed development therefore turns down another contract that would otherwise have kept the team gainfully employed. Or a new firm establishes a construction operation to secure a contract and secures an opportunity that would otherwise have gone to another local construction firm.

**Construction and Installation**

6.4.9 The primary concern in this analysis is with substitution effects upon local construction firms. Assumed as very low.

6.4.10 The construction sector in Tandridge currently employs 3,500 workers with a further 23,500 employed in the FEMA (27,000 in total, all figures ONS BRES, 2017). The average annual requirement for construction labour is therefore equivalent to up to 4.6% of the district construction workforce around 0.7% of the FEMA construction labour force. In addition, across the FEMA there are currently (July 2019) 15 jobseekers seeking employment in skilled construction and building trades with a further 80 seeking work within either elementary trades, plant and storage related occupations, process, plant and machine operatives, or transport and mobile machine drivers and operatives. The proposed development will therefore provide opportunities for contracts into the local construction sector without putting a strain on the sector that will create distortions.

6.4.11 A deduction of 5% at the district level and 10% at the FEMA level is applied.

**Equipment and Materials Supply**

6.4.12 Not applicable as all impacts leak from the area.

**Multipliers**

6.4.13 Multipliers are a tool used to assess the ongoing and repeated effects of expenditure in the economy through supply chains and by workers. In this analysis we are using Type II multipliers which incorporate both the supply chain (indirect) effects of investment and the induced effects as incomes earned by workers are spent in the local economy.

**Construction and Installation**

6.4.14 The construction sector has particularly high multipliers, with high levels of locally retained expenditure. This reflects the local sourcing of labour and the expenditure of earned incomes in
the local area, as well as the often localised purchase of building materials, particularly non-specialised materials. The analysis above has specifically separated out those major areas of expenditure that will flow outside the UK.

6.4.15 High multipliers are therefore applied, 1.3 at the district level and 1.5 at the FEMA level.

Equipment and Materials Supply
6.4.16 Not applicable as all impacts leak from the area.

Summary of Net Additional Impacts
6.4.17 The assumptions outlined above are applied to the gross direct effects previously set out. The following tables set out a summary of the results. Approximately 402 person-years of employment for Tandridge residents is estimated, supporting around £14 million in wages and £44 million in GVA. At the FEMA level this increases to approximately 596 person-years of employment for residents supporting around £20 million in wages.

Table 6.1 Net Additional Impacts

<table>
<thead>
<tr>
<th></th>
<th>Employment (Person Years)</th>
<th>Wages</th>
<th>GVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Direct</td>
<td>1,490</td>
<td>£48m</td>
<td>£93m</td>
</tr>
<tr>
<td>Tandridge District</td>
<td>402</td>
<td>£14m</td>
<td>£44m</td>
</tr>
<tr>
<td>FEMA</td>
<td>596</td>
<td>£20m</td>
<td>£44m</td>
</tr>
</tbody>
</table>

Source: HJA Analysis
7 Operational Phase Impacts

7.1.1 This chapter considers the economic impacts arising from the on-going operation of the proposed development.

7.1.2 There will be a range of direct on-site employment opportunities. These include permanent, year-round positions and short-term contractor opportunities. Employment data has been provided by expert advisers25.

7.2 Reference Case

7.2.1 As part of the proposed development approximately 18,800 sqm (202,200 sq ft) of occupied premises and storage compounds will be lost. These premises are currently let to a range of vehicle repair, construction and storage related businesses. It is estimated26 that approximately 79 staff are directly employed on-site at present within these sites and premises. In addition, it is estimated that there are drivers employed by three of the firms, which are not permanently on-site but are connected to the occupiers, some of these drivers may serve multiple business locations. Total on-site staff numbers were also noted to be complicated by the use of temporary staff from time to time.

7.2.2 As noted at paragraph 5.2.4 no substantive investment in buildings is anticipated, which will render those operations reliant on these facilities redundant in the near future (subject to the introduction of stricter EPC regulations in April 2020). These operators would therefore be lost to the site regardless of the success or otherwise of the proposed development. Those operating only within compounds and secure storage areas are anticipated to be retained, given a healthy lettings market for such uses. After discounting those operators unlikely to be retained beyond the short term, the total long term gross direct on-site employment is reduced to approximately 46 jobs.

