SCOTT BROWNRIGG

DOVER DISTRICT

EMPLOYMENT UPDATE REPORT

September 2012

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Summary

This report presents the findings of the Dover District Employment Update carried out by Scott Brownrigg and Ramidus Consulting for Dover District Council. It incorporates relevant findings from the *Dover District Retail Update Study (Aug 2012)* carried out in parallel by Strategic Perspectives and the *Sustainability Appraisal for Land Development – Dover Employment Sites (Aug 2012)* carried out by Scott Brownrigg.

The overall purpose of the Update was to review and reassess the evidence base underpinning the Council's employment policies and site allocations in the light of changing economic circumstances and the new national planning policy context.

Policy Context

The Dover District Core Strategy (2010) protects land allocated or last in use for employment uses. The *Dover Local Plan (2002)* includes 16 saved employment sites for B1/B2/B8. The Core Strategy also includes District Objectives for promoting the development of the District's economy including through active intervention of the District Council

The *National Planning Policy Framework (March 2012)* encourages the sort of aspirational and positive approach to development contained in the Core Strategy's Objectives. Given the underlying change in economic outlook for the District, the District Council should now consider how its interventionist and targeted economic development activities will be translated into future jobs growth and any associated employment land requirements.

Review of evidence base

The Core Strategy (page 18) includes an employment growth outlook of +6,500 jobs for the period 2006-26 and states that some 200,000 sq m of additional employment floorspace would be needed to support this growth. However, the economic downturn since 2008/9, the government's public expenditure deficit reduction programme, and local job losses have meant that the Core Strategy's envisaged growth since 2006 has not occurred and the economic outlook is uncertain.

This Study has reviewed the *Dover District Employment Land Review (2009)* which identified a requirement for 64.7 ha of employment land for the period 2006-26. This equates to the Core strategy requirement of 200,000 sq m floorspace.
In light of the changed economic outlook and the identification of methodological issues in the *Employment Land Review*, we suggest that the overall additional employment land requirement for 2006-2026 is likely to be less than 5 ha and 20,000 sqm of floorspace. As a worst-case scenario this requirement could reduce to zero.

It is now estimated as part of the work on this Update that there will be some 4,000 to 5,000 job losses in Dover District by 2018 resulting from continuing recessionary factors and the contraction of the Pfizer operations at Sandwich. For the purposes of this Study, it has been assumed that Dover District employment will only return to its 2006 level by 2026, meaning no net growth over the period 2006-26.

In addition, the availability of the Pfizer site (Discovery Park Enterprise Zone) adds to the employment land supply by some 280,000 sq m of additional employment floorspace, with potential for a further 100,000 sq m.

Site assessments

For the purposes of this Update, 17 currently committed employment sites and the Deal Study Area were identified for assessment in terms of their potential to provide sustainable development for employment use. The sites include existing saved Local Plan allocation sites and several others. The combined area of the 17 sites totals some 227 ha. Including potential floorspace from existing planning consents, the sites have potential for 386,000 sq m of employment floorspace.

The 17 currently committed employment sites and the Deal Area were assessed using Scott Brownrigg's Sustainability Appraisal for Land Development (SALD) methodology. Taking into account the SALD scores and the Core Strategy's approach to the distribution of employment land, nine sites are identified as initial priority sites for employment uses. Including existing planning consents, the sites have potential for an additional 283,000 sq m of floorspace. The nine priority sites provide a floorspace distribution similar to that in Table 3.1 of the Core strategy and thus provide a starting point for prioritising sites which reflect both the Core Strategy spatial objectives and the potential for achieving sustainable development. (The potential floorspace figures include 100,000 sqm on undeveloped land at Discovery Park but not the 280,000 sqm of accommodation vacated by Pfizer).

The four highest scoring priority sites for employment use are:

- St James's Area
- Discovery Park
- White Cliffs Business Park
- Sandwich Industrial Estate

The five other priority sites are:

- Eastry Hospital
- Ramsgate Road
- Aylesham Development Area
- Betteshanger Colliery Pithead
- Albert Road

There are four lower priority employment sites in Dover;

- Old Park Barracks
- Ex Channel Tunnel Workers Camp, Farthingloe
- Coombe Valley Road East
- Coombe Valley Road West

The four sites with lowest priority for employment use are:

- RM School of Music, Deal
- Pike Road, Eythorne
- PAD site (to the south of Minter's Yard)
- Marlborough Road, Deal

Sub-regional context

This Update was carried out in consultation with Kent County Council and the neighbouring authorities in East Kent (Canterbury, Thanet and Shepway) and Ashford BC. Three joint meetings were held during the course of the Update to discuss the emerging findings. The key sub-regional issues are:

- a general consensus on the changed economic outlook resulting in lower requirements for employment land across the sub-region (although Ashford reports continued demand for employment floorspace at Eureka Park);
- the sub-regional impact of the Pfizer contraction and the implications of Discovery Park having Enterprise Zone status;
- the implications for neighbouring centres when Dover Town increases its retail market share through the St. James' scheme; and,
- general agreement that collaboration on a new East Kent sub-regional economic outlook may be beneficial for informing emerging Local Plans and future reviews of existing plans.

1 Introduction

Introduction

This report presents the findings of the Dover District Employment Update Study carried out by Scott Brownrigg and Ramidus Consulting for Dover District Council. It also incorporates relevant findings from the Dover District Retail Update Study carried out in parallel by Strategic Perspectives.

The overall purpose of the Study was to review and reassess the evidence base underpinning the Council's employment policies and site allocations in the light of changing economic circumstances and the new national planning policy context.

As part of the assessment the Council required a reassessment of each site allocation, an examination of the need for non-B class uses and specific advice relating to the White Cliffs Business Park.

The Study involved:

- A review of the economic context for the employment land policies
- An assessment of the evidence base underpinning the policies
- An assessment of the policies against the new National Planning Policy Framework
- Liaison with neighbouring authorities under the Duty to Co-operate
- Sustainability assessment of 17 employment sites and the Deal Study Area as that was examined for its' potential for employment
- Recommendations for prioritising the employment sites for inclusion in the Land Allocations Local Plan
- Recommendations for further work

This report draws on the findings from 3 detailed reports carried out as part of the overall Study:

Ramidus Consulting: A Review of economic and property market assumptions in the existing evidence base in the Dover DC Core Strategy *(July 2012)* - appended.

Scott Brownrigg: Sustainability Assessment for Land Development: Dover District Employment Sites *(August 2012)*

Strategic Perspectives: Dover District Retail Update *(August 2012)*

This report presents the findings in four sections:

2. Policy assessment

3. Site assessments

4. Site priorities

5. Recommendations

2 Policy assessment

Policy assessment

2.1 Adopted policies

2.1.1 Dover District's employment policies are contained in the saved policies of the *Dover District Local Plan (2002)* and the *Dover Core Strategy (2010)*.

2.1.2 The overall employment land policy of the Local Plan, policy LE1, has been replaced by *Core Strategy* policy DM2:

> *"Land allocated for employment uses as shown on the Proposals Map or with extant planning permission for employment uses will not be granted permission for alternative uses unless it has been subsequently allocated for that alternative use in a Development Plan Document.*
>
> *Permission for changes of use or redevelopment of land and buildings currently or last in use for employment purposes will only be granted if the land or buildings are no longer viable or appropriate for employment use."*

2.1.3 The other 'saved' employment land policies of the Local Plan include policy LE2, which lists 16 land allocations for B1/B2/B8 uses. Saved policies LE3 to LE10 give further policy direction for specific sites within these allocations and Area Specific Policies.

2.1.4 Para 2.46 of the Core Strategy refers to economic projections which indicate potential for minimum growth of 4,000 jobs in the District by 2016 and a total of 6,500 by 2026.

2.1.5 Of the additional 6,500 jobs anticipated 2006-2026, some 5,000 are derived from employment projections and 1,500 are based on the capacity of planned developments at Dover Western Docks T2, Dover Waterfront and Dover St James's.

2.1.6 The employment land requirements in the Core Strategy for the period 2006 – 2026 are based on accommodating the 5,000 jobs derived from employment projections.

2.1.7 Para 3.18 of the Core strategy explains that around half of these 5,000 jobs can be expected to arise in employment (B class) uses and that some 226,500 sq m of additional employment floorspace would be needed to support this growth. Policy CP2 of the Core Strategy rounds this requirement to 200,000 sq m

2.1.8 This sets the context for the Council's approach in paras 3.19 - 3.20 to safeguarding employment land allocations:

> *"In order to ensure that there is a sufficient level of employment land supply, the Site Allocations Document should carry forward land allocations at around the level and distribution set out in Policy CP2 and Table 3.1. The Document should also consider whether, in order to safeguard the supply of employment land, it is necessary to allocate sites that have the benefit of unimplemented planning permission, in addition to the protection offered by Policy DM2.*
>
> *Finally, the Document should consider the need to prioritise sites for specific types of employment use, drawing on the findings of the Employment Land Review 2009, which indicated that the greatest need, and therefore priority, is for sites that are suitable for B1 uses."*
>
> Dover Core Strategy 2010, paras 3.19-3.20

2.1.9 As well as these quantified growth targets, the Core Strategy includes more aspirational objectives for guiding the development of the district's economy;

> "2. Transform Dover to become a location of choice to live, work, visit, shop and spend leisure time and be a beacon for the District
>
> 5. Ensure that the local economy performs to or exceeds the County and regional averages
>
> 14. Ensure the delivery of the Strategy through active intervention by the Council and through continuous partnership working with public, private and voluntary sectors"

2.1.10 The Core Strategy was adopted in February 2010 following Examination in 2009. Since then, the economic outlook for the District has changed, with implications for the policy approach to employment land.

2.2 Change in economic outlook

2.2.1 Ramidus Consulting have reviewed the assumptions underpinning the economic outlook in the *Dover Core Strategy 2010*. Their findings are contained in the Ramidus report *A Review of economic and property market assumptions in the existing evidence base in the Dover DC Core Strategy (July 2012),* which is appended to this report.

2.2.2 According to the Ramidus assessment, the evidence supporting the employment growth outlook of 6,500 jobs 2006-2026 is no longer robust. Much of that growth (5,000 jobs) was based on a simple projection of growth over the period 1995-2005, largely driven by continuing growth in the public sector, finance/business services and distribution/hotels/catering.

2.2.3 The economic downturn since 2008/9 and the government's public expenditure deficit reduction programme from 2010 have meant that envisaged growth in these sectors since 2006 has not occurred and the outlook is uncertain. The Dover *Annual Monitoring Report 2010-11* reports that the number of jobs in the district did not grow between 2006 and 2010 with a small fall from 47,600 to 47,300

2.2.4 Further, in 2011 Pfizer announced a major contraction in its operations at Sandwich resulting in the loss of several thousand jobs, both directly and indirectly.

2.2.5 DTZ, working on behalf of Kent County Council, have estimated that the impact of the Pfizer reductions along with those in the public sector and through the decommissioning of the Dungeness A reactor would result in some 4,000 to 5,000 job losses in Dover district by 2018.

2.2.6 Ramidus suggests it would be reasonable to assume no net increase in jobs over the period 2006-26.

2.2.7 The employment outlook for the District that was included in the Core Strategy (figure 2.1) has been amended to reflect this – the green dotted line shows an estimate of what has happened since 2006 and the potential economic outlook.

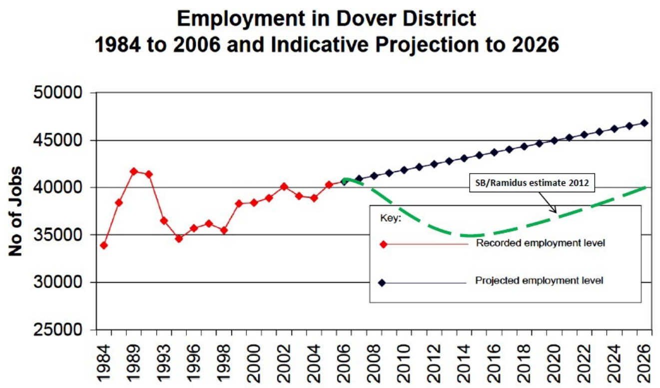


Figure 1. Employment outlook estimates

2.2.8 Section 2.3 assesses the impact of this revised employment outlook on the employment land requirements for the District contained in the Core Strategy. Section 2.3 also assesses other elements of the evidence base underpinning the employment land requirements.

