

# AGENDA

## SPECIAL PLANNING, TRANSPORT AND DEVELOPMENT OVERVIEW & SCRUTINY COMMITTEE MEETING



Overview and Scrutiny

Date: Tuesday 21 October 2014  
Time: 6.30 pm  
Venue: Town Hall, High Street, Maidstone

Membership:

Councillors: Chittenden, English (Vice-Chairman), Munford,  
Powell, Ross, Round, Springett (Chairman),  
de Wiggondene and Willis

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**1. The Committee to consider whether all items on the agenda should be webcast**

**2. Apologies**

**3. Notification of Substitute Members**

**4. Notification of Visiting Members**

**5. Disclosures by Members and Officers**

**6. To consider whether any items should be taken in private because of the possible disclosure of exempt information**

**7. Presentation of the issues to be considered under items 8 and 9**

Presentations by Sarah Anderton, Principal Planning Officer and John Foster, Economic Development Manager.

**8. Local Plan: approach to employment land**

**1 - 95**

**9. Draft Economic Development Strategy**

**96 - 222**

**Continued Over/:**

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**Issued on 9 October 2014**

*Alison Broom*

**Alison Broom, Chief Executive, Maidstone Borough Council,  
Maidstone House, King Street, Maidstone Kent ME15 6JQ**

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## **Maidstone Borough Council**

### **Planning, Transport and Development Overview and Scrutiny Committee**

**Tuesday 21 October 2014**

#### **Local Plan: approach to employment land**

While reading the following report you may want to think about:

- What you want to know from the report;
- What questions you would like answered.

Make a note of your questions in the box below.

As you read the report you may think of other questions.

Questions I would like to ask regarding this report:

- 
- 
- 
- 
-

**Guidance note - Making Quality Overview and Scrutiny Recommendations**

Scrutiny recommendations should seek to make a real difference to local people and the services provided. Recommendations that note a change or request further information fail to resolve problems or make changes. The scrutiny team have identified the following criteria for quality recommendations, they:

- affect and make a difference to local people;
- result in a change in policy that improves services;
- identify savings and maintain/improve service quality; or
- objectively identify a solution.

One way of checking the usefulness of recommendations is to evaluate them against the 'six Ws' set out below:

Good recommendations should answer these questions:

<b>Why does it need to be done?</b>	This will help ensure the outcome is relevant and in the right context – if a meeting is being requested it will ensure the correct people are invited to attend
<b>Who is being asked to do it?</b>	Without this nothing will get done (no one will take ownership)
<b>What needs to be done?</b>	Needs to be clear and specific
<b>HoW will it be done?</b>	Again, needs to be clear and specific, what is the expected output- for example a report to be written or a meeting to be arranged
<b>Where does it need to be done/go?</b>	If it's a meeting – where is it needed If it's a report – where is it to go, who needs to see it
<b>When does it need to be done?</b>	Crucial to have a timescale – without a deadline it will never get done

Thinking about these points will help ensure the outcomes of scrutiny are effective and will aid monitoring.

**MAIDSTONE BOROUGH COUNCIL**

**PLANNING, TRANSPORT AND DEVELOPMENT OVERVIEW &  
SCRUTINY COMMITTEE**

**TUESDAY 21 OCTOBER 2014**

**REPORT OF HEAD OF PLANNING**

**Report prepared by Sarah Anderton**

**1. LOCAL PLAN: APPROACH TO EMPLOYMENT LAND**

**1.1 Issue for Consideration**

1.1.1 The 'Qualitative Employment Site Assessment' has recently been completed and is part of the evidence base for the emerging Local Plan. The purpose of this committee report is;

- a. to summarise the key findings of the assessment; and
- b. to highlight the implications of the study for the approach to employment sites and land in the emerging Local Plan.

1.1.2 The Qualitative Employment Site Assessment complements the 'Economic Sensitivity Testing and Employment Land Forecast' completed in January this year. Together these two studies are considered to provide an assessment of employment land needs that is consistent with the National Planning Policy Framework.

**1.2 Recommendation of Head of Planning**

1.2.1 That the Committee notes the key findings of the Qualitative Employment Site Assessment set out in paragraphs 1.3.6 to 1.3.20 of this covering report.

1.2.2 That the Committee considers the implications of the Qualitative Employment Site Assessment's findings for the approach to employment land in the draft Local Plan as set out in paragraphs 1.3.21 to 1.3.31 of this covering report.

**1.3 Reasons for Recommendation**

1.3.1 The emerging Local Plan must set out the Council's overall approach to meeting the local economy's needs for office, industrial and warehousing premises and land in the period up to 2031.

- 1.3.2 The National Planning Policy Framework (NPPF) directs that an evidence based approach should be used to assess:
- a. The quantitative and qualitative need for land/floorspace for economic activity; and
  - b. The sufficiency and suitability of existing and future supply of land available to meet identified needs<sup>1</sup>
- 1.3.3 In January 2014 the 'Economic Sensitivity Testing and Employment Land Forecast' was completed as part of the evidence for the emerging Local Plan. This report was undertaken by the expert consultants GVA and its key findings were reported to Cabinet (via Planning, Transport and Development Overview & Scrutiny Committee) on 27<sup>th</sup> January 2014. This report forecasts the growth in the economy over the plan period and translates this projected growth into the quantum of additional floorspace/land needed for offices, industrial/manufacturing and warehousing/distribution. It is therefore an assessment of quantitative demand for floorspace/land.
- 1.3.4 To assess the qualitative demand for employment floorspace, and thereby to complete the evidence base for this aspect of the Local Plan, a 'Qualitative Employment Site Assessment' ('the Assessment') has recently been undertaken, also by GVA. The main Assessment report is attached as Appendix A. The report's appendices comprise some 200+ pages, the majority of which are the forms from the site surveys of the borough's existing industrial estates and have not been included in this agenda. Instead, a paper version of the report and appendices will be placed in the Members' library. Key findings from the report are set out in the sections below.
- 1.3.5 There is a clear inter-relationship between the Local Plan's approach to identifying sites for economic growth and the Council's overall strategy for economic development as is being set out in its new Economic Development Strategy (EDS) which is the subject of a separate report on this agenda. Officers from the Spatial Policy and Economic Development teams, and the appointed consultants, have worked together to ensure consistency across these streams of work.

### **Qualitative Employment Site Assessment: Key Findings**

#### Existing industrial estates

- 1.3.6 An important role for the emerging Local Plan is to protect the existing stock of industrial and employment sites to secure them from alternative, higher value uses so they can continue to be an important

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<sup>1</sup> NPPF paragraph 161

part of the employment land supply for the timescale of the Local Plan. As part of the Assessment, the stock of existing employment/industrial sites and estates in the borough were reviewed for their continuing suitability for employment use. The Assessment revealed that there is a generally dispersed portfolio of existing employment sites providing a range of unit types, sizes and quality (and hence price) in a choice of locations for business and that the majority of sites are broadly fit for purpose.

- 1.3.7 The existing sites/estates which is it proposed should be retained as employment sites are listed in Appendix B. It is intended that these sites will be included in an amended version of emerging Local Plan Policy DM18 which is the policy which identifies and protects existing employment sites ('Economic Development Areas') for B class uses (offices, industrial and warehousing). The proposed amended policy, which will also take account of the representations made during the Local Plan consultation earlier this year, will be brought to the 16<sup>th</sup> December meeting of Planning Transport and Development Overview & Scrutiny Committee as part of its consideration of the emerging Local Plan's development management policies.

#### Updated supply position

- 1.3.8 As set out above, the amount of additional employment land needed for the full Local Plan period (the 'demand') was determined in the 'Economic Sensitivity Testing and Employment Forecast' of January 2014.
- 1.3.9 A first step is to quantify the current supply of employment land/premises which can contribute to meeting this identified demand. This supply includes the new sites which have been built (completions) and those which have gained planning permission (consents) since the 2011 base date of the Local Plan. In addition, usable vacant premises which are currently available for sale/rent are also part of the supply of commercial stock available to new and expanding businesses.
- 1.3.10 Further, the Assessment's site by site review of the borough's existing estates outlined in the preceding section has resulted in the identification of some additional vacant/redevelopment land at these estates. This land would be suitable for use for B class purposes and in line with the requirement to make the best use of existing land resources<sup>2</sup> is included as part of the supply.
- 1.3.11 The bottom line of the table below sets out the balance requirement for additional employment land for the remaining years of the plan after the supply has been taken into account. The balance

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<sup>2</sup> NPPF paragraph 17

requirement is set out as a land requirement in hectares and also converted to a floorspace figure in square metres.

	Office	Industrial	Warehousing
<b>Total</b> Employment Land Requirement <b>2011- 31</b>	2.7ha	5.1ha	10ha
<b>Balance</b> Land/Floorspace Requirement <b>2014-31</b> [Floorspace shown in brackets]	1.6ha [24,000sqm]	-3.9ha [-15,600 sqm]	1.3ha [6,500sqm]

1.3.12 On the face of it, these figures show there is a quantitative need to provide additional office floorspace and a limited amount of additional warehousing/distribution floorspace. There is a theoretical over-supply of industrial premises. As the NPPF makes clear, however, it would be insufficient to focus solely on the amount of additional land needed. The qualitative need for new employment land must also be assessed in parallel. This has been done as part of the latest Assessment.

#### Qualitative Needs

1.3.13 The Qualitative Needs Assessment includes commentary on the local commercial property market informed by analysis of property transactions as well as discussion with local commercial property agents and stakeholders such as Locate in Kent to understand the property requirements for business growth. The characteristics of future demand for office, industrial and warehousing premises are found to be as follows;

1.3.14 **Offices:** the market has shifted from large scale premises to smaller units and/or multi-tenant purpose built stock due to a concentration of smaller businesses in the borough, often professional services type firms and lack of interest in the borough as a 'back office' location for major banks/insurance companies etc. The qualitative need is therefore likely to be met through new units up to 500sqm and not through the larger, older buildings which are particularly concentrated in the town centre. Indeed it is estimated that some 25,000sqm of the poorer quality town centre office stock could be lost and not replaced without compromising the economy<sup>3</sup>. Some such rationalisation is likely to be a precursor to a reinvigoration of the town centre office market. The Assessment notes that in- and out-of centre office

<sup>3</sup> Policy H3 of the draft Local Plan identifies the town centre as a broad location for housing growth to deliver some 600 homes, in expectation (in part) of the conversion/redevelopment of older town centre office stock to residential use.



locations appeal to different types of firms and that offering a choice of locations would better provide for occupier needs.

1.3.15 **Industrial:** The Assessment concludes that demand for industrial/manufacturing floorspace is most likely to result from relocation of firms from the local/sub-regional area rather than from a major inward investment opportunity. Development is more likely to be built for a specific end user rather than as a speculative enterprise. The demand will generally be for smaller (<200sqm) and medium sized (1,000-1,500sqm) units.

1.3.16 **Warehousing:** It is concluded that the borough is neither far enough from the ports or central enough to serve a UK distribution market or even SE regional market. The demand for warehousing space is most likely to be to serve sub-regional markets for example on-line retail demand, discount retailers with tight supply chains and local distribution hubs for logistics firms. The demand is most likely to be for units up to 5,000sqm.

1.3.17 Overall, and significantly, there is also an identified lack of employment land supply in the locations most likely to be attractive to the type of occupiers economic growth will attract i.e. along the motorway corridor. Excluding the site at Brooklyn Yard at M20 J6, the existing capacity for industrial and warehousing use is all in the south of the borough where the road links are the weakest. The Assessment states "whilst this does not make these sites redundant, it does potentially limit their future attractiveness to businesses and could restrict the role they play in accommodating employment growth."<sup>4</sup>

1.3.18 The Assessment finds that there is both quantitative and qualitative need for additional employment land. New site/s should focus on a 'new', diversified offer in preference to replicating the characteristics of the existing portfolio. This points towards:

- a. Range of flexible, small scale, good quality office space
- b. Capacity for 'design and build' bespoke industrial space
- c. Small-medium warehouse/distribution units
- d. Location/s with good strategic road access to markets
- e. Location/s with minimal development constraints
- f. Location/s with ICT connectivity
- g. Creation of a distinct new employment location

1.3.19 The Assessment concludes that "there is likely to be demand for a new high quality, well serviced mixed use employment development area that accommodates small business orientated space, standalone industrial and manufacturing provision (albeit likely to be a design and

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<sup>4</sup> Paragraph 6.10

build demand) and smaller scale distribution and ancillary workspace and office space”<sup>5</sup>.

1.3.20 Additionally the Assessment recommends that plan policies are sufficiently flexible to enable a mix of office, industrial and warehousing uses on sites.

### **Implications for the site selection in the emerging Local Plan**

1.3.21 The Planning Transport and Development Overview & Scrutiny Committee considered which potential employment sites to include in the Regulation 18 version of the emerging Local Plan at its meeting on 18<sup>th</sup> February. This was followed by Cabinet’s consideration on 24<sup>th</sup> February. At the time of that decision, the demand/supply position was set out. As outlined above the supply position has been updated as a result of the latest Assessment.

1.3.22 The February 2014 committee reports also included what was, at that stage, an outline qualitative assessment. Cabinet resolved to include a dispersed pattern of employment sites in the Local Plan for public consultation in preference to the allocation of a site at Junction 8 of M20. The report stated that:

“In officers’ view, however, the harm caused by the development in the location of Junction 8, and the relative unsustainability of it as an employment location, would not be over-ridden by its qualitative advantages, particularly as there is a deliverable alternative selection of acceptable sites which can also support the local economy.”

1.3.23 The sites included in the draft Local Plan are shown in the table below.

	<b>Office</b>	<b>Industrial</b>	<b>Warehousing</b>
Mote Road, Maidstone	8,000		
Land south of Claygate, Marden			6,800
Land at Wheelbarrow Estate, Marden			14,500
Barradale Farm, Headcorn			5,500
Syngenta <sup>6</sup>		[8,640]	
Clockhouse Farm, Coxheath	2,100	5,600	
<b>Total</b>	<b>10,100</b>	<b>5,600</b>	<b>26,800</b>

<sup>5</sup> Paragraph 8.12

<sup>6</sup> Syngenta is identified as a vacant employment site in the qualitative assessment and so is already counted as part of the supply.

- 1.3.24 This selection of sites does not provide enough office development to meet the forecast demand (quantitative need) but could meet the quantitative need for new warehousing space.
- 1.3.25 Through the latest NPPG-compliant Assessment, the qualitative gaps have now been evidenced more comprehensively and clearly than the information that was available at the time of the February decision. The NPPF requires that Local Plans should “set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period”<sup>7</sup> (emphasis added).
- 1.3.26 It is considered that the selection of sites in the Regulation 18 version of the Local Plan would not meet the identified qualitative needs in a location well connected to the strategic road network.
- 1.3.27 Based on the outcomes of the Strategic Economic Development Land Availability Assessment (SEDLAA)<sup>8</sup> the only available, additional land at a motorway junction is at J8 of M20. Development in this location would better meet the gap identified through the evidential analysis in the Qualitative Employment Sites Assessment. It could also enable the quantitative demand for offices to be met which is not the case for the current selection of Regulation 18 sites.
- 1.3.28 Proposed revisions and/or additions to the site allocation policies in the draft Local Plan (Regulation 18) will be considered by the Planning Transport and Development Overview & Scrutiny Committee at its meeting on 20<sup>th</sup> January 2015 and thereafter by Cabinet. The sites agreed will be the subject of a focused public consultation in February/ March.
- 1.3.29 It is considered that the combined findings of the two evidential documents on employment needs point towards identifying land in the location of J8 in the Local Plan for a mix of offices, industrial and warehousing uses. Balanced against this economic case is the acknowledged sensitivity of the landscape in the J8 location. In the February Cabinet report it was recognised that development of either of the candidate sites at J8 would cause substantial landscape harm. The limitations of the location in terms of public transport connections and relative separation from the centres of population were also acknowledged.
- 1.3.30 With the NPPF direction to meet the needs of the economy in full it is officers’ view that, with the completion of this qualitative assessment, the balance of planning and economic development considerations now

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<sup>7</sup> NPPF paragraph 21

<sup>8</sup> Cabinet 24<sup>th</sup> February 2014

weigh in favour of identifying land in the location of J8 in the emerging Local Plan.

1.3.31 Members will also want to consider the consistency of the approach to employment sites in the Local Plan with the Council's new Economic Development Strategy.

1.4 Alternative Action and why not Recommended

1.4.1 Alternative courses of action are discussed in the report.

1.5 Impact on Corporate Objectives

1.5.1 The Maidstone Borough Local Plan supports the delivery of the spatial objectives of the Maidstone Community Strategy and the Strategic Plan. It also has regard to objectives set out in other corporate documents, in particular the Economic Development Strategy. The local plan supports the council's priorities for Maidstone to have a growing economy and to be a decent place to live.

1.6 Other Implications

1.6.1

- 1. Financial
- 2. Staffing
- 3. Legal
- 4. Equality Impact Needs Assessment
- 5. Environmental/Sustainable Development
- 6. Community Safety
- 7. Human Rights Act
- 8. Procurement
- 9. Asset Management


1.7 Relevant Documents

Economic Sensitivity Testing & Employment Land Forecast (February 2014), GVA.

1.7.1 Appendices

Appendix A: Qualitative Employment Site Assessment (September 2014) GVA

Appendix B: list of existing industrial sites/estates for inclusion in Policy DM18

1.7.2 Background Documents None

<b><u>IS THIS A KEY DECISION REPORT?</u></b>		<b><u>THIS BOX MUST BE COMPLETED</u></b>	
Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If yes, this is a Key Decision because: .....			
.....			
Wards/Parishes affected: .....			
.....			

A Bilfinger Real Estate  
company



## Report

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# **Qualitative Employment Site Assessment** **Maidstone Borough Council** Draft Report

September 2014

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- Appendix II Site Survey Forms
- Appendix III Overview Map of Employment Sites
- Appendix IV Stakeholder Workshop Meeting Note
- Appendix V Town Centre Office Maps & Stock Observations
- Appendix VI Vacant Site Map

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## 1. Introduction

- 1.1 Maidstone Borough Council (MBC) is in the process of preparing a new Local Plan for the Borough that will set the high level spatial strategy for the period to 2031. The preparation of the Local Plan is guided by the National Planning Policy Framework (NPPF) and the National Planning Practice Guidance (NPPG).
- 1.2 Both documents advocate that an evidence based approach to employment land allocation and protection is taken and that the land portfolio should offer sufficient capacity to accommodate expected future demand requirements both in quantitative and qualitative terms.
- 1.3 The NPPF identifies a need to identify a portfolio of sites within a local authority area that have a reasonable prospect of being delivered, and that allocations should not simply be 'rolled over' from one plan period to the next (NPPF Paragraph 22). The NPPG is clear that in identifying land for economic development it should be demonstrated that it is "suitable, available and achievable.....over the plan period". The NPPG recommends that site assessments are undertaken at regular intervals to ensure the land portfolio continues to provide the most appropriate match for economic growth.
- 1.4 MBC has commissioned GVA to prepare an assessment of the current employment land within the borough and make recommendations as to its future suitability for accommodating economic growth. The assessment has been undertaken following the objective assessment of the economic growth potential of the borough in the report 'Economic Sensitivity Testing & Employment Land Forecast' (GVA, 2014) which estimated the likely scale and nature of future growth, and in parallel with the development of a new Economic Development Strategy, which will direct interventions to help secure economic success.
- 1.5 This report, alongside the Economic Sensitivity Testing Report, provides a NPPF and NPPG consistent assessment of employment land needs.

### Employment Land Requirement

- 1.6 MBC commissioned GVA to undertake an assessment of the potential scale and nature of future employment growth within the borough. The final report, titled 'Economic Sensitivity Testing' was published in February 2014. The assessment focussed on identifying and testing the 'economic capacity' of the borough, analysing local, regional and national drivers of economic and employment growth to understand their influence locally.



- 1.7 The study considered the recent sectoral performance of the local economy, the future growth expectations for these and wider technological and sectoral trends that may deliver new employment opportunities. Performance was benchmarked to other boroughs which were similarly located in relation to London, were of a similar scale and nature or demonstrated a similar economic structure.
- 1.8 The study tested a small number of different growth scenarios, using an Experian Business Strategies forecast as its base, to understand their impact with the final forecast identifying specific growth opportunities accruing from the development the Kent Institute of Medicine and Surgery (KIMS) and the planned Maidstone Medical Campus (MMC). It combined these with 'enhanced' growth rates for a small number of other key sectors which, given past performance and future national expectations, are likely to grow at a greater level than Experian anticipated. Key sectors included Health, Education, Computing & Information Services, Finance, Vehicle Manufacturing and Land, Transport and Post.
- 1.9 In total the final employment growth forecast estimated an 18% increase (14,394 jobs) between 2011 and 2031. A significant proportion of 46% of these jobs (6,636) are expected to be within 'non-B class' activities (for example retail and healthcare), a further 4,200 (29%) will be directly created by KIMS and the MMC, with 3,733 (26%) within B class sectors.
- 1.10 The study then translated the employment forecast into an employment land forecast which identified a 'general requirement' for 17.7ha of employment land, as shown below.

**Figure 1 – Employment Land Requirement**

	Employment Jobs	Floorspace Demand 2011 - 2031 m <sup>2</sup>	Allowance for Churn m <sup>2</sup>	Change in floorspace m <sup>2</sup>	Change in Land Ha
Office	3,053	36,636	3,194	39,830	2.7
Industrial	226	8,154	12,136	20,290	5.1
Warehouse	453	31,724	18,187	49,911	10.0
<b>General Requirement</b>	<b>3,733</b>	<b>76,513</b>	<b>33,517</b>	<b>110,030</b>	<b>17.7</b>
KIMS/MMC	4,200	tbc	0	0	19
<b>Total Employment Land</b>	<b>7,933</b>				<b>37</b>

- 1.11 It is this scale and nature of future employment land/floorspace requirement that provides the context for this Qualitative Site Assessment. It is the purpose of this study to identify how the expected nature of growth can be accommodated within the borough over the plan period.

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## Overview of Approach & Data Sources

- 1.12 The Qualitative Site Assessment has been undertaken by completing a number of 'inter-linked' stages which have sought to understand the stock of existing land, the local market trends and the wider issues affecting the suitability of land for its current occupiers.
- 1.13 The first stage was to identify the actual 'stock' of employment sites within the borough. Since the last comprehensive assessment of employment land (2006/2007) much has changed within the borough, with a number of sites 'lost' to other uses, new stock delivered and increased activity in rural areas through building conversion.
- 1.14 Therefore it was not possible to solely rely on past information. Therefore a new site identification process was undertaken, drawing on:
- Property transactions data (from Egi, CoStar);
  - Planning activity information (provided by MBC, KCC);
  - Business rates database (from MBC); and
  - Information from agents and MBC's economic development team.
- 1.15 Having identified the sites and filtered them to focus on sites over 0.25ha (in line with the NPPG) full site surveys were undertaken by GVA staff, supported by a range of information provided by the Council to understand wider constraints.
- 1.16 We have also updated previous property market analysis drawing on data from the Valuation Office (published in 2013) and CoStar Focus. This information has then been discussed with local commercial property agents (where they have wished to be involved) to identify any underlying trends.
- 1.17 Ongoing dialogue has been maintained with Shared Intelligence, who are preparing the Economic Development Strategy, to ensure both documents are strategically aligned and common data is used where possible and consultation approaches do not duplicate or over-burden stakeholders.
- 1.18 This Report provides a summary of these tasks and presents the key conclusions, it is structured as follows:
- Section 2 – provides a review of recent activity within the commercial property market;
  - Section 3 – provides a strategic review of future space typologies;
  - Section 4 – provides summary analysis of the employment site portfolio;
  - Section 5 – considers potential sources of additional employment land capacity;

- Section 6 – balances identified supply against the demand for space identified in previous forecasting work; and
- Section 7 – provides high level site specific advice in terms of how sites should be considered in future planning policy.

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## 2. Commercial Property Market Review

- 2.1 Within this section we consider the recent performance of commercial property within the borough. It provides an analysis of key trends within the local office and industrial markets in order to understand the nature of demand for different property types.
- 2.2 Understanding past performance provides an important guide to the nature of space that could be required in the future as it reflects those business activities that are already accommodated within the borough and may seek to move, and those that are already seeking space within the local area.

### Market Overview

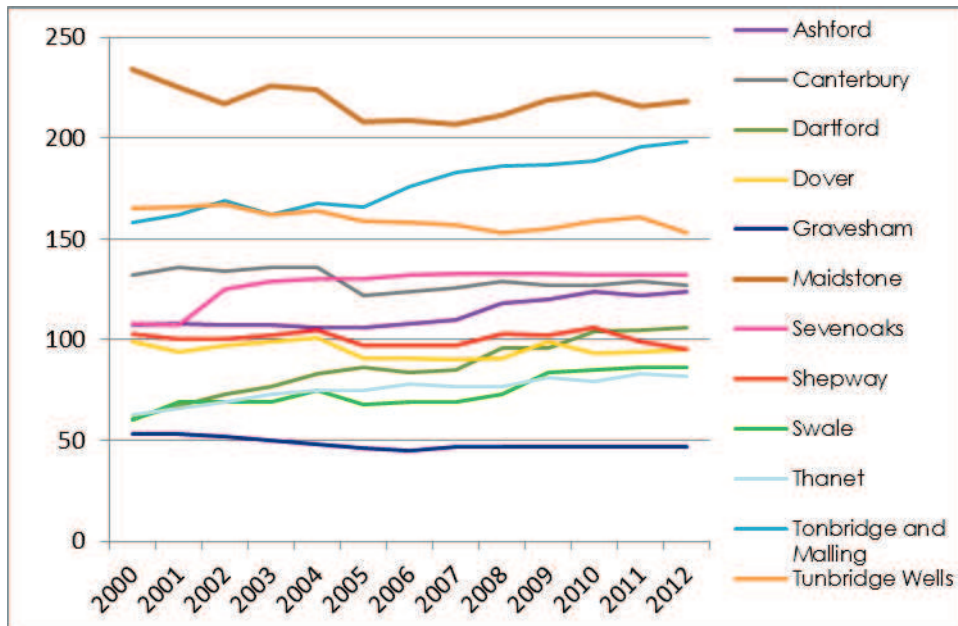
- 2.3 Maidstone borough has traditionally been one of the most significant markets within Kent, providing a focal point for a range of commercial and public sector occupiers across office, industrial and warehouse spaces.
- 2.4 Historically demand for commercial office floorspace has been driven by key sub-regional government activity (a core function of its 'County town' role), whilst demand for industrial and warehousing demand has been a result of both indigenous business growth (with a range of entrepreneurs starting and growing businesses in the borough) and 'inward investment' from neighbouring areas with businesses seeking to benefit from Maidstone's connections.
- 2.5 However, in the more recent past there has been a noticeable stagnation within the local property market as traditional office demand has fallen away and other locations benefit from improved infrastructure and new floorspace delivery.
- 2.6 The latest data produced by the Valuation Office (VOA) shows that there was an estimated 868,000sqm of B class floorspace within the borough, of which 25% (218,000sqm) is office space and 75% (650,000sqm) is classed as industrial space.

### Office Provision

- 2.7 The provision of office floorspace has decreased by 7% (16,000sqm) since the turn of the century. However, at the same time the VOA data suggests that hereditaments (i.e. a property that is subject to a rating assessment) have increased by 33% to 1,100 units.

- 2.8 The increase in hereditaments is likely to arise from two sources, firstly the delivery of new units within the borough and, secondly, the sub-division of larger buildings into smaller units (for example Kent House) which, whilst new floorspace is not added, each unit or suite is likely to be subject to its own rating assessment and hence increase the number of hereditaments.
  
- 2.9 What is clear, regardless of the source of additional hereditaments, the average size of unit has decreased over the period, from 282sqm in 2000 to 198sqm in 2012. As shown later in this report, this smaller unit size is reflected in property transactions data. This shift also reflects experience in a number of locations across the South East which do not play a major role within the corporate office market.
  
- 2.10 Despite losses of office space Maidstone still plays a significant role within the Kent market, providing the largest amount of space within any single borough.

**Figure 2 - Office Floorspace Provision 2000-2012**

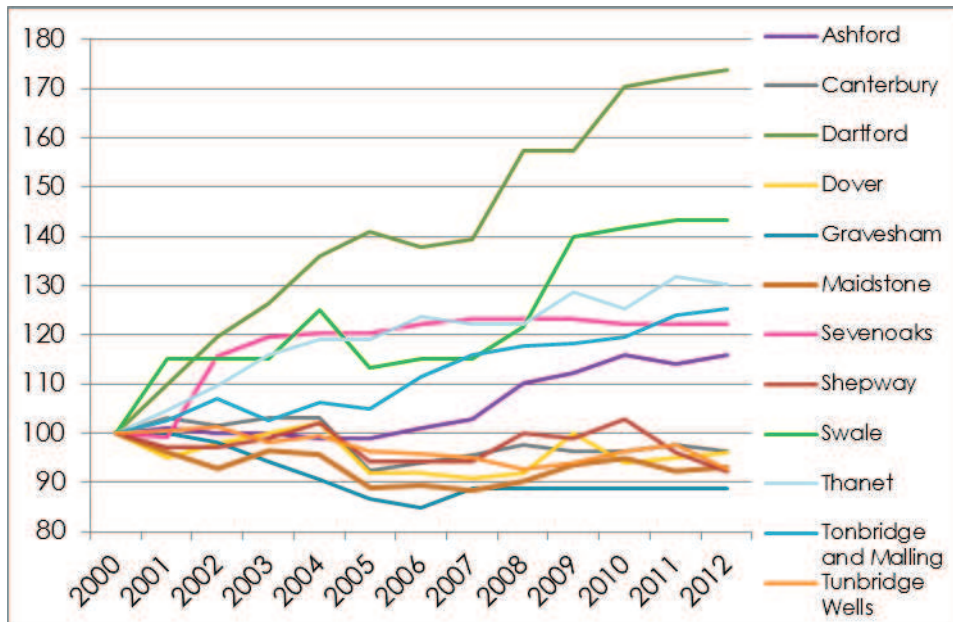


Source: VOA, 2014

- 2.11 Whilst Maidstone retains the highest amount of space, Figure 2 shows a clear downward trend and a weakening of its 'dominant' market position. This is particularly noticeable when compared to Tonbridge and Malling, which has seen a considerable uplift in provision, largely as a result of the delivery of Kings Hill over this period.

2.12 When the percentage change in stock in each borough is set to a comparable base (i.e. 2000) the relative decline in Maidstone's position becomes clear.

**Figure 3 - Office Floorspace Stock Change 2000-2012**



Source: VOA, 2014

2.13 As shown in Figure 3 Maidstone's decrease in stock is in stark contrast to nearby locations such as Dartford (which has seen significant new stock delivered at Crossways Business Park), Swale (with space coming to the market at Kent Science Park for example), Tonbridge and Malling, Sevenoaks and Ashford.

### Industrial Provision

2.14 The VOA estimates that in 2012 there was 650,000sqm of industrial floorspace within the borough. The scale of stock has fallen 13% since 2000, when the stock was 750,000sqm. The 'peak' stock within the borough was recorded in 2003 at 756,000sqm, 14% higher than the level in 2012.

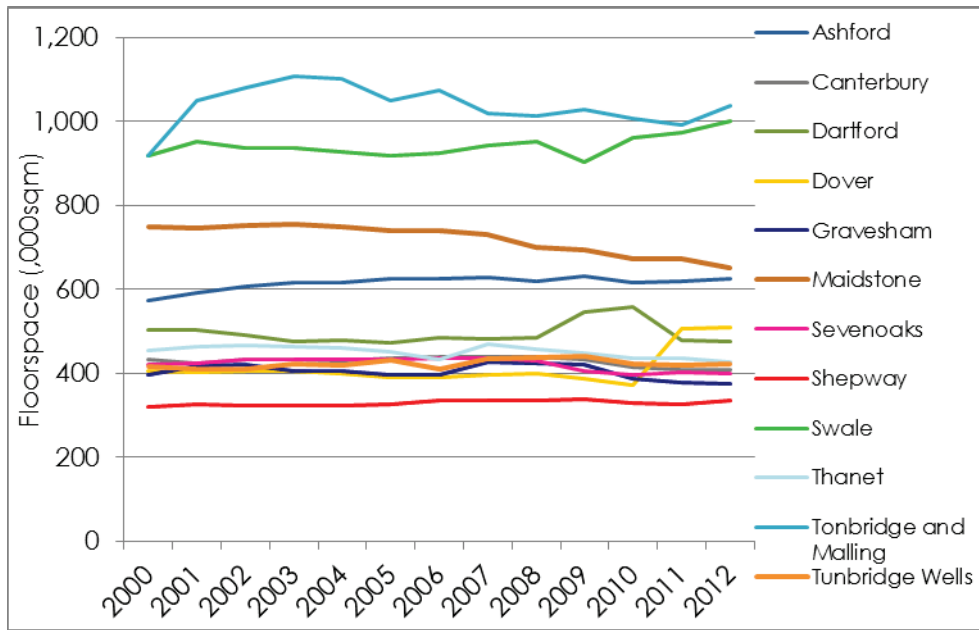
2.15 This industrial floorspace information remains aggregated here. This is because the VOA data used to establish stock trends has been published as "experimental", meaning it is limited and has not been produced in a form that allows industrial and warehouse floorspace to be separated.

2.16 The number of industrial hereditaments has also fallen between 2000 and 2012, although by a much lower proportion than floorspace, decreasing by 4%. Similar to office provision,

the VOA data suggests there has been a shift within the borough towards smaller unit provision, with the average hereditament falling from 615sqm to 556sqm.

- 2.17 The scale of provision within Maidstone has traditionally been one of the largest within Kent, however it is significantly below the level of stock within Tonbridge and Malling and Swale., both of which have seen larger proportional increases in stock.

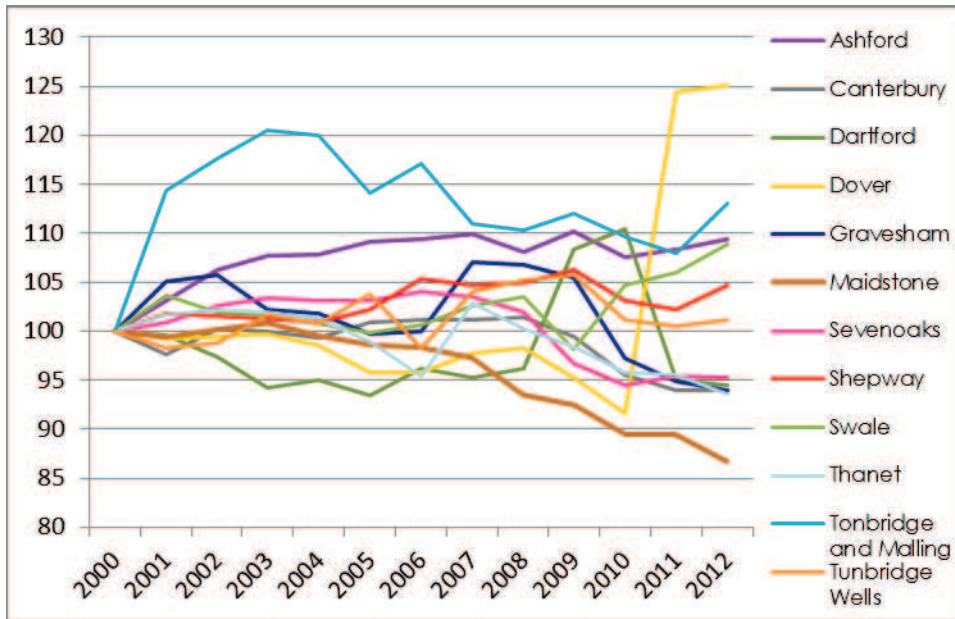
**Figure 4 - Industrial Floorspace Provision 2000-2012**



Source: VOA, 2014

- 2.18 Maidstone now has an equivalent level of industrial floorspace as Ashford, although the two boroughs demonstrate considerably differing trends. Whilst stock in Maidstone has declined since 2000 Ashford has experienced a 9% growth in floorpace stock.
- 2.19 Proportional changes show a much more complex picture of performance across the County, within Maidstone experiencing the largest percentage loss of stock.

**Figure 5 - Industrial Floorspace Stock Change 2000-2012**



Source: VOA, 2014

2.20 Whilst the highest proportional increase was recorded in Dover District, largely as a result of a one year change in 2010-11, both Ashford and Tonbridge and Malling have experienced significant proportional increases (albeit with Tonbridge and Malling experiencing a considerable fall since the 2003 peak), Swale has also shown strong growth whilst Dartford was performing similarly strongly until 2011 when the large GSK site was finally demolished.

## Commercial Market Activity

2.21 To understand how the property market itself may influence future provision we consider market performance in terms of deals completed (space take up) between January 2007 and June 2014 and advertised space (vacancies) as of July 2014.

2.22 We draw on data collected and held within the CoStar Focus database. The CoStar<sup>1</sup> database seeks to record actual market activity (i.e. the 'turnover' of occupiers and

<sup>1</sup> CoStar Focus is a nation-wide property database that records deals and vacant premises within the commercial property market. The database relies on support from local agents to complete data records. It provides a robust and consistent measure of both current and historic market performance. It should be noted that whilst CoStar take every



premises) as such the majority of lease renegotiations and extensions are not included. It should be noted that the CoStar database relies on the participation of agents to maintain its accuracy; as such a number of smaller deals may not be captured. However, it provides a consistent and robust record of the predominant market trends from which the market can be understood.

- 2.23 To ensure the data used provides an accurate assessment of activity within the borough each entry has been checked to ensure there is no double counting of units where a building is advertised as a whole and for sub-letting of sub-divided spaces.
- 2.24 To supplement our understanding and identify trends which CoStar may not capture we have had discussions with key local agents to draw on their experience of the market within Maidstone.

### The Office Market

- 2.25 Between January 2007 and June 2014 there have been 226 office transactions within the borough, totalling a demand for space of 43,000sqm. The market peaked in 2008 both in terms of transactions and floorspace transacted, with almost a quarter of the space taken up in the whole period transacted in this year.

**Table 1 - Office Take Up by Year & Size**

	2007	2008	2009	2010	2011	2012	2013	2014	Total
<b>Total Deals</b>	23	38	26	29	31	29	33	17	<b>226</b>
<b>Total sqm</b>	4,885	10,281	4,113	6,083	5,639	3,966	5,430	2,612	<b>43,009</b>
<b>&lt; 185 sqm</b>	15	24	22	20	17	22	24	12	<b>156</b>
<b>185 - 465 sqm</b>	4	7	2	3	13	6	7	4	<b>46</b>
<b>465 - 1,850 sqm</b>	4	7	2	6	1	1	2	1	<b>24</b>
<b>1,850sqm +</b>	0	0	0	0	0	0	0	0	<b>0</b>

Source: CoStar Focus, 2014

- 2.26 Across the whole period the market (with the exception of 2008) has been relatively consistent with between 4,000 and 6,000sqm of space taken up each year. Similarly the

effort to ensure accuracy and coverage it does not capture all activity but does provide a significant and robust sample from which conclusions can be drawn.

number of units taken up has again been relatively consistent, with in the region of 30 deals per annum.

- 2.27 Demand has been dominated by small units, where between 63% and 85% of annual demand has been for units of less than 185sqm. Over the period average letting sizes have fallen to below 200sqm reinforcing the predominant focus on smaller scale demand.
- 2.28 Unsurprisingly given wider economic conditions average rents have fallen over the period since 2007, with a significant drop in achieved values since a peak in 2009.

**Table 2 – Average Achieved Office Rents**

Year	Average Achieved Rent (£ per Sq M)
2007	148
2008	152
2009	198
2010	193
2011	80
2012	118
2013	116
2014	126
<b>Long Term Average</b>	<b>147</b>

Source: CoStar Focus, 2014

- 2.29 The average achieved rent over the period has been £147/sqm, with values over the last four years significantly below this level. Whilst rents have recovered slightly in the last three years they are still lower than pre-recession levels and significantly below levels that would attract new speculative development or refurbishment of stock.
- 2.30 Understandably there has been a limited amount of take up of new or refurbished space given the low supply of stock of this type, in total only 16% of deals were for new or refurbished stock. This suggests there is limited investment in the delivery of new space, or the upgrading of previously occupied space before it is re-let.

**Table 3 – Total Office Take Up by Quality (Jan 2007-June 2014)**

	Total Units	Floorspace (sqm)
New	32	6,776
Second Hand	144	24,579
Unknown	50	11,654
<b>Total</b>	<b>226</b>	<b>43,009</b>

Source: CoStar Focus, 2014

- 2.31 Whilst 50 deals over the period do not declare a 'quality' or nature of the stock, having reviewed the premises in question these are, predominantly, likely to be second hand, unrefurbished stock.

**Table 4 – Annual Office Take Up by Quality**

	2007		2008		2009		2010		2011		2012		2013		2014	
	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm
New	6	1,210	6	563	4	1,461	6	1,723	3	291	2	424	2	876	1	228
Second Hand	14	3,185	22	3,631	12	1,790	11	3,092	24	4,371	20	2,933	26	3,370	15	2,207
Unknown	3	490	10	6,087	10	862	12	1,268	4	977	5	609	5	1,184	1	177
<b>Total</b>	<b>23</b>	<b>4,885</b>	<b>38</b>	<b>10,281</b>	<b>26</b>	<b>4,113</b>	<b>29</b>	<b>6,083</b>	<b>31</b>	<b>5,639</b>	<b>27</b>	<b>3,966</b>	<b>33</b>	<b>5,430</b>	<b>17</b>	<b>2,612</b>

Source: CoStar Focus, 2014

- 2.32 Recent trends show that take up has decreased for new and refurbished space, which is likely to be more a reflection of declining availability rather than a lack of 'demand' in general.
- 2.33 In terms of available space within the borough CoStar currently estimates advertised available floorspace to be in the region of 42,000sqm. Availability of this scale represents a vacancy rate of just under 20%. Almost 8,188sqm of this space is considered to be new or refurbished, largely comprised of c.4,688sqm of permitted development at Eclipse Park. Data excludes floorspace at the MMC, which is not currently actively being promoted and is unlikely to form part of the 'general supply' given its narrow occupier focus.

**Table 5 – Office Floorspace Availability**

	Units	Total Floorspace (sqm)
<185	37	3,645
185-465	22	5,455
465-1,850	13	12,041
1850+	5	20,855
<b>Total</b>	<b>77</b>	<b>41,996</b>

Source: CoStar Focus, 2014

- 2.34 Based on the figures in Table 5 the majority of space appears to be available within larger units, suggesting a mismatch with the over-riding demand trends evidenced above. However, this does not necessarily portray an accurate picture of supply, with a number of large units potentially being sub-divided into smaller suites as required.
- 2.35 For example, Kent House currently has around 9,800sqm of space available. However, whilst this is capable of being let as one deal a number of suites are also advertised separately, ranging in size from 30sqm to 320sqm.
- 2.36 Therefore the issue of persistent high vacancies within the borough appears largely to be related to the quality of the stock and its ability to provide attractive accommodation for businesses. Whilst there are some mis-matches between the size of units and prevailing demand trends, even where they these can be sub-divided they still remain vacant. More detail of the 'time on market' for office units is presented in Table 6.