7.2.3 With the proposed development these 46 jobs would be lost from the site. An initial review of the commercial market suggests there would be potential for the majority of such jobs to be retained on alternative land within the FEMA, although not necessarily within the Tandridge District. For the purposes of this assessment it has been assumed 25% can be retained within Tandridge and 75% within the FEMA.

7.2.4 The net additional economic impacts have been modelled27 to take account of leakage, displacement and multipliers. On this basis the net losses incurred as a result of the proposed development are estimated at 18 FTEs within the District and 36 FTEs within the wider FEMA. These effects are deducted from the impacts accruing as a result of the proposed development in the assessment of net additional impacts later in this chapter.

**Figure 7.1 Summary of Reference Case Operational Phase Economic Impacts**

<table>
<thead>
<tr>
<th></th>
<th>Employment (FTE)</th>
<th>Wages</th>
<th>GVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Direct (Site)</td>
<td>46</td>
<td>£1.5m</td>
<td>£3.7m</td>
</tr>
<tr>
<td>Tandridge District</td>
<td>18</td>
<td>£0.6m</td>
<td>£3.7m</td>
</tr>
<tr>
<td>FEMA</td>
<td>36</td>
<td>£2.4m</td>
<td>£3.7m</td>
</tr>
</tbody>
</table>

Source: HJA

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25 Arup and Sol Environment
26 Information provided by W.T. Lamb Holdings Ltd via the Site Manager
27 This assumes UK average gross full time earnings (ONS ASHE) and GVA per worker (ONS ABS) for the relevant sector of activity for current operators. Leakage based on 2011 Census travel to work patterns. Displacement assumed as low and multipliers as medium.
7.3 **Gross Direct Impacts**

**Combined Cycle Energy Centre and Renewable Biofuel Production Plant**

7.3.1 The Combined Cycle Energy Centre element will likely operate with a small core team of permanent staff operating on a four shift pattern. The Renewable Biofuel Production Plant is expected to operate with a slightly larger team, again operating on a four shift pattern. The detailed employment requirements are not fully known but a requirement for 30-60 full time equivalent jobs (FTEs) are estimated, spread across a four shift pattern. To avoid over-estimation of impact the lower end of the range has been adopted for analysis purposes.

**Data Centres**

7.3.2 With two operational data centres there is an estimated requirement for 20 FTE permanent staff as technicians and facilities managers. A number of these staff will be highly qualified and well-paid roles. The majority will be at technician level commanding mid-range salaries. A further 8 FTE roles will be associated with site security. Approximately 2 FTE job is anticipated to be supported through the use of specialist contractor services throughout each year of operation including initial install and on-going replacement of internal equipment.

**Intensification Areas**

7.3.3 Standard employment densities from HCA (2015) Employment Density Guide: 3rd edition have been applied to the indicative development mix for the identified intensification areas. Figure 7.2 sets out the analysis. This indicates estimated capacity for approximately 422 FTEs within the identified intensification areas (based on the mid point of the range).

**Figure 7.2 Intensification Areas - Indicative Employment Potential**

<table>
<thead>
<tr>
<th>Use Class</th>
<th>Indicative Floorspace Estimate (sq m)</th>
<th>Employment Density Assumption</th>
<th>Indicative Employment Capacity Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1a</td>
<td>2,525</td>
<td>12 sqm per FTE</td>
<td>200</td>
</tr>
<tr>
<td>B1c</td>
<td>2,525</td>
<td>47 sqm per FTE</td>
<td>51</td>
</tr>
<tr>
<td>B2</td>
<td>5,050</td>
<td>36 sqm per FTE</td>
<td>134</td>
</tr>
<tr>
<td>B8 'Final Mile' Distribution OR</td>
<td>5,050</td>
<td>70 sqm per FTE</td>
<td>69</td>
</tr>
<tr>
<td>B8 Wholesale Data Centre</td>
<td>5,050</td>
<td>950 sqm per FTE</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,150</strong></td>
<td></td>
<td><strong>390–454</strong></td>
</tr>
</tbody>
</table>

Source: HJA (Note: one B8 definitions used per scenario, which produces a range)

**Gross Direct Wage Impacts**

7.3.4 Unless otherwise stated, data from the Annual Survey of Hours and Earnings (ONS, 2017) has been used to determine the earnings impacts associated with this employment. Gross annual full-time earnings has been used for the most appropriate industrial sector. Further details are set out at Appendix 1.