2.3 Assessment of evidence base

2.3.1 Policy CP2 of the *Dover Core Strategy 2010* includes the requirement for 200,000 sqm of employment floorspace 2006-26. This is derived from the results of the GVA Employment Land Review 2009 (ELR) which identified an employment land requirement of 64.7 ha 2006-26.

2.3.2 We have analysed the four components of the *ELR 64.7* ha figure:

	ha
A. Employment projection related growth 2006-26	**10.2**
B. Windfall loss of employment land 2006-26	**29.0**
C. Churn allowance	**12.52**
D. Population growth Scenario 2 (+14,000 homes) employment growth 2006-26	**13.0**
Total	**64.72**

Table 1. Components of employment land requirementsfrom GVA ELR (2009)

2.3.3 Each of these elements is open to question:

A. Employment projection related growth 2006-26: 10.2 ha

2.3.4 There is now unlikely to be net employment growth 2006-26 meaning this figure could be **zero**.

B. Windfall loss of employment land 2006-26: 29 ha

2.3.5 This is based on average annual gross loss of employment land 2003/4 – 2006/7 of 1.45 ha pa projected for 20 years 2006-26. Such an untypical 4 year period and wide fluctuations within the period means this is open to question as an underlying rate for projection over 20 years. Further, there is no analysis of whether the stock at 2006 is an appropriate amount that should be replenished.

2.3.6 More fundamentally, it does not take into account gains in employment land – Kent County Council *Commercial Information Audit (2012)* shows there was net increase in employment floorspace in Dover District between 2001 and 2011 equating to 2.7 ha of employment land. If this were an underlying trend the GVA methodology would result in a net <u>increase</u> of 5.4 ha 2006-26 rather than the loss of 29ha.

2.3.7 The figure needs to be substantially revisited and could be **zero**

C. Churn allowance: 12.52 ha

2.3.8 GVA made an allowance for employment land that will be out of operation at any one time due to it being redeveloped. GVA argued that an equivalent amount should be provided to maintain the stock. GVA estimated the allowance by calculating the average annual amount of employment floorspace completed 1998-2008 and then multiplying this by two, on the assumption that a typical scheme would take two years from start to completion.

2.3.9 Based on development completions 1998-2008 which averaged 21,900 sq m pa equating to 6.26 ha pa, the GVA methodology resulted in 2 x 6.26 = 12.52 ha under development at any one time.

2.3.10 However, the average is distorted by 2 exceptional years. A more recent 10 year period 2001/2 to 2010/11 would give an equivalent figure of 2.74 ha pa or **5.48 ha** under development at any one time.

2.3.11 This period also includes an exceptional year which, if removed, would give 0.13 ha per year as an underlying rate equivalent to **0.26 ha** at any one time

D. Population growth Scenario 2: 13.0 ha

2.3.12 GVA calculated that Dover's 'Scenario Two' of 14,000 new homes 2006-26 would result in population growth of 15,600 people which will include 1,869 in 'B' Use Class employment. GVA then convert these employees into an additional employment land requirement of 13.0 ha.

2.3.11 This is fundamentally incorrect. These are employees not jobs. The employees would take up the forecast jobs projected under A – they do not create an additional land requirement.

2.3.12 This figure should be **zero**.

2.3.13 The likely employment land requirement 2006-26 based on the GVA methodology would thus just be an allowance for churn of 0.26 ha – 5.48 ha. This would translate into a maximum floorspace requirement of some 19,000 sq m rather than the 200,000 sq m identified in policy CP2 of the Core Strategy

2.3.14 At the same time, the Pfizer site (now the Discovery Park Enterprise Zone) is providing some 280,000 sq m of employment floorspace along with potential for a further 100,000 sq m.

2.3.15 The Core Strategy employment policies and allocations are explicitly based on the 6,500 employment growth outlook and the 200,000 sq m employment land requirement. As such they will be open to question as being based on evidence which is no longer robust.

2.4 National Planning Policy Framework

2.4.1 The National Planning Policy Framework published in March 2012 provides a new national policy context for the Dover Core Strategy 2010

2.4.2 The NPPF is supportive of the Core Strategy's aspirational, positive and interventionist approach to promoting economic development in the District, for example through the District Objectives (see para 2.1.9):

2.4.3 Within this approach, the District Council will need to draw upon the updated evidence in this Study to ensure that the allocations of employment land in the forthcoming Land Allocations Local Plan are realistic and satisfy the NPPF's specific guidance on allocations for employment use

> *"Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable communities"*
>
> NPPF, para 22

2.4.4 The District Council has involved neighbouring authorities throughout the progress of this Study in accordance with the Duty to Co-operate introduced by the Localism Act 2011 and the emphasis in the NPPF on the importance of cross-boundary working between LPAs to address 'larger than local' issues.

2.4.5 We suggest the District Council will now need to consider how it involves the other local authorities in updating the economic outlook, not only for the Dover District but also the rest of East Kent and Ashford which are economically interlinked.

3 Site assessments

Site assessments

3.1 The allocated sites

3.1.1 Section 2 of this report concluded that the overall quantum of employment space likely to be required in the District over the plan period to 2026 could be met from the existing stock without the need for further land allocations.

3.1.2 However, there could still be a case for allocating additional land for employment use where this would contribute to the Council's regeneration objectives, including through the geographic distribution of different types of employment uses.

3.1.3 As part of this Study, discussions were held with Dover DC officers to clarify the land still available in the sites 'saved' from the Dover Local Plan 2002 which would be assessed for their potential to provide opportunities for sustainable development.

3.1.4 Taking into account developments and planning permissions that have occurred on the saved sites since they were allocated, 17 sites plus the Deal Study Area (site 12) were agreed for assessment.

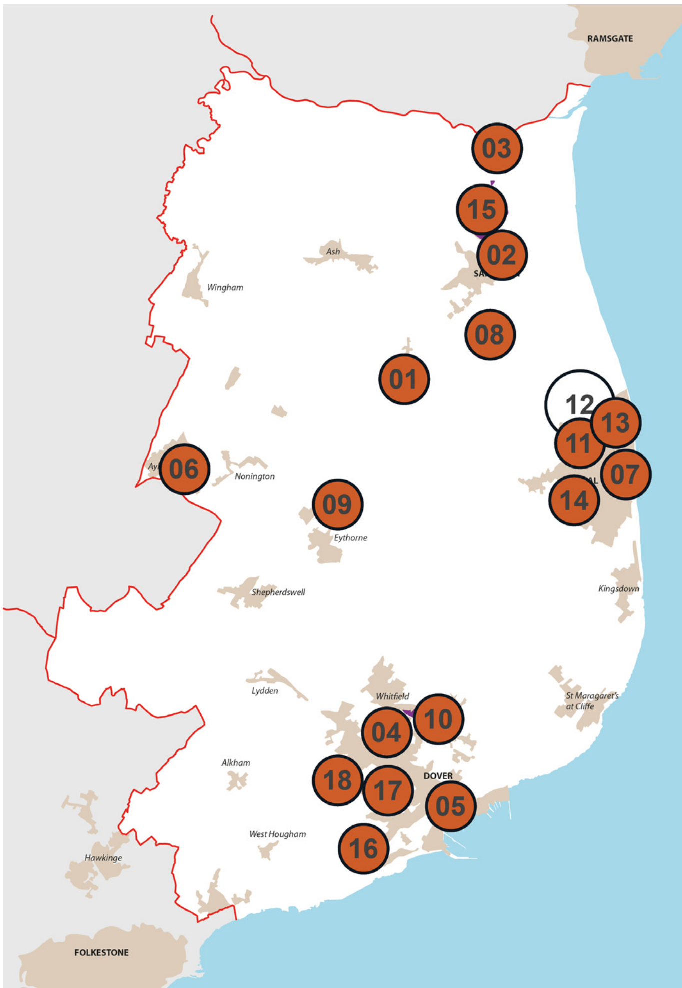


Figure 2; The 18 sites

Table 2; Site areas

Site no	Site name	Area in Ha
01	Eastry Hospital	3.2
02	Sandwich Industrial Estate	18.3
03	Ramsgate Road	15.5
04	Old Park Barracks	5.75
05	St James' Area	3.5
06	Aylesham Development Area	4.2
07	RM School of Music, Deal	1.4
08	Betteshanger Colliery Pithead	6.9
09	Pike Road, Eythorne	9.3
10	White Cliffs Business Park	54.7
11	PAD site, Deal	0.42
12	Deal Study Area	16.5
13	Albert Road, Deal	1.8
14	Marlborough Road, Deal	0.15
15	Discovery Enterprise Zone (Pfizers)	81.1
16	Former Channel Tunnel Workers Site, Farthingloe	11.5
17	Coombe Valley Road Eastern Cluster	4.2
18	Coombe Valley Road Western Cluster	5

The 17 sites have a combined site area of some 227 ha which, at a plot ratio of 3,500 sq m per hectare, would potentially accommodate employment floorspace of 794,000 sq m.

3.2 SALD methodology

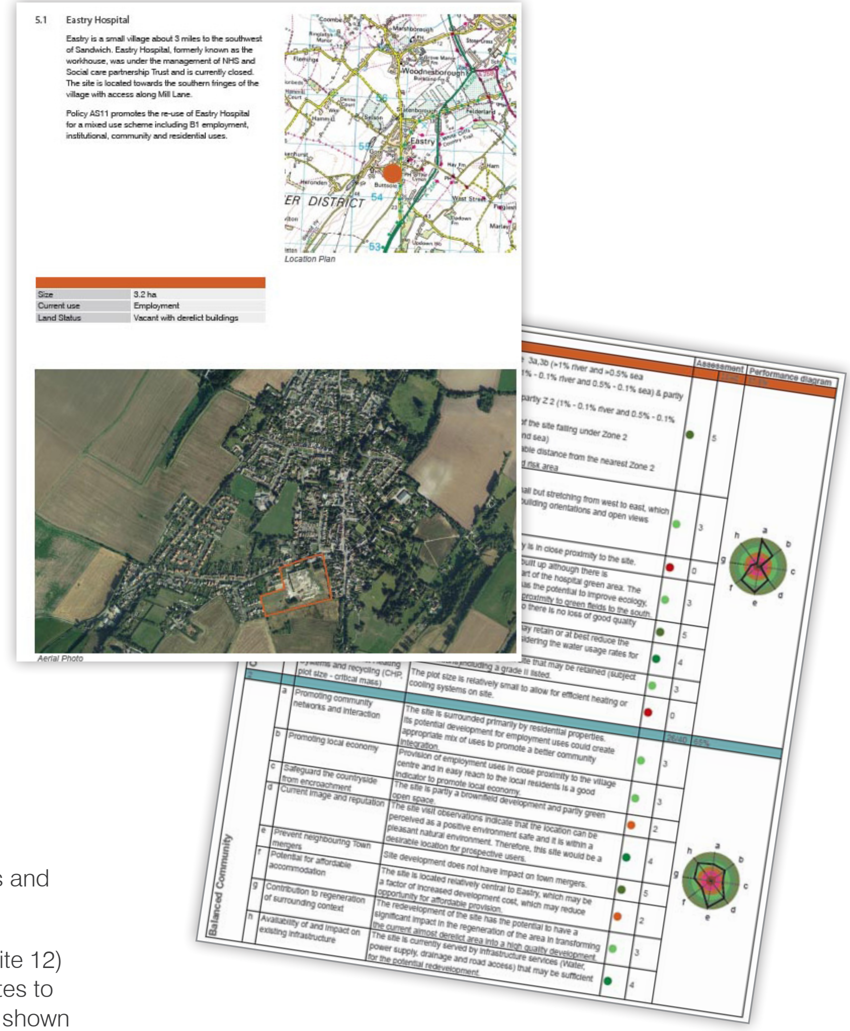
3.2.1 The 17 sites (+Deal Study Area) were assessed using Scott Brownrigg's Sustainability Appraisal for Land Development (SALD) methodology.

3.2.2 The SALD assessed each site against 40 sustainability criteria grouped under five headings of: Climate Change; Balanced Community; Place Making; Accessibility; and Economy. Each criterion was given a score from 0-5 according to its contribution to sustainable development meaning there was a potential top score of 200 for each site.