**Table 6 – Available Office Floorspace – Time on Market**

Street Name	Sq M Available	Days on Market
10 Middle Row	197	3,066
Miller House Lower Stone Street	4,464	2,999
Laurel House, Earl Street	53	2,969
Colman House & Colman Parade, King Street	449	2,863
Star House, Pudding Lane	1,861	2,457
8 Eclipse Park	1,346	2,368
6 Eclipse Park	1,540	2,368
7 Eclipse Park	1,952	2,368
Church Farm, Ulcombe Hill	84	2,201
Maidstone House, King Street	2,714	2,089
Kent House, Romney Place	9,864	2,020
23-29 Albion Place	561	1,862
Frederick House, Brewer Street	579	1,641
Coronet House, Queen Anne Road	307	1,632
Unit D Orchard Business Centre	237	1,607
Unit 7, Coldred Road	28	1,495
Brenchley House, Week Street	1,058	1,495
Medway Bridge House, Fairmeadow	271	1,495
Vaughan Chambers, Tonbridge Road	476	1,495
Lyndean House, Albion Place	695	1,375
Unit P Ledian Farm, Upper Street	25	1,318
The Oast, Unit 3 Lested Farm, Plough Wents Road	77	1,045
Unit 10, James Whatman Court, Ashford Road	81	1,040
Chaucer House, Knighttrider Street	147	997
GHL House, 12-14 Albion Place	202	812
23-29 Albion Place	1,759	772
The Barn, Lested Farm, Plough Wents Road	246	750
Little Sheephurst Farm, Sheephurst Lane	233	729
Unit 3 Downs Court, Yalding Hill	93	717
Westbrook House, Albion Place	187	689
Westbrook House, Albion Place	201	689
Brecon House, Albion Place	181	688
Brecon House, Albion Place	204	688
Unit P Ledian Farm, Upper Street	42	639
93-95 High Street	194	613

Street Name	Sq M Available	Days on Market
Paul Sandby Court, Turkey Mill, Ashford Road	1,338	612
East Wing, Main House, Turkey Mill, Ashford Rd	66	595
59 High Street	120	561
Kestrel House, Knighttrider Street	172	560
41 Hedley Street	217	497
Colman House & Colman Parade, King Street	129	463
Colman House & Colman Parade, King Street	354	463
Lyndean House, Albion Place	149	456
Colman House & Colman Parade, King Street	320	408
23-29 Albion Place	257	396
Barham Court	64	393
Barham Court	64	393
Barham Court	64	393
Turkey Court, Turkey Mill, Ashford Road	245	374
Brook House, Ashford Road	18	344
Brook House, Ashford Road	20	344
89 Ashford Road	74	340
58 High Street	142	308
The Beater House, Turkey Mill, Ashford Road	70	308
Sunley House, Middle Row	174	305
North Court, Armstrong Road	175	294
County House, Earl Street	624	280
Unit 2 The Old Brewery, Buckland Road	101	276
Galleon House, King Street	724	262
Medvale House, Mote Road	539	260
Invicta House, Pudding Lane	112	255
Brook House, Ashford Road	13	253
Abbey Court, Boarley Lane	224	241
Ashmill House, Ashford Road	802	143
Unit 7 James Whatman Court	192	143
89 King Street	137	128
Enterprise	157	116
6 Downs Court, Yalding Hill	59	115
F1 & F2 East Court, Armstong Road	157	94
4 Albion Place	200	64
Holbrook House, Bank Street	117	49

Street Name	Sq M Available	Days on Market
25a Pudding Lane	93	46
Adapt House, Station Road	204	45
Burnt House Farm Business Park, Bedlam Lane	151	37
57-59 Church Street	173	22
The Malt House, Weaving Street	63	16
84 King Street	314	2

Source: CoStar Focus, 2014

- 2.37 As demonstrated in Table 6 office space has been available for a wide range of time, from less than a week (84 King Street) to over 8 years (Middle Row). However the majority of stock has been available for a significant amount of time, suggesting that where demand exists the available space has not been able to meet requirements.
- 2.38 It is recognised from demand trends reported by agents and in neighbouring areas that there have been requirements for space within the Maidstone market, however these have tended to be met outside of the borough, principally at Kings Hill, but also in smaller developments such as Hermitage Court.
- 2.39 On average office properties within Maidstone will be on the market for 504 days, based on current availability data which covers the period from 2007 - 2014. Our analysis of the data provided by CoStar Focus suggests that 84% of the currently available stock has been on the market for longer than this period, represented in the table by all units above the orange line. Approximately 88% of stock has been available longer than the median vacancy period which is 342 days, as represented by the green line.
- 2.40 In this analysis it should be recognised that the recession is likely to have extended vacancy periods beyond the long term average, as such we have also considered the amount of stock which has been available for over 5 years and was therefore able to attract occupiers in a more buoyant economic climate. Around 59% of stock (some 24,688sqm) has been available for 5 years or more, again suggesting that there is a more fundamental issue with the nature of space available.

### The Industrial Market

- 2.41 Since 2007 there have been 171 deals for 'industrial' space (i.e. industrial and warehouse units) with a total of almost 76,000sqm let.

**Table 7 - Industrial Take Up by Year & Size**

	2007	2008	2009	2010	2011	2012	2013	2014	Total
<b>Total Deals</b>	22	17	10	20	29	39	27	7	<b>171</b>
<b>Total sqm</b>	13,539	8,039	5,980	8,212	16,643	8,642	8,171	6,511	<b>75,737</b>
<b>&lt; 185 sqm</b>	5	6	3	6	15	24	10	4	<b>73</b>
<b>185 - 465 sqm</b>	7	7	2	7	3	11	12	1	<b>50</b>
<b>465 - 1,850 sqm</b>	8	3	5	6	10	4	5	1	<b>42</b>
<b>1,850sqm +</b>	2	1	0	1	1			1	<b>6</b>

Source: CoStar Focus, 2014

- 2.42 As shown in Table 7 demand has fluctuated significantly year on year, most notably during the core of the recession (2008-2010), since 2010 the number of units let has recovered and has been above pre-recession levels.
- 2.43 In terms of the amount of space demanded, 2011 showed a peak of over 16,000sqm, almost double the general trend level, largely as a result of two major deals, one of c.6,000sqm at Park Wood and one of c.4,000sqm at Boughton Mount Farm.
- 2.44 Demand has tended to be focussed on smaller units, although demand is relatively evenly split between units smaller than 185sqm and units between 185sqm and 465sqm.
- 2.45 There has been limited take up of very large units (i.e. over 1,850sqm) however, there is limited supply of stock of this scale and therefore any demand that does exist is likely to predominately be drawn to other locations.
- 2.46 Achieved rents in the borough of the time period are an average of £66/sqm. Over the time period values have shown some fluctuation, with a peak of £73/sqm in 2010 and a lowest value of £59/sqm in 2009.



**Table 8 - Average Achieved Industrial Rents**

Year	Average Achieved Rent (£ per Sq M)
2007	60
2008	72
2009	59
2010	73
2011	61
2012	66
2013	65
2014	64
<b>Long Term Average</b>	<b>66</b>

Source: CoStar Focus, 2014

- 2.47 There is limited difference between values achieved for new/refurbished stock and second hand stock, both achieving between £61/sqm and £66/sqm. The major price difference has been where stock has been transacted prior to development, with deals for 'Sites' or units 'Under Construction' reported to achieve rents of between £91/sqm and £98/sqm.
- 2.48 Part of this rent differential may be explained by the lack of available stock of this nature, which in turn is reinforced by a lower level of deals recorded for this stock.

**Table 9 – Total Industrial Take Up by Quality (Jan 2007-June 2014)**

	Total Units	Floorspace (sqm)
New, Refurb, Under Construction	36	17,284
Second Hand	120	51,664
Unknown	10	4,265
Sites	5	2,524
<b>Total</b>	<b>171</b>	<b>75,737</b>

Source: CoStar Focus, 2014

- 2.49 The majority of stock taken up (68%) is recorded as second hand, the predominant source of 'new' supply has been within the Integra development at Park Wood and the Nimbus development at 20:20. This is reflected in year by year trends, which peaked in 2012, when units at Integra became available. This lack of activity for new or refurbished space

suggests there is limited investment in the delivery of new space, or the upgrading of previously occupied space before it is re-let.

**Table 10 – Annual Industrial Take Up by Quality**

	2007		2008		2009		2010		2011		2012		2013		2014	
	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm
New, Refurb etc	5	2,691	1	265	1	755	5	1,143	8	2,819	14	4,193	1	215	1	5,203
Second Hand	16	9,939	14	6,754	8	4,902	13	5,888	20	13,753	23	3,790	20	5,330	6	1,308
Unknown	1	909	0	0	0	0	0	0	1	71	2	659	6	2,626	0	0
Sites	0	0	2	1,020	1	323	2	1,181	0	0	0	0	0	0	0	0
<b>Total</b>	<b>22</b>	<b>13,539</b>	<b>17</b>	<b>8,039</b>	<b>10</b>	<b>5,980</b>	<b>20</b>	<b>8,212</b>	<b>29</b>	<b>16,643</b>	<b>39</b>	<b>8,642</b>	<b>27</b>	<b>8,171</b>	<b>7</b>	<b>6,511</b>

Source: CoStar Focus, 2014

- 2.50 Considering available floorspace within the borough, there is currently almost 5,000sqm of 'industrial' space available. The majority of the space (61%) is second hand space, with a limited supply of new space, which wholly accommodated within one unit at Integra.

**Table 11 – Industrial Floorspace Availability**

	Units	Total Floorspace (sqm)
<185 sqm	2	223
185 - 465 sqm	5	1,643
465 - 1,850 sqm	3	2,915
1850+	0	-
<b>Total</b>	<b>10</b>	<b>4,781</b>

Source: CoStar Focus, 2014

- 2.51 The majority of supply for industrial space is within the smaller size bands, reflecting the core focus of demand and take up, currently there are no large premises available within the borough.
- 2.52 Two thirds of warehouse space also lies within the smaller size bands, with 20 units currently available below 465sqm. There appears to be limited supply of larger stock, with two units over 1,850sqm, these are distributed across the borough including at Park Wood, Lordswood and within the rural area.

**Table 12 – Warehouse Floorspace Availability**

	<b>Units</b>	<b>Total Floorspace (sqm)</b>
<185 sqm	5	566
185 - 465 sqm	15	5,102
465 - 1,850 sqm	8	6,729
1,850 sqm	2	5,502
<b>Total</b>	<b>30</b>	<b>17,899</b>

Source: CoStar Focus, 2014

- 2.53 Approximately 30% of the warehouse units currently available are considered to be new or refurbished, these units provide almost 7,000sqm of floorspace. This capacity is predominantly focussed within the Lodge Road Estate, Staplehurst, which forms part of the larger Honeycrest Industrial area. Critically, new units tend to be larger than the existing stock, suggesting they are aimed at a market that is not currently serviced by existing stock.

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### 3. Potential Nature of Future Demand

- 3.1 The Economic Sensitivity Testing identified the scale and broad nature of economic growth anticipated within the borough over the period to 2031. The forecast indicated a future quantitative requirement for new office, industrial and warehousing floorspace to accommodate growth in a range of economic sectors.
- 3.2 However, the quantum of floorspace is only one consideration, with the NPPG seeking to ensure that employment land and floorspace provision also meets the qualitative requirements of business. With this in mind it is therefore important to understand, at a high level, the potential sources, scales and property requirements of business growth.
- 3.3 Clearly given the length of the plan period it is not possible to provide a definitive, detailed assessment of future qualitative requirements. It will be the purpose of the parallel Economic Development Strategy to provide more detailed guidance on the likely balance between inward investment and business expansion in achieving growth. The Strategy will also provide the tools and interventions to achieve economic growth from start-up, growth and inward investment.
- 3.4 Consultation with local stakeholders, Council officers, the team preparing the Economic Development Strategy and our own understanding of the local and wider Kent market alongside national occupier trends provides a basis for understanding the potential focus of economic growth requirements at a qualitative level.
- 3.5 In the main business activity and property demand within the borough and its immediate hinterland has been driven by both the start-up and growth of local businesses across all activity types. Anecdotal evidence discussed at the stakeholder workshop suggested that 'successful' inward investment has generally been from businesses moving within the Kent area. These have tended to be requirements for small-medium sized units.
- 3.6 It has also been reported by Locate in Kent and the Councils' economic development team that some larger inward investment enquiries have demonstrated an interest in the borough these have tended to be larger and not able to be accommodated within existing stock or permissions.
- 3.7 It is our view that, predominantly, future demand for commercial floorspace will be driven by 'local' moves as business start up, expand or seek new premises within the borough.

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- Whilst there is potential for some inward investment from outside of the area this is unlikely to be the major demand driver. As such, in the future, it is likely that demand trends will reflect those of the recent past.
- 3.8 The predominant nature of take up of office space suggests that demand for space in the future will require smaller units or purpose built, multi-tenant stock. This reflects the concentration of small businesses within the borough, the focus of office occupiers (mostly smaller professional service firms) and the lack of strategic market interest in Maidstone as a 'back office' location for financial or insurance services.
- 3.9 Therefore, in qualitative terms there is likely to be a need to provide an offer that is not met by a number of the larger, older buildings, whilst existing permissions may need to be revisited to provide more small business friendly floorplates. It is likely that units up to 500sqm will be required to meet future demand.
- 3.10 We consider that demand for manufacturing space will most likely come from sub-regional churn within the market rather than a major inward investment opportunity given the range of established locations in the sub-region. As demand will be driven by 'churn' it is difficult to predict the scale of floorspace requirements as it is more likely to be a specific 'design and build' facility rather than speculative space.
- 3.11 However, comments from agents suggest that there is a lack of small stock available on a freehold basis (c. 200sqm) and also a lack of good quality medium-sized units of between 1,000 and 1,500sqm.
- 3.12 There will be a requirement for distribution space in Maidstone Borough beyond that which can be accommodated within existing (permitted) employment locations. The local market emphasis for B8 space has been for more modestly scaled deals based in a sub-regional market.
- 3.13 UK growth in distribution has been marked by large scale facilities; however Maidstone Borough is neither far enough from the channel ports to create a logistical stop nor central enough to serve the national UK market nor the regional South East market to attract this type of activity.
- 3.14 The sub regional market is currently being underpinned by retail-linked demand; this is expected to continue in the medium term. Given there are no specific locational drivers to attract a significantly different form of warehouse/distribution activity it is likely that, for
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Maidstone Borough, these regional drivers will translate to the local level. Therefore likely business activities and sources of occupier demand may include:

- Major food retailers and supermarket chains to fulfil online orders;
- Discount retailers who rely on tight supply chains;
- Third party logistics operators as local distribution hubs;

3.15 Demand within these markets is most likely to be for up 5,000sqm units to enable them to serve local and sub-regional markets. However in the Maidstone Borough context this upper limit would be an 'extreme' given general Kent market performance and the largest deal in Maidstone Borough being for 6,344sqm in 2011, one of only four deals in excess of 2,000sqm since 2007.

3.16 Based on this analysis we would conclude that there is likely to be demand for new high quality, well serviced mixed use employment development area that accommodates small business orientated space, standalone industrial and manufacturing provision (albeit likely to be a design and build demand) and smaller scale distribution and ancillary workspace and office space.

### **Providing a Choice of Office Locations**

3.17 Clearly as a key town centre use there needs to be sufficient provision made within the town centre to maintain this function. However, in order to provide occupier choice and broaden the range and type of stock available provision will also be required in out of town locations.

3.18 It would be undesirable to direct all future Grade A office development to the town centre as this is unlikely to provide the necessary choice or flexibility to respond to the market and accommodate any future development or occupier interest. Likewise a solely town centre approach would mean occupiers that do not rely on the wider benefits of a town centre location could also be 'lost'.

3.19 It is important to note that location decisions by investors and developers are unlikely to be 'sequential'. Those developers which are interested in developing outside of the town centre are unlikely to shift their focus towards the town centre purely on the grounds that sites are not allocated out of town.

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- 3.20 The two locations are likely to attract different types of development and therefore different occupier interests. Rather than simply transfer investment towards the town centre, an out of centre occupier is more likely to consider opportunities in other local authority areas which meet their needs if land/space is not available within the town centre.
- 3.21 Occupiers are increasingly seeking to occupy space that reflects and enhances their image and brand and acts as a key component in attracting new employees. Hence there has been an increased focus on the look, feel, design and functioning of property and a subsequent increased requirement for new 'bespoke' space. As such, they will seek spaces that best reflect their operational and client needs.
- 3.22 A number of sectors for which the borough has growth potential will be attracted to the town centre, particularly activities such as professional/business services (legal and accounting activities for example) which require a 'front door' that is easily accessible for clients.
- 3.23 Similarly some 'creative' and 'technology' based sectors will also seek town centre locations to benefit from the wider amenity/leisure provision, which will appeal to staff, and ability to network with other similar businesses.
- 3.24 For these businesses, which will be more reliant on high quality broadband provision, the town centre will provide a further benefit as a location where high speed internet access is most likely to be provided (given the density of users). As such some will move to the town purely to benefit from these connections.
- 3.25 For Maidstone town centre a further occupier driver will be the presence of core public transport services, which are weaker in other economic hubs in the borough. Businesses requiring rail access to London in particular and also other parts of Kent to access clients, staff or suppliers will be drawn to the town given it combines floorspace with direct access to a number of Stations.
- 3.26 On the other hand some occupiers will not wish to be 'in town' on the grounds that it is perceived to be a more expensive option and they may suffer from wider challenges created by higher traffic levels, restricted parking regimes or lower security of premises outside of office hours.

- 3.27 For some business activities these factors are less critical and strategic road access for staff, parking, larger, self-contained floorplates and security will be a much more significant set of location drivers. This will be exacerbated for business activities, such as call centres, that do not require access to / from clients or other businesses.
- 3.28 Therefore it is important to ensure a balance can be struck, which maintains the vibrancy and vitality of the town centre but also provides stock choices.



## 4. The Employment Site Portfolio

4.1 Within this section we consider the supply of employment land and floorspace within the borough. As previously noted, the analysis is based on detailed on-site survey of the key characteristics of each employment site, which contributes to the site assessment matrix and site survey forms; included as Appendix 1 and Appendix 2 to this report respectively.

### Supply Overview

4.2 The first step in reviewing the portfolio of employment sites has been to establish a comprehensive list of sites that currently accommodate B class employment activity. In line with the NPPG sites have been identified using commercial property, planning and business rates data and site surveys and analysis have focussed on sites that are greater than 0.25ha in scale.

4.3 In total 46 employment sites were identified within the borough. This site list excludes the office stock within Maidstone town centre, which was surveyed separately with the core focus on identifying the locations of weak stock within the town.

4.4 The site matrix (Appendix 1) contains 45 rows of employment sites, with Site 46 and 48 assessed jointly considering their functional relationship forming 1 employment location.

4.5 The following 6 sites shown in Table 13 were identified within the Borough, but are not included in this analysis due to being less than 0.25ha in scale.

**Table 13 - Identified Sites Below 0.25ha Threshold**

Site name	Site Address	Site Area(ha)	Quality
<b>Hedley Street</b>	Maidstone, ME14 5AD	0.21	Average
<b>Harbourland Business Court</b>	Boxley, ME14 3DN	0.14	Average
<b>Abbeygate Court</b>	Stockett Lane, Maidstone, ME15 0PP	0.10	Good
<b>Kilnbridge Works</b>	East Farleigh, ME15 0HD	0.24	Good
<b>Stable Court</b>	Shingle Barn Lane, Maidstone, ME15 0PN	0.16	Poor
<b>Old Carriage Barn</b>	Ulcombe Hill, ME17 1DN		
		<b>0.85</b>	

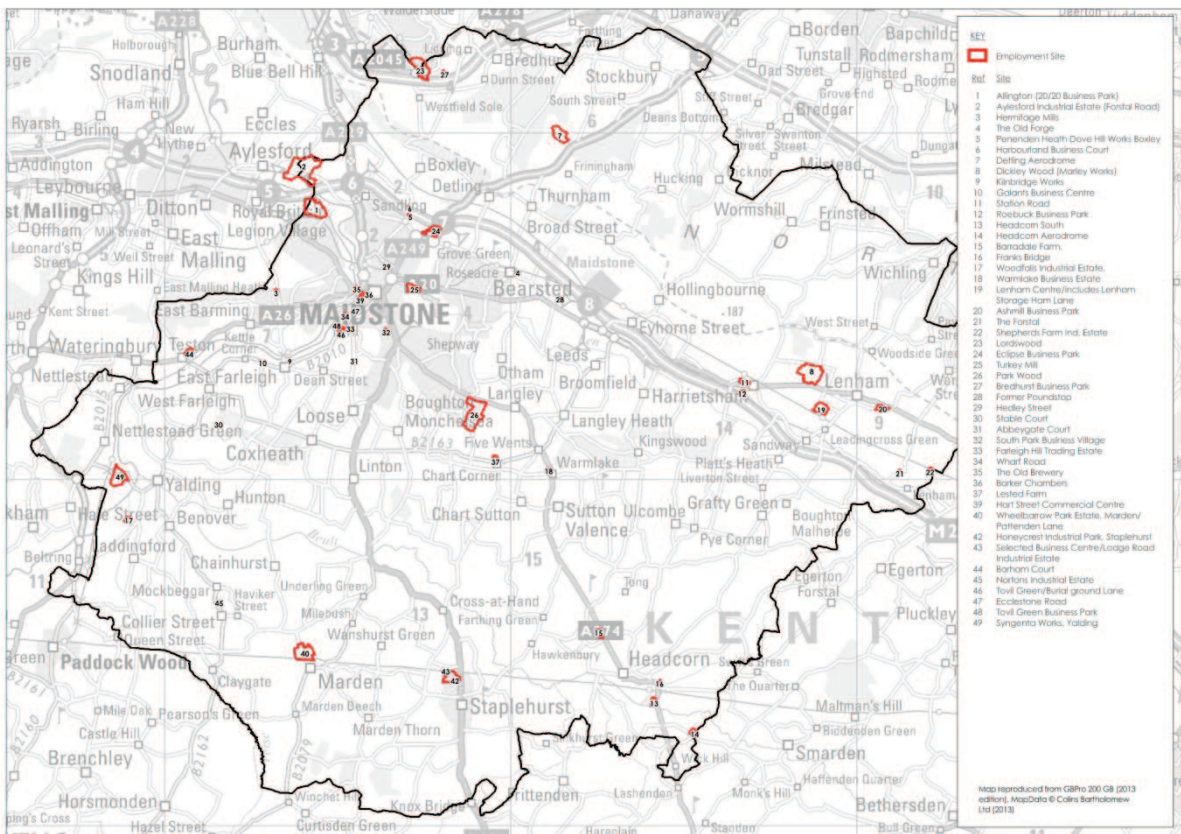
4.6 The following 2 sites shown in Table 14 were identified within the Borough, but are not included in this analysis due to not being in standard B class uses.

**Table 14 - Identified Sites not in Standard B Class Use**

Site name	Site Address	Site Area (ha)	Site Status
<b>Farleigh Hill Trading Estate</b>	ME15 6RG	0.56	Not standard B class uses – trade counter use dominant
<b>Headcorn Aerodrome</b>	TN27 9HX	3.99	Not standard B class uses
		<b>4.55</b>	

4.7 Figure 6 shows the location of the 46 employment sites identified within the borough, which are analysed in this section. A larger version of this figure is provided within Appendix 3.

**Figure 6 - Map Showing All Employment Sites**



N.B. Site references run from 1 to 49, however sites 38 and 41 are no longer included within the study, and Site 43 is separated out in this figure as an individual site (Lodge Road Industrial Estate) but actually forms part of Site 42 (Honeycrest Industrial Park). There are therefore 46 sites in total.

4.8 In total the 46 identified sites provide 282.34ha of employment land distributed across the borough but with core concentrations of space in close proximity to the major settlements.

## Excluded Sites

4.9 Previously a number of other sites (such as Springfield, Maidstone East and Len House) had been identified as potential locations for significant new B class employment floorspace. However, since their original identification market interest and emerging development proposals are promoting these sites for alternate, non-B class uses.

4.10 It is our assessment that these sites would still provide a suitable location for B class employment activity if current proposals do not come forward. However, given the strength of the market interest and the supportive position of the Council in light of these proposals it is prudent to consider these sites as no longer 'available' for B class development and they are not considered within this Assessment

## Site Assessment Approach

4.11 The 46 identified sites was assessed by undertaking the following aspects:

- **Site visit** (on-site)
- **Site visit photographs** (on-site)
- **Completion of site survey form** (on-site)
- **Analysis of following data** (desk-based):
  - *Statutory designations e.g. habitat, landscape, flooding etc.*
  - *CoStar Focus availability data (2014)– indicating vacancy levels*
  - *CIA data (2013-2014)– indicating active and lapsed permissions*
  - *Egi Building Reports – specifically for considering office stock*
- **Categorisation of sites into three sub-markets** (desk-based):
  - *Maidstone Urban Area*
  - *Motorway Corridor*
  - *Rural South*
- **'Traffic Light' categorisation of sites in Employment Sites Assessment Matrix** (desk-based)
- **Categorisation of sites into 3 groups advising on future action** (desk-based):
  - *Protect and Enhance*

- *Protect and Maintain*
- *Monitor and Manage*

- 4.12 The on-site aspects of the assessment process and the desk-based analysis of data indicated above, allowed for sites to be considered based on a range of criteria using a 'traffic light' system where red is considered a disadvantage for an employment site and green is considered an advantage.
- 4.13 Table 15 shows how the specific details recorded within the site survey forms were categorised into red, amber and green for the 11 main criteria considered within the forms. 4 further criteria are considered within the table, but categorised out with the traffic light approach.
- 4.14 The traffic light categorisations for each site helped to assess their overall quality and identify the overall nature and characteristics of the 3 sub-markets; Maidstone Urban Area, Motorway Corridor and Rural South. This categorisation has also been used to form the recommendations on future action for the employment sites.
- 4.15 It is important to note that in many cases the traffic light categorisations reflect the appropriateness and quality of sites for employment use 'on paper', but do not consider this in conjunction with their support and provision for current uses. Although a site may not be very 'green' in the traffic light categorisation within the matrix, and may not be appropriate for employment uses should the current occupier(s) leave, it may accommodate a locally important business within the Borough, which could be lost from the Borough if not occupied on the site, considering Hermitage Mills occupied by Dempson as an example. It would therefore demonstrate its value as an employment site despite not ranking well in all the criteria within the Sites Assessment Matrix, and could be assigned with protection and employment maintenance for the future.
- 4.16 It is also important to note that not all occupiers require grade A space, In fact certain occupiers, such as certain bad neighbour uses, including car repairs, waste transfer and disposal sites etc., are more suited to lesser grade space, and would seek to occupy this and not grade A space.

Table 15 – ‘Traffic Light’ Categorisation of Sites in Matrix Based on Site Survey Forms

Range of Criteria	Included Sections from Site Survey Forms	Categorisation	Categorisation	Categorisation
<b>Location Character</b>	Site Description: Location character	Mainly residential with few commercial uses	Mixed commercial and residential area	Well established commercial area
		Mainly residential or rural area with no other commercial uses		Established commercial area
<b>Building Age</b>	Existing Conditions: Age of buildings	Pre 1940 - 1969	1970 - 1989	1990 onwards
<b>Building Quality</b>	Existing Conditions: Quality of buildings	Very Good Good	Average	Poor Very Poor
<b>On-Site Amenities</b>	Existing Conditions: On-site amenities	None evident	<b>Limited range</b> of: retail (convenience and comparison), restaurant/café, gym/sports, bank, hotel, creche, education and other	<b>Wide range</b> of: retail (convenience and comparison), restaurant/café, gym/sports, bank, hotel, creche, education and other
<b>Proportion of non B Class Floorspace</b>	Existing Conditions: Proportion of floorspace in non B class use	50-100% non B class	25-49% non B class	0-24% non B class
<b>Neighbouring Amenities</b>	Existing Conditions: Neighbouring amenities	No services in close proximity	Close to one or two services	Close to a local centre with a reasonable range and quantity of services
			Close to a limited range and quantity of basic services	Close to a town centre with a wide range and quantity of services]
<b>Environment Quality for Current Use</b>	Existing Conditions: Quality of environment for current use	Very poor	Average	Good
		Poor		Very Good
<b>Neighbouring Uses</b>	Existing Conditions: Neighbouring uses	Residential, Retail, Leisure and Town Centre	Airport, Rail, Higher Education & Further Education	Road, Industrial, Office & Warehousing
<b>Evidence of Pollutants</b>	Existing Conditions: Evidence of pollutants	3 or more of the following: Noise, traffic, 24 hour operation, air, lighting	1 or 2 of the following: Noise, traffic, 24 hour operation, air, lighting	None evident
<b>Adequate Access &amp; Parking</b>	Site Description: Closest trunk road, rail access and bus routes Existing Conditions: Access & Parking ~ Car ~ HGV ~ Public Transport ~ Servicing ~ Parking	Not adequate for the majority of the 5 aspects	Potential Issues with adequacy, but not to the extent of the red categorisation	Adequate for the majority of the 5 aspects
<b>Internal Circulation</b>	Existing Conditions: Access & Parking ~ Internal Circulation	Poor	Average	Good

Range of Criteria	Included Sections from Site Survey Forms	Categorisation	Categorisation	Categorisation
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<b>Predominant Occupier Nature</b>	Site Description: Nature/Significance of existing occupiers	I = International R = Regional	N = National L = Local	
<b>Physical Opportunity for Intensification</b>	Development Context: Opportunity for intensification	Yes or No		
<b>Vacant Land</b>	Development Context: Vacant Land	Yes or No		
<b>Vacant Buildings</b>	Development Context: Vacant buildings (re-use and refurb)	Yes or No		

4.17 The 'Adequate Access & Parking' criteria, is assessed both in terms of wider accessibility to the site (considering closest trunk road, rail access, bus routes and its location in the context of strategic routes within the Borough) and its immediate accessibility (considering the entrance and exit appropriateness, legibility and navigation to the site and any resultant safety issues).

#### *Borough-wide Characteristics*

4.18 Overall the existing land supply provides a diverse range of stock, from small converted farm buildings through to large, purpose built out of town offices and industrial stock. The quality of stock is mixed and tends to reflect the age of the buildings, with little evidence of significant investment in refurbishment, although this does not necessarily negatively affect the quality of the offer (as demonstrated in the Site Survey Forms and Employment Site Assessment Matrix).

4.19 The major exception to this trend has been within some converted farm buildings, particularly where these now provide small office stock. Whilst only a small proportion of stock they do represent an important, high quality addition to the portfolio.

4.20 An important trend across the portfolio is the different scale of provision of 'industrial' stock between the area to the north of the borough (the Motorway Corridor) and that to the south (the Rural South). Whilst there are exceptions (most notably the Wheelbarrow Estate, Marden) the provision to the north tends to be larger both in terms of the employment site size and the individual units provided. This reflects the different nature and focus of the occupiers, which tend to serve a larger market which is more accessible given the more direct access to the M2 and M20. This agglomeration of activity for these businesses is driven by similar location requirements rather than the economic benefits of co-location. The strength of this clustering of activity lies in the certainty it provides to the market as an employment location.

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- 4.21 The other noticeable feature is the nature and distribution of office stock, which is predominantly focussed within large blocks in the town centre. Whilst there is large floorplate provision within 20:20 Business Park and Eclipse Park, the majority of 'out of town' office tends to be smaller units with a growing provision in the south of the borough through building conversions.
- 4.22 Based on site survey observations and comments provided by local property agents at the Stakeholder Workshop event, the occupancy rates of the smaller, out of town provision appear to be higher than those of large (albeit sub-divided) units within the town suggesting that where stock can be provided at a suitable scale and quality demand does exist. Detailed information on the outcome of the stakeholder event/agent conversations is provided in Appendix 4.
- 4.23 Whilst out of the borough a good example is Hermitage Court, Barming, where both conversion and new property has been delivered and is attracting high levels of occupancy. Local agents suggested that a number of the occupiers had been attracted to the site from Maidstone given the quality and price point it offered. The over-arching sentiment was that this type of stock could be successful within the Borough, although they also noted there were favourable development conditions, such as acquiring the land at agricultural values, which may not be repeatable elsewhere.

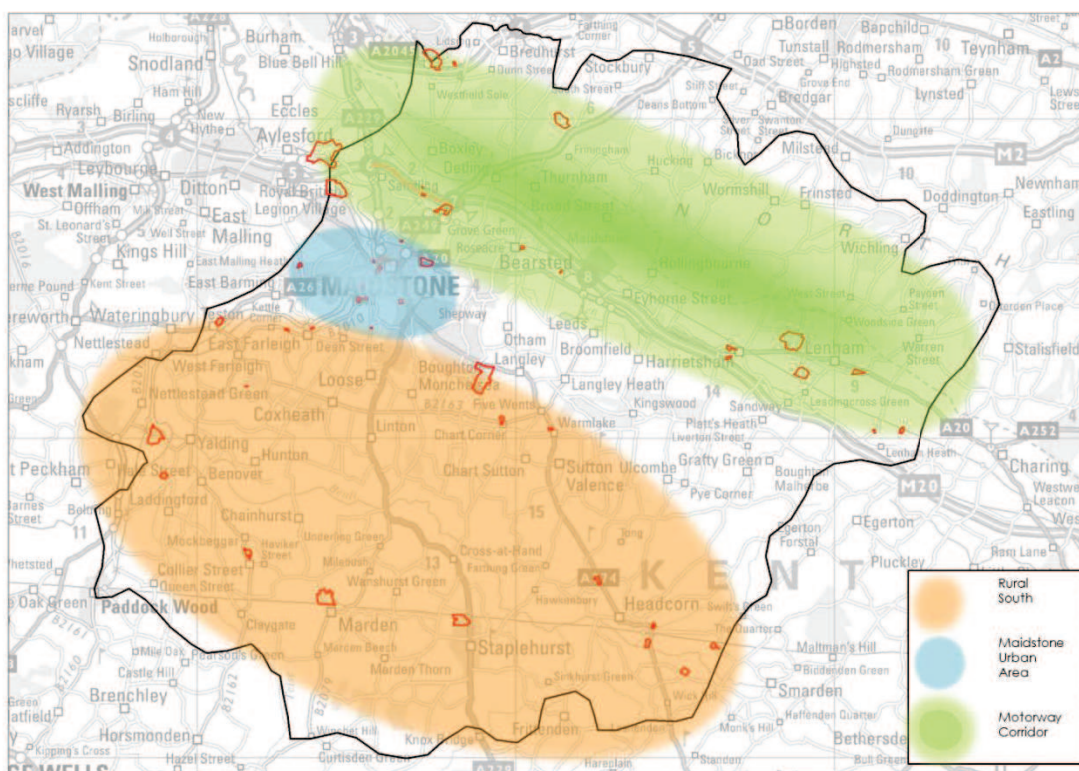
### Sub-Market Analysis

- 4.24 As indicated by our comments above our analysis of the property market, land supply portfolio and consultation with agents in the local property market have demonstrated that there are effectively three 'sub-markets' within the borough. Whilst there are clearly differences between each site, within each sub-market sites share broadly consistent trends across a range of characteristics, with the predominant characteristics identified in Table 16.
- 4.25 The 3 areas, listed below and shown shown indicatively in Figure 7, share similar demand drivers, are set within similar sets of infrastructure provision and provide scales and types of stock which are broadly consistent. These areas are:
- Maidstone Urban Area – which extends beyond the 'town centre' boundary in planning terms to include areas such as Tovil, Barming and Park Wood;
  - Motorway Corridor – the area which lies to the north of the Maidstone urban area and is defined by its access to the M20 and M2 including Aylesford, Bearsted and Lenham; and
  - Rural South – the area to the south of Maidstone urban area and covers the rural settlements such as Staplehurst, Headcorn and Marden.

Table 16 - Predominant Characteristics of Sub-Market Areas

Cluster	Nature of Roads	Predom use class	Predom Stock Character	Predom Business Types	Presence of Regional Scale Businesses	Constraints applicable to some or all of sites	Exceptions
Maidstone Urban Area	Major trunk and Secondary roads	B1		Local distribution and storage, trade counter, professional services	Yes	Little scope for intensification and expansion Access through town centre – congestion impacts Residential encroachment Flood designations	
Motorway Corridor	Major trunk roads	B2/B8	Large floorplates	Distribution, Warehouse,	Yes	Limited capacity for intensification/ expansion Landscape designation issue relating to setting of AONB	
Rural South	Secondary and Tertiary roads	Mixed	Small floorplates	Car Repairs, Manufacturing, local distribution	Yes – but Local scale more predominant	Strategic Access issue relating to accessing motorway – also weight restrictions on secondary routes Metropolitan Green Belt Flood Designations	Some larger floorplates and international businesses at Marden



**Figure 7 - Indicative Illustration of 3 Sub-Market Areas**

4.26 Outside of these sub-market areas we consider the town centre itself to be a separate market in office terms. As such, to understand employment land and floorspace provision we present our analysis by area.

4.27 The following site analysis reflects these three sub-market areas. The amount of employment space, its type and nature, and quality is identified. Strategic issues/challenges and opportunities are also considered and the sites within each sub-market area are categorised into 3 groups advising on future action;

- Protect and Enhance
- Protect and Maintain
- Monitor and Manage

4.28 These 3 groups are explained fully and explored further in Section 4 of the report.

### **Maidstone Urban Area**

4.29 9 active employment sites have been identified within the Maidstone Urban Area, as shown below in Table 17.

4.30 The total area for these urban area sites equates to 49.98ha of employment land.

**Table 17 - Maidstone Urban Area Employment Sites**

Site Ref	Site Name	Site Address	Site Area (ha)	Predominant Stock Quality
39	<b>Hart Street Commercial Centre</b>	Hart Street, Maidstone	2.74	Good
3	<b>Hermitage Mills</b>	Hermitage Lane, ME16 9NP	0.98	Poor
32	<b>South Park Business Village</b>	ME15 6JZ	1.43	Good
25	<b>Turkey Mill</b>	Ashford Road, ME14 5PP	7.27	Good
35	<b>The Old Brewery</b>	Buckland Road, ME16 0DZ	0.41	Good
46 & 48	<b>Tovil Green Business Park/Burial Ground Lane</b>	ME15 6RJ/ ME15 6TA	2.03	Good
47	<b>Ecclestone Road</b>	Tovil, ME15 6QN	0.53	Poor
34	<b>Wharf Road</b>	Wharf Road, Maidstone, ME15 6RR	0.52	Poor
26	<b>Park Wood Trading Estate</b>	ME15 9YF	33.97	Mixed
			<b>49.88</b>	

- 4.31 The sites within this area demonstrate a mix of types of space, the predominant nature of stock is purpose built, with the exception of the converted units at The Old Brewery and units at Turkey Mill.
- 4.32 Based on 2014 data from Costar Focus there is an advertised total vacant floorspace figure of 320sqm, across 4 vacant units; 2 units in South Park Business Village and 2 units in The Old Brewery.
- 4.33 The stock quality within the Maidstone Urban Area is generally good, however there are exceptions to this such as the poorer condition at Hermitage Mills, Ecclestone Road and Unit 2 Wharf Road.
- 4.34 Similarly, site access within the area is generally good, however Ecclestone Road and Unit 2 Wharf Road again present exceptions to this trend with weak access noted for both sites.
- 4.35 Trade counter and car sales uses are becoming increasingly evident on active employment sites, within the urban area and across the borough as a whole. This is a challenge to the character of B class employment sites within the Maidstone Urban Area. Farleigh Hill Trading Estate is a 0.56 ha site within the Maidstone Urban Area which has not been identified in Table 17 due to its trade counter uses. This is because the majority of units on site, including those which are vacant, have been converted for trade counter

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- uses, and would therefore not be able to attract new employment occupiers in their current form. This differs from Hart Street Commercial Centre, which largely consists of trade counter uses, amongst some B8 and vacant employment space, yet which has the potential to be allocated as a full B class employment site
- 4.36 Considering the sites within the urban area, there is little scope for intensification and expansion, meaning it would be difficult to increase employment capacity within this area. This is particularly the case for South Park Business Village and The Old Brewery, where the urban area's limited supply of small-scale space can also be found.
- 4.37 There are several strategic issues which become evident for employment sites within the urban area. Access to sites within this area must be undertaken by traveling through the town centre due to the nature of the existing major road network and infrastructure. This has potential congestion impacts for the town's road network, and also creates uncertainty around delivery times and other distribution factors. This is less of an issue for office space, although can create challenges for staff access.
- 4.38 The appropriateness and continuing fit of existing employment spaces within the surrounding area is another major strategic issue. This relates particularly to an increasing pressure from higher value uses and residential encroachment, and is exemplified particularly by Ecclestone Road and Unit 2 Wharf Road which are both becoming incongruous to the changing uses around them (moving away from B class and towards residential uses).
- 4.39 Heritage and Air Quality designations within the borough do not present any significant strategic constraints for the urban area. Landscape designations are not constraining either, however there are tree preservation orders which may particularly affect any development on the Turkey Mill, Hermitage Mills and Park Wood sites.
- 4.40 Maidstone's flood zone designations present some constraint to development and land use within the urban area, particularly for the Hart Street Commercial Centre, Wharf Road and Ecclestone Road sites, which overlap or bound flood risk zones 2 and 3. This must be considered in the maintenance of these sites, and could restrict further new development or place significant flood control constraints and mitigation measures on it, although it does not have as great an imposition as would be the case for residential uses and greenfield development.
- 4.41 Analysis of the sites within the Maidstone Urban Area has led to the following site specific advice shown in Table 18.
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**Table 18 - Advice on Future Action for Maidstone Urban Area Employment Sites**

Site Ref	Site name	Advice
39	<b>Hart Street Commercial Area</b>	Protect and Maintain
3	<b>Hermitage Mills</b>	Protect and Maintain
32	<b>South Park Business Village</b>	Protect and Maintain
25	<b>Turkey Mill</b>	Protect and Maintain
35	<b>The Old Brewery</b>	Protect and Maintain
46 & 48	<b>Tovil Green Business Park/Burial Ground Lane</b>	Protect and Maintain
47	<b>Ecclestone Road</b>	Manage and Monitor
34	<b>Wharf Road</b>	Manage and Monitor
26	<b>Park Wood Trading Estate</b>	Protect and Enhance

- 4.42 As already indicated above, for the Hart Street Commercial Area whilst there is a large proportion of floorspace on trade counter uses, there still remains a significant amount of existing or vacant units that can be used for B class activity, and which have not already been converted for retail uses. It should therefore be maintained as an employment site as it could continue to retain the same proportion of employment space or increase this proportion to regain status as a fully B class employment site.
- 4.43 Although the predominant stock quality of the Hermitage Mills site is poor, it has importance as a site for a specific occupier (Dempson) which is beneficial to the borough in employment terms. As such, protect and maintain status is assigned to support the retention of this occupier. However, considering future opportunities, there is potential for redevelopment if vacated by the current occupier in the long term.
- 4.44 Park Wood Trading Estate is considered to demonstrate the best development opportunity within the Maidstone Urban Area, having already seen a significant proportion of on-going new development. It should be capable of accommodating further growth and stock redevelopment, although this is unlikely to substantially increase its employment capacity.

## The Motorway Corridor

- 4.45 16 active employment sites have been identified within the Motorway Corridor, as shown below in Table 19.
- 4.46 The total area for these motorway corridor sites equates to 163.66ha of employment land.

**Table 19 - Motorway Corridor Employment Sites**

Site Ref	Site name	Site Address	Site Area (ha)	Predominant Stock Quality
1	<b>20/20 Business Park</b>	ME16 0LQ	24.16	Good
20	<b>Ashmill Business Park</b>	Lenham, ME17 2GQ	3.72	Good
2	<b>Aylesford Industrial Estate</b>	Forstal Road, ME20 7AD	49.19	Average
27	<b>Bredhurst Business Park</b>	Westfield Sole Road, ME14 3EH	0.76	Average
24	<b>Eclipse Business Park</b>	Junction 7 M20, ME14 3EN	7.83	Very Good
28	<b>Former Poundstop</b>	Crismill Lane, ME14 4NT	0.36	Good
19	<b>Lenham Storage</b>	ME17 2LH	9.84	Good
11	<b>Tenacre Park/Station Road</b>	Harrietsham, ME17 1JA	1.77	Mixed
21	<b>The Forstal</b>	Lenham Heath, ME17 2JB	0.35	Average
4	<b>The Old Forge</b>	Forge Lane, Bearsted, ME14 4DT	0.74	Mixed
23	<b>Lordswood</b>	M2, ME5 8UD	18.59	Good
7	<b>Detling Aerodrome</b>	ME14 3HU	13.45	Mixed
22	<b>Shepherds Farm Estate</b>	Rose Lane, Lenham Heath, ME17 2JN	1.83	Poor
12	<b>Roebuck Business Park</b>	Harrietsham, ME17 1AB	1.10	Very Good
5	<b>Viewpoint</b>	Dove Hill Works, Boxley, ME14 2DZ	0.67	Very Good
8	<b>Marley Works</b>	Dickley Lane, Maidstone, ME17 2DE	28.20	
			<b>163.66</b>	

- 4.47 As was the case for the urban area, the sites within the motorway corridor area demonstrate a mix of types of space. The predominant nature of stock is purpose built, with some very minor exceptions in the form of converted farm buildings and a converted oast house building at Shepherds Farm Estate and Roebuck Business Park respectively.
- 4.48 Based on 2014 data from Costar Focus there is an advertised total vacant floorspace figure of 10,952sqm, across 5 vacant units; 1 unit in Ashmills Business Park and 4 units in Eclipse Business Park.
- 4.49 The stock quality within the motorway corridor area is predominantly good, with some examples of very good quality stock at Ashmills Business Park, Roebuck Business Park Viewpoint, and Eclipse Business Park. The most significant exception to this quality trend is the poorer quality stock found at Shepherds Farm Estate. There are also instances of mixed quality on a number of sites within the area demonstrating a spectrum of quality

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- level; with Station Road, The Old Forge and Detling Aerodrome being the main examples of this.
- 4.50 There is variation in the level of site access throughout this area. Just over half of the sites provide generally good access, however the level is average for a number of sites (facing constraints) and the Former Poundstop, Shepherds Farm Estate and The Old Forge sites provide examples of particularly poor site access.
- 4.51 The main access issue here is the challenge for junction capacity and connection to the motorway. It is often the case that although sites are located within close proximity to the motorway their direct access onto it is challenged. Weight restricted roads can create further problems for HGV access between sites and motorway junctions. Sites in Lenham Heath suffer from such challenged access.
- 4.52 A key theme that has emerged from site analysis of the motorway corridor area is the limited capacity for additional space and intensification/expansion of employment sites. This is the case for a number of sites including 20/20 Business Park, Aylesford Industrial Estate, Bredhurst Business Park, Lenham Storage, The Old Forge, Lordswood and Viewpoint. The main exceptions to this trend are the Detling Aerodrome site which contains a number of vacant land parcels which could be re-used or developed subject to AONB considerations and satisfactory access being achieved, and the remaining land at Eclipse Park.
- 4.53 The Motorway Corridor is the strongest employment market area within the borough, however there is limited availability and scope to deliver new space in the area where the market is looking to develop. In a number of cases, scope for expansion could possibly result if the current occupier/one of the current occupiers leaves, for example at the Former Poundstop, Lenham Storage and 20/20 Business Park sites.
- 4.54 In the case of Aylesford Industrial Estate, its location bordering the borough boundary inhibits its expansion potential in Maidstone. However, there is expansion potential to the eastern end of the site which although outside the borough, can still be considered an area forming part of the functional employment supply for Maidstone.
- 4.55 Heritage and Flood Zone designations within the borough do not present any significant constraints for the motorway corridor area.
- 4.56 Air Quality designations within the borough also do not present any significant constraints for this area, however Dove Hill Works and Eclipse Business Park are in close proximity to the borough's largest Air Quality Management Area. This has to be considered in relation to the appropriateness of certain uses on site now and in the future.
- 4.57 Maidstone's Landscape designations do present some development constraints to the motorway corridor, particularly affecting sites north of the M20 which are within or
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bordering the AONB designation, including; Lordswood, Detling Aerodrome, Station Road and Marley Works. However, the setting of the AONB also extends further to the south of the M20. The constraint on development for sites which immediately border the AONB designation is just as significant as those within it due to the visual impact they can have on the landscape's setting. The constraints resulting from this designation represents the most substantial strategic issue for the Motorway Area.

