Dover Economic Development Needs Assessment
Final Report

Dover District Council

March 2017

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1.0 **Introduction**

1.1 **Dover District Council ("the Council") commissioned** Lichfields to undertake an Economic Development Needs Assessment (EDNA) for the District. The purpose of the EDNA is to objectively assess and evidence the need for economic development in Dover during the period to 2037. In particular, the study aims to provide an understanding of the current situation and future requirements of the local business economy in the District, alongside a clear market-based picture of the types and locations of employment sites that should be used to support future development. It should be noted **that all references to "Dover" in this study specifically refer to Dover District, unless** explicitly detailed otherwise (i.e. Dover town).

1.2 The EDNA will be used by the Council to inform a review of existing planning policies having regard to the National Planning Policy Framework (NPPF). The methodology used in the study also draws on guidance from the Planning Practice Guidance (PPG).

1.3 Specific requirements identified by the study brief include:

    a   Providing an overview of the whole economy in Dover District;

    b   Reviewing existing policy context, including how current and past economic policy has impacted on the delivery of economic development in the District;

    c   **Defining Dover's Functional Economic Market Area (FEMA);**

    d   Analysis of the property market, including an overview of how changes to PD rights have impacted, and will impact, on the supply of employment land in the District;

    e   Determining what the demand will be for net new employment land over the plan period;

    f   Considering the supply of land that is already identified by the planning system (i.e planned supply);

    g   Assessing what the balance of demand and supply is over the plan period to 2037;

    h   Considering whether new sites and areas should be identified for employment, and what sites currently identified for employment should be transferred to other uses; and

    i   Making recommendations as to the future number of jobs that could be provided within the District to 2037.

1.4 The EDNA is intended to provide the Council with up-to-date, PPG-compliant evidence on the economic development needs for the District over the remainder of the adopted 2010 Core Strategy plan period to 2026, and beyond to 2037, to align with parallel housing needs work being undertaken through a Strategic Housing Market Assessment (SHMA). The EDNA will be used by the Council to inform a review of existing planning policies and decide on the extent to which these policies may require updating to reflect latest evidence, for example through the development of a new Local Plan.

Scope of Study

1.5 The EDNA study firstly considers how Dover has performed over the first half of the Core Strategy plan period relative to the existing planning policies and growth aspirations for the District, before identifying a number of emerging policy choices for

the Council to consider to ensure that economic growth can be supported in the District over the second half of the Core Strategy plan period and beyond.

1.6   The assessment is based on a range of scenarios for how the economy could change in the future, with employment space and land implications of the following B class uses considered in the study:

- **B1 Business:** offices (B1a), research & development (B1b) and light industrial (B1c).

- **B2 General Industrial:** typically comprising factory and manufacturing space.

- **B8 Storage and Distribution:** warehouses, wholesale and distribution.

1.7   The demand for B class employment floorspace and land in Dover during the period to **2037 is considered in this study, with references to "employment space" referring to** both elements. In **addition, the term "industrial space" is used to refer to both** manufacturing (B1c/B2) and warehouse and distribution (B8) uses.

1.8   The study also considers growth forecasts for non B class sectors in Dover to set out how the economy as a whole could change in the future, although the EDNA does not specifically assess the space implications of non B class sectors. The space implications of non B class sectors are typically planned for using different methodologies and are considered by other technical evidence.

1.9   It should be noted that there are a variety of factors and drivers to consider when objectively assessing the business needs for a local economy. The study uses a combination of quantitative and qualitative analysis to examine these issues in the context of Dover, and synthesises this analysis to draw overall conclusions and policy implications for long-term planning in the District.

1.10   An important consideration for any technical work of this type is that the study is inevitably a point-in-time assessment. The study post-dates the outcome of the UK referendum on membership of the European Union (EU) in June 2016, but does not **give specific consideration for how the timing and basis for the UK's future exit from the** EU could impact national or local economic change given current uncertainty regarding these arrangements. It may therefore be necessary to undertake future updates to the study once greater economic certainty and clarity is available through econometric forecasts and other indicators.

1.11   The study has also been undertaken against the backdrop of likely forthcoming changes in strategic governance across East Kent, with a decision recently taken by the four district councils of Canterbury, Dover, Shepway and Thanet to examine the business case for the creation of a single East Kent coastal authority. Linked to this, an updated East Kent Growth Framework is currently being prepared to provide a strategic framework for investment and economic growth initiatives going forward.

1.12   The study has used the latest available data and other evidence available at the time of reporting, while the accuracy of third party data has not been checked or verified by Lichfields.

Study Methodology

1.13 In March 2014, the Government released the PPG to provide technical guidance for practitioners and inform the implementation of the NPPF. In terms of considering future economic development requirements, the PPG states that local authorities should:

1 consider the prevailing stock of land, identify the demand for and supply of employment land, and determine the likely business needs and future market requirements;

2 consider the locational and premise requirements of particular types of business and sectors;

3 consider projections to help identify where sites have been developed for a specific economic use;

4 analyse supply and demand to determine whether there is a discrepancy between quantitative and qualitative supply and demand for employment sites; and

5 identify where gaps in local employment land provision exists by comparing the available stock of land with the requirements of the area.

1.14 The methodology that has been used to undertake the EDNA conforms to the requirements of the NPPF and PPG, and is summarised in Figure 1.1 below.

Figure 1.1   Methodological Framework for the Dover EDNA
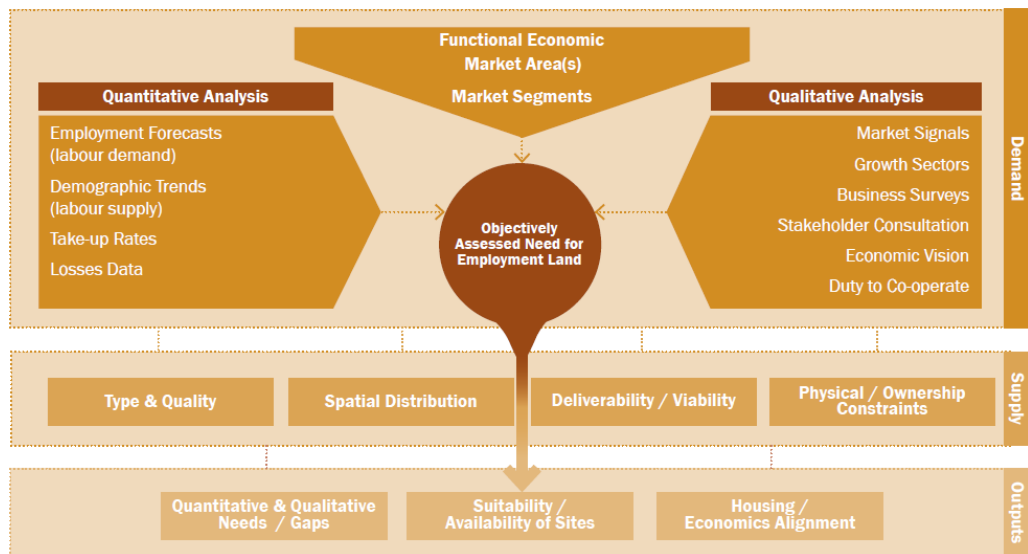
Source: Lichfields

Consultation

1.15 As part of the study, consultation has been undertaken with a range of local stakeholders, including commercial property agents, economic development agencies, business organisations and site developers. A list of the consultees is provided in Appendix 1.

Structure of Report

1.16   The report is structured under the following sections:

- **Dover Economic Context and Trends (Section 2.0):** a review of economic conditions and recent trends in the District, and the key strengths and weaknesses of the local economy that may influence the future need for employment space.

- **Commercial Property Market Signals and Intelligence (Section 3.0):** an analysis of the current stock and trends of employment space in the District and a review of the local commercial property market including supply of and demand for different types of employment space, and the needs of market segments.

- **Functional Economic Market Area (Section 4.0):** establishes the various functional economic market areas that operate across Dover and the wider sub-region, in order to provide an understanding of the various economic relationships, linkages and flows which characterise the sub-regional economy.

- **Future Requirements for Employment Space (Section 5.0):** an estimate of future employment space requirements for B class sectors in quantitative terms drawing upon employment forecasts and other factors.

- **Review of Supply Portfolio (Section 6.0):** an appraisal of a sample of Dover's employment sites to consider their current and future capacity to support the economic and business development needs of the local economy.

- **Conclusions and Policy Implications (Section 7.0):** a consideration of planning policy and other strategic measures that are required to support economic growth and business needs in the Dover economy.

2.0   Dover Economic Context and Trends

2.1   This section summarises recent economic conditions and trends in Dover. The analysis identifies the key strengths and weaknesses of the Dover economy and the factors that are likely to influence the future demand for employment space in the District. It also **specifically considers how the District's economy has performed against the objectives** set out in the 2010 Core Strategy.

Spatial Overview

2.2   Dover District is located on the east coast of Kent at the narrowest point of the English Channel. In strategic accessibility terms, the District is connected to the national trunk road network from both the M20/A20 route via Folkestone, Ashford and Maidstone and the M2/A2 route via Canterbury and Faversham. The District is served by mainline rail services to London, with Dover town, Deal and Sandwich all connected to High Speed One resulting in significant reductions in travel time. The town of Dover is positioned in close proximity to Channel Tunnel Rail Link services that can be accessed from Folkestone and Ashford (Figure 2.1).

Figure 2.1   Spatial Context for Dover District
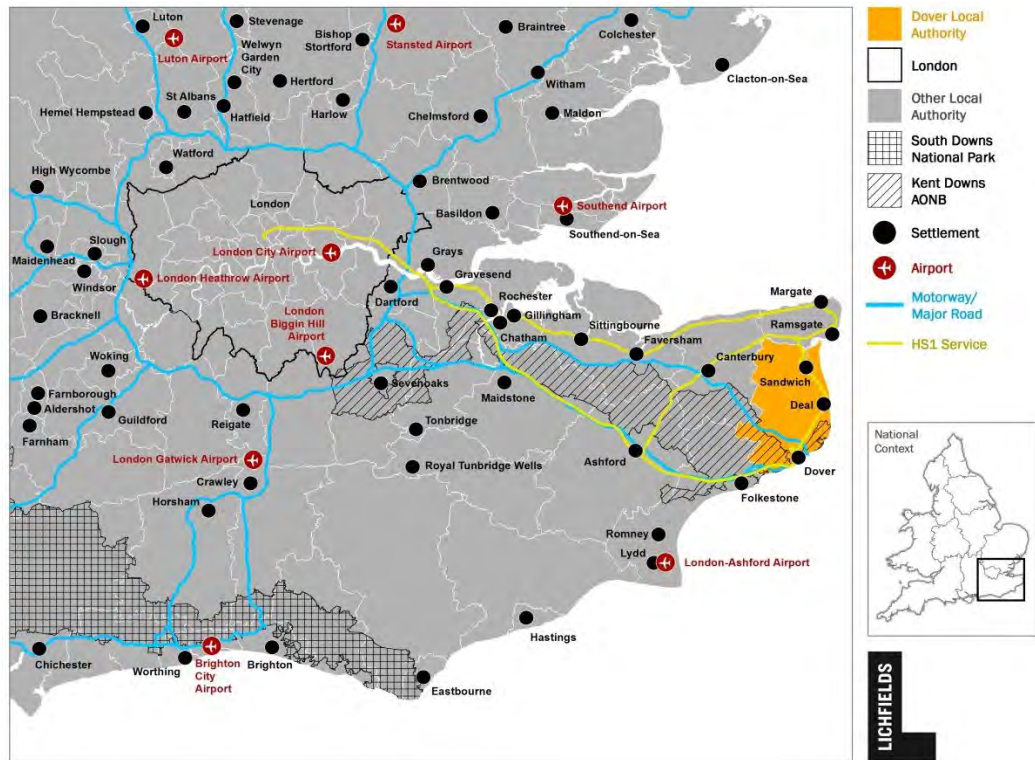
Source: Lichfields

2.3   The District contains the three towns of Dover, Deal and Sandwich, as well as a large rural area that supports a variety of smaller villages. Dover town represents the largest and main commercial centre. The District stretches from the Kent Downs in the south through to the marshland areas associated with the River Stour and Pegwell Bay in the north. Around a quarter of the District is located within the Kent Downs Area of Outstanding Natural Beauty.

2.4   **The Port of Dover remains the UK's busiest ferry terminal with rout**es to Calais and **Dieppe, and also caters for 'roll**-on roll-**off' freight and cruise ship traffic. The District** also formed part of the East Kent Coalfield which was active during the 20th Century until the closure of the last pit in 1989. Pfizer established facilities near Sandwich in the 1950s which operated as a research and manufacturing site until 2011, when the majority of the site was closed and renamed Discovery Park and was granted Enterprise Zone status by the Government. Spread over 82 hectares, it is the largest science and technology facility in Europe with 280,000m² of laboratory and high quality office space within a landscaped campus setting.

Economic Overview

Employment Trends

2.5   Based on Experian data, Dover supported around 41,000 workforce jobs in 2016, which represented a decline of 10% (4,700) over the first ten years of the existing Dover Core Strategy plan period (i.e. 2006-2016). This decline was in contrast to growth recorded across East Kent[1] (8%), Kent (8%), and the South East (8%) over this period. It should be noted that the lowest employment count in Dover during this time was in 2013 at 39,800 workforce jobs, meaning that the District has seen some employment growth in more recent years.

2.6   As shown in Figure 2.2 below, the pattern of job decline has been relatively even and consistent in recent years, across both industrial and office based sectors as well as in overall terms. The proportion of B class jobs in the District has remained relatively stable over this time (Figure 2.2).

Figure 2.2   Total Workforce and B Class Job Change in Dover, 2006 - 2016
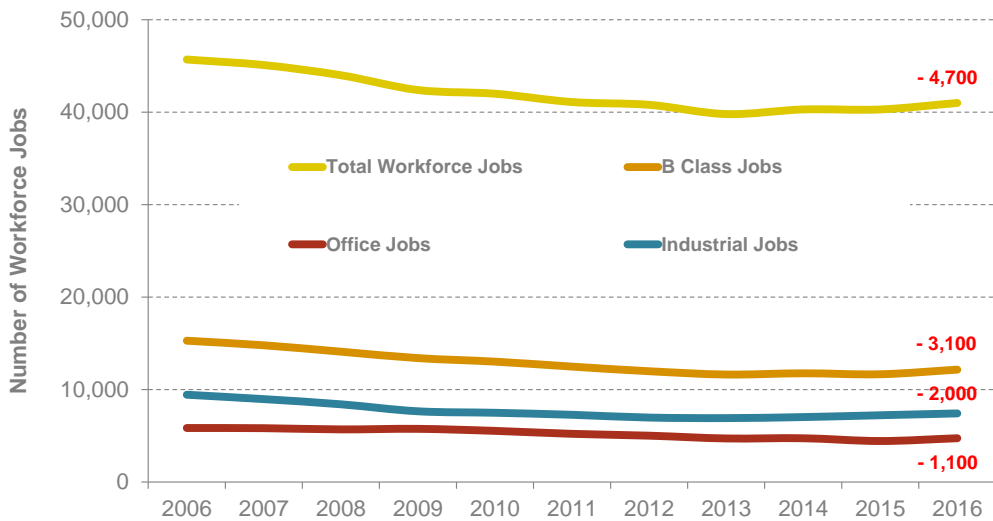
Source: Experian (September 2016) / Lichfields analysis

2.7   The largest employment sectors in Dover in 2016 are summarised below, with the figures representing the share of total employment supported by these sectors. When compared with the share of employment in East Kent, the District is over-represented in wholesale & transport, public administration, defence & utilities, and manufacturing

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[1] East Kent includes the five local authorities of Ashford, Canterbury, Dover, Shepway and Thanet.

sectors, whilst being under-represented in professional & other private services, education, and retail.

- Professional & Other Private Services   15%
- Wholesale & Transport   15%
- Healthcare   12%
- Education   11%
- Hospitality & Recreation   11%

2.8   As shown in Figure 2.3, employment growth in Dover over the first ten years of the Core Strategy period (i.e. 2006 and 2016) was only recorded in a small number of sectors, including education (growth of 1,100 jobs), hospitality & recreation (500 jobs), finance & insurance (300 jobs), and information & communication (100 jobs). All other sectors in the District registered employment losses over this ten year period, with the most significant losses recorded in manufacturing (loss of 2,300 jobs), public administration, defence & utilities (1,400 jobs), and professional & other private services (1,300 jobs).

Figure 2.3   Changes in Workforce Jobs by Sector in Dover, 2006 - 2016

Change in Number of Workforce Jobs (2006 - 2016)
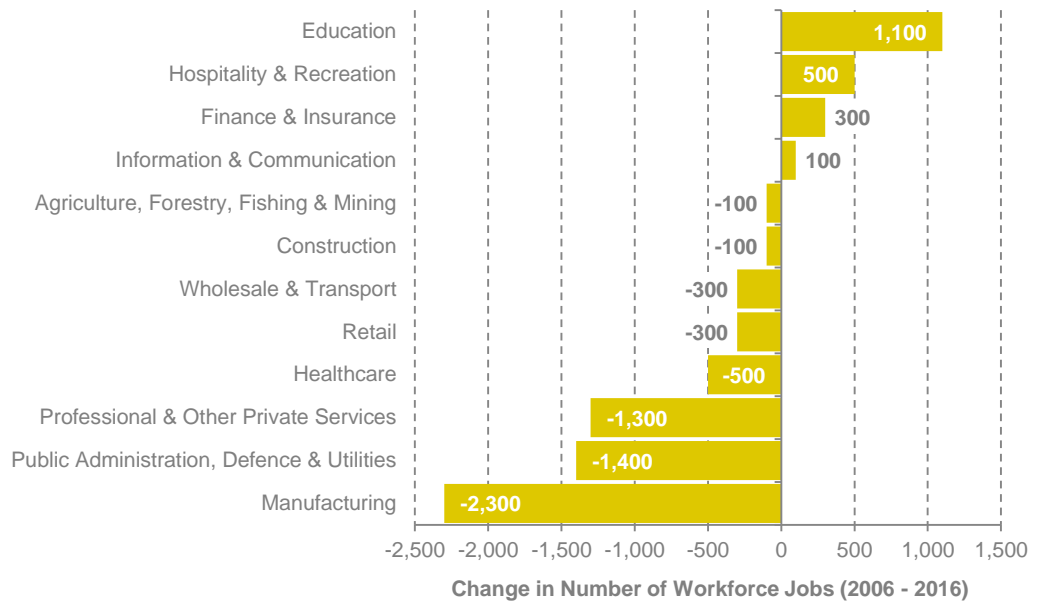
Source: Experian (September 2016) / Lichfields analysis

2.9   The sizeable loss of employment recorded in the manufacturing sector between 2006 and 2016 can primarily be attributed to the pharmaceuticals sub-sector (Figure 2.4). This manufacturing sub-sector recorded a loss of 1,700 jobs through the first ten years of the Core Strategy plan period, in a large part reflecting the choice by Pfizer to close the majority of their research and development operations at Sandwich in 2011.

Figure 2.4   Changes in Manufacturing Sub-Sector Workforce Jobs in Dover, 2006 - 2016
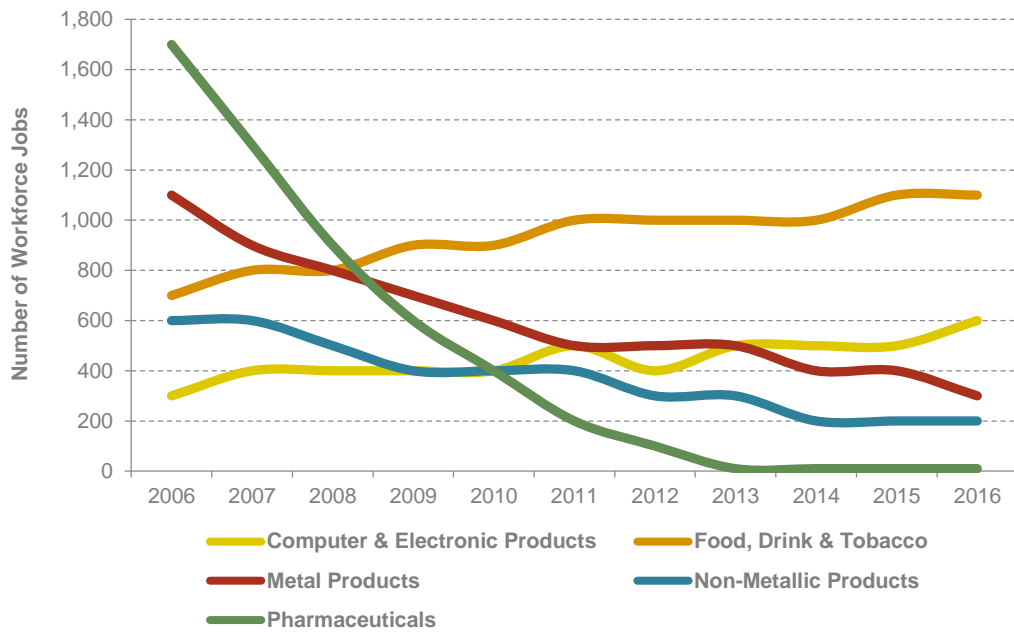
2.10   Despite the recent contraction of their operations, Pfizer still maintain an R&D presence at what is now known as Discovery Park, undertaking a range of pharmaceutical sciences, safety & regulations, medical, business units, quality assurance, and business support functions. The latest Inter-Departmental Business Register (IDBR) data also indicates that Pfizer remains one of the largest employers in Dover District, categorising their operations under the scientific research & development sub-sector of the professional & other private services sector.

2.11   Indeed, the Enterprise Zone at Discovery Park has been successful at accommodating and diversifying new business growth in the District over recent years, with the site now home to around 150 companies and 2,500 employees. These range from established organisations to start-ups in such fields as life sciences, pharmaceuticals, and biotechnology.

2.12   In this context, the overall employment change in Dover over the first ten years of the Core Strategy plan period is summarised in Table 2.1 below, including the estimated change in B class jobs during this period.

Table 2.1   Changes in Total Workforce Jobs and B Class Jobs in Dover, 2006 - 2016

Use	2006	2016	Change	
			Total	%
Total Workforce Jobs	**45,700**	**41,000**	**- 4,700**	**- 10%**
B Class Jobs	15,300	12,200	- 3,100	- 20%
Office Jobs (B1a/B1b)	5,800	4,700	- 1,100	- 19%
Industrial Jobs (B1c/B2/B8)	9,400	7,400	- 2,000	- 21%

Core Strategy Employment Growth Target

2.13   To support and facilitate economic growth in Dover, the 2010 Core Strategy identified potential for at least 4,000 new jobs in Dover by 2016 and a total of 6,500 new jobs by 2026. Around a quarter (1,570) of this job growth was expected to be supported by a number of planned development projects in Dover, and whilst some of these projects (such as the St James development) have started to come forward, others are now no longer being progressed, or are being progressed in a different form, such as Western Docks Terminal 2 which has now been replaced by the Dover Western Dock Revival Project (now commenced on site).

2.14   As noted above, Dover has recorded strong losses of employment during the first half of the Core Strategy plan period (2006 to 2016), which means that the District has not been able to deliver, to date, the level of growth identified in the Core Strategy. As illustrated in Figure 2.5 below, the latest Experian data indicates that the District has lost about 4,700 jobs between 2006 and 2016, which contrasts with the anticipated trajectory of growth for the District of around 3,300 jobs by 2016 based on the total growth target identified for the District through the Core Strategy plan period to 2026. If the District is to achieve the overall job growth target identified in the Core Strategy, **there is a significant amount of 'catching up' to do over the next ten years to 2026.**

Figure 2.5   Change in Workforce Jobs in Dover Compared to Core Strategy Target, 2006 - 2026
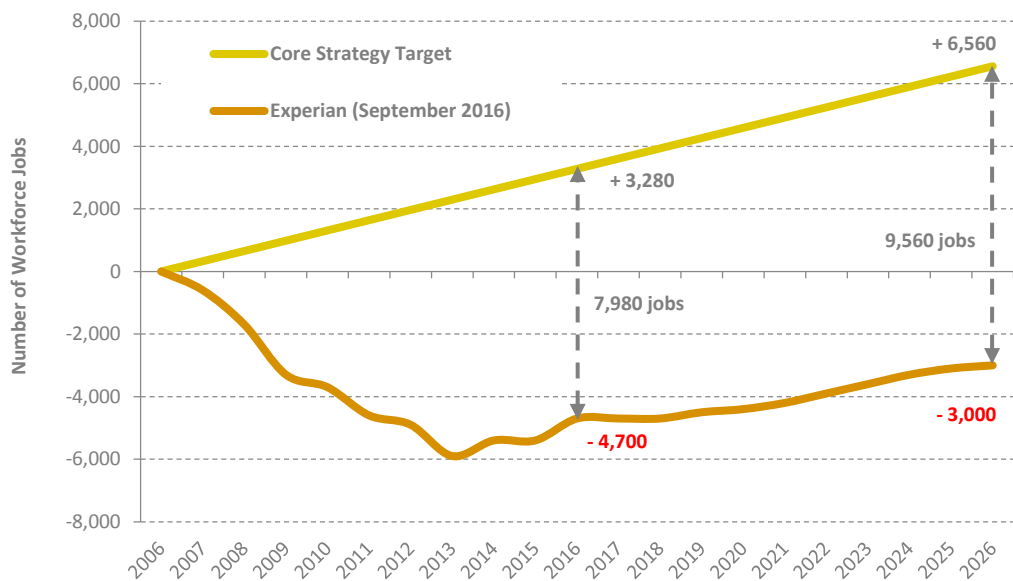
Source: Dover Core Strategy / Experian (September 2016) / Lichfields analysis

2.15   A significant proportion of the recent employment losses in the Dover economy can be attributed to Pfizer's decision to rationalise their operations in 2011, and this had a large knock on impact on reducing the total stock of jobs in the District. Dover District also recorded losses of employment across a wider range of sector activities over this period. This indicates that the economy as a whole struggled to generate growth between 2006 and 2016, which needs to be understood in the context of the period of national economic recession through much of this period. It is clear from the recent growth levels that Dover disproportionately suffered during this recessionary period, with employment growth levels only recovering to pre-recession levels in 2013.

2.16   Looking further back in the time series data for Dover shows that the local economy had actually been registering employment losses prior to the start of the Core Strategy plan

period in 2006, with total workforce jobs reaching a peak at 47,000 in 2002 (Figure 2.6). This suggests that even before the onset of the economic downturn and the **contraction activities by Pfizer, Dover's employment base had been declining, with this** trend effectively accelerating over the more recent period 2006 to 2016. The time series data summarised in Figure 2.6 also shows a trajectory of job growth in the District in the years leading up to 2002.