3.2.3 Each site was visited and information collected from a variety of sources to help inform the scoring process. The draft results were further informed by comments and information from Dover DC officers.

3.2.4 The end product is a detailed sustainability narrative and score for each site enabling an overall ranking for the 17 sites. The detailed results are contained in Scott Brownrigg's report SALD Dover District Employment Sites (Aug 2012).

3.2.5 The extracts opposite show part of the assessment for Site No1 Eastry Hospital:



5.1 Eastry Hospital

Eastry is a small village about 3 miles to the southwest of Sandwich. Eastry Hospital, formerly known as the workhouse, was under the management of NHS and Social care partnership Trust and is currently closed. The site is located towards the southern fringes of the village with access along Mill Lane.

Policy AS11 promotes the re-use of Eastry Hospital for a mixed use scheme including B1 employment, institutional, community and residential uses.

Location Plan

Size	3.2 ha
Current use	Employment
Land Status	Vacant with derelict buildings

Aerial Photo

Extracts from the SALD

3.3 SALD results

3.3.1 The SALD resulted in the following overall scores and ranking of the 17 sites and the Deal Study Area.

3.3.2 The SALD assessment of the Deal Study Area (site 12) is not directly comparable with the other 17 sites as it relates to a general location rather than a defined site. As such it is shown separately in the table.

Rank	Site no	Site name	Score	Potential use	Area Ha
1	05	St James' Area	135	Mixed use	3.5
2	15	Discovery Park Enterprise Zone (Pfizer)	131	Employment	81.1
3	10	White Cliffs Business Park	125	Employment	54.7
4	02	Sandwich Industrial Estate	114	Employment	18.3
5	04	Old Park Barracks	105	Employment	5.75
6	17	Coombe Valley Road Eastern Cluster	104	Employment / residential	4.2
7	13	Albert Road, Deal	102	Employment	1.8
8	08	Betteshanger Colliery Pithead	100	Employment	6.9
9	06	Aylesham Development Area	99	Employment / residential	4.2
10	01	Eastry Hospital	99	Employment	3.2
11	16	Former Channel Tunnel Workers Site, Farthingloe	99	Employment	11.5
12	03	Ramsgate Road	97	Employment	15.5
13	18	Coombe Valley Road West Cluster	93	Employment	5
14	11	PAD Site, Deal	85	Employment / Community	0.42
15	07	RM School of Music, Deal	84	Residential	1.4
16	14	Marlborough Road, Deal	82	Employment / residential	0.15
17	09	Pike Road, Eythorne	67	Employment	9.3
NA	12	Deal Study Area	79	Employment	TBC

Table 3. Assessment Matrix - In rank order

The map shows the distribution of the sites and their colour coded sustainability ranking.

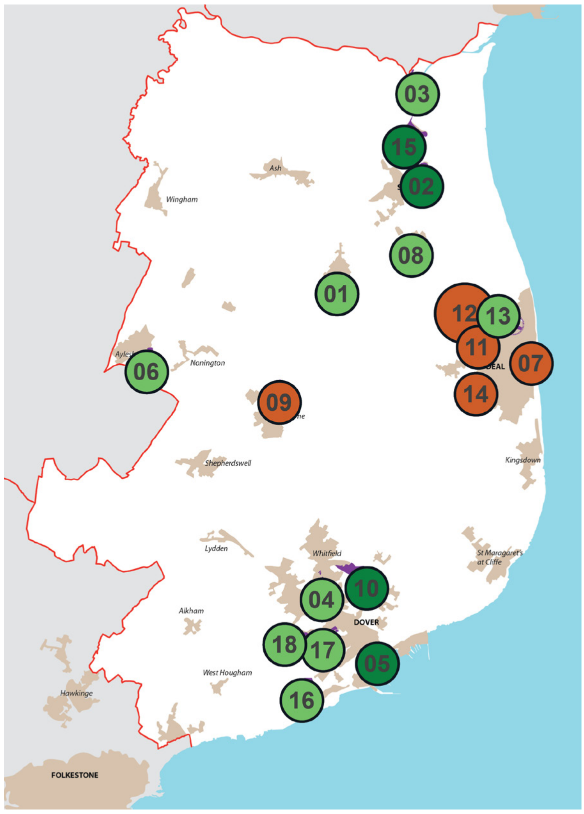


Figure 3; Colour coded sustainability ranking

3.3.3 As well as the overall ranking and score, the SALD illustrates where a site has sustainability strengths and weaknesses as shown in the Table below.

Section 4 explains how the SALD results were factored into the prioritisation of sites for employment land allocations.

Site	1 Climate Change	2 Balanced Communities	3 Place Making	4 Accessibility	5 Economy & Employment	Totals	Rank
Site 01	*23*	*26*	*25*	*13*	*12*	*99*	*9*
Site 02	*23*	*26*	*25*	*21*	*19*	*114*	*4*
Site 03	*23*	*20*	*16*	*15*	*23*	*97*	*12*
Site 04	*19*	*29*	*24*	*12*	*21*	*105*	*5*
Site 05	*17*	*33*	*21*	*33*	*31*	*135*	*1*
Site 06	*14*	*20*	*25*	*22*	*18*	*99*	*10*
Site 07	*15*	*22*	*15*	*18*	*14*	*84*	*15*
Site 08	*24*	*21*	*27*	*10*	*18*	*100*	*8*
Site 09	*25*	*13*	*16*	*3*	*10*	*67*	*17*
Site 10	*23*	*25*	*27*	*20*	*30*	*125*	*3*
Site 11	*15*	*26*	*17*	*13*	*14*	*85*	*14*
Site 12	*11*	*19*	*26*	*11*	*12*	*79*	*NA*
Site 13	*13*	*23*	*24*	*26*	*16*	*102*	*7*
Site 14	*13*	*22*	*22*	*10*	*15*	*82*	*16*
Site 15	*30*	*31*	*26*	*14*	*30*	*131*	*2*
Site 16	*22*	*21*	*24*	*14*	*18*	*99*	*11*
Site 17	*21*	*27*	*19*	*19*	*18*	*104*	*6*
Site 18	*19*	*22*	*24*	*13*	*15*	*93*	*13*

Table 4. Assessment Matrix - Summary

4 Site priorities

Site priorities

4.1 Policy context

4.1.1 The overall employment floorspace requirement for the District included in Policy CP2 of the Core Strategy of 200,000 sq m 2006-26 is now of less relevance given the changed economic outlook and the methodological issues relating to how it was derived.

4.1.2 However, the District Council can still have valid planning grounds for identifying and retaining employment land in pursuit of its objectives for promoting regeneration and economic development, in particular District Objectives 2, 5 and 14 of the Core Strategy.

4.1.3 In considering the floorspace potential of the 17 sites assessed in this Study, we have referred to the Kent County Council Commercial Information Audit (Jan 2012) Table 1A which shows 'the amount of floorspace still available for development' for the Development Plan Allocation sites.

4.1.4 KCC formulates these estimates by (1) approximating the floorspace potential of the site, assuming 3,500 sq m of floorspace per hectare; (2) subtracting the floorspace of implemented schemes; (3) subtracting floorspace of extant unimplemented panning permissions.

4.1.5 The SALD ranking provides a starting point for identifying priority sites with potential for sustainable employment development. 13 of the 17 sites score appreciably higher on sustainability grounds and, as such, provide a starting point for considering priority sites.

4.1.6 In addition, a long-term view beyond the plan period may be needed to ensure the best sites remain available as they may be very difficult to replace if redeveloped for other purposes.

4.2 Spatial distribution

4.2.1 The Core Strategy (para 3.19) states that land allocations should be carried forward around the level and distribution set out in Policy CP2 and Table 3.1.

4.2.2 The Core Strategy's settlement hierarchy (Core Strategy para 3.7 to 3.11) sets out the role of individual settlements within the District, and provides a basis for the distribution of residential development across the District in order to meet the requirements of Policy CP3. The settlement hierarchy seeks to ensure that the District's residents can access a range of services and facilities that reduces the need to travel. The Council's employment strategy has therefore been developed to ensure that employment land is available in locations close to the existing population taking into consideration the settlement hierarchy in the Adopted Core Strategy.

4.2.3 While the overall level of provision is no longer of such relevance, the distribution set out in Table 3.1 provides a basis for spatial priorities.

4.2.4 The Saved Local Plan Allocations give the following distribution in percentage terms.

	Saved allocations (sq m)	Planning permissions (sq m)	Area sub-total (sq m)	%
Dover	50,000	106,000	156,000	45
Deal	11,500	24,000	36,500	10
Sandwich	104,000	7,000	111,000	32
Rural	29,000	16,000	45,000	13
Total	**194,500**	**155,000**	**347,500**	**100**

Table 5, Dover Core Strategy 2010, Table 3.1

4.2.5 Table 1A of the CIA includes figures for the amount of floorspace still available for development for 13 of the 17 sites that are the subject of this Study. KCC have also provided floorspace figures for unimplemented extant planning permissions relating to these 13 sites. This has enabled us to produce estimates of floorspace development potential which are compatible with those included in table 3.1 of the Dover Core Strategy.

4.2.6 For the Study sites not included in table 1A of the CIA report (SALD sites 8, 16, 17, 18) we have applied the standard 3,500 sq m per ha ratio to provide an estimate of floorspace development potential. The resultant floorspace potential figures are shown in the table below:

SALD site no.	Site Name	Site area (Ha)	KCC CIA 2010 sq m available for development	KCC sq m in extant permissions	KCC CIA + KCC PP + other SALD sites @ 3,500 sq m per Ha
1	Eastry Hospital	3.2	2,000		2,000
2	Sandwich Industrial Estate	18.3	0	5,967	5,967
3	Ramsgate Road	15.5	3,700		3,700
4	Old Park Barracks	5.75	988	18,955	19,943
5	St James' Area	3.5	0	10,335	10,335
6	Aylesham Development Area	4.2	8,000		8,000
7	R.M. School of Music North Brks	1.4	0	1,843	1,843
8	Betteshanger Colliery Pithead	6.9			24,150
9	Pike Road	9.3	1,350		1,350
10	White Cliffs Business Park Phase I		1,205	2,065	3,270
10	White Cliffs Business Park Phase II	54.7	836	69,726	70,562
10	White Cliffs Business Park Phase III		50,400		50,400
11	PAD site	0.42	0	6,455	6,455
12	Deal Study area				
13	Albert Road	1.8	4,550		4,550
14	Marlborough Road	0.15	495		495
15	Land at Pfizer	81.1	100,000		100,000
16	Ex Channel Tunnel Workers Camp, Farthingloe	11.5			40,250
17	Coombe Valley East	4.2			14,700
18	Coombe Valley West	5			17,500
	Total	**226.92**	**173,524**	**115,346**	**385,470**

Table 6. Site areas & floorspace potential

4.2.7 Excluding the Deal Study Area, the 17 SALD sites have a combined site area of some 227 ha and current floorspace potential (including floorspace in extant unimplemented planning consents) of 386,000 sq m.

4.2.8 The *CIA* figures include 100,000 sqm at Discovery Park site which is allocated under Policy LE9 of the Local Plan but do not take into account the vacated space in buildings formerly occupied by Pfizer. The contraction of Pfizer operations since 2011 is resulting in some 280,000 sq m of B1 space becoming available. This space is largely of a specialist type most suitable for research and development activities along with associated offices. The District Council has a special targeted promotional programme for attracting occupiers to this accommodation. Because of its special characteristics and the way it is already being prioritised by the District the vacated space is not included in the general spatial distribution analysis of this Study.

4.2.9 The Deal Study Area has been the subject of a SALD assessment but this has been a more theoretical exercise assessing the sustainability credentials of the general location rather than a specified site or sites. As such, the SALD score and ranking is not directly comparable with the other sites.
The Deal Study Area is thus a separate type of potential source of employment land and is not included in the spatial distribution analysis. As the District Council develops its aims for the Deal Study Area, the SALD assessment and the spatial distribution analysis of the other sites in the Study will help inform decisions on the appropriateness of including employment land.