- 4.58 Considering future opportunities Ashmills Business Park, Eclipse Business Park and Station Road present the best opportunities for development and enhancement within the Motorway Corridor Area, having been assigned 'Protect and Enhance' status as shown in Table 20.

**Table 20 - Advice on Future Action for Motorway Corridor Sites**

Site Ref	Site name	Advice
1	<b>20/20 Business Park</b>	Protect and Maintain
20	<b>Ashmills Business Park</b>	Protect and Enhance
2	<b>Aylesford Industrial Estate</b>	Protect and Maintain
27	<b>Bredhurst Business Park</b>	Protect and Maintain
24	<b>Eclipse Business Park</b>	Protect and Enhance
28	<b>Former Poundstop</b>	Monitor and Manage
19	<b>Lenham Storage</b>	Protect and Maintain
11	<b>Tenacre Park/Station Road</b>	Protect and Enhance
21	<b>The Forstal</b>	Manage and Monitor
4	<b>The Old Forge</b>	Protect and Maintain
23	<b>Lordswood</b>	Protect and Maintain
7	<b>Detling Aerodrome</b>	Protect and Maintain
22	<b>Shepherds Farm Estate</b>	Monitor and Manage
12	<b>Roebuck Business Park</b>	Protect and Maintain
5	<b>Viewpoint</b>	Protect and Maintain
8	<b>Marley Works</b>	Protect and Maintain

## Rural South

- 4.59 12 active employment sites have been identified within the Rural South, as shown below in Table 21.
- 4.60 The total area for these rural south sites equates to 69.9ha of employment land.

**Table 21 - Rural South Employment Sites**

Site Ref	Site name	Site Address	Site Area (ha)	Predominant Stock Quality
16	<b>Franks Bridge</b>	Headcorn	1.32	Poor
10	<b>Galants Business Centre</b>	East Farleigh, ME15 0JS	0.67	Good
42	<b>Honeycrest Industrial Park</b>	Staplehurst, TN12 0QW	13.36	Good
37	<b>Lested Farm</b>	Plough Wents Road, ME17 3SA	2.33	Good
18	<b>Warmlake Business Estate</b>	Langley Heath, ME17 3LQ	0.79	Good
17	<b>Woodfalls Industrial Estate</b>	Laddingford, ME18 6DA	3.07	Poor
49	<b>Yalding (Former Syngenta Works)*</b>	Hampstead Lane, ME18 6HN	17.19	Poor
13	<b>Headcorn South</b>	TN27 9LW	3.35	Good
44	<b>Barham Court</b>	Teston, ME18 5BZ	3.65	Poor
45	<b>Nortons Industrial Estate</b>	Collier Street, TN12 9RR	0.43	Poor
15	<b>Barradale Farm</b>	Headcorn, TN27 9PJ	2.92	Very Good
40	<b>Wheelbarrow Park Estate</b>	Pattenden Lane, Marden, TN12 9QJ	20.82	Mixed
			<b>69.9</b>	

\*N.B. The developable area to accommodate floorspace for employment and other uses will be less than the total site area

- 4.61 The sites within this area demonstrate a mix of types of space, with a predominance of B2 and B8 sites, however a number of sites which accommodate a mix of use classes. The predominant nature of stock is purpose built, with the exception of some converted oast house units at Warmlake Business Estate and a former manor house at Barham Court sites. Whilst Barham Court appears to be a fairly large site, its employment space is confined to within the manor house, which mean it is significantly less than the overall site area and is has inhibited expansion potential.
- 4.62 Based on 2014 data from Costar Focus there is an advertised total vacant floorspace figure of 7,301sqm, across 16 vacant units; 1 unit in Barradale Farm, 2 units in Old Carriage Barn, 5 units in Lested Farm, 3 units in Wheelbarrow Park Estate, 2 units in Honeycrest Industrial Park, and 3 units in Barham Court.
- 4.63 There is a very mixed stock quality within the Rural South area, with 6 sites identified as being of poor quality, 6 as good quality and 2 of mixed quality. Barradale Farm is an example of very good stock quality in the form of new purpose built warehouse units, which is in stark contrast to the quality of stock found at sites like Nortons Industrial Estate.



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- 4.64 Headcorn Aerodrome is a site which falls within the Rural South area. Whilst it accommodates some B class activities it is questionable how much of this is 'general' activity rather than specifically linked to the airfield operations. We would recommend that the site is not considered a site that will meet general future B class activity, but could be protected for employment uses linked to the aerodrome functionality.
- 4.65 Air Quality and Heritage designations within the borough do not present any significant constraints for the Rural South area, although the Barham Court site is within a conservation area and contains a listed building within its boundary which will have obvious impact on the ability to develop here.
- 4.66 Considering the borough's landscape designations, several sites including Barham Court and Headcorn South may be affected by Tree Preservation Orders.
- 4.67 Maidstone's Flood Zone designations are a significant consideration for sites in the Rural South area, particularly for Syngenta Works, Woodfalls Industrial Estate, Nortons Industrial Estate, Wheelbarrow Park Estate and Headcorn South which are located within Flood Zones 2 and 3. Although this has less impact on employment sites than it would for residential sites, this must still be considered in relation to any future new development which may be undertaken here.
- 4.68 Considering site access, Headcorn South exemplifies a situation where there are no issues with direct site access, but there are more strategic issues with accessing major road and motorway networks. This reflects the major strategic issue for the Rural South area in terms of the distance from and accessibility to the motorway network, which impacts the types of B class use that will look to and be able to locate within this rural south area. Similarly for Wheelbarrow Park Estate, if current occupiers vacate then there are likely to be significant difficulties in attracting new occupiers of a similar type/value due to these accessibility restrictions.
- 4.69 As mentioned in relation to the Motorway Corridor area, increasing weight restrictions on roads is exacerbating these accessibility issues, particularly for sites with HGV use that do not connect directly to the motorway network. Vehicles are being forced onto a smaller number of routes as a result of these weight restrictions which is therefore increasing congestion on them, often in places where the existing smaller scale A road network is less suited for such volumes of traffic, and vehicle sizes.
- 4.70 The accessibility issue identified for sites within the Rural South area means they have limited strategic attractiveness as employment space. Although there is evidence of demand for space in some areas, such as Honeycrest Industrial Park where there has been recent and on-going new development, it is likely that this will be smaller, more locally oriented demand.
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- 4.71 Franks Bridge is an example of a site which is seeing increased vacancy, potentially caused by its access not being aligned to the scale of its operation. Syngenta is a long-term vacant site which is also impacted by its poor location and accessibility causing it to be somewhat isolated, and its flooding and de-contamination constraints. Further consideration of this site is undertaken in the following section of this report, reflecting the current development interest in the site.
- 4.72 In terms of future opportunities the Honeycrest Industrial Park and Woodfalls Industrial Estate sites present the best opportunities for development and enhancement within the Rural South area, having been assigned 'Protect and Enhance' status as shown in Table 22.

**Table 22 - Advice on Future Action for Rural South Sites**

Site Ref	Site name	Advice
16	<b>Franks Bridge</b>	Manage and Monitor
10	<b>Galants Business Centre</b>	Protect and Maintain
42	<b>Honeycrest Industrial Park</b>	Protect and Enhance
37	<b>Lested Farm</b>	Manage and Monitor
18	<b>Warmlake Business Estate</b>	Protect and Maintain
17	<b>Woodfalls Industrial Estate</b>	Protect and Enhance
49	<b>Yalding (Former Syngenta Works)</b>	
13	<b>Headcorn South</b>	Protect and Maintain
44	<b>Barham Court</b>	Monitor and Manage
45	<b>Nortons Industrial Estate</b>	Manage and Monitor
15	<b>Barradale Farm</b>	Protect and Maintain
40	<b>Wheelbarrow Park Estate</b>	Protect and Maintain/Enhance
49	<b>Yalding (former Syngenta Works)</b>	Protect and Enhance

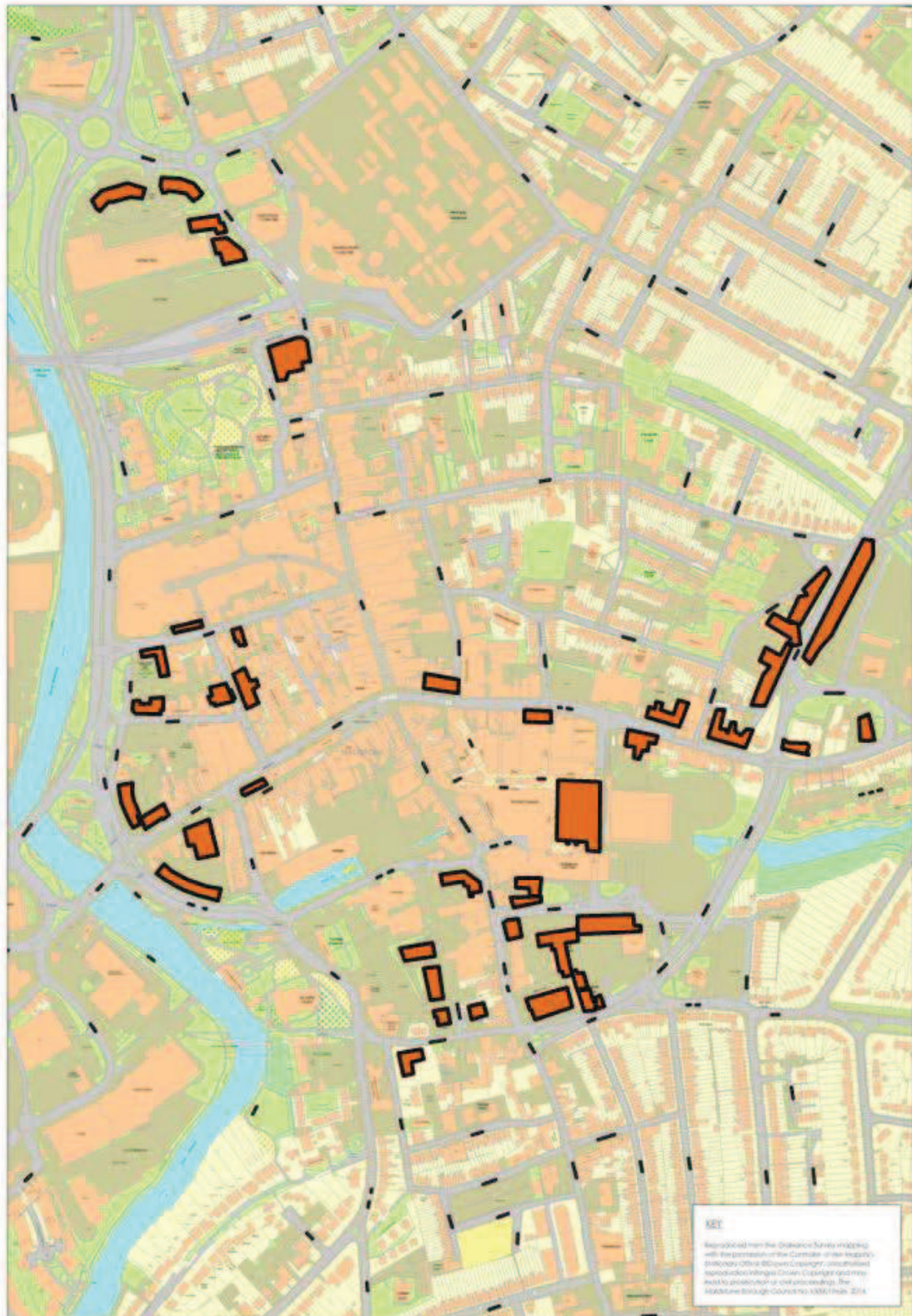
## Town Centre Office Stock

- 4.73 Maidstone town centre has traditionally been the primary focus of office based employment within the borough and, indeed the wider 'mid-Kent' area. It attracted significant office development during the 1960s and 1970s largely as a result of the need for government to provide a large range of decentralised services in key 'regional centres'.
- 4.74 As such for a significant time the demand for floorspace in the borough was underpinned by key public sector clients including the County and Borough Councils, HM Revenue and Customs, Valuation Office, DVLA and Department for Work and Pensions. However, as technology has enabled government services to be provided remotely and services

moved to lower cost areas, these core occupiers have contracted significantly or left the town altogether.

- 4.75 As highlighted by the office availability data presented in Table 6 this public sector retrenchment has left a significant legacy of vacant floorspace, predominantly within large scale dated stock.
- 4.76 The nature of development of Maidstone town centre has been such that these vacancies are 'pepper-potted' across the town centre rather than forming a large, identifiable cluster or 'office quarter' in one geographic location. The location of these offices is shown on the map below.

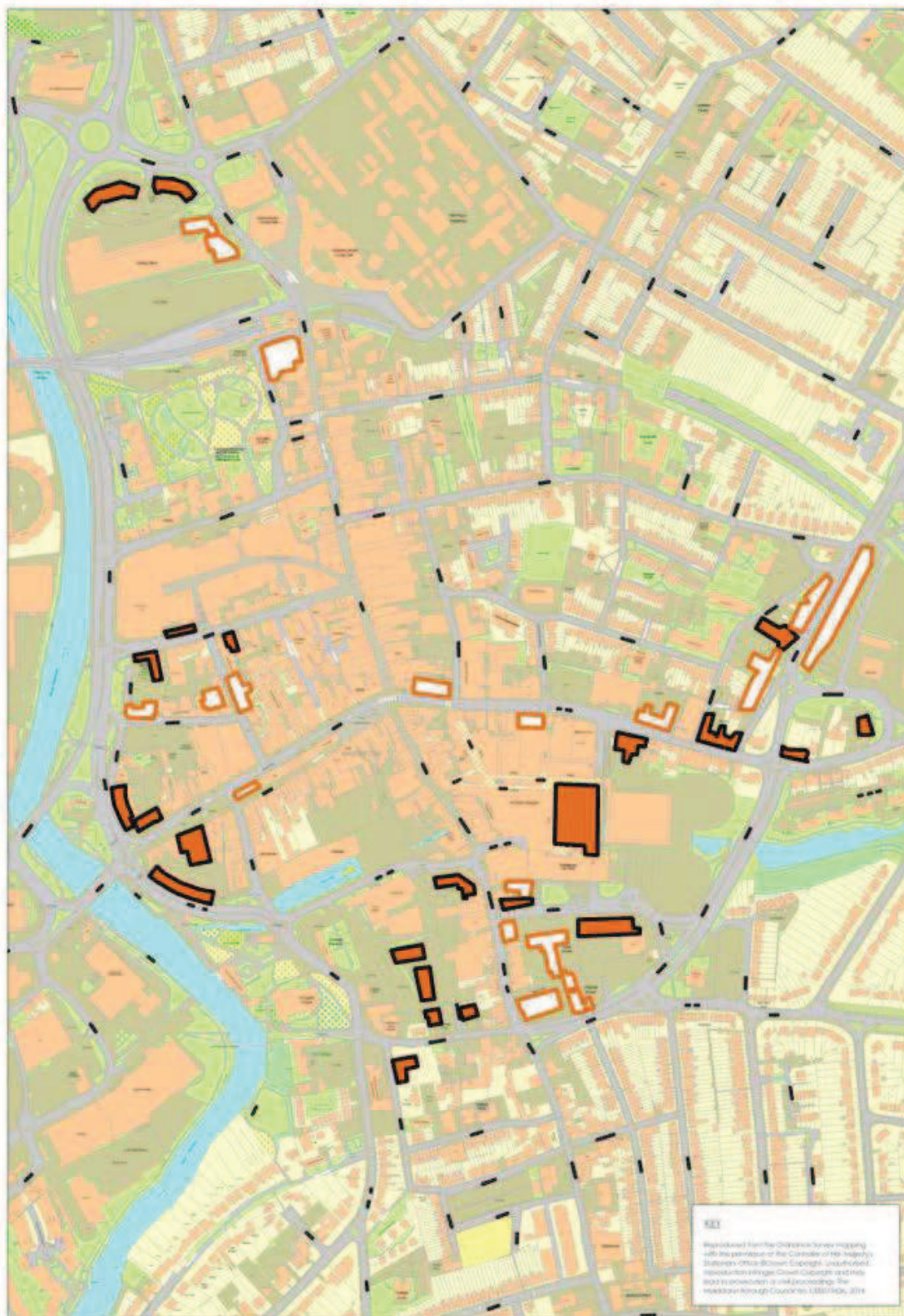
Figure 8 - Maidstone Office Supply



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- 4.77 The dispersed nature of the supply is clear within the information show in Figure 8, the only major exceptions are the collections of buildings along Albion Terrace and Sittingbourne Road and within the area bounded by Mote Road and Romney Place. There are smaller clusters (of two/three smaller buildings) at Knightrider Street, King Street/High Street, Pudding Lane, and at County Gate.
- 4.78 Our assessment of the town centre office stock is based on street by street external observations and photo survey undertaken in July 2014. These on site observations have been supplemented by desktop research using EGi/CoStar Building Reports, previous town centre research prepared on behalf of the Council and property particulars published by letting agents. We have also drawn on our own expertise and expert knowledge of office occupier requirements across the UK.
- 4.79 Our conclusions for each property are based on high level judgements against a common set of criteria that affect their future suitability and usability. Sites were reviewed based on the following criteria:
- Age of stock
  - Building typology
  - Floorplate size and configuration
  - Flexibility and suitability for adaption
  - Internal specification/servicing
  - On-site parking provision
  - Scale, length of vacancy
  - Relationship to surrounding uses
  - Evidence of investment
- 4.80 A summary table of our observations and the quality ranking assessment undertaken by CoStar Focus are contained within Appendix V.
- 4.81 Whilst there are commonalities between the buildings, there are also significant differences in the offer they make to potential occupiers. As such there is no single, consistent factor which has informed our assessment that a building provides a 'weak' offer.
- 4.82 Instead our assessment is based on the balance across these factors to understand how, in totality, they are likely to prevent buildings being reoccupied in the future. The poorest quality stock and, notably, that which demonstrates the highest levels of vacancy tend to
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be those blocks which date from the 1960/70s, these weaker elements of the portfolio are highlighted on the map below (shaded white).

Figure 9 - Maidstone Poor Quality Supply



N.B. A larger version of this figure is provided within Appendix 5.

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- 4.83 Much of the supply lies within buildings with large floorplates which were originally occupied by a single large occupier. These do not lend themselves well to sub-division due to a range of factors such as light penetration, the ability to introduce cabling structures and air conditioning ducts and the compromised nature of occupiable space created.
- 4.84 As businesses seek to maximise the efficiency of their workspaces they seek space that delivers more than a work station. As they seek to use space more intensely and sustainably there have been shifts in the provision made from office stock, with a particular focus on:
- Environmental performance;
  - Floorplate dimensions (businesses increasingly seek bigger or more regular floorplate sizes);
  - Space flexibility – to provide space for independent and group work;
  - ICT infrastructure – to enable flexibility and flexible working;
  - Amenity and servicing – within the building and the surrounding area; and
  - Enhanced working environment – with greater natural light penetrations and efficient ventilation.
- 4.85 Meeting these needs requires significant ICT and servicing infrastructure, including improved wiring and new air conditioning ducts, often accommodating these within older structures is at best costly and at worst impossible. The ability to suitably adapt an existing building into a new, good quality office is restricted by:
- The cost and viability of retro-installation, particularly compared to achievable rents;
  - The ability to install infrastructure and maintain an acceptable working environment given low floor-ceiling heights which prevent the installation of suspended ceilings or raised floors;
  - The floorplate dimensions which prevent the penetration of natural light into the core;
  - Location of servicing cores which reduce usable space.
- 4.86 Therefore, whilst the supply of second hand stock has increased (both in Maidstone and nationally), demand has fallen, creating a considerable imbalance in the market. This has, in turn reduced values and further undermined the ability and viability of redevelopment/refurbishment.
- 4.87 In their 2012 paper CBRE estimate that for every 1sqft of second-hand space taken up in England 1.9sqft is available. This has meant that capital growth and rental growth of well-



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- located second-hand office stock is now below that of lower yielding 'prime' stock, making investment in refurbishment uneconomic even where it is achievable.
- 4.88 With current suppressed demand the inability of second hand stock to meet changing occupier requirements is exacerbated by increased incentivisation to take up new space. Headline rents for new space may be maintained however other incentives reduce the 'total cost' of occupying the highest quality space have been introduced such as increased rent free periods. Therefore firms which would traditionally be 'priced out' of Grade A now view it as more affordable and viable option.
- 4.89 With significant new floorspace, and good quality second hand floorspace, provided within the neighbouring local authority areas the presence of dated, weak stock within the town centre is further exacerbated. Both King's Hill and Ashford have significant vacant capacity in new and high quality second space, which owners are incentivising to secure occupiers. Where dated space may have been able to appeal to some occupiers in the absence of better quality competition, the scale of development at the likes of King's Hill captures this market.
- 4.90 Allied to changes in demand and as a result in falling capital and rental growth it is worth noting that in 'real' terms (i.e. adjusting for inflation) the cost of Grade A has actually fallen. This again reinforces the attractiveness of new space over second hand space to businesses seeking economically efficient properties.
- 4.91 These changes to occupier preference and demand are now well established trends within the national market and therefore it suggests that, as demand recovers, occupiers will predominantly be seeking higher quality stock.
- 4.92 Further to the 'technical' and space limitations of this type of stock despite the best intentions of owners and other interested parties they also tend not to provide appropriate opportunities for sub-division and use as cheap space for small businesses.
- 4.93 In the main when sub-divided these large, open floorplate typologies create spaces that are compromised in terms of the light penetration into the core of the floors, this can either create unusable office spaces or corridors that lack any natural light. Similarly, and a particular issue for blocks such as Kent House, is the ability to create internal partitions without constructing them 'across' windows, reducing the functionality of the spaces.
- 4.94 The location of service cores can also create challenges with sub-division where, if they are not centralised, create long corridors from which individual units are accessed, reducing their security and attractiveness.
- 4.95 These compromises in the quality of the units impact on the rental potential of such provision, which will in turn reduce achievable rents. A decent quality conversion is likely to be relatively costly for a building owner given the need for enhanced security, fire
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precautions, individualised cabling and access controls. Taken alongside the level of fit out that would be expected it is unlikely that the rental income would make the redevelopment viable for any owner, unless there is a significant increase in achievable rents

- 4.96 Removing the largest concentrations of space within the market which have been available for a considerable time and therefore demonstrated to be unattractive to occupiers would help to rebalance the Maidstone office market.

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## 5. Sources of Future Supply

- 5.1 As noted above the 46 identified employment sites provide 285ha of employment land, the majority of which is fully utilised. Within this section we consider the amount of space and land within the employment sites and the town centre that could be utilised to accommodate future employment growth.
- 5.2 It is prudent to include identified capacity within or allied to existing employment land and sites given the direction provided by the NPPF and NPPG in terms of making the best use of existing land resources. This potential capacity lies within areas where there is a demonstrated level of development and existing economic activity, indicating they are locations that meet business needs.
- 5.3 It should be recognised that much of this capacity, whilst within active locations, does not currently benefit from planning permission or demonstrable private development interest. However, it is our assessment that it meets the NPPG tests of being 'suitable', 'available' and also is likely to be 'achievable'. As such they are likely to have the same status as any newly identified locations potential future employment sites in other parts of the borough.

### Vacant stock

- 5.4 As identified in section 2 of this report there are currently available premises within the borough which could, in theory, be occupied by new employers. To summarise the current availability data, as of July 2014 the following stock was being actively marketed:
- 41,966sqm of office floorspace;
  - 4,781sqm of industrial floorspace; and
  - 17,899sqm of warehouse floorspace.
- 5.5 As noted in section 2 the level of vacant office provision is not as straightforward given the identified issues relating to the quality and nature of much of the stock, which is unlikely to be re-utilised in the future. Therefore it is appropriate to consider that a much smaller level of vacant stock than is vacant today will form part of the future portfolio. This will also provide some level of 'protection' from the risks associated with permitted development rights currently in place for office conversion by not relying on existing vacant stock to meet future needs.
- 5.6 However, it would be a risk to meeting future need to base the 'vacancy' component of the supply proposition solely on the loss of identified buildings given their future is yet to be determined and there are limited alternative use interests. With the PD rights it is even more challenging to predict which buildings may be 'lost' in the future.

- 5.7 Therefore, we would recommend that the vacancy component is adjusted based on our analysis of stock that has been on the market for a significant time period. We would recommend the benchmark is set as any building which has been marketed for longer than the average letting period and also been on the market since before the recession
- 5.8 We therefore suggest adjusting based on units marketed for over five years and our analysis shows that 25,085sqm has been marketed for this period without letting. This would reduce the vacant supply to 16,881sqm, an effective vacancy rate of approximately 8%, which is considered 'healthy' in most office markets.
- 5.9 Removing the long term vacant stock will have little impact on the borough's economic capacity as stock no longer forms part of 'functional supply' and is unlikely to ever be fully re-occupied. As it represents a supply above the 'natural vacancy rate' it will not be necessary to replace all lost floorspace, indeed some net loss in the town centre will be important to rebalance the market.
- 5.10 This would also include the removal of stock which is yet to be delivered at Eclipse Park, which is appropriate given we factor this capacity in later as a 'vacant site'.
- 5.11 There is not a necessity to adjust the industrial and warehousing stock in the same way as has been undertaken for office stock, because there is not a strategic over supply of these stock forms. This is also the case because industrial and warehouse stock in the Borough is not as outmoded as its office stock, and there are less functional issues with industrial and warehousing businesses using stock that is older/outdated.
- 5.12 Based on the ratios used within the Economic Scenario Testing this vacant floorspace would equate to:
- 1.1ha of land for office floorspace;
  - 1.2ha of land for industrial floorspace; and
  - 3.6ha of land for warehouse floorspace.
- 5.13 Table 23 summarises the vacancy figures based on availability time and time period-specific adjustments.

**Table 23 - Vacant Stock**

Floorspace type	Vacant Stock (sqm)	Site Area (ha)
Office	16,881	1.1
Industrial	4,781	1.2
Warehouse	17,899	3.6
<b>Total</b>	<b>39,561</b>	<b>5.9</b>

## Permitted Development

- 5.14 The Commercial Information Audit (CIA) prepared by Kent County Council and Maidstone Borough Council provides an assessment of sites that have been granted planning permission within the borough and their current status.
- 5.15 Table 24 provides a summary of the planning permissions relating to each of the identified employment sites and the net uplift in floorspace each provides.

**Table 24 - Commercial Information Audit Data**

Site Name & Address	2013-14 Completions	2013-14 Not Started	2013-14 Under Construction	Expired
Hart Street Commercial Centre	Unit 1 - 121 (B8)			
Tovil Green Business Park/Burial Ground Lane		Unit 11 - 89 (B1c)		
Turkey Mill - Ashford Road		1,632 (B1a)		
Roebuck Business Pk, Harrietsham,	Unit 2 - 376 (B2)			Unit 5 - 37 (B1a)
	Unit 6 - 45 (B1c)			Unit 5 - -15 (B8)
Eclipse Business Park		7,071 (B1a)	Plot 4 - 5,748 (A1)	
Former Poundstop - Criswill Lane,		704 (B1a), - 720 (B2)		
Warmlake Business Estate, Langley Heath	Unit 8 - -260 (B1c), 260 (B8)			540 (B1c)
Wheelbarrow Park Estate, Pattenden Lane - Marden				Unit 15 - 744 (B2)
Honeycrest Industrial Park - Staplehurst,		Unit B - 156 (B1a) 0.6ha  Hen & Duckhurst Farm - 5,425 (B1c/B2), 5,425 (B8)		
<b>Total</b>	<b>542</b>	<b>19,782</b>	<b>5,748</b>	<b>1,306</b>

Source: Kent County Council, 2014

N.B. Estimated capacity in the CIA data differs from potential space currently being marketed (as advertised in Focus data)

- 5.16 As shown, there has been relatively little planning activity within the identified employment sites, with a small amount of floorspace completed within 2013-14 and already forming part of the usable supply.

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- 5.17 The majority of permitted space yet to be developed (9,563sqm) is for office floorspace, of which more than two thirds (7,071sqm) is located within Eclipse Business Park. There are fairly similar proportions of permitted space to be developed for light industrial and warehouse floorspace, of which the majority are located at Honeycrest Industrial Park (5,425sqm industrial and 5,425sqm warehouse floorspace). There is no 'additional' B Class space currently under construction.
- 5.18 It is notable that the majority of permitted space, outside of the major permissions at Eclipse and Honeycrest, forms minor extensions or mezzanine levels within existing units. As such, whilst they support the growth of businesses occupying the units, they provide little additional capacity for new business activity.
- 5.19 Honeycrest Industrial Estate is a more complex situation. The former DK Holdings site is being redeveloped to provide a new Sainsbury's superstore, with replacement space being constructed for DK on a site immediately to the rear of the new supermarket. In total (based on CIA data) the development will have a negative impact on the total floorspace within the site, reducing provision of industrial space by 291sqm across both sites and warehouse space by 3,069sqm. However, as indicated this loss of space is likely to be offset by the delivery of an extant permission at Hen and Duckhurst Farm, which will provide an extension to the Honeycrest site.
- 5.20 Outside of the identified employment sites there are a limited number of significant planning permissions that will create new space that can be occupied by new occupiers, rather than small extensions for existing occupiers. These sites are:
- Springfield, Maidstone – where 16,750sqm of office space is permitted but not started. Market interest in the site suggests this will not come forward as originally permitted;
  - Brooklyn Yard – a permission which is not started that would provide 3,642sqm of warehouse space on a 1.9ha site;
  - Maidstone Studios – which could provide 4,000sqm of office space on a 0.27ha site; and
  - Travis Perkins, south side of Forstal Road – permission for demolition and redevelopment providing additional 5,247sqm of new builders merchant/trade counter uses (split evenly between B1c/B2/B8 use). This equates to 3,498sqm industrial and 1,749sqm warehouse floorspace.
- 5.21 Brooklyn Yard, Maidstone Studios and Travis Perkins have the potential to provide stock which can meet future demand, if permissions are implemented. As such these 'additional' areas should be considered a component of the potential future supply.

- 5.22 Table 25 summarises the permitted development figures based on the outstanding permissions discussed above.

**Table 25 - Use Class Specific Permitted Development**

Floorspace type	Permitted Floorspace (sqm)	Site Area (ha)
Office	4,000	0.27
Industrial	3,498	2.58
Warehouse	5,391	3.19
<b>Total</b>	<b>12,889</b>	<b>6.04</b>

*N.B These site areas are drawn from CIA report data and may not align with those calculated using standard plot ratios. Figures may not sum exactly due to rounding.*

## Intensification and Redevelopment

- 5.23 The majority of Maidstone's employment land supply is used relatively intensively, which leaves little scope for enhancing the levels of employment contained within each site. Where capacity may have existed, such as within Park Wood, development in recent years, such as Integra, has used utilised these opportunities.
- 5.24 Where there are areas of weaker stock their replacement is, therefore, unlikely to make greater use of land resources and add additional capacity to the employment land portfolio in order to accommodate future employment growth. Any gains in capacity through redevelopment of occupied stock would therefore be marginal at best.
- 5.25 Further development potential exists within Park Wood. There are 3 sites currently vacant or under-utilised that could be developed to deliver truly additional floorspace. One site forms the remaining element of the Equilibrium/Integra scheme and is currently marketed for large warehouse/distribution uses; a further site lies immediately to the north and is occupied by a vacant office/industrial building.
- 5.26 The final site lies close to the Bircholt Road-Sutton Road junction to the west of Bircholt Road and is currently occupied by an 'open air' car sales lot. The key challenge for this site would be the nature of surrounding uses, which has seen a cluster of high quality main dealer car sales uses develop. This site lies in the middle of this cluster which may harm its attractiveness as a B class employment site.
- 5.27 Taken together there is potential for 2.2ha of employment land to be delivered within Park Wood.
- 5.28 Table 26 summarises the area available within the Borough which could be used for employment intensification.

**Table 26 - Intensification Site Areas**

Floorspace type	Potential Intensification Site Areas (ha)
Office	0
Industrial	1.2
Warehouse	1
<b>Total</b>	<b>2.2</b>

## Vacant land

- 5.29 Our site assessment has identified limited future capacity from land parcels within existing employment sites. At present there are only four sites with vacant land that could be developable, these are:
- Honeycrest Industrial Estate – where there is potential to provide additional space at Lodge Lane;
  - Woodfalls Industrial Estate – with a potential small expansion opportunity; and
  - Former Syngenta Works, Yalding – which is now a cleared site with potential for comprehensive development.
- 5.30 If in time an alternative location were found for the Park and Ride facility at Eclipse Park, this could provide 1.1ha of further capacity acting as prime land for B1 use (excluding the site currently proposed for a new hotel). However, the availability of this part of the site in the long term is currently unclear and therefore not included in the potentially 'available' supply.
- 5.31 There is some capacity to extend the recent additions to the Honeycrest site further west to 'complete' the development at Lodge Lane, this could deliver a further 0.6ha for industrial/small scale warehousing. A further 1ha could also be developed to the rear of the existing unit occupied by Amethyst Group.
- 5.32 The Woodfalls capacity could accommodate either office or industrial space given the existing mix within the site however future industrial is unlikely to be for B8 given the access constraints within the site. It may be possible to deliver an additional 0.3ha of employment land here.
- 5.33 The vacant site at Yalding is more difficult to categorise. At 18ha it is of considerable scale and therefore could, quantitatively, accommodate the entirety of the forecast requirement for Maidstone for the plan period.



- 5.34 However, as has been demonstrated by its long term inactivity, there is no clear demand for the site at this scale for B class use. The site's context clearly limits its attractiveness and potential market, the site is not directly accessible from the trunk road network and the routes back to the motorway are not straightforward. The site is also isolated from local services, albeit relatively close to Yalding Station.
- 5.35 Previous proposals for the site have sought a mixed use development which would retain some level of employment generating activity. The recent Call for Sites submission included 2.16ha of mixed B Class land
- 5.36 Table 27 summarises the areas of vacant land available within the Borough, based on the details discussed above.

**Table 27 - Vacant Land Site Areas**

Floorspace type	Vacant Land Site Areas (ha)
Office	0
Industrial	3
Warehouse	1.1
<b>Total</b>	<b>4.1</b>

### Estimated capacity

- 5.37 Based on plot ratios consistent with the Economic Scenario Testing work we estimate that, taken together, the existing portfolio of sites alongside the town centre could provide capacity above the total floorspace requirement. This would consist of the following allowances, brought together from the previous 4 tables.

**Table 28 – Components of Supply**

	Office (ha)	Industrial (ha)	Warehouse (ha)	Total (ha)
<b>Vacant Stock</b>	1.1	1.2	3.6	5.9
<b>Permitted Development</b>	0.3	2.6	3.2	6.1
<b>Intensification</b>	0	1.2	1	2.2
<b>Vacant Land</b>	0	3	1.1	4.1
<b>Total</b>	1.4	8	8.9	18.2

## 6. Balancing Demand and Supply

- 6.1 Given the identified requirement the borough will need to provide the equivalent of 18ha of employment land to accommodate future employment growth. This needs to be provision that is not currently utilised.
- 6.2 From the analysis within the previous section it is clear that not all of this requirement could be met within the existing employment site portfolio, even if all opportunities were taken to develop vacant land and maximise the use of currently under-utilised land parcels. We estimate that approximately 18.3ha of land is 'available' for B class employment land use.
- 6.3 The balance of employment land requirement with the already identified available employment land, including vacant stock, permitted development, intensification and vacant land, is shown below in **Table 29**.

**Table 29 - Balance of Employment Land Requirement**

	Office (ha)	Industrial (ha)	Warehouse (ha)	Total (ha)
<b>Employment Land Requirement 2011-31</b>	2.7	5.1	10	17.7
<b>Variance from Forecast 2011-2014</b>	0.3	-1	0.2	-0.5
<b>Vacant Stock</b>	1.1	1.2	3.6	5.9
<b>Permitted Development</b>	0.3	2.6	3.2	6.1
<b>Intensification</b>	0	1.2	1	2.2
<b>Vacant Land</b>	0	3	1.1	4.1
<b>Total</b>	1.4	8	8.9	18.3
<b>Balance of Requirement</b>	1.6	-3.9	1.3	-1

*N.B Figures may not sum due to rounding*

### Adjustment for Floorspace Delivered (The “Variance from Forecast 2011-2014”)

As shown in **Table 28** the economic forecast reflects a twenty year period starting in 2011, three full years prior to this supply assessment. As such it is necessary to introduce an ‘adjustment factor’ to take account of the floorspace delivered that would have been in place to meet the forecast level of demand for that period. This is shown in the table as a ‘variance’ from the forecast and results in the demand for land in each use class being increased or decreased to reflect historic development. Essentially, where floorspace delivery has been lower than forecast demand the need for land over the remainder of the plan period is increased, where delivery has been higher than forecast demand the long term need is reduced.

To calculate this variance we have compared the CIA data for the years 2011/12, 2012/13 and 2013/14 with the forecast floorspace demand over the same period. This provides an understanding of the ‘net’ over or under supply.

Given the qualitative issues facing Maidstone's office stock (discussed in detail elsewhere in this report) we recognise that there is a need to rebalance the supply portfolio and that much of the existing stock is not likely to be ‘fit for purpose’ for future occupiers. As such we have identified the difference between the gross delivery of floorspace and forecast demand. This assumes that all new space will be fit for purpose and there is not a requirement to replace all of the lost floorspace as loss of this stock will not materially harm the borough's ability to accommodate economic growth. In this analysis the borough has ‘undersupplied’ office floorspace by 4,670sqm, creating an additional land requirement of 0.3ha.

Similar qualitative issues do not exist within the industrial and warehouse stock, as such any ‘loss’ could reduce the borough's capacity to accommodate economic activity. As such, the analysis needs to take into account both new floorspace delivered and losses of space to other uses, hence the net figures from the CIA are used. Comparing net supply to forecast demand highlights an oversupply of industrial space over the period (3,981sqm or 1ha) and a small undersupply of warehouse space (1,100sqm or 0.2ha).

		Office	Industrial	Warehouse
<b>Supply</b>	2011/12	1,519	-6,602	6,968
	2012/13	1,715	1,195	9,581
	2013/14	387	1,715	-1,113
	<b>Total</b>	<b>3,621</b>	<b>- 3,692</b>	<b>15,436</b>
<b>Demand Balance</b>		8,291	-7,673	16,536
	Floorspace	4,670	-3,981	1,100
	<b>Land</b>	<b>0.3</b>	<b>-1</b>	<b>0.2</b>

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- 6.4 Based on the assessment of supply against forecast demand as set out in **Table 29** there would appear to be no overall quantitative need for additional land within the borough. However the picture is less straight forward when the qualitative requirements discussed within this assessment are taken into account.
- 6.5 At the simplest level it is clear that there is likely to be an undersupply of land for office and warehouse activity, whilst there is a potential oversupply of industrial land. Given the location of permitted development (which makes up the largest component of potential supply) and the nature of vacant stock (the largest component of industrial supply) it is unlikely these sites would provide a suitable location for office and warehouse activity and therefore could not be relied upon to accommodate all future demand.
- 6.6 Our analysis suggests that there is likely to be a qualitative requirement for new land to be allocated which is specifically aimed at accommodating the likely requirements of future growth sectors. This will sit alongside the quantitative need for new office and warehousing capacity, suggesting capacity should be identified across all use classes.
- 6.7 We have considered throughout this assessment the 'strategic' challenges and opportunities that face each of Maidstone's sub-markets and identified increasingly acute issues for a number of activities that are located to the south of borough. Crucially the nature of the road infrastructure in terms of the scale/nature of roads, distance from motorways and the recently introduced weight limitations all place challenges on businesses with a strong reliance on road based (HGV) servicing and distribution.
- 6.8 As such sites in the south of the borough struggle to secure occupiers, whilst some existing occupiers are considering relocating, suggesting they are unlikely to continue to provide an attractive offer in the future to new businesses.
- 6.9 Our analysis of Maidstone's land portfolio for employment use suggests that, in the main, the land stock is at odds with the identified operational challenges faced by businesses within the borough. All of the identified capacity for industrial/warehouse activity lies within the south of the borough, excluding Brooklyn Yard, the area with the weakest road links.
- 6.10 Whilst this does not make these sites redundant it does potentially limit their future attractiveness to businesses and could restrict the role they will play in the accommodating employment growth. The scale of activity may be limited to smaller, more locally orientated businesses that use smaller, lighter delivery/supply vehicles.
- 6.11 This, in itself, can be beneficial to the borough's economy by providing a range and choice of sites for businesses of different sizes and will reinforce the current 'local service' nature of much of the business activity to the south (which is principally orientated to serving the Weald).
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- 6.12 However, for larger businesses seeking to exploit regional, national and even international markets these sites are likely to be less attractive. It is our view, therefore, that whilst these sites are 'available' they do not represent a wholly comprehensive portfolio given the likely nature of employment growth, an issue highlighted by the high presence of non-B class activity within new light industrial space at Integra. Also, given the likely nature of demand and other land pressures (particularly for car sales at Park Wood) they may not all be 'achievable' in market or development terms.
- 6.13 In terms of the office supply position this is composed of existing vacant floorspace (largely within the town centre) and additional capacity at Eclipse Park. Clearly there is a 'risk' to such a polarised approach to development, particularly where permissions at Eclipse have not been delivered and some sites are identified for future use but as yet to be formally permitted.
- 6.14 This provides little flexibility for the borough over the plan period. Additional provision, driven by market demand, should be positively considered where it can be delivered within existing sites or any new land allocations. Given the weak office market at present it is difficult to identify clear opportunities or locations where this may happen, however a flexible approach to land allocations will ensure the borough can adapt to meet future needs, by enabling sites to accumulate a range of B class uses
- 6.15 As an 'accepted' town centre use sites for office development within the town centre do not need to be identified and allocated in the same way as land elsewhere in the borough. However, the employment role of the town centre should be retained and improved in the future, with new office floorspace secured through site redevelopment. This will need to be monitored over the plan period as the impacts of extended PD rights become clearer.
- 6.16 Successful employment locations all share a common set of basic credentials and key characteristics including:
- Good quality of provision – they may not be 'Grade A' but are clean, modern and well maintained;
  - Relatively strong public realm attributes – with good servicing areas that present a smart and tidy 'first impression';
  - Flexibility of space – both in terms of the scale and internal configuration, enabling users to adapt business processes;
  - Appropriate space for activity in the area – providing the appropriate size of space, mixes of floorspace types and permitting certain activities to meet prevailing demand trends; and
  - Realistic price point compared to nature of stock – enabling businesses to afford space in the area.
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6.17 These should be the focus for any newly identified sites.

## Key Site Characteristics

6.18 Given the nature and scale of forecast employment growth and the identified supply portfolio it is evident that additional employment land will be required over the plan period. In order to make the most efficient use of Maidstone's land resources the identification of sites should be focused on ensuring land allocated is closely aligned to business occupier requirements, ensuring that as the economy grows it is brought forward for development.

6.19 The nature of forecast growth requires a mix of new floorspace types and, based on our understanding of the local market, will also require the delivery of different space formats and scales.

6.20 Clearly the office market has shifted away from large scale spaces to smaller, high quality, flexible multi-occupier provision that more closely matches the size and requirements of the business community. This is reflected in the nature of more recent development and lettings in the area, with smaller units in rural areas (such as Hermitage Court and Abbey Court) demonstrating that when the stock profile is 'right' businesses will occupy the space.

6.21 Similarly there are reported challenges in finding appropriate quality and scale of industrial/warehouse premises in the borough, particularly in locations with a wider infrastructure context that supports this type of activity. Our stakeholder workshop consultation and analysis of the local stock of employment floorspace has highlighted a lack of provision of units between 1,000qm and 1,500sqm and smaller units available for freehold purchase.

6.22 The identification of new land therefore should be focussed on ensuring the sites can provide a 'new' offer which adds and diversifies (rather than replicates) the existing portfolio and encourages these gaps in provision to be filled, either in terms of the stock itself or the location and infrastructure provision to the land itself, including road access and future ICT connections.

6.23 It is clear that from our Assessment there is both a quantitative and qualitative need for additional employment land within the borough to enable the full economic potential identified within the Economic Scenario Testing to be realised.