Figure 2.6   Change in Total Workforce Jobs in Dover District, 1997-2016
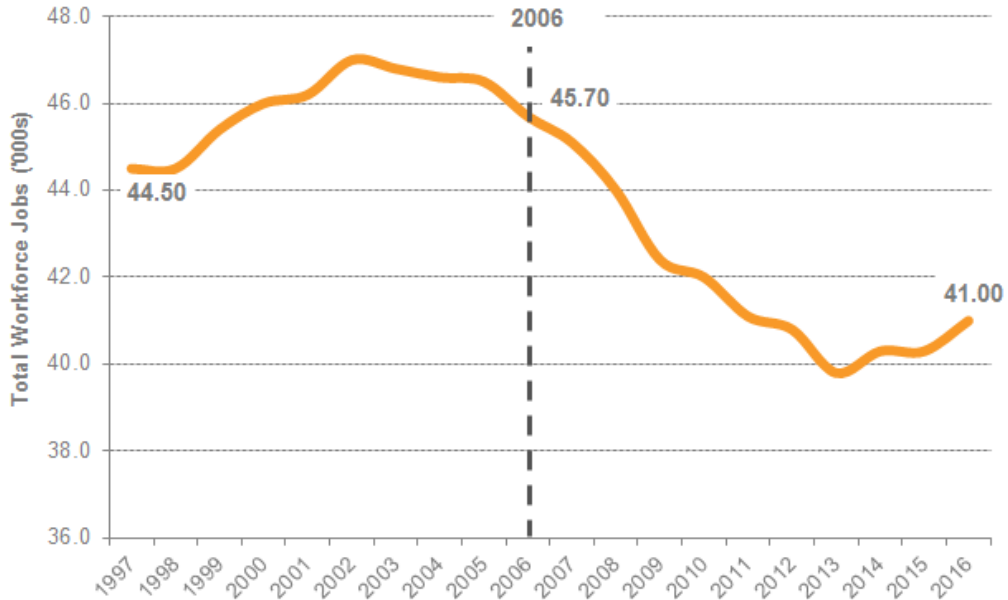
Source: Experian (September 2016) / Lichfields analysis

2.17   The more recent employment decline in Dover District has had the effect of widening the gap between the District and other authority areas in Kent in terms of total **employment base (Figure 2.7). This has left the District's stock of workforce jobs the** smallest in Kent (aside from Gravesham), at the same time that nearby authorities including Canterbury, Ashford, Shepway and Thanet have been recording job growth (Ashford in particular).

Figure 2.7   Workforce Jobs in Dover and East Kent
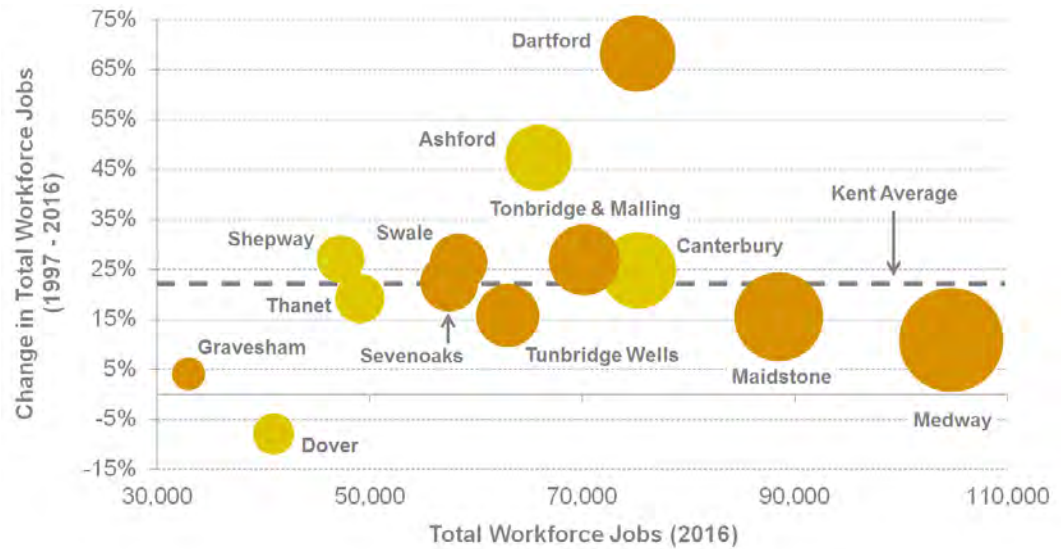
Workforce Productivity

2.18   **The productivity of Dover's workforce can also be measured using the indicator of Gross** Value Added (GVA) generated per job. This indicator suggests that in 2016, workforce productivity in the District was slightly lower than the Kent-wide average but higher than across East Kent as a whole. Indeed, Dover records the second highest GVA per job of all five East Kent local authorities, trailing behind only Canterbury. This reflects the fact that Dover still accommodates a large share of high value sector activities, with a particularly significant concentration clustered at Discovery Park.

2.19   The District has however been the only local authority in East Kent to have recorded a loss in workforce productivity over the first ten years of the Core Strategy plan period (Table 2.2). This is likely to be related to the Pfizer effect and coincides with a gradually eroding employment base as described above.

Table 2.2   Changes in GVA per Workforce Job by East Kent Local Authority, 2006 - 2016

Area	Total GVA (2016)	GVA per Workforce Job		
		2006	2016	Change
Dover	**£1.77bn**	**£45,100**	**£43,200**	**- 4%**
Ashford	£2.74bn	£39,400	£41,600	+ 6%
Canterbury	£3.32bn	£41,900	£44,100	+ 5%
Shepway	£1.99bn	£42,000	£42,100	+ 0%
Thanet	£2.10bn	£41,300	£42,700	+ 4%
East Kent	**-**	**£41,800**	**£42,800**	**+ 2%**
Kent	**-**	**£41,900**	**£43,800**	**+ 4%**

2.20   Against this backdrop, it is useful to consider the degree to which employment losses in the District have aligned with losses in output (GVA) over the first part of the Core Strategy plan period. As illustrated in Figure 2.8, the Dover economy registered a sharp decline in total output levels from 2006 to 2016 in line with identified employment losses in the District, with output levels only really recovering in 2014 as new workforce

jobs began to be created again in the local economy. Figure 2.8 also show**s that Dover's** workforce is expected to become more productive in future.

Figure 2.8   Change in Workforce Jobs and Gross Value Added in Dover, 1997 - 2037
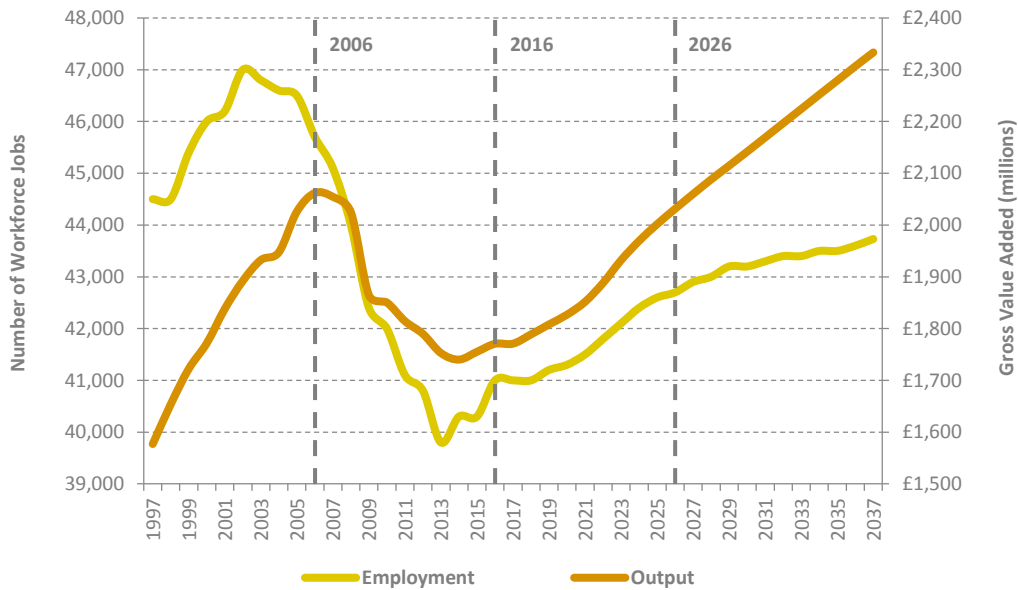
Business Base

2.21   The local business base in Dover is characterised as having a smaller share of micro firms (0 to 9 workers) and a greater share of small-sized firms (10 to 49) compared to the average across East Kent, Kent and the South East. Dover also has a much lower rate of business start-ups compared to the various sub-regional and regional averages, while the share of working-age people that are self-employed is also somewhat lower (Table 2.3).

Table 2.3   Key Characteristics of the Business Base in Dover

Metric		Dover	East Kent	Kent	South East
Number of Enterprises (2010 - 2016)		**17%**	16%	18%	19%
Business Size (2016)	Micro (0 to 9)	**87.6%**	89.1%	89.5%	89.8%
	Small (10 to 49)	**10.5%**	9.1%	8.7%	8.3%
	Medium (50 to 249)	**1.7%**	1.5%	1.5%	1.5%
	Large (More than 250)	**0.2%**	0.3%	0.3%	0.4%
Business Births per 10,000 Working-Age Persons (2014)		**60**	70	83	93
Self-Employment (2015)		**9.6%**	11.2%	11.4%	11.6%

2.22   Despite relatively low business start-up rates in Dover (as a proportion of working-age people), the increase in the stock of enterprises in the District has been somewhat stronger over recent years (Figure 2.9). This may suggest that Dover has performed better in terms of attracting new firms to the local economy, which has helped to boost the local business base in spite of lower levels of new business start-ups.

Figure 2.9   Change in Stock of Enterprises by Kent Local Authority, 2010 - 2016

Dartford 39%
Gravesham 37%
Medway 28%
Canterbury 18%
Tonbridge & Malling 18%
Thanet 17%
Dover 17%
Swale 16%
Shepway 16%
Maidstone 15%
Sevenoaks 15%
Ashford 15%
Tunbridge Wells 14%

Change in Number of Enterprises (2010 - 2016)
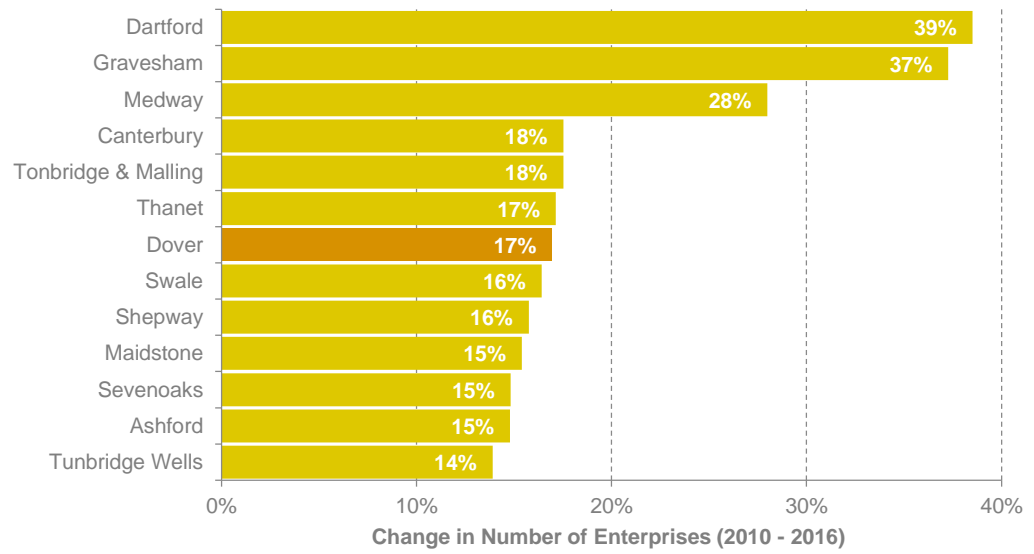
Source: Inter-Departmental Business Register (ONS) / Lichfields analysis

2.23   Drawing on the latest IDBR data, the spatial distribution of businesses in Dover can be illustrated, as shown in Figure 2.10. This highlights the significant concentration of business activity in Dover town and Whitfield within the southern part of the District, whilst smaller business clusters are also located in the settlements of Deal and Sandwich (including at Discovery Park).

Figure 2.10   Spatial Distribution of Businesses by Sector in Dover, 2015
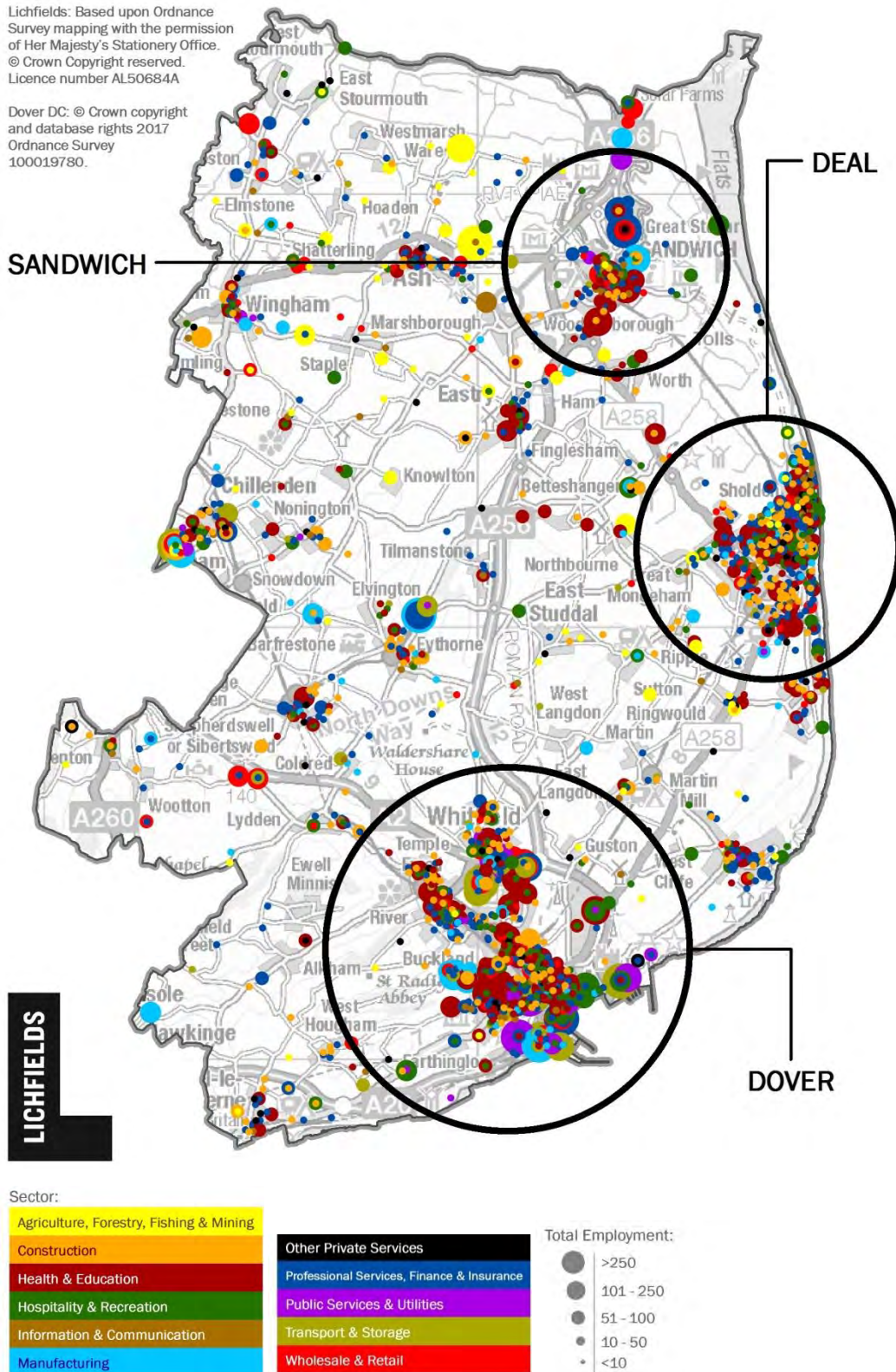
Source: Inter-Departmental Business Register / Lichfields analysis
Note: IDBR data does not record micro businesses that fall under the VAT threshold.

2.24 More detailed maps showing the spatial **distribution of specific sectors in the District's** key settlements are included in Appendix 2. These underline the presence of a mix of sectors in these settlements, with the most significant business clusters found in the town centre areas, supporting a mix of hospitality & recreation and wholesale & retail activities, alongside a range of office-based sectors (e.g. professional services, finance & insurance).

2.25 Outside town centres, other business clusters are found in a number of key employment sites in these settlements, including the Sandwich Industrial Estate, Discovery Park, White Cliffs Business Park and Coombe Valley Road. These sites support a relatively varied mix of sectors, although concentrations of manufacturing activities can be found in Coombe Valley Road and Sandwich Industrial Estate. In Deal, businesses are spread relatively evenly across the settlement but with some notable clusters in the town centre, **at Southwall Road and Minter's Yar**d.

Labour Market

2.26 The Dover labour market is characterised by a lower share of the working-age population being economically active and a higher share claiming out-of-work benefits when compared to the Kent and South East averages. The resident labour force in the District also records a lower level of NVQ4 and above (i.e. higher level) qualification attainment when compared to East Kent, Kent and the South East, which points towards a less highly skilled local workforce in Dover compared to these various regional benchmarks (Table 2.4).

Table 2.4 Key Characteristics of the Labour Market in Dover

Indicator		Dover	East Kent	Kent	South East
Economic Activity Rate (2015/16)		**77%**	77%	79%	81%
Out-of-Work Benefits Claimant Count (September 2016)		**2.0%**	1.7%	1.6%	1.1%
Resident Qualification Level (2015)	NVQ4 and Above	**28%**	30%	34%	40%
	NVQ3 and Above	**47%**	50%	54%	59%
	NVQ2 and Above	**70%**	70%	74%	77%
	NVQ1 and Above	**86%**	84%	87%	89%
	Other or No Qualification	**14%**	16%	13%	11%
Resident Occupation Group (2015/2016)[1]	SOC Major Group 1 - 3	**31%**	41%	45%	49%
	SOC Major Group 4 - 5	**26%**	24%	22%	21%
	SOC Major Group 6 - 7	**26%**	19%	18%	16%
	SOC Major Group 8 - 9	**17%**	16%	15%	14%
Earnings by Residence (2015)		**£498**	£523	£552	£575
Earnings by Workplace (2015)		£506	£470	£504	£552

Source: Annual Population Survey (ONS) / Annual Survey of Hours & Earnings (ONS) / Lichfields analysis
Note: [1] SOC 2010 Major Group 1 - 3 includes managers, directors and senior officials; SOC 2010 Major Group 4 - 5 includes administrative and trade occupations; SOC 2010 Major Group 6 - 7 includes service and sales occupations; and SOC 2010 Major Group 8 - 9 includes machinery, plant & process operatives and elementary occupations.

2.27 The District has however seen improvements in the level of qualification attainment through the first part of the Core Strategy plan period with the share of the working-age population attaining NVQ4 and above qualifications almost doubling from 15% in 2006 to 28% in 2015. During this period, improvements were made to the share of the resident population attaining all qualification levels with the largest gains achieved in NVQ4 and NVQ3 and above qualifications. Linked to this, the share of the working-age **population that have 'other qualifications' or 'no qualifications' fell from 19% in 2006 to** 14% in 2015 (Figure 2.11).

Figure 2.11   Changes in Qualification Attainment Levels in Dover, 2006 - 2015

2.28   This resident skills profile aligns with a smaller share of Dover residents being employed within higher skilled roles represented by SOC Major Group 1 - 3 compared to East Kent, Kent and the South East. A higher share of residents are employed in more rudimentary roles represented by SOC Major Group 6 - 7 and 8 - 9, which includes a range of care, service, sales, process plant, machine operative, and elementary types of occupations. This resident occupation profile for Dover also aligns with average resident earnings which are much lower than the East Kent, Kent and South East benchmarks (Table 2.4).

2.29   However, as shown in Figure 2.12, the District does have a substantially higher level of workplace earnings compared with other local authorities in East Kent, with Dover achieving the highest workplace earnings in the sub-region in 2015 at £506. This **suggests that Dover's economy does offer a reasonable share of higher paid roles**[2], although given the lower levels of resident earnings, it is likely that many of these roles are filled by workers commuting into Dover from elsewhere in the sub-region.

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[2] It is expected that a significant share of these higher paid roles in Dover will be located at Discovery Park in Sandwich, which supports a large cluster of higher value enterprise in such fields as life sciences, pharmaceuticals, biotechnology, science and technology, amongst others.

Figure 2.12   Gross Weekly Earnings (Residence and Workplace) by East Kent Local Authority, 2015
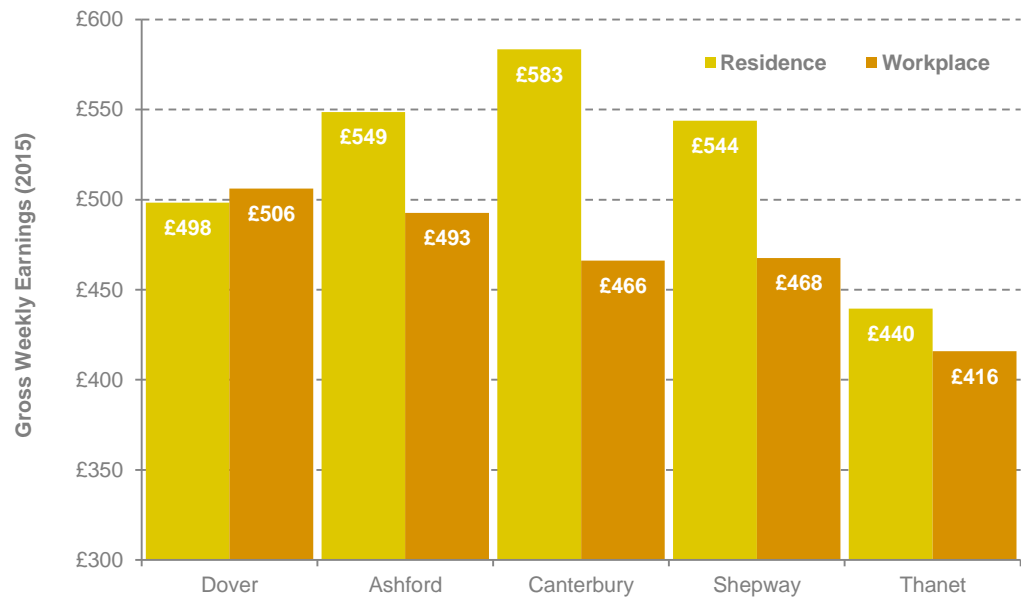
Source: Annual Survey of Hours & Earnings (ONS) / Lichfields analysis

Summary

2.30   Dover has faced a range of economic challenges over recent years which has resulted in a trend of gradual employment decline, particularly during the first ten years of the Core Strategy period. The District has not been able to deliver, to date, the level of growth **identified in the 2010 Core Strategy and there is a great deal of 'catching up' to do over** the next ten years if there is any prospect that the overall job growth target of 6,500 is to be reached.

2.31   However, the District has performed better over recent periods in terms of a number of other key economic issues identified in the Core Strategy, mainly relating to increasing the overall scale of the local business base, rebalancing the previously polarised resident occupation profile, and improving resident skills. Dover does still lag behind regional benchmarks across a number of these indicators, including qualification attainment levels, as summarised in Table 2.5 below.

Table 2.5   Progress towards Addressing Key Economic Issues from the Core Strategy, 2006 - 2016

Core Strategy Economic Issue	Progress	Comment
Total Job Growth	Poor	Recent job losses in Dover contrast with the aspirational level of job growth identified within the Core Strategy.
Productivity	Poor	Although GVA per job remains high compared to other East Kent local authorities, the District was the only local authority in the sub-region to register a decline in overall productivity over this period.
Business Growth	Good	The stock of businesses has been growing, and this has outperformed growth across East Kent as a whole.
Economic Activity	Average	Levels of economic activity in Dover have remained largely unchanged over recent periods, with the existing economic activity rate similar to the East Kent average.
Occupation Profile	Good	Growth in the share of working-age residents in middle tier occupations has helped to rebalance the previously highly polarised occupation profile of the District as identified within the Core Strategy.
Qualification Attainment	Good	Although higher qualification attainment levels remain low in Dover, good progress has been made in boosting the share of working-age residents with qualifications across all levels.

Source: Lichfields analysis

<table>
<tr><td>**3.0**</td><td># Commercial Property Market Signals and Intelligence</td></tr>
</table>

3.1   This section provides an overview of the existing stock of B class employment space in Dover, as well as recent trends and changes to this stock of employment space. It then provides an overview of the commercial property market in Dover, including recent trends in demand and supply. The assessment considers employment space across the three main types of B class use: offices (B1a/B1b), manufacturing (B1c/B2), and warehousing and distribution (B8). It uses data from the following sources:

- Commercial floorspace data from the Valuation Office Agency (VOA);

- Monitoring data on commercial floorspace from Kent County Council;

- Discussions with a number of commercial property agents currently active in the District and wider sub-region (see Appendix 1); and

- Published commercial property databases and reports.

Stock of Employment Space

3.2   Dover contained around 505,000sq.m of B class employment space in 2016, comprising 72% in industrial use (i.e. manufacturing and distribution) and 28% in office use. The total stock of employment space in Dover grew by 3.1% between 2000 and 2016, which compared with a decline of 1.9% across East Kent as a whole, a 0.2% decline across Kent and growth of 2.1% across the South East during this period. As shown in Figure 3.1 below, growth in employment space in Dover has been driven by office floorspace, while the stock of industrial space has declined in overall terms over the last 16 years.

Figure 3.1   Changes in Office and Industrial Space in Dover, 2006 - 2012
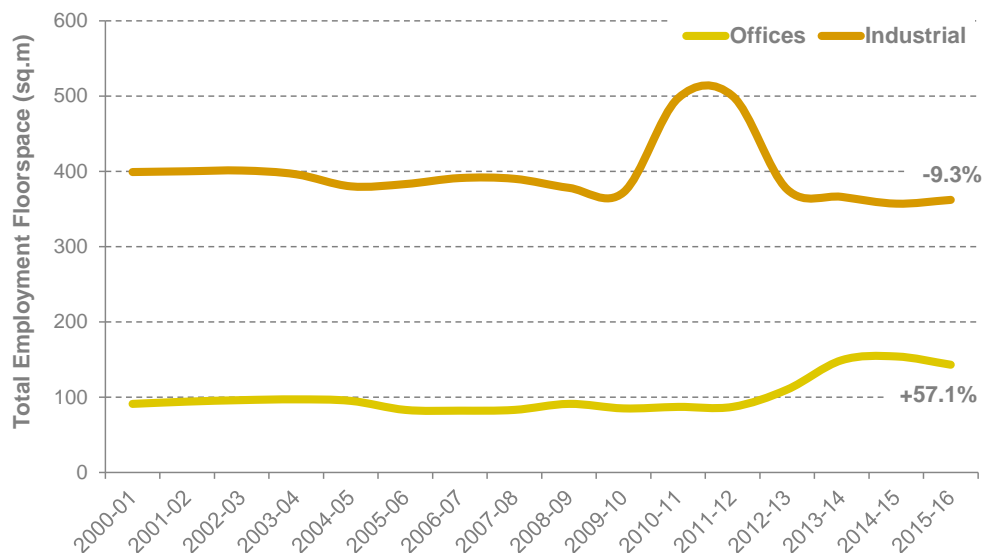
Source: VOA Business Floorspace Data (December 2016) / Lichfields analysis

3.3   The significant rise and then decline in industrial floorspace shown in Figure 3.1 between 2010/11 and 2012/13 is understood to relate to the reclassification by the VOA of floorspace formerly occupied by Pfizer at Discovery Park, and has little overall effect

on the scale of industrial floorspace decline recorded over the 16 year time series. This may also explain the significant recent increase in office floorspace.