**Gross Direct GVA Impacts**

7.3.5 Unless otherwise stated, data from the Annual Business Survey (ONS, 2018) has been used to determine the GVA impacts associated with this employment. GVA per worker data has been used for the most appropriate industrial sector. Further details are set out at Appendix 1.
Summary of Gross Direct Impacts

7.3.6 The following table sets out a summary of the results arising from the modelling described in detail above. Total onsite permanent employment of between 450–514 FTEs is estimated. This will generate annual wages between £14.7–£16.3 million and annual GVA between £33.6–£36.1 million.

Figure 7.3 Summary of Gross Direct Operational Phase Impacts

<table>
<thead>
<tr>
<th></th>
<th>Employment (Permanent FTE)</th>
<th>Wages (Annual)</th>
<th>GVA (Annual)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined Cycle Energy Centre and</td>
<td>30</td>
<td>£1m</td>
<td>£5m</td>
</tr>
<tr>
<td>Renewable Biofuel Production Plant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Centres</td>
<td>30</td>
<td>£1m</td>
<td>£3m</td>
</tr>
<tr>
<td>B1/B2/B8 Intensification area</td>
<td>422</td>
<td>£13m</td>
<td>£28m</td>
</tr>
<tr>
<td>Total</td>
<td>482</td>
<td>£16m</td>
<td>£37m</td>
</tr>
</tbody>
</table>

Source: HJA (some figures may not sum due to rounding)

7.4 Net Additional Impacts

Leakage

7.4.1 The 2011 Census of Population indicated that 39% of all jobs with a fixed workplace in Tandridge are filled by Tandridge residents. At the FEMA level this increases to 77%. These assumptions form the starting position for our modelling.

7.4.2 To supplement this, consultation has been undertaken with Reed Specialist Recruitment to assess the likelihood of recruiting to the specific positions from the local area for the specialist energy and data centre uses. This research considered the number of applicants registering interest in employment in similar roles within a 20-mile radius of the proposed development. This is a proxy for the FEMA area. This found substantial numbers of potential applicants from within the FEMA. Clearly the ability for any job to be filled by such applicants would be reliant on the decision-making of both the employer and potential employee, but suggests there is potential for a high proportion of roles to be filled by residents of the FEMA. The promoter will encourage operators to offer training to enable local residents to access the opportunities. The assumption that 77% of roles are filled from residents within the FEMA as indicated by the Census is therefore retained.

Deadweight

7.4.3 Deadweight is a measure of what impacts would have occurred without the proposed development. This is assessed through the ‘reference case’ scenario outlined above. Following the application of all other additionality factors the assessed impacts of the reference case are deducted to arrive at a net additional figure.

Displacement and Substitution Effects

7.4.4 Displacement and substitution effects are used to discount the proportion of gross impacts which offset other impacts which would otherwise have occurred. No displacement and substitution effects are anticipated given the absence of similar activities within the impact areas.

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28 2001 Census data provided a sectoral breakdown. This showed a range of 49% - 65%. This indicated some variation (+/- 8% points) around the all sector average (57%). With no substantive energy generation or data centre activities in the district at this time there is no accurate data to indicate a pattern related to the specific uses under consideration in this assessment. The overall average is therefore relied upon.
**Multipliers**

7.4.5 Multipliers are a tool used to assess the ongoing and repeated effects of expenditure in the economy through supply chains and by workers. In this analysis we are using Type II multipliers which incorporate both the supply chain (indirect) effects of investment and the induced effects as incomes earned by workers are spent in the local economy. Medium multipliers are assumed, 1.2 at the district level and 1.35 at the FEMA level.

**Summary of Net Additional Impacts**

7.4.6 The assumptions outlined above are applied to the gross direct impacts to derive net additional impacts at the site, district and FEMA level.

7.4.7 Figure 7.4 sets out a summary of the impact assessment. Approximately 436 net additional FTE jobs are estimated at the site level, generating annual wages of around £14 million and annual GVA of circa £33 million.

7.4.8 At the district level the jobs impact is assessed at approximately 207 net additional permanent FTE jobs accruing to residents, supporting around £7 million in annual wages and GVA of circa £14 million per annum.

7.4.9 At the FEMA level the net additional employment impact is highest, at approximately 465 FTE jobs supporting around £14 million in annual wages and circa £35 million in GVA annually.