6.24 As noted within section 3 the focus and nature of demand is likely to be relatively focussed given the core driver of demand will be local and sub-regional 'churn' of business activity. This will require the delivery of:

- A range of good quality, flexible small office spaces;

- Capacity for 'design and build' bespoke industrial units; and
- Small to medium size distribution units.

6.25 At present our analysis and feedback from local agents suggests it is within these market segments that Maidstone borough is currently unable to meet demand. There appears to be little flexibility within the portfolio to enable new space to be delivered in areas which are most likely to be attractive to the types of occupiers that economic growth will attract.

6.26 Furthermore, the future land portfolio will need to have sufficient flexibility to enable any future changes to operational requirements of businesses and therefore should not be overly prescriptive in terms of built form.

6.27 In terms of identifying the future additional capacity within the borough the following factors should be key:

*Minimal 'absolute' development constraints*

6.28 In the short term values of commercial property that are achievable within the borough will make development marginal in many cases, as such within any development appraisal there would be limited scope to overcome any significant 'abnormal' development costs. To maximise delivery potential and ensure sites are 'achievable' then locations should be sought that reduce the need to address issues that would be outside the 'normal sphere' of development considerations and costs. These include:

- **Direct access** – sites should be sought in locations where strategic road capacity already exists and, therefore, development only required to contribute to site specific access improvements/provision;
- **Landscape** – sites should be in locations where landscape and habitat designations do not restrict the functionality and usability of the land to ensure development potential can be maximised. Sites should minimise requirements for extensive landscape treatments within sites (where not necessary to create a good quality business environment) and any associated construction and design costs. For example sites where building heights or massing may be restricted should be avoided where possible. Clearly development should still be 'high quality' and appropriate in its setting;
- **Remediation** – whilst it is important to ensure brownfield opportunities are prioritised sites with extensive remediation requirements may not be viable in the short to medium term. Therefore a wider range of site types may be needed throughout the plan period; and
- **Servicing** – new sites will need new connections to existing servicing utilities therefore sites should be located, where possible, in areas where capacity exists in the existing



network or can be secured through modest investment. Locations are therefore likely to be focused close to existing urban areas to avoid the need for extensive new connections to be installed.

- 6.29 Given the context of the borough it is likely that there will need to be trade-offs between these factors and that no site will be completely free from some level of additional context considerations. This will be particularly true for areas in the Motorway Corridor given the sensitivity of the landscape and habitat in this area.
- 6.30 However, it is clear that decisions will need to be made in order to reach a compromise that enables space to come forward in the 'best' locations for business activity. Any final site decisions should seek to identify the sites that best minimise the impacts of these additional development considerations and respond to market signals of where development is required.
- 6.31 This study has only considered economic factors. The Council will need to balance a wider range of factors in reaching a decision on land allocations.

#### *Long term strategic access to markets*

- 6.32 Businesses rely on the ability to access clients and suppliers quickly and efficiently, particularly in manufacturing and warehousing sectors where 'just in time' delivery is core to operational practices. This requires more than just access to the road network.
- 6.33 The predictability and reliability of journey times are of paramount importance and therefore business confidence is eroded in locations where journeys are affected by the need to pass through congested areas, particularly where there are a lack of alternative routes to enable businesses to 'by-pass' any issues.
- 6.34 It is the reliability of journeys from the Rural South of the borough which provide the biggest challenges to occupiers in these locations rather than solely the distance from the M20/M2. Strategic routes have been established by the highways authority by placing weight restrictions on a number of more minor roads, effectively 'funnelling' HGV traffic onto a smaller number of larger roads (the A228 and A229).
- 6.35 This increases the volume of traffic, in particular HGVs, passing through Maidstone town centre, which already suffers congestion issues. This impacts on journey times and also the quality of the town centre environment. As Maidstone's population grows this issue is likely to intensify, further impacting businesses to the south.
- 6.36 Future land allocations should seek to avoid adding development, and hence traffic, to this network, suggesting an approach which prioritises space along the motorway corridor. Even if stock is cheaper within the south of the borough the relative property cost savings will, over time, be outweighed by the real and opportunity costs of increasing journey times and worsening reliability.

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- 6.37 The location of new land along the Motorway Corridor will also enable businesses to more directly serve their core markets, which are likely to be located within the rest of Kent and into London. For businesses with a wider reach these locations will also enable them to serve national and international markets more easily.

#### *Planning flexibility*

- 6.38 Maidstone's growth sectors and businesses in growth sectors (including manufacturing, construction and creative industries) more generally are increasingly blurring the lines between design, manufacture and research. Many businesses now undertake product design and production within one unit, requiring both office and industrial space. Even traditional industrial unit occupiers (such as construction companies) require larger office components as their industry and products change. With the advent of new technologies (such as 3D printing) these hybrid units are likely to become increasingly needed.
- 6.39 We would expect that the allowed uses within new employment sites would be broad to allow a mixture of B1, B2 and B8 uses to be developed. This would enable the Borough to accommodate modern 'hybrid' units that incorporate elements of office, research and light manufacturing workshops, introducing new types of space into the portfolio.
- 6.40 This approach will allow all sites within the borough to 'work together' to meet future requirements, providing a functioning portfolio of sites that are deliverable and provide sufficient choice to support indigenous businesses and inward investment.

#### *Technology and communications infrastructure*

- 6.41 The nature of future growth suggests there is the potential to continue the diversification of the Maidstone economy, particularly as technology enables greater freedoms within 'industrial' and production based activities. Importantly, computer aided design and manufacturing is democratising small batch production and engineering, supporting a new generation of 'makers'.
- 6.42 Ensuring the physical context within which businesses operate supports their changing needs is vital to retain a viable 'industrial' presence. Broadband provision has been raised as a particular issue for some businesses and is likely to become an even greater limitation as computer-aided design, prototyping and production techniques become increasingly commonplace.
- 6.43 Ensuring sites are provided in areas with good quality high speed broadband infrastructure will therefore be a vital component in the future as all businesses become increasingly reliant on computer based processes. Retaining and attracting higher value creative and manufacturing businesses will be intrinsically linked to future ICT connections.

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6.44 Land allocations should work with existing provision and also wider economic development initiatives to improve connections to business areas. There is a role for the Council to continue to highlight weak provision for business locations, coordinate businesses and act as a conduit for discussion with service providers and the "Making Kent Quicker" programme.

*Visibility and critical mass*

6.45 There are benefits to the current dispersed portfolio of employment land for the borough given it enables a choice of locations for businesses which are, to some degree, linked to the range of population centres in the borough.

6.46 However, future new sites are unlikely to be attractive or viable if capacity is too thinly spread or 'pepper-potted' across the borough. Establishing new locations will require them to have sufficient market visibility, both in physical terms (i.e. it can be seen) but also in terms of establishing a 'critical mass'.

6.47 Delivering a 'critical mass' of commercial floorspace will be important in establishing a new employment location within the borough, creating a different character and nature to the existing employment sites. Delivering a small number of 'additional' units at existing sites would fail to create this character differentiation, and would more likely result in delivery of space that does not significantly diversify the offer.

6.48 This extends beyond benefits of co-location and shared infrastructure to provide a new location that is credible to the market and allows sufficient flexibility for the buildings and environment to be 'tailored' to specific business requirements.

6.49 Future allocations should therefore seek to deliver a scale of development that allows uses to cluster in one or two locations or 'co-locate' with existing employment provision. Based on our understanding of the scale and nature of the Maidstone economy and experience of new employment/business park development elsewhere in the country we would suggest providing the additional capacity on one site would require an area broadly the scale of the original Eclipse allocation.

*A balanced office portfolio*

6.50 In terms of office provision the proposition is more varied given the opportunity to deliver stock both in and outside of the town centre. In many respects the out of town offer will be subject to similar locational drivers as the industrial/warehouse stock, albeit with a likely stronger focus on creating a high quality environment.

6.51 As such any major new locations within the Motorway Corridor could provide attractive opportunities for out of town office given their visibility and connectivity. One additional

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consideration that may not be so crucial for industrial/warehouse activity would be the ease of connections to the town centre and, potentially, the rail stations.

- 6.52 Smaller provision should also be encouraged within the 'rural' areas. The principal focus here would be to ensure it aligns with centres of population to encourage greater 'start up' and entrepreneurial activity from the skilled workers and also reduce travel and commuting requirements.
- 6.53 Fundamentally, space provided in rural locations will need to be of an appropriate quality and benefit from good accessibility, high quality communications infrastructure and access to local services and amenities.
- 6.54 Within the town centre office development is likely to come forward in the longer term, and is likely to 'follow' some level of loss of space in the shorter term. The long term aspiration should be to deliver space that provides purpose built small units, with a range between 20sqm to 200sqm likely to best reflect expected demand trends.
- 6.55 Site identification is more challenging within the town centre. Therefore the approach to office development should provide greater focus on the attributes required from town centre occupiers and also, if possible, to consolidate the offer in a small number of locations to create a critical mass.
- 6.56 To understand where office floorspace could be best accommodated (and most likely to be delivered) there are a number of criteria that we understand are at the core of occupier and developer decisions. These criteria are:
- Site area and shape – both the size and shape influence the attractiveness of the site to developers. Size is clearly important to enable a suitable scale of building to be accommodated alongside associated servicing, parking and landscaping space. Shape is also important (particularly on smaller sites) as irregular shaped plots reduce the ability to deliver the 'regular' floorplates that businesses seek or that are easily subdivided to make smaller suites. The development of regular shaped buildings also helps to reduce development complexity and hence cost;
  - Neighbouring uses – will influence the attractiveness of sites for office use positively and negatively. Provision of 'amenity' uses in close proximity will support development, however if an area has a single, dominant land use it may deter office development. In these areas the office will struggle to establish a presence and may be impacted by neighbouring uses through noise and other 'bad neighbour' activity;
  - Access to public transport – will be a key consideration for occupiers to both access clients and markets (particularly London) and to provide travel choice for staff; and
  - Parking provision – will be important as part of the offer to employees. With limited public transport penetration to some of Maidstone's workforces car accessibility will

continue to be an influential consideration, particularly if alternative provision is made out of town with parking on site. This may not necessarily need to be made on site in the town centre but, where it is off-site, office stock should be closely aligned to existing public car park provision. Potentially, the Council could seek to 'incentivise' parking charges within their car parks to encourage office occupiers.

- 6.57 Given the nature of the town centre and the desire to create a more diverse place it is likely that new office stock would come forward as part of a wider mixed use development approach.

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## 7. Site Specific Recommendations

- 7.1 The over-arching finding of the Economic Scenario Testing and this Qualitative Site Assessment is that the Maidstone economy benefits from a number of strategic assets that should support future economic growth. However recent performance has been challenged and should serve to highlight that future success cannot be guaranteed.
- 7.2 A combination of aging stock, changing occupier requirements and increased competition within the wider London/M25 fringe and other areas in Kent which are strengthening their offer already place challenges on the borough's ability to maintain its existing position and develop this over time.
- 7.3 Based on the preceding analysis this section sets out the key site specific conclusions and recommendations for future action by Maidstone Borough Council and its partners. These provide guidance on the recommended approach to employment land identification and protection.

### Key Employment Sites

- 7.4 The Economy Sensitivity Testing identifies that the future B Class employment growth in Maidstone is likely to be focussed on a mix of office, industrial and warehouse users including ICT, transport and professional services.
- 7.5 A number of employment sites identified within this Study will play the primary role in supporting economic development and growth by offering attractive and available opportunities for the retention and expansion of existing occupiers, as well as helping to secure new inward investment. On this basis, we recommend that the highest level of protection and safeguarding against loss to other, non-employment uses is retained for the following sites:
- Ashmills Business Park, Lenham
  - Station Road, Harrietsham
  - Roebuck Business Park, Harrietsham
  - Honeycrest Industrial Park, Staplehurst
  - Park Wood, Maidstone
  - Hart Street Commercial Area, Maidstone
  - Hermitage Mills, Barming
  - South Park Business Village, Maidstone
  - Turkey Mill, Maidstone

- The Old Brewery, Maidstone
- Tovil Green Business Park, Maidstone
- 20/20 Business Park, Allington
- Aylesford Industrial Estate, Aylesford
- Bredhurst Business Park, Bredhurst
- Lenham Storage, Lenham
- The Old Forge, Bearsted
- Lordswood, Walderslade
- Detling Aerodrome, Detling
- Viewpoint, Boxley
- Marley Works, Dickley Wood
- Warmlake Business Estate, Sutton Valence
- Headcorn South, Headcorn
- Barradale Farm, Headcorn
- Eclipse Business Park, Maidstone
- Woodfalls Business Estate, Yalding
- Syngenta Works, Yalding

7.6 It is critical that the B Class nature of these sites is maintained over the plan period to provide the borough with sufficient capacity across a range of space types to retain existing businesses, enable them to grow and also accommodate new activity.

7.7 Whilst, generally, each identified site provides a strong and suitable offer to the market future success may require different approaches. These approaches will enable development sites to come forward, support redevelopment of stock and maintain the quality and scale of offer already made.

7.8 By taking this approach to employment land and floorspace provision the borough can provide the 'highest level' protection to ensure B Class land supply does not undermine future economic potential.

## **Protect and Enhance**

7.9 Of the key employment sites some provide a clear and relatively near term opportunity to provide new, high quality commercial floorspace capable of attracting new users as identified in the previous section there are opportunities to create new capacity by delivering space on currently vacant or under-utilised sites.

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7.10 New space can also be delivered through the selective redevelopment of older stock. As noted in the previous section this is unlikely to create additional capacity in floorspace terms but can deliver better quality space.

*Completion to Create Capacity*

7.11 As considered in the previous section there are a small number of existing sites where there is the land capacity to deliver additional floorspace within, or as a small extension to, the current boundaries. Some of these sites already benefit from a planning application, which should be delivered as a key component of future B Class supply.

7.12 The sites where additional capacity has been identified are:

- Eclipse Business Park, Maidstone
- Honeycrest Industrial Park, Staplehurst
- Park Wood, Maidstone
- Woodfalls Business Estate, Yalding
- Syngenta Works, Yalding

*Selective Redevelopment to Improve Quality*

7.13 Whilst in general the stock of employment space within the employment sites is fit for purpose and meets current occupier requirements there are some areas of weaker provision that could be redeveloped to strengthen the offer the key employment sites provide.

7.14 Given the length of the plan period the selective redevelopment of some existing provision within the employment sites is likely to be required as stock reaches the end of its usable life. Some stock is already considered dated so will, more than likely, require redevelopment. This may also enable the intensification of uses within sites, however given the nature of the borough's sites an uplift in capacity is likely to be marginal.

7.15 The key sites where weak stock has been identified and therefore selective development should be supported are:

- Ashmills Business Park, Lenham
- Station Road, Harrietsham
- Honeycrest Industrial Park, Staplehurst
- Park Wood, Maistone
- 20/20 Business Park (Acorn Estate), Allington



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- 7.16 Any redevelopment should seek to maximise the role of sites for B class activity and enable them to accommodate greater levels of existing and new economic activities, and provide a choice of stock.
- 7.17 It may also be appropriate to support some level of non-B class activity that supports and is ancillary to the core B class activity in order to create a more attractive location for occupiers. However, the provision of non-B class activities should not detract from the B class uses or significantly dilute the character, focus or operability of the employment sites.

## Protect and Maintain

- 7.18 As identified through the survey and consultation with local stakeholders the majority of sites are broadly fit for purpose with a large proportion of floorspace (particularly for industrial and distribution uses) likely to meet ongoing requirements. These sites will continue to play an important economic role in the future and should therefore be protected and their B Class role maintained.
- 7.19 A significant number of the employment sites should be protected and maintained in their current form and function. This does not mean they should be allowed to deteriorate over time and MBC and its partners should support investment and improvement in stock provision, albeit on a 'no net loss' basis.
- 7.20 The sites for protection and maintenance are:
- Hart Street Commercial Area, Maidstone
  - Hermitage Mills, Barming
  - South Park Business Village, Maidstone
  - Turkey Mill, Maidstone
  - The Old Brewery, Maidstone
  - Tovil Green Business Park, Maidstone
  - 20/20 Business Park (outside of the Acorn Estate), Allington
  - Aylesford Industrial Estate, Aylesford
  - Bredhurst Business Park, Bredhurst
  - Roebuck Business Park, Harrietsham
  - Lenham Storage, Lenham
  - The Old Forge, Bearsted
  - Lordswood, Walderslade
  - Detling Aerodrome, Detling

- Viewpoint, Boxley
- Marley Works, Dickley Wood
- Warmlake Business Estate, Sutton Valance
- Headcorn South, Headcorn
- Barradale Farm, Headcorn
- Galants Business Centre, East Farleigh

7.21 As noted in the site surveys, not all of these sites are considered to be of high quality. However, all are considered appropriate for the scale and nature of the uses they accommodate in terms of their stock offer. Not all activities require or demand 'Grade A' buildings therefore it is important to protect sites that provide a range of units that attract the range of businesses required within an economy.

## Marden - Pattenden Lane

7.22 Throughout the Qualitative Assessment process the future of major employment activity within the Marden area has been regularly raised. At present the area along Pattenden Lane (including the Wheelbarrow Park Estate) accommodates a number of large scale manufacturing and distribution activities within almost 30ha of land.

7.23 The location, scale and nature of these businesses is somewhat incongruous given their reliance on HGV movements, their nationwide and international market, and the low grading of road network, much of which is subject to weight restrictions.

7.24 The location of these activities reflects the history and growth of these businesses themselves, which were started by local entrepreneurs in this part of the borough and grow significantly. In many respects it would appear that the success of the businesses is now out of scale for the area within which they are located.

7.25 The challenges facing these expanded (and still expanding) businesses has been highlighted by local property agents and also a previous planning application made to the borough which sought the relocation of some of the Pattenden Lane businesses to more accessible locations in the borough.

7.26 The combination of an identifiable desire for some businesses to relocate and the issues of road-based accessibility suggest that, in the future, employment sites in this location could be 'under threat' from significantly increasing vacancy which they would struggle to fill with businesses of the same nature and scale.

7.27 Should major occupiers vacate the site there will be significant capacity introduced to the market, however it is our view that it will not prove (at the current scale) a suitable or attractive offer for new higher value businesses to move in to particularly where businesses

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would not necessarily have the 'local links' that have driven the existing businesses to locate here. As such landlords may seek to attract a range of lower value uses to ensure the space is filled and some income received.

- 7.28 Given the forecast nature of future economic growth, the nature of stock which could vacated at Pattenden Lane and the wider constraints of the area it would not be appropriate to consider future employment land requirements to be met by vacated large-scale space within Marden.
- 7.29 Should significant space become available within the Marden area a comprehensive review of the estate and future uses will be required. This may involve the consolidation of other uses that remain on the site into vacated (better quality) premises and the redevelopment of land parcels for other uses.
- 7.30 Given the location, relative housing affordability and the faster train links to London the Marden area has a growing population of commuters which bring new and higher skills to the area. Therefore, in the longer term there may be opportunities to diversify the employment offer in this location and provide small, flexible shared workspace, potentially with new office suites to encourage greater small business activity.
- 7.31 The future of the Marden area is currently not defined, and therefore at present it should continue to be protected as a key employment site to provide confidence to existing occupiers that their operational base is 'secure'. However, should major occupiers leave and the large units in the area remain vacant it may be necessary to undertake some site specific analysis and prepare additional planning guidance to ensure best use is made of the site in the future and employment capacity is retained.

## **Manage and Monitor**

- 7.32 Our review and analysis of the nature, role and function of all of the employment sites has identified that the majority of the sites should be retained as such. Nevertheless, in accordance with paragraphs 21 and 22 of the NPPF we have concluded that some sites are unlikely to continue to meet the needs of businesses.
- 7.33 As such they should be either monitored with a view to not allocating them at all or 'de-allocating' them in the future should their situation worsen. Some sites no longer have the appropriate characteristics to meet business requirements or are no longer within B class use and therefore a B Class allocation would be inappropriate.
- 7.34 We recommend ongoing monitoring of the following sites with a view to not allocating them as B class sites should their stock quality condition deteriorate or demand for space decrease leaving the majority of the site vacant. Based on our assessment these sites meet current occupier needs however the stock is not of high quality and likely to reach

the end of its functional life within the plan period. Furthermore the site operations do not relate positively to their surroundings and redevelopment would not benefit the neighbouring activities. We consider these sites for monitoring to be:

- Ecclestone Road, Maidstone
- Wharf Road, Maidstone
- Former Poundstop, Bearsted
- The Forstal, Lenham Heath
- Shepherds Farm Estate, Lenham Heath
- Franks Bridge, Headcorn
- Lested Farm, Chart Sutton
- Barham Court, East Farleigh
- Nortons Industrial Estate, Laddingford

7.35 The long term loss of these sites would not fundamentally undermine the economic performance or potential of the borough, however it should not be considered until it can be demonstrated they are no longer fit for purpose. Should they not be allocated and alternative plans come forward the Council's Economic Development Team should work closely with any remaining occupiers to relocate them within the Borough.

7.36 Further to these sites we have identified sites that no longer play a significant B class employment role and, as such, should not consider to be classified as B class employment sites, these are:

- Headcorn Aerodrome, Headcorn
- Farleigh Hill Trading Estate

## Re-alignment of Office Stock Provision

7.37 To retain and grow the office role within Maidstone the future focus should be on consolidating and improving the office provision, this should seek to deliver stock which matches the 'new' demand profile (i.e. smaller, more flexible high quality space).

7.38 It is clear that the current stock will not be required, either in scale or typology. This may mean longer term opportunities for redevelopment of provision such as Kent House, Miller House and Cornwallis House given they provide a type of floorspace that does not meet occupier requirements.

7.39 In the short to medium term refurbishment and/or redevelopment of sites for purely office uses is unlikely to be attractive. Values are unlikely to support this type of development

approach and there is unlikely to be the scale of demand to re-absorb replacement stock at the same quantum.

- 7.40 To compete for occupiers there is likely to be a need for wider improvements and changes to the 'mix' within the town centre. This should seek to provide a good quality environment that office floorspace would sit within and does not adversely impact the functionality of the town centre as an employment location
- 7.41 The major challenge will be balancing opportunities to bring forward a more mixed use area that functions well and continues to provide a location businesses want to invest in. A key tension may be the protection of the areas most likely to be attractive to office occupiers i.e. those that provide on-site (or close by) parking and also good access to the Station. These are also likely to be areas that will also be more attractive to other, higher value uses such as residential.

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## 8. Conclusions

- 8.1 The Economic Sensitivity Testing study concluded that there was a significant opportunity for the borough to secure future employment and economic growth across a broad range of B and non-B class sectors.
- 8.2 It identified key opportunities in a number of sectors that are already rooted within the local economy, have strong strategic growth potential (as part of UK-wide growth expectations) or will be catalysed by new investments in the local economy.
- 8.3 To accommodate this growth the study identified a requirement for a range of floorspace types to be provided within the borough, resulting in a total employment land demand requirement of 17.7ha for 'general' B Class activity (i.e. activity that is not intrinsically tied to the functioning of KIMS and the MMC).
- 8.4 This Qualitative Site Assessment has taken these findings forward, assessing the known supply of employment land within the borough to understand how, as a portfolio, these sites and premises can meet future needs. Importantly, this moves beyond solely considering 'capacity' in quantitative terms to understand how the space or land aligns with occupier needs.
- 8.5 The majority of Maidstone's existing employment floorspace is likely to remain 'fit for purpose' over the plan period, providing a mix of units types, sizes and quality to accommodate a range of business activities in locations that allow core markets to be served. As such it will be important to ensure that the existing capacity is retained and protected from loss to other, non-B class, activities.
- 8.6 Equally important will be the need to support and encourage the replacement of stock within the existing employment sites over the plan period to ensure it continues to meet occupier requirements. Whilst this is unlikely to significant new capacity it will ensure sites remain viable and attractive employment locations.
- 8.7 Despite the strength and breadth of much of the existing offer at a quantitative level the assessment identifies a shortfall of supply to meet future needs, which is likely to necessitate new land to be allocated through the Local Plan. Identified capacity provided by fit for purpose available floorspace, intensification opportunities and vacant land is insufficient to the expected scale of future demand.

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8.8 When qualitative factors are taken into account it is clear that the current portfolio is also unlikely to provide the appropriate range and choice of accommodation for the expected nature of future demand. Whilst much of the stock is fit for purpose, when considered in the light of likely sectoral requirements there are a number of factors which suggest the borough would benefit from new land provision:

- Elements of the stock are of poorer quality and unlikely to be reoccupied;
- There is a considerable oversupply of office floorspace of a typology that does not meet future needs;
- The majority of identified development capacity is poorly located for likely occupier needs;
- A number of sites suffer from strategic access constraints;
- 'extending' or 'redeveloping' sites will limit the ability to deliver new types of offer and will largely support space of a similar character;
- Development sites are dispersed across the borough and may not provide the scale or critical mass to accommodate larger occupiers; and
- A number of sites are no longer in B class use.

8.9 As such, for the borough to realise it's economic potential, there is a need to provide new employment land to both accommodate the scale of growth forecast but, equally importantly, diversify the portfolio to ensure different forms of demand and floorspace can be accommodated.

8.10 These new additions to the employment land portfolio should enable a genuinely new form of capacity and quality rather than replicate what is already provided. Delivery of new versions of the existing offer could be accommodated by the identified capacity within existing sites.

8.11 Future demand for commercial floorspace will most likely be driven by locally driven activity as business start up, expand or seek new premises. Clearly the borough is in a strong location to benefit from future inward investment but this is likely to be modest and shouldn't be relied upon as a major demand driver. This will drive some specific property requirements, including:

- Smaller office floorplates within purpose built multi-tenant stock;
- Land for 'design and build', medium sized production/industrial units; and
- Local/sub-regional serving warehouse and distribution space.

- 8.12 Based on this analysis we would conclude that there is likely to be demand for new high quality, well serviced mixed use employment development area that accommodates small business orientated space, standalone industrial and manufacturing provision (albeit likely to be a design and build demand) and smaller scale distribution and ancillary workspace and office space.
- 8.13 The provision of capacity over and above the quantitative need will be also be important to provide the capacity or 'headroom' for the borough to ensure there is sufficient capacity should any sites identified not come forward. This will reduce the risk of land supply acting as a barrier to economic growth and ensure that an appropriate range and choice of locations is retained for occupiers in the strongest market areas.



Appendix B: Key existing employment sites

Eclipse Business Park, Maidstone	20/20 Business Park, Allington
Honeycrest Industrial Park, Staplehurst	Aylesford Industrial Estate, Aylesford
Park Wood, Maidstone	Bredhurst Business Park, Bredhurst
Woodfalls Industrial Estate, Yalding	Roebuck Business Park, Harrietsham
Syngenta works, Yalding	Lenham Storage, Lenham
Ashmills Business Park, Lenham	The Old Forge, Bearsted
Station Road, Harrietsham	Lordswood, Walderslade
Hart Street Commercial Area, Maidstone	Delting Aerodrome, Detling
Hermitage Mills, Barming	Viewpoint, Boxley
South Park Business Village, Maidstone	Marley Works, Dickley Wood
Turkey Mill, Maidstone	Warmlake Business Estate, Sutton Valance
The Old Brewery, Maidstone	Barradale Farm, Headcorn
Tovil Green Business Park, Maidstone	Galants Business Centre, East Farleigh
Headcorn South, Headcorn	

# Agenda Item 9

## **Maidstone Borough Council**

### **Planning, Transport and Development Overview and Scrutiny Committee**

**Tuesday 21 October 2014**

#### **Draft Economic Development Strategy**

While reading the following report you may want to think about:

- What you want to know from the report;
- What questions you would like answered.

Make a note of your questions in the box below.

As you read the report you may think of other questions.

Questions I would like to ask regarding this report:

- 
- 
- 
- 
-

**Guidance note - Making Quality Overview and Scrutiny Recommendations**

Scrutiny recommendations should seek to make a real difference to local people and the services provided. Recommendations that note a change or request further information fail to resolve problems or make changes. The scrutiny team have identified the following criteria for quality recommendations, they:

- affect and make a difference to local people;
- result in a change in policy that improves services;
- identify savings and maintain/improve service quality; or
- objectively identify a solution.

One way of checking the usefulness of recommendations is to evaluate them against the 'six Ws' set out below:

Good recommendations should answer these questions:

<b>Why does it need to be done?</b>	This will help ensure the outcome is relevant and in the right context – if a meeting is being requested it will ensure the correct people are invited to attend
<b>Who is being asked to do it?</b>	Without this nothing will get done (no one will take ownership)
<b>What needs to be done?</b>	Needs to be clear and specific
<b>HoW will it be done?</b>	Again, needs to be clear and specific, what is the expected output- for example a report to be written or a meeting to be arranged
<b>Where does it need to be done/go?</b>	If it's a meeting – where is it needed If it's a report – where is it to go, who needs to see it
<b>When does it need to be done?</b>	Crucial to have a timescale – without a deadline it will never get done

Thinking about these points will help ensure the outcomes of scrutiny are effective and will aid monitoring.

**MAIDSTONE BOROUGH COUNCIL**

**ECONOMIC AND COMMERCIAL DEVELOPMENT OVERVIEW &  
SCRUTINY COMMITTEE**

**MONDAY 21<sup>ST</sup> OCTOBER 2014**

**REPORT OF DIRECTOR OF REGENERATION AND  
COMMUNITIES**

**Report prepared by Dawn Hudd**

**1. DRAFT ECONOMIC DEVELOPMENT STRATEGY 2014**

1.1 Issue for Consideration

1.1.1 To consider the draft Economic Development Strategy for consultation purposes.

1.2 Recommendation of Head of Commercial and Economic Development

1.2.2 To consider recommending to Cabinet the approval of the draft Economic Development Strategy to go out to consultation.

1.3 Reasons for Recommendation

1.3.1 Maidstone has the largest economy in Kent, i.e. Maidstone businesses generate £3.3bn worth of goods and services each year. Gross Value Added (GVA) measures how productive per worker an area is and at £21,200 per year, Maidstone has the 2nd highest GVA per head in the county, but this is below the national average (£21,900).

1.3.2 There were 68,300 people employed in the Maidstone economy in 2012 with a high proportion in the public sector, reflecting the town's status as Kent's County Town and administrative capital.

1.3.3 There were 6,760 registered businesses in Maidstone in 2012, equivalent to 43 businesses per 1,000 population, compared to 39 for England and an above average rate of self-employment.

1.3.4 Maidstone has a strong labour market with high employment and economic activity rates and relatively low levels of unemployment. In the year ending December 2013 76.8% of residents were estimated to be in employment, above both the national (71.7%) and Kent (72.6%) averages.

1.3.5 However Maidstone's direction of travel in terms of jobs and economic growth is declining and requires action to reverse the decline.

#### 1.3.6 Background

1.3.7 Since the recession, economic output i.e. the level of productivity has fallen more in Maidstone than in Kent as a whole and nationally.

1.3.8 Employment performance has been poor in recent years, with the number of jobs decreasing since 2009. This was largely due to high job losses in the public sector and this sector continues to be at risk from cuts in public sector spending.

1.3.9 Business growth has been below the Kent and national averages in recent years. Between 2008 and 2011, business deaths out numbered business births. 2012 has seen a reversal of this trend. Maidstone has a low share of employment in knowledge economy jobs, such as high tech manufacturing, ICT and creative industries such as media and architecture, which are traditionally higher skilled and higher paid.

1.3.10 The qualifications profile of the adult population is poorer than the county and national average, with less than a third (32.6%) of residents qualified at NVQ Level 4 or above, compared to (Kent (33.6%) and the national average for England (35%). While there has been some improvement over recent years, this has been less than for Kent and the nation as a whole.

1.3.11 Median earnings for Maidstone residents have been in decline since 2010 and now stand for the first time in over 10 years below both the GB and South East Averages. Maidstone resident earnings (2013) are the third lowest in Kent, and workplace earnings are the second lowest in Kent.

1.3.12 Commuting patterns show that Maidstone has changed over the last decade from being a net importer to a net exporter of workers and is less important as a place of work for its residents. Commuters are now predominantly those in higher occupational groups whereas commuters into Maidstone are in lower status semi skilled and elementary occupations that are generally less well paid.

1.3.13 The council's previous Economic Development Strategy was produced prior to the recession in 2008. In order to take account of the changes in the economy both nationally and locally the council commissioned Shared Intelligence (Si) to help prepare the new economic development strategy. Their work included:

- reviewing the existing vision to ensure that this still meets current aspirations;

- an assessment of the current state of the Maidstone economy to identify the opportunities and challenges we face - the strengths, opportunities, weaknesses and threats;
- identifying priorities for how we will achieve our ambitions and the interventions to capitalise on Maidstone's economic assets; and
- formulating a programme of actions to take forward the journey to deliver our vision by 2031.

1.3.14 To inform the development of the strategy, an analysis of the broader national and local economic trends was undertaken to provide the evidence base. The findings of this work are set out in a separate State of the Maidstone Economy report (Appendix 1) which sits alongside this strategy.

1.3.15 The views of the business community, key employers and stakeholders have also been considered in developing this strategy. Engagement has come via a number of different channels, including:

1. two workshops with the Maidstone Economic Business Partnership (MEBP) facilitated by Shared Intelligence held on 23<sup>rd</sup> May and 5<sup>th</sup> June 2014;
2. two workshops with Maidstone Borough Councillors - the Cabinet on 23<sup>rd</sup> July and the Overview and Scrutiny Committee on 29<sup>th</sup> July;
3. a programme of interviews conducted by Shared intelligence in May/June 2014 with 15 key businesses;
4. face to face and telephone interviews with 14 key stakeholders; and
5. the results of a business survey undertaken by Maidstone Borough Council in June 2014 with responses from 59 employers.

1.3.16 This is a key strategy for the Council and will impact on the economic, social and environmental wellbeing for the whole of the borough, businesses and residents and on the agendas of other public sector services such as Job centre Plus and Kent County Council. The Strategy is attached as Appendix 2.

#### 1.3.17 Delivering the Strategy

1.3.18 Forecasts indicate that total jobs growth in Maidstone could be between 7,800 and 14,400 jobs to 2031. The sectors forecast to see the greatest jobs growth are professional services, administrative & support services, education, health, and residential care & social work. It should be noted that Maidstone is one of a few authority areas in Kent which has seen employment growth in the manufacturing sector.

1.3.19 The draft strategy proposes the following three objectives:

By 2031 we aim to:

1. Enable the creation of 14,400 jobs in a range of sectors and occupations
2. Raise GVA per head to the level of the South East
3. Raise the skills profile of Maidstone to the South East average

1.3.20 The strategy identifies a series of priorities to capitalise on our assets and the opportunities to strengthen the economy and create the right conditions for economic growth. These five priorities are:

1. Retaining and attracting investment - We will support existing businesses to grow and also work to attract new employers to the borough, creating job opportunities for all residents across a range of sectors.
2. Stimulating entrepreneurship - We will create a more entrepreneurial and innovative economy, supporting new business start-ups and those with high growth potential to move up the value chain.
3. Enhancing the town centre - We will promote the regeneration of Maidstone town centre as a high quality retail and leisure destination, and as a place to live and work.
4. Meeting the skills needs - We will ensure that residents are equipped with skills for work and that the skills' needs of businesses are being met. We will support the expansion of the Higher Education sector to increase the number of graduates in the workforce, supporting initiatives such as KIMS and Maidstone Medical Campus, as well as the UCA expansion at Maidstone Studios.
5. Improving the infrastructure - We will invest in infrastructure to drive economic growth – including the transport network and digital infrastructure.

1.3.21 There are many partners involved in taking forward the opportunities identified and there is a clear leadership and enabling role for Maidstone Borough Council to play in coordinating, promoting and actively working with the business community to achieve the economic vision.

1.3.22 Critically achieving the higher rate of jobs growth largely depends on:

1. Delivering the vision for the Town Centre,
2. Maximising the opportunities presented by Maidstone Medical Campus.
3. Allocating land to fill the gap in our portfolio of employment sites to meet modern business needs.
4. A new plan for Eclipse Business Park.

1.3.23 In parallel to the work on the Strategy work was carried out by GVA regarding the Qualitative Employment Land Supply which states that “for the borough to realise it’s economic potential, there is a need to provide new employment land to both accommodate the scale of growth forecast but, equally importantly, to diversify the portfolio to ensure different forms of demand and floorspace can be accommodated.” The GVA report strongly advocates the allocation of a new employment site along the motorway corridor.

1.3.24 A more detailed draft action plan covering short, medium and longer term actions is included at the end of the Strategy and is set out in Appendix 3.

1.4 Alternative Action and why not Recommended

1.4.1 An alternative action could be not to produce an Economic Development Strategy. However the current Economic Development Strategy was published in 2008 and is in need of updating to ensure the work of the Council correctly reflects and meets the needs of the Borough.

1.5 Impact on Corporate Objectives

1.5.1 The Council’s number one priority is for Maidstone to have a growing economy. “In essence, Maidstone will be a good place to work and do business. The economy will continue to grow with a wide range of employment and business opportunities”. The Economic Development Strategy is at the heart of achieving this objective.

1.6 Risk Management

<b>Risk Description</b>	<b>Likelihood</b>	<b>Seriousness or Impact</b>	<b>Mitigation Measures</b>
Many actions require the support of partner organisations outside the Council’s direct control and this may not be forthcoming	D	2	Partner organisations have a vested interest in seeing the local economy grow. However clear and frequent communication and engagement will help ensure trust and good decision making.
Investment decisions at the Kent and SELEP level may priorities other locations than Maidstone	C	2	Regular meetings between senior officers and Councillors with Kent County Council and Kent and Medway Economic Partnership is vital to ensure Maidstone’s needs are fully understood and



			delivery of projects takes place in a timely fashion.
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(Likelihood: A = very high; B = high; C = significant; D = low; E = very low; F = almost impossible)

(Seriousness or Impact: 1= catastrophic; 2 = critical; 3 = marginal; 4 = negligible)

## 1.7 Other Implications

### 1.7.1

1.	Financial	X
2.	Staffing	
3.	Legal	
4.	Equality Impact Needs Assessment	X
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	

1.7.2 Financial: Whilst many of the actions are achievable within existing budgets, some large scale projects and interventions will require separate reports setting out the case for the Council's investment.

1.7.3 Equality Impact Needs Assessment: The Strategy itself should not lead to any inequalities and careful consideration will be given to equality issues arising from the action plan.

## 1.8 Relevant Documents

### 1.8.1 Appendices

Appendix 1 State of the Economy Report

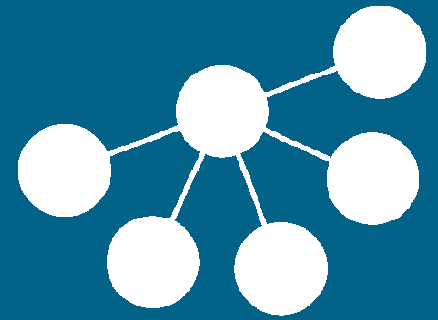
Appendix 2 Economic Development Strategy

Appendix 3 Action Plan

<b><u>IS THIS A KEY DECISION REPORT?</u></b>	<b><u>THIS BOX MUST BE COMPLETED</u></b>
Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If yes, this is a Key Decision because: .....	
.....	
Wards/Parishes affected: .....	
.....	

1.8.2 Background Documents

Qualitative Employment Site Assessment, August 2014, GVA.



SHARED INTELLIGENCE

# MAIDSTONE ECONOMIC PROFILE

SUPPORTING EVIDENCE FOR THE  
ECONOMIC DEVELOPMENT STRATEGY

2014-2031

*July 2014*

# Executive summary

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## Maidstone

**With around 70,700 people employed in the borough and an economy estimated to be worth £3.3bn a year**, Maidstone is the largest economy in Kent. It offers investors and local entrepreneurs an attractive location for doing business with a high quality of life and superb natural environment. Located in the heart of Kent, Maidstone is the county's administrative capital and an important place for people to live and work.

## Economic Context

**UK GDP increased by 1.8% in 2013 and it is generally agreed that the UK economy is now entering a phase of recovery.** Employment has increased considerably in recent years, and although output growth has been less impressive, the UK economy is expected to grow by 2.9% in 2014 and 2.5% in 2015.

**But the economic recovery remains uneven**, largely led by rising household spending and a revival in the housing market, particularly in London. Sustained output growth has not yet been accompanied by a material pickup in productivity or real wages and UK trade performance remains unexceptional.

**The UK's future prosperity largely depends on increasing productivity and exports.** Growth rates in emerging markets are expected to remain much above those of the advanced economies for the foreseeable future, increasing opportunities for trade and investment, but also increasing competition between companies and countries.

## The Maidstone Economy

**Maidstone has the largest economy in Kent, worth an estimated £3.3bn annually.** At £21,200, the borough has the 2<sup>nd</sup> highest GVA per head in the county, but this is below the national average (£21,900).

**Since the recession, economic output (measured in GVA) has fallen more in Maidstone than in Kent as a whole and nationally.** In 2012, GVA per head was still below its pre-recession peak and only Dover amongst the districts in Kent has performed worse than Maidstone since 2009.

**Total employment – including both employees and self-employment - in Maidstone was 70,700 in 2012. A high proportion are in the public sector**, reflecting the town's status as Kent's County Town and administrative capital.

**Employment performance has been poor in recent years, with the number of jobs decreasing since 2009.** The economic impact of the recession has been particularly severe in Maidstone compared to elsewhere in Kent and to similar towns in the south east. This was largely due to high job losses in the public sector and this sector continues to be at risk from cuts in public sector spending.

Maidstone has a **low share of employment in knowledge economy jobs**, although there has been relatively strong growth in recent years.

**Forecasts indicate that total employment growth in Maidstone will be between 7,800 and 14,400 jobs to 2031.** Achieving the higher rate of jobs growth largely depends on maximising the opportunities from the KIMS/MMC developments. The sectors forecast to see the greatest jobs growth are professional services, administrative & support services, education, health, and residential care & social work.

**Maidstone has a high number of businesses and an above average rate of self-employment.** There were 6,760 registered businesses in Maidstone in 2012, equivalent to 43 businesses per 1,000 population, compared to 39 for England. However, **businesses growth has been below the Kent and national averages in recent years**, with subdued levels of business activity (births and deaths).

### **Maidstone's Population and Labour force**

**Maidstone had an estimated population of 157,300 in 2012 - the largest district in Kent** with 10.6% of the Kent's population. Maidstone's population has grown faster than the national average in the last decade, increasing by 17,000. At the same time, the population is ageing and the proportion of resident's aged 65 and over is above the national average.

These trends are set to continue with future population growth for Maidstone forecast to be above the national and regional level to 2021. Both **the working age (16-64) and retirement age (65+) population is expected to grow more than in Kent overall.**

**Maidstone has a strong labour market with high employment and economic activity rates and relatively low levels of unemployment.** In the year ending December 2013 76.8% of residents were estimated to be in employment, above both the national (71.7%) and Kent (72.6%) averages.

**But the qualifications profile of the adult population is poorer than the county and national average**, with less than a third (32.6%) of residents qualified at NVQ Level 4 or above. While there has been some improvement over recent years, this has been less than for Kent and the nation as a whole.

**Median earnings of Maidstone residents and workers are below the national average according to 2013 figures. Residents generally earn more than workers.**

Commuting patterns show that **Maidstone has changed over the last decade from being a net importer to a net exporter of workers** and is **less important as a place of work for its residents**. Commuters are now predominantly those in higher occupational groups whereas **commuters into Maidstone are in lower status semi skilled and elementary occupations** that are generally less well paid.

## Maidstone's Housing and Property market

Maidstone's Strategic Housing Market Assessment indicates an annual housing requirement of around 980 homes per year to meet housing demand. **Since 2001 a total of 8,091 homes have been completed in Maidstone, equivalent to around 670 homes per year.**

**At £204,500, median house prices in Maidstone are above the Kent (£195,000) and national (£184,000) averages.** Maidstone has the fourth highest ratio of median house prices to median earnings in Kent in 2013, far exceeding the national average. This ratio has risen in recent years which suggests that housing affordability is an issue.

**Demand for industrial space in Maidstone has declined slightly in the last six months, while the supply of industrial space has increased slightly.** While there seems to be plenty of supply to meet demand, there is some mismatch in terms of the size and quality of industrial space, including some **unmet demand for larger industrial spaces.**

**Demand for office space has also reduced slightly** in the last nine months, while office supply has increased. There appears to be a **surplus of smaller office spaces** available (0 – 5,000 sq. ft.) for which there has been limited demand in 2013.