3.4   The stock of industrial space in Dover represented the second smallest of the five local authorities in East Kent in 2015/16, with only Shepway recording less industrial floorspace (Figure 3.2). Conversely, Dover's total stock of commercial office space in 2015/16 was the largest within the East Kent sub-region, and 25% larger than the total stock of office space in Ashford and Canterbury. This is likely to reflect the significant concentrations of office floorspace located at Discovery Park to the north of Dover District.

Figure 3.2   Stock of Office and Industrial Space by East Kent Local Authority, 2015/16
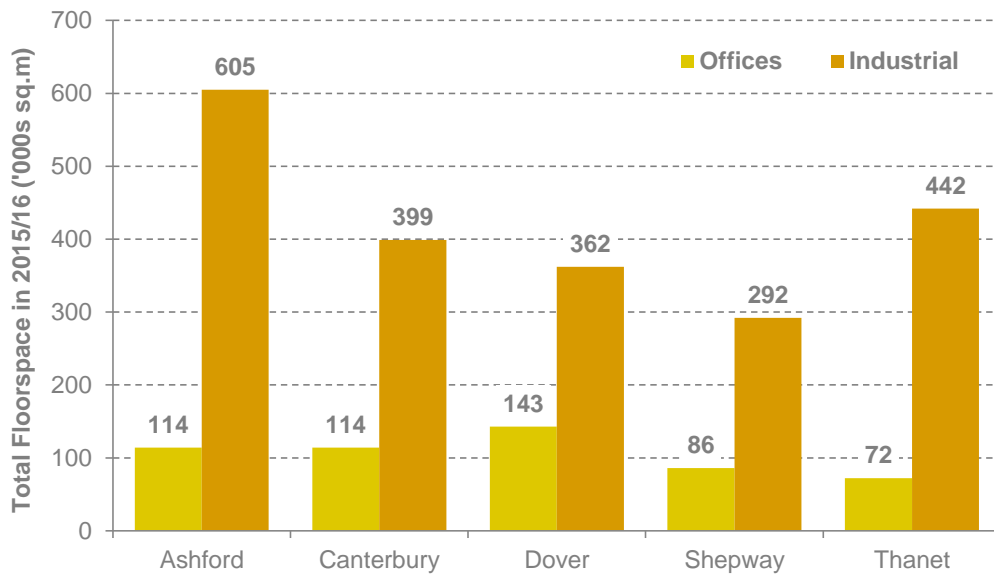
Source: VOA Business Floorspace Data (December 2016) / Lichfields analysis

Spatial Distribution

3.5   The spatial distribution of B class employment space in Dover is illustrated in Figure 3.3 using latest available data from the VOA[3]. This shows that the largest concentration of employment space in the District is found in Dover town, accommodating approximately 37% of all B class employment space in the District in 2010. Office space tends to be found in and around the town centre and to the north of the town at Whitfield/White Cliffs Business Park.

3.6   The town of Sandwich also plays an important role in accommodating the District's employment floorspace, equivalent to just over a quarter (28%) of total floorspace in 2010. Elsewhere, smaller clusters of employment space are located in and around the settlements of Deal, Aylesham and Eythorne, as well as within the more rural areas of the District closer to main road networks.

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[3] VOA business floorspace analysis presented in this section draws upon a number of different VOA datasets – although these have been published at different time periods (2010 and 2016), they have been used because they each provide information in a slightly different, albeit complementary, format. Despite the age of the 2010 data, it has been used because it still represents the most up-to-date comprehensive information available from the VOA on local level business floorspace.

Figure 3.3   Spatial Distribution of Employment Space in Dover, 2010
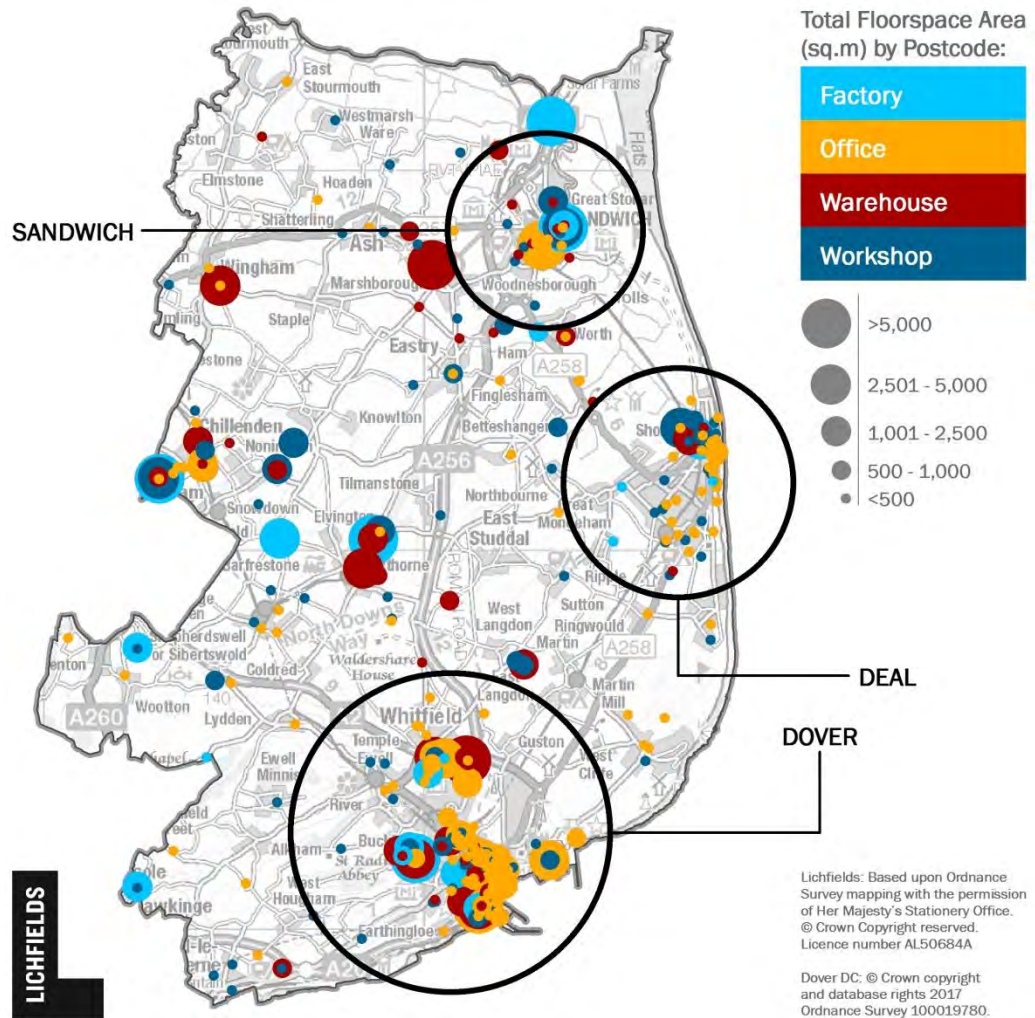
Source: VOA Business Floorspace Data 2010 / Lichfields analysis

Table 3.1   Spatial Distribution of Employment Space in Dover, 2010

Local Area	Offices (B1a/B1b)	Factories & Workshops (B1c/B2)	Warehouses (B8)	Total B Class Employment Space
Dover Town	46%	25%	40%	**37%**
Sandwich	44%	16%	21%	**28%**
Aylesham	3%	15%	16%	**11%**
Deal	5%	10%	4%	**6%**
Eythorne	0%	9%	4%	**4%**
Rest of District	2%	25%	14%	**14%**

Source: VOA Business Floorspace Data 2010 / Lichfields analysis (totals rounded)

3.7   More detailed maps showing the spatial distribution of VOA business floorspace in the District are included in Appendix 3.

3.8   These highlight the strong presence of office space in and around Dover town centre while some large office floorplates are also found in White Cliffs Business Park in the northern part of the town and at the Eastern Docks in the eastern part of the town. The VOA data also indicates that industrial space in Dover town tends to be focused in two main employment areas: White Cliffs Business Park and Coombe Valley in the western

part of the town, with a number of larger factory and warehousing floorplates located in these areas.

3.9   Other key employment areas in the District include Sandwich Industrial Estate and Discovery Park in Sandwich, Aylesham Industrial Estate in Aylesham, Pike Road in **Eythorne and Deal's industrial estates at Southwall Road and Albert Road. These** employment areas support key clusters of B class employment space in Dover, including sizeable office and industrial floorplates.

Historic Development Rates

3.10   Monitoring data provided by Kent County Council covering the period 2005/06 to 2014/15 can be used to provide an overview of the scale and nature of B class development that has occurred within the District over recent years.

Gross Completions

3.11   Over the ten year period 2005/06 to 2014/15, the gross amount of B class employment space developed in Dover equated to around 60,900sq.m, which is equivalent to an annual average gross completion rate of 6,100sq.m.

3.12   The majority of this B class employment space was developed for industrial use (80%), including 46% in factory use (B1c/B2) and 34% in warehouse and distribution use (B8).

3.13   It should be noted that where the monitoring data identifies gross completions of mixed B1, B2 and B8 employment space, this analysis has assumed an even split across these B class uses. In addition, gross completions of B1 space were not disaggregated (into B1a, B1b and B1c) in the data until 2008/09 so this assessment has retrospectively assumed how this B1 space could have been split across B1a, B1b and B1c uses based on the more detailed monitoring data available from 2008/09 to 2014/15.

3.14   As shown in Figure 3.4, the level of new B class development in Dover has fallen over recent periods, following a peak in 2007/08. This single year of development accounted for around one-third of all gross completions in the District between 2005/06 and 2014/15, with the 20,700sq.m of employment space developed in this year representing more than double the rate of gross floorspace completions achieved in any other year of the monitoring period.

Figure 3.4   Gross B Class Employment Space Completions in Dover, 2005/06 - 2014/15
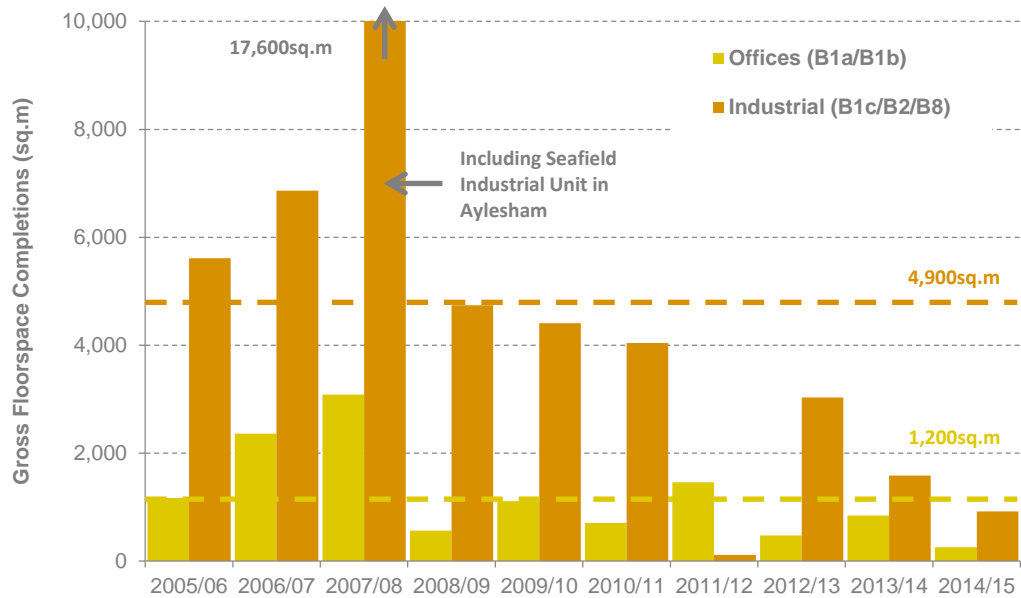
3.15   Across the monitoring period, annual average gross completion rates for industrial space in Dover equated to 4,900sq.m, which was much higher than the annual average gross completion rate of 1,200sq.m for office space.

3.16   Gross completions of industrial space declined year-on-year following the significant year of development in 2007/08 when approximately 17,600sq.m of gross industrial space was completed in the District, including 8,400sq.m of mixed B1, B2 and B8 space at the Seafield Industrial Unit in Aylesham.

3.17   In terms of gross office completions, the most notable years of development were 2006/07 and 2007/08, with more than 2,000sq.m of office space developed in each of these two years, significantly above the annual average over this monitoring period.

Losses of Employment Space

3.18   Losses of B class employment space in the District over the period 2005/06 to 2014/15 equated to around 135,600sq.m, which is equivalent to an annual average loss of 13,600sq.m during this period. This mainly related to office uses (71%), with around 29% of the losses over this monitoring period relating to industrial uses.

3.19   As with gross completions, where the monitoring data identifies losses of employment space that contains multiple B class uses, this assessment has assumed an even split across these B class uses. In addition, this assessment has assumed a breakdown for the B1 space losses recorded in the monitoring data up to 2008/09 in the same way as the analysis of gross completions in the District (see note at paragraph 3.13 above).

3.20   As illustrated in Figure 3.5, the most notable year for losses of employment space in Dover was 2013/14 when almost 80,000sq.m of employment space was reported to be lost to other uses in the District. This year alone equates to around 60% of the total losses of B class employment space recorded in Dover over the monitoring period. This can be attributed to the demolition of several buildings at Discovery Park, which in themselves accounted for the loss of around 69,700sq.m of B1b space (generally comprising redundant, inefficient buildings of a low quality).

Figure 3.5   Losses of B Class Employment Space in Dover, 2005/06 - 2014/15
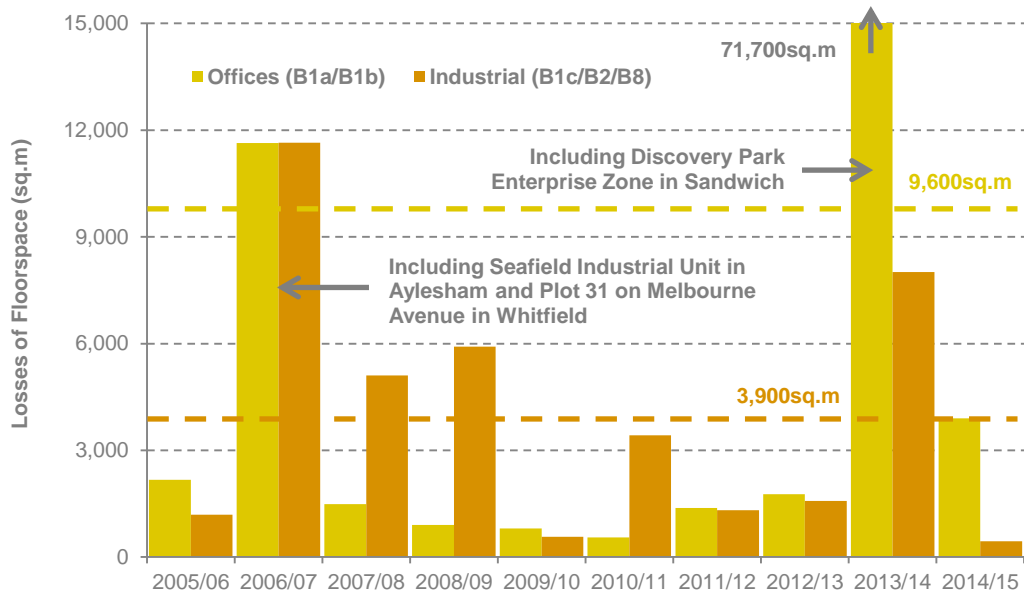
Source: Kent County Council / Dover District Council / Lichfields analysis

Net Completions

3.21   Across the monitoring period as a whole, net completions of B class employment space in Dover were negative, with losses of employment floorspace exceeding gains.

3.22   During this period, the District recorded a net loss of about 74,600sq.m of employment space, which is equivalent to an annual average net loss of 7,500sq.m. This was driven solely by office uses (equivalent to a net loss of 8,400sq.m per year on average), with industrial uses recording a slight net gain in space over the monitoring period, equivalent to 1,000sq.m per year on average (Figure 3.6).

Figure 3.6   Net B Class Employment Space Completions in Dover, 2005/06 - 2014/15
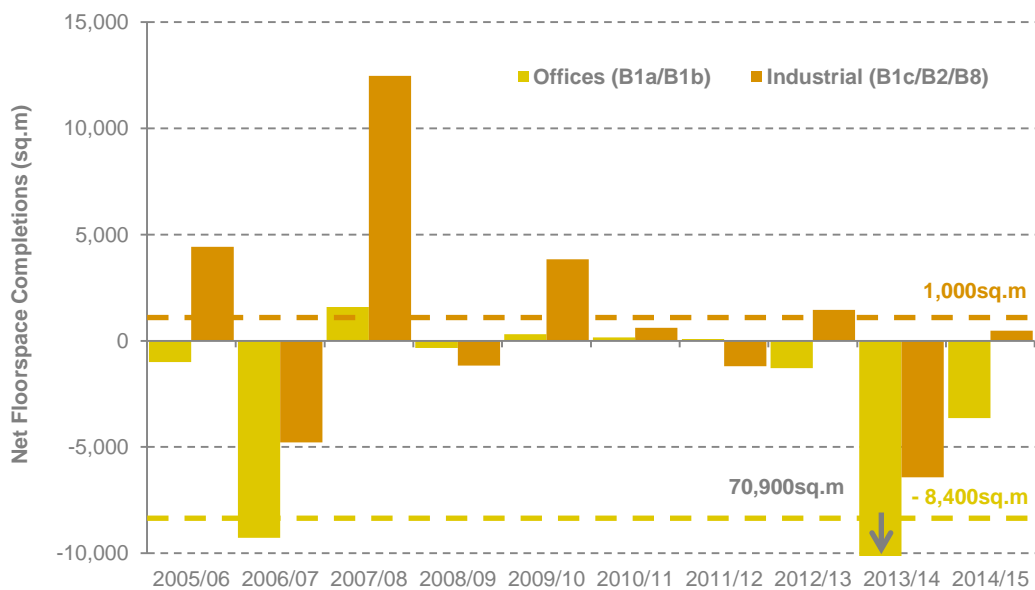
Source: Kent County Council / Dover District Council / Lichfields analysis

3.23   In overall terms, this resulted in an increase in the stock of industrial space and a gradual decline in the stock of office space in Dover over the monitoring period 2005/06 to 2014/15.

Impact of Permitted Development Rights

Office to Residential

3.24   In 2013, the Government introduced Permitted Development Rights (PDR) to consent the change of use from office to residential without the need to obtain planning permission from the local planning authority (LPA). In October 2015, the Government confirmed that temporary PDR would be made permanent. In this context, the effect of the new PDR could be to increase the level of office floorspace losses over and above historic trends recorded in Dover.

3.25   Monitoring data provided by the Council indicates that 9 PDR applications had been implemented in the District between 2013/14 and 2015/16. Although it is not a requirement under the regulations to monitor the scale of office space losses from PDR applications, it is important in planning terms to consider the amount of office space being lost from such applications within the context of overall stock in the local area. Council data estimates that these 9 applications have resulted in the loss of about 1,400sq.m of office space, which is equivalent to approximately 1% of the total office stock in Dover in 2015/16.

3.26   The location of these PDR applications is shown in Figures 3.7 and 3.8. The three largest individual applications comprise the majority of the office space losses that have occurred in Dover through PDR to date, with the following three applications representing about 58% of the office space that has been lost in the District to date:

- 3 Market Square, Dover Town Centre: 410sq.m (30% of PDR losses);

- 60 Castle Street, Dover Town Centre: 200sq.m (15%); and

- West View Farm, Ash: 180sq.m (13%).

Figure 3.7   Location of Implemented Office to Resi PDR Applications (2013-16)
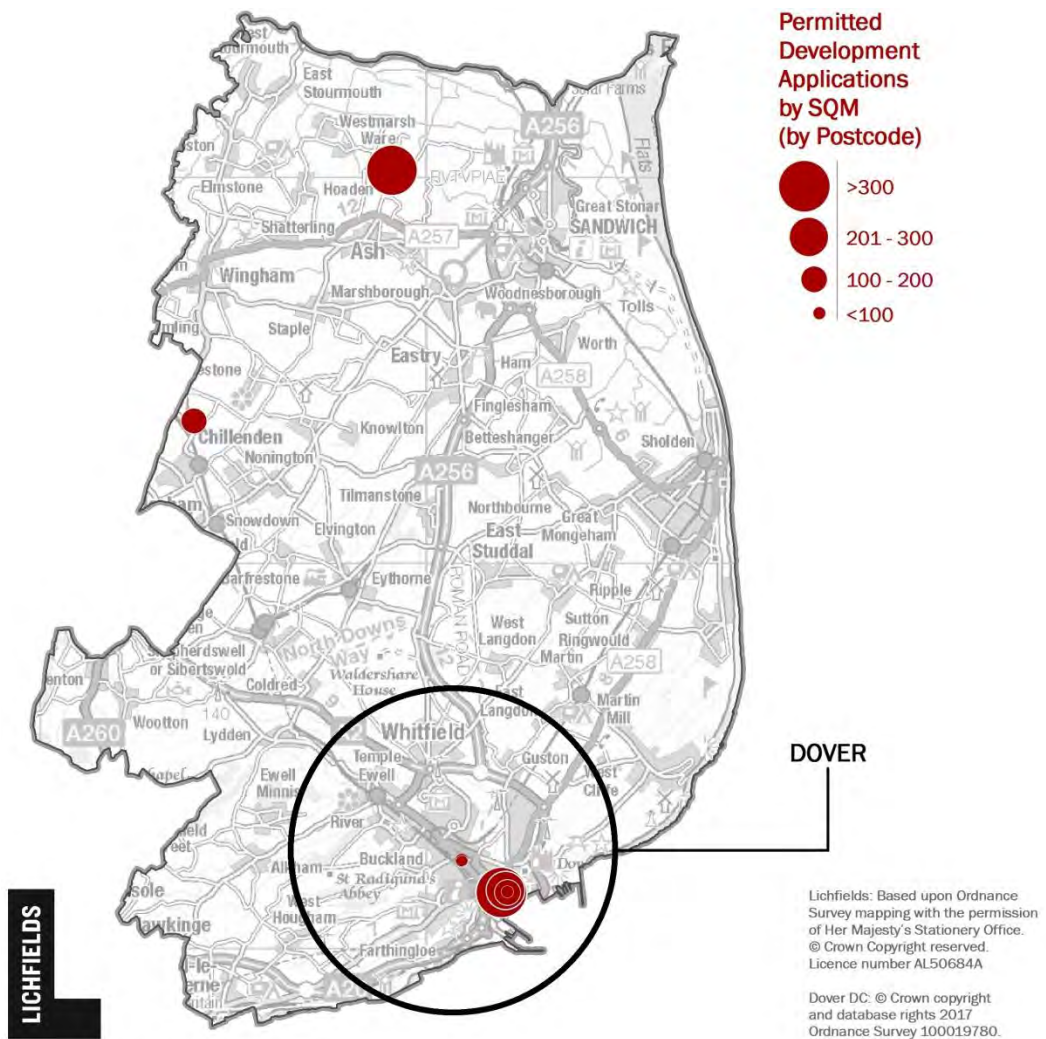
Source: Dover District Council 2016 / Lichfields analysis

Figure 3.8   Location of Dover Town Centre Implemented Office to Resi PDR Applications (2013-16)

Source: Dover District Council 2016 / Lichfields analysis

3.27   Given that the largest office space that has been lost through PDR so far in Dover is 400sq.m at 3 Market Square in Dover town centre, the monitoring data suggests that the implementation of PDR applications in the District has so far only related to small office units. 5 of the 9 implemented applications have been in Dover town centre, with these conversions representing around 62% of the total office space lost from implemented PDR applications. Outside the town centre, the remaining PDR applications have mostly been implemented in more rural locations (e.g. Ash and Aylesham).

3.28   The introduction of PDR is expected to have a significant effect on the supply of office space in local authorities across the UK, but particularly for those local authorities with the highest residential land values and pressure on lower value uses. Although the effect of PDR on the provision of office space in Dover appears to be relatively insignificant to date, it is important that the Council carefully monitors any future loss of office space to determine whether additional provision becomes necessary over and above the scale of future requirements set out in Section 5.0.

Light Industrial to Residential

3.29   In March 2016, the Government announced that a new PDR will be introduced in October 2017 to allow the change of use from light industrial (Class B1c) to residential. This will be restricted to buildings with an existing gross floor space of 500sq.m and will initially operate for a temporary three-year period (to 2020).

3.30   Based on market intelligence gathered as part of this study (presented below), it is considered that the forthcoming B1c PDR has the potential to have more of an impact upon the stock of employment space in Dover, given the more buoyant state of the local **industrial market and existing pressure on the District's industrial stock (even though this** is larger than Dover's office stock). The effect of this policy should therefore be closely monitored by the Council from October 2017.

Market Geography

3.31   **The District's** commercial property market is diverse and is mainly centred upon Dover town, Discovery Park in Sandwich, with the smaller settlements of Deal and Aylesham playing a less significant role. The main focus in commercial property market terms is industrial, facilitated by the presence of the A2 and links with the strategic road network that this provides.

3.32   **Dover's commercial property market is largely localised, heavily reliant on a relatively** large base of SMEs and characterised by very few sizable occupiers and market transactions. This can partl**y be explained by the District's geographical location and** proximity to larger, more established centres within the wider East Kent sub-region including Canterbury and Ashford, both of which have larger, stronger commercial property markets. Local property agents note that there is very little overlap in property market terms between **the District's settlements** and other commercial centres in the sub-region, resulting in a relatively self-contained commercial property market. This means that nearly all of the demand for office and industrial space comes from the churn of existing firms with very few enquiries received by agents from firms located outside the District.

3.33   Within the District, the key settlements of Dover town, Sandwich, Deal and Aylesham tend to operate in relative isolation, offering their own unique market appeal and property offer. The Enterprise Zone at Discovery Park in particular is reported to operate within a completely separate occupier market to any other part of the District (including Dover town), with Discovery Park just as likely to attract businesses from outside the region or country than it is to attract occupiers from elsewhere in Dover District, due to the type of office and research space and product offered at Discovery Park which distinguishes it from elsewhere in the District. Demand for employment space in Dover town is comparatively more localised. For this reason, Discovery Park is considered to be a fairly autonomous entity with limited influence upon the rest of the District, with demand for space at Discovery Park largely seen to be 'net additional' to the local market.

3.34   Aside from Discovery Park, White Cliffs Business Park in Whifield was noted by property market agents to be the premier business location in the District, benefitting from its location alongside the A2 and the excellent strategic accessibility this provides. The business park has also historically offered land for new development, and accommodates some of the newest business space in the District which is more likely to be attractive to occupiers, as well as a better provision of car parking than other locations in Dover town.

3.35   In contrast, Dover town centre is considered to offer a less attractive location for businesses, with poor accessibility representing a key issue alongside the relatively low quality of public realm, older business accommodation and facilities on offer. These issues also apply to the Coombe Valley business area to the north west of Dover town which is considered by local agents to represent a secondary employment location (behind White Cliffs).

3.36   Elsewhere, Aylesham was regarded by agents to represent a reasonable location for small-scale business and employment development given its good access to the A2 and proximity to Canterbury, with the settlement effectively operating within a greater Canterbury commercial property market (providing a cost effective alternative to Canterbury City), with limited overlap with Dover town.