**Figure 7.4 Summary of Net Additional Operational Phase Impacts**

<table>
<thead>
<tr>
<th></th>
<th>Employment (FTE)</th>
<th>Wages (Annual)</th>
<th>GVA (Annual)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site</td>
<td>436</td>
<td>£14m</td>
<td>£33m</td>
</tr>
<tr>
<td>Tandridge District</td>
<td>207</td>
<td>£7m</td>
<td>£14m</td>
</tr>
<tr>
<td>FEMA</td>
<td>465</td>
<td>£14m</td>
<td>£35m</td>
</tr>
</tbody>
</table>

Source: HJA Analysis

**7.5 Other Impacts**

7.5.1 In addition to the direct employment opportunities there is the potential for added benefits through training programmes for workers. Examples of similar schemes from elsewhere in the UK have been identified which operate apprenticeship schemes. This has the potential to offer employment opportunities for local young people within growing industries.

7.5.2 Within the data centre industry there is evidence of future skills shortages. This results from it being a growing industry with many new jobs to be created and as the current ageing workforce moves into retirement there will be a need to replace existing workers.

7.5.3 When considering an individual datacentre in close proximity to London it is not possible to be definitive as to the scale of opportunity for local young people. There is a vast pool of labour on which to draw within a commutable distance. However, London and its hinterland remains the prime location for data centre investment and hence the demand for labour.
8 Wider Economic Effects

8.1.1 This chapter considers wider economic effects related to the proposed development.

8.2 Combined Cycle Energy Centre and Renewable Biofuel Production Plant

8.2.1 Energy generating infrastructure is a vital resource for the wider economy, particularly where it generates secure, stable and sustainable energy for the UK market.

8.2.2 The co-location of the Combined Cycle Energy Centre and both the Datacentres and Renewable Biofuel Production Plant already provides a linked development and wider economic benefit of the energy generation plant. Such benefits are already counted in the preceding analysis so are not restated here.

8.2.3 There may be benefits to other users of Lambs Business Park via favourable energy or heat supply arrangements. However, no such operations have been identified at present so no quantitative assessment of benefit has been included. Preferential energy supply could improve business resilience and reduce costs, allowing for greater investment and improved productivity leading to increased local GVA and/or employment.

8.3 Data Centres

8.3.1 Data centres are vital infrastructure to support the modern economy. They enable businesses to employ thousands of staff and deliver services to clients, all generating further indirect and induced impacts. In many cases these staff need not be located in the immediate vicinity of the datacentre itself. The Lambs Business Park site, close to the M25 is particularly well located to provide datacentre capacity to meet the needs of the central London finance sector, meeting the requirements for low latency. High quality modern digital infrastructure can also improve the productivity of end users and the broader economy. The increasing need for data centres is well documented, and therefore the provision of the proposed development will be make an essential contribution to the wider health of the UK economy.

8.3.2 There is also evidence of wider knowledge spillovers through training of staff by data centre operators. This can also include training activity within its supply chain. This has been shown to deliver broader benefit within supply chain companies and within the wider economy as staff move into new roles and organisations.

8.3.3 In preparing this economic impact assessment a desk review of other data centre economic impact studies has been undertaken to understand the nature of wider economic effects. The majority of such studies (including both US and European examples) consider geographies far greater than Tandridge and its FEMA, often considering the impacts on a national or state (in the US) scale. In many cases the research is also focused not only the economic impacts per se (as set out in the previous chapters) but to focus on the fiscal impacts given the far more devolved tax regimes in

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29 i.e. virtually instantaneous digital transactions
30 The Economic Impact of Google's data centre in Belgium, Copenhagen Economics (June 2015)
31 For example, studies have been undertaken on the impacts of Facebook's data centre at Forest City, North Carolina and Google's data centre at Lenoir, North Carolina. These focused on the state of North Carolina, which is larger in physical terms than England. In Europe examples include Google operations in Belgium and Facebook's operations in northern Sweden.
countries such as the US\textsuperscript{32}. An element of local fiscal impact, and the implications on the local economy are briefly considered in the following section of this chapter.