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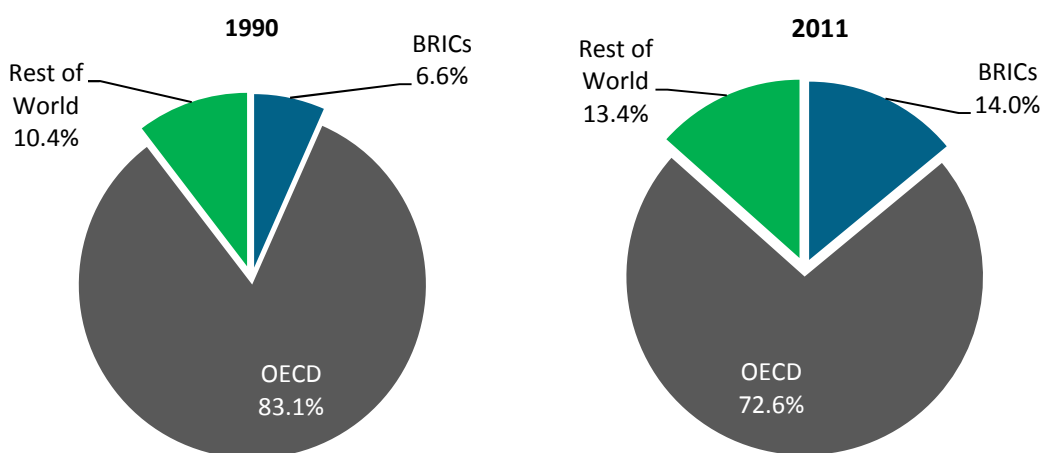
# 1. Maidstone Today - Economic context

- 1.1 It is important to understand the broader economic context as a backdrop to recent economic changes in Maidstone and for these to be borne in mind when looking to better position the Maidstone economy for the future.

## International context

- 1.2 The global financial crisis has had a significant impact on growth rates in the advanced economies, with many experiencing periods of recession over the past five years. In recent months, global economic activity has broadly strengthened and is expected to improve further in 2014/15.
- 1.3 Collectively, advanced economies are expected to grow by around 2.2% in 2014.<sup>1</sup> The United States will be a crucial driver of this growth, with slower economic growth forecast in many euro area economies. At the same time, it is the 'BRIC' nations (Brazil, Russia, India and China) and other emerging economies that are expected to account for the bulk of future economic growth – creating new competition and opportunities for UK companies.
- 1.4 Emerging market and developing economies are forecast to grow by 4.9% in 2014 and 5.3% in 2015.<sup>2</sup> While a number of these economies are coming off cyclical peaks, their growth rates are expected to remain much above those of the advanced economies for the foreseeable future, albeit below the elevated levels in recent years.

**Figure 1.1 Share of Global GDP by selected country groups**



Source: ONS Economic Review, September 2013

- 1.5 As shown above, between 1990 and 2011 the collective output of the BRIC countries doubled from 7% to 14% of global GDP.<sup>3</sup> This has contributed to rising levels of cross-border

<sup>1</sup> IMF (2014) World economic outlook – April 2014

<sup>2</sup> IMF (2014) World economic outlook – April 2014

<sup>3</sup> ONS (2013) Economic Review, September 2013



economic activity, up from about \$5tn a year in 1990, to \$26tn in 2012.<sup>4</sup> This has increased opportunities for trade and investment, with, for example, the total value of UK exports to the BRIC countries rising by 42% between 2008 and 2011 alone.<sup>5</sup>

- 1.6 However, globalisation is also significantly increasing competition - between companies and countries. In response, the structures of advanced economies are changing rapidly.
- 1.7 Services industries are growing and becoming more global.<sup>6</sup> Emerging market countries are increasingly moving up the value chain and advanced economies increasingly face greater competition in higher value sectors. Generally, manufacturing employment is declining, but some high value added manufacturing sectors are prospering in Europe and North America. Indeed, estimates suggest that 200,000 UK based jobs could be created from companies bringing back production from overseas over the next ten years.<sup>7</sup>
- 1.8 At the same time, it is also important to recognise that as wealth grows globally, there will be increasing demand for investment opportunities, including in the UK. This is evident in DP World's recent investment in the London Gateway.
- 1.9 In the years ahead, domestic and global demand for products and services will change, driven by factors including:
- **globalisation and technological progress** – increased low-wage competition and technological improvements are generally contributing to a decline in manufacturing in the UK and the rise of the services sector. The continuing expansion of digital communication will promote international trade in services, from ecommerce to consultancy – “knowledge intensive flows” account for half of all cross-border flows and are increasing<sup>8</sup>.
  - **rising incomes globally** – the rise of global middle class, particularly in emerging economies is broadening the UK's export market across services, such as creative industries, professional business services, and manufacturing.
  - **growing demand for higher environmental standards** - increased government investment in the green agenda is fostering growth in the low carbon technologies, renewable energy and environmental goods and services, as well as investment in public services and construction.
  - **demographic and lifestyle changes** – in particular, a steadily ageing population is driving rising demand for health and social care (a third of UK health spending is on those aged over 65).<sup>9</sup> Tastes and preferences in emerging economies are also likely to shift towards increased spending on services such as recreation, healthcare, transport and communications, creating opportunities for UK businesses.

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<sup>4</sup> McKinsey Global Institute (2014) Global flow in a digital age

<sup>5</sup> CBI (2013) The only way is exports

<sup>6</sup> McKinsey Global Institute (2014) Global flow in a digital age

<sup>7</sup> RSA (2013) Making at home, owning abroad

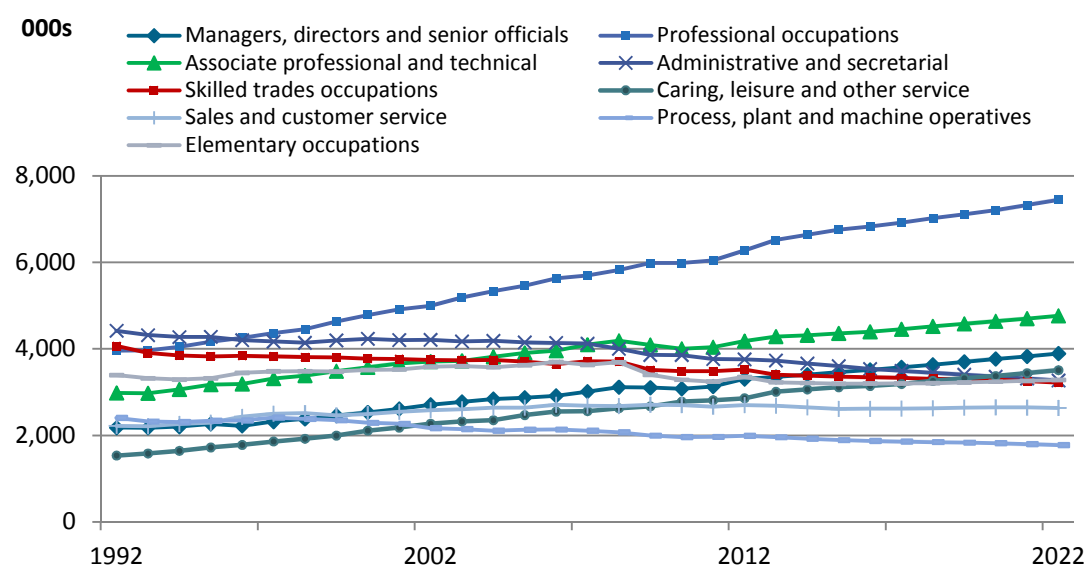
<sup>8</sup> McKinsey Global Institute (2014) Global flows in a digital age

<sup>9</sup> BIS (2012) Industrial Strategy: UK Sector Analysis

1.10 Technological change and globalisation are also having a significant impact on labour markets. An overarching trend is the continued and growing demand for high skilled workers, due to the proliferation of increasingly sophisticated production techniques and the increasing importance of “knowledge-based” services. In the workplace, routine tasks are being automated, contributing to a decline in medium skilled jobs.<sup>10</sup> Increasingly, economies demand workers skilled in problem-solving, communications and collaboration and reward those with the ability to recognise and exploit new technologies. We can expect that demand for higher level skills will continue to increase, to the extent that insufficient supply of higher skilled workers might create bottlenecks in some parts of the economy.<sup>11</sup>

1.11 This is demonstrated in the figure below which illustrates rising employment in higher skilled occupations<sup>12</sup> in the UK (past and forecast), with the exception of skilled trades occupations. And, with the exception of caring, leisure and other services, employment in lower skilled occupations<sup>13</sup> are expected to continue to decline in the decade to come.

**Figure 1.2 UK occupational employment, all industries (1992 – 2022)**



Source: UKCES Working Futures

1.12 All of these changes suggest that the places that will be successful are those whose business base and workforce are suitably flexible and skilled and able to respond to and pre-empt significant changes in market demand.

<sup>10</sup> There is discussion of the 'hollowing out' of the labour market, with more higher skilled and some lower skilled jobs being created, whilst the number of medium skilled jobs declines - University Alliance (2012) The Way We'll Work: Labour market trends and preparing for the hourglass

<sup>11</sup> See, for example, Carnevale, A. & Rose, S. (2011) The Undereducated American, which estimates that the USA needs a further 15 million graduates by 2025

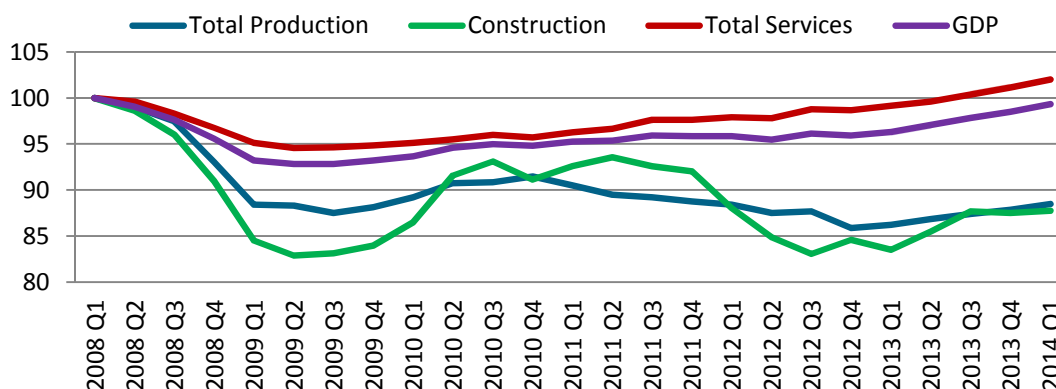
<sup>12</sup> Managers, directors and senior officials; Professionals; Associate professional and technical; and, skilled trades.

<sup>13</sup> Administrative and secretarial; Caring, leisure and other services; Sales and customer services; Process, plant and machine operatives; and Elementary roles.

## UK economic context

- 1.13 GDP in the UK grew steadily from 2000 until early 2008 led by growth in the services industries. In 2008, the performance of the UK economy was significantly affected by the financial crisis: from peak (Q1 2008) to trough (Q2-Q3 2009) economic output fell by 7.2%. The impact of the downturn was severe in comparison with previous recessions in the 1980s and early 1990s, particularly in the construction and production industries.
- 1.14 Economic growth resumed towards the end of 2009, but at a slower rate than the period prior to 2008. By the beginning of 2014, total output was still 0.6% below its 2008 peak.<sup>14</sup> Only the services industry has re-attained its pre-recession level of output; the contribution of the construction and production industries remains far below 2008 levels.

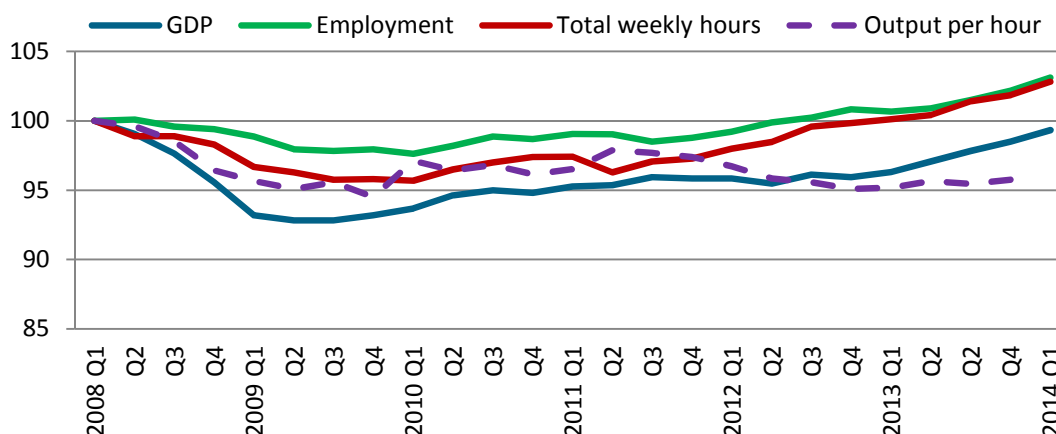
**Figure 1.3 UK output growth, Q1 2008=100, constant prices, seasonally adjusted**



Source: ONS

- 1.15 Despite the relative weakness in GDP growth, employment amongst those aged 16 and over increased markedly from the end of the recession, growing by more than 1mill over the past two years and exceeding its pre-recession peak in early 2013.<sup>15</sup>

**Figure 1.4 UK index of output, employment and hours since Q1 2008, seasonally adjusted, Q1 2008=100**



Source: ONS

<sup>14</sup> ONS (2014) Economic Review, July 2014

<sup>15</sup> ONS (2013) Labour Market Statistics, October 2013

- 1.16 As a result, unemployment has declined, from 2.68m in October 2011, to 2.21m in March 2014. However, this remains far above pre-recession levels (there were 1.61 million people unemployed in April 2008) and with almost a fifth (19%) of 16-24 year olds out of work, youth unemployment remains a significant challenge.<sup>16</sup>
- 1.17 Moreover, about four fifths of the rise in employment since 2008 has come from an increase in self-employment<sup>17</sup> and underemployment (people who are in employment but want to work more hours) now affects almost a tenth of those in work.<sup>18</sup> Along with the increase of underemployment there has been a rise in looser employment arrangements, most notably zero hour contracts. Another by-product of rising employment has been a sharp drop in productivity (output per hour worked).

### Economic growth to pick up in 2014...

- 1.18 Economic output increased by 1.8% in 2013 and it is generally agreed that the UK economy is now entering a phase of recovery. Households are becoming more optimistic about the future and there are indications that productivity is improving. The IMF expects the UK economy to grow by 2.9% in 2014 and 2.5% in 2015,<sup>19</sup> broadly in line with Bank of England forecasts.

### ...but the recovery remains uneven

- 1.19 However, while growth in total output rebounded more strongly than anticipated in the UK in 2013, the economic recovery remains uneven. Household consumption has been a strong driver of the economic recovery, but business investment and exports have largely remained subdued. Total investment fell sharply during 2008 and 2009. Although in the two most recent quarters growth in fixed investment has picked up, the recovery in economic output has yet to be matched by a significant pickup in productivity.
- 1.20 Access to credit seems to be improving, particularly the availability of mortgage lending. The terms on which companies can borrow have also improved, but net lending to SMEs is still relatively weak and the cost of loans remains high.<sup>20</sup>

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<sup>16</sup> ONS (2014) Labour Market Statistics, January 2014

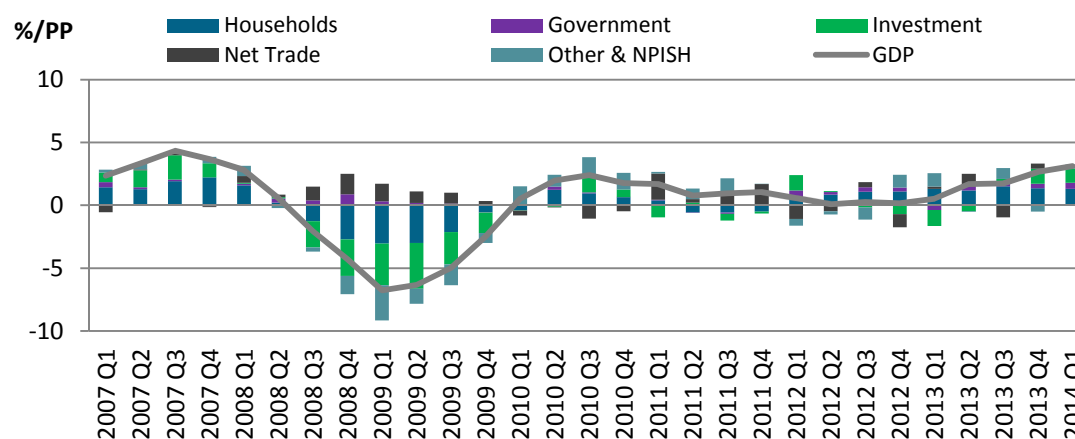
<sup>17</sup> Bank of England (2014) Inflation Report, May 2014

<sup>18</sup> See: <http://bellblanchflowerunderemployment.com/2014/02/10/quarter-3-2014-data/>

<sup>19</sup> IMF (2014) World economic outlook – April 2014

<sup>20</sup> Bank of England (2014) Credit Conditions Survey 2013 Q4

Figure 1.5 Contributions to GDP growth: year on year, constant prices, seasonally adjusted



Source: ONS

- 1.21 The performance of UK trade has been modest and erratic despite a sharp fall in the value of sterling. The UK lost export market share during the period since 2008, but has closed some of the gap in the last two years. Exports to the BRIC have grown significantly since 2006<sup>21</sup> and trade activity is expected to pick up as economic growth picks up globally.<sup>22</sup>
- 1.22 Rising house prices are also an important issue. While wage growth and consumer price inflation have been relatively restrained in recent periods, the rate of house price inflation has been significant, raising questions about the sustainability of the economic recovery. Average UK house prices were around 4.4% higher in March 2014 than in Q1 2008.<sup>23</sup> However, it is also important to note that regional performance is mixed, and much of the increase is accounted for by relatively rapid house price growth in London (up by 24.8% since January 2008).<sup>24</sup> Excluding London, UK house prices remain slightly below their pre-recession peak.

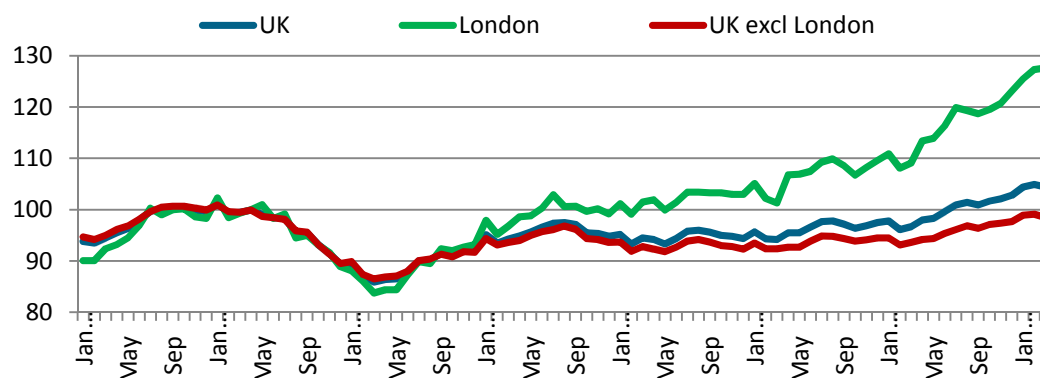
<sup>21</sup> ONS (2013) Economic Review, September 2013

<sup>22</sup> The OBR forecasts world trade to grow by 2.8% in 2013; 5.4% in 2014; 5.8% in 2015; 6.0% in 2016; and 6.1% in 2017 and 2018 – Office for Budget Responsibility (2013) Economic and fiscal outlook, December 2013

<sup>23</sup> ONS (2014) Economic Review June 2014

<sup>24</sup> ONS (2014) Economic Review June 2014

Figure 1.6 UK house prices, including and excluding London, Index Q1 2008 = 100



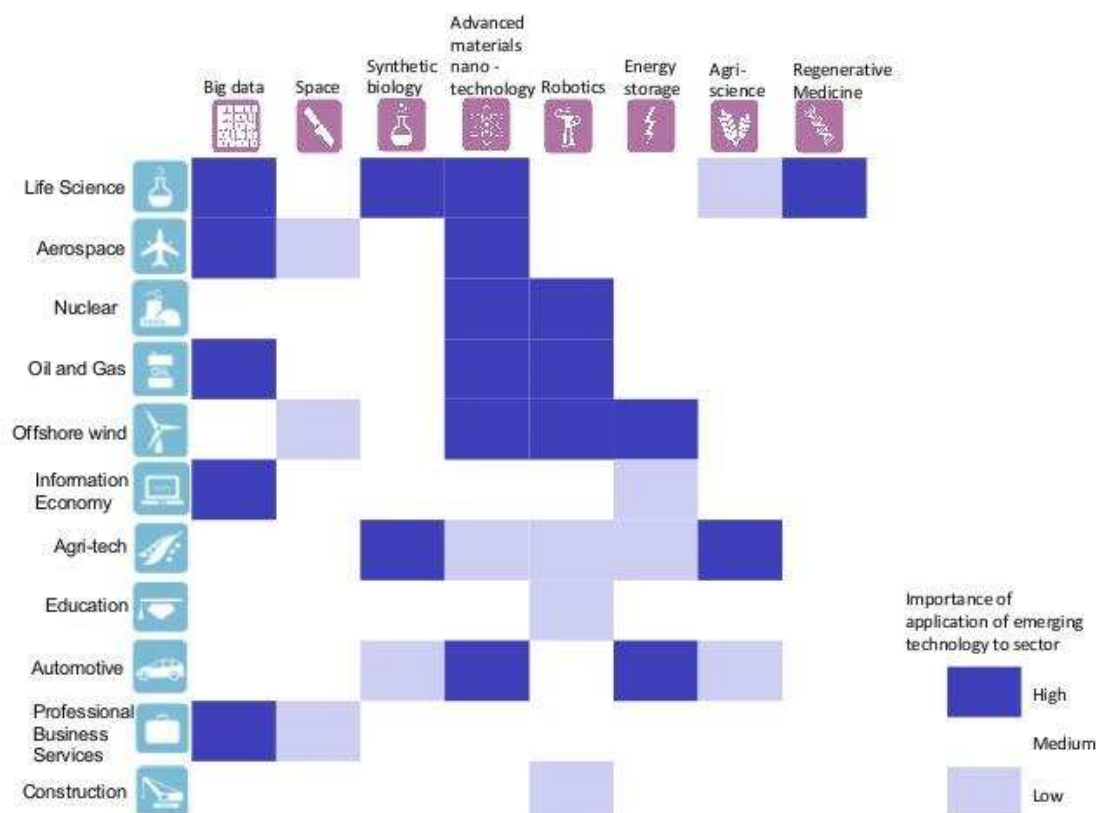
Source: ONS

### Support for key sectors

- 1.23 To achieve the increase in productivity and exports required for long-term, sustainable growth, the government's Industrial Strategy identifies several areas where it has an important role to play in supporting UK businesses to compete and grow. This includes: improving access to finance, creating a pipeline of skilled workers, promoting supply chains through procurement and focussing support on key sectors.
- 1.24 Industry and government have subsequently developed joint strategies for 11 sectors which are now being implemented and form a central part of the government's growth strategy.<sup>25</sup> Sectors have been identified which can make the greatest contribution of future growth based on: the size and opportunity for future growth and employment; barriers to growth; and scope for government action. These include industries in the advanced manufacturing sector, including the aerospace, automotive and life sciences industries, in knowledge-intensive services, such as business services and the information economy, and in the enabling sectors, including construction, transport and logistics and renewable energy.
- 1.25 Alongside sector support, the government is also looking to support "8 great" emerging technologies where the UK has a depth of research expertise and business capability. Linkages between industrial strategy sectors and technologies are outlined in the figure below.

<sup>25</sup> Department for Business, Innovation & Skills (2012) Industrial strategy: government and industry in partnership

Figure 1.7 Industrial strategy sector technology inter-linkages



Source: BIS

### Summary – key points:

- Global economic activity has broadly strengthened in recent months and is expected to improve further in 2014/15. Advanced economies are expected to grow by around 2.2% in 2014 while emerging market and developing economies are forecast to grow by 4.9%.
- Growth rates in emerging markets are expected to remain much above those of the advanced economies for the foreseeable future, if below the elevated levels seen in recent years.
- Globalisation is significantly increasing the potential opportunities from trade, but also increasing competition between companies and countries.
- UK GDP increased by 1.8% in 2013 and it is generally agreed that the UK economy is now entering a phase of recovery, with employment rising significantly.
- However, the recovery remains uneven, largely led by rising household spending and a revival in the housing market. Sustained output growth has not yet been accompanied by a material pickup in productivity or real wages.

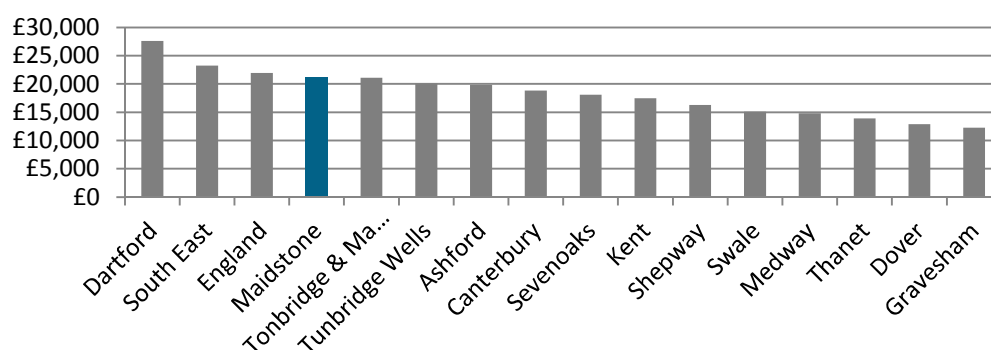
The UK's future prosperity largely depends on increasing productivity and exports: the Government has identified a number of sectors which it sees as offering particular potential for economic growth in the future.

## 2. Economic performance of Maidstone

### Economic output

- 2.1 Total employment in Maidstone – including both employees and self-employed - was 70,700 in 2012, which represents 12.6% of the total in Kent.<sup>26</sup> In the same year, Maidstone had an economy worth an estimated £3.3bn a year - the largest in the county.<sup>27</sup>
- 2.2 Maidstone had a GVA per head of population of £21,200 in 2012, the second highest in Kent (behind Dartford), but below the England (£21,900) and South East (£23,200) averages.<sup>28</sup> In 2012, Maidstone's ranking within Kent is slightly better than it was ten years ago, having moved ahead of Tunbridge Wells since then.

Figure 2.1 GVA per head, Maidstone & selected areas (2012 – estimate)



Source: ONS & KCC Research & Intelligence

- 2.3 Long term growth in output (GVA) has been relatively low in Maidstone, with the average annual rate of growth in over the ten years from 2002 to 2012 at 3.8% per annum, which compares with 4.2% for Kent County and 4.4% for England.<sup>29</sup> As the figure below shows, all but four Kent districts saw a higher rate of GVA growth over this period and these were Dover, Tunbridge Wells, Gravesham and Swale.

<sup>26</sup> ONS (2013) Business Register and Employment Survey (BRES)

<sup>27</sup> Kent County Council (2014) Business Intelligence Statistical Bulletin

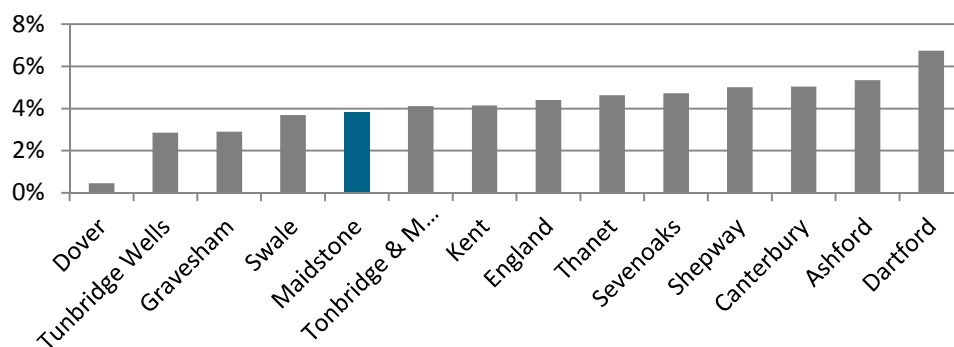
Gross Value Added (GVA) is a measure of the increase in the value of the economy due to the production of goods and services. GVA estimates are in current prices, meaning no adjustment has been made to remove the effects of inflation, and are allocated to the area in which economic activity takes place. District level figures have been estimated by Kent County Council based upon the distribution of employees in Kent and constant levels of productivity. Therefore, they should be treated with some caution.

<sup>28</sup> Kent County Council (2014) Business Intelligence Statistical Bulletin

<sup>29</sup> Kent County Council (2014) Business Intelligence Statistical Bulletin



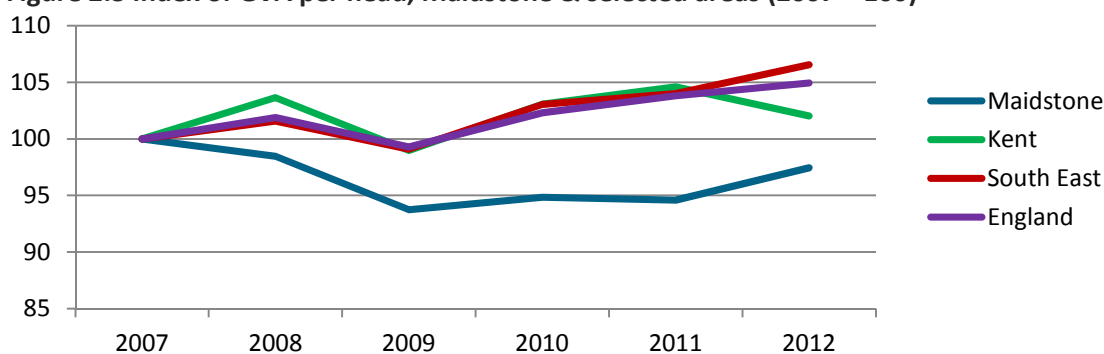
**Figure 2.2 % Change in GVA per head, Maidstone & selected areas (2002 -2012)**



Source: ONS & KCC Research & Intelligence

- 2.4 The impact of the recent recession has been particularly significant in Maidstone compared to elsewhere in Kent. Maidstone's economic output has fallen from being worth 13.3% of the Kent economy in 2007 to just 12.5% in 2012.<sup>30</sup>
- 2.5 At £21,800 GVA per head in 2007, this was considerably more than £21,200 in 2012. Dover is the only other Kent district where GVA per head had not reached pre-recession levels by 2012 (see figure below).

**Figure 2.3 Index of GVA per head, Maidstone & selected areas (2007 = 100)**



Source: ONS & KCC Research & Intelligence

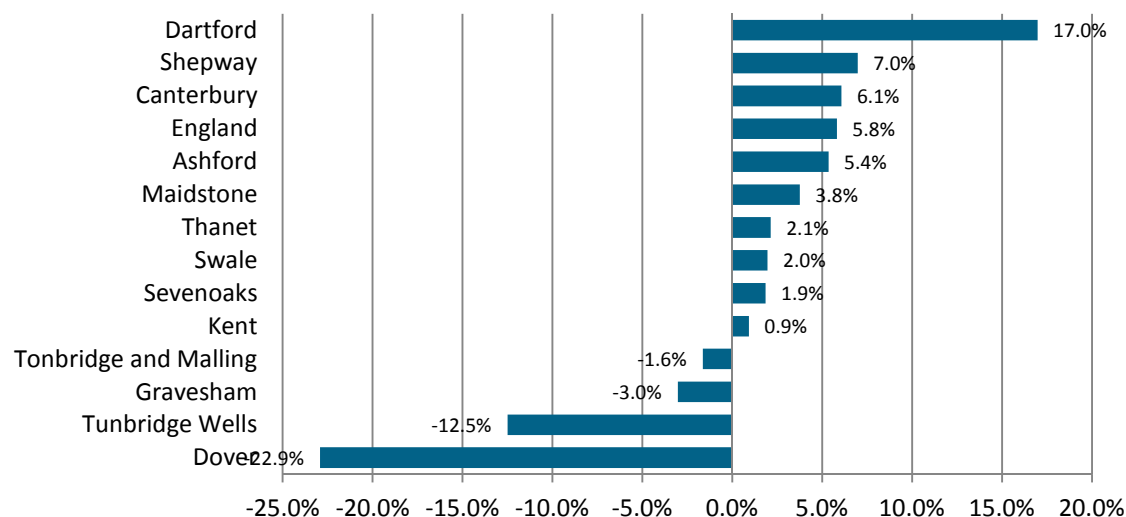
### Employment

- 2.6 Long term employment trends between 2002 and 2012 show that total jobs<sup>31</sup> in Maidstone have increased by 3.8%, which is above that for Kent as a whole (+0.9%), but below the national average (+5.8%). The figure below shows that four Kent districts of Dartford, Shepway, Canterbury and Ashford saw greater growth than Maidstone over this period.

<sup>30</sup> Kent County Council (2014) Business Intelligence Statistical Bulletin

<sup>31</sup> ONS; Total jobs is a workplace-based measure comprising employee jobs, self-employed, government-supported trainees and HM Forces. This is difference from BRES total employment and the figure is larger

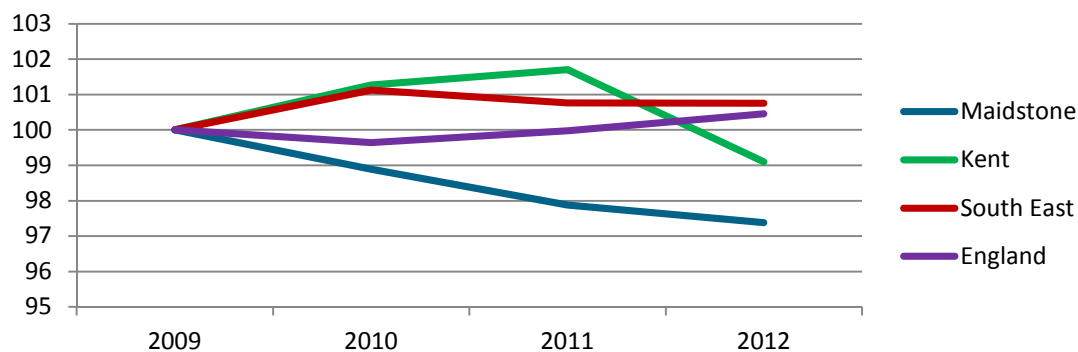
**Figure 2.4 % change in total jobs 2002-2012, Maidstone & selected areas**



Source: ONS jobs density

- 2.7 Over more recent times, total employment in Maidstone has fallen from 72,600 in 2009 to 70,700 in 2012 - a fall of 1,900 jobs.<sup>32</sup> Of these, 68,300 were employees in Maidstone and the rest were working proprietors.<sup>33</sup>
- 2.8 The rate of total employment decline between 2009 and 2012 was higher in Maidstone (-2.6%) than across Kent as a whole (-0.9%) and contrasted with a 0.5% increase nationally<sup>34</sup>.

**Figure 2.5 Index of employment, Maidstone & selected areas (2009 = 100)**



Source: ONS BRES

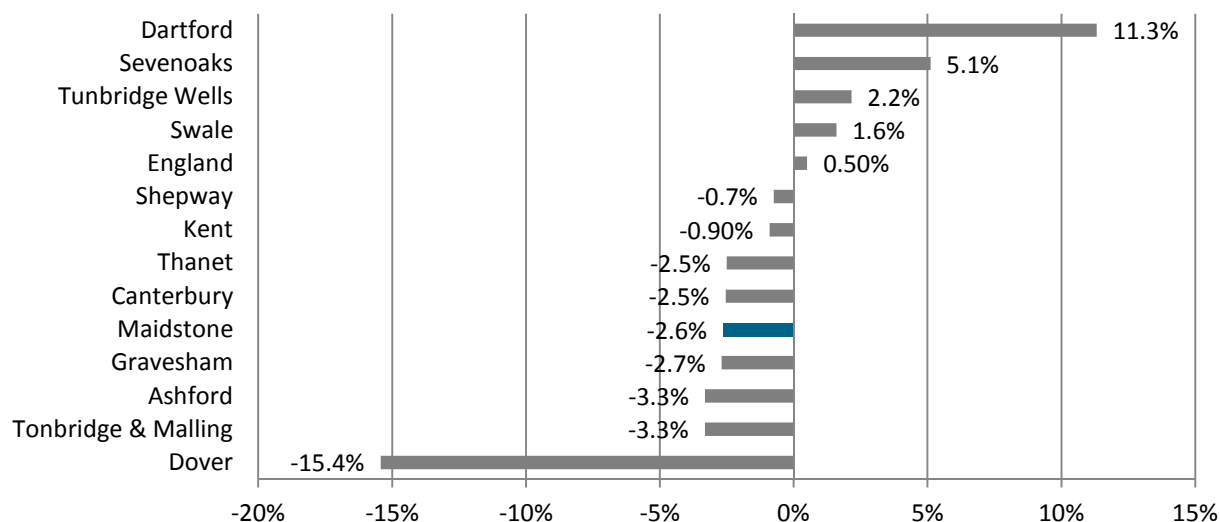
- 2.9 Although seven of the twelve Kent districts also witnessed a fall in employment between 2009 and 2012, the figure below shows that the rate of decrease was only greater in Dover, Tonbridge & Malling, Ashford and Gravesham.

<sup>32</sup> ONS (2013) Business Register and Employment Survey (BRES)

<sup>33</sup> Working Proprietors are sole traders, sole proprietors, partners and directors. Total employment = employees + working proprietors. Working Proprietors are sole traders, sole proprietors, partners and directors.

<sup>34</sup> ONS (2013) Business Register and Employment Survey

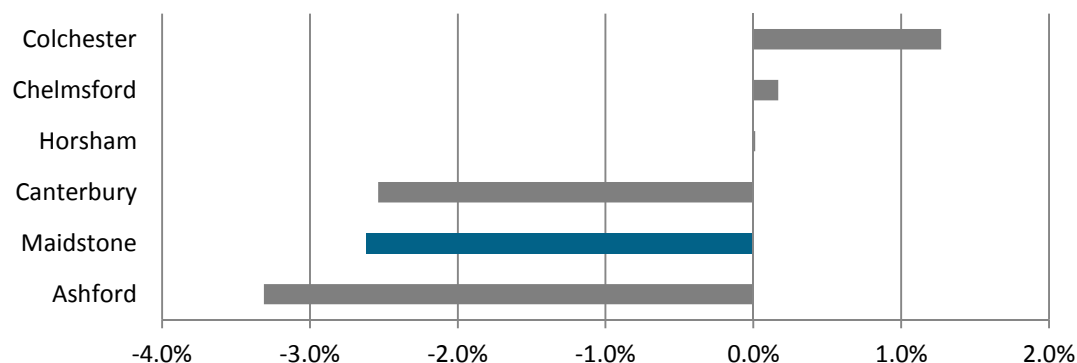
**Figure 2.6 % change in employment 2009-2012, Maidstone & selected areas**



Source: ONS BRES

- 2.10 Looking at employment change over this period in similar towns, Maidstone also looks to have fared worse compared to places like Colchester, Chelmsford and Horsham, which saw either no change or an increase in employment over the same period.<sup>35</sup>

**Figure 2.7 Employment change 2009-2012, Maidstone & comparator areas (%)**



Source: ONS BRES

- 2.11 Of the 1,900 jobs lost in Maidstone over this period the vast majority (around 1,500 jobs) were from the public sector. Public sector dependency and the effects of public sector job cuts are key issues for the future prosperity of the area.

#### Full-time and part-time work in the Maidstone economy

- 2.12 The employee jobs lost in Maidstone between 2009 and 2012 were split evenly between full-time (-900) and part-time (-900) jobs, but in percentage terms the decrease in part time employee jobs was more significant (-3.7%) than for full time. This contrasted with an increase in part time employee jobs nationally (+2.9%) and to a fairly static picture for Kent (+0.1%).

<sup>35</sup> ONS (2013) Business Register and Employment Survey (BRES)

2.13 As a result, of these changes, a slightly lower proportion of employee jobs (33.5%) were part time in Maidstone in 2012 compared to the Kent average (34.7%). However, this was above the national average (32.6%) and reflects the predominance of the service sector in Maidstone where part time jobs are more prevalent. In line with national trends, over half of employees worked part-time in the retail (58.4%) and accommodation & food services (58.1%) sectors in Maidstone.<sup>36</sup>

### Summary – key points:

- Maidstone is the largest economy in Kent, providing almost 13% of the jobs and worth an estimated £3.3bn annually.
- At £21,200, Maidstone has the second highest GVA per head amongst the districts in the county, despite this being below the national average (£21,900).
- Long term growth in economic output has been lower in Maidstone than for Kent as a whole and compared to the national trends and the impact of the recent recession has been more severe.
- Although employment in Maidstone increased more than the average for Kent over the long term since 2002, job losses have been significant during the recession with employment decreasing more than in most other districts in Kent and compared to similar towns in the South East. This has been largely due to losses in the public sector and have been split evenly between full-time and part-time work.

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<sup>36</sup> ONS (2014) Business register and Employment Survey

## 3. Sector Trends

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- 3.1 This section examines sector strengths and sector changes in employment in Maidstone. The analysis draws on current employment and historic trends from two main data sets: the Annual Business Inquiry (ABI) and the Business Register and Employment Survey (BRES).
- 3.2 The ABI provides data on employees in employment by broad industrial sector up to 2008, when it was discontinued and replaced by the BRES. The coverage of the BRES is wider than the ABI and provides figures on total employment, which includes working proprietors, as well as employees, since 2009. Unlike the ABI, the BRES however, does not include farm agriculture at local authority level.
- 3.3 As a result of these changes, sector changes in the Maidstone economy are considered over two time periods - 1998 to 2008 and 2009 to 2012.<sup>37</sup>

### Sector trends 1998-2008

- 3.4 Between 1998 and 2008 there was a 10.4% increase in employees in the Maidstone economy which was greater than the 9.1% national growth rate, but below the 14.5% growth rate for Kent.<sup>38</sup>
- 3.5 Across broad sector groups the main trends for Maidstone are:<sup>39</sup>
- Public administration, education & health, with growth of 7,400 employees (+44.3%), saw the greater percentage and absolute employee jobs growth in Maidstone between 1998 and 2008. Within Kent, only Ashford (+51.6%) and Swale (+47.3%) saw a higher rate of jobs growth in this sector.
  - Distribution, hotels & restaurants (+1,200; 7.7%), other services (+800; 32.6%), banking, finance & insurance (+800; 6.0%) and construction (+500; 11.6%) were the other main contributors to jobs growth in Maidstone over this period, although the rate of growth was below the Kent average in each of these sectors.
  - The sector which saw the greatest decrease in employees during this period was manufacturing which shed 3,100 jobs - a 42.5% decrease. This was a greater decrease than nationally (-32.9%) and amongst districts in Kent, Maidstone had the third highest fall in manufacturing jobs.
  - Employee jobs also fell in transport and communications (-400; -9.2%) and in the primary industries (-300; -13.3%). Transport and communications jobs declined slightly across Kent during this period (-1.3%), despite strong growth in Ashford

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<sup>37</sup> Note: both BRES and the ABI employee estimates are point-in-time snapshots of the economy. Both are subject to discontinuities caused by Standard Industrial Classification change, reference date change and source data change, potentially making time series analysis difficult.

<sup>38</sup> Kent County Council Research & Intelligence (2010) The Annual Business Inquiry: Employee change 1998-2008

<sup>39</sup> Kent County Council Research & Intelligence (2010) The Annual Business Inquiry: Employee change 1998-2008

(+1,700) and Tonbridge and Malling (+2,200). The primary industries declined in Kent (-6.5%) and for Great Britain as a whole (-10.3%).

**Table 3.1 Sector employment change 1998 to 2008 in Maidstone**

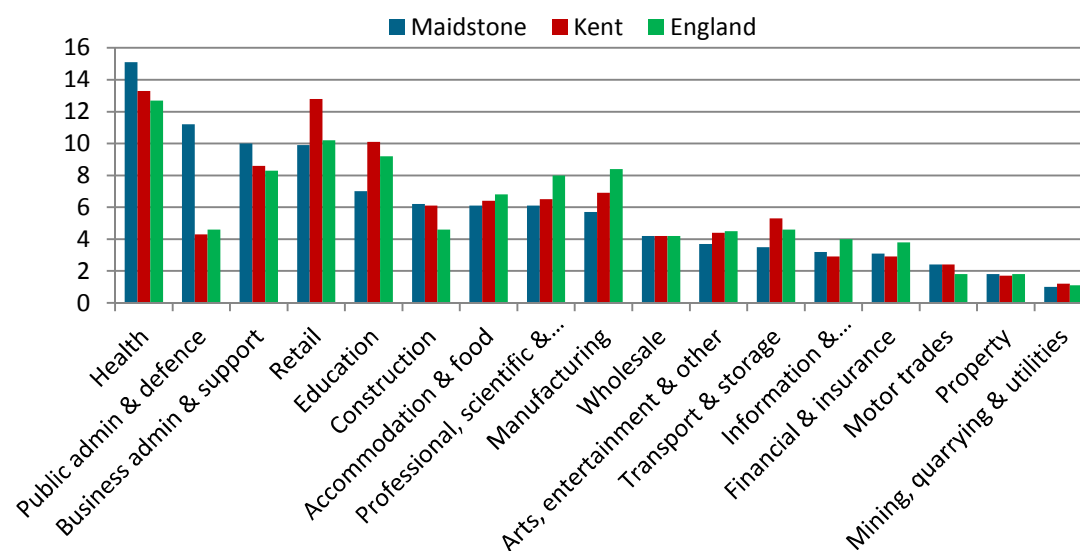
Sector	No of Employees		Change in Employees		% change in employees in Kent
	1998	2008	No.	%	
Primary Industries	2,600	2,300	-300	-13.3%	-8.7%
Manufacturing	7,300	4,200	-3,100	-42.5%	-33.8%
Construction	3,800	4,300	500	11.6%	29.5%
Distribution, hotels & restaurants	16,100	17,300	1,200	7.7%	14.4%
Transport & communications	3,900	3,500	-400	-9.2%	-1.3%
Banking, Finance & Insurance etc.	12,700	13,500	800	6.0%	33.1%
Public admin, education & health	16,700	24,100	7,400	44.3%	31.1%
Other services	2,400	3,200	800	32.6%	49.2%
<b>Total</b>	<b>65,500</b>	<b>72,400</b>	<b>6,900</b>	<b>10.5%</b>	<b>14.5%</b>

Source: KCC research & intelligence

### Sector trends 2009-2012

- 3.6 In 2012 employment<sup>40</sup> in Maidstone was highest in the health, public administration and business support sectors and in each the proportion of jobs was above the Kent and national average. At the same time, employment in the borough is below the national average in a number of areas, notably retail, manufacturing, education and some financial & business services sectors.