3.37   The small towns of Sandwich and Deal accommodate relatively small stocks of employment space, therefore resulting in limited market activity or churn. They attract low levels of occupier demand and tend to operate within a relatively isolated and self-serving commercial property market. The introduction of high speed rail connections to the two towns over the last few years has enhanced connectivity to this northern part of Dover District, but is considered to have had a limited impact upon demand for commercial development and space.

Market Segments

Industrial

3.38   Dover District is generally perceived as a good industrial location, benefiting from good transport links (notably the A2 transport corridor) good supply of skilled local labour and historically a good supply of land for new development (including at the White Cliffs Business Park allocation). As noted above, industrial uses (B1c, B2 and B8) account for the majority of demand for business space within Dover, with office (B1a) demand tending to focus upon more established, higher profile locations nearby such as Canterbury and Ashford (the key exception to this being the Discovery Park Enterprise **Zone). All of the District's main settlements accommodate at least one industrial estate** and these are reported to be generally well occupied.

3.39   Demand for warehousing space has outpaced demand for more traditional industrial stock reflecting a wider structural shift in the economy away from production towards services. The area is not regarded as a strategic distribution location, and as a result industrial demand tends to be restricted to smaller size categories (generally no more than 1,000sq.ft with a flexible layout) and from local firms that already operate within the area either looking to expand or relocate. Requirements for larger industrial premises are reported to be rarely received by local agents, with very few examples of inward investment coming into the area in recent years. Warehouse/distribution occupiers are generally more footloose than manufacturing occupiers who tend to be based within particular locations due to historical and workforce reasons.

3.40   Commercial development activity is reported to have been very limited in recent years, during which time demand has increased. As a result, supply has continued to tighten, leading to high levels of occupation and low levels of vacancy across all locations in the District, despite occupiers often being restricted to poor quality built stock in need of refurbishment. There is a perception amongst local commercial agents that occupier activity is being constrained by a lack of industrial supply, and that latent, unsatisfied demand exists in the local market.

3.41   Despite the buoyant nature of the industrial property market and reasonably strong local occupier demand, market agents noted that the relative values between the cost of land and development and achievable rents/values are currently insufficient for speculative development to occur, and that this is unlikely to change over the short term which is likely to place further pressure on existing industrial supply. It should be noted **that this position is not unique to Dover; this 'viability gap' represents a key barrier to** new development across many parts of the wider South East and East Kent in particular,

especially within more economically marginal locations and outside of the strongest performing commercial locations.

3.42   Table 3.2 illustrates typical asking rents for industrial and office space within Dover and nearby locations, with Dover locations generally offering a cost advantage with regards to both types of commercial property.

Table 3.2   Industrial & Office Rents

Location	Industrial	Offices
	(£ / sqft)	(£ / sqft)
Coombe Valley	£5	n/a
Whitfield/White Cliffs	£6	£9.50 - £11
Dover town centre	n/a	£4.50 - £6
Discovery Park	n/a	£20
Sandwich town	£6	n/a
Deal	£6	£11
Aylesham	£3.50 - £4	n/a
Rural conversions	£8 - £10	£10 - £12
Canterbury	£6	£12 - £14
Folkestone	£5	£6 - £7
Ashford	£5 - £7	£9 - £16
Ramsgate	£5	£6 - £7

Source: Colliers Rents Map 2016 / EGi Property Link / Discussions with local agents

3.43   Figure 3.9 shows that Dover offers competitive industrial rents compared with adjoining/nearby Ashford and Canterbury, but is comparable with Folkestone and Thanet locations.

Figure 3.9   Typical Industrial Rents in Kent
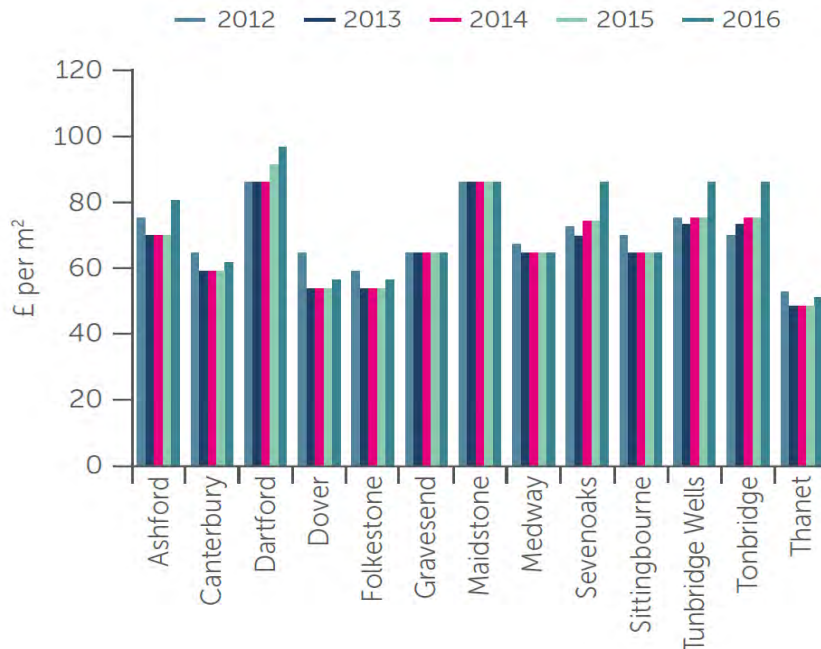
Source: Locate in Kent (2016 Kent Property Market Report)

3.44   Whitfield represents the premier industrial location in the District, given its excellent access from the A2, good car parking provision and theoretical availability of land for development/expansion. Whitfield captures the majority of demand for industrial space

in Dover town, and commands the highest rental levels (Table 3.2). It also accommodates some of the newest industrial stock in the District, predominately along Honeywood Road.

Offices

3.45　The office market in Dover is weaker than the industrial market, with Dover town and Discovery Park representing the only recognised office centres or notable concentrations of office stock. As noted above, these two locations offer very different office products and cater for different segments of the office occupier market. Within Dover town itself, the out-of-town office market (most notably at White Cliffs Business Park) is currently regarded as the premier market segment, with key benefits such as car parking provision enhancing its appeal over the town centre which is reported to suffer from transport and accessibility constraints.

3.46　**Echoing the industrial market, the District's office market** can generally be regarded as self-contained, with little overlap or movement of firms between settlements in the District, and with other commercial centres in the wider sub-region (such as Folkestone, Ramsgate and Canterbury). The only exception to this trend is the occasional relocation of office occupiers from poorer quality, older office stock in Dover town to newer stock at Discovery Park.

3.47　The limited levels of demand are from a mix of office-based sectors but mainly driven by professional services firms and the wider service sector. Dover port generates some demand and activity within the local office market although this is reported to be limited. Requirements generally do not exceed 1,000-2,000sq.ft, with larger enquires generally having to be accommodated within other larger commercial centres in East Kent such as Ashford and Canterbury.

3.48　The key challenge in the current market is a reported lack of good quality office accommodation within the District (particularly within Dover town) coupled with a lack of recent office development. Echoing the situation in the industrial market, viability remains a key barrier to new office development, with achievable rents currently lagging behind those required to enable new development. Agents also cite difficulties with regards to lease terms, covenant strength and willingness to pay a premium for new, higher quality space.

3.49　To an extent, it is difficult to identify the true scale of demand for office space in the local market given the lack of modern, good quality office space particularly within Dover town. Over the short term, occupiers are reported to be willing to compromise on quality of space, although this may change in the future as they become increasingly frustrated by the lack of a quality office provision offer. Indeed, local agents report examples of office occupiers relocating from Dover town to Discovery Park to be able to secure high quality space, albeit this trend is not particularly pronounced.

3.50　Table 3.2 above illustrates the typical range in asking rents for office space in Dover and comparator locations. This shows **that with the key exception of Discovery Park, Dover's** office space offers a cost advantage over other nearby locations, particularly Canterbury and Ashford. This is echoed within the most recent market intelligence published by Locate in Kent (as summarised in Figure 3.10 below).

Figure 3.10   Typical Office Rents in Kent
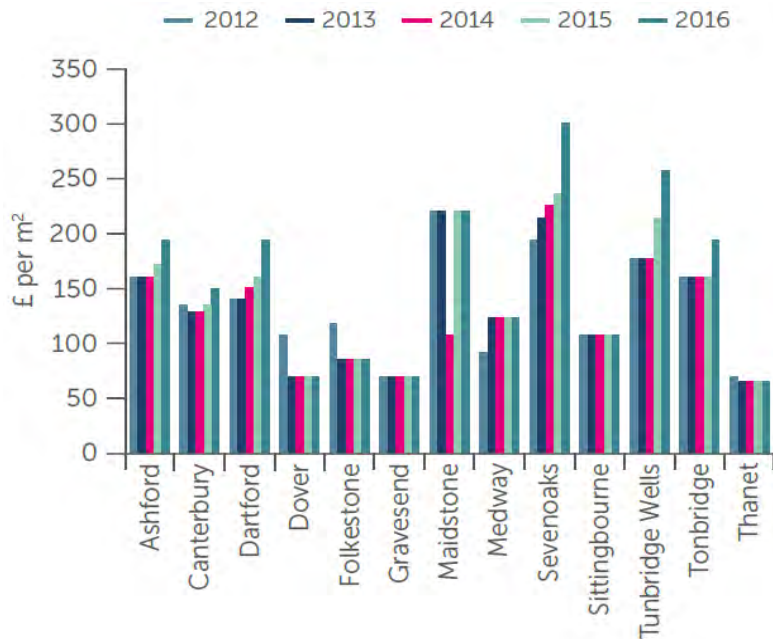
Source: Locate in Kent (2016 Kent Property Market Report)

3.51   The recent introduction of Permitted Development Rights (PDR) for change of use from office to residential is reported to have so far had a limited impact upon the office market in Dover. To date, the office space that has been lost is considered to have been poorer quality and obsolete stock (for example above retail units in Dover town centre and converted terraced buildings in and around Castle Street), and generally not fit-for-**purpose with regards to the type of office space in demand from the town's occupiers.** Dover District Council will need to carefully monitor any future losses to consider whether measures should be put in place to protect this space or plan for additional provision, particularly if better quality provision becomes at risk in future.

Rural Employment Space

3.52   The rural areas of Dover District also accommodate provision of employment space. This takes the form of purpose built, stand-alone business parks (such as Hammill Business Park, near Sandwich), industrial estates and converted rural premises/barns. These sites accommodate a range of sectors and industries but generally B1 and light industrial uses.

3.53   Demand for rural employment space in Dover District is reported to be steady, with continued growth of this type of premises considered inevitable to meet the needs of what is essentially a local market consisting of rural businesses which operate in the area. These premises can also play an important role in providing affordable workspace and retaining home based businesses within the local community. However, many rurally located employment sites throughout the District have poor access to strategic routes such as the A2 and market feedback indicates that the viability of some of these sites for future B class development is questionable due to their peripheral location and more limited demand outside of key centres.

3.54   Many rural businesses face particular challenges to continued economic growth and prosperity, including poor infrastructure and access to facilities (such as high speed broadband), low density of firms leading to a poorer choice of local employment

opportunities for rural residents, and limited access to affordable housing for employees in many areas. The availability of broadband (explored in more detail below) and good access is essential to ensuring the growth and expansion of the local rural economy and should continue to be recognised by relevant planning policy in the District.

Provision for Small Firms/Start-ups

3.55   In contrast to the relatively low levels of market demand and activity associated with the general office market across Dover District, local commercial agents report increasing demand for small scale, flexible forms of workspace to cater for SME and start-up firms, such as serviced offices. There are a few examples of existing provision of this type in Dover such as the Dover Innovation Centre in Coombe Valley which provides a total of 85,000sq.ft of newly refurbished office, workshop and warehousing space, flexible easy in/out office space at Discovery Park and the refurbished Betteshanger Colliery administrative headquarters **which offers** 'easy-in easy-**out' office premises for start**-ups and SMEs on flexible terms.

3.56   Whilst there is inevitably always an element of churn within this type of flexible premises, the development of additional serviced office space in Dover District of a good quality was considered by local property market stakeholders to be particularly important to meeting future demand in the market, which is expected to be largely driven by SMEs over the coming years.

Summary

3.57   The key points in terms of commercial property market trends and dynamics in Dover can be summarised as follows:

- **Dover's employment floorspace is dominated by industrial uses, with the total stock** having grown by just over 3% between 2000 and 2016 (higher than across Kent as a whole). This growth has been driven by an increase in office floorspace, while the stock of industrial space has declined in overall terms.

- The largest clusters of B class employment space can be found in and around Dover town and Sandwich. Elsewhere, smaller clusters of employment space are located in and around the settlements of Deal, Aylesham and Eythorne, as well as within the more rural areas of the District.

- The main focus **of the District's** commercial property market is industrial, facilitated by the presence of the A2 and links with the strategic road network that this provides. It is largely localised, heavily reliant on a relatively large base of SMEs and characterised by very few sizable occupiers and market transactions.

- The District is generally perceived as a good industrial location, although commercial development activity is reported to have been very limited in recent years, resulting in a tight supply and a perception that occupier activity is being constrained by a lack of industrial supply, and that latent, unsatisfied demand exists in the local market.

- The office market in Dover is weaker than the industrial market, with Dover town and Discovery Park representing the only recognised office centres or notable concentrations of office stock. It is also relatively self-contained and characterised by smaller scale requirements from largely local occupiers. The key challenge in the current market is a reported lack of good quality office accommodation within the District coupled with a lack of recent office development.

4.0   Functional Economic Market Area

4.1   This section summarises the various Functional Economic Market Areas (FEMAs) that operate across Dover and the wider sub-region in order to provide an understanding of the various economic relationships, linkages and flows which characterise the sub-regional economy.

Rationale

4.2   **When planning for economic growth, the Government's Planning Practice Guidance** (PPG) states that economic needs should be assessed in relation to relevant FEMAs, that is, the spatial level at which local economies and markets actually operate. In most cases, these will extend beyond existing administrative boundaries such as local authority boundaries.

4.3   The PPG recognises that no single source of data is comprehensive in identifying appropriate assessment areas, and highlights a number of factors to be considered when assessing and defining relevant FEMAs[4], including travel to work areas, housing market areas, service markets for consumers and transport networks. In order to define a FEMA for Dover, a number of these key market and catchment areas are considered, to allow the key drivers and dynamics that impact on the local economy to be identified and further assessed. These themes are considered in turn below.

Labour Market Areas

4.4   The latest commuting flows data from the 2011 Census can be used to define Travel to Work Areas (TTWAs) in order to consider the relationship between where people live and where they work.

Commuting Flows

4.5   Commuting patterns to and from Dover can be analysed using the latest travel-to-work flow data from the 2011 Census and Table 4.1 and Figure 4.1 below summarise a number of key commuting indicators for Dover.

4.6   In 2011, a total of **16,871** working residents in Dover commuted outside the District for their employment, mainly to the adjoining and nearby areas of **Canterbury, Shepway, Thanet and Ashford. At the same time, 9,977 workers commuted into the District for work, mainly from** the same four East Kent local authority areas.

4.7   On this basis, Dover is characterised as a net exporter of labour, with a net outflow of **6,894** workers at the time of the 2011 Census. The self-containment rate for Dover (i.e. the share of working residents who also work within the District) was 66.7% (Table 4.1).

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[4] PPG Paragraph 012 Reference ID: 2a-012-20140306

Table 4.1   2011 Commuting Data for Dover

Indicator	Dover
Total working residents[†]	50,716
Total workplace workers*	43,822
Live and work in authority*	33,845
Resident self-containment rate*	66.7%
Out-commuting workers[¥]	16,871
Top out-commuting destinations	Canterbury, Shepway, Thanet, Ashford
In-commuting workers	9,977
Top in-commuting destinations	Thanet, Shepway, Canterbury, Ashford
Net out-flow of workers	6,894

Source: 2011 Census / Lichfields analysis
† Includes those that work mainly at or from home, at an offshore installation, outside the UK, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce)
* Includes those Dover residents that work mainly at or from home, at an offshore installation, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce)
¥ Includes those Dover residents that work outside the UK (in line with ONS guidance on defining resident and workplace workforce)

Figure 4.1   Travel-to-Work Flows for Dover, 2011
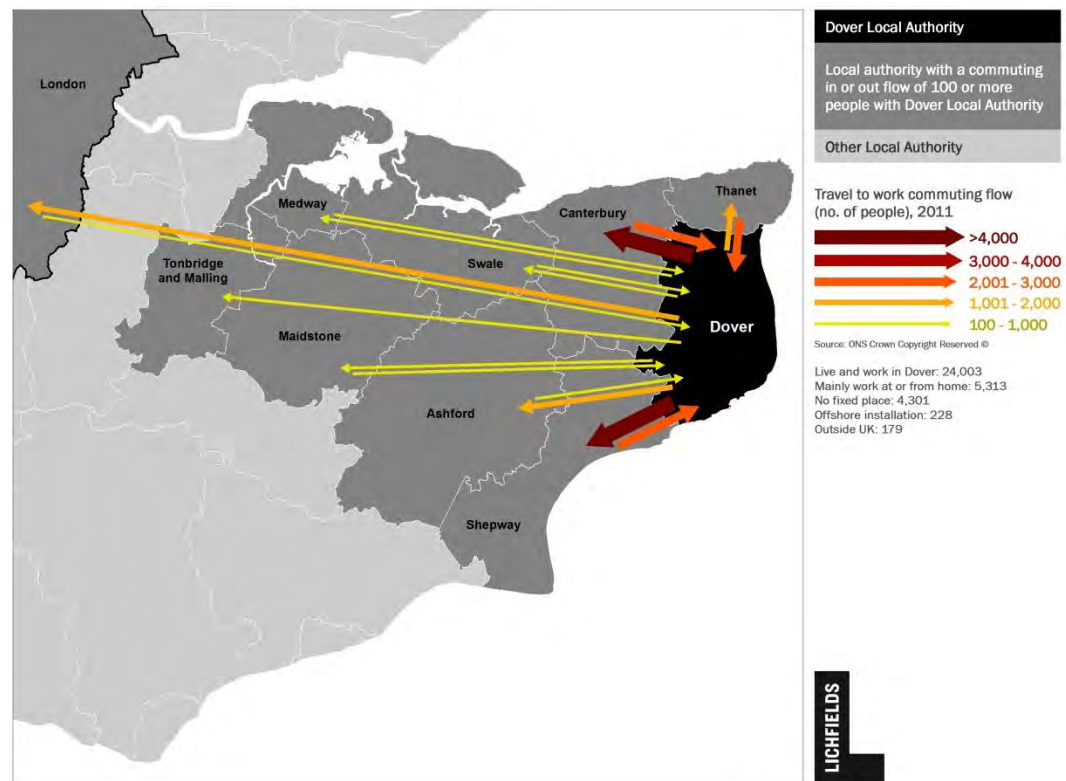
Source: 2011 Census (ONS) / Lichfields analysis

4.8   Between 2001 and 2011, the District changed from being broadly balanced in terms of the number of workers entering and exiting Dover for their employment into a substantial net exporter of labour. This shift was due to both an increase in out-commuting workers from the District and a decrease in in-commuting workers into the District. The increase in the flow of out-commuters from the District reduced the level of self-containment for Dover during the ten year period between the 2001 and 2011 Census.

4.9 Within the wider East Kent sub-region, Dover plays an important role as a net exporter of labour to other economic centres, in particular to Canterbury and Ashford. Figure 4.2 shows that Thanet and Shepway are also net exporters of labour when considered within a single 'East Kent labour market area', albeit to a lesser extent than Dover. Figure 4.2 also illustrates an east-west split in terms of the labour profile of individual authorities, with the larger centres of Ashford and Canterbury 'drawing in' strong flows of East Kent commuters at the expense of the eastern coastal authorities.

Figure 4.2   East Kent Internal Commuting Flows
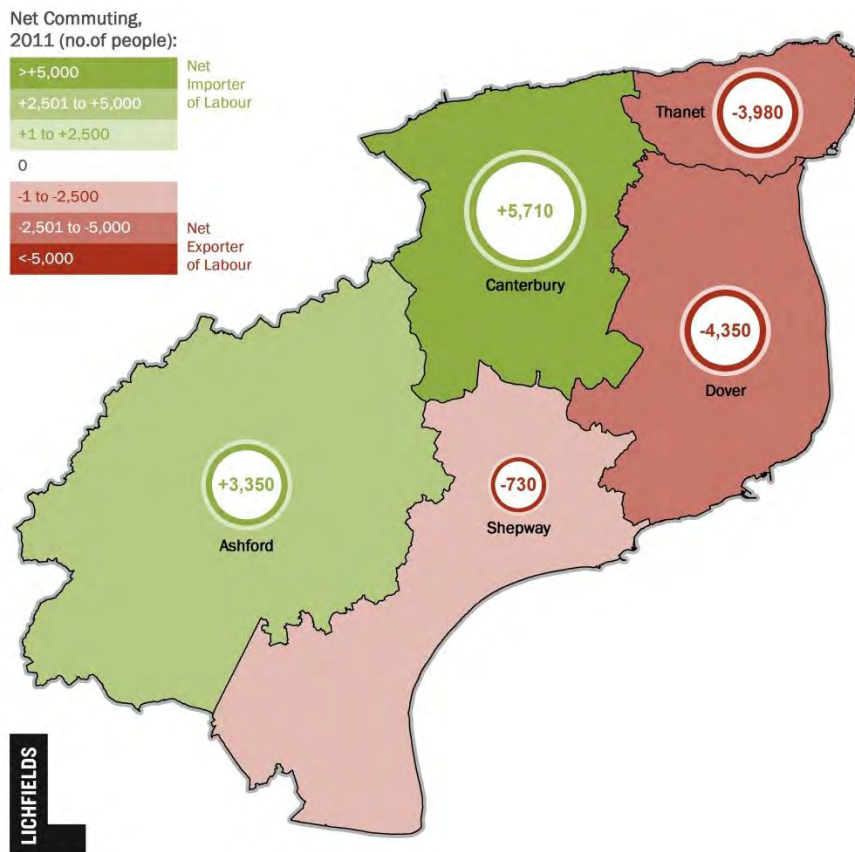
Source: 2011 Census (ONS) / Lichfields analysis

ONS Travel to Work Areas

4.10 The Office for National Statistics (ONS) defines labour market areas as those areas where the majority of the resident population also works in the same area. Defining labour market areas requires analysis of commuting flows data to identify the Travel to Work Areas (TTWAs) of a local economy. The standard definition of TTWAs offered by the ONS is that they are the area from which at least 75% of an area's resident workforce is employed, and at least 75% of the people who work in the area also reside. The area must also have a working population of at least 3,500.

4.11 TTWAs represent the area from which local businesses are most likely to recruit their employees, while key strategic routes have the ability to extend these TTWAs well beyond the immediate sub-region.

4.12 In 2015, the ONS used 2011 Census data on home and work addresses to define 228 TTWAs that covers the whole of the UK. This assessment identified a Folkestone and Dover TTWA that includes the southern part of Dover, a Canterbury TTWA that

includes northern and western parts of Dover, and a Margate and Ramsgate TTWA that includes northern, eastern and central parts of Dover (Figure 4.3).

Figure 4.3   Dover Travel to Work Areas, 2011
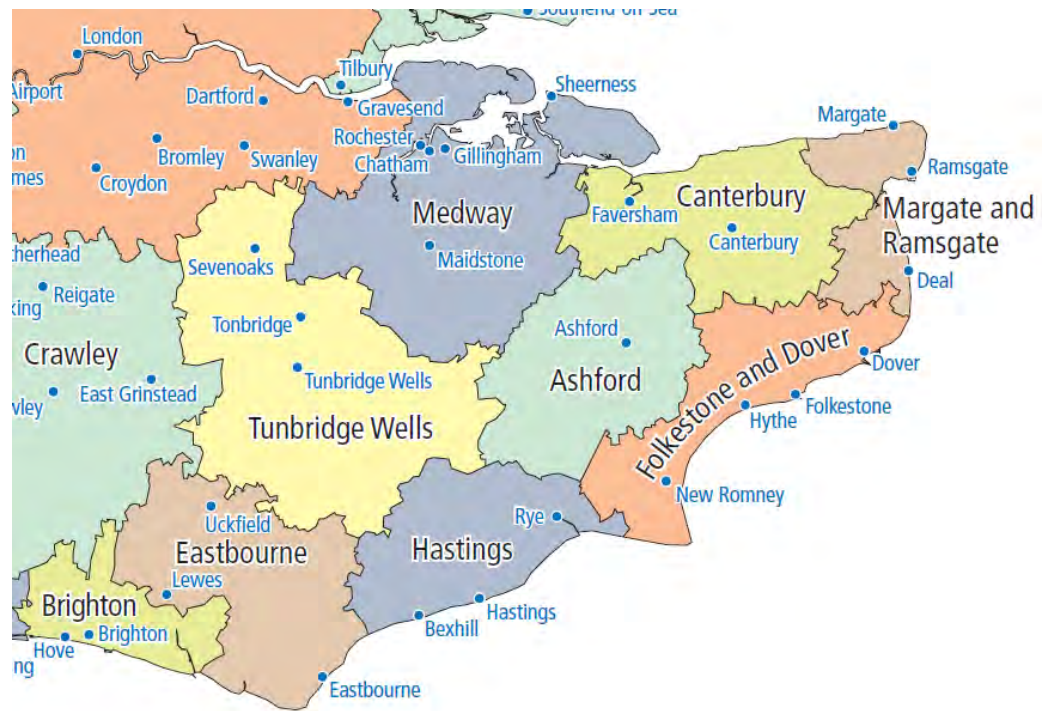
Source: ONS - Based on 2011 Census commuting data

4.13   This highlights a number of significant economic relationships that Dover shares with nearby authority areas in labour market terms, with no one TTWA dominating. Residents within different parts of the District look to different economic centres in the sub-region for their employment, whether this be Canterbury, Margate, Ramsgate, Dover town or Folkestone.

4.14   A comparison of the 2011 based ONS TTWAs with the equivalent analysis prepared using 2001 Census commuting data (Figure 4.4) identifies quite significant change in the extent of the TTWAs covering Dover District across the ten years. This include a more marked change in the spatial reach of the Folkestone TTWA (which now extends much further north east into Dover District than in 2001) and the Margate and Ramsgate TTWA (which now extends further south into Dover, taking in Deal) and the **removal of a 'Dover TTWA' in its own right from the labour market geography (Figure 4.3).**

Figure 4.4   Dover Travel to Work Areas, 2001

Source: ONS - Based on 2001 Census commuting data

Housing Market Areas

4.15   Housing market areas are a useful input to the process of considering the spatial extent of FEMAs due to the influence they have upon travel-to-work and labour market flows. Close relationships typically occur between the boundaries of sub-regional housing markets and sub-regional labour markets (generally referred to as Travel to Work Areas as explored above). Unless resident workers are taking up a job in another location outside an acceptable journey time, they are likely to look for somewhere to live within the same travel to work area if they move house.