8.3.4 There are examples of data centre development acting as a stimulus to wider sub-regional economic development\textsuperscript{33}. These are primarily in locations where data centre investment takes place in remote and rural locations well away from metropolitan areas. US examples in Washington State and North Carolina are often cited, where a data centre industry has sprung up, leading to further co-locations and inward investments to the area. This has particularly taken place where the volume of investments has led to a skills base that is attractive to other operators. However, these effects are generally in locations where they cannot be serviced from an existing skills base (e.g. a major metropolitan area). There are also examples of major corporates locating additional corporate functions in the same place as new data centre investments. However, the term ‘same place’ does not necessarily mean the exact same site. In a globalised economy, this is often a reference to operations within the same country.

8.3.5 On review, these types of impacts are unlikely to follow in this instance, within Tandridge and its FEMA, certainly not with a causal link to the current proposed development. Firstly, the spatial geography of such related impacts as considered in the evidence are typically much larger than the FEMA area considered in this local impact assessment. Any benefit could therefore be felt much more widely than the FEMA being used for this study. Secondly, the UK, and particularly London and the South East, already has a well established, yet growing data centre market\textsuperscript{34}. The site is located on the fringes of one of Europe’s largest metropolitan areas and the proposed development will not deliver a step change in economic confidence in the locality. The area generally is already ‘on the map’ and the presence of a new data centre will not change this situation materially for potential business investors.

8.3.6 Notwithstanding, this should not be used to dismiss the potential for wider investment within Tandridge District and the FEMA. Forecast requirements for data centre capacity show continued expectations of substantial growth. There is the potential for further data centre investment in the M25 ring. This could present further opportunity within Tandridge District and the wider FEMA should suitable sites be identified. There is also the intangible benefit of a major investment that can change the perceptions of Tandridge as a business location, with the presence of a major high technology facility.

\textsuperscript{32} As a result of the local taxation regime there are major revenue impacts through taxes on the initial investment and the operation of the facilities. This creates major opportunities for expansion of local public services which in turn makes these locations more attractive for population and economic growth. These effects can be particularly disproportionate in these more remote and rural areas which before investment have small local tax bases.

\textsuperscript{33} For example, Washington State, 12 data centres in the central area around the town of Quincy. There are other examples of data centre operators relying either tacitly or explicitly upon the due diligence work of their competitors leading to such co-locations.

\textsuperscript{34} There are 260-70 co-location data centres in the UK including approximately 80 within London and approximately 50 within its ‘hinterland’. Sourced from https://www.datacentermapper.com/united-kingdom/ and http://www.datacentres-datacenters.co.uk
Conclusions

This report provides a review of national, sub-regional and local economic development policy and strategy related to the proposed development at Lambs Business Park near South Godstone. It also considers the headline economic impacts anticipated to arise through both the construction and operational phases.

The Economic Case

National Perspective

There are social and economic imperatives for improving both data centre and energy generation infrastructure in the UK. These are key enabling infrastructures required to underpin the UK’s economic competitiveness as well as creating direct economic benefit.

The review establishes at the national level the importance of the facilities being proposed at Lambs Business Park.

Sub-Regional Perspective

The Proposed Development has the potential to make a contribution to the growth of key sectors and achievement of key priorities of both Coast to Capital LEP and the Gatwick Diamond Initiative, providing a globally recognised inward investment that supports critical infrastructure for the digital and IT sector as well as supporting the move to a low carbon economy.

Initial stakeholder consultation with the Coast to Capital LEP, Gatwick Diamond Initiative and Surrey County Council Economic Development Team has identified very strong support for the proposals in economic development terms.

Local Perspective

Local policy and strategy documents articulate the current weakness in the Tandridge economy. As a result there is a commitment to seek to improve economic performance. In order to do so there is recognition of the opportunities afforded by development at Lambs Business Park.

Despite its current designation within the Green Belt it is designated as a Strategic Employment Site and noted as a priority site for new employment development within the District. The most recent economic papers make clear that substantive redevelopment options of Lambs Business Park should be considered.