**Figure 3.1 % of employment by broad sector, Maidstone & selected areas (2012)**



Source: ONS BRES - excludes agriculture

- 3.7 Looking in more detail at sector performance since 2009, the table below identifies the particular sector strengths of Maidstone in relation to both Kent and England. These are

<sup>40</sup> Total employment includes employee jobs, self-employed, government-supported trainees and HM Forces

based on location quotients, which compare the proportion of employment in Maidstone with that in both Kent and England. A location quotient (LQ) of 1 indicates that Maidstone has the same proportion of employment in that sector as in Kent or England as a whole, whereas an LQ above 1 shows that Maidstone is over-represented by that sector and an LQ under 1 shows an under-representation compared to the comparator area.

**Table 3.2 Maidstone: sector concentration and employment growth (2012)**

Sector	LQ vs. England	LQ vs. Kent	Change in employment 2009-2012	
			no.	%
Accommodation & food	0.9	1	-100	-2.2%
Arts, entertainment & other	0.8	0.8	-100	-4.8%
Business admin & support	1.2	1.2	900	14.2%
Construction	1.3	1	-1,600	-27.1%
Education	0.8	0.7	-500	-9.9%
Financial & insurance	0.8	1.1	300	14.4%
Health	1.2	1.1	0	-0.3%
Information & communication	0.8	1.1	500	26.0%
Manufacturing	0.7	0.8	200	5.7%
Mining, quarrying & utilities	0.9	0.8	200	38.6%
Motor trades	1.3	1	0	0.9%
Professional, scientific & technical	0.8	0.9	0	-0.2%
Property	1	1.1	300	33.5%
Public admin & defence	2.4	2.6	-1,000	-11.5%
Retail	1	0.8	-300	-3.8%
Transport & storage	0.8	0.7	-1000	-28.9%
Wholesale	1	1	500	21.6%

Source: ONS BRES - Excludes agriculture

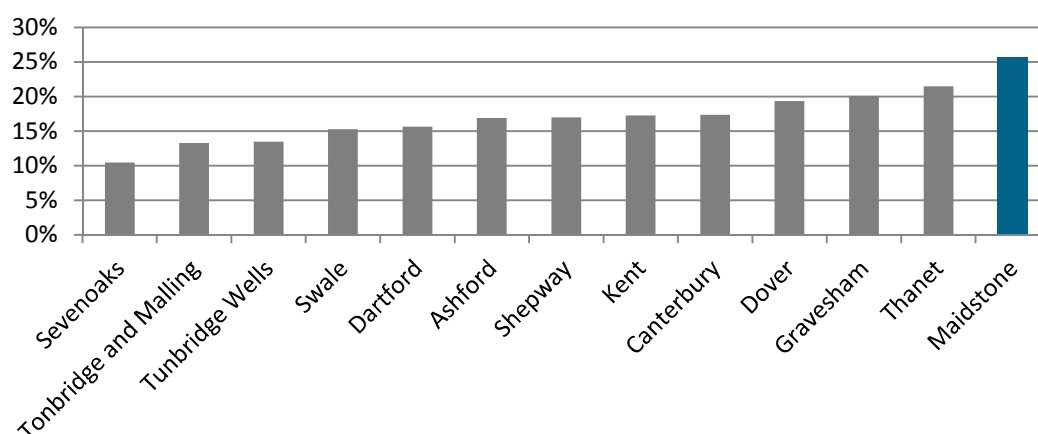
### 3.8 Key points to note from the table are:

- There is a high concentration of employment in Maidstone in **public administration and defence** and in **construction** and both these sectors saw falls in employment between 2009 and 2012, particularly construction.
- Other important sectors include **business administration and support** which saw the greatest increase absolute growth in employment in recent years.
- Maidstone also has a fairly high concentration of employment in **motor trades** and the **health sector** and both of these sectors saw marginal declines in employment between 2009 and 2012.
- Although Maidstone is not overly represented by the property, financial and insurance, wholesale and information and communications sectors, these all performed relatively well over the period and together added around 1600 jobs to the Maidstone economy.

## Employment in the public sector

- 3.9 The high proportion of employment in public administration in Maidstone is unsurprising given the town's role as the county's administrative capital.<sup>41</sup> However, even when compared to other county towns in the south east, public sector employment is still relatively important in the Maidstone economy. Some 25.7% of employment was in the public sector in Maidstone in 2012, compared to 21.1% in both Lewes and Winchester and 22% in Oxford.<sup>42</sup>

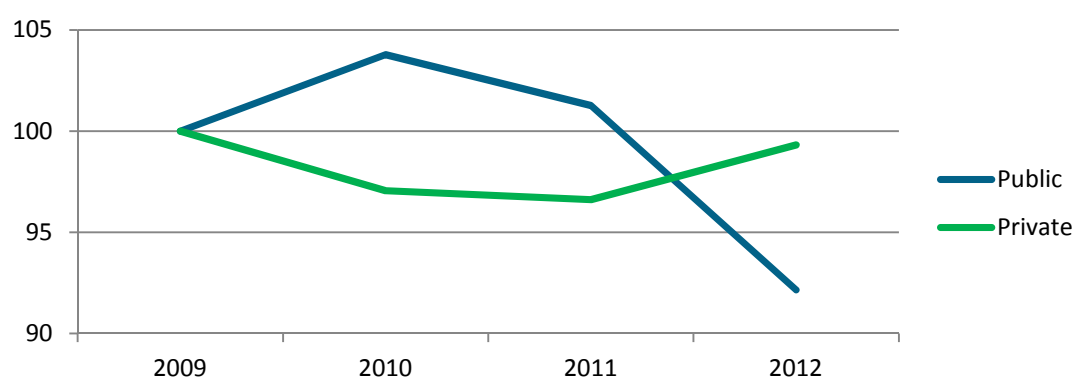
**Figure 3.2 % of employment in the public sector (2012)**



Source: ONS BRES

- 3.10 Budget cuts arising from government austerity measures have had a significant impact on the scale of employment in the public sector in Maidstone, with employment in public administration falling by 12% between 2009 and 2012.<sup>43</sup> In total, more than four out of every five jobs lost between 2009 and 2012 (81.2%) were from the public sector. While the private sector also saw jobs losses between 2009 and 2011, there has been some recovery since then.

**Figure 3.3 Index of public and private sector employment, Maidstone (2009 = 100)**



Source: ONS BRES

<sup>41</sup> Employment is also found in the prison service, passport office and MOD.

<sup>42</sup> ONS(2014) Business Register and Employment Survey (BRES)

<sup>43</sup> ONS(2014) Business Register and Employment Survey (BRES)



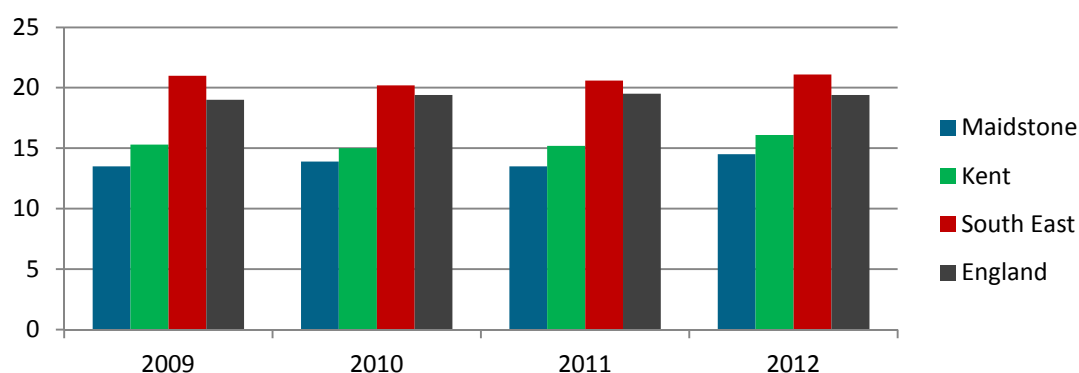
3.11 Public sector dependency and the effects of public sector job cuts are key issues for the future prosperity of Maidstone<sup>44</sup> with forecasts suggesting that over a fifth (21% or 1,825) of public administration jobs are at risk in Maidstone up to 2031.<sup>45</sup> The signs are that the public sector is set to continue to shed further jobs over the next few years, so increasing the opportunities private sector jobs growth will be important for Maidstone.

### Employment in the knowledge economy

3.12 Maidstone has a relatively low share of jobs in higher value “knowledge economy” sectors, such as professional, scientific and technical, information and communication, and financial and insurance. The knowledge economy is of particular interest, as it is seen as a key driver for economic growth nationally. Knowledge economy industries are the ones that deal extensively with the processing, exchange and communication of information and knowledge. They are likely to contribute a higher level of “value added” to the economy (i.e. a higher output per head of employment) and the jobs generally command higher wages.

3.13 Some 14.5% of employment in Maidstone was in knowledge economy sectors<sup>46</sup> in 2012, which is low compared to Kent overall where 16.1% of jobs are in the knowledge economy and nationally (19.4%).<sup>47</sup>

**Figure 3.4 Knowledge economy employment, Maidstone & selected areas (%)**



Source: ONS BRES

3.14 Maidstone ranks fifth amongst the Kent districts for knowledge economy jobs in 2012 to Canterbury (22.2%), Tonbridge Wells (22.0%), Tonbridge and Malling (20.8%) and Shepway (15.8%).<sup>48</sup>

3.15 The share of knowledge economy jobs in Maidstone is also relatively low in comparison with areas like Colchester (21.4%) and Horsham (21.2%).<sup>49</sup> For places such as Canterbury and Colchester, the presence of higher education jobs is of particular significance.

<sup>44</sup> Research & Intelligence Research & Intelligence (2011) Public sector dependency - January 2011

<sup>45</sup> GVA (2014) Economic Sensitivity Testing & Employment Land Forecast

<sup>46</sup> As defined by KCC Research & Evaluation – see KCC Research & Evaluation (2013)

Redefining the Knowledge Economy

<sup>47</sup> ONS (2013) Business register and Employment Survey

<sup>48</sup> ONS (2013) Business register and Employment Survey

<sup>49</sup> ONS (2013) Business register and Employment Survey

3.16 Since 2009 Maidstone has seen relatively strong growth in knowledge economy employment with a 5.1% (+500) increase which was above that for Kent as a whole (4.4%), for the south east (1.2%) and for Great Britain (2.6%).<sup>50</sup> Compared to other similar towns in the south east, however, knowledge intensive employment grew at faster rate in Colchester (8.4%), Ashford (7.0%), and Horsham (6.8%).

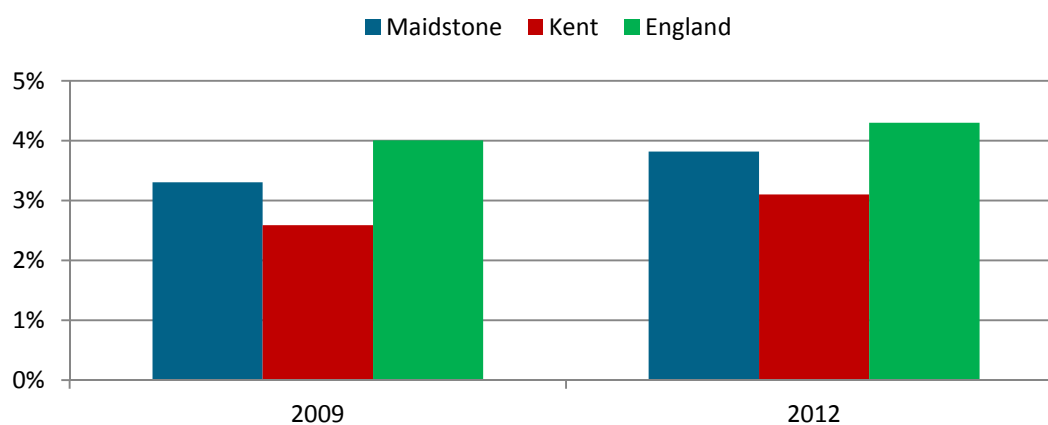
3.17 The sub-sectors that have seen particularly strong growth in Maidstone are:

- architectural and engineering activities, including technical testing and analysis (+380);
- computer programming, consultancy and related activities (+290); and
- publishing activities (245).

### Employment in the creative industries

3.18 The creative industries sector is relatively well represented in the Maidstone economy and it is estimated that some 2,700 jobs were in this sector in Maidstone in 2012. This represents 3.8% of total jobs in Maidstone which compares to a 3.1% average for Kent and 4.3% for England as a whole.<sup>51</sup> IT, software and computer services is the largest creative industry group in Maidstone, accounting for over one third of the jobs in this sector 2012 (36.5%; or 1,000).

**Figure 3.5 % of employment in the Creative Industries (2012)**



Source: ONS

3.19 While total employment in Maidstone fell between 2009 and 2012, employment in the creative industries increased by 300 jobs (+12.5%) and this was a higher rate of growth than for England (7.9%).<sup>52</sup>

<sup>50</sup> ONS (2013) Business register and Employment Survey

<sup>51</sup> ONS (2013) Business register and Employment Survey – creative industries as defined by the Department for Culture, Media and Sport – see DCMS (2014) Creative Industries Economic Estimates - January 2014

<sup>52</sup> ONS (2013) Business Register and Employment Survey

## Local employment trends

- 3.20 While employment declined across Maidstone between 2009 and 2012, this did not take place evenly across the borough. There were significant job losses from employers in the town centre over the period (-2,600; -5.3%) while the number of employees in the rural areas increased Maidstone (+700: +3.3%)<sup>53</sup>.
- 3.21 Employment trends by sector also varied across the borough and as can be seen from the table below, a large share of the losses in the Town Centre (-2,600) were in the transport and storage, public administration, construction and education sectors.

**Table 3.3 Change in employees by local area (2009-2012)**

Local area	Employees (No.)	change		Sectors with greatest change (absolute job change)
		No.	%	
Maidstone Town	46,100	-2,600	-5.3%	Transport & Storage (-1,200)
				Public admin (-700)
				Construction (-600)
				Education (-500)
North M20	7,200	400	5.9%	Manufacturing (+200)
				Info & communications (+200)
Chart Sutton and Leeds	6,300	-400	-6.0%	Public admin (-200)
				Retail (+100)
				Manufacturing (+100)
Headcorn	2,700	400	17.4%	Accommodation & food (+200)
				Wholesale (+100)
Marden	2,800	300	12.0%	Business admin (+200)
				Manufacturing (+100)
				Wholesale (+100)
Staplehurst	1,500	100	7.1%	Education (+100)
Yalding and Barming Heath	1,700	0	0.0%	Construction (+300)
				Wholesale (+200)
				Business admin (+200)
Maidstone borough	68,300	-1,800	-2.6%	-

Source: ONS BRES. Excludes self-employment.

## Wider employment trends

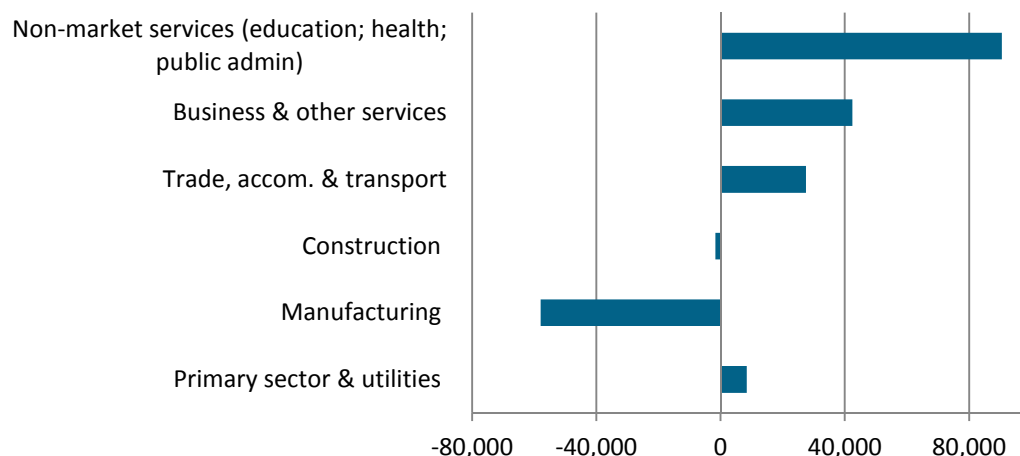
- 3.22 Looking at employment trends at the wider South East Local Enterprise Partnership (SE LEP) level, the figure below shows that the most significant employment growth was in non-market services, with particularly strong growth in education (+69,000) and health and social work (+60,000).<sup>54</sup> Non-market services are relatively strong in Maidstone, although it is important to note that, consistent with recent trends locally, employment in public administration and defence fell across the SE LEP area during this time (-21,000).<sup>55</sup> This is unsurprising given government budget reductions and reinforces the relatively bleak outlook for that sector.

<sup>53</sup> Excludes self-employment.

<sup>54</sup> UKCES (2014) Working Futures

<sup>55</sup> UKCES (2014) Working Futures

**Figure 3.6 SE LEP employment change 2002-2012 (%)**



Source: UKCES Working Futures

3.23 Over the last decade, business and other services was the second best performing sector in the SE LEP area, specifically professional (+46,000) and support (+46,000) services.<sup>56</sup> Business administration and support jobs are relatively prominent in Maidstone, but there is a notable lack of higher level professional services jobs in the borough; there may be potential to attract more jobs of this type into Maidstone.

3.24 Employment in the construction sector remained relatively flat across the SE LEP area during this period, while 58,000 manufacturing jobs were lost in the SE LEP area since 2002.<sup>57</sup>

#### Employment outlook for Maidstone

3.25 An assessment of the future economic potential of Maidstone was carried out by GVA Grimley in 2014. Based on analysis of three different scenarios, the forecast employment growth was for an additional 7,800 to 14,400 jobs between 2011 and 2031.<sup>58</sup> Employment forecasts at a local level are always changeable and should therefore be treated with some caution.

3.26 The sectors identified with the highest potential for employment growth in Maidstone between 2011 and 2031 are:

- **Professional services** (1,600 - 5,275 jobs; 32% - 106% growth) – includes a wide range of services jobs (from legal services and consultancy through to scientific R&D) which are likely to grow as the economic recovery strengthens and the economy moves towards a more service-based offer.
- **Residential Care & Social Work** (1,550 jobs; 29% growth) – influenced by long-term demographic trends. Caring for the elderly is driving new forms of sheltered and supported housing as well as traditional 'care homes'.

<sup>56</sup> UKCES (2014) Working Futures

<sup>57</sup> UKCES (2014) Working Futures

<sup>58</sup> GVA (2014) Economic Sensitivity Testing & Employment Land Forecast for Maidstone Borough Council

- **Education** (1,570 jobs; 25% growth) – employment is expected to increase to meet population growth, with two new primary schools expected. Although, cost pressures from government and technology changes may reduce job opportunities in the sector.
- **Health** (1,460 - 1,540 jobs; 20% - 21% growth) – a combination of population ageing, rapid innovation, and increased private sector engagement are increasing employment growth in the sector.
- **Administrative and Support Services** (1,640 jobs; 24% growth) – these services are required to support growth expected in the wider economy. There is potential for increased start-up opportunities as individuals seek more flexible working and technology enables greater independent and remote working.
- **Construction** (770 jobs; 11% growth) – while construction employment is largely reliant on a wide range of external factors, employment is expected to increase as the economy continues to recover from downturn and to meet demand for long-term housing development and private sector demand for development.

3.27 The lower growth figures reflect a baseline forecast from Experian. With the majority of Maidstone’s future employment growth likely to arise from changing demographics and/or economic growth in the wider economy (rather than from technological or other innovation), these are thought to provide “a reasonable and robust assessment of the economic potential of the borough”.<sup>59</sup>

3.28 However, there is the potential for local employment to grow at a more significant scale, particularly where specific interventions could introduce new economic drivers to the borough. The main examples of this are professional services and health sector jobs which could be generated from the Kent Institute of Medicine and Surgery (KIMS) development and the co-location of the Maidstone Medical Campus (MMC).

3.29 The KIMS/MMC developments are vital to achieving the higher level of jobs growth and are seen by GVA as the most likely catalysts for improving economic performance within Maidstone.<sup>60</sup>

### Employment Forecasts for the SE LEP area

3.30 The employment forecasts for Maidstone appear to be broadly consistent with UKCES Working Futures employment trends for the SE LEP economy from 2012-2022. In particular, non-market services are expected to continue to grow in employment terms to 2022, led by growth in the health and social work sector (+21,000).<sup>61</sup> Employment in business and other

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<sup>59</sup> GVA (2014) Economic Sensitivity Testing & Employment Land Forecast for Maidstone Borough Council

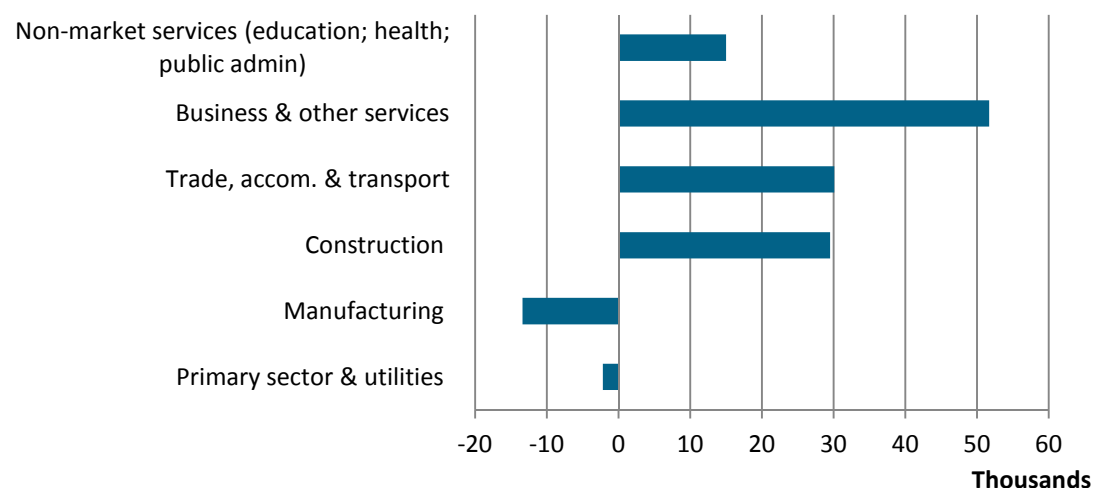
<sup>60</sup> According to GVA, the maximum growth scenario can only realistically be achieved with the delivery of the KIMS/MMC proposals in a manner that includes either a high proportion of employment generating space or B class floorspace that achieves high employment densities – GVA (2014) Economic Sensitivity Testing & Employment Land Forecast for Maidstone Borough Council

<sup>61</sup> UKCES (2014) Working Futures

services are also set to rise during this time, with further increases in professional (+18,000) and support (+13,000) services jobs.<sup>62</sup>

- 3.31 Employment in the construction sector is also expected to return to growth in the years ahead: supported by housing market activity in the short-to-medium term, and also by a longer term revival in government demand and major infrastructure projects.

**Figure 3.7 SE LEP employment forecast 2012-2022 (%)**



Source: UKCES Working Futures

### Growth prospects for key sectors

- 3.32 The Maidstone Economic Development Strategy to 2031 should be guided by an informed view of the sectors with good prospects for growth in Maidstone. Changes in the international economy mean an increase in both competition and opportunities from global markets. At the same time public sector jobs cuts are key issues for the future prosperity of the area. Therefore, it is increasingly important for policymakers to work together to support the growth of the private sector jobs and sectors which have the potential to create high value jobs with above average wages.
- 3.33 A key part of the UK government's Industrial Strategy, as discussed in Chapter 1, is a long term objective is to achieve increased productivity and exports for sustainable economic growth. Sectors that can make the greatest contribution to future growth have been identified.
- 3.34 An assessment of the future economic potential of Maidstone was carried out by GVA Grimley in 2014 as part of the supporting work for the Local Plan. The sectors identified with highest potential for employment growth in Maidstone between 2011 and 2031 are:
- Business & professional services
  - Health & social care
  - Construction

<sup>62</sup> UKCES (2014) Working Futures

## Professional & business services

- 3.35 Business and professional services includes a wide range of service sector jobs, from legal and consultancy through to scientific R&D. These are likely to grow as economic recovery strengthens and the economy moves more towards a more service-based offer. Maidstone has many of the attributes that appeal to business and professional services companies. It is close to London – one of the world’s business and financial centres – and is well served by road rail links to the capital. Maidstone’s proximity to the M20 is particularly attractive to companies needing access to markets in Kent and the wider South East. There is also a pool of residents in managerial and professional and associate professional occupations and a competitively priced office rental market.
- 3.36 The government's industrial strategy for professional and business services, published in July 2013, highlights the importance of the sector. Exports of high-value services are a key UK strength, with professional and business services contributing over a third of the UK's total trade surplus in services.<sup>63</sup> The value added to the UK economy by the sector has also increased by over 50% since 2000.<sup>64</sup>
- 3.37 Based on the government’s industrial strategy definition,<sup>65</sup> some 7,900 people were employed in professional and business services in Maidstone in 2012, which constitutes 11.2% of total employment. This is a higher proportion than in Kent (9.9%) as a whole and in-line with the national average (11.4%). Within the sector, Maidstone has a significant number of jobs in employment activities (3,100 jobs), legal and accounting activities (1,300) and architectural and engineering activities (1,200).<sup>66</sup>
- 3.38 Employment in the sector increased by almost 600 between 2009 and 2012 (+8.0%), with particularly strong growth in architectural and engineering activities (+44.5%). Overall the sector grew at a faster rate than seen across England (6.2%), while professional and business services employment shrunk in Kent during this period (-3.4%).
- 3.39 And significant jobs growth is expected in the years ahead. GVA Grimley forecasts the professional services sector to have the highest potential for growth in Maidstone between 2011 and 2031 (+1,600-5,275 jobs; 32%-106% growth).<sup>67</sup> The Maidstone Medical Campus offers considerable opportunities for growth in relatively high value scientific research and development jobs, providing the key driver for future growth locally (reflected in the higher jobs forecast figures).
- 3.40 There is also significant employment in business support services in Maidstone (6,200 jobs; 8.5% of employment). This sector is also forecast to grow in the next two decades, with

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<sup>63</sup> UK PBS exports were valued at more than £50bn in 2012-2013 – HM Government (2014) Industrial strategy progress report

<sup>64</sup> ONS data and BIS calculations – HM Government (2013) Growth is Our Business: A Strategy for Professional and Business Services

<sup>65</sup> SIC2007 codes: 69-74, 77-78

<sup>66</sup> ONS (2014) Business Register and Employment Survey

<sup>67</sup> GVA (2014) Economic Scenario Testing & Employment Land Forecast

additional 1,640 jobs expected by 2031 compared to 2011 levels.<sup>68</sup> These services are required to support growth expected in the wider economy.

- 3.41 Across the SE LEP, the professional services is expected to see an increase of 18,000 jobs across the SE LEP area between 2012 and 2022, with an additional 13,000 jobs in support services.<sup>69</sup>

## Health & social care

- 3.42 Health and social care involves a wide range of activities in Maidstone and covers both the health and residential and social care sectors. There are 10,700 people employed in the sector locally which equates to 15.1% of jobs in the borough compared to just 12.7% nationally. Employee jobs increased by 5,000 between 1998 and 2008 and total employment remained steady between 2009 and 2012, despite the economic downturn. Looking ahead to 2031, employment in the health sector in Maidstone is forecast to increase by between 1,460 and 1,540 jobs, while employment in residential and social care is forecast to increase by 1,550 jobs.<sup>70</sup>
- 3.43 A key driver of future demand in the health and social care sector is demographic change - a growing and ageing workforce, and the associated rise in long term health conditions and the need for care for older people. Across the SE LEP, employment in the health and social work sector is also forecast to increase and the 21,000 jobs additional jobs between 2012 and 2022 make it the expected second highest growth sector.<sup>71</sup> Increases in the elderly population are expected to be particularly significant in the Maidstone area, with the number of residents aged 65 and over forecast to increase by almost a quarter (24.4%) by 2021, compared to 19.1% nationally.<sup>72</sup>
- 3.44 This increasing demand has recently been coupled with the impact of the financial downturn and subsequent public sector spending constraints. However, health and social care still accounts for a sizeable proportion of public sector spending and the National Health Service (NHS) remains one of the world's largest purchasers of goods and services (£5.3bn), offering significant opportunities for suppliers.<sup>73</sup> While the overall outlook across both health and social care is one of financial stringency, equipment to the value of £460 million will need to be replaced within 3 years and a further £330 million will need to be invested within six years.<sup>74</sup>
- 3.45 Rapid innovation and increased private sector engagement are also driving growth in the sector, particularly in life sciences and medical technologies. The European biopharmaceuticals market is the second largest in the world and, in 2011, the UK was responsible for approximately one fifth of total drug products in development in Europe.

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<sup>68</sup> GVA (2014) Economic Scenario Testing & Employment Land Forecast

<sup>69</sup> UKCES (2014) Working Futures 2012-2022

<sup>70</sup> GVA (2014) Economic Scenario Testing & Employment Land Forecast

<sup>71</sup> UKCES (2014) Working Futures 2012-2022

<sup>72</sup> ONS (2013) Mid-year population estimates & ONS (2012) Subnational population projections for England

<sup>73</sup> Locate in Kent, Life Sciences - The Kent proposition

<sup>74</sup> Locate in Kent, Life Sciences - The Kent proposition



- 3.46 Kent and the wider South East is a hub for life sciences activity.<sup>75</sup> In Maidstone, there is the recently opened Kent Institute of Medicine & Surgery (KIMS) which is a £95m state-of-the-art hospital that aims to transform acute and specialist health provision. This together with the proposal to establish a Maidstone Medical campus provides opportunities to expand this sector in Maidstone. Around 300 people were employed in the life sciences sector in Maidstone in 2012, which was a 20% from 2009, albeit from a relatively low base.<sup>76</sup>
- 3.47 According to GVA Grimley, the KIMS/MMC development is the most realistic catalyst to achieve greater levels of economic performance within Maidstone in the future, with the potential to deliver up to 4,200 new jobs in the borough<sup>77</sup>. While there is a lack of major research orientated HE provision within Maidstone to support cluster activity at present, KIMS/MMC is also seeking to establish links to key institutions, supporting both clinical and business activity to co-exist and work closely together. The growth of this medical sector specialism has the potential to support the development of new health-related technologies.<sup>78</sup>

## Construction

- 3.48 Some 4,400 people are employed in the construction sector in Maidstone and this represents 6.2% of employment which is similar to in Kent (6.1%) but more than the national average (4.6%). Maidstone has particular strengths in civil engineering and specialised construction activities<sup>79</sup>.

Although employment in the construction sector has declined sharply in recent years, falling by 1,600 jobs in Maidstone between 2009 and 2012, this was largely an indication of the severity of, what was to a large extent, a property led downturn (and the sensitivity of the construction sector to broader economic conditions). Construction employment also fell by 13.1% nationally during this period; limited access to finance, stalling values, and increasing material costs all stalled activity. However, prior to the recession construction was a growing sector in Maidstone: the number of employee jobs increased by 500 between 1998 and 2008 (+11.6%).

And looking forward there continues to be strong demand for development in Maidstone, led principally by the private sector. Maidstone's Strategic Housing Market Assessment indicates an annual housing requirement of around 980 homes per year to meet housing demand. Delivering residential development will drive the sector, with key opportunities (particularly in more specialised trades) within major commercial opportunities. Long term housing development requirements in the local area are likely to ensure that a significant proportion of these jobs are permanent. As a result, GVA estimates indicate that local construction employment will increase by over 770 jobs (+11%) between 2011 and 2031.

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<sup>75</sup> Kent and the wider south east of England is the most successful biomedical cluster outside the US - Locate in Kent, Life Sciences - The Kent proposition

<sup>76</sup> ONS (2013) Business Register and Employment Survey

<sup>77</sup> GVA (2014) Economic Scenario Testing & Employment Land Forecast

<sup>78</sup> GVA (2014) Economic Scenario Testing & Employment Land Forecast

<sup>79</sup> GVA (2014) Economic Scenario Testing & Employment Land Forecast

More broadly, across the SE LEP area, employment in the construction sector is expected to return to growth in the years ahead. With growth of 29,000 jobs anticipated between 2012 and 2022, the construction sector is set to see the highest sector employment increase, supported by housing market activity in the short-to-medium term, and also by a longer term revival in government demand and major infrastructure projects.

Moreover, construction is a sector where Britain has a strong competitive edge. The global construction industry is set to see growth of 4.3% p.a. until 2025, concentrated primarily in emerging economies, which creates opportunities for UK companies to expand their exports, both in products and high value services.<sup>80</sup> Low carbon construction also offers substantial opportunities. The low carbon and environmental goods and services (LCEGS) sector is worth some £6bn to the SE LEP economy, employing 46,000 people in 2011/2012.<sup>81</sup> Nationally, the building technologies sub-sector is set for average growth per annum of 5.2% between 2012/12 and 2015/16.<sup>82</sup>

## Summary – key points

- A quarter of employment in Maidstone is in the public sector, reflecting the town's role as Kent's administrative capital. Many of the jobs lost over recent years have been from the public sector while there has been recent jobs growth in the private sector. These will need to be encouraged in the future to counterbalance the expected continuation of public sector job losses and to help diversify the economy.
- Maidstone has a relatively low share of employment in knowledge economy jobs, although there has been relatively strong growth in recent years. Growth in the high value added sectors in the knowledge economy would bring higher average wages and would help to close the gap between the higher average wages of residents and workers in Maidstone
- Forecasts indicate that total employment growth in Maidstone will be between 7,800 and 14,400 jobs up to 2031. Achieving a higher rate of jobs growth will largely depends on maximising the opportunities from the KIMS/MMC developments.
- The sectors forecast to see the greatest jobs growth are professional services, administrative & support services, education, health, and residential care & social work.

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<sup>80</sup> HM Government (2013) Construction 2025

<sup>81</sup> BIS, DEFRA and DECC (2013) Low carbon and environmental goods and services 2011 to 2012: data

<sup>82</sup> BIS, DEFRA and DECC (2013) Low carbon and environmental goods and services 2011 to 2012: data

## 4. Enterprise, industries & innovation

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### Enterprise

- 4.1 There were 6,760 registered businesses in Maidstone in 2012, almost the same as before the downturn. This equates to 68 businesses per 1,000 population aged 16-64, compared to 60 for England.<sup>83</sup>

### Size profile of active enterprises

- 4.2 The size profile of businesses in Maidstone is similar to the national picture. The vast majority (88.5%) of businesses employ fewer than 10 people and at the start of 2013 99.7% of the local business base was made up of small and medium sized enterprises (SMEs)<sup>84</sup> (99.6% nationally). There are around 20 businesses with 250 or more employees in Maidstone.<sup>85</sup>
- 4.3 Maidstone has an above average proportion of employment in SMEs which provided 47.7% of jobs in Maidstone in 2012. A similar number of people are employed in micro (10,800), small (11,800), and medium-sized (11,200) enterprises.<sup>86</sup> This was above the national average (44.3%), highlighting the importance of SMEs in the Maidstone economy, although there is considerable variation by sector.
- 4.4 National evidence suggests that SMEs accounted for over 60% of UK job creation in the period between 2001 and 2011.<sup>87</sup> Young SMEs, in particular, create a disproportionate number of jobs.

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<sup>83</sup> ONS (2013) Business Demography & Mid-year population estimates

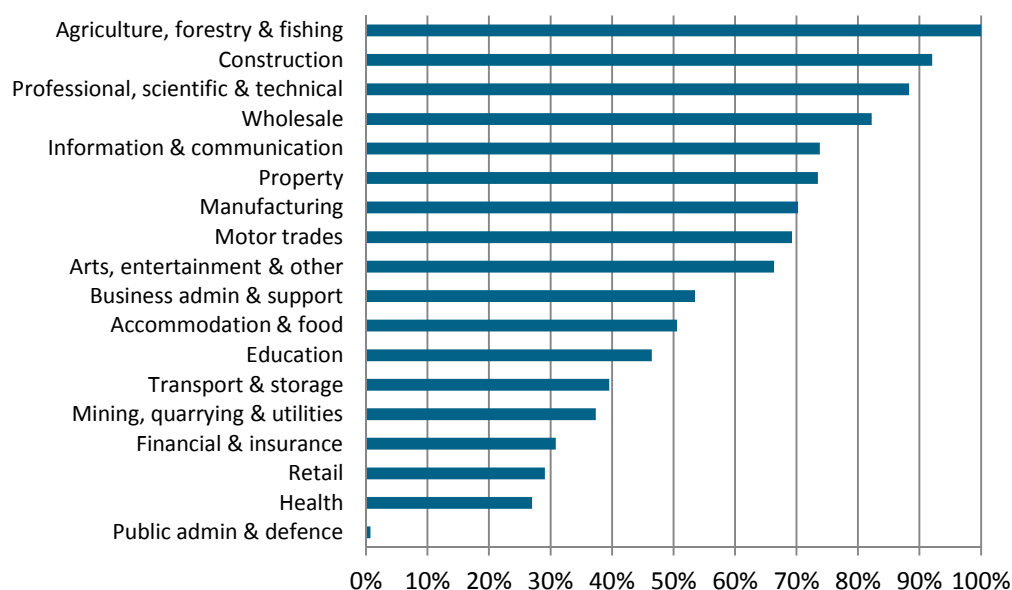
<sup>84</sup> Businesses employing fewer than 250 people

<sup>85</sup> ONS (2013) Business Activity Size and Location

<sup>86</sup> ONS (2013) Business Register and Employment Survey

<sup>87</sup> OECD (2014) Young SMEs, growth and job creation

**Figure 4.1 Maidstone: % of employment in SMEs, by broad sector (2012)**



Source: ONS BRES

- 4.5 At the same time, large enterprises accounted for over half (52.3%) of total employment in Maidstone. This is a higher proportion than for Kent as a whole (49.8%), but below the national average (55.7%).<sup>88</sup> This partly reflects falling employment in the public administration and defence sector in Maidstone, which is mainly in large organisations.<sup>89</sup>

### Business growth

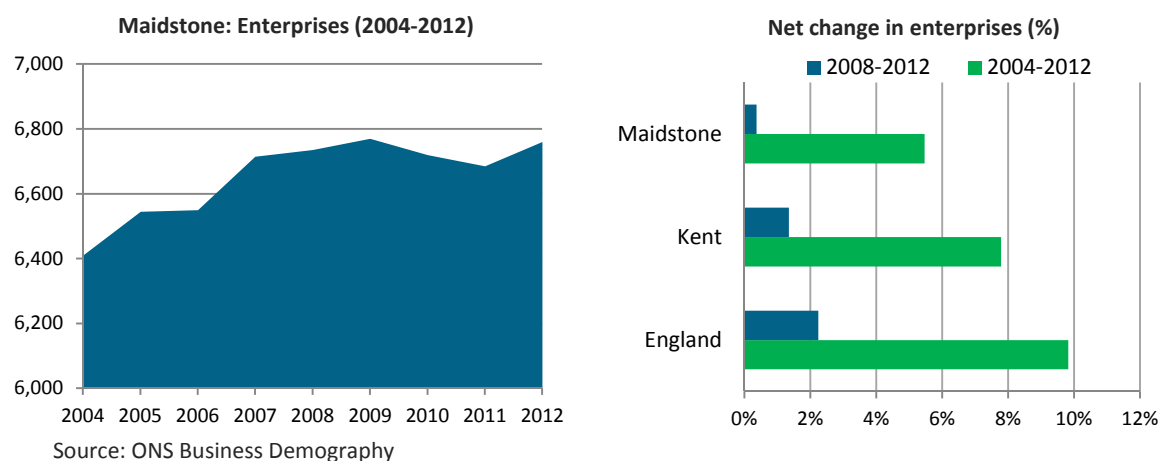
- 4.6 The number of businesses in Maidstone has generally increased in recent years, albeit at a fairly modest rate, but this has been setback by the economic downturn. There were estimated to be 350 more registered enterprises in Maidstone in 2012 than in 2004.<sup>90</sup> However, the rate of growth in businesses was generally lower than the national average over this period with Maidstone's business stock increasing by 5.5% between 2004 and 2012, compared with 7.8% for Kent and 9.8% for England.<sup>91</sup>

<sup>88</sup> ONS (2013) Business Register and Employment Survey

<sup>89</sup> ONS (2013) Business Register and Employment Survey

<sup>90</sup> ONS (2013) Business Demography

<sup>91</sup> ONS (2013) Business Demography

**Figure 4.1 Maidstone: business stock**

- 4.7 Indeed, the rate of business start-ups as a proportion of active enterprises has tended to fall in recent years but has remained above the national average. In 2004, 13.9% of Maidstone's businesses were start-ups, which compared with 11.5% nationally. By 2012, this had fallen to 11.2% which was only slightly above the national average (10.8%).

**Table 4.1 Business birth and death rates in Maidstone 2004-2012**

Year	Births	Birth rate	Deaths	Death rate
2004	890	13.9%	655	10.2%
2005	820	12.5%	690	10.5%
2006	705	10.8%	660	10.1%
2007	835	12.4%	665	9.9%
2008	705	10.5%	650	9.7%
2009	610	9.0%	785	11.6%
2010	640	9.5%	660	9.8%
2011	650	9.7%	660	9.9%
2012	760	11.2%	695	10.3%

Source: ONS Business Demography

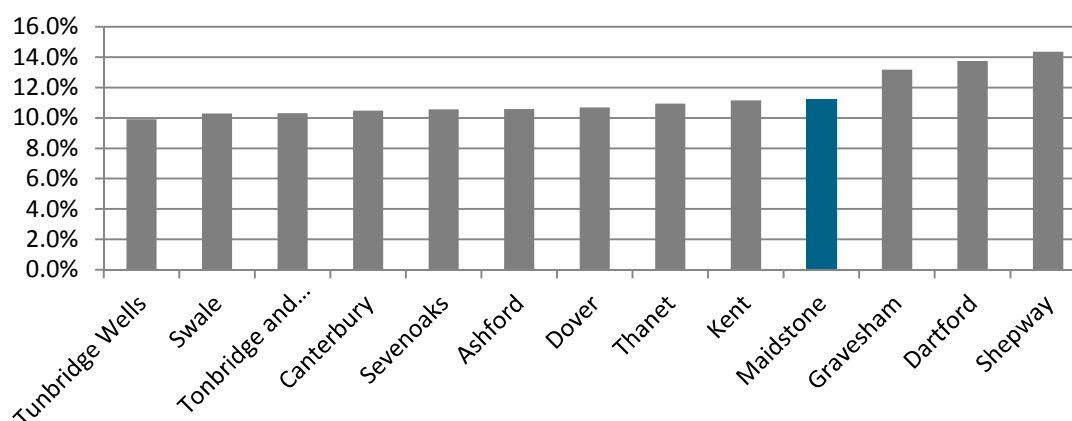
- 4.8 Since the recession there has been some rallying of the birth rate in Maidstone, particularly from 2011. The table below shows that in comparison to Kent as a whole and the national average, Maidstone has seen considerable improvement since 2009. Within Kent only three districts now have a higher the percentage of new enterprises in 2012 - Gravesham, Dartford and Shepway, and since 2009 only Shepway and Gravesham have improved more than Maidstone.