4.16   The PPG defines a housing market area as:

"a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap." (PPG para 010)

4.17   Dover District Council and Shepway District Council jointly commissioned Peter Brett Associates to prepare separate Strategic Housing Market Assessments (SHMAs) and these analysed a range of economic and housing market indicators to define a Housing Market Area (HMA) for both Districts. The Dover SHMA study drew the following conclusions with regards to the definition of HMAs:

"The possible Shepway HMA is reasonably non contentious. To the west, the HMA is soundly defined; to the north, Ashford does not consider Shepway as part of their HMA (although as with any HMA there are cross boundary links). The strongest Shepway flows and links are with nearby Dover and Dover district.

Placing Dover district is more challenging; especially with Thanet being surrounded by the sea on three sides which means that any mathematical self-containment will always improve with Dover and Canterbury included. But looking in detail at Dover and the Dover towns as a whole Dover is better placed with Shepway; recognising the links between Dover and Folkestone towns. But in the north for the district a pragmatic approach is needed to ensure need is not addressed, regardless of difference of opinion re the HMA boundary." (Dover District Council Strategic Housing Market Assessment, February 2017)

4.18   This indicates that from a housing market perspective, Dover shares strong economic linkages with adjoining Shepway District and to a lesser extent with Thanet to the north. Housing market relationships are comparatively weaker with other parts of East Kent.

Commercial Property Market Areas

4.19   Commercial property market intelligence represents a key element to defining FEMAs as the geographical extent of markets can be defined by the location of customers, supply chains, competitors (including competing employment schemes) and enquiries, as well as the proximity to key transport infrastructure.

4.20   Much of the activity occurring within a commercial property market represents the **gradual churn of occupiers, as a company's location can often be largely dictated by the** need to be easily accessible to where the majority of their staff reside.

Market Geography

4.21   **As noted in Section 3.0, Dover District's commercial property market is largely** localised, heavily reliant on a relatively large base of SMEs and characterised by very few sizable occupiers and mar**ket transactions. This reflects the District's geographical** location and proximity to larger, more established centres within the wider East Kent sub-region including Canterbury and Ashford, both of which have larger, stronger commercial property markets.

4.22   Local property agents note that there is very little overlap in property market terms **between the District's settlements and other commercial centres in the sub**-region, resulting in a relatively self-contained commercial property market. This means that nearly all of the demand for office and industrial space comes from the churn of existing firms, with very little demand from firms located outside the District.

4.23   Within the District itself, the key settlements tend to operate in relative isolation, offering their own unique market appeal and property portfolio.

4.24   Bringing this analysis together, it is possible to identify a number of distinct economic geographies and commercial property market sub-areas that operate within and around Dover, as follows:

   a   **Dover Town:** a defined employment location with a critical mass of firms within the town centre and out-of-town locations at Whitfield and Coombe Valley.

   b   **Discovery Park, Sandwich:** offering a high quality office and research product that is unique within the wider East Kent sub-region. Occupiers are just as likely to be attracted from outside the region or country than from elsewhere in Dover District. This makes it the most outwardly facing employment location in market terms.

c   Elsewhere, the key settlements of **Sandwich, Deal** and **Aylesham** accommodate comparatively smaller scale clusters of market activity and tend to operate in relative isolation. Aylesham effectively operates within a greater Canterbury commercial property market, with limited overlap with other parts of Dover District.

Summary

4.25   Based upon the above assessment of the various FEMAs that operate within and across Dover (in terms of commercial property markets, labour markets and housing markets), **it is possible to consider the spatial extent of the 'core FEMA' for the authority which** encompasses those local authority areas that the evidence indicates consistently have an inter-relationship with Dover.

4.26   From a labour market perspective, the District is relatively self-contained, with the latest Census data indicating a labour self-containment rate of 66.7%. There are however strong commuting flows to and from adjoining Shepway, Canterbury and **Thanet, and three separate TTWAs cover the District's administrative boundary.**

4.27   The housing market area covering Dover District is more compact in spatial terms, extending primarily to adjoining Shepway District, (notwithstanding reasonably strong links between northern parts of the District and parts of Thanet).

4.28   From a commercial property market area perspective, economics flows and relationships are even more self-contained, with the Enterprise Zone at Discovery Park **representing the only real location in the District that operates within a 'larger than local' market area.**

4.29   **In overall terms therefore, Dover's core FEMA** is relatively self-contained, with market areas and flows generally not extending too far beyond the authority boundary.

5.0 Future Requirements for Employment Space

5.1 This section considers future economic growth needs in Dover drawing upon several methodologies set out in the PPG. These methodologies produce a wide range of scenarios that are used to inform the assessment of the potential scale and type of future economic growth in the District, and the employment land requirements that flow from these.

Methodology

5.2 The NPPF requires local authorities to **"set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth"** [paragraph 21]. In evidence base terms, this should be underpinned by a **"clear** understanding of business needs within the economic markets operating in and across **their area"** [paragraph 160].

5.3 In this context, a number of potential economic growth scenarios have been produced to provide a framework for assessing the B class employment space requirements for Dover over the remaining Core Strategy plan period from 2016 to 2026, and beyond to 2037. These scenarios reflect the PPG and draw on the following:

a   forecasts of employment growth in B class sectors (labour demand) derived from Experian economic forecasts produced in September 2016;

b   consideration of past trends in completions of employment space based on available monitoring data collated by Kent County Council and validated by Dover District Council to incorporate more accurate local data; and

c   estimates of future growth of the labour supply based on the population assumptions underpinning the objectively assessed need for housing for Dover from the Dover and Shepway Strategic Housing Market Assessment (SHMA).

5.4 All of these approaches have some limitations and consideration needs to be given as to how suitable each is to the future circumstances in Dover. In order to be robust, the growth potential and likely demand for B class employment space in the District should be considered under a range of future scenarios to reflect both lower and higher growth conditions that could arise in the future.

5.5 It should be noted that the final decision as to the level of need for which the District should plan for is not purely quantitative as there are qualitative factors that should be considered alongside the modelled scenarios set out in this section. These qualitative aspects are discussed in other sections of this study.

A. Forecast Job Growth

5.6 Employment growth forecasts for Dover during the period to 2026, and beyond to 2037, **were obtained from Experian's Regional Planning Service September 2016 release. This** takes into account recent regional and national macroeconomic trends to estimate future economic growth at the local authority level. Because Experian only provides forecast data to 2036, the annual average growth predicted for each sector in Dover over the period 2016 to 2036 has been applied to this final year to estimate likely sector employment levels in Dover in 2037.

5.7   It should be noted that there are limitations to the use of economic forecasts of this type, particularly in the context of changes to the economy. The national macroeconomic assumptions are taken as a starting point and then modelled down to the regional and local levels by reference to the existing economic profile and sector make-up of an area. For this reason, data at the local level is less reliable than at the national and regional levels.

5.8   Similarly, the top-down economic forecasts do not take into account specific issues at the local level that could influence employment growth. However, the forecasts are recognised to be a valuable input to indicate the broad scale and direction of future economic growth for different sectors, which helps to assess the future land requirements for an economy. The September 2016 economic projections generated by Experian post-date the UK referendum on European Union (EU) membership, albeit the implied scale of employment growth for Dover does not differ significantly to Experian's pre-Brexit forecasts. The wider impact of the UK's departure from the EU has yet to be determined; in Dover District for example, it may result in additional growth within port centric and associated logistics jobs in the event that border controls are returned to the UK.

5.9   The forecasts produced by Experian draw upon 2014-based Sub National Population Projections (SNPP) developed by ONS to estimate future changes to population profiles in the UK. Such projections are just one of several inputs used to produce economic forecasts in terms of both changes to the working-age population (i.e. generates demand for jobs) and total population (i.e. generates demand for consumption activities). It is important to note that the population forecast data is frequently revised, as are assumptions around the working-age population, economic activity levels and the pension age.

Scenario 1: Baseline Labour Demand

5.10   The economic forecasts obtained from Experian indicate total employment growth of 2,700 jobs in Dover between 2016 and 2037 with 1,700 of these jobs forecast to be created in the District by 2026. Table 5.1 below identifies the highest growing and declining sectors in Dover in employment terms during this period, with the sectors forecast to see the highest growth comprising a mix of both B class and non B class sectors.

Table 5.1 Fastest Growing and Declining Employment Sectors in Dover, 2016 - 2037

Sector	Use Class	Forecast Change in Workforce Jobs		
		2016 - 2037	2016 - 2026	2026 - 2037
FASTEST GROWING EMPLOYMENT SECTORS				
Residential Care & Social Work	Non B Class	**900**	500	400
Retail	Non B Class	**600**	400	200
Wholesale	B Class	**600**	400	200
Education	Non B Class	**500**	400	100
Recreation	Non B Class	**500**	200	300
Finance	B Class	**400**	200	200
Manufacture of Computer & Electronic Products	B Class	**400**	100	300
FASTEST DECLINING EMPLOYMENT SECTORS				
Land Transport, Storage & Post	Part B Class	**- 700**	*- 400*	*- 300*
Manufacture of Food, Drink & Tobacco	B Class	**- 600**	*- 300*	*- 300*
Public Administration & Defence	Part B Class	**- 400**	*- 300*	*- 100*

Source: Experian (September 2016) / Lichfields analysis

5.11 The sectors forecast to see the largest employment losses in Dover over the period 2016 to 2037 includes a range of B class and part B class sectors, with the land transport, storage & post; manufacture of food, drink & tobacco; and public administration & defence sectors expected to drive these losses (Table 5.1).

5.12 The overall employment change in Dover resulting from these forecasts is set out in Table 5.2 alongside forecast growth in the main B class sectors. This includes an allowance for jobs in other non B class sectors that normally would occupy some office or industrial space, such as in construction, vehicle repairs, courier services, road transport and cargo handling, and some public administration activities (see Appendix 4).

Table 5.2 Forecast Change in Total Workforce Jobs and B Class Jobs in Dover, 2016 - 2037

Use	Number of Jobs			Change in Jobs	
	2016	**2026**	**2037**	**2016 - 2026**	**2026 - 2037**
Offices (B1a/B1b)*	4,700	5,000	5,100	+ 300	+ 100
Manufacturing (B1c/B2)**	4,200	4,000	3,900	- 200	- 100
Distribution (B8)***	3,200	3,200	3,200	0	0
Total B Class Jobs	**12,200**	**12,200**	**12,200**	**+ 100**	**0**
Total Jobs in All Sectors	**41,000**	**42,700**	**43,700**	**+ 1,700**	**+ 1,000**

Source: Experian (September 2016) / Lichfields analysis   Totals Rounded
Note: * Includes publishing and a proportion of government offices
** Includes vehicle repairs and some construction activities
*** Includes parts of transport and communication sectors that use industrial land

5.13 This analysis indicates very limited employment growth in B class sectors in Dover between 2016 and 2037, with a small growth in office jobs expected to be offset by a decline in manufacturing jobs. No growth or decline is forecast in distribution jobs in Dover during this period. These forecasts for B class sectors are in the context of total employment growth of 2,700 in Dover between 2016 and 2037, which outside B class sectors are mainly expected to be in residential care & social work, retail, education and recreation.

5.14 Forecast growth in B class jobs in Dover between 2016 and 2026 is equivalent to an annual average growth of 10 jobs, while the annual average B class job growth forecast between 2026 and 2037 is equivalent to zero jobs. As shown in Figure 5.1, this limited forecast growth represents a significant improvement from the trend of B class job decline recorded in the District between 2006 and 2016. When compared to the first ten years of the Core Strategy plan period, the scale of job growth within both office and industrial sectors is expected to improve, although this is mainly expected to be driven by the next 10 years to 2026, with comparatively lower levels of growth anticipated during the second 11 year period (Figure 5.2). As noted in Section 2.0, Experian data suggests **that Dover's workforce is expected to be**come more productive in future.

Figure 5.1   Historic vs Forecast Annual Change in Workforce Jobs in Dover, 2006 - 2037
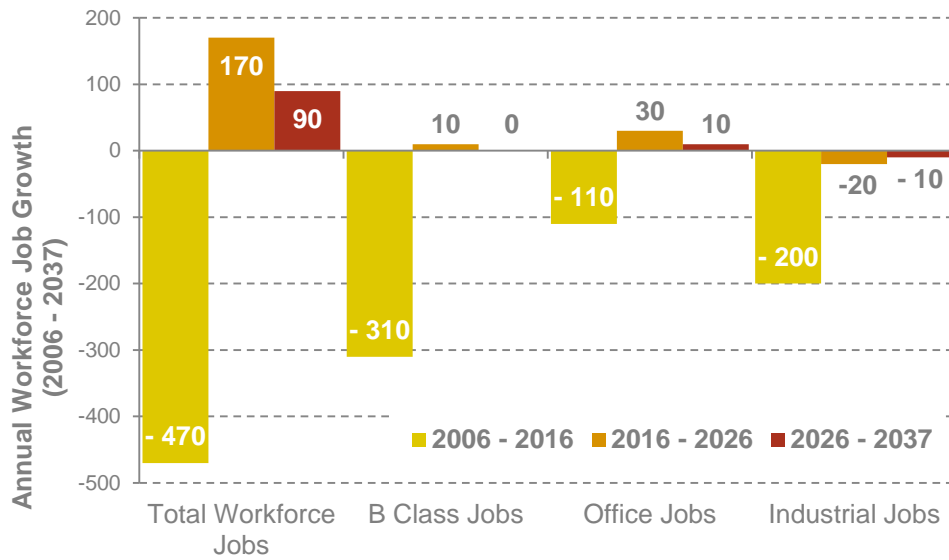
Source: Experian (September 2016) / Lichfields analysis

5.15   These employment forecasts can then be converted into future B class employment floorspace requirements by applying the following standard ratios of jobs to floorspace for different types of B class uses:

- **Offices:** 1 job per 12.5sq.m for general office space;

- **Industrial:** 1 job per 43sq.m as an average for light and general industrial space; and

- **Warehousing:** 1 job per 65sq.m for general, small scale warehouses (assumed to account for 90% of all requirements) and 1 job per 74sq.m for large scale, lower density warehouses (assumed to account for 10% of all requirements).

5.16   These assumptions are based on the latest Homes and Communities Agency (HCA) guidance on job density ratios produced in 2015. This guidance takes account of recent trends in terms of changing utilisation of employment space, with the key change being the more efficient use of office floorspace due to a higher frequency of flexible working and hot-desking. This has resulted in a reduction in the amount of floorspace per office worker assumed when compared to earlier guidance.

5.17   An allowance of 10% is also added to all positive space requirements to reflect a normal level of market vacancy in employment space. From this assessment, the net employment floorspace requirements for Dover over the period to 2026, and beyond to 2037, based on the labour demand scenario are outlined in Table 5.3.

Table 5.3   Net Employment Floorspace Requirements, Baseline Labour Demand Scenario 2016 - 2037

Use	Net Floorspace Requirement (sq.m)	
	2016 - 2026	**2026 - 2037**
Offices (B1a/B1b)	3,860	1,490
Manufacturing (B1c/B2)	- 4,570	- 2,140
Distribution (B8)	1,330	- 1,650
Total B Class Floorspace	620	- 2,300

Source: Lichfields analysis

Higher Job Growth

5.18   In light of the relatively low scale of job growth implied by the baseline Experian projections (scenario 1) and the Council's aspiration to introduce a step change in the delivery of economic growth within the District, an alternative view of future employment growth has been considered, which factors in the job growth potential which could be generated by a number of development projects and schemes which are planned to take place in the District over the study period to 2037.

5.19   The step change nature of these development projects means that the scale and nature of job generation is not considered to be reflected within the baseline job demand forecasts, which reflect past trends and a 'business as usual' trajectory of growth. This approach was also adopted in the District's existing (2010) Core Strategy which estimated job growth that were expected to be supported by a number of planned development projects in Dover.

5.20   A summary of these development projects and estimated job generation is presented in Table 5.4 below. Where an employment estimate has already been calculated by a developer, this has been incorporated. Otherwise, job growth capacity has been estimated by Lichfields using national assumptions, guidance and benchmarks. An allowance has been made for displacement of existing employment where this is considered to be applicable (for example at St James's development in Dover town centre).

5.21   As Table 5.4 shows, these five projects have the potential to generate 7,230 additional workforce jobs over and above the Experian baseline (scenario 1) between 2016 and 2037. The most significant job growth is estimated to be generated by the development of futures phases of White Cliffs Business Park, the retail and leisure-led redevelopment of Dover Waterfront and the redevelopment of part of Discovery Park in Sandwich. Some of the projects (including White Cliffs, Discovery Park and Albert Road) imply some job growth within B use class sectors.

Table 5.4   Estimated Employment Generation from Dover Development Projects

Development Project	Estimated Job Generation (Total Workforce Jobs)	Key Sectors
St James's Development, Dover Town Centre	720	Retail, hospitality, leisure
White Cliffs Business Park, Whitfield	2,570	Manufacturing, wholesale, retail, leisure, professional services
Dover Waterfront (retail and leisure re-development)	1,930	Retail, hospitality, leisure
Discovery Park, Sandwich	1,890	R&D, manufacturing, utilities, wholesale, hospitality, professional services, education
Albert Road Business Park, Deal (mixed use development)	120	Retail, professional services, education
All Projects	**7,230**	

Source: Dover District Council / Developer estimates / Lichfields analysis

5.22   This analysis provides a useful indication of the economic implications that could arise if a number of (strategic) employment developments were to come forward in Dover District over the study period. It does however represent a purely theoretical assessment that does not take account of potential market demand, delivery or planning policy factors. For this reason, it has been presented in employment growth terms only in this study, as a yardstick to compare other growth scenarios against (rather than as a scenario itself).

B. Past Development Rates

5.23 Given that they reflect market demand and development patterns on the ground, in some cases long term completion rates of B class employment space can offer a good basis for informing future space needs. The development of employment space over a longer term period such as ten years should even out demand fluctuations in a business cycle, and provide a reasonable basis for estimating future needs, assuming that land supply has not been unduly constrained in the past. Whilst forecasts show job growth in net terms, past trend based analyses take account of historic patterns in employment space development and the role that recycling of sites can play in terms of supporting employment uses in an economy.

Scenario 2: Past Completion Rates

5.24 Past completions monitoring data by B class use for the period 2005/06 to 2014/15 (described in more detail in Section 3.0) indicates that Dover recorded an annual average net completion rate of office space that was equivalent to a loss of 8,400sq.m, while the annual average net completion rate for industrial space (i.e. manufacturing [B1c/B2] and distribution [B8] space) over this period equated to a gain of 1,000sq.m. Table 5.5 shows that gross completions of employment space in Dover were higher over this period, although this masks significant losses of employment space that also occurred in the District during this time.

5.25 The most significant loss of employment space recorded over this period was the loss of 69,700sq.m of research and development space as a result of the demolition of several buildings at the Discovery Park Enterprise Zone in 2013/14. This single development represents about half of all B class employment space losses in Dover through this monitoring period, which acts to skew the overall annual average net rate of floorspace completions for the District over this time. For this reason, the analysis has estimated a revised net annual rate of office space completions in Dover that discounts this large loss of research and development space to offer a more accurate view of recent trends in the general market. As shown in Table 5.5, this results in an average annual net completion rate of office space in Dover over the period 2005/06 to 2014/15 that is equivalent to a loss of 1,500sq.m.

Table 5.5   Historic B Class Employment Floorspace Completions in Dover, 2005/06 - 2014/15

Use	Gross Annual Completions (sq.m)	Net Annual Completions (sq.m)	
		Recorded	Revised
Offices (B1a/B1b)	1,200	- 8,400	- 1,500
Manufacturing (B1c/B2)	2,800	1,700	1,700
Distribution (B8)	2,100	- 700	- 700
Total B Class Floorspace	6,100	- 7,500	- 500

Source: Kent County Council / Dover District Council / Lichfields analysis (Totals Rounded)

5.26 One view of future growth in Dover could simply assume that recent net completion rates for employment space in the District carry on in the future at the long term average, based on the revised completions data. The resulting floorspace requirements are summarised in Table 5.6 below.

Table 5.6   Net Employment Floorspace Requirements based on Past Completion Rates, 2006 - 2036

Use	Revised Net Annual Completions (sq.m)	Net Floorspace Requirement (sq.m)	
	2005/06 - 2014/15	2016 - 2026	2026 - 2037
	Annual	Total	Total
Offices (B1a/B1b)	- 1,500	- 14,600	- 16,000
Manufacturing (B1c/B2)	1,700	16,600	18,200
Distribution (B8)	- 700	- 6,900	- 7,600
Total B Class Floorspace	- 500	- 4,900	- 5,400

Source: Lichfields analysis (Totals Rounded)

5.27   Using the standard ratios of jobs to floorspace set out earlier, it is possible to estimate that these forecast changes in employment space in the District would result in a loss of 900 B class jobs over the period 2016 to 2026, and a further 1,000 B class jobs over the subsequent years to 2037. The decrease in B class jobs in Dover under this scenario is equivalent to a loss of 90 B class jobs each year on average during this period. This provides a more pessimistic view of future growth in the District when compared to the labour demand scenario.

C. Future Labour Supply

5.28   The number of jobs and the associated requirement for employment space that would be necessary to match the forecast growth of the resident workforce in Dover is also an important consideration. In contrast to the other scenario approaches, this scenario emphasises the future supply of labour rather than the demand for labour. It identifies the number of jobs that would be required to match the future supply of economically active persons, as well as the amount of new employment space required to support these new B class jobs.

Scenario 3: Labour Supply

5.29   The labour supply scenario has been compiled based on the population growth assumptions associated with the objectively assessed need for housing for Dover from the Dover SHMA. The population forecasts that underpin this assessment are summarised in Table 5.7, alongside workplace job growth assumptions provided by the SHMA consultants.

Table 5.7   Forecast Labour Supply and B Class Job Requirements for Dover, 2016 – 2026/2037

Use	Population and Job Change			
	2016 - 2026		2026 – 2037*	
	Annual	Total	Annual	Total
Working-Age Population	400	4,000	230	2,530
Workplace Labour Supply (Workforce Jobs)	90	900	30	330
Office Jobs (B1a/B1b)	22	220	4	40
Manufacturing Jobs (B1c/B2)	-32	-315	-16	-175
Distribution Jobs (B8)	-4	-40	-10	-105
Total B Class Jobs	**-14**	**-135**	**-22**	**-240**

Source: Lichfields analysis (based on data from the Dover SHMA (February 2017)
                 * Data provided to 2036 only, so 2026-2036 annual average applied by Lichfields to reach 2037

5.30   The number of jobs required to support the increase in economically active persons in the District assumes one additional job would be required for each additional person. The share of employment in B class sectors takes account of the existing and forecast

share of B class jobs to total jobs in Dover based on the economic forecasts produced by Experian (September 2016).

5.31   This analysis suggests a need for an additional 900 workplace jobs in Dover District between 2016 and 2026, and a further 300 workplace jobs between 2026 and 2037 (Table 5.7). All of these jobs are expected to be in non B class sectors, with an anticipated decline in the need for B class jobs over the study period to 2037.

5.32   The forecast requirement for employment floorspace from these B class jobs can be estimated by applying the same job density ratios set out previously, while also adding a 10% allowance for typical vacancy levels. From this analysis, the net employment floorspace requirements for Dover to 2037 based on the labour supply scenario are summarised in Table 5.8.

Table 5.8   Net Employment Floorspace Requirements based on Labour Supply, 2016 – 2026/2037

Use	Net Floorspace Requirement (sq.m)	
	2016 - 2026	2026 - 2037
Offices (B1a/B1b)	3,040	520
Manufacturing (B1c/B2)	-6,810	-3,730
Distribution (B8)	-1,340	-3,510
Total B Class Floorspace	**-5,110**	**-6,720**

Source: Lichfields analysis

5.33   This labour supply based estimate provides a useful benchmark for comparing with the demand approaches. Based on the SHMA projections, this forecast produces a negative space requirement which is lower than that estimated under the baseline job growth and past take-up based scenarios.

Net Employment Space Requirements

5.34   Drawing together the results from each of the future growth scenarios, the net B class employment floorspace requirements over the period 2016 to 2026 and up to 2037 reflect a wide range of potential scenarios (Table 5.9).

5.35   For office floorspace, the requirements range from a loss of 30,600sq.m over the 21 year period 2016 to 2037, to a gain of 5,350sq.m, although two of the three scenarios generate a positive floorspace requirement. For industrial floorspace, two of the three scenarios generate a negative floorspace requirement over the 21 year period 2016 to 2037, and these range from a loss of 15,390sq.m to a gain of 20,300sq.m (Table 5.9).

Table 5.9   Net Employment Floorspace Requirements for Dover by Scenario, 2006 - 2026

Use	1. Labour Demand		2. Past Completion Rates		3. Labour Supply	
	2016 - 2026	2026 - 2037	2016 - 2026	2026 - 2037	2016 - 2026	2026 - 2037
Offices (B1a/B1b)	3,860	1,490	- 14,600	- 16,000	3,040	520
Industrial (B1c/B2/B8)	-3,240	-3,790	9,700	10,600	-8,150	-7,240
Total B Class Floorspace (sq.m)	**620**	**- 2,300**	**- 4,900**	**- 5,400**	**-5,110**	**-6,720**
	-1,680		**-10,300**		**-11,830**	

Source: Lichfields analysis

Net Land Requirements

5.36   The final step, for all three scenarios, is to translate floorspace into land requirements for both office (B1a/B1b) and industrial (B1c/B2/B8) uses. This has been calculated by applying appropriate plot ratio assumptions to the net floorspace estimates presented above using the following assumptions and local adjustment factors to reflect the pattern of development in Dover:

- **Industrial (B1c/B2/B8):** a plot ratio of 0.4 is applied so that a 1 ha site would be needed to accommodate a footprint of 4,000sq.m of employment floorspace; and

- **Offices (B1a/B1b)**: it was assumed that 50% of new floorspace would be in lower density, business park developments with a plot ratio of 0.4, with 50% in higher density town centre locations at a plot ratio of 2.0. This split is considered to broadly reflect the current position in the District.

5.37   The resulting net land requirements for the three scenarios are set out in Table 5.10.

Table 5.10   Net Land Requirements by Scenario (ha)

Use	1. Labour Demand		2. Past Completion Rates		3. Labour Supply	
	2016 - 2026	2026 - 2037	2016 - 2026	2026 - 2037	2016 - 2026	2026 - 2037
Offices (B1a/B1b)	0.6	0.2	-2.2	-2.4	0.5	0.1
Industrial (B1c/B2/B8)	-0.8	-0.9	2.4	2.7	-2.0	-1.8
All B Uses	-0.2	-0.7	0.2	0.3	-1.5	-1.7
	-0.9		0.5		-3.2	

Source: Lichfields analysis

Planning Requirement

5.38   Whilst the net employment space requirements presented above represent the minimum recommended quantum of employment floorspace to plan for within Dover over the study period, the Council will need to take a view on the extent to which additional space should be planned for over and above the net requirements to allow for factors such as delays in development coming forward, for replacing employment space that is lost in future and to take account of other market factors.

5.39   Previously noted limitations with the Council's monitoring data (via Kent County Council) on historical gains and losses of B class space means that it is difficult to quantify the scale of additional employment space that should ideally be planned for over and above the net floorspace requirements presented above (using a past trend based approach), in order to allow for ongoing expected losses of existing B class space and delays in development coming forward.

5.40   In absence of this detailed local level data, the former South East England Partnership Board (SEEPB) guidance on employment land assessments recommended an allowance that is equivalent to the average time for a site to gain planning permission and be developed, typically about two years. This is equivalent to around 10% of the total 21 year study period for Dover. Table 5.11 provides an illustration of indicative 'gross' land requirements by scenario for Dover to 2037 after applying this 10% buffer or margin.