4.2.10 Figure 4 opposite shows the distribution of the sites and their SALD performance in colour coded form. This provides a starting point for achieving a priority list of sites according to their SALD scores and the spatial distribution for employment land included in Table 3.1 of the Core Strategy

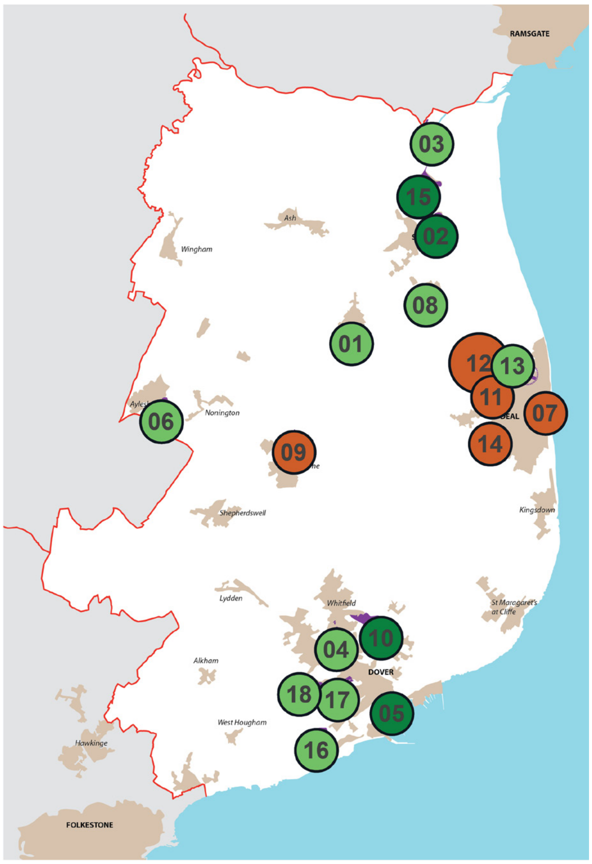


Figure 4; Colour coded sustainability ranking

4.2.11 We have initially tested 3 options for prioritising the sites according to the SALD rankings:

- **Option 1**: Sites 2, 5, 10, 15 – the highest scoring sites shown in dark green on the map opposite

  Option 2: The Top 13 sites - the dark green and lighter green sites

- **Option 3**: The Top 13 sites but excluding the lower scoring Dover sites 4, 16, 17 & 18

4.2.12 The Table below compares the distribution of floorspace from the 3 options against the distribution in Core Strategy Table 3.1 (see also paragraph 4.2.3)

	Core Strategy Table 3.1		**Option 1 Sites 2, 5, 10, 15**		**Option 2 Top 13 sites**		**Option 3 Top 13 excl Dover sites 4, 16, 17, 18**	
	sq m	%	sq m	%	sq m	%	sq m	%
Dover	156,000	45%	134,567	56%	226,960	60%	134,567	48%
Deal	35,500	10%	0	0%	28,700	8%	28,700	10%
Sandwich	111,000	32%	105,967	44%	109,667	29%	109,667	39%
Rural	45,000	13%	0	0%	10,000	3%	10,000	4%
Total	**347,500**	**100%**	**240,534**	**100%**	**375,327**	**100%**	**282,934**	**100%**

Table 7. Priority options of floor space distributions

4.2.13 As can be seen, Option 3 has a distribution of floorspace across the District similar to that in Table 3.1 of the Core Strategy. The lower scoring Dover sites have been excluded because of the significant amount of potential floorspace already accounted for in the Dover area through sites 5 (St James) and 10 (White Cliffs) .

4.2.14 This provides a starting point for factoring in other considerations which might influence the inclusion or exclusion of certain sites. For example, Site 4 Old Park Barracks was the fifth highest scoring SALD site and is particularly suitable for dock related uses that could not be so readily provided by other sites.

4.2.15 Using Option 3 as a starting point, the Council can now make informed and explicit decisions about sites to prioritise for employment use which reflect both the Core Strategy spatial objectives and the potential for achieving sustainable development.

4.2.16 The District Council will still need to keep these figures under review in light of development completions over the plan period (since 2006) and the planning permissions pipeline. At the time of producing this report the KCC CIA figures for the year to 31st March 2011 had not been published but we understand they will be available shortly thus enabling the District Council to update the spatial distribution implications of the allocations.

4.3 Sub-regional context

4.3.1 This Update was carried out in consultation with Kent County Council, the neighbouring East Kent authorities (Canterbury, Thanet and Shepway) and Ashford BC. Three joint meetings were held during the course of the Update to brief the authorities and discuss the emerging findings.

4.3.2 There was a general consensus amongst the authorities that the changed economic outlook for Dover District identified in the Update was similar for the neighbouring areas. Most of the authorities reported that their requirements for employment land were now lower than previously anticipated, although Ashford was experiencing continued demand for employment floorspace particularly at Eureka Park. There was discussion of the labour market implications in the context of population growth and the age profile of the East Kent workforce. Older workers were remaining in the labour market longer.

4.3.3 The authorities discussed the sub-regional impact of the Pfizer contraction. Some 60% of the employment at Pfizer commuted in from outside Dover District and the direct and indirect impacts of the contraction were being felt across the sub-region. Along with job losses at Dungeness A and through public sector contraction there were likely to be some 10,000 job losses across East Kent by 2018 of which some 4,000 would be in Dover District.

4.3.4 The authorities were interested in the future role of the Discovery Park Enterprise Zone both in the use of the vacated accommodation as well as the potential additional accommodation from further development on the site. The EZ status would be a factor in the relative competitiveness of other business space locations in the neighbouring Districts.

4.3.5 The retail Update included catchment areas that extended beyond the Dover District boundaries and the other authorities had been consulted on these so that there was co-ordination with their own studies. The main retail implication for neighbouring centres was the prospect of Dover Town increasing its retail market share through the St. James's scheme.

4.3.6 The District Councils are at different stages in the preparation of their Local Plans. Thanet and Canterbury are scheduled to reach submission stage in April and July 2013 respectively. Shepway's Core Strategy is the subject of an Examination In Public which commenced in May 2012 but this has been suspended while the Council consults on further changes in response to concerns raised by the Inspector. Ashford's Core Strategy was adopted in 2008 although a review is underway

4.3.7 There was general agreement amongst the authorities that collaboration on a new East Kent sub-regional economic outlook would be beneficial for informing the emerging Local Plans and future reviews of existing plans.

4.4 Retail study implications

4.4.1 The Dover District Retail Update Study was carried out by Strategic Perspectives in parallel with this Study. Its findings have implications for considering retail uses as alternatives to employment uses on the eight lower scoring sites. The findings can also inform the potential for considering mixes of uses including retail on some of the nine priority sites. The study is available on Dover District Council's website.

4.5 Alternative Uses

4.5.1 We have considered the potential for alternative uses on the sites assessed as part of this Study and, as required in the brief, suggest the following approaches.

White Cliffs Business Park (site 10)

4.5.2 According to the latest data from Kent County Council's Commercial Information Audit (Jan 2012) the 55 ha Whitecliffs Business Park (WCBP) has potential for some 53,000 sq m of employment floorspace in addition to existing unimplemented planning consents of 71,800 sq m.

4.5.3 The park achieved the third highest SALD score for sustainable employment development. WBCP provides excellent transport links and a high quality business environment with potential for a variety of establishments which could contribute to a more sustainable locality, especially as it is opposite the Whitfield planned expansion (5,750 homes).

4.5.4 The Retail Update Study found that just 12% of convenience expenditure in the Dover area was retained in Dover Town Centre. Of the 83% going to Dover's 'out of centre' stores, 23% went to the Tesco Extra on Whitecliffs Business Park which is trading at 40% above the national benchmark for a store of this type.

4.5.5 The Retail Study's projections of retail capacity for the Dover area indicate that there is unlikely to be a need for additional capacity up to 2031 for convenience or comparison goods floorspace. This takes into account extant planning consents at White Cliffs Business Park (5,800 sq m retail) and St James (10,700 sq m). In addition, the Strategic Sites at Dover Waterfront, Dover Mid-Town and Whitfield may potentially add to the retail stock.

4.5.6 Although this outlook suggests an adequate supply of retail floorspace for the foreseeable future, new retail development proposals on the Whitecliffs Business Park may still come forward attracted by the success of the Tesco Extra store. The District Council will need to consider any such proposals in the context of the retail floorspace supply projections at the time and the impact on achieving the Council's aims for Dover Town Centre and the Strategic Sites

4.5.7 There is substantial capacity in the Business Park for additional development in excess of current planning consents but, as shown in this Study, the outlook for demand from employment uses in Dover and across the district is likely to be much lower than envisaged in the Core Strategy. While maintaining its function as a premier business location within the area and its performance as a high scoring sustainable location for employment uses, there could therefore be potential for other uses on the Business Park which could contribute to sustainable development.

4.5.8 In this context, we suggest that the District Council adopts the following approach:

- Continue to restrict the WCBP to B1-B8 uses which benefit from the Business Park's role as a sustainable employment location and premier business site
- Consider other employment uses and asses them in terms of their contribution to sustainable development as set out in the National Planning Policy Framework
- Being mindful of the potential impacts on Dover Town Centre, when main town centre uses are proposed at the Business Park they are the subject of sequential testing in accordance with paras 24-27 of the *National Planning Policy Framework*

Discovery Park (site 15)

4.5.9 According to the KCC CIA (Jan 2012) report, there is potential for 100,000 sqm of employment floorspace development at the Pfizer site, now known as Discovery Park. This potential is allocated under Policy LE9 of the Dover local Plan. In addition, the contraction of Pfizer operations since 2011 is releasing some 289,000 sqm of specialised employment space used for research and development along with associated office uses. Having achieved Enterprise Zone status for the Park, Dover District Council is promoting its occupation and development. The Local Development Order implementing the Enterprise Zone will result in simplified planning control over the whole area which includes the Policy LE9 allocation. Depending on how these plans develop there will be implications for employment land supply not only for the Sandwich area but for the District and neighbouring authorities. The site achieved one of the highest SALD scores for employment space and as such should be a priority location for employment uses.

St James's area (site 5)

4.5.10 The St James's area in Dover scored highest in the SALD assessment and, for the purposes of this study, is included as a potential sustainable employment site. However, there is an extant planning permission for redevelopment of the area that does not include 'B' type employment uses so it may not become available for such uses.

Other Priority sites (Sites 1, 2, 3, 6, 8, 13)

4.5.11 Prioritise sites 1, 2, 3, 6, 8 and 13 for employment uses based on their sustainability credentials and spatial distribution.

Dover lower priority sites (Sites 4, 16, 17, 18)

4.5.12 Given the potential employment floorspace supply in Dover, attach lower priority for employment use to sites 4, 16, 17 and 18. In sustainability terms, site 17 has potential for sustainable residential development

Non-Priority sites (Sites 7, 9, 11, 14)

4.5.13 Attach lowest priority for employment use to sites 7, 9, 11 and 14. In sustainability terms, sites 7 and 14 have potential for sustainable residential development while site 11 has potential for contributing to sustainable development through inclusion of community uses.