Conclusion

The review of policy, strategy and research at national, sub-regional and local levels highlights the strong case for the proposed uses at Lambs Business Park. The proposed development will deliver infrastructure critical to supporting a modern economy. This aligns to key sectors and activities identified within the UK Industrial Strategy, Coast to Capital LEP’s Strategic Economic Plan and Gatwick Diamond Initiative’s business plan. The proposed development will also contribute to delivering high value modern economic and employment uses within Tandridge District.
9.3 Economic Impact

Construction Phase Impact

9.3.1 The complex and high technology uses which are proposed will support a substantial initial capital investment estimate of £473 million. Such an investment will support a range of activity within the local economy during the construction phase. Detailed economic impact analysis indicates approximately 402 person-years of employment to residents of Tandridge District, generating wages of around £14 million, and GVA of circa £44 million over the four year construction period. When considering benefits across the wider functional economic market area (FEMA) 596 person-years of employment are anticipated to accrue to residents, generating £20 million in wages.

Operational Phase Impact

9.3.2 During the operational phase the proposed development options will support a range of employment which will deliver a net growth in jobs to local residents. The high value of the uses will generate higher wages and GVA than is currently secured on site and contribute a boost to local GVA.

9.3.3 Detailed economic impact analysis conservatively estimates approximately 207 FTE net additional jobs to residents of Tandridge District, generating around £7 million in net additional annual wages. In GVA terms the proposed development is estimated to deliver circa £14 million per annum in net additional annual GVA in the district.

9.3.4 At the FEMA level approximately 465 net additional FTE jobs are estimated to be secured by local residents, supporting around £14 million in net additional wages annually, and generating circa £35 in net additional annual GVA.

Conclusion

9.3.5 There are substantial temporary economic benefits to the Tandridge and FEMA economy arising from the construction, fit out and installation of the complex high technology uses within the proposed development. In addition, there will be significant ongoing positive economic effects, delivering net additional permanent employment to residents of the district.
APPENDIX 1: Method assumptions for assessment of impacts, B1/B2/B8 site intensification

i. In order to assess the impact of the Proposed Development in terms of wages, an indicative wage by use class was established as a starting point. This was achieved by, in the first instance, establishing a sector-based indicative distribution of employment by use class for the Tandridge District, using BRES data. Then, for each use class, this distribution was combined with the median full-time annual gross pay figure for each sector from ASHE in order to establish an indicative wage by use class.

ii. The B1/B2/B8 site intensification element of the proposal is set you support high value economic activity. Therefore, the starting point established through the method described above was adjusted to focus on the anticipated mix of uses.

iii. The figures used are detailed in Figure A1.1 below.

**Figure A1.1 Summary of use class specific annual gross pay per full-time worker**

<table>
<thead>
<tr>
<th>Use</th>
<th>Annual gross pay</th>
<th>SIC Sector(s)</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1a Office</td>
<td>£34,115</td>
<td>J: Information and communication</td>
<td>33.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M: Professional, scientific and technical activities</td>
<td>33.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>N: Administrative and support service activities</td>
<td>33.3%</td>
</tr>
<tr>
<td>B1c Light Industrial</td>
<td>£30,025</td>
<td>C: Manufacturing</td>
<td>100%</td>
</tr>
<tr>
<td>B2 Industrial</td>
<td>£30,025</td>
<td>C: Manufacturing</td>
<td>100%</td>
</tr>
<tr>
<td>B8 (Warehouse and Storage)</td>
<td>£26,611</td>
<td>G: Wholesale and retail trade</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>H: Transportation and storage</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>J: Information and communication</td>
<td>5%</td>
</tr>
<tr>
<td>B8 (Data Centre)</td>
<td>£46,658</td>
<td>63: Information service activities</td>
<td>100%</td>
</tr>
</tbody>
</table>

iv. A similar method was used to establish an indicative GVA per worker by use class. The same sector-based indicative distribution of employment by use class for the Tandridge District was used as a starting point.

v. The adjusted distribution summarised in Figure A1.1 was them combined with a sector-based GVA per full-time worker figure derived from the ABS, establishing an indicative GVA per worker by use class.

vi. The figures used are detailed in Figure A1.2 below.

**Figure A1.2 Summary of use class specific GVA per full-time worker**

<table>
<thead>
<tr>
<th>Use</th>
<th>GVA per worker</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1a Office</td>
<td>£71,263</td>
</tr>
<tr>
<td>B1c Light Industrial</td>
<td>£65,422</td>
</tr>
<tr>
<td>B2 Industrial</td>
<td>£65,336</td>
</tr>
<tr>
<td>B8 (Warehouse and Storage)</td>
<td>£47,305</td>
</tr>
<tr>
<td>B8 (Data Centre)</td>
<td>£132,434</td>
</tr>
</tbody>
</table>