Table 5.11   Indicative Gross Land Requirements by Scenario to 2037 (ha)

Use	1. Labour Demand		2. Past Completion Rates		3. Labour Supply	
	2016 - 2026	2026 - 2037	2016 - 2026	2026 - 2037	2016 - 2026	2026 - 2037
Offices (B1a/B1b)	0.7	0.2	-2.2	-2.4	0.6	0.1
Industrial (B1c/B2/B8)	-0.8	-0.9	2.6	3.0	-2.0	-1.8
All B Uses	-0.1	-0.7	0.4	0.6	-1.4	-1.7
	-0.8		1.0		-3.1	

Source: Lichfields analysis
Note: Additional allowance has not been applied where net land requirement is negative

Summary

5.41   In interpreting the outputs of this section, regard should be had to PPG guidance which states that Local Authorities should develop an idea of future economic needs based on a range of data and forecasts of quantitative and qualitative need. It is also important to recognise that there are inevitable uncertainties and limitations associated with modelling assumptions under the future growth scenarios considered. For example, there are some inherent limitations to the use of local level economic forecasts, particularly in the context of significant recent changes in the economy. Economic forecasts are regularly updated and the resulting employment outputs will change over the plan period.

5.42   Three different scenarios of future employment space requirements have been considered based on a range of lower and higher growth conditions that could arise in the future. The Experian baseline scenario (scenario 1) and labour supply (scenario 3) both imply a positive trajectory of job growth in Dover over the 21 year study period to 2037, although in B class terms the only scenario to imply any B class job growth is the Experian baseline (albeit the scale of growth is very low). This compares with job losses recorded in the District in both overall and B class terms over the first ten years of the Core Strategy period, 2006 to 2016.

5.43   The overall net floorspace requirements that have been estimated by the three future growth scenarios range from -1,680sq.m (under the Experian baseline job growth scenario) to -11,830sq.m (under the labour supply scenario) over the 21 year period to 2037. This implies in broad terms a need for between -3.2ha and 0.5ha of employment land in net terms. Applying a 10% buffer or margin to these net figures – to provide an illustration of indicative gross land requirements – increases this range to between -3.1ha and 1ha. Based on these scenarios, very limited (if any) employment land would be required in overall quantitative terms to accommodate B class growth in Dover District over the period to 2037. However, within the overall requirement, there is a modest requirement for some office (and industrial) land under some of the scenarios.

5.44   As noted in Section 2.0, the Council's 2010 Core Strategy identified the potential for at least 4,000 new jobs in Dover by 2016 and a total of 6,500 new jobs to be created by 2026. This included a job growth target of 1,570 expected to be supported by a number of planned development projects in Dover, some of which are now being progressed in a different form.

5.45   Taking stock at the mid-point of the Core Strategy plan period in 2016, it is possible to consider how the economy might perform during the second half of the Core Strategy plan period to 2026, and beyond to 2037. Based on the latest economic forecasts produced by Experian, it appears less likely that Dover will be able to 'make-up' the lost

ground incurred between 2006 and 2016 to achieve its target of 6,500 new jobs in the District by 2026. In fact, the forecasts indicate that the level of employment recorded within Dover in 2006 (i.e. 45,700) will not recover by either 2026 or 2037 (as summarised in Figure 2.7), with only modest growth forecast for the local economy during the next ten years to 2026, and beyond to 2037.

6.0   Review of Supply Portfolio

6.1   In order to support future economic development in the Dover economy over the second half of the Core Strategy plan period, and beyond, it is important that the District has a suitable portfolio of employment sites that are capable of meeting local business needs.

6.2   As noted in Section 3.0, the District has faced a key challenge over recent years in bringing forward new B class employment development on existing employment allocations, and other non-allocated sites, and this position does not appear to have changed more recently. It is clear that the market alone may not be able to deliver new employment development over the short term at least, so some form of intervention may be required to facilitate the provision of new space in future.

6.3   In this context, it is important for the Council to have a clear understanding of which sites within Dover will be best placed to contribute to supporting the future economic development needs of the District through the period to 2026 and beyond, and consequently, which sites should provide the main focus for supporting new development.
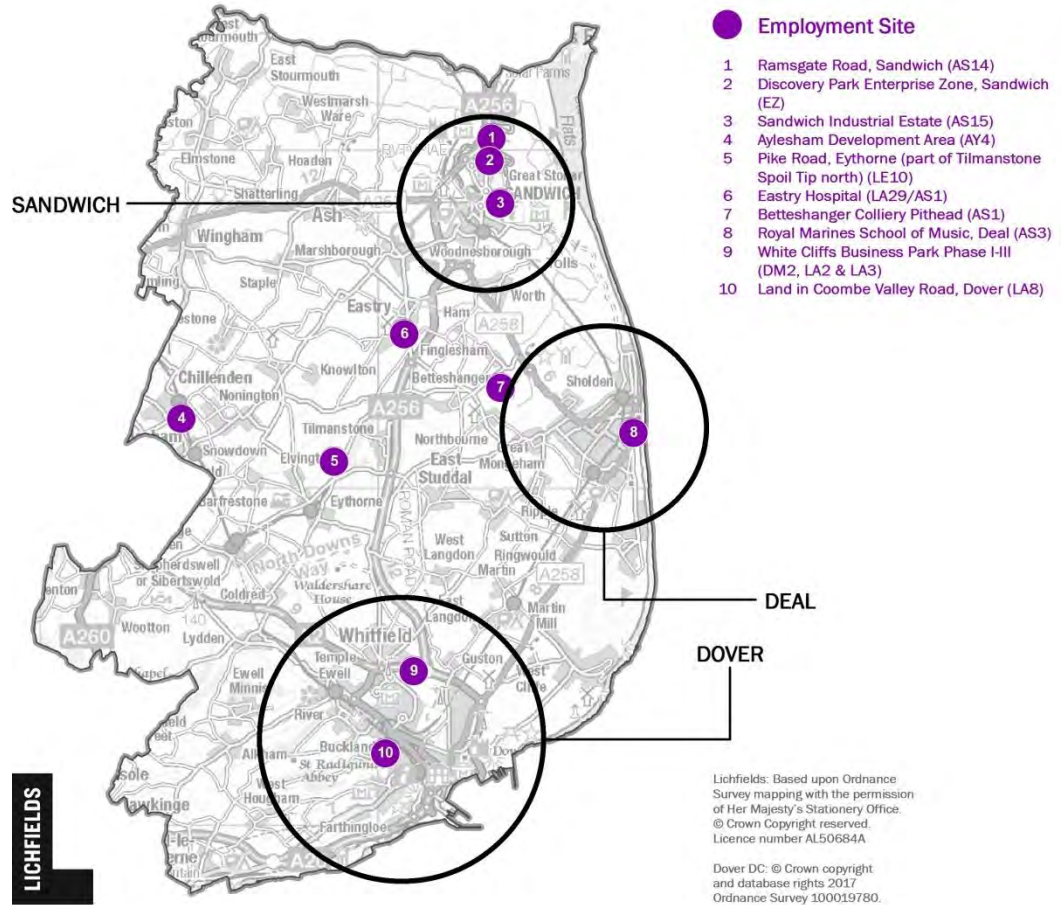
Sample Site Appraisal

6.4   To provide some clarity on these issues, an appraisal has been undertaken as part of the EDNA of a selection of ten key employment sites across the District to consider their current and future capacity to support the economic and business development needs of the local economy. This appraisal exercise has taken into account a wide range of PPG-compliant site assessment factors that are typically included within assessment work of this type to draw conclusions on the position of each of these sites to support new developments going forward. The location of the ten sites is shown in Figure 6.1 below and in Appendix 6.

6.5   A summary of the outputs from this site appraisal exercise is presented in Appendix 7, **including relevant information on the site's policy status and intended use, quantum of** developable land, emerging proposals, strength of market demand, and scope for meeting future needs.

Future Contribution

6.6   Based on these appraisals, a number of conclusions have been drawn regarding the prospects for each site to contribute to meeting future needs in Dover District over the study period to 2037 (Table 6.1). These conclusions have been drawn within the context of a negligible requirement for additional employment land in the District to 2037 (as described in the previous Section). Together, these ten sites amount to approximately 100ha of land supply.

Figure 6.1   Location of Employment Sites

Employment Site

1   Ramsgate Road, Sandwich (AS14)
2   Discovery Park Enterprise Zone, Sandwich (EZ)
3   Sandwich Industrial Estate (AS15)
4   Aylesham Development Area (AY4)
5   Pike Road, Eythorne (part of Tilmanstone Spoil Tip north) (LE10)
6   Eastry Hospital (LA29/AS1)
7   Betteshanger Colliery Pithead (AS1)
8   Royal Marines School of Music, Deal (AS3)
9   White Cliffs Business Park Phase I-III (DM2, LA2 & LA3)
10 Land in Coombe Valley Road, Dover (LA8)

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Source: Lichfields

Table 6.1   Potential of Key Employment Sites in Dover to Support Future Economic Development

Prospects / Potential for New Employment Development		
High	**Medium**	**Low**
• Discovery Park Enterprise Zone, Sandwich • Aylesham Development Area • White Cliffs Business Park Phase I - III	• Ramsgate Road, Sandwich • Pike Road, Eythorne • Betteshanger Colliery Pithead	• Sandwich Industrial Estate • Eastry Hospital • Royal Marines School of Music, Deal • Land in Coombe Valley Road, Dover

Source: Lichfields analysis

6.7   **Those sites identified as having 'high' prospects and potential to meet economic needs** all currently have land available for accommodating new business development and are located within areas of the District that attract the greatest levels of market demand. It is recommended that the Council retain these employment sites and continue to promote their development (albeit with the help of a clearer strategy and up-to-date masterplan) and seek to overcome barriers to employment delivery where these exist (most notably for White Cliffs Business Park).

6.8   **In contrast, sites identified as having 'low' prospects and potential are all characterised** as having significant barriers to delivery of new employment space and/or have very limited physical capacity to accommodate new development over the remaining plan period.

6.9 'Medium' sites sit somewhere in-between and we would note that while they could provide prospects for supporting employment development in future, this is very uncertain and is likely to represent a longer term opportunity.

6.10 It is worth noting that the ten sites included within this appraisal exercise represent just a sample of Dover District's employment sites and areas; there are a number of other existing/occupied employment sites which have been excluded from the scope of this analysis, so it is not possible to comment on their suitability and potential to accommodate new employment development in future.

Qualitative Market Intelligence

6.11 Some additional commentary on the potential for employment development across the sample of appraisal sites is provided below, based upon discussions with local and sub-regional property market agents.

6.12 **White Cliffs Business Park:** approximately 45ha of land allocated for White Cliffs Business Park (Phases I to III) remains undeveloped although much of the original allocation has been taken-up by other non B class employment uses over recent years, and current developer proposals and planning permissions suggest that this trend is likely to continue over the coming months and years. This reflects the higher values associated with retail development in the local area compared to traditional B class employment uses, and whilst this type of development is supporting employment in its **more general sense, it remains Dover District's only strategic employment location** capable of accommodating new office and industrial development of any scale in future.

6.13 **In light of the site's location and excellent strategic road access, local** agents consider **White Cliffs to represent Dover's premier employment location, and has an important** role to play in accommodating business growth in future, ideally including an element of flexible, small scale workspace (such as serviced office space) to satisfy the needs of local SMEs looking for high quality but cost effective premises.

6.14 Infrastructure improvements represent a key challenge to delivering employment development on the site in order to improve capacity and local access arrangements. Proposals are currently being developed for a Bus Rapid Transit (BRT) to provide a public transport connection from the planned urban extension at Whitfield and White Cliffs Business Park via Connaught Barracks/ Dover Castle to the town centre and Dover Priory railway station. Utilities are also reported to represent a barrier. This is particularly important if the site continues to attract retail and leisure development that generate higher levels of traffic and congestion.

6.15 **Aylesham** represents a popular business location in the District and the Development Area was considered by local agents to represent a fairly good site given the likely need to increase the amount of employment space supported within the village. This is particularly within the context of new planned residential development and the need to ensure that additional employment opportunities are made available to encourage sustainable growth within this western area of the District. The development site is somewhat isolated from the existing employment area/industrial estate in the village, but is considered to have potential.

6.16 The **Betteshanger Colliery Pithead** development site is considered to be in a poor **location given its relative isolation from the District's main urban areas and existing** critical mass of business activity (albeit it was originally allocated at least in part to service the wider Deal commercial market). This location means that it would likely be difficult to attract strong demand and viable B class development opportunities at the

site. It is noted that the site benefits from existing utilities provision and is now being **promoted by Hadlow College as "Betteshanger Sustainable Park"**. A 6,000sq.m Business Incubation Hub is to be included as part of the first phase which is expected to open in mid-2018. Funding for this first phase has been secured and there is reported to be interest amongst potential tenants.

6.17   **Coombe Valley** is regarded by property market agents to be a relatively poor performing site characterised by dated stock and poor accessibility given the types of uses that operate from the site. Nevertheless, levels of activity at the site have remained relatively high, which suggests that this industrial area is popular and meeting an important need in the market for small, local firms that require affordable units in and around Dover town. Given the relatively low values supported in Coombe Valley, the site is considered unlikely to be able to support significant employment growth (at least over the short term).

Summary

6.18   The sample appraisal exercise of key employment sites in the District has identified a total potential land supply of around 100ha but with varied prospects for accommodating new employment development over the study period to 2037. Seven of these sites have formal planning status and five are subject to proposals and/or planning permissions for B class employment development.

6.19   Compared with the objective assessment of economic development needs for Dover over this period (which identifies a negligible requirement for employment land over the next 21 years, as summarised in Section 5.0), this points to a significant quantitative over supply of employment land.

6.20   It is important to note however that some of this 100ha supply (including the large allocation at White Cliffs) if it were to come forward, in reality would be accommodating **a scale of economic growth that falls over and above the baseline 'business as usual'** trajectory of growth for Dover.

Conclusions and Policy Implications

7.0

7.1 This section draws together overall conclusions and considers the potential implications and policy approaches in relation to employment space for a new Local Plan in Dover, as **well as other measures which may be required to support Dover's economic growth** objectives.

Economic Performance

7.2 **Dover's** adopted 2010 Core Strategy sets out a number of objectives to grow the **District's economy over the plan period, including a target to increase Dover's** employment base by 6,500 by 2026. The latest indicators suggest that this scale of growth has failed to materialise to date; from an employment perspective, the local economy has been in decline over recent years, and a significant reversal of recent trends will be required if the Core Strategy target for job growth is to be achieved by 2026.

7.3 The recent period of national recession will have partly driven this decline but there are **other more intrinsic factors such as the District's** weak perception as a business location and competition from other growth areas in East Kent that are likely to have played a part. It is also possible to identify a range of long-term **structural issues faced by Dover's** economy, including the closure of East Ken**t's coalfields, changes to EU border controls** and the opening of the Channel Tunnel in 1994, and most recently the contraction of the **majority of Pfizer's facilities at Sandwich in 2011**. Macro changes within some of the **District's most important sectors (s**uch as transport/freight handling and the ferry **industry) also present key risks to Dover's economic growth prospects going forward.**

7.4 Progress has also been slow on other Core Strategy metrics including workforce productivity and delivery of new employment space, however other indicators such as business growth, resident skills and economic activity levels have registered improvement. In addition, Discovery Park has evolved into a successful and diversified business location with employment returning to levels similar to those when Pfizer occupied the site, albeit it currently has limited interaction with the rest of the District.

7.5 The Core Strategy identified a significant quantum of land for approximately 200,000sq.m of employment uses and employment land has historically been available and allocated to accommodate business growth in the District. However, viability of new development has been a particular challenge in Dover over recent years and this remains the case today, in common with other parts of East Kent and further afield. Some identified employment sites have since been lost to other uses, or would now appear to have very limited prospects of coming forward for B-class development. A significant quantum of this 200,000sq.m of employment space remains undeveloped, and this has made it difficult to resist applications for non B class uses from more buoyant market sectors.

7.6 **In this context, the Council's economic policies set out in the Core Strategy are no longer considered 'fit for purpose' and this E**DNA provides the evidential basis for the Council to consider an updated assessment of **Dover's econom**ic trajectory, where the most significant opportunities lie for encouraging and accommodating future growth, and what types of policies and interventions may be required.

Meeting Future Needs

7.7 In line with PPG guidance on undertaking economic development needs assessments, three different scenarios of future economic growth in Dover have been developed as part of this study. These produce a series of B class floorspace requirements that range in net terms from -1,680sq.m to -11,830sq.m over the 21 year period to 2037. Applying a 10% buffer or margin to these net figures – to provide an illustration of indicative gross land requirements – increases this range to between -3.1ha and 1ha in land terms. Based on these scenarios, very limited (if any) employment land would be required in purely quantitative terms to accommodate B class growth in Dover District over the period to 2037. However, this may not obviate the need for some employment site allocations to meet qualitative needs, help support the economic regeneration of the District and also to reposition the current sites portfolio so it can more effectively support future delivery.

7.8 It is recommended that the Council considers planning to accommodate at least the **baseline Experian job growth requirement (scenario 1) to ensure that the District's** indigenous business growth potential is not constrained by lack of spatial capacity in future. These economic forecasts indicate that the level of employment within Dover will not recover to the 2006 level by either 2026 or 2037, with only modest growth forecast over the study period. They do however imply a positive trajectory of overall job growth in Dover over the 21 year study period to 2037, which is in contrast to recent trends of ongoing job losses sustained across the District.

7.9 As part of this study, a higher scale of potential job growth has been considered, based upon a number of development projects coming forward and delivering a scale of **employment growth that exceeds the 'business as usual' baseline forecasts. This higher growth trajectory appears to be more aligned with the Council's aspirations to achieve a** step change in the delivery of economic growth within the District and provides a useful way of thinking about the economic implications that could arise if a number of (mainly strategic) employment developments were to come forward in Dover District over the study period. **A similar 'projects based' job growth target was included within the District's 2010 Core Strategy but for varying reasons has not been delivered. A more** concerted and pro-**active strategy will therefore be required in order to support Dover's** economy to achieve this higher growth trajectory over the coming years.

7.10 In overall quantitative terms, analysis undertaken as part of this study indicates that there is sufficient supply in the pipeline to accommodate B class floorspace and land requirements under all growth scenarios considered. A number of employment sites in Dover District (including some that are currently allocated for B uses) are no longer considered deliverable in terms of being able to meet business needs, and it is recommended that the Distric**t's employment site portfolio** be re-visited and consolidated, particularly in the context of the significant surplus of land that appears to be available to accommodate the negligible requirements for floorspace identified by the EDNA growth scenarios.

7.11 In **particular, some of the District's sites would benefit from greater clarity in planning** policy terms and a clearer strategy to guide development going forward. This is especially applicable to White Cliffs Business Park (where the original B-class concept for the site has become diluted by development of other uses) and would also provide an opportunity to clarify the role that regeneration areas such as Dover Town Centre or existing sites such as Coombe Valley are expected to play in accommodating employment uses in future.

7.12 From a functional economic market area perspective, Dover is considered to be relatively self-contained with market areas and flows generally not extending too far beyond the authority boundary. It does however share some economic linkages with surrounding areas and centres, including adjoining Shepway, Canterbury and Thanet. Economic development needs have been assessed within this EDNA for the local authority area of Dover in order to inform future Local Plan policies although in reality the flows of labour, residents and businesses operate across administrative boundaries and it is important to recognise these flows and economic relationships in Duty to Cooperate terms.

7.13 Research undertaken as part of the study identifies a pipeline of upcoming employment development schemes in the District (many of which benefiting from planning permission), proving that in principle, employment development can be viable within Dover as long as this offers the right product in the right location to meet local occupier requirements. A number of these pipeline schemes are included within a higher job growth estimate summarised in Section 5.0. Particular opportunities are identified at White Cliffs Business Park, Discovery Park and Dover Town Centre; the regeneration of the town centre offers the potential to generate new employment opportunities in its own right as well as wider spin-off benefits such as encouraging office occupiers back to the town centre through an improved public realm and enhanced services offer. Market feedback suggests that in the current climate, some of these schemes require support and intervention from the Council and its partners to overcome key viability barriers.

Towards a Core Strategy Review

7.14 A future review of the 2010 Core Strategy would provide an opportunity to reflect a new economic strategy and vision for Dover and develop a suite of economic and other complementary policies (such as housing and town centre regeneration) that can support this strategy and enable the Council to monitor future progress in a more comprehensive way.

7.15 Within the context of relatively limited requirements for employment space in Dover and a quantitative surplus of land available to meet business needs, it is recommended that a more pro-active appr**oach is required to update the District's portfolio of sites for business use and actively rationalise these to ensure that Dover's best quality space is** retained both for existing businesses and to accommodate business growth going forward. In order to take a stricter approach to protecting thi**s 'best quality' space, a** clearer evidence-based strategy is needed to resist unacceptable losses on key, strategically significant sites in future. In the first instance, this should involve providing greater clarity on the role and status of individual employment sites, and ultimately **should result in a refresh of the District's site allocations.**

7.16 Other issues beyond employment will also be relevant within the context of developing a new Local Plan that facilitates economic growth in Dover, not least the wider issue around population growth and change and the extent to which planned provision of housing in the District has, and continues to have, a role to play in influencing the demographic profile of Dover and attracting particular groups of people (such as working families) to live and work in the District.

7.17 To ensure a flexible and responsive policy framework, it will be necessary not just to focus on meeting forecast quantitative requirements (which will fluctuate over time), but to consider the opportunities and risks that flow from particular policies for supporting economic growth, for example as part of any assessment that considers the quality and fitness-for-purpose of employment land supply across Dover. For the

District's key sites that are most crucial for accommodating growth, it would also be helpful to give further consideration to viability issues identified as part of this EDNA study to ensure that appropriate pro-active measures can be taken to unlock sites for development; for example by accessing LEP growth infrastructure funding or by allowing mixed-uses to cross subsidise employment delivery in more economically marginal locations in the District.

7.18   Linked to any forthcoming Local Plan review, it is recommended that an economic strategy is developed for Dover which clearly **establishes the Council's aspirations and vision for economic growth both in overall terms and for particular areas / key sites**. This would provide the opportunity to promote a stronger economic narrative and plan, and make the case for further investment and funding to unlock key sites and guide future development in the District, particularly in the absence of a strong 'quantitative case'. This could include a particular focus upon **wider 'place making' priorities; creating** attractive places to live and work through revitalising the existing built environment and creating new spaces. Particularly relevant to this priority is the regeneration of Dover Town Centre, where significant scope exists to enhance the quality of its urban space and public realm.

Appendix 1: List of Consultees

Adrian Fox, Dover District Council

Beverley Smallman, Caxtons

James Roberts, Caxtons

Katherine Messenger, Dover District Council

Kris Foster, Smith Woolley

Laura Smith, Thanet District Council

Mark Lumsden-Taylor, Hadlow College

Nick Rooke, Finns

Nigel James, Citycourt Developments

Rachel Collins, Dover District Council

Rebecca Burden, Dover District Council

Simon Crowley, Tersons Estate Agents

Steve Davis, Hobbs Parker

Tarih Bolton, Kent Invicta Chamber of Commerce

Appendix 2: IDBR Mapping

SANDWICH

DEAL

DOVER

Sector:

- Agriculture, Forestry, Fishing & Mining
- Construction
- Health & Education
- Hospitality & Recreation
- Information & Communication
- Manufacturing
- Other Private Services
- Professional Services, Finance & Insurance
- Public Services & Utilities
- Transport & Storage
- Wholesale & Retail

Total Employment:

- >250
- 101 - 250
- 51 - 100
- 10 - 50
- <10

LICHFIELDS

Sector:

- Agriculture, Forestry, Fishing & Mining
- Construction
- Health & Education
- Hospitality & Recreation
- Information & Communication
- Manufacturing
- Other Private Services
- Professional Services, Finance & Insurance
- Public Services & Utilities
- Transport & Storage
- Wholesale & Retail

Total Employment:

- >250
- 101 - 250
- 51 - 100
- 10 - 50
- <10

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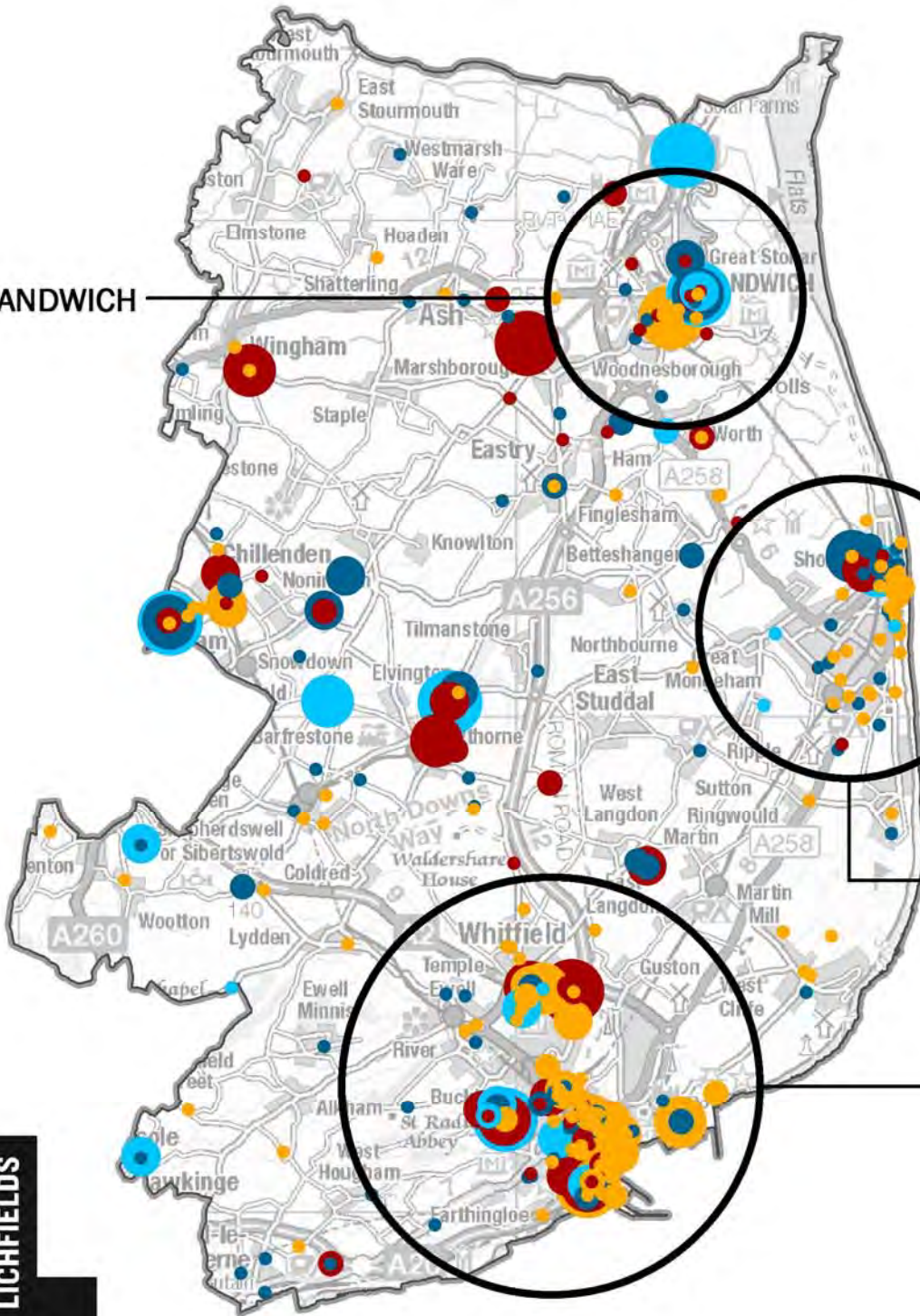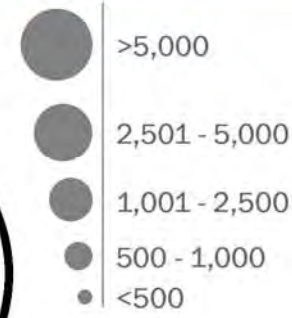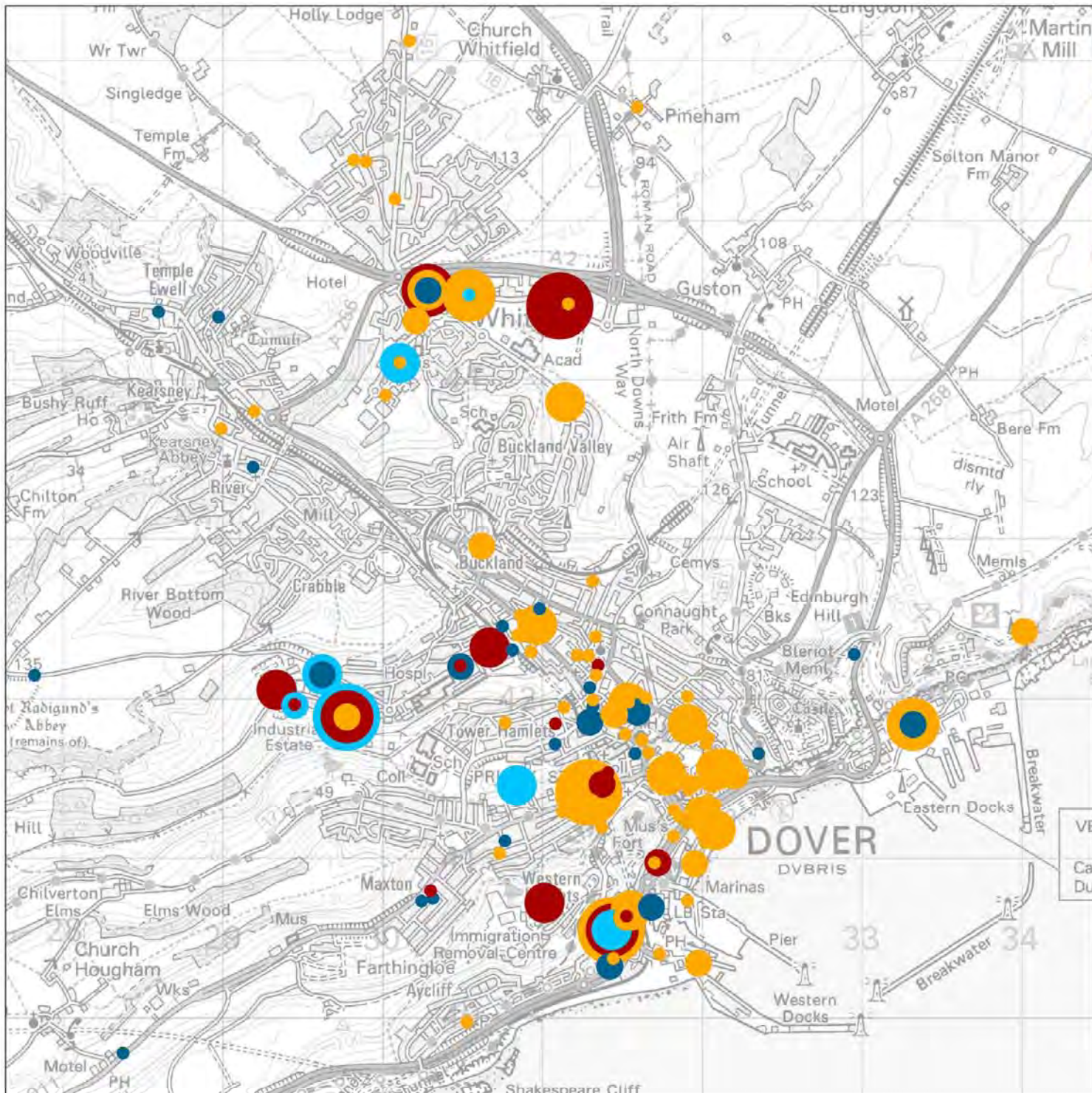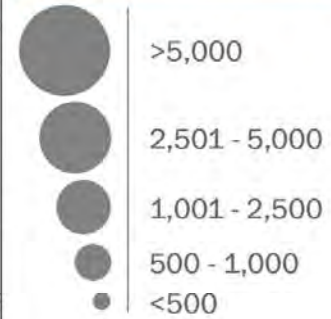Dover DC: © Crown copyright and database rights 2017 Ordnance Survey 100019780.

LICHFIELDS

Sector:

- Agriculture, Forestry, Fishing & Mining
- Construction
- Health & Education
- Hospitality & Recreation
- Information & Communication
- Manufacturing
- Other Private Services
- Professional Services, Finance & Insurance
- Public Services & Utilities
- Transport & Storage
- Wholesale & Retail

Total Employment:

- >250
- 101 - 250
- 51 - 100
- 10 - 50
- <10

LICHFIELDS

Sector:

- Agriculture, Forestry, Fishing & Mining
- Construction
- Health & Education
- Hospitality & Recreation
- Information & Communication
- Manufacturing
- Other Private Services
- Professional Services, Finance & Insurance
- Public Services & Utilities
- Transport & Storage
- Wholesale & Retail

Total Employment:

- >250
- 101 - 250
- 51 - 100
- 10 - 50
- <10

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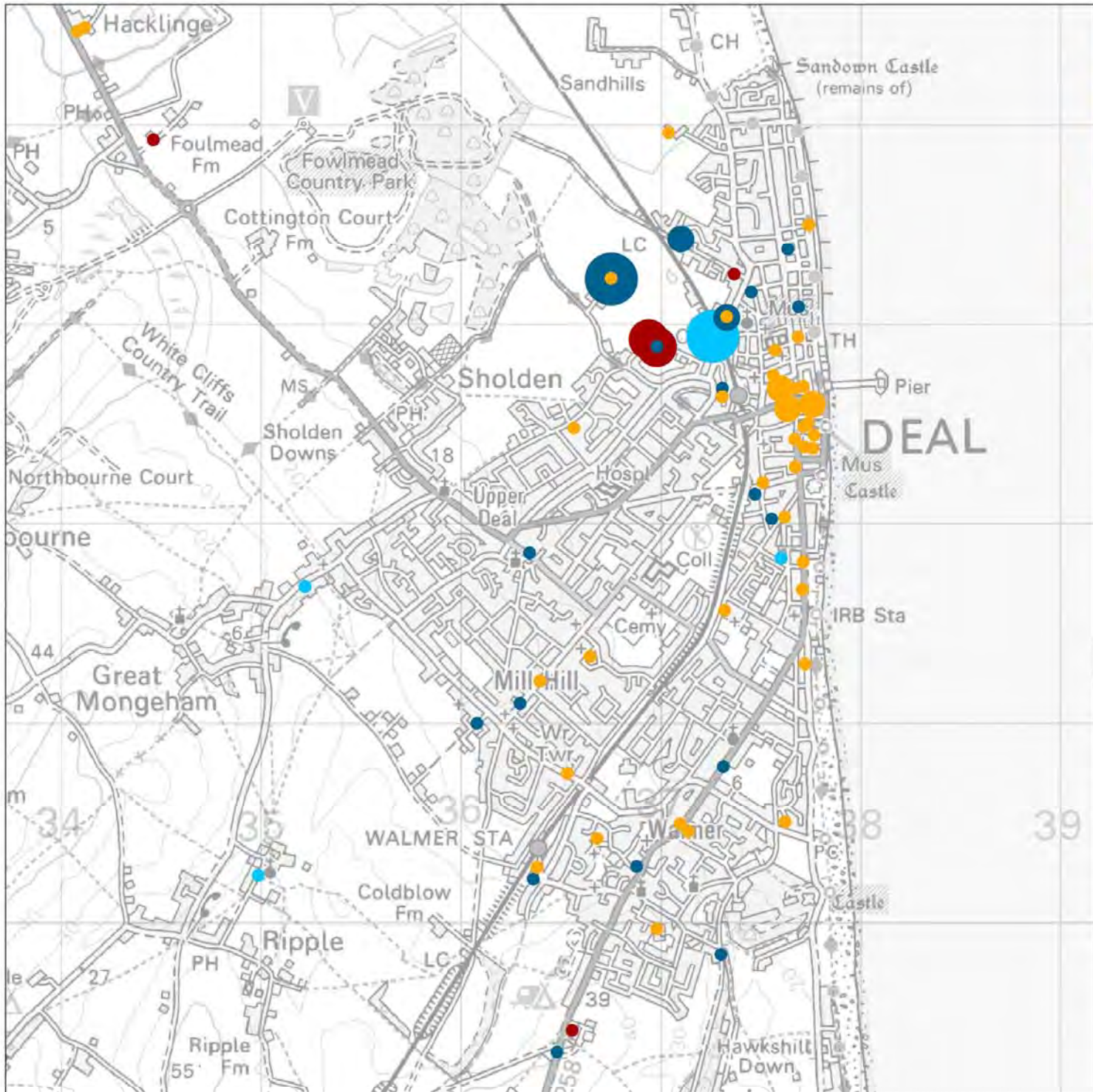Dover DC: © Crown copyright and database rights 2017 Ordnance Survey 100019780.

LICHFIELDS

Appendix 3: VOA Business Floorspace Mapping

Total Floorspace Area (sq.m) by Postcode:

Factory
Office
Warehouse
Workshop

>5,000
2,501 - 5,000
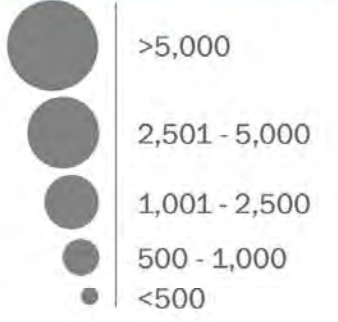1,001 - 2,500
500 - 1,000
<500

SANDWICH

DEAL

DOVER

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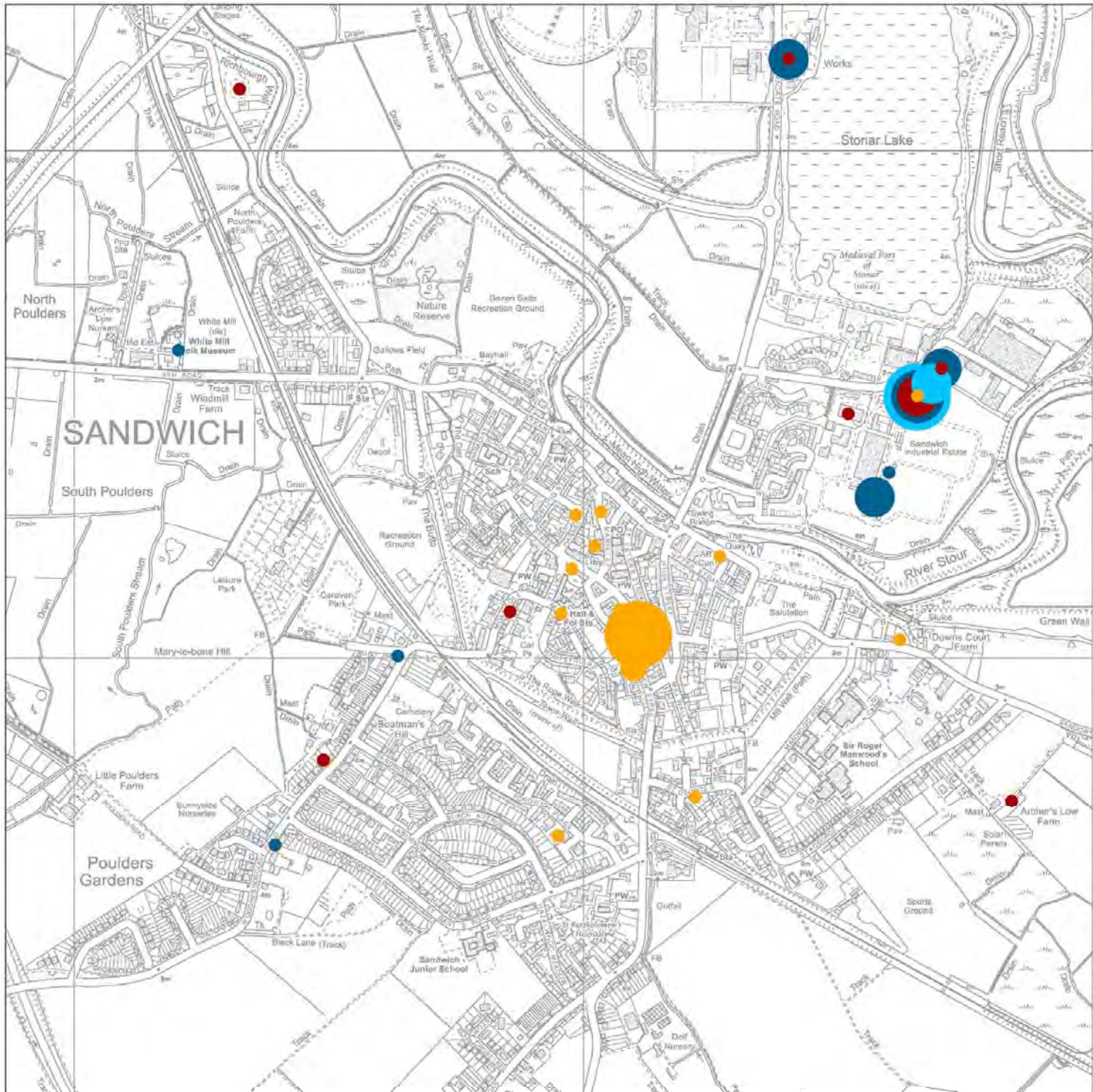Dover DC: © Crown copyright and database rights 2017 Ordnance Survey 100019780

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Total Floorspace Area (sq.m) by Postcode:

- Factory
- Office
- Warehouse
- Workshop

- >5,000
- 2,501 - 5,000
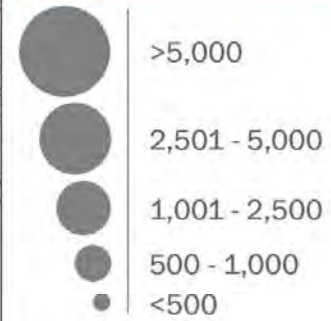- 1,001 - 2,500
- 500 - 1,000
- <500

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Total Floorspace Area (sq.m) by Postcode:

- Factory
- Office
- Warehouse
- Workshop

>5,000

2,501 - 5,000

1,001 - 2,500

500 - 1,000

<500

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LICHFIELDS

Total Floorspace Area (sq.m) by Postcode:

- Factory
- Office
- Warehouse
- Workshop

>5,000

2,501 - 5,000

1,001 - 2,500

500 - 1,000

<500

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Appendix 4: Definition of B Class Sectors

The method used for categorising employment forecasts by sector into B-Class uses is summarised below.

Apportionment of B Class Sectors to Land Uses

Sector	Proportion of Jobs by Use Class		
	B1 office	**B2 industrial**	**B8 warehousing**
Agriculture, Forestry & Fishing	Non B-Class		
Extraction & Mining	Non B-Class		
Food, Drink & Tobacco	0%	100%	0%
Textiles & Clothing	0%	100%	0%
Wood & Paper	0%	100%	0%
Printing and Recorded Media	0%	100%	0%
Fuel Refining	0%	100%	0%
Chemicals	0%	100%	0%
Pharmaceuticals	0%	100%	0%
Non-Metallic Products	0%	100%	0%
Metal Products	0%	100%	0%
Computer & Electronic Products	0%	100%	0%
Machinery & Equipment	0%	100%	0%
Transport Equipment	0%	100%	0%
Other Manufacturing	0%	100%	0%
Utilities		97%	
Construction of Buildings	Non B-Class		
Civil Engineering	Non B-Class		
Specialised Construction Activities	0%	40%	0%
Wholesale	0%	38%	62%
Retail	Non B-Class		
Accommodation & Food Services	Non B-Class		
Land Transport, Storage & Post	0%	0%	58%
Air & Water Transport	Non B-Class		
Recreation	Non B-Class		
Media Activities	100%	0%	0%
Telecoms	100%	0%	0%
Computing & Information Services	100%	0%	0%
Finance	100%	0%	0%
Insurance & Pensions	100%	0%	0%
Real Estate	100%	0%	0%
Professional Services	100%	0%	0%
Administrative & Supportive Services	11%	0%	0%
Other Private Services	Non B-Class		
Public Administration & Defence	10%	0%	0%
Education	Non B-Class		
Health	Non B-Class		
Residential Care & Social Work	Non B-Class		

Source: Lichfields

Appendix 5: Experian Baseline Forecasts

Workforce job growth by sector associated with the baseline labour demand scenario, taken from Experian September 2016 RPS forecasts.

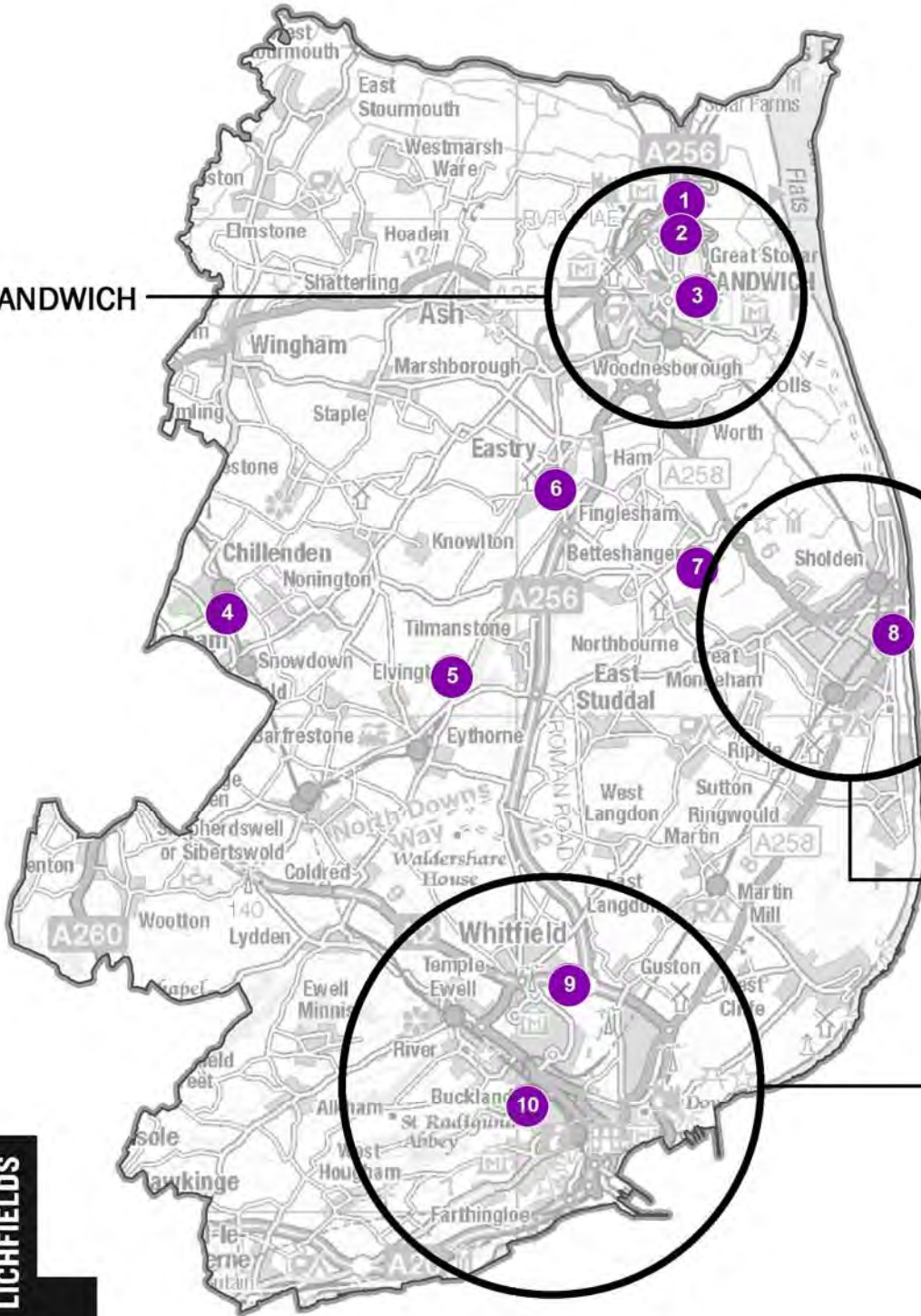| Sector	Workforce Jobs in Dover		
	2016	2026	2037
Accommodation & Food Services	3,200	3,500	3,515
Administrative & Supportive Services	2,200	2,300	2,305
Agriculture, Forestry & Fishing	800	700	590
Air & Water Transport	900	800	795
Chemicals (manufacture of)	0	0	0
Civil Engineering	0	0	0
Computer & Electronic Products (manufacture of)	600	700	1,020
Computing & Information Services	300	300	405
Construction of Buildings	600	600	600
Education	4,500	4,900	5,025
Extraction & Mining	0	0	0
Finance	700	900	1,120
Food, Drink & Tobacco (manufacture of)	1,100	800	470
Fuel Refining	0	0	0
Health	1,600	1,700	1,705
Insurance & Pensions	0	0	0
Land Transport, Storage & Post	3,600	3,200	2,865
Machinery & Equipment (manufacture of)	0	0	0
Media Activities	0	0	0
Metal Products (manufacture of)	300	200	90
Non-Metallic Products (manufacture of)	200	100	95
Other Manufacturing	0	0	0
Other Private Services	900	900	1,005
Pharmaceuticals (manufacture of)	0	0	0
Printing & Recorded Media (manufacture of)	0	0	0
Professional Services	2,800	2,800	2,695
Public Administration & Defence	3,000	2,700	2,580
Real Estate	400	500	400
Recreation	1,300	1,500	1,825
Residential Care & Social Work	3,200	3,700	4,145
Retail	3,600	4,000	4,230
Specialised Construction Activities	1,900	2,000	2,110
Telecoms	0	0	0
Textiles & Clothing (manufacture of)	0	0	0
Transport Equipment (manufacture of)	0	0	0
Utilities	300	400	405
Wholesale	1,800	2,200	2,430
Wood & Paper (manufacture of)	300	200	90
Total Workforce Jobs	**40,100**	**41,600**	**42,515**

Source: Experian (September 2016) / Lichfields analysis

Appendix 6: Employment Site Plans

Employment Site

1 Ramsgate Road, Sandwich (AS14)
2 Discovery Park Enterprise Zone, Sandwich (EZ)
3 Sandwich Industrial Estate (AS15)
4 Aylesham Development Area (AY4)
5 Pike Road, Eythorne (part of Tilmanstone Spoil Tip north) (LE10)
6 Eastry Hospital (LA29/AS1)
7 Betteshanger Colliery Pithead (AS1)
8 Royal Marines School of Music, Deal (AS3)
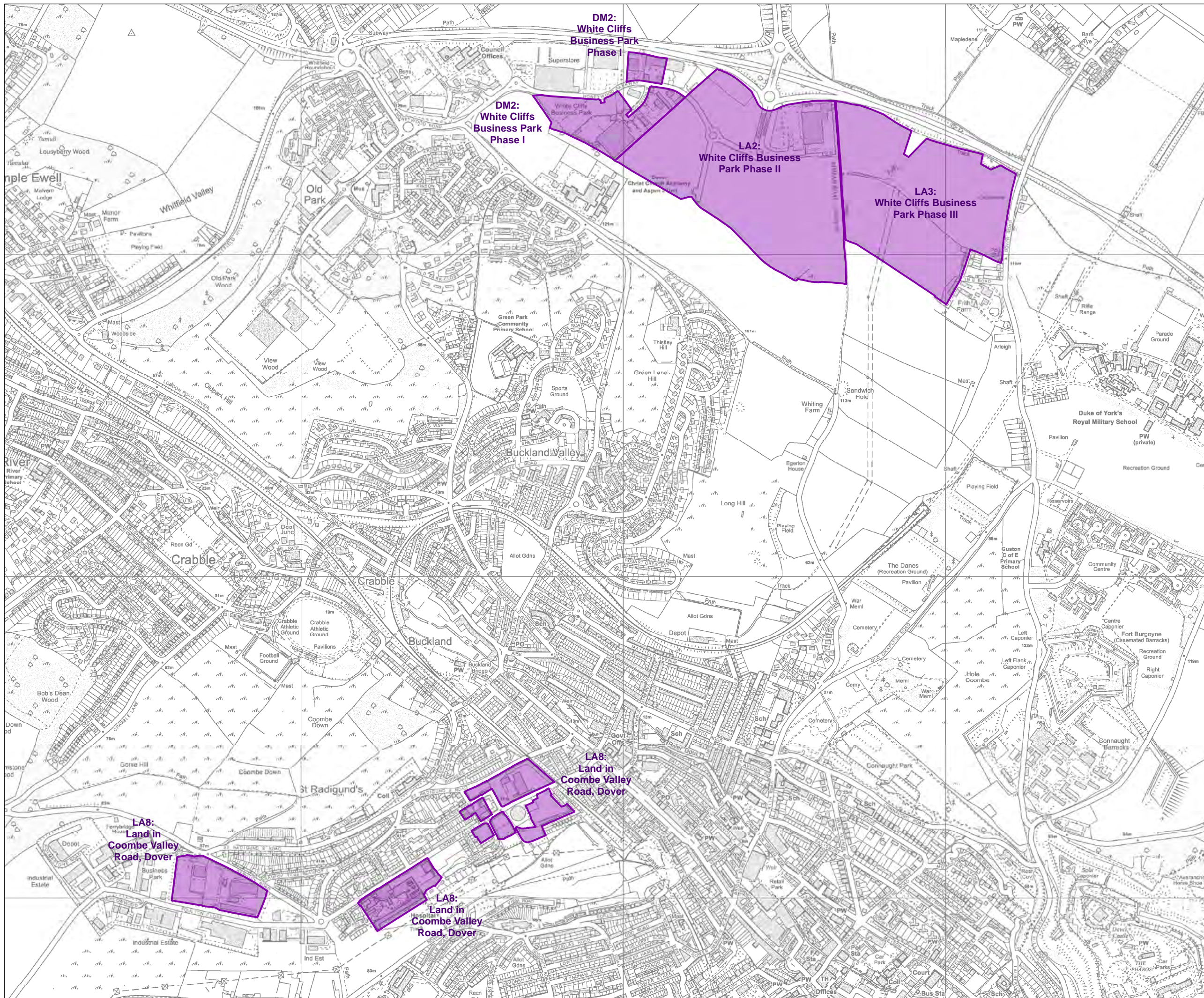9 White Cliffs Business Park Phase I-III (DM2, LA2 & LA3)
10 Land in Coombe Valley Road, Dover (LA8)