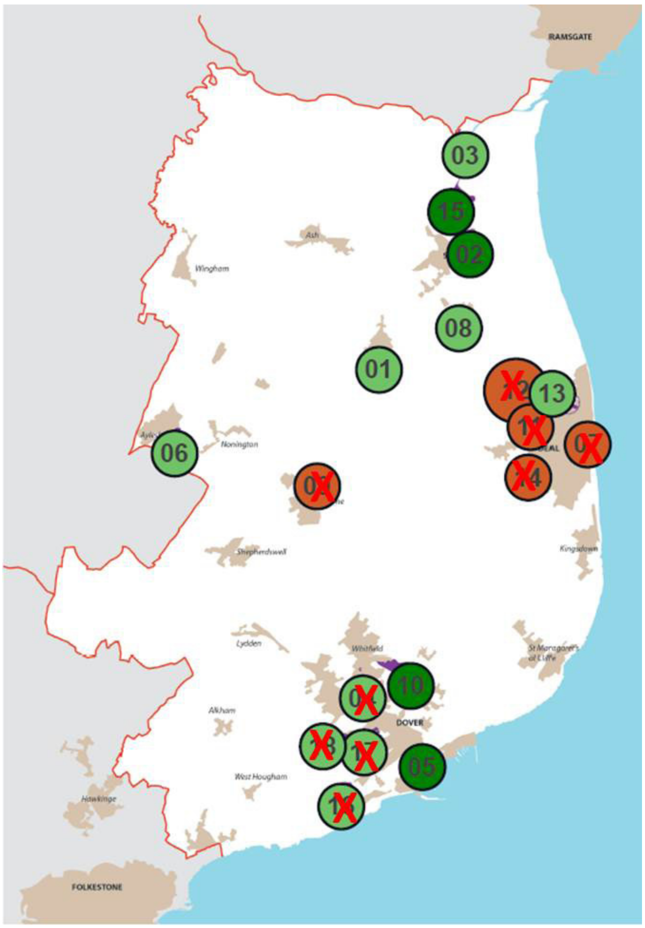


Table 3. Site areas & floorspace potentialThe priority sites

5 Recommendations

Recommendations

1. Given the changed economic outlook for the District since the Core Strategy was formulated, draw upon the updated evidence in this Study to ensure that the allocations of employment land in the forthcoming Land Allocations Local Plan are realistic and satisfy the NPPF's specific guidance on allocations for employment use.
2. As a starting point for identifying employment land allocations, prioritise sites (1) Eastry Hospital (2) Sandwich Industrial Estate, (3) Ramsgate Road (5) St James' Area (6) Aylesham Development (8) Betteshanger Colliery Pithead, (10) White Cliffs Business Park, (13) Albert Road Deal, and (15) Discovery Park Enterprise Zone for employment uses based on their sustainability credentials and the spatial distribution of employment land set out in the Core Strategy.
3. As the plans for the Discovery Park Enterprise Zone (site 15) develop, assess the impact of employment uses located there on the supply and demand for employment land, not only in the Sandwich area but also in the District and neighbouring authorities in East Kent.
4. Continue to encourage B1-B8 uses at White Cliffs Business Park but consider other employment uses and asses them in terms of their contribution to sustainable development.
5. When main town centre uses are proposed at the White Cliffs Business Park, the District Council should assess them in the context of the retail capacity outlook at the time including the potential retail components of the 3 Dover Strategic Sites. The District Council should also take into account the potential impacts on its aims for Dover Town and subject such proposals to sequential testing.
6. Given the potential employment floorspace supply in Dover, attach lower priority for employment use to sites (4) Old Park Barracks, (16) Former Channel Tunnel Workers Site Farthingloe, (17) Coombe Valley Road Eastern Cluster and (18) Coombe Valley Road Western Cluster. In sustainability terms, site 17 has potential for sustainable residential development.
7. Attach lowest priority for employment use to sites (7) RM School of Music, Deal, (9) Pike Road Eythorne, (11) PAD site Deal and (14) Marlborough Road, Deal.

Appendix: Ramidus Report

A review of economic and property market assumptions in the existing evidence base for the Dover DC Core Strategy.

A review of economic and property market assumptions in the existing evidence base for the Dover DC Core Strategy.

Prepared for Dover District Council
By RAMIDUS CONSULTING LIMITED
Date July 2012

A review of economic and property market assumptions in the existing evidence base for the Dover DC Core Strategy.

Introduction

The purpose of this paper is to support the Dover District Retail and Employment Update being undertaken by Scott Brownrigg and Strategic Perspectives. In it, we review the economic and property market assumptions in the existing evidence base that underpins employment land policies in Dover's Core Strategy and emerging Land Allocations Development Plan Document. In particular, it reviews the evidence provided in two key documents in the light of changes, since their production, in the local, regional and national economy, as well as conditions in the local property markets for office and industrial property. The two key documents are:

- *Employment Land Review* GVA April 2009
- *Economic Review* Roger Tym and Partners August 2008

We also have regard to evidence provided in:

- *Dover District Business Development Strategy*, Broadway Malyan November 2007
- Kent County Council *economic forecasting tool*

Throughout much of the period since 2008/9, the UK economy has been in recession and the consequences have inevitably been felt throughout the country, including Dover, East Kent and the wider region. These changes can be expected to be broadly cyclical in nature. There have however, also been structural changes in the local and regional economy that would be expected to have a material affect on Dover and East Kent. The most significant of these are:

- the withdrawal of Pfizer from the majority of its Sandwich facility, leading to the loss of between 3,000 and 4,000 jobs, from direct employment on the site and associated businesses, many of them high skilled jobs and
- the opening of the high speed rail link to London (HS1) which has dramatically reduced journey times to Central London.

These and other local economic changes are discussed in the relevant sections of this paper. The significance of the loss of Pfizer jobs is underlined by this comment in the 2007 Business Development Strategy:

. "*However, there are strong indications that the prospects for growth are high. There are a number of planned investments in the District which will generate significant economic and employment growth. The expansion at the Docks and Pfizer will bring direct employment growth to the District. Economic* *multiplier effects could result in further expansion in the local economy*."

It seems clear that expectations such as these will need to be modified in the light of subsequent changes to the national and local economy. This paper highlights key statements in the existing evidence that should be re-examined and then provides insights from more recently published research and expert opinion that should inform a more up to date view on the prospects for employment growth.

This paper is structured as follows:

1. A brief overview of the UK economy since 2008 and of Dover's competitive position.

2. A summary of key findings and assumptions made in the two key documents forming the existing evidence base.

3. A review of more recent evidence from published reports, including the Kent forecasting model and conversations with Inward Investment teams and local agents active in the commercial markets. This section also draws inferences from the existing and more recent evidence base on the prospects for employment growth in Dover District.

4. Conclusions – in which we summarise our views on the robustness of the evidence base and on what basis future employment growth should be assessed.

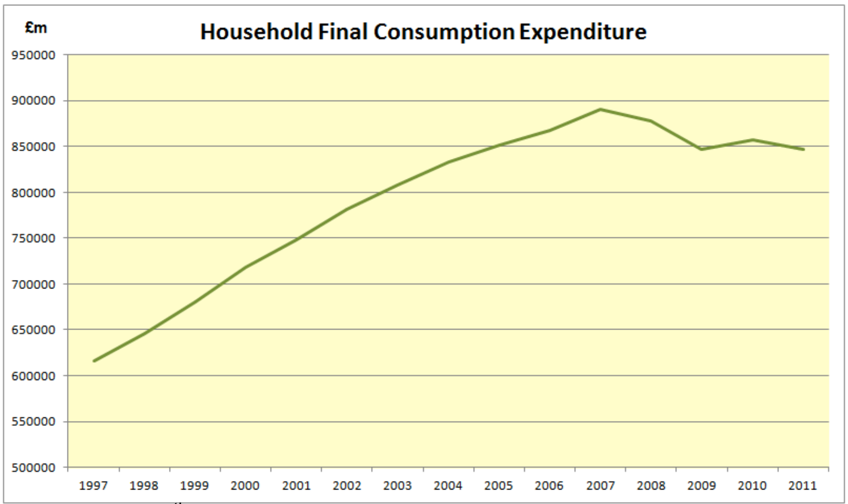
1. The UK Economy since 2008

As already noted, the main evidence base for Dover's Core Strategy emanates from the RTP Economic Review from 2008 and GVA's ELR from early in 2009. The latter is now three years old, and for much of the time since, the UK economy has been either in, or teetering on the edge of recession. The national and regional economies have changed considerably since these key documents.

The current economic malaise has been the worst since the 1930s. Then, after a dramatic fall, the economy (as measured by GDP) took 30 months to begin recovery and a further 18 months to reach pre-recessions levels. This time, while the initial fall was slightly greater, the economy has been flat lining (with short-term fluctuations) for almost two years. Furthermore, there is little prospect that GDP is going to recover in the short- to medium-term.

Obviously, unemployment and poverty are not as great in this recession. During the 1930s, unemployment touched the levels now being experienced by Spain (25%+), whereas it has remained around 8% this time around. Even in the recessions of the early-1980s and 1990s UK unemployment reached 12 and 11%, respectively.

Nevertheless, commentators have begun to speculate about the possibility of a "lost decade", akin to Japan in the 1990s, where general price levels fall in the face of major reductions in money supply and credit. There is already evidence of negative growth in real earnings. While this has mitigated sharper rises in unemployment, it is also leading to falls in real disposable income, which is impacting on consumer expenditure.



Source: ONS, 28th March 2012

The outlook, it must be said, is not good. The following points summarise the key drivers of the current and continuing parlous state of the economy.

- Household income, the engine room of growth, is not expected to improve while real incomes shrink, unemployment rises and confidence weakens.
- The housing market will remain weak for similar reasons.
- Business investment is faltering, notably among SMEs, which are particularly influenced by ever more scarce bank lending. Business confidence will remain weak in the face of the wider Eurozone crisis.
- The UK export market is influenced by exchange rates. While benefiting from depreciation at the start of the recession, Sterling has more recently risen quite sharply against the Euro. The export market will also be negatively influenced by the Eurozone crisis.
- Government spending cuts have really only just begun, and there will be further cuts to come.

Against this national and international backdrop, the prospects for growth in Kent and for Dover will, like the rest of the country, remain poor for some time. Added to this there is Dover's own position in terms of its economic performance. It is evident that the area is under some competitive pressure.

By way of illustration, Dover town's measured competitiveness illustrates the economic position relative to other centres across the UK. According to the UK Competitiveness Index 2010[1], Dover ranks overall 259th out of 380 centres. For three of the seven measures below, Dover falls into the lower quartile; another one just misses the lower quartile; and a further two are well down the lower half of performance.

Dover's position in the UK ranking on a range of key economic indicators.

Measure	2008	Rank (of 380)
Knowledge based businesses as % of all businesses	13.7	317
% working age with NVQ4+	22.1	288
Business registrations per 10,000 inhabitants	24.8	283
Businesses per 1,000 inhabitants	26.8	290
Economic activity rate (working age)	81	173
Working age employment rate	73.9	234
GVA per capita	14,757	259
Productivity	41,960	172
UK Competitiveness Index	**90.5**	**259**

Source: *UK Competitiveness Index 2010* Cardiff Metropolitan University

Although most of the data relate to 2008, and therefore do not reflect recent economic events, it is unlikely that Dover's competitive, or relative, position will have changed very much. Even compared to a selection of its near neighbours, Dover under-performs on the same set of indicators.

Comparing Dover with a range of neighbouring centres, key economic indicators.

Centre	Knowledge-based businesses (% of all businesses)		% working age with NVQ4+		Business registrations per 10,000 inhabitants		Businesses per 1,000 inhabitants		Economic activity rate (working age)		Working age employment rate		GVA per capita		UKCI	
	2008	Rank	2008	Rank	2007	Rank	2009	Rank	2008	Rank	2009	Rank	2007	Rank	2010	Rank
Tunbridge Wells	26.7	62	32.2	109	45.0	59	51.3	43	81.3	160	79.9	70	18527.3	149	105.4	82
Maidstone	21	139	28.9	167	41.6	77	42.7	106	80.6	187	76.1	181	21734.1	84	101.0	124
Dartford	18.8	189	19.2	335	37.0	120	30.9	237	82.3	121	77.2	147	23854.9	58	99.8	137
Ashford	21.7	130	23.8	260	44.0	64	44.8	86	83.3	92	80.6	56	17834.5	164	99.3	144
Colchester	20.3	150	26	219	28.8	234	34.0	210	81.2	163	76.4	174	18832.8	140	98.3	153
Ipswich	19.8	168	15.3	366	24.0	306	28.1	271	84.9	57	79.9	68	23934.3	56	93.9	208
Southend-on-Sea	21.2	133	22.4	283	33.3	157	34.0	209	79.5	223	74	231	15728.0	221	91.7	242
Dover	13.7	317	22.1	288	24.8	283	26.8	290	81	173	73.9	234	14757.0	259	90.5	259

Source: *UK Competitiveness Index 2010* Cardiff Metropolitan University

[1] Huggins R & Thompson P (2011) *UK Competitiveness Index 2010* Cardiff Metropolitan University

2. Findings and assumptions made in the two key reports in the existing evidence base.

In this section we highlight statements and assumptions made in the existing evidence base about employment structure and the prospect of employment growth in the Dover District which, in our view, should be questioned in the light of recent economic changes. We make some observations on the robustness and continuing relevance of the evidence in this section but most of our analysis is set out in the subsequent section so that our comments can be made in the light of more recent evidence.