**Table 4.1 Business birth rate 2009-2012 (% of active enterprises) in Maidstone & selected areas**

Area	2009	2010	2011	2012	% point change 2009-2012
Ashford	9.5%	9.4%	10.8%	10.6%	1.0%
Canterbury	9.1%	10.1%	10.3%	10.5%	1.3%
Dartford	11.4%	11.5%	12.8%	13.7%	2.3%
Dover	9.2%	8.4%	11.1%	10.7%	1.5%
Gravesham	10.6%	9.7%	12.9%	13.2%	2.5%
Maidstone	9.0%	9.5%	9.7%	11.2%	2.2%
Sevenoaks	9.0%	9.2%	11.0%	10.6%	1.5%
Shepway	10.5%	9.5%	12.3%	14.4%	3.8%

Swale	10.0%	8.8%	10.9%	10.3%	0.3%
Thanet	9.9%	10.5%	11.2%	10.9%	1.0%
Tonbridge and Malling	9.9%	9.4%	10.5%	10.3%	0.4%
Tunbridge Wells	9.7%	9.3%	10.7%	9.9%	0.2%
Kent	9.7%	9.6%	11.0%	11.1%	1.4%
England	10.2%	10.1%	11.4%	11.6%	1.3%

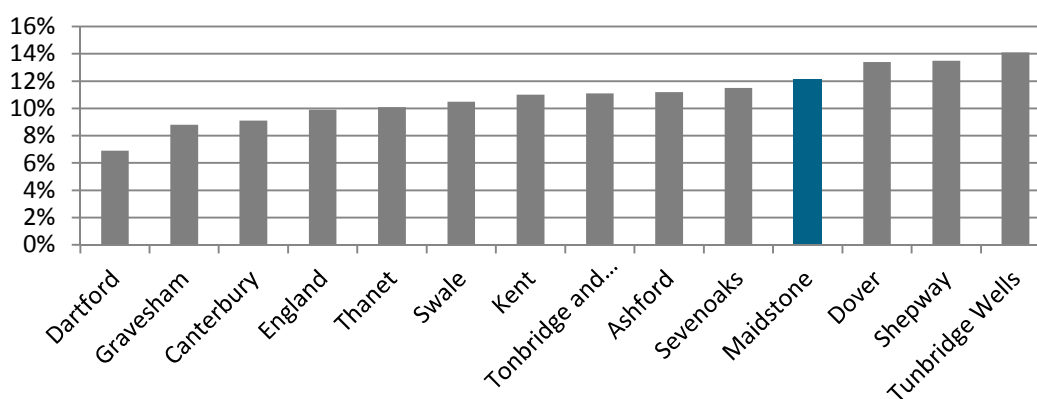
Figure 4.2 Business birth rate 2012 (% of active enterprises), Maidstone & selected areas



Source: ONS Business Demography

- 4.9 In terms of self-employment Maidstone appears to be relatively entrepreneurial: around 12% of residents were self-employed in 2013, compared to 9.9% nationally.<sup>92</sup> At 7.7 new enterprises per 1,000 working age<sup>93</sup> residents, the rate of business starts was also above the national average (7.0) in 2012.<sup>94</sup>

Figure 4.3 % of working age residents self-employed in Maidstone & selected areas (2013)



Source: ONS APS

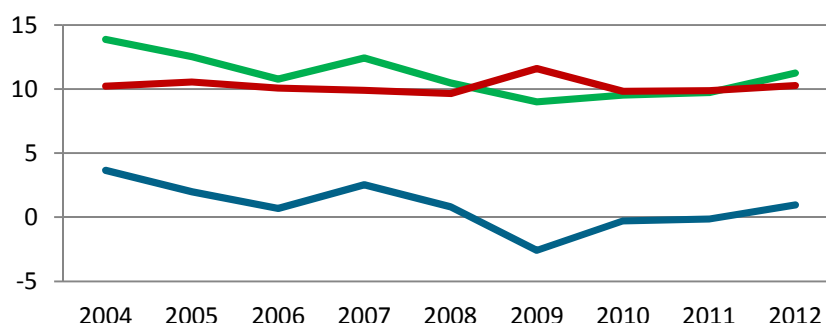
<sup>92</sup> ONS (2014) annual population survey

<sup>93</sup> Working age residents are aged 16 to 64 years

<sup>94</sup> ONS (2013) Business Demography

- 4.10 Between 2004 and 2008 business births exceeded deaths in Maidstone in every year. However, declining business births, combined with a sharp increase in the rate of business closures meant that business creation was negative from 2009 to 2011, but in 2012 there was a rallying with more business births than business deaths.

**Figure 4.5 Maidstone: business birth rate, death rate and net creation (2004-2012)**



Source: ONS Business Demography

### Impact of the recession on local businesses survival

- 4.11 Business survival rates generally deteriorated during the recession, but these have improved since 2011. In 2007, 94% of Maidstone businesses survived their first year of business. This dropped to 89.1% in 2010, but recovered to 94.6% in 2011. A similar pattern can be observed nationally, although Maidstone has performed relatively better, with business survival rates above the national average in 2011.

**Figure 4.6 Survival rates of businesses born since 2007, Maidstone and England (%)**

Years of birth / age in years	Maidstone					England				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
1 year	94.0	95.7	92.6	89.1	94.6	95.4	92.1	90.9	86.8	93.1
2 year	80.2	80.1	77.0	76.6	-	81.3	73.9	73.9	72.5	-
3 year	62.3	62.4	65.6	-	-	62.9	57.9	59.7	-	-
4 year	50.9	51.8	-	-	-	51.9	48.8	-	-	-
5 year	43.7	-	-	-	-	44.4	-	-	-	-

Source: ONS Business Demography

- 4.12 Likewise, 2 year survival rates also declined between 2007 and 2010 in Maidstone, but the 3 and 4 year survival rates appear to have held up well compared to the national picture.

### Summary – key points

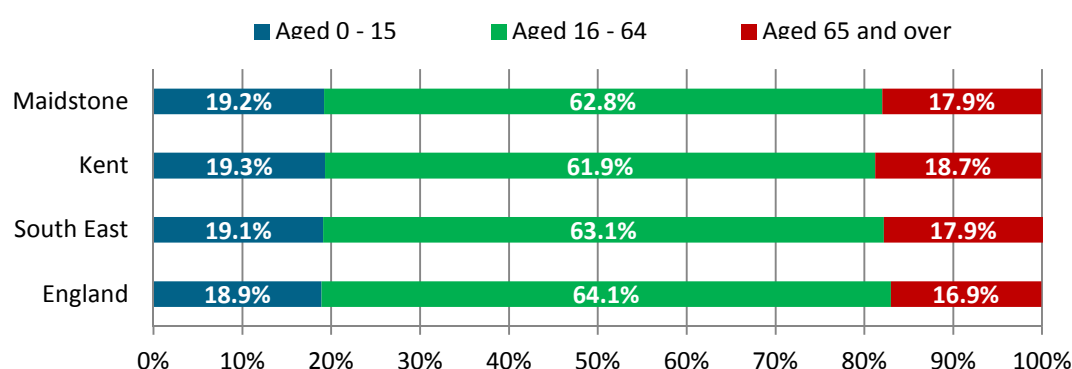
- The size profile of businesses in Maidstone is similar to the national profile, although there is an above average proportion of employment in SMEs.
- Maidstone is relatively entrepreneurial with an above average rate of self-employment.
- Although the recession has impacted on both business birth and death rates in Maidstone, there has been considerable improvement recently.

## 5. Population, labour market & skills

### Demographic trends

- 5.1 Maidstone had an estimated population of 157,300 in 2012, making it the largest district in Kent with 10.6% of the county's population.<sup>95</sup>
- 5.2 Maidstone has a greater proportion of elderly people (17.9%) than the national average (16.9%), but a lower proportion than for Kent (18.7%). However, while the percentage of Maidstone's population of working age (62.8%) is below the national (64.1%) and regional average (63.1%), it is above that for Kent (61.9%) as a whole Kent.

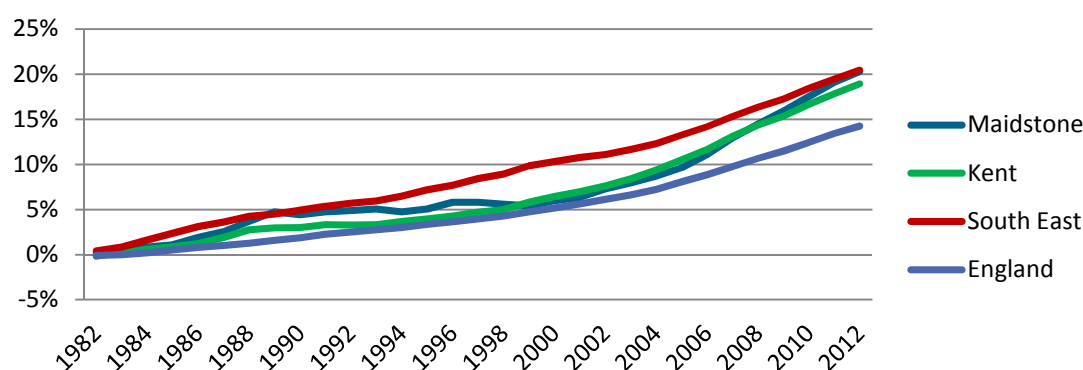
**Figure 5.1 Population profile by age group, Maidstone & selected areas (2012)**



Source: ONS MYPE

- 5.3 Maidstone's population has grown at a quicker rate than the national average over the past few decades. Since 1981 Maidstone's population has increased by over a fifth (26,500 people, or 20.3%)<sup>96</sup> which is slightly above the population growth rate for Kent (18.9%) and considerably above the national average (14.3%).

**Figure 5.2 Population growth from 1981, Maidstone & selected areas (%)**



Source: ONS MYPE

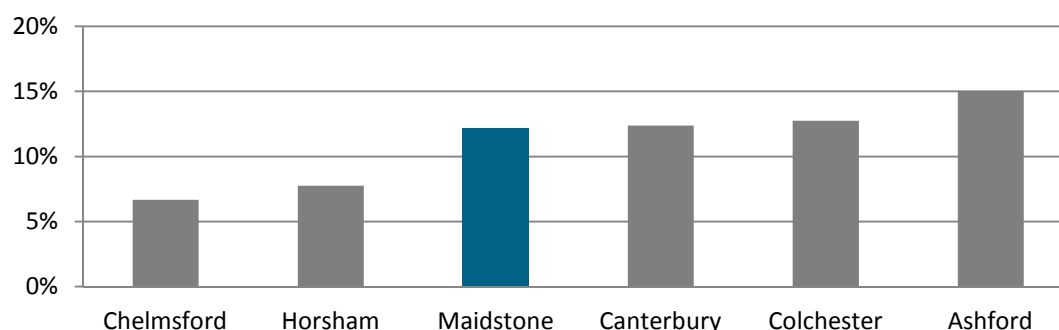
<sup>95</sup> ONS (2013) Mid-year population estimates

<sup>96</sup> ONS (2013) Mid-year population estimates



- 5.4 Population growth in Maidstone has been particularly strong in the last decade. Between 2002 and 2012, Maidstone's population increased by 17,000 people, or by 12.1%, which was higher than the growth across Kent (10.5%) or England as a whole (7.7%).<sup>97</sup> However, during the same period, population growth was higher in places such as Ashford, Colchester and Canterbury.

**Figure 5.3 Population growth from 2002 to 2012, Maidstone & comparator areas (%)**



Source: ONS MYPE

- 5.5 Growth in those above retirement age has contributed significantly to overall population growth in Maidstone in the last decade. At 28.8%, the increase in the population aged 65 and over was considerably above the national average (+14.9%) between 2002 and 2012.<sup>98</sup> While less pronounced, the growth in young people (+9.8%) and the working age population (+8.8%) has also been above the national average (+2.7% and 7.4% respectively) since 2002.

### Maidstone's workplace population

- 5.6 Looking specifically at the Maidstone workplace population,<sup>99</sup> there were 76,800 people aged 16 to 74 in employment in the area in 2011. While this was 7,000 more than in 2001, this 10.1% increase was below the national average (12.1%).<sup>100</sup>

### Population projections

- 5.7 Looking ahead, ONS projections indicate that Maidstone's population will increase by 19,300 people between 2012 and 2021. As the figure below shows, the population growth rate forecast is above the national and regional averages and this is the case across all age groups, except those aged 0-15 years, where a slightly lower rate of growth is expected.

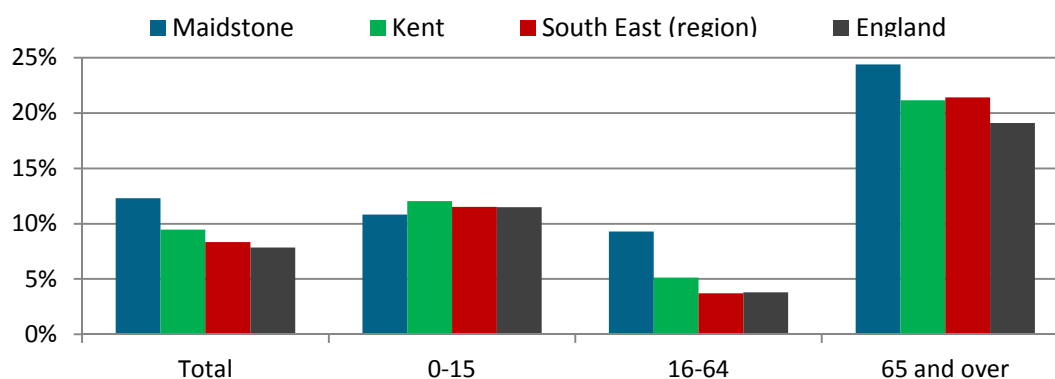
<sup>97</sup> ONS (2013) Mid-year population estimates

<sup>98</sup> ONS (2013) Mid-year population estimates

<sup>99</sup> The workplace population of an area is defined as "all usual residents aged 16 and above who are in employment and whose workplace is in the area". People who work mainly at or from home or do not have a fixed place of work are included in the area of their usual residence

<sup>100</sup> ONS (2014) Census 2011

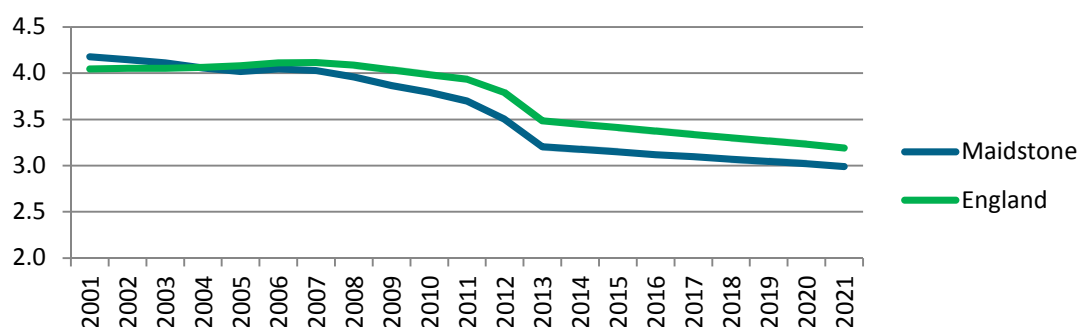
Figure 5.4 Population growth projections 2012-2021, Maidstone & selected areas (%)



Source: ONS

- 5.8 The number of residents aged 16-64 is set to increase by around 9,200 by 2021.<sup>101</sup> At 9.3%, the increase in the working population is expected to grow more in Maidstone than in Kent (5.1%) and nationally (3.8%). At the same time, increases in the retirement age population will continue to be significant, rising by almost a quarter (24.4%) between 2012 and 2021. By 2021, there are expected to be 3.0 working age people in Maidstone for every resident aged 65 and over, down from 3.5 in 2012 and 4.2 in 2001.<sup>102</sup>

Figure 5.5 Ratio of working age population to those over retirement age (65+), Maidstone and England



Source: ONS

## Participation in the labour market

- 5.9 Maidstone has a strong labour market. Its employment rate has been above the national average in the past 5 years and during the economic downturn, the employment rate increased, having previously decreased between 2004 and 2008.
- 5.10 In the year ending December 2013 76.8% of residents were estimated to be in employment in Maidstone which is above both the national (71.7%) and Kent (72.6%) averages.<sup>103</sup> Within

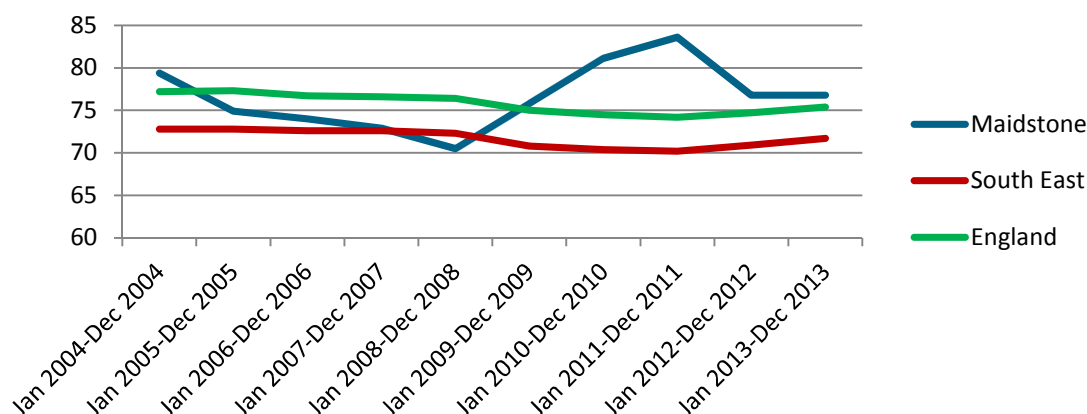
<sup>101</sup> ONS (2012) Subnational population projections for England

<sup>102</sup> ONS (2013) Mid-year population estimates & ONS (2012) Subnational population projections for England

<sup>103</sup> ONS (2014) Annual Population Survey

Kent, Maidstone had the third highest employment rate, behind only Ashford (78.9%), Dartford (77.0%) and Tunbridge Wells (78.3%)<sup>104</sup>.

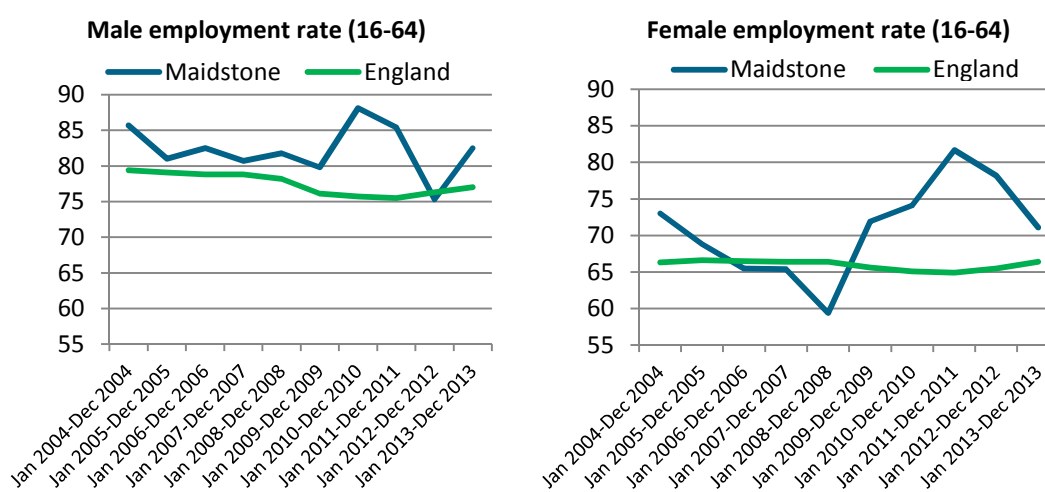
**Figure 5.6 Employment rate (% aged 16-64), Maidstone & selected areas**



Source: ONS APS

- 5.11 A significant factor in the increased employment rate is a rising number of women in employment. There were estimated to be around 6,000 more women of working age in employment in Maidstone in 2013 than in 2008.<sup>105</sup> At 71.1%, the female employment rate is considerably above the national average (66.4%) in 2013.

**Figure 5.7 Employment rate by gender (% aged 16-64), Maidstone and England**



Source: ONS APS

### Working patterns

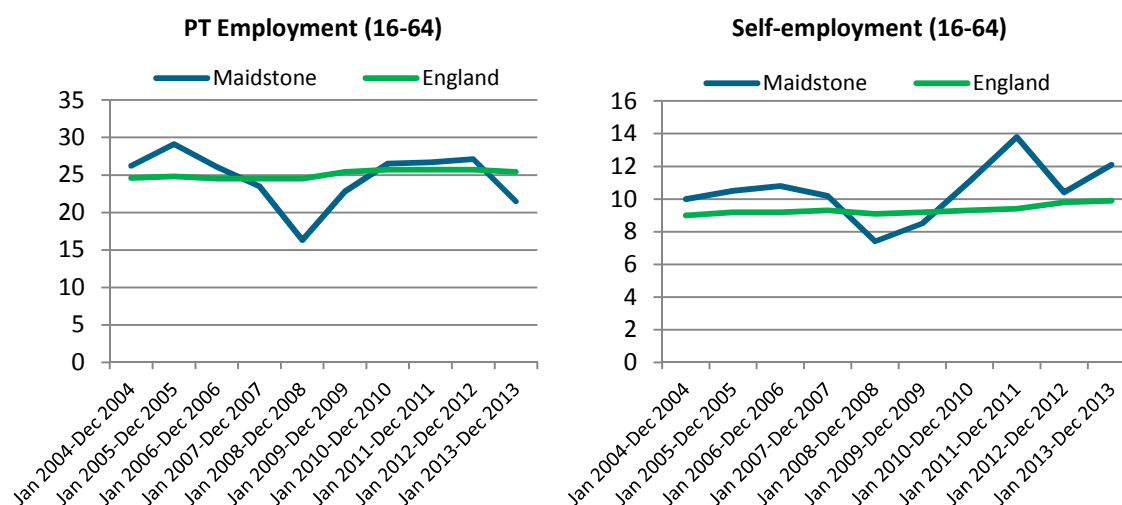
- 5.12 The increase in employment in the last five years has also been influenced by changes in working patterns among Maidstone's residents. In particular, the proportion of residents employed in part-time work increased significantly between 2008 and 2012 (before falling

<sup>104</sup> ONS (2014) Annual Population Survey

<sup>105</sup> ONS (2014) Annual Population Survey

again in 2013). The share of self-employed residents has also increased in Maidstone in recent years and was above the national average in 2013.<sup>106</sup>

**Figure 5.8 Rate of part-time and self-employment (% aged 16-64), Maidstone and England**

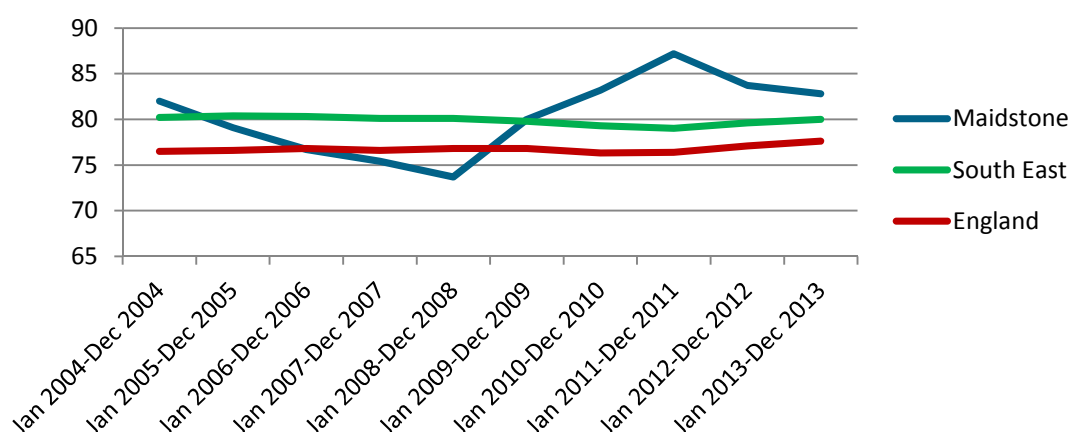


Source: ONS APS

### Economic activity

- 5.13 Maidstone also has high rates of economic activity which is another indication of the area's strong labour market. In the year ending December 2013, 84,500 residents were economically active, including 82.8% of residents aged 16-64.<sup>107</sup> As the figure below shows, economic activity had been declining between 2004 and 2008, but increased sharply between 2008 and 2011. Since then there has been some decline but still stands above the national average.

**Figure 5.9 Economic activity rate (% aged 16-64), Maidstone & selected areas**



Source: ONS APS

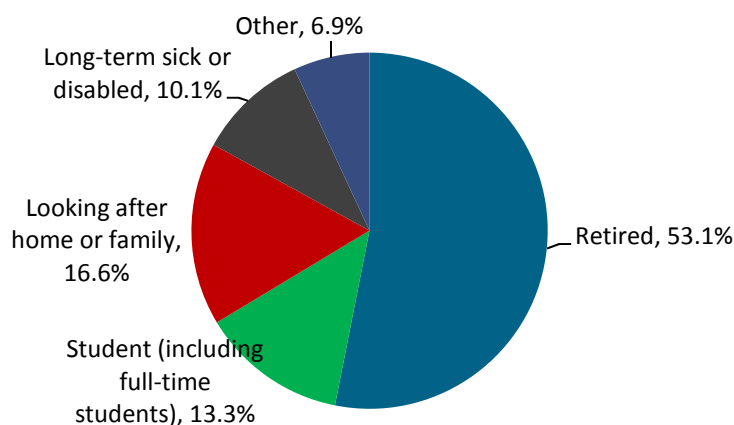
- 5.14 There are around 16,500 working age people in Maidstone who are economically inactive in 2013 and at 17.2% of working aged residents, this is below the national average (21.6%).

<sup>106</sup> ONS (2014) Annual Population Survey

<sup>107</sup> ONS (2014) Annual Population Survey

There are many reasons for being economically inactive, including being retired or looking after the family or home. The figure below outlines the main reasons for Maidstone residents to be economically inactive from the 2011 census.

**Figure 5.10 Maidstone: reasons for economic activity (% of economically inactive residents aged 16-74 - 2011)**



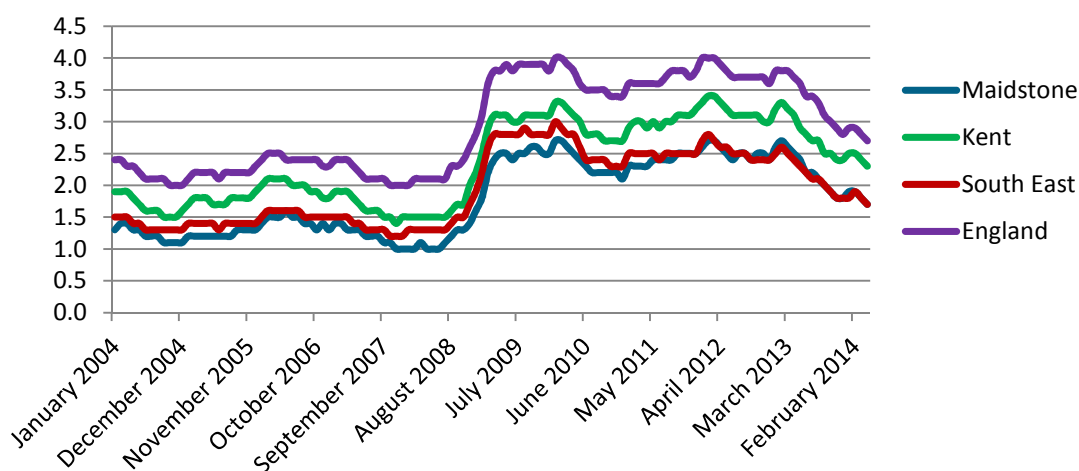
Source: ONS Census 2011

## Unemployment

- 5.15 Maidstone has a relatively low unemployment rate. In 2013 7.2% of economically active residents aged 16-64 were unemployed, compared to 7.6% for both Kent and England.<sup>108</sup> Unemployment increased as a result of the recession, from around 4.3% in 2008 to 8.2% in 2012, but has come down in the last year.
- 5.16 Maidstone's claimant count (the share of working age people claiming Jobseekers Allowance) shows a similar pattern to overall unemployment. The claimant count rate rose sharply in 2008, from 1.0% of 16-64 year olds in January 2008 to 2.7% in January 2012, but has come down in the last year or so. In April 2014, 1.7% of working age residents were claiming JSA, compared with 2.3% for Kent and 2.7% for England as a whole. Maidstone's claimant count rate was the fifth lowest in Kent in April 2014.

<sup>108</sup> ONS (2014) Annual Population Survey

Figure 5.11 JSA claimants (% aged 16-64), Maidstone & selected areas



Source: ONS claimant count

- 5.17 Young people aged 18-24 make up more than a quarter (26.3%) of claimants in Maidstone<sup>109</sup> and this age group has seen the biggest increase in claimants between 2008 and 2013 (increasing by 165).
- 5.18 Long-term unemployment has increased as a result of the economic downturn. In April 2014, 0.7% of 16-64 year olds had been claiming JSA for more than 6 months, up from just 0.2% in January 2008. However, this proportion was below the national average (1.2%).<sup>110</sup> Almost 4 in 10 claimants (38.3%) have been claiming unemployment benefits for more than 6 months, compared to a fifth in 2008.

### Unemployment benefit claimants

- 5.19 Maidstone also has a relatively low percentage of out-of-work benefits claimants. In November 2013 9.9% of the working age population was claiming out-of-work benefits<sup>111</sup>, compared to 12.1% across Kent and 12.9% in England.<sup>112</sup>
- 5.20 The percentage of out-of-work benefits claimants has increased in Maidstone over the last five years, which is counter to the national trend. Between November 2008 and November 2013 the percentage of out-of-work benefits claimants rose by 1.1 percentage points in Maidstone, which was similar to the increase in Kent as a whole (+0.4pp), while the rate of benefit claimants across England fell during this time (-0.5 pp).<sup>113</sup>

### Qualifications and skills

- 5.21 Maidstone's working age population is not well qualified compared to the national average. In 2013 only 32.6% of working aged residents were qualified to NVQ Level 4 or above, which

<sup>109</sup> ONS (2014) claimant count

<sup>110</sup> ONS (2014) claimant count

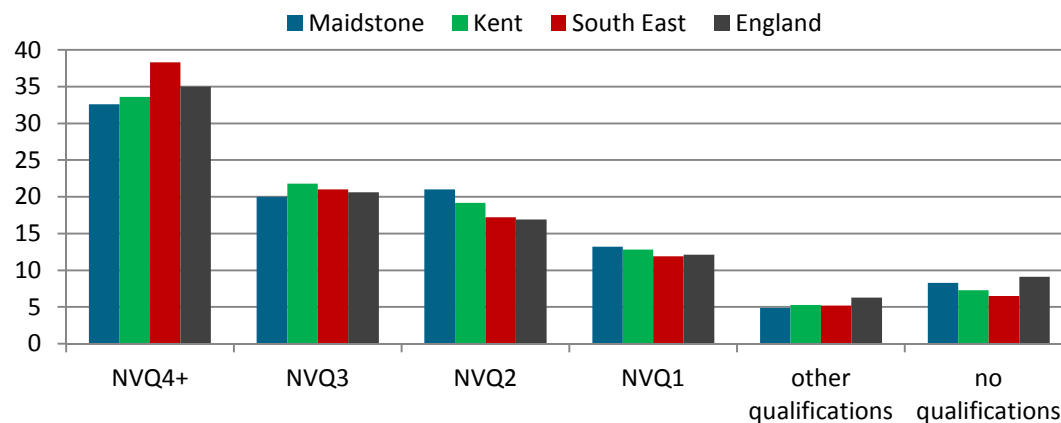
<sup>111</sup> Out-of-work benefit claimants are recipients of Jobseekers Allowance, Employment and Support Allowance (ESA), Incapacity Benefit (IB) and Severe Disablement Allowance (SDA), lone parents (recipients of Income Support with a child under qualifying age) and other recipients of Income Support and Pension Credit

<sup>112</sup> ONS (2014) Annual Population Survey

<sup>113</sup> ONS (2014) Annual Population Survey

is lower than for Kent (33.6%) and the national average for England (35%).<sup>114</sup> For a relatively high proportion of the adult population (21%), their highest level of qualification attainment was at NVQ Level 2.

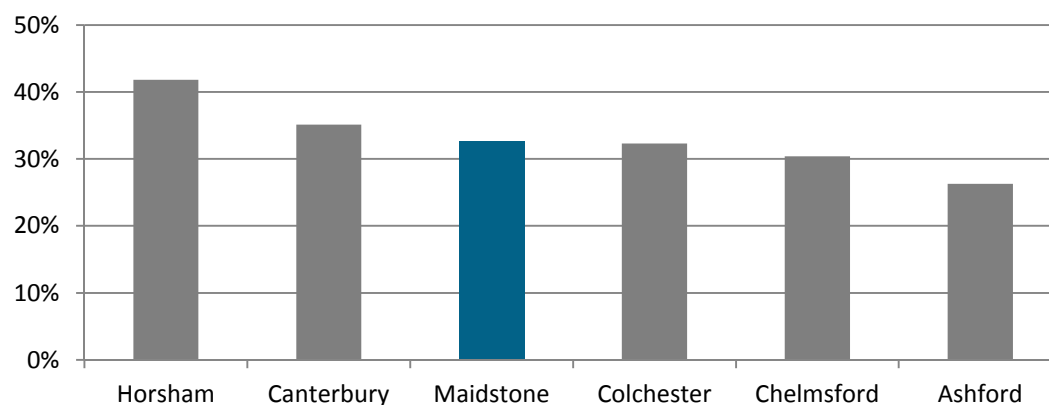
**Figure 5.12 Highest level of qualification attainment (% of residents aged 16-64 - 2013), Maidstone & selected areas**



Source: ONS APS

5.22 Amongst the Kent districts, Maidstone ranks fifth in terms of the proportion of residents qualified at NVQ Level 4 in 2013.<sup>115</sup> However, the figure below shows that percentage in Maidstone is on a par with other similar areas, such as Colchester and Chelmsford.

**Figure 5.13 % of residents aged 16-64 with NVQ4+ qualifications (2013), Maidstone & comparator areas**



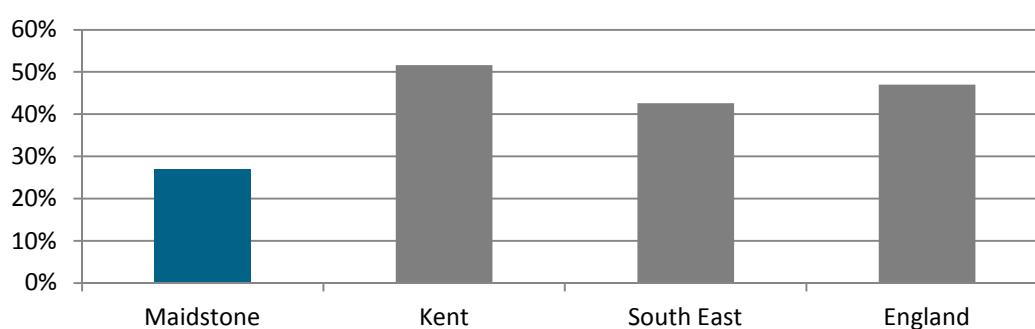
Source: ONS APS

5.23 Qualification attainment in Maidstone's working age population has generally improved in recent years: only 28% of residents were qualified at NVQ4+ in 2004, and the share of the adult population without qualifications dropped from 10.2% to 8.3% between 2004 and 2013. However, higher level qualification attainment is improving at a faster rate in Kent overall and nationally.

<sup>114</sup> ONS (2014) Annual Population Survey

<sup>115</sup> In both Tonbridge and Malling (48.5%) and Sevenoaks (49.4%) almost half of the adult population were qualified at this level - ONS (2014) Annual Population Survey

**Figure 5.14 Percentage point change in proportion of residents qualified at NVQ4+ (2004-2013), Maidstone & selected areas**



Source: ONS APS

### Skill shortages and mismatch

- 5.24 Although the UKCES Employer Skills Survey does not provide data at borough level, it is worth noting the recent evidence of significant skills challenges in the Kent as a whole (see box below).

#### Evidence of skills shortages in the Kent area

According to the most recent UKCES Employer Skills Survey (ESS), over a quarter (25.4%) of vacancies were hard-to-fill in Kent due to skills shortages in 2013 (SSVs<sup>116</sup>), which is above the national average for England (22.3%).<sup>117</sup> Overall, one in twenty Kent businesses faced challenges with SSVs, with a relatively high proportion in administrative and clerical (31.3%), machine operative (39.1%) and skilled trades (40.8%) occupations.

Skills that Kent employers found difficult to obtain from applicants include problem solving skills (50% of businesses with SSVs), technical, practical or job specific skills (46%) and numeracy skills (46%). The main impact of SSVs is to increase the workload for other staff. However, half (49%) of Kent businesses lose business or orders to competitors because of SSVs, compared to just 42% nationally, and more (47%) delay developing new products or services (43% nationally).

In addition, around a fifth (19%) of Kent businesses reported skills gaps in their existing workforce (15% nationally). But, despite these challenges, less than half (49%) of businesses funded or arranged training for staff over the past 12 months.<sup>118</sup>

- 5.29 It is not possible to analyse total vacancies in the Maidstone economy using official statistics. However, it is possible to analyse vacancies registered with Jobcentre Plus as a proxy.<sup>119</sup> Data shows there were 961 Jobcentre Plus (JCP) vacancies in Maidstone in November 2012<sup>120</sup> while at the same time, 2,470 people were claiming JSA.<sup>121</sup> At 2.6 claimants per

<sup>116</sup> Skills Shortage Vacancies

<sup>117</sup> Note: data is not available below county level - UKCES (2014) Employer Skills Survey 2013

<sup>118</sup> UKCES (2014) Employer Skills Survey 2013

<sup>119</sup> The final update of jobcentre vacancies took place in November 2012. Jobcentre Plus vacancies are both highly seasonal and subject to random shocks, so interpretation requires some care.

<sup>120</sup> DWP (2012) Jobcentre Vacancy Statistics

<sup>121</sup> ONS (2014) claimant count

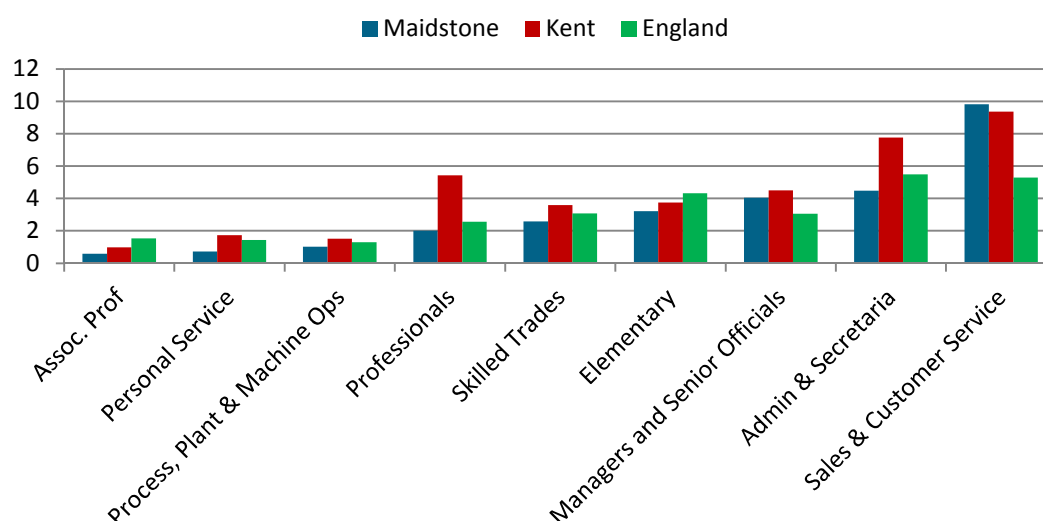


vacancy, the claimant to vacancy ratio was lower than for Kent (3.5) or England as a whole (3.2) which suggests that there was relatively less competition amongst claimants for jobs locally.

5.30 JCP groups vacancies into occupations in order to match jobseekers to suitable jobs. Looking at the breakdown of vacancies in Maidstone by occupation, it is evident that while most vacancies were in entry level and intermediate roles (employers mainly use JCP vacancy services for jobs requiring low-mid skill levels), the proportion is lower than elsewhere. Some 65.9% of vacancies in Maidstone were in entry level and intermediate roles<sup>122</sup> in 2012 compared to 70.5% in Kent and 74.4% nationally. Conversely, a much higher proportion - over a quarter (25.3%) - of vacancies were in professional, managerial and technical roles which was higher than for Kent (20.1%) and for Kent and England as a whole (17.1%).

5.31 In 2012, the highest claimant to vacancy ratio was in sales and customer service jobs (9.8 claimants per vacancy), followed by administrative and secretarial roles (4.5). As the figure below shows, the ratio of claimants to vacancies in sales and customer services was particularly high in Maidstone compared to the national average (5.3) and slightly above that for Kent as a whole (9.4).

**Figure 5.15 Claimant to vacancy ratio, by occupation, Maidstone and England (Nov 2012)**



Source: DWP Vacancies / ONS Claimant Count

5.32 The lowest claimant to vacancy ratios were in associate professional (0.6 claimants per vacancy) and personal services (0.7), which suggests a shortage of claimants looking for these kinds of jobs.

5.33 Although the overall vacancy to claimant ratio is low in Maidstone, the profile of vacancies and claimants suggests that there is some mismatch. There are relatively more claimants looking for entry level and intermediate level jobs, particularly in sales and customer service

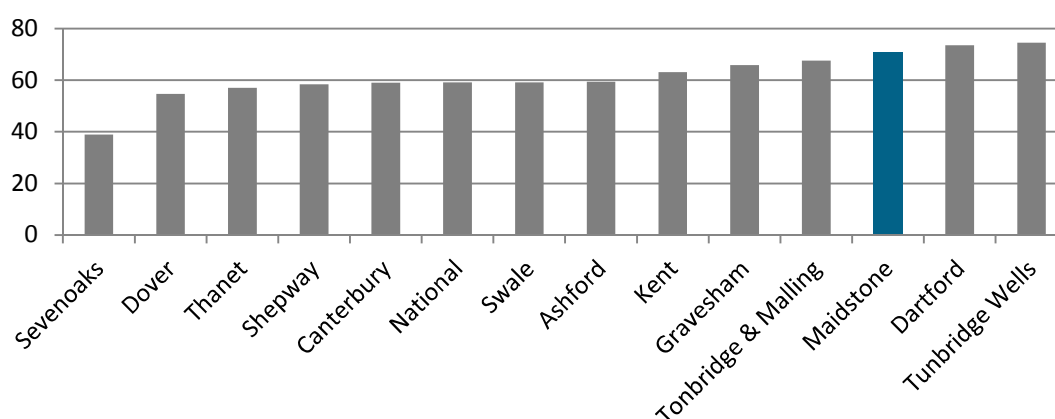
<sup>122</sup> Defined as administrative and secretarial, personal service, sales and customer service, process, plant and machine operatives, or elementary occupations.

roles than vacancies, while for associate professional and personal services there are relatively more vacancies than claimants .

### Educational attainment

- 5.34 Young people’s participation is relatively strong in Maidstone. Some 92.1% of Key Stage 4 (KS4) students<sup>123</sup> progressed to education, employment or training destinations in 2010/11, which is above the Kent (89.3%) and England (88.8%) averages.<sup>124</sup>
- 5.35 Pupil performance is also above the national average in Maidstone at KS4. In 2013, 70.8% of Key Stage 4 pupils achieved 5+ A\*-C grades including English and mathematics<sup>125</sup> compared to 63.1% across Kent and 59.2% nationally.<sup>126</sup>

**Figure 5.16 KS4 Attainment (% Achieving 5+ A\*-C Grades incl. English and Maths - 2013), Maidstone & selected areas**



Source: Kent County Council

- 5.36 In line with the performance at GCSE level, post-16 educational attainment is also relatively strong in Maidstone. In 2013, 87.8% of pupils achieved 3 or more A\*-E Grades in Level 3 exams (compared to 86.1% across Kent), with over half (54.1%) of pupils achieving A\*-A grades (44.1% across Kent). At 841.6, the average points score per student was also above the national (724.3) and Kent (745.3) averages that year.

### Occupations

- 5.37 Maidstone’s poorer than average qualification profile among its adult population is reflected in the lower skills level of jobs accessed by residents. In 2013 the figure below shows that a lower than average proportion of Maidstone’s residents were employed in higher-skilled occupations – particularly in professional occupations, while considerably more are employed in elementary occupations.

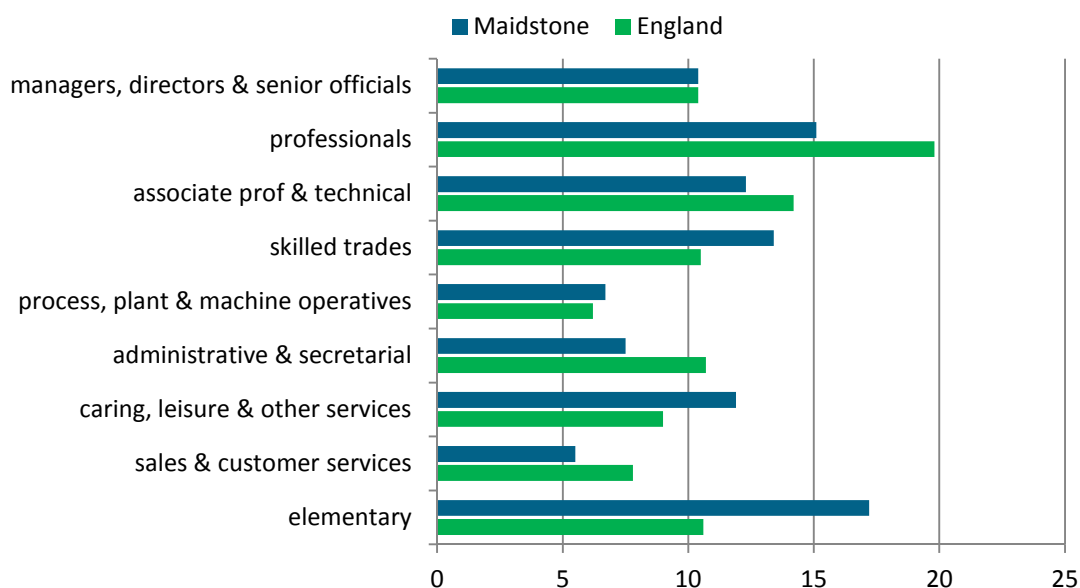
<sup>123</sup> Key Stage 4 is the term for the two years of school education which incorporate GCSEs, normally known as Year 10 and Year 11, when pupils are aged between 14 and 16.