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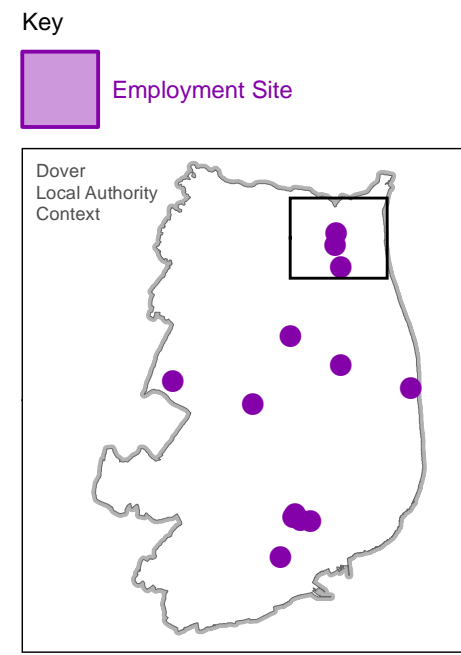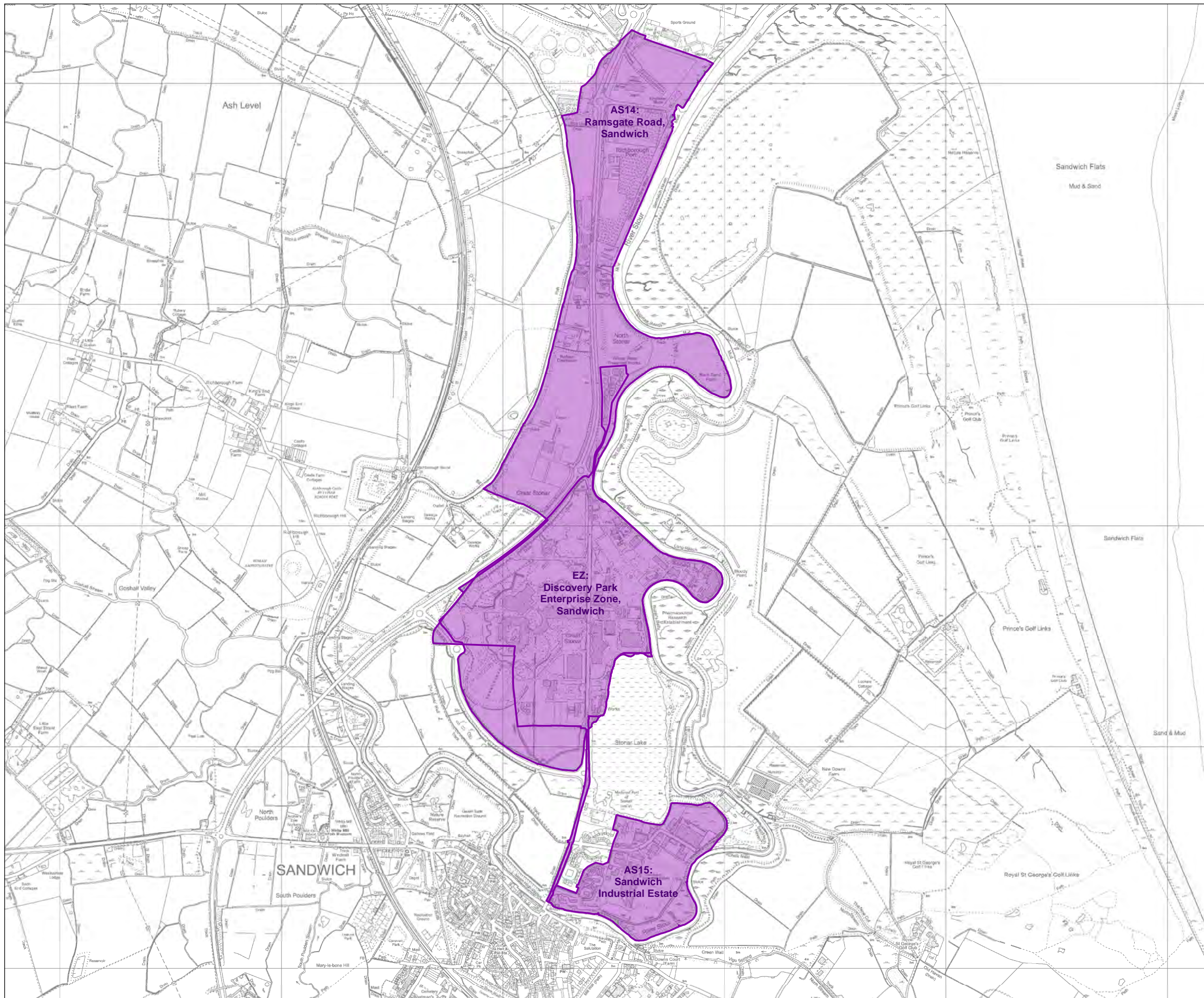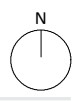DM2: White Cliffs Business Park Phase I

DM2: White Cliffs Business Park Phase I

LA2: White Cliffs Business Park Phase II

LA3: White Cliffs Business Park Phase III

LA8: Land in Coombe Valley Road, Dover

LA8: Land in Coombe Valley Road, Dover

LA8: Land in Coombe Valley Road, Dover

0   250   500m

N

Key

Employment Site

Dover
Local Authority
Context

**AS14:
Ramsgate Road,
Sandwich**

**EZ:
Discovery Park
Enterprise Zone,
Sandwich**

**AS15:
Sandwich
Industrial Estate**

0   250   500 m

LICHFIELDS

Project	Dover EDNA
Title	Employment Sites
Client	Dover District Council
Date	07.09.2016
Scale	-
Drawn by	MAR
Drg. No	GIS\CL\15303\01-02

Key

Employment Site

Dover Local Authority Context

LE10: Pike Road, Eythorne (part of Tilmanstone Spoil Tip north)

AY4: Aylesham Development Area

Ratling

Aylesham

Ackholt

Snowdown

Elvington

Lower Eythorne

Eythorne

Upper Eythorne

Eythorne Green
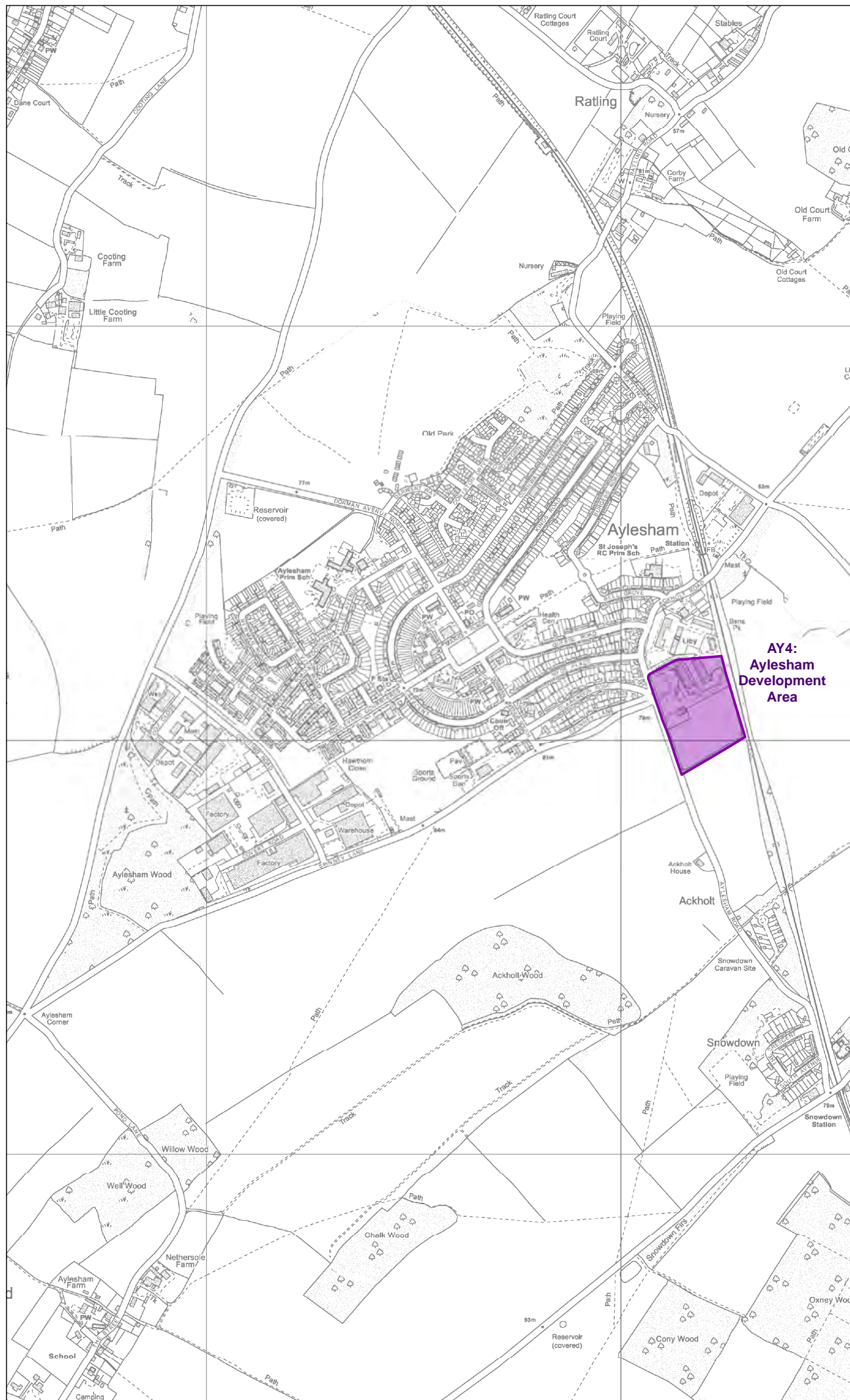
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LICHFIELDS

Project   Dover EDNA

Title   Employment Sites

Client   Dover District Council

Date   07.09.2016
Scale   -
Drawn by   MAR
Drg. No   GIS\CL\15303\01-03

N

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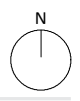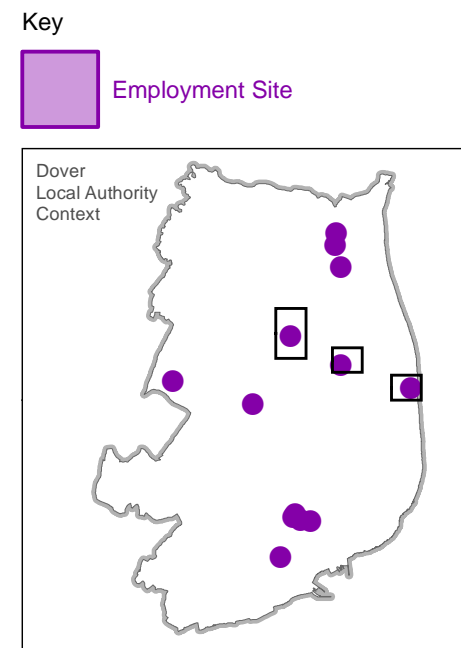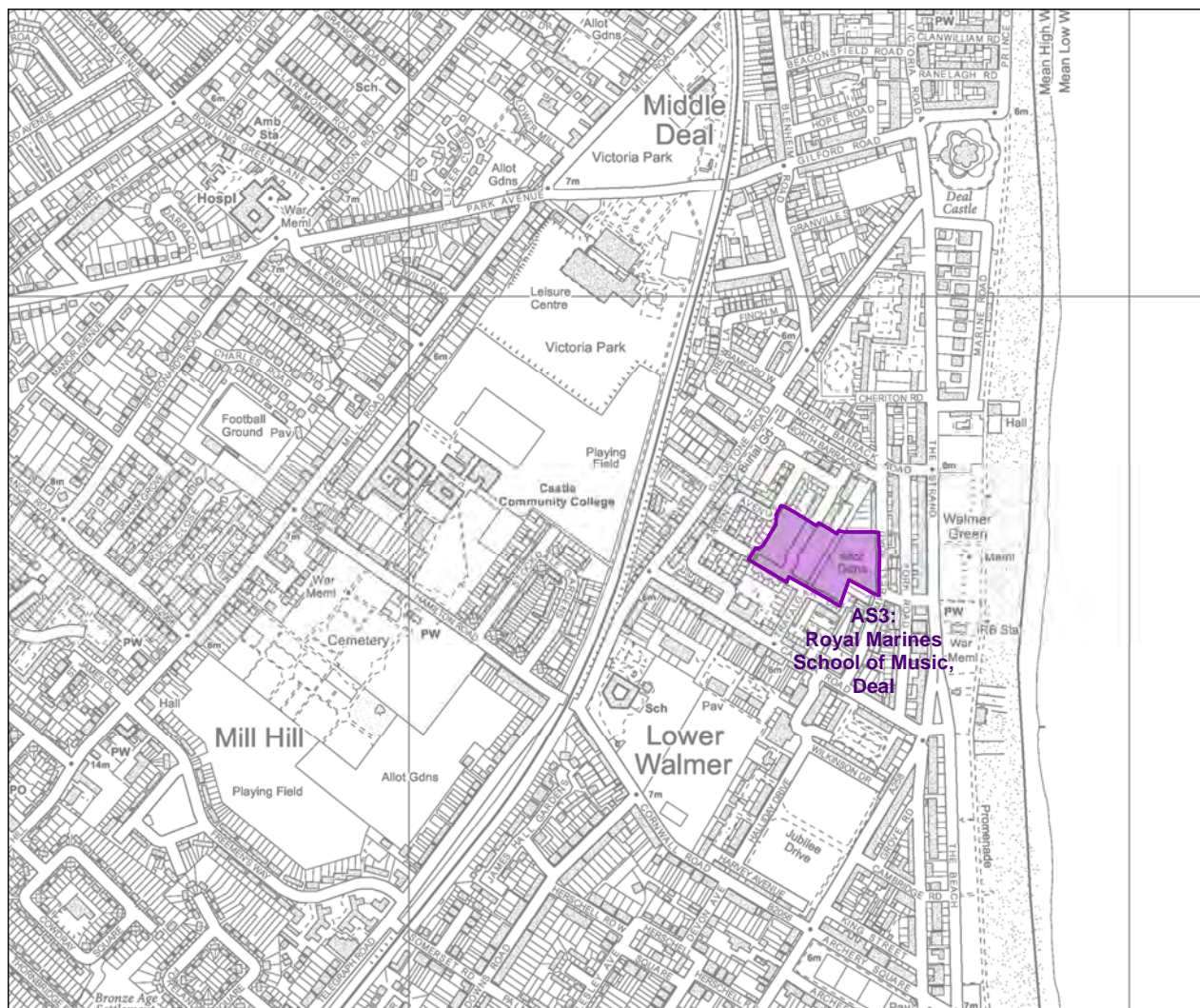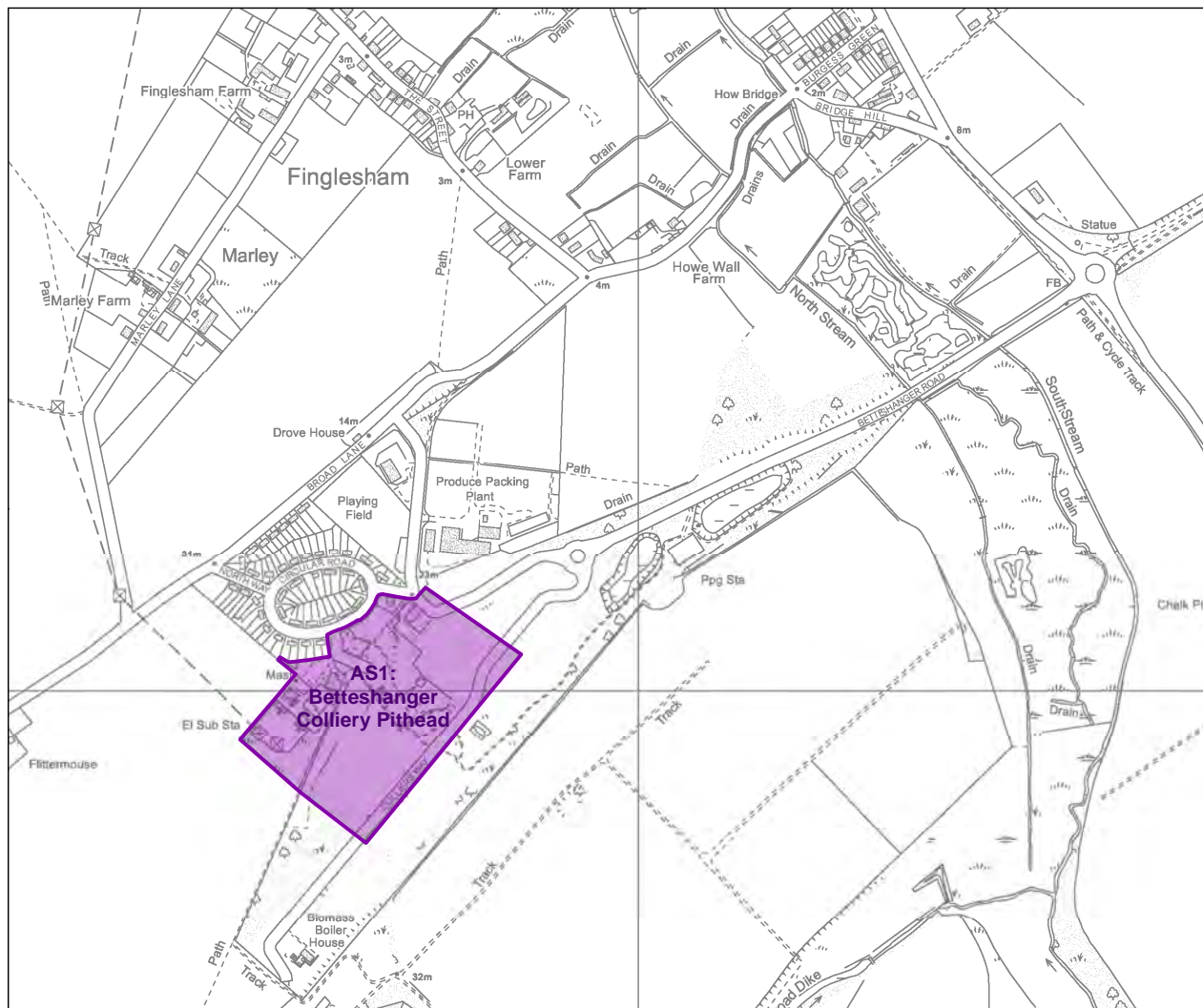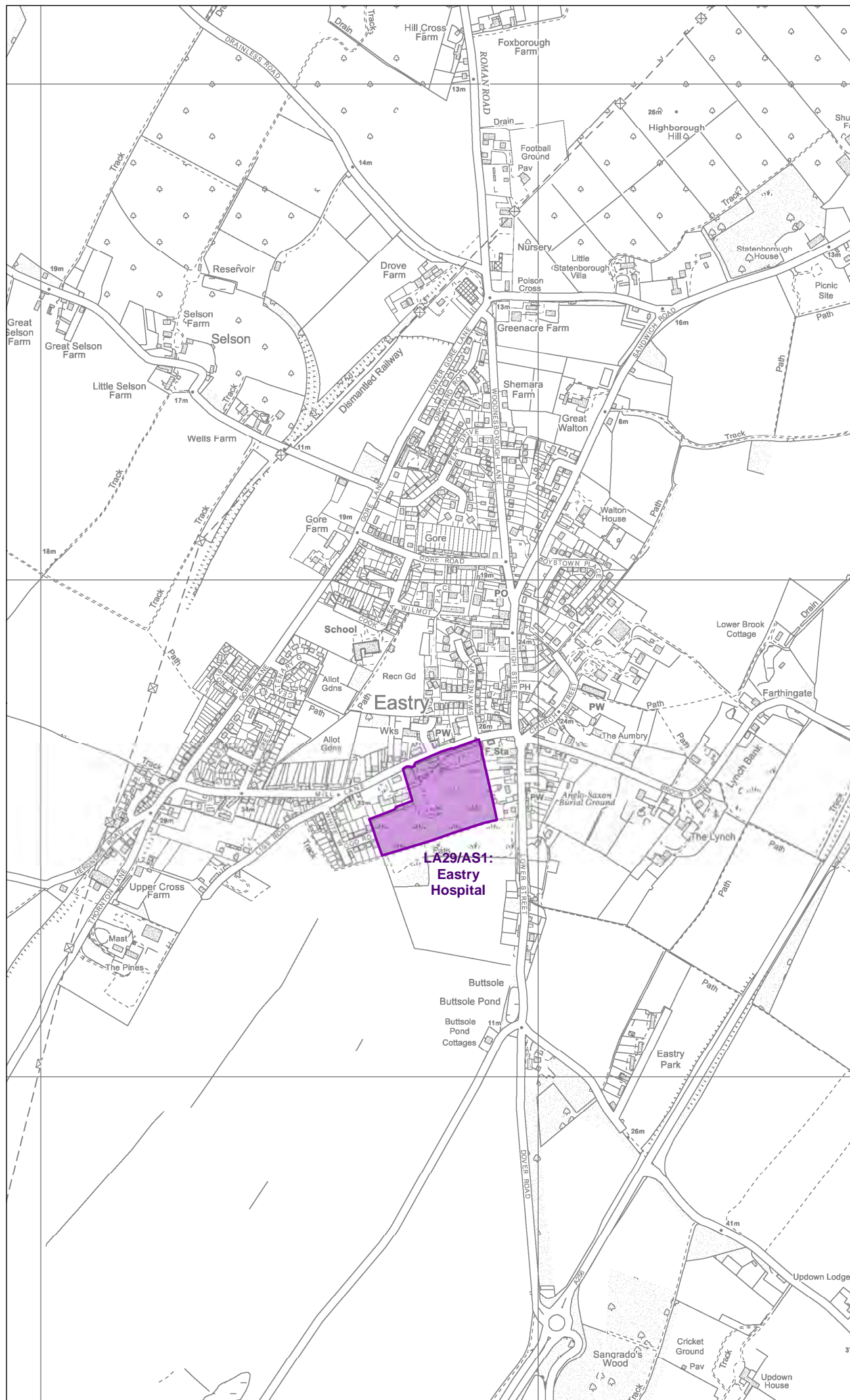
Key

Employment Site

Dover
Local Authority
Context

AS1:
Betteshanger
Colliery Pithead

LA29/AS1:
Eastry
Hospital

AS3:
Royal Marines
School of Music,
Deal

Finglesham

Marley

Middle
Deal

Mill Hill

Lower
Walmer

Eastry

Selson

LICHFIELDS

Project	Dover EDNA
Title	Employment Sites
Client	Dover District Council
Date	07.09.2016
Scale	-
Drawn by	MAR
Drg. No	GIS\CL\15303\01-04

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N
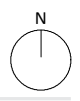
Appendix 7: Employment Site Appraisals

Ref	Site Name	Policy Status / Intended Use	Developable Land	Emerging Proposals	Strength of Market Demand	Scope for Meeting Future Needs	Comments
1	Ramsgate Road, Sandwich	Allocated (B1/B2/B8 uses)	9ha	None	Amber	Amber	Sprawling industrial area to the north of the Discovery Park Enterprise Zone that currently supports a mix of lower value uses. The site appears to be performing ok, with the potential to support future expansion/spill-over of the Enterprise Zone over the longer term.
2	Discovery Park Enterprise Zone, Sandwich	LDO to help guide B class development	11ha	Planning permission for various B class uses as part of redevelopment proposals	Green	Green	Strong employment site located north of Sandwich that currently accommodates a mix of high end uses. The site operates in relative isolation to rest of District in market terms and appears to attract demand from both local businesses and firms operating within the wider sub-region. Scope for significant re-development of site to accommodate a greater critical mass of activity in future, and has recently received planning permission for scheme to progress.
3	Sandwich Industrial Estate	None	11ha	Housing development underway on part of site	Amber	Red	Relatively well performing site that supports a mix of uses and appears to be mostly at full occupancy. However, part of the estate that had remained undeveloped is now being built-out for housing, which could potentially undermine the long-term role of the site in supporting local business needs.
4	Aylesham Development Area	Allocated (B1/B2 uses)	3ha	None	Amber	Green	Undeveloped plot of land adjoining a relatively new industrial terrace development and serviced offices on the edge of Aylesham. Appears to provide a good extension opportunity, although past development by 'Aylesham Community Project' unlikely to have taken place on normal market basis. There are other, larger, more established industrial estates/business parks in Aylesham such as Covert Road and Couton Road with greater critical mass and appeal.
5	Pike Road, Eythorne	Allocated (B2 use)	9ha	Planning permission for 10,000sq.m of B2 use	Amber	Amber	Undeveloped employment allocation adjoining a relatively successful cluster of businesses in Eythorne. The relatively isolated site supports a mix of occupiers, although question whether sufficient demand exists in the local market for this scale of space in this location.
6	Eastry Hospital	Allocated (B1 use and other employment uses)	3ha	Housing development with small B class element	Red	Red	Relatively isolated site located on the edge of Eastry that currently comprises some listed hospital buildings and developable land. Allocated for a mixed scheme, there could be opportunities to include some small B class uses at the site, although market demand for this location may limit the scale of any such development.

Ref	Site Name	Policy Status / Intended Use	Developable Land	Emerging Proposals	Strength of Market Demand	Scope for Meeting Future Needs	Comments
7	Betteshanger Colliery Pithead	Allocated (B1/B2/B8 uses)	4ha	Housing development with small B class element			Long-standing employment allocation that has remained undeveloped for a number of years, in part due to inherent viability issues related to the location. Some market demand for this location is evident from the small office centre operating near the site (which is reported to be fully occupied), although question whether sufficient market demand exists to support new commercial development in this location. This is currently difficult to judge given that the site opportunity has never been tested with the open market. The site is now being promoted by Hadlow College as 'Betteshanger Sustainable Park" to include business incubation space for companies in environmental technology and related sectors. Funding has been secured for a first phase business incubator centre expected to open in mid-2018.
8	Royal Marines School of Music, Deal	None	1ha	None			Former barracks site that has now almost completely been built-out for housing with the residual developable site now surrounded by blocks of flats. No evidence to suggest that the site is suitable for supporting future business needs, recommend release for housing.
9	White Cliffs Business Park Phase I - III	Allocated (B1/B2/B8 uses)	45ha	Phase II has outline permission and masterplan, with B class development remaining unimplemented			Located to the north of Dover town in Whitfield, this represents Dover's premier employment site and benefits from a large quantum of readily available developable land and excellent road access onto the A2. However, the site has struggled to come forward for new B class development over recent years, in part due to viability issues limiting interest by investors to promote B class uses within the site. Retail development has started to erode the longer term employment potential of parts of the site. Market feedback suggests where there is demand for employment space in the District; much of this is focused upon Whitfield.
10	Land in Coombe Valley Road, Dover	None	4ha	None			Established employment site in Dover that currently supports reasonable demand from businesses looking for affordable premises in the town. The site is highly constrained by its location and access difficulties, which greatly limits its potential for future development and supporting business needs. It is likely that this site will continue to support local business needs, but is unlikely to be capable of supporting major growth over the plan period.

Source: Lichfields

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