The two key reports comprising the evidence base are:

- *Employment Land Review* GVA April 2009 (hereafter the GVA report)
- *Economic Review* Roger Tym and Partners August 2008 (hereafter the RTP report)

Key findings and assumptions in the RTP report

Persistent adverse economic trends

The RTP report referred to 'persisting adverse economic trends which the District Council, County Council and regional agencies believe must be addressed'. These were:

- A low skilled workforce with low rates of economic activity
- A limited business stock and low business formation rates
- An economy which is [overly] dependent on the port
- An underperforming town centre

These echo observations made in the earlier Broadway Malyan report: "*The draft RSS and Kent & Medway Structure Plan identify East Kent, including Dover, as a key area of need with a weak economy. Low skill levels, low business numbers and business formation rates, poor economic growth and high economic inactivity, reflect this.*"

The RTP report analysed the employment market between 1995 and 2005 and showed these to be continuing problems, with Dover generally under performing GB, the South East and Kent.

The report also highlighted some over-reliance on large employers, which could make Dover vulnerable to the fortunes of those companies. The same point had been made in the BM report earlier. This statement has proven to be prophetic and it is clear that the employment structure for the Dover District will be affected by the closure of Pfizer. The impact of this has been examined in a subsequent report undertaken for Kent County Council by DTZ, which is reviewed in section 3 of this paper.

A review of economic and property market assumptions in the existing evidence base for the Dover DC Core Strategy.

Employment growth 1995-2005

The RTP study found that there were 40,300 employee jobs in Dover District in 2005 a figure that had grown by 5,700 jobs, or 16%, in the preceding 10 years. That rate of growth, the equivalent of 1.5% per annum, was in line with county and national rates of growth.

These rates of growth were used by RTP to inform future rates of employment growth.

In Dover District, the growth achieved between 1995 and 2005 came primarily from three sectors:

- Public administration, education and health (3,100 jobs);
- Distribution hotels and restaurants (1,900 jobs)
- Banking, finance and insurance (1,600 jobs).

These trends were used by RTP to inform projections of future employment growth.

Key employment sectors

The report also identified the dominant employment sectors in Dover District 2005, and showed high concentrations of:

- Water transport, arising from the importance of Dover as a port
- Research and Development primarily arising from the presence of Pfizer
- Manufacturing of chemicals also related to Pfizer and
- Public administration.

RTP made the following observations, which would no longer be valid, until potential occupiers are found for the Discovery Park Enterprise Zone:

"Dover District has a high location quotient in the R&D sector, which is a key growth sector and part of the knowledge based economy."

"Manufacturing of chemicals and chemical products and public administration and defence also highly represented sectors in Dover which continue to show growth."

Employment Projections

It is evident that much has changed since the time of writing with the loss of Pfizer and the programme for job reduction in the public sector. For this reason, the projections for employment growth in the RTP report should be revisited. There is a warning in the report that states: *Recently (2008) 400 manufacturing jobs at Pfizer were lost highlighting the dangers of an economy highly dependent on the fortunes of one firm.*

A review of economic and property market assumptions in the existing evidence base for the Dover DC Core Strategy.

In section 4 of the report, 'Dover's Future Labour Demand' it states the following to explain how the figures for future labour demand have been calculated:

"*The data for the local area are projections rather than forecasts. They ….have not been refined in the light of qualitative information, legislative changes or other 'soft' information*." In other words, the figures for future demand are simply extensions of the growth trends recorded in historic time series data and do not make any allowances for changes that might affect the course of the trend.

"*The projections are based on historical growth in the local area relative to the region or UK, …. on an industry by industry basis*."

"*If employment in Dover continues to grow as in the past, there will be an additional 5,000 jobs in the District by 2026 primarily in the services sectors, representing 10% growth from 2006-2026*." In other words, the future labour demand figures assume that employment continues to grow as in the past.

The employment projections anticipate decline in: agriculture (-6%); manufacturing (-21%) and transport and communications (-11%), based on national trends and local area representation. It should be noted however, that the plans for expansion of the port at Dover could offset some of that decline in transport-related employment.

The projections anticipate growth in: distribution; hotels and catering (2,100 jobs); financial and business services (2,500 jobs) and public sector (1,800 jobs). In our view, in the light of changes in the national economy and the public sector, it is no longer reasonable to project growth in either financial sector or public sector employment in the Dover District for the foreseeable future.

RTP calculated a projection for employment created as a result of planned developments in the Dover District. It considered a list of nine 'catalytic' projects, being promoted in the area under a programme known as 'Dover Pride', which include commercial property, infrastructure improvements, educational initiatives and residential development. In 2008 these nine projects were expected to generate gross employment growth of 3,515 jobs. The table shows the five projects where employment generation was projected. The remaining four projects were not expected to generate employment growth.

Projected job creation arising from planned development in Dover DC

Project	Description	Jobs (gross)	Jobs (net)
New Western Docks Ferry Terminal	£300m port regeneration. Mixed use.	1,100	743
Dover Town Investment Zone	£52 m 73 residential units and mixed use town centre	500	70
Buckland Mill	£48 m 335 residential units. Mixed use.	90	33
White Cliffs Business Park	£100 mill 130,000 sq m new commercial space	1,800	702
Dover Sea Sports Centre (since completed)	£2.4 m Community uses	25	25

Source: RTP Dover District Economic Review: Table 4.2

The figure for job creation was then adjusted to derive a net gain figure by allowing for jobs that would have been created without the developments, or would be relocated from elsewhere. This adjustment results in an additional net job growth projection, from the Dover Pride development projects, of 1,570 jobs by 2026.

Thus, the combination of projections and development-led net additional jobs, concluded that 6,560 jobs could be created in Dover by 2026. This is summarised in the table below:

Projected job creation in Dover District, 2006-2026

Source of projection	Growth in number of jobs
Trend growth	4,990
Planned growth – development pipeline (maximum)	3,520
Adjusted planned growth – development pipeline (net)	1,570
Forecast (trend + max planned growth)	8,510
Adjusted forecast (trend + net planned growth)	**6,560**

Source: Roger Tym and Partners

The RTP report also suggested that it is likely that the opening of HS1 fast services to London in 2009 would improve the inward investment potential of Dover. "*This could have the affect of accelerating the pace of development and job growth thereafter*." It will be evident from statements made later in this paper, that this potential has not yet been realised.

Key findings and assumptions in the GVA report

The GVA report, took a two-step approach to analyse the need for future employment floorspace:
Allowance for economic growth and
Allowance for windfall and churn

The first of these - allowance for economic growth - relied on economic assumptions in the RTP report to inform its employment floorspace demand projections in section 3. Paragraph 3.9 stated:
"*Economic projections for the district are presented and analysed within the Dover District Economic Review (Roger Tym and Partners (RTP) August 2008). For consistency within analysis the same forecasts have been utilised within this ELR*." Thus our observations on the assumptions made in the economic study apply to both documents.

The second step in their analysis, allowed for changes in the way employment land is being used and is likely to be used in the future. Uses such as healthcare, education, hotels and leisure might be accommodated on employment land and so it was argued that an additional allowance needed to be made for the loss of land that would otherwise have been available to the more established employment uses. It also argued that an allowance should be made for 'churn' or 'frictional vacancy' – this is an unexpected or temporary loss of employment land while a business relocates and a site is perhaps redeveloped. We have no reason to review the method adopted to allow for windfall and churn in the light of recent economic events since 2008/9.

The GVA report applies certain assumptions to translate the floorspace projections into demand for four categories of property using the 'GVA Grimley Ltd floorspace use type assumption matrix'. It is not part of this exercise to review these assumptions, since they are unlikely to have been significantly affected by changes to the national or local economy since 2008/9. It is however an area where changes are happening quickly and occupational densities in office space are generally recognised to be increasing. There is evidence to support this and it may be appropriate to revisit the assumptions in a future study.

The GVA report concluded that:
"*Despite the expected "substantial growth in demand for labour" identified by RTP, in their 2009 report, in all of the [GVA] scenarios, "there is an identified oversupply of employment land over the period to 2026 across all types" (subject to qualification over the quality of land and buildings available)."*

A review of economic and property market assumptions in the existing evidence base for the Dover DC Core Strategy.

"Whilst headline analysis of quanta of supply relative to demand over the period to 2026 suggest significant oversupply in all land types, the on-the-ground reality, relating specifically to the quality of the supply of sites and premises, is less compelling. Indeed, there is identified to be limited land available and attractive to the market in the short term – specifically relating to B1 (office) provision."

GVA recommends that the Council should not undertake significant de-allocations, but rather adopt strong policies to protect key employment sites.

The GVA report also includes commentary on the office and industrial markets based on conversations with local agents. It reviews total stock of office and industrial space which, while it is not possible to update these statistics in the scope of this report, is unlikely to have changed significantly since there has been very little development since then.

The GVA report made the following observations on the occupational markets in Dover:

"*The office market within Dover is dominated by local indigenous movement. Demand is …. low and static*".

"Transactions within the industrial market are felt to be limited – with the general market perception being one of a static nature."

These echo sentiments reported in the RTP study.

3. Review of key findings and assumptions in the existing evidence base, in the light of more recent research and commentary.

In this section of the report we assess the evidence of economic changes since the evidence base was established. It includes a review of published reports as well as conversations with local agents and others actively monitoring activity in the local economy and property markets. It also reviews the employment growth forecasts generated by the Kent Economic Forecasting Model.

Structural Change

Early in 2011, Pfizer announced its plans to close its research and development facility in Sandwich. The closure was regarded as of national significance to the UK economy, as indicated by this press report in the Guardian:

"*The government's plans to rebuild the economy around key hi-tech industries suffered a blow after the drugs maker* Pfizer *closed its only*

research and development facility in the UK.
The factory in Sandwich, which developed the impotence drug Viagra, will close with the loss of 2,400 jobs, leaving an area of deprivation on the Kent coast with few remaining private sector jobs.

The decision by the US pharmaceuticals company, described by the local MP as "a body blow to east Kent", took the gloss off figures showing manufacturing activity had surged to a record high in January."[2] The actual job losses resulting from the closure have been calculated to be substantially higher than the figure quoted in the newspaper article if indirect and induced employment are taken into account.

A study undertaken by DTZ on behalf of Kent County Council[3] assessed the potential impact on the employment market of three structural changes:

- The closure of the Pfizer facility in Dover,
- changes to public sector employment trends and
- the decommissioning of Dungeness nuclear power facility.
-

The DTZ study found that the number of job losses resulting from the closure of Pfizer could be as high as 4,300 in Dover District alone and 9,000 across Kent. It also pointed out that:

"The total impact of the closure … on the local economy is considerably heightened because Pfizer employees are characterised by high average salaries reflecting the high value-added nature of operations on the site."

The DTZ study produced two scenarios for job losses, the first (scenario 1) based on the assumption that all the 2,450 FTE jobs on the campus are lost and a second (scenario 2) based on the assumption that 25% of the jobs are retained by alternative employers on the site. The resultant numbers are in the tables below.

Projected job losses resulting from consolidation of Pfizer

Scenario 1	Ashford	Canterbury	Dover	Shepway	Thanet	East Kent total
Direct	0	0	-2450	0	0	-2450
Indirect	-300	-200	-1700	-100	-200	-2500
Induced	-300	-300	-200	-200	-200	-1100
Total FTE	-600	-500	-4300	-300	-400	-6100

[2] Guardian.co.uk Feb 1 2011 *Pfizer to close factory with loss of 2,400 jobs as manufacturing soars*
[3] DTZ The Impact of Job losses on East Kent

Projected job losses resulting from the consolidation of Pfizer.

Scenario 2	Ashford	Canterbury	Dover	Shepway	Thanet	East Kent total
Direct	0	0	-1838	0	0	-1838
Indirect	-200	-200	-1200	-100	-100	-1900
Induced	-200	-200	-100	-100	-200	-800
Total FTE	-400	-400	-3200	-200	-300	-4500

Source DTZ Kent County Council Working Paper 1 (See footnote)

It is quite clear that Dover District was expected to take the brunt of the job losses, not only those directly employed on the site but also the loss of associated indirect employment.

We understand that, as at June 2012, Pfizer has retained approximately 650 jobs on the site and, while this will be an important driver for regeneration, it is a relatively small proportion of the total and does not significantly affect the findings of the DTZ work.

The DTZ study also looked at the potential impact of:

- reductions in public sector employment and
- the decommissioning of the Dungeness Nuclear Power Station.

The reduction in public sector employment is part of the national programme to reduce the number of people employed by the public sector announced by the Office for Budget Responsibility in November 2010. At the national level, estimates of a 400,000 job reduction programme by 2016 have been made. The study estimated the impact on the job market in Kent, applying the national trend to local area employment structure data.