<sup>124</sup> Research & Evaluation, Kent County Council (2013) Key Stage 4 & 5 Student Destinations, 2010-11

<sup>125</sup> Kent County Council (2014) District profiles

<sup>126</sup> Kent County Council, Education and Young People’s Services (2014) Facts and Figures 2014

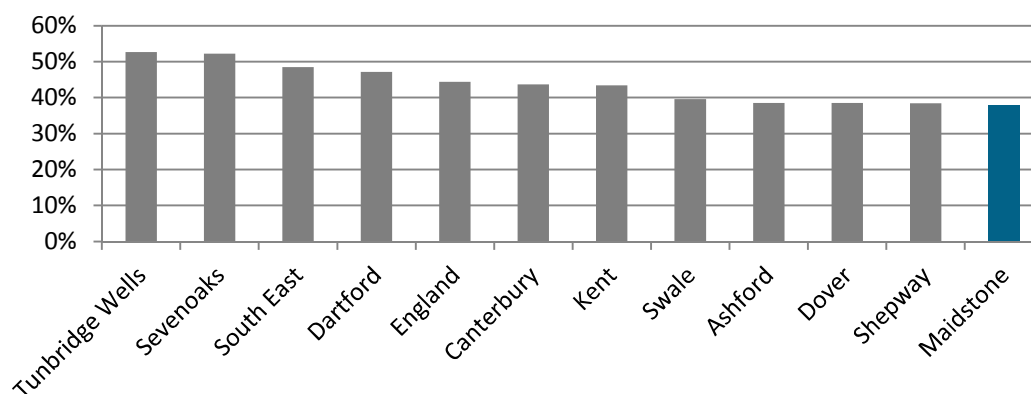
**Figure 5.17 Occupational profile of employed residents (2013), Maidstone and England**



Source: ONS APS

- 5.38 In total some 37.8% of Maidstone residents were employed the top three highest paying occupations (managers/directors/senior officials, professionals and associate professionals) in 2013, compared with 43.4% for Kent as a whole, and 44.4% nationally.<sup>127</sup> Among districts in Kent, Maidstone has the lowest share of residents employed in these occupations. In comparison, in both Tunbridge Wells and Sevenoaks more than half of residents are employed these types of jobs.

**Figure 5.18 % of residents in employment who work in the top three highest paid occupations (2013), Maidstone & selected areas**



Source: ONS APS

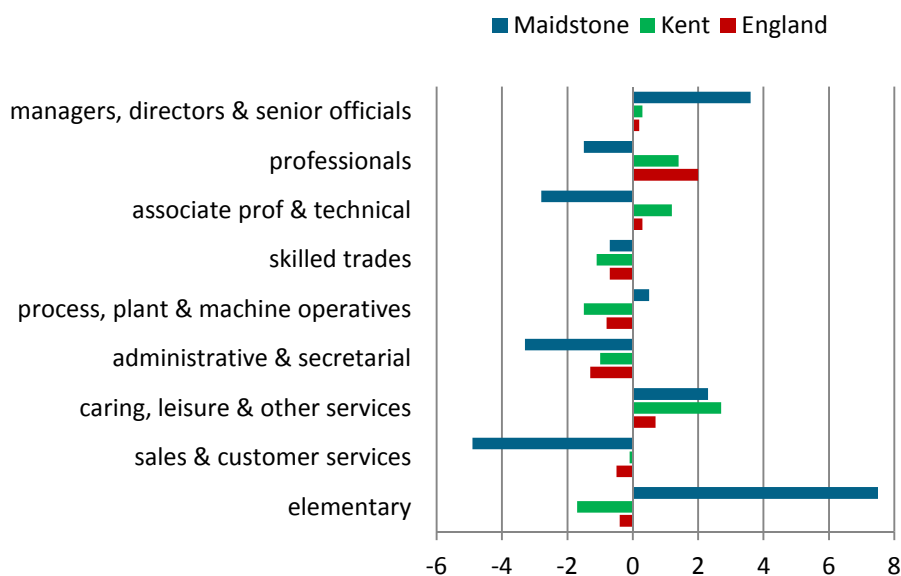
- 5.39 Maidstone has an above average proportion of residents employed in skilled trades, caring, leisure & other services, and, in particular, elementary occupations. At 17.2%, Maidstone also had the highest percentage of residents in employment in elementary roles amongst

<sup>127</sup> ONS (2014) Annual Population Survey

Kent districts in 2013.<sup>128</sup> Across Kent and England as a whole, these represent only around one in ten of those in employment (10.1% and 10.6% respectively).

5.40 Despite the predominance of low status occupations amongst Maidstone residents, there have been significant changes since 2008, as the figure below shows.

**Figure 5.19 Percentage point change in employment by occupation (2008-2013), Maidstone & selected areas**



5.41 The most significant changes are:

- an above average increase in the proportion of residents employed as managers, directors & senior officials, compared to the increase in the overall profile for Kent and nationally;
- a decline in the share employed in sales and customer services roles which is more significant than for Kent and nationally; and
- a relatively sharp increase in the importance of employment in elementary occupations which is counter to a decrease in Kent and nationally.

5.42 These changes to the occupation profile of Maidstone suggests a complex pattern with the most significant changes happening at the top and bottom end of the profile. While the increase in managers, directors and senior officials may be due to an increase in higher skill jobs in the Maidstone area, this could also be due to more residents establishing their own businesses or an increase in residents seeking homes in the area and commuting out of the borough to work.

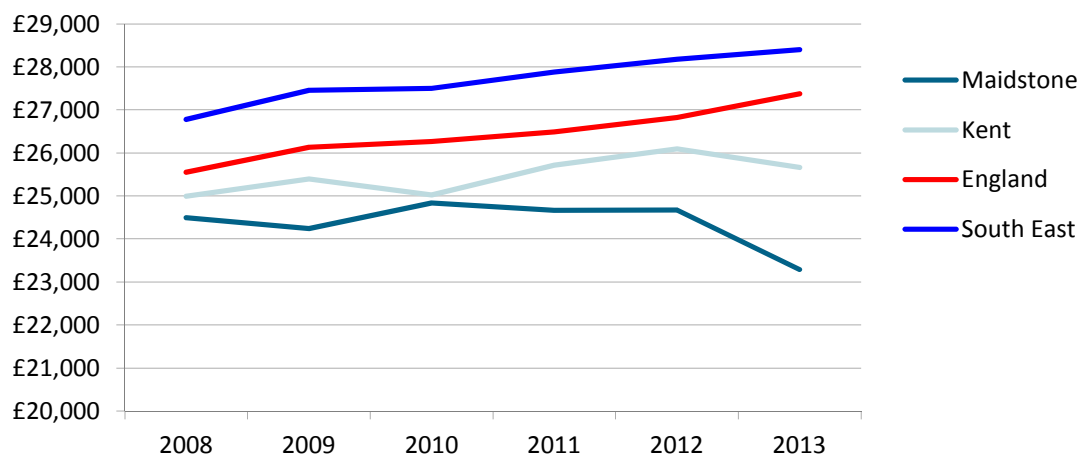
## Earnings

5.43 Median earnings for those working in Maidstone are also below the national average. Workplace earnings are an indicator of the productivity level of jobs in the local economy. In

<sup>128</sup> ONS (2014) Annual Population Survey

2013, median full-time workplace earnings were £23,290, compared to £25,670 for Kent and £27,380 nationally.<sup>129</sup> As the figure below shows, median earnings for full-time workers in Maidstone have largely stagnated since 2008 with a recent drop recorded in 2013.

**Figure 5.20 Median annual pay – workplace (gross, full-time workers), Maidstone & selected areas**



Source: ONS ASHE

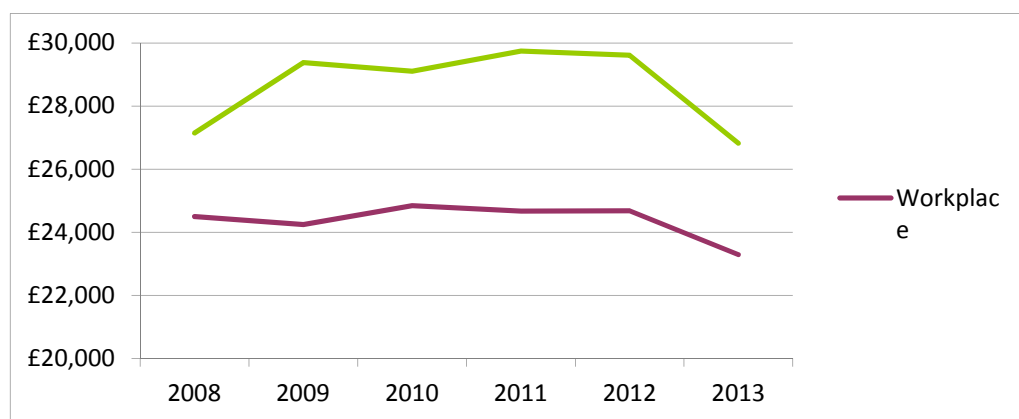
- 5.44 Resident wages in Maidstone have historically been relatively high, above both the national and Kent averages. However, in 2013, ONS recorded a considerably lower average resident wage of £26,800 compared to the previous year of £29,600. Based on this latest figure, resident wages are some of the lowest in Kent. At £26,800 in 2013,<sup>130</sup> median earnings for Maidstone residents were below both the Kent (£28,700) and national (£27,400) averages in 2013.<sup>131</sup>
- 5.45 These figures need to be treated with caution. The 2013 figures for both workplace and resident earnings show a marked fall on the previous years. There is little qualitative evidence to suggest such a significant decline and the figures could therefore simply be an error in the data. On the other hand, they could represent a more profound shift in earnings in Maidstone for the worse, and therefore need to be monitored closely.
- 5.46 One consistent trend over the last decade or more is that resident earnings in Maidstone exceed workplace earnings. In 2013, average annual salaries of residents were around £3,500 more than those of workers.

<sup>129</sup> ONS (2014) annual survey of hours and earnings - workplace analysis

<sup>130</sup> ONS (2013) Annual Survey of Hours and Earnings

<sup>131</sup> ONS (2013) Annual Survey of Hours and Earnings

Figure 5.21 Maidstone: median annual pay – workplace vs. resident (gross, FT workers)



Source: ONS ASHE

## Commuting

- 5.47 At the time of the 2001 Census, Maidstone was a net importer of labour, with 245 more workers travelling into the borough to work than left the borough every day.<sup>132</sup> However, the 2011 Census shows that over the last decade Maidstone has become a net exporter of labour, with 1,096 more people commuting out of the borough to work than commuting in.

Table 5.1 Maidstone: commuting flows from the 2011 Census

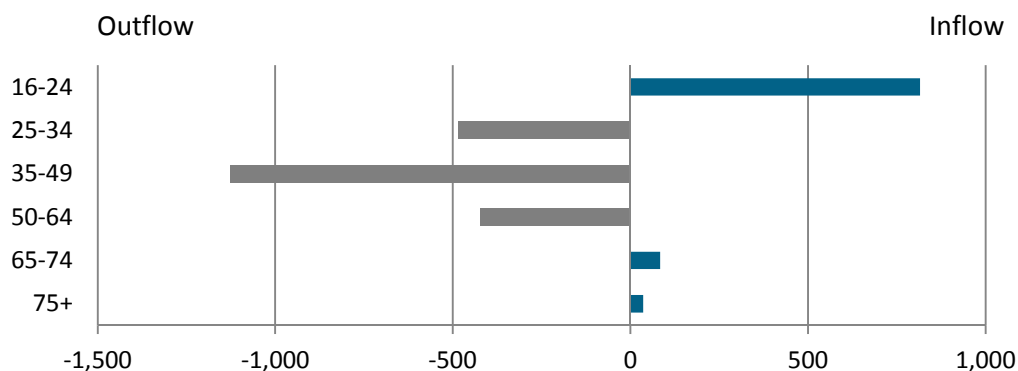
Area of origin	In-commuting	Out-commuting
Maidstone	30,693	30,693
Elsewhere	29,999	31,095
<b>Total</b>	<b>60,692</b>	<b>61,788</b>
Maidstone	50.6%	49.7%
Elsewhere	49.4%	50.3%

Source: ONS Census 2011

- 5.48 Origin-destination data from the 2011 Census shows that there were 29,999 people commuting to work in Maidstone borough from other local authority areas in 2011 (inflow). At the same time, there were 31,095 residents commuting out of the borough to work in other local authority areas or elsewhere (outflow). The commuting flows resulted in net out-commuting of 1,096 people in Maidstone in 2011 which was a reversal from an net inflow in 2001.
- 5.49 The age profile of commuters shows that the net-outflow was highest amongst residents of prime working age between 25 and 49 years in 2011, while there was a net-inflow of the youngest age group aged 16-24.

<sup>132</sup> ONS (2001) Census 2001

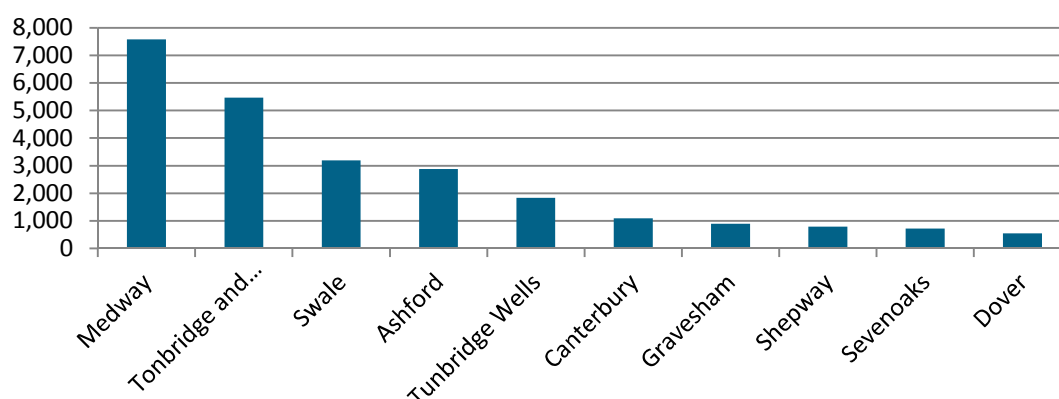
Figure 5.22 Maidstone commuting patterns by age group (2011)



Source: ONS Census 2011

- 5.50 Of the 60,692 people who commuted to work in Maidstone in 2011, these were split equally between those who were residents of Maidstone (50.6%) and those resident elsewhere (49.6%).<sup>133</sup> The main origins for people commuting to work in Maidstone were Medway (7,578 people; 25.3% of in-commuters) and Tonbridge and Malling (5,471 people; 18.2%). Overall, more than nine out of ten (92.5%) commuters working in Maidstone lived in the Kent and Medway area in 2011.

Figure 5.23 Top origins for in-commuting to Maidstone from other LAs (2011)



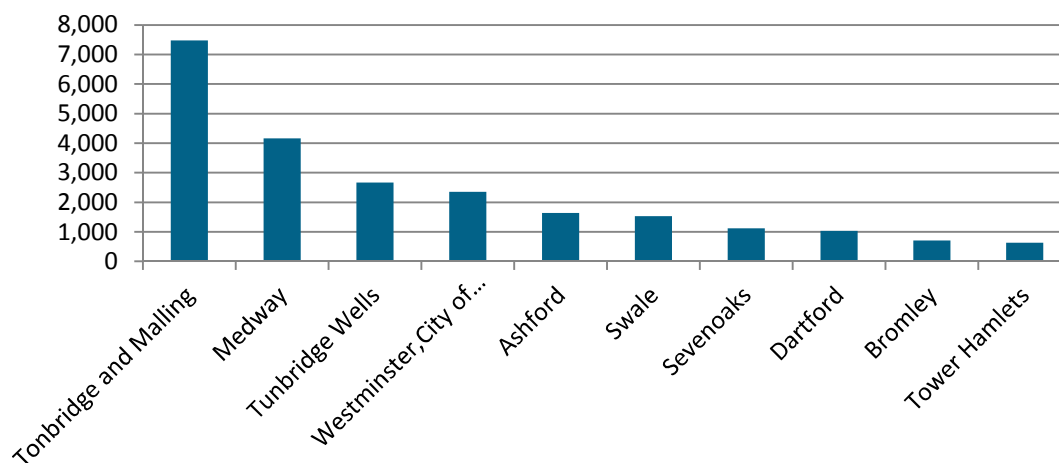
Source: ONS Census 2011

- 5.51 Of the 61,778 Maidstone residents that commuted to work in 2011, half (49.7%) worked in Maidstone and half (50.3%) worked outside the borough.<sup>134</sup> In 2001 60% of Maidstone residents worked in the borough which indicates that Maidstone has become less important as a place of work for its residents over the last decade.
- 5.52 As the figure below shows the main destinations for out-commuting residents were also Tonbridge and Malling (7,479; 24.1% of out-commuters) and Medway (4,165; 13.4%). Almost a quarter of residents commuting from Maidstone work in London, and around one third commute to Westminster and the City of London alone.

<sup>133</sup> ONS (2014) Census 2011

<sup>134</sup> ONS (2014) Census 2011

Figure 5.24 Top destinations for out-commuting from Maidstone to other LAs (2011)



Source: ONS Census 2011

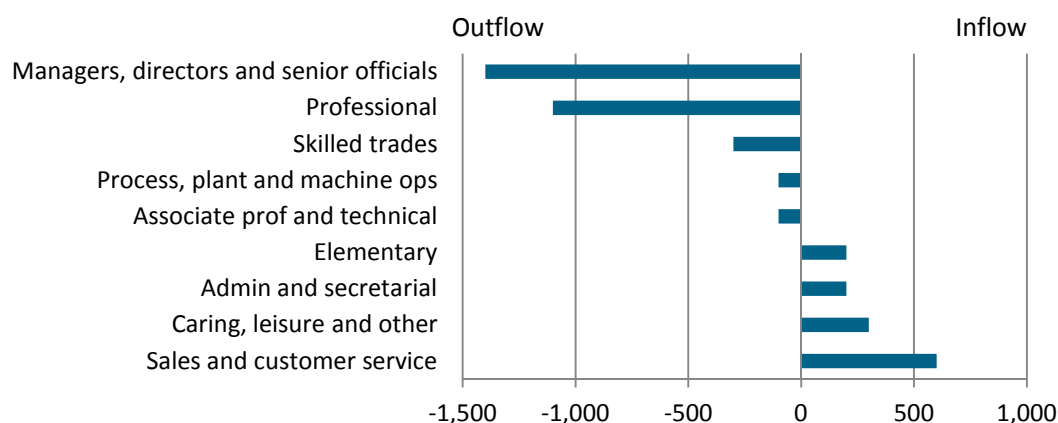
- 5.53 Comparing the occupational profile of residents in employment<sup>135</sup> with that of the workplace population<sup>136</sup> provides an indication of the type of jobs people are commuting to. Where there is a higher proportion of residents in an occupation group than amongst the workplace population, this suggests there is net out-commuting (outflow). Conversely, where there is a higher proportion of the workplace population in an occupation group, this suggests a net in-commuting (inflow). The data used for this analysis is different from the origin-destination commuting flow data and indicates an overall net out-commuting outflow of 1,716 people from Maidstone in 2011, which is around 700 higher than the outflow indicated by the origin-destination data.
- 5.54 As the figure below shows, the greatest outflow amongst the occupation groups was for managers, directors and senior officials (-1,400) and those in professional occupations (-1,100), while at the same time, the greatest inflow was for lower status occupational groups, particularly those in sales and customer service (+600), caring, leisure and other (+300) occupations.

<sup>135</sup> All usual residents aged 16 and over in employment the week before the census

<sup>136</sup> The workplace population are those whose usual place of work is in that local authority. This will include both individuals who live and work in the local authority and those who work in the local authority but commute from a home elsewhere and individuals who work in the local authority but commute from a home elsewhere



**Figure 5.25 Net differences between the resident and workplace occupational profiles in Maidstone (2011)**



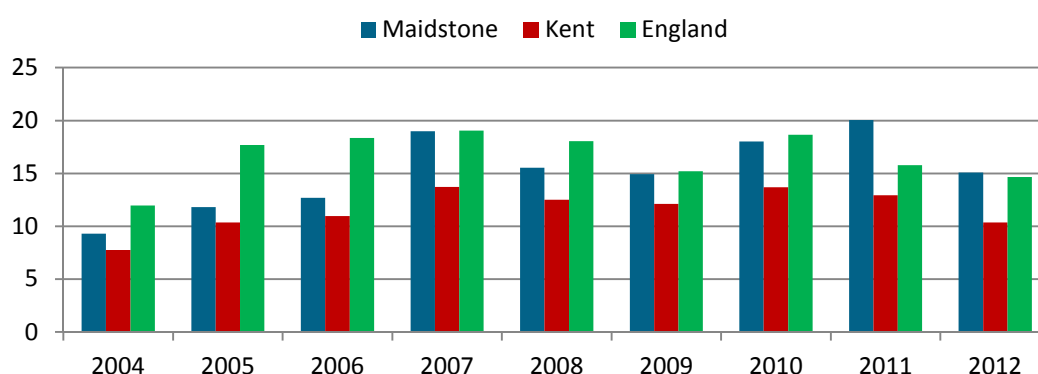
Source: ONS Census 2011

- 5.55 This pattern is consistent with the fact that the average earnings of residents is significantly higher than workplace earnings (see paragraph 5.44) and that those who are commuting out of the borough to work are accessing higher paying jobs elsewhere, while those commuting into Maidstone are generally working in lower occupational status lower waged jobs.

## Migration and ethnicity

- 5.56 Between 2004 and 2012, around 13,200 overseas nationals registered for National Insurance numbers (NINO) in Maidstone, showing their intention to work in the area<sup>137</sup>. The number of NINO registrations declined from 2007 to 2009, but peaked at 1,990 in 2011<sup>138</sup>. On average, there were 15.2 allocations per 1,000 working age residents per year in the Maidstone from 2004 to 2012, which was above the average for Kent (11.6) but below the national average (16.6).

**Figure 5.26 Migrant NINO Registrations per 1,000 resident population aged 16 to 64, Maidstone and selected areas**



Source: KCC

<sup>137</sup> Department for Work and Pensions (2014) National Insurance number allocations to adult overseas nationals entering the UK to December 2013

<sup>138</sup> Department for Work and Pensions (2014) National Insurance number allocations to adult overseas nationals entering the UK to December 2013

- 5.57 In 2012/13, 1,601 overseas nationals registered for National Insurance numbers in Maidstone, which as 16.1% of the registrations in Kent. Of these, 70.9% of NINo allocations were for people from EU ascension states (principally Bulgaria, Poland and Lithuania) which was almost double the rate nationally (36.4%).<sup>139</sup>
- 5.58 At the time of the 2011 Census, 13.5% of people aged 16 to 49 years in Maidstone were born outside the UK which was lower than the England average (18.9%). Of the non-UK population, the largest group (29%) were from the Middle East and Asia, followed by EU Accession Countries (27%).<sup>140</sup>
- 5.59 The ethnicity of workers by industry, as shown in the table below, indicates that the vast majority of workers in Maidstone were 'White British' in 2011 and at 88.4% this is higher than the national average (80.8%), but similar to the proportion in Kent (88.7%). The percentage of those in employment reporting themselves as 'White British' was highest in the construction sector in Maidstone, followed by other industries (arts, entertainment and recreation, and other services).

---

<sup>139</sup> Kent County Council (2013) Migrant Workers in Kent

<sup>140</sup> ONS (2011) Census 2011

Table 5.2 Maidstone workforce by ethnic group (2011)

Industry	White British	White Irish	White Other	Mixed/multiple	Asian/Asian British	Black/African/Caribbean/Black British	Other ethnic group
Agriculture, energy & water	82.3%	0.6%	14.1%	0.9%	1.2%	0.4%	0.4%
Manufacturing	89.6%	0.7%	5.8%	0.9%	2.3%	0.5%	0.2%
Construction	93.7%	0.9%	3.3%	0.7%	0.8%	0.3%	0.2%
Distribution, hotels & restaurants	87.0%	0.5%	6.2%	1.1%	4.3%	0.5%	0.5%
Transport & communication	87.6%	0.7%	7.3%	1.0%	2.4%	0.8%	0.2%
Financial, Real Estate, Professional & Admin activities	89.7%	0.6%	5.2%	1.1%	2.4%	0.8%	0.3%
Public admin, education & health	86.7%	1.0%	4.3%	1.2%	5.2%	1.3%	0.4%
Other	91.6%	0.4%	4.2%	1.1%	1.6%	0.7%	0.5%
<b>Total</b>	<b>88.4%</b>	<b>0.7%</b>	<b>5.4%</b>	<b>1.0%</b>	<b>3.3%</b>	<b>0.8%</b>	<b>0.3%</b>

Source: ONS Census 2011

5.60 The next largest ethnic group in the workforce was 'White Other', which constitutes 5.4% of the Maidstone workforce in 2011. This group largely includes people born in EU ascension countries (40.5%), the UK (21.4%), and EU member countries (17.1%).<sup>141</sup> Employment of 'White Other' workers was particularly significant in the agriculture, energy and water sector (14.1%) and transport and communication jobs (7.3%) in 2011. Employment was above the national average in both of these industries (4.8% and 6.5% respectively) and reflects the large number of casual workers in agriculture (1,023 in 2010, 5<sup>th</sup> highest among local authorities in England),<sup>142</sup> many of whom are from Eastern Europe.

### Summary – key points:

- Maidstone had an estimated population of 157,300 in 2012 and is the largest district in Kent with 10.6% of the county's population.
- Maidstone's population has grown faster than the average for Kent and England in the last decade, increasing by 17,000 between 2002 and 2012.
- At the same time, the population is ageing and the proportion of resident's aged 65 and over is above the national average.
- These trends are set to continue, with future population growth for Maidstone forecast to be above the Kent and national level to 2021. Both the working age (16-74) and retirement age (65+) population are expected to increase more in Maidstone than overall in Kent.

<sup>141</sup> ONS (2014) Census 2011

<sup>142</sup> ONS / DEFRA (2010) Agricultural workforce

- Maidstone has a strong labour market with high employment and economic activity rates, and relatively low levels of unemployment.
- But the qualifications profile of the adult population is poorer than the county and national average, with less than a third (32.6%) of residents qualified at NVQ Level 4 or above. While there has been some improvement over recent years, this has been better at the Kent and national level.
- Median earnings are above average for Maidstone residents, but relatively low for those who work in the borough, and the gap has been widening.
- Maidstone was a net importer of labour in 2001, but is now a net exporter with the 2011 Census indicating a net outflow of just over 1000 people. Almost a quarter of out-commuting residents work in London, mainly in Westminster and the City of London.
- Maidstone has become less important as a place of work for residents over the last decade, with the percentage living and working in the borough falling from 60% to 50% between 2001 and 2011.
- Commuting outflows from Maidstone in 2011 are predominantly for those in professional, managerial and technical occupations, while inflows are for skilled / semi-skilled and elementary occupations.

## 6. Housing and the property market

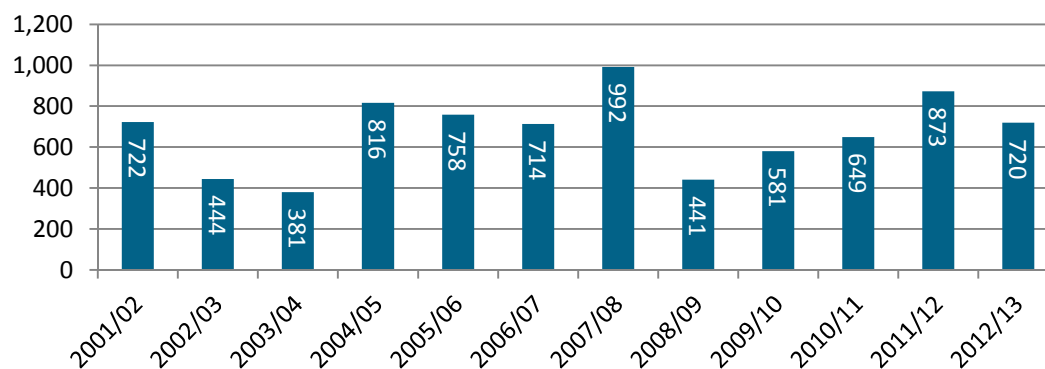
### Housing demand

- 6.1 Between 2011 and 2021 the number of households in Maidstone is projected to grow by 16.3% (based on past trends), which is above the average growth expected in the South East (10.8%) and nationally (10.0%).<sup>143</sup>
- 6.2 Drawing a range of evidence, Maidstone's Strategic Housing Market Assessment indicates an annual housing requirement of around 980 homes per year between 2011 and 2031 to meet housing demand.<sup>144</sup> Meeting the housing needs of older people will be a particular issue in Maidstone due to the projected growth in the over 65 population.

### Housing supply

- 6.3 Since 2001, a total of 8,091 homes have been completed in Maidstone which was equivalent to around 670 homes per annum.<sup>145</sup> Annual housing completions have varied considerably over this time frame with delivery generally increasing in the early part of the decade, from 444 homes in 2002/03 to 992 home completions in 2007/08. At this point, the impact of the recession can be seen, with completions falling to 441 homes in 2008/09 and since then there has been some recovery with house building rising to 873 in 2011/12, but falling back to 720 in 2012/13.

**Figure 6.1 Net housing completions in Maidstone 2001/02 to 2012/13**



Source: Strategic Housing Market Assessment (2014)

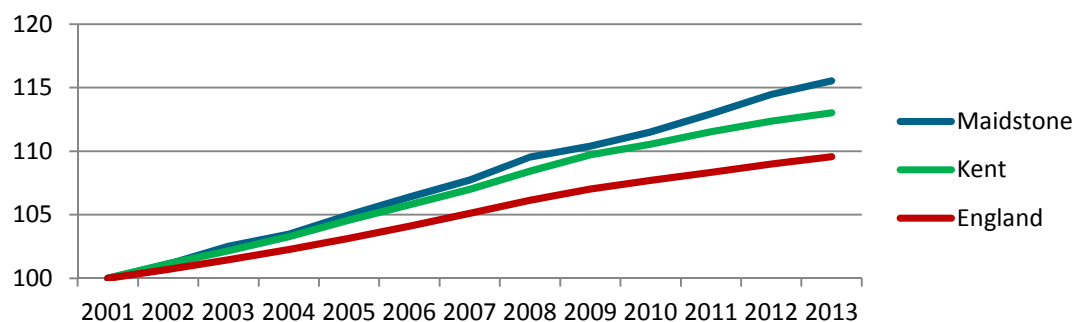
<sup>143</sup> Department for Communities and Local Government (2013) 2011-based household projections

<sup>144</sup> GL Hearn (2014) Maidstone Borough Council - Strategic Housing Market Assessment (2014)

<sup>145</sup> GL Hearn (2014) Maidstone Borough Council - Strategic Housing Market Assessment (2014)

- 6.4 Maidstone has had housing completions significantly above planned levels as set out in the South East Plan over the period. Planned supply for 2001-2013 is estimated at 6,178, with actual completions therefore being about 1,913 over the original target.<sup>146</sup>
- 6.5 The borough's housing stock has grown at roughly 1.2% a year between 2001 and 2013.<sup>147</sup> While this is above the Kent (1.0%) and national (0.7%) averages during this time, areas like Ashford (1.4%) and Tonbridge and Malling (1.2%) saw greater levels of housing completions.

**Figure 6.2 Index of housing stock (2001=100), Maidstone & selected areas**

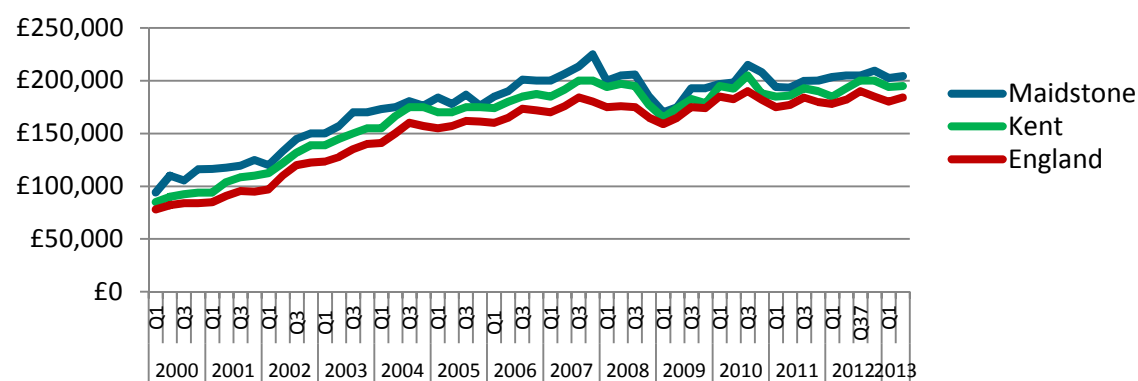


Source: Department for Communities and Local Government

## House prices

- 6.6 In Q2 2013, the median price for a house in Maidstone was £204,500. This is slightly above the median price for Kent as a whole (£195,000), but above the median house price nationally (£184,000).<sup>148</sup>
- 6.7 Maidstone experienced a significantly sharper drop in prices as a result of the recession, with median prices falling by 24% from peak to trough compared to 17.5% across Kent and about 13.6% nationally. Current median prices in Maidstone remain around 9.1% below peak levels whilst, both across Kent and nationally, prices have broadly recovered to peak levels.

**Figure 6.3 Median house prices, Maidstone & selected areas**



Source: ONS/Land Registry

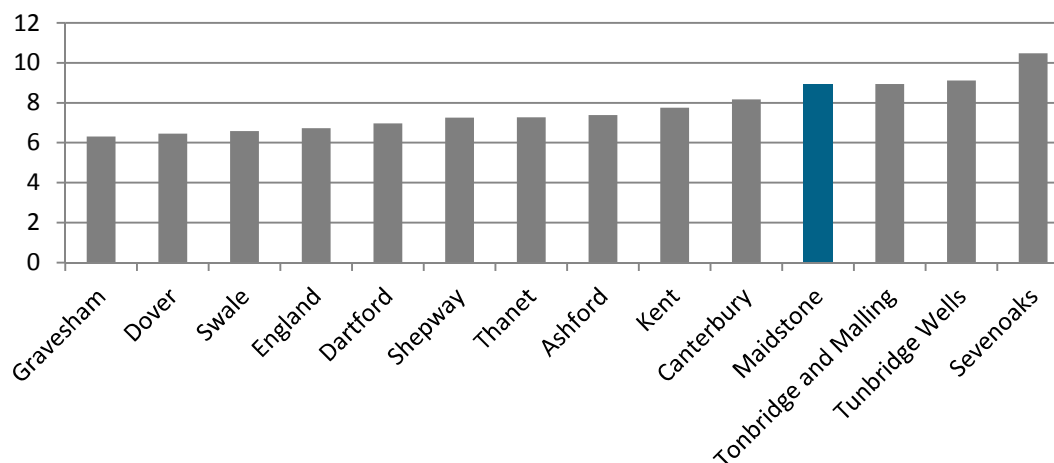
<sup>146</sup> GL Hearn (2014) Maidstone Borough Council - Strategic Housing Market Assessment (2014)

<sup>147</sup> Department for Communities and Local Government (2014) Dwelling stock estimates by local authority district

<sup>148</sup> ONS(2014) Land Registry data

- 6.8 The ratio of median house prices to median earnings provides a measure of affordability. In Maidstone this ratio was 8.9 in 2013<sup>149</sup> which means that the average house would have cost 8.9 times average earnings. This was the fourth highest ratio amongst districts across Kent, and is above the county average (7.7). It also far exceeds the average for England (6.7).

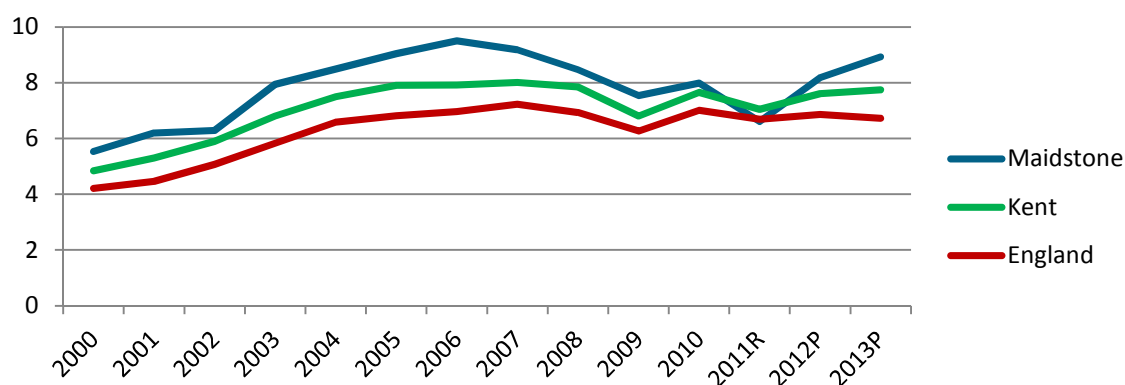
**Figure 6.4 Ratio of median house price to median earnings, Maidstone & selected areas (2013)**



Source: ONS/Land Registry

- 6.9 Although the median house price to earnings ratio has decreased from its pre-recession peak (9.51) in 2006 in Maidstone, it has been rising sharply in the last few years which suggests that houses in Maidstone are becoming less affordable.

**Figure 6.5 Ratio of median house price to median earnings, Maidstone & selected areas**



Source: ONS/Land Registry

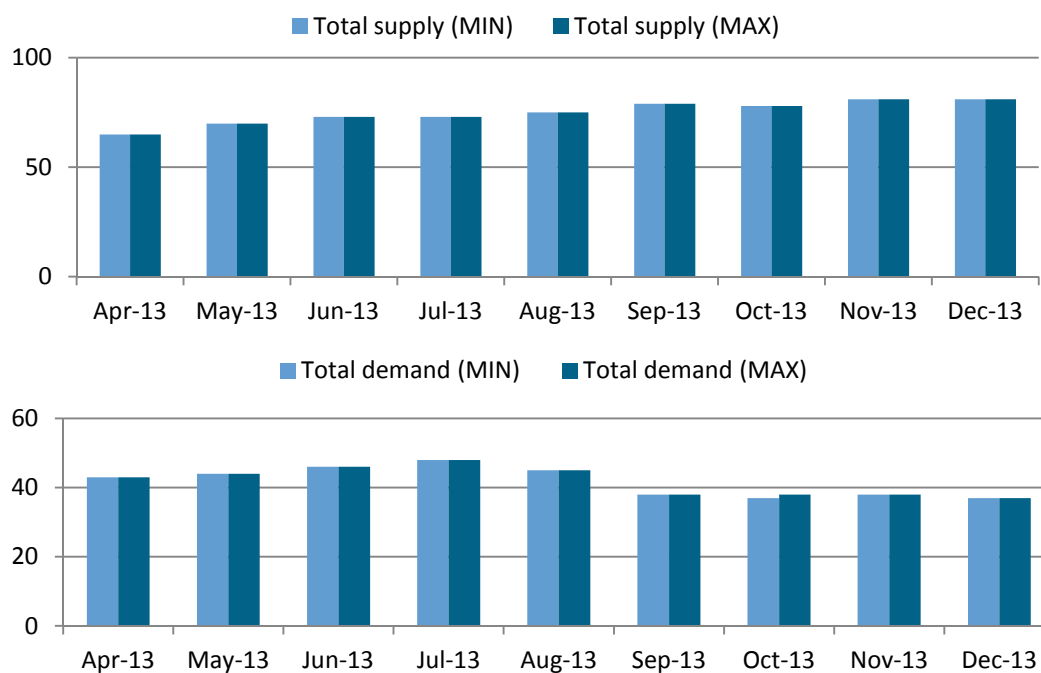
## Property market

### Industrial market

- 6.10 Demand for industrial space in Maidstone has been relatively steady since April 2013, although it has declined slightly in the last six months. At the same time, the figure below shows that the supply of industrial space has increased slightly.

<sup>149</sup> ONS (2014) Annual Survey of Hours and Earnings and HM Land Registry

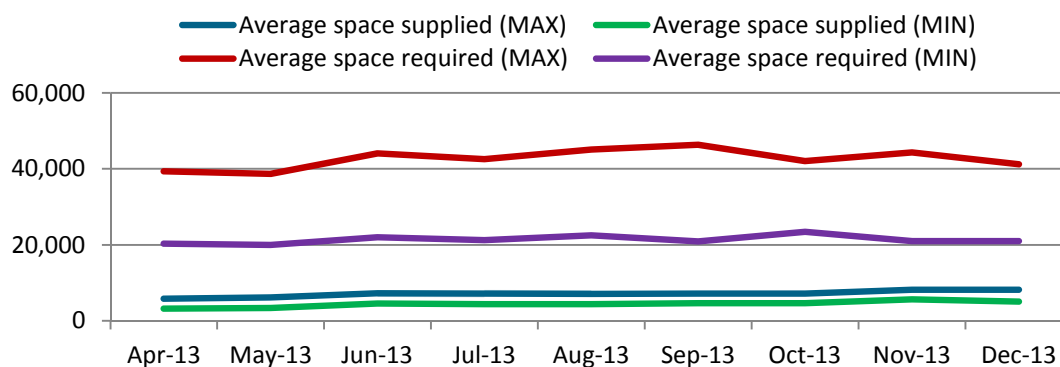
**Figure 6.6 Supply and demand of marketed industrial spaces in Maidstone**



Source: Locate in Kent (2014) Maidstone Report – January 2014

- 6.11 While on face value there is plenty of supply to meet demand, there is some mismatch in terms of the size and quality of industrial space. Demand is largely at the smaller unit end, though there are up to seven clients looking for space over 50,000 sq. ft. Supply has increased mainly at the smaller end of the market and the average size of space available is significantly below the average size sought.
- 6.12 In December 2013 there was only 4 properties available of over 30,000 sq. ft. in comparison with a demand for up to 13 properties over this size, leading to unmet demand.<sup>150</sup> Also, most of the demand recorded for larger (as well as small) units is in the northern end of the borough where there are no properties this size available.

**Figure 6.7 Average industrial space supply and demand in Maidstone (ft<sup>2</sup>)**



Source: Locate in Kent (2014) Maidstone Report – January 2014

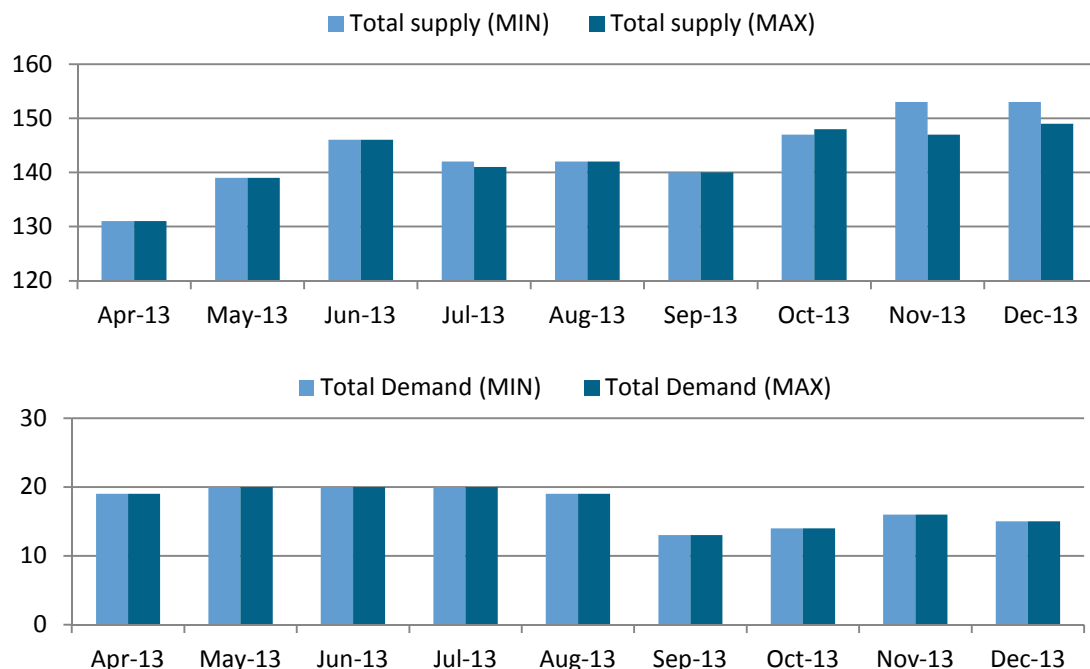
<sup>150</sup> Locate in Kent (2014) Maidstone Report – January 2014



Office market

6.13 Looking at the Maidstone office market, demand has fallen slightly over the last nine months, while office supply has increased (see figure below). There is also a far greater stock of available offices than is being sought which suggests that current supply meets demand.