In Dover District, it predicted that 650 jobs would be lost through direct employment loss and a further 200 through induced impact. The estimated impact is shown in the table below.

Projected job losses from the reduction in public sector employment

Public Sector	Ashford	Canterbury	Dover	Shepway	Thanet	East Kent total
Direct	-650	-940	-650	-640	-690	-3570
Indirect	-200	-200	0	0	-100	-500
Induced	-200	-200	-200	-200	-200	-900
Total FTE	-1100	-1300	-900	-800	-900	-5000

Across Kent as a whole, the report estimates that 12,600 jobs will be lost in the public sector. In this case, Canterbury is expected to take the brunt of the losses. These losses are expected to occur over a 5-year period from 2010 to 2015, based on national estimates that 6.1% of public sector employment will be lost by 2014 and a further 1.5% during 2015. These percentages were applied to the existing distribution of public sector jobs across Kent to estimate the losses in Kent Districts.

The jobs that will be lost as the Dungeness Nuclear Power Station is decommissioned are fewer, with a total of 350 FTE jobs at Dungeness A and 550 at Dungeness B, which will be lost in 2018 at the earliest. In Dover, the estimated impact is of 100 induced job losses, offset by 50 jobs created, 40 directly and 10 induced. The job creation is associated with the decommissioning process. Thus this driver has only a minimal impact on the Dover District. Nevertheless, since it is in addition to the impact of Pfizer, any reduction in employment is potentially damaging to the local economy.

In fact the potential employment loss deriving directly or indirectly from the three identified events could be greater than the employment growth that was achieved in the ten years from 1995 to 2005. It is also of the same order of magnitude as the projection for net employment growth in the RTP study.

Employment Growth

The RTP study suggested that some 4.990 new jobs could be created in Dover District on the basis of trend growth. The model projected growth in distribution, hotels and catering (2,100 jobs); financial and business services (2,500 jobs) and public sector (1,800 jobs).

In the period since the RTP report was written, the banking and finance sector has retrenched nationally, casting doubt on the projections of growth in this sector. In our view, it is unlikely to generate organic employment growth or attract any significant new occupiers. This view is corroborated by the data provided by Locate in Kent for prospective inward investment, which is reviewed later in this section.

The prospect of growth in the Public Sector has also changed since the RTP report was undertaken because of the government’s commitment to reduce the size of the public sector workforce nationally.

Employment projections for distribution, hotels and catering are likely to be adversely affected by more general economic trends affecting consumer spending and economic growth.

The other component of employment growth in the RTP study was assumed to be generated by the programme of planned development. This amounted to a net increase of 1,570 jobs. Of these, the majority (1,445) were associated with the development of New Western Docks Ferry Terminal and White Cliffs Business Park.

The development of the White Cliffs Business Park will rely on private sector investment and will depend on the strength of the local property market. Our conversations with local agents suggest that the market for office and industrial space is limited and has been adversely affected by the downturn in economic conditions. This component of the employment growth should therefore be treated with caution.

Our concern is that the combination of reduced expectations of employment growth and the actual loss of jobs calculated to arise from the structural changes triggered by Pfizer, public sector and Dungeness, means that expectations of the future need for employment land need to be reined in. The table shows the prospect of job losses alongside the existing employment forecasts.

Projected job losses and employment forecasts for Dover DC

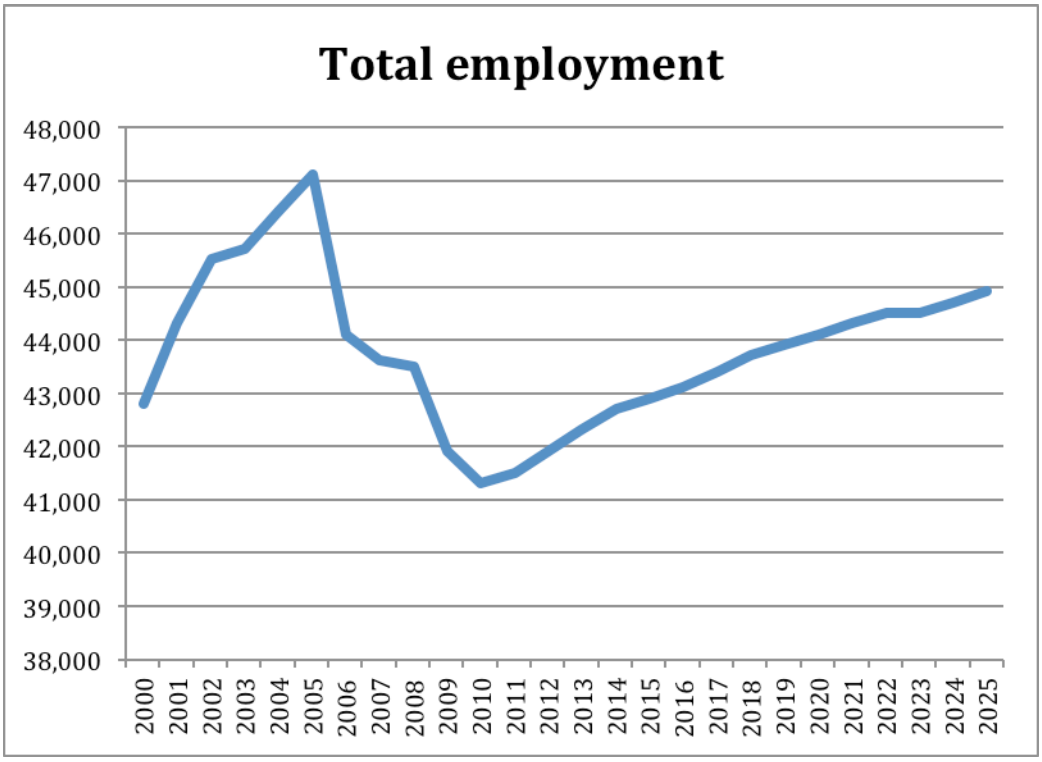
Structural change	**Jobs change**
Pfizer (All jobs lost)	-4,300
Pfizer (25% replaced)	-3,200
Public sector cuts (total to 2015)	--900
Dungeness A closure (by 2018)	-150
Dungeness A and B decommissioning	70
Total job losses by 2018 (all Pfizer jobs lost)	**5,280**
Total job losses by 2018 (Pfizer 25% replacement)	4,180
Future employment in Dover District (RTP 2008 and Dover Core Strategy 2010)	**Change 2006-2026**
Trend growth	4,990
Adjusted planned growth – development pipeline (net)	1,570
Adjusted forecast (trend + net planned growth)	**6,560**

The potential losses that could be incurred by 2018 if all Pfizer jobs were lost, would be 5,280 or, if 25% of jobs were retained at Pfizer, the potential losses would be 4,180. In either case, it offsets, a large proportion of the possible employment growth suggested by the RTP report.

Thus the starting point for any employment growth is effectively much lower than assumed in the RTP report. This, combined with our view that the projected growth figures are, in the light of recent economic events, overly optimistic, mean that the prospect for net gain in employment between 2006 and 2026 is minimal.

Kent Economic Forecasting Model

Kent County Council's economic forecasting model, prepared in 2009, before the closure of Pfizer, suggests a very different outlook from the RTP study. It suggests that there will be a net loss of employment of 5% in the Dover District between 2005 and 2025. The model predicts falling employment until 2010 and then a renewal of growth but it does not reach its pre-recession level by 2025.



source: Kent County Council Forecasting model

This model does not take account of job losses at Pfizer and so it would be reasonable to adjust the figures downwards by some 4,000 jobs in 2011.

The Kent forecasting model breaks down the employment into 30 employment sectors. The RTP study breaks it down into nine broader sectors. We have, as far as we were able, tried to group the KCC figures so that they correspond with the RTP sectors and then compared the percentage changes produced by each. The results are shown in the table below. The KCC model is less optimistic about growth in Financial and Business Services and Government and other services and Distribution, Hotels and Catering. The only sector in which both foresee robust growth is Construction.

Comparing employment forecasts for Dover DC

Employment sector	RTP % change 2006-2026	KCC % change 2005-2025
Agriculture	-6%	-24%
Mining and Quarrying	0%	0%
Manufacturing	-21%	-19%
Electricity Gas and Water	0%	0%
Construction	17%	19%
Distribution, hotels and catering	24%	1%
Transport & communications	-11%	-21%
Financial & business services	37%	-1%
Government & other services	11%	1%
Total change	**10%**	**-5%**

Source: Roger Tym and Partners Economic Review 2006/Kent County Council Economic Forecasting Model

Growth of jobs in the construction sector is plausible in the light of ambitions held by Dover DC and particularly in the light of proposals for the new ferry terminal. However, as we indicated earlier, the scale of development at White Cliffs Business Park that is suggested by the planned development employment figures seems optimistic in the light of conditions in the commercial property markets. The following section comments on existing and more recent evidence for conditions in the Dover property market.

Property market assessment

Conditions in the local property market were reviewed in the RTP and GVA studies in 2008 and 2009 and more recently in a review of the employment land supply and demand in East Kent, undertaken by DTZ on behalf of Kent County Council, which was published in June 2011.[4] In the section on Dover the DTZ study stated:

"Dover is a popular location for national and international haulage and logistics operators."

[4] DTZ Working Paper 2 *Property Market Analysis* June 2011

This statement is not supported by the comments that follow in the same report[5]however.

"*The town centre does not have a large office market and is dominated by occupiers who require warehouse/industrial units. Dover District has a predominantly localised office market dominated by local companies trading up or downsizing and some growth in existing occupiers….. The majority of office occupiers tend to be port or transport related activities and the public sector*."

It also made the same observation as the GVA and RTP reports:

"*The industrial market in Dover… is dominated by indigenous/local companies with few new developments*."

All reports agree that the port is an important driver of demand for both office and industrial space and it seems inevitable that the relative importance of the port to the local economy will be accentuated by the loss of employment at Pfizer.

The view that turnover is low in the commercial markets is corroborated by our own conversations with local agents in 2012. Demand is still low and, where it exists, local.[6]

Where requirements are identified they are close to the port or the town centre or with access to the A20/M20. Agents reported confidence that the Western Docks could attract some office occupiers.

There have been improvements to accessibility with the opening of a high-speed rail link to London but the fact that it has coincided with recession means the potential for benefit is diminished in the short term but it is also important to note that journey times to competing centres have also improved and so the potential for inward investment is affected by its relative merits compared with centres that might compete for the same investment such as Ashford. Dover has a journey time of 1hr 7 mins to London, which is 38 minutes faster than the previous service, while Ashford has a journey time of 37 minutes – a 51 minute improvement. The benefits of HS1 however, accrue to the whole of East Kent.

Both the GVA report and the DTZ reports suggest that transaction activity is constrained by the poor quality of the existing building stock, which it

[5] DTZ op cit
[6] Conversations with agents from Tersons and Fell Reynolds.

describes as ‘dated and secondary’ as well as the lack of new developments coming to the market.

The DTZ report states that:

“*Agents have commented that the shortcomings in office supply are acting as constraints to occupier activity, coupled with having no requirement from blue-chip firms looking to locate in Dover.”*
And on industrial:
“Similarly to the office market there is a general view amongst agents that demand is constrained by supply – and the lack of transport infrastructure has often been cited as a key to the delivery of development of any scale.”

This is not reflected however in the business survey conducted as part of the BM study in 2007, which was undertaken before the UK economy entered recession and after a prolonged period of economic prosperity and growth in the UK. They reported that:
“*Over 90 percent of businesses were satisfied with their current premises although 35 percent indicated they had no capacity for growth. Demand for new premises is relatively low, with around 10 percent of businesses reporting they might relocate in the next 3 years*. “

The suggestion that there is pent up demand for a higher standard of commercial space that would be released by the provision of new development, is contradicted by our own conversations with local agents.

One local agent active in the commercial markets in Dover expressed the view that:
“*The office market is very slow, there is lots of vacant space. Industrial demand comes and goes as long as the landlord is prepared to accept flexible terms but offices are dead, permanently*.”[7] She reported few enquiries and a need to offer step rents and rent-free periods to have any hope of agreeing a deal.

Clearly this view should be treated with caution since it will, in some part, be a response to the difficult economic conditions still prevailing across the UK. In fact, the same agent reported that there had been a recent letting of 15,000 sq ft in the Whitecliffs business area to DFDS, a shipping company that will relocate from the port. She characterised this transaction as “a one-off” and “lucky”. When questioned further, she reported no sense of an increase in new business set ups looking for space, and was of the view that the high speed rail line had “made no difference” to demand, adding that “it is

[7] Nicky Fairhurst at Tersons.

a shame".[8] It should be noted however, that the benefits of improved accessibility may be felt more in the residential markets, or in leisure and tourism, which could have a knock on effect on the commercial market in the longer term.

According to the GVA report, EGi recorded 6,838 sq m (73,600 sq ft) of office take up between 2002 and 2006 and no transactions between 2006 and 2008. Since 2008, EGi has recorded no transactions in 2009, one small transaction in 2010 and two in 2011, including the letting of Passivhaus to Viking Recruitment Ltd, a newly built sustainable development, of around 465 sq m (5,000 sq ft). This data is likely to be an underestimate of total market activity, since EGi does not actively monitor the Dover market and the transactions recorded are derived from press releases. It is clear from our conversations with local agents that there are other transactions that do not appear on the EGi database, including the letting to DFDS mentioned above.

Nevertheless, other local agents describe the Dover market as "a hard market, where occupiers generally want cheap space and those who want better quality are more likely to buy a site to develop rather than pay a higher rent"[9].

Again, this view is a generalisation and there are exceptions. Beechwood Business Park, was developed speculatively and buildings A to D let successfully, although the final lettings in Building C were 'slow and tortuous'. According to the agent however, the developer sold the site before completing buildings E or F "because of changes in the economy". Beechwood is within Old Park/ Port Zone, immediately adjacent to the White Cliffs Business Park, which is regarded as Dover's premier business location.

Lettings in Beechwood Business Park

Building	Size (sq m)	Occupier
Building A	232	Health Authority
Building B	464	Mowll and Mowll solicitors. Bought to develop for own occupation
Building C	70	Half to Rosewood Trucking Half to the ambulance service (alternative user)
Building D	464	Viking Recruitment Ltd

[8] Telephone interview with Nicky Fairhurst at Tersons, June 2012.
[9] Colin Greenstreet, Fell Reynolds, interviewed by telephone June 2012.

The GVA report suggested that rents for office property were in the range of £43 to £70 per sq m for second hand space with no evidence for new property. Our conversations with local agents suggest that there were deals done at £97 per sq m or more in the last two years but that the market has slipped back to levels more in line with those reported by GVA. One agent suggested that a letting recently completed at £53 per sq m would have been a '£86 deal' two years ago and remarked that 'demand has shrunk dramatically'. This agent did not hold the view that demand is constrained by lack of good quality supply, and pointed to the time it took to let the last unit at Beechwood for evidence and that unit ultimately went to an alternative user.

Locate In Kent keeps data on the number of businesses expressing interest in locating into Kent and which have actively searched for commercial property. The data is subdivided by district and size band. Businesses that express interest in more than one district will be logged for each, in other words the expression of interest may not be exclusive to a particular district. In this case, the businesses expressing an interest in Dover may also have expressed interest in other parts of Kent. Nevertheless the data is a useful indicator of demand over time. The table below shows the number of active enquiries for office space in Dover between April 2011 and March 2012.

Dover: Active enquiries for office space

Size '000s sq ft	**Apr-11**	**May-11**	**Jun-11**	**Jul-11**	**Aug-11**	**Sep-11**	**Oct-11**	**Nov-11**	**Dec-11**	**Jan-12**	**Feb-12**	**Mar-12**
Under 1	6	6	6	7	7	8	8	10	10	NA	13	15
1 to 5	6	6	5	5	5	8	8	8	9	NA	7	7
5 to 10	0	0	0	0	0	0	0	1	1	NA	2	3
10 to 20	2	2	2	3	3	3	3	3	4	NA	5	5
20 to 30	0	0	0	0	0	0	0	0	0	NA	1	1
30 to 40	0	0	0	0	0	0	0	0	0	NA	0	0
40 to 50	2	2	1	1	1	1	1	1	1	NA	1	1
50 to 60	0	0	0	0	0	0	0	0	0	NA	0	0
60 to 70	0	0	0	0	0	0	0	0	0	NA	0	0
70 to 80	0	0	0	0	0	0	0	0	0	NA	0	0
80 to 90	0	0	0	0	0	0	0	0	0	NA	0	0
90 to 100	0	0	0	0	0	0	0	0	0	NA	0	0
over 100	0	0	0	0	0	0	1	1	1	NA	1	1
Total	**16**	**16**	**14**	**16**	**16**	**20**	**21**	**24**	**26**	NA	**30**	**33**

Source: Locate in Kent

The number of active enquiries for office space has risen from 16 in April 2011 to 33 in March 2012. Most of the additional enquiries have been for small units of below 1,000 sq ft (93 sq m). The number has more than doubled in the last year, from 6 to 15. There was also more interest in units of between 5,000 and 10,000 sq ft (464 and 929 sq m) and 10,000 and 20,000 sq ft (929 to 1,858 sq m) although the numbers remain small. In these two size bands taken together, the number of enquiries rose from 2 to 8. Given the conditions in the national economy, this increase in demand is both surprising and encouraging.

Anecdotally this is, in part, attributed to fall out from the closure of Pfizer which has prompted some former employees to consider setting up small businesses. There has not been an equivalent increase in enquiries for industrial space however. Over the same period, the number of enquiries that expressed interest in industrial space rose by a more modest margin from 24 in April 2011 to 28 in March 2012 although between June and November 2011 there were around 35 enquiries per month, suggesting a cooling of interest more recently. Nevertheless, recording 28 enquiries per month suggests a reasonably active market.

Dover: Active enquiries for industrial space

Size band, '000s sq ft	Apr-11	May-11	Jun-11	Jul -11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
Under 1	5	6	6	6	5	4	4	4	4	3	2	4
1 to 5	3	5	6	6	6	7	7	7	7	6	6	6
5 to 10	3	5	4	4	4	4	4	5	4	4	4	4
10 to 20	2	2	3	3	3	3	3	3	3	3	3	3
20 to 30	3	4	4	4	4	4	4	3	3	3	3	3
30 to 40	1	2	2	2	2	2	2	2	2	1	1	1
40 to 50	3	3	3	3	3	3	3	3	3	3	3	3
50 to 60	2	3	3	3	3	3	3	3	2	2	2	2
60 to 70	0	0	0	0	0	1	1	1	0	0	0	0
70 to 80	0	0	0	0	0	0	0	0	0	0	0	0
80 to 90	0	0	0	0	0	0	0	0	0	0	0	0
90 to 100	1	1	2	2	2	2	2	2	1	1	1	1
over 100	1	1	1	2	2	2	2	2	2	2	1	1
Total	**24**	**32**	**34**	**35**	**34**	**35**	**35**	**35**	**31**	**28**	**26**	**28**

Source: Locate in Kent

Another set of data from Locate in Kent that records approaches made by businesses to discuss location in East Kent (but not necessarily an active enquiry to view office or industrial space), and this shows that there were 20% fewer prospects in the pipeline in 2012 than there were in 2008. The decline may be explained by the fact that the full impact and severity of the UK recession had not yet been not anticipated in 2008.

This data is broken down by business sector and shows a significant increase in interest in just two categories, contrasting with significant falls in many of the other categories. The two sectors from which interest has grown are: Life Sciences and construction/property. This suggests that there is a 'Pfizer effect' whereby businesses in related sectors may be interested in recruiting from a highly skilled and unexpectedly available workforce. The interest from the construction sector is corroborated by anecdotal evidence gathered in conversation with Tim Ingleton, who has noted a marked increase in demand for development opportunities.

Businesses expressing interest in locating in East Kent: by sector

Sector	2008 no of enquiries	2008 % of total	2012 no of enquiries	2012 % of total
Retail & Wholesale	22	15	13	11
Engineering	13	9	9	8
ICT	13	9	2	2
Tourism & Leisure	9	6	3	3
Transport & Logistics	8	5	5	4
Land Based Utilities	7	5	1	1
Print, Paper Publishing	4	3	2	2
Financial Services	3	2	1	1
Other Manufacturing	21	14	17	14
Enviro Tech	11	7	10	8
Food & Agriculture	9	6	8	7
Business Services	8	5	8	7
Const Prop	8	5	14	12
Public Admin, Education & Health	7	5	9	8
Life Sciences	4	3	14	12
Creative Industries	1	1	1	1
Automotive	0	0	2	2
Total	**148**	**100**	**119**	**100**

Source: Locate in Kent

Dover's Head of Inward investment and the county's Locate in Kent office were more optimistic than local agents, detecting an increase in levels of interest from investors. We would caution that their perceptions are likely to be influenced by enthusiasm for the initiatives taken to encourage and promote inward investment. There is anecdotal evidence of success in attracting interest from developers and considerable sums of money have been spent to secure planning consent on some sites. However, the strongest interest seems to be from tourism-related and leisure uses or residential, rather than B-type employment uses.

The commitment of a local authority to supporting investors has however been shown to be a significant contributor to successfully attracting investment and, certainly when investors are considering one prospective opportunity against another the attitude of the local authority can be a critical factor.

Tim Ingleton, Head of Inward Investment at Dover District Council highlighted three causes for investor confidence:

- Certainty of planning designation – the pragmatic attitude of the planning authority to corporate growth
- Accessibility – the M20/A20 and the new high speed rail link to London
- Corporate desire to realise opportunities – a clear message from the local authority that they are open for business.

In our view, it is reasonable to assume that there will be an increase in new business formation arising from the closure of Pfizer, and associated new employment, although as yet there is no tangible evidence to show that.

While infrastructure improvement is strongly associated with growth in a local economy, the fact that this improvement in accessibility coincided with negative cyclical (UK wide recession) and structural (loss of local employment) changes, means that the impact is difficult to identify. It is however considered to be a potential driver for future growth.

Also, since the publication of the RTP and GVA reports, Dover DC has secured Enterprise Zone status on the Pfizer site – Discovery Park – as well as money from the Regional Growth Fund and this has the potential to prompt significant regeneration and employment creation.

4. Conclusions

The trend growth projections set out in the RTP report and used in the subsequent GVA report, seem to us overly optimistic in the light of recent economic events at the national and local level.

If the employment projections were recalculated today they would need to take account of changes in the prospects of growth in Financial and Business Services and the Public Sector and so projections of growth in these two sectors no longer seem realistic.

That said, while financial sector employment is not expected to grow significantly in national economic forecasts, business services is and thus an employment projection undertaken today would probably show some growth in this sector.

Any projection for Dover however would need to start from a lower base than the projections in the RTP report to reflect the job losses at Pfizer that have already occurred and should also be adjusted to take account of future job losses forecast in the DTZ study discussed above.

Job losses arising from the consolidation of Pfizer, the decommissioning of Dungeness and changes to public sector policy, would, in any event, offset much of the growth foreseen by the RTP projections and would, in our view, result in only a small, if any, net employment growth in the period 2006 to 2026.

Once that adjustment had been made, it would be realistic to construct employment growth scenarios for Dover District based on a post-Pfizer start year, reflecting job creation from other sources, albeit growth from a lower base.
The best prospects of employment growth would, in our view, arise from expectations of:

- An increase in new business formation.
- The potential emergence of a life sciences cluster.
- Expansion of the port and related activities.

Further work would need to be undertaken in these areas to estimate numbers for job creation. It is unlikely however that the net gain will equal the levels suggested by the existing evidence base. It is more reasonable to hope that the status quo can be retained with no net gain or loss between 2006 and 2026.

In terms of land allocation, the opportunity offered on the Pfizer site in any event adds substantially to the land available for employment uses and would be capable, on its own, of accommodating most of the potential job creation. In purely numerical terms there is some 300,000 sq m of accommodation on the Pfizer site compared to the 200,000 sq m requirement for business floorspace identified in the Core Strategy. The incentives offered by the Enterprise Zone status and the quality of the existing buildings on the site make this the prime location for inward investment, albeit most suited to sectors such as research and development. This is not to say that all Dover's requirements for office space would be well suited to this site, rather it makes the point that any expansion of office employment likely to generate net demand for office space within Dover District is equalled by the capacity on this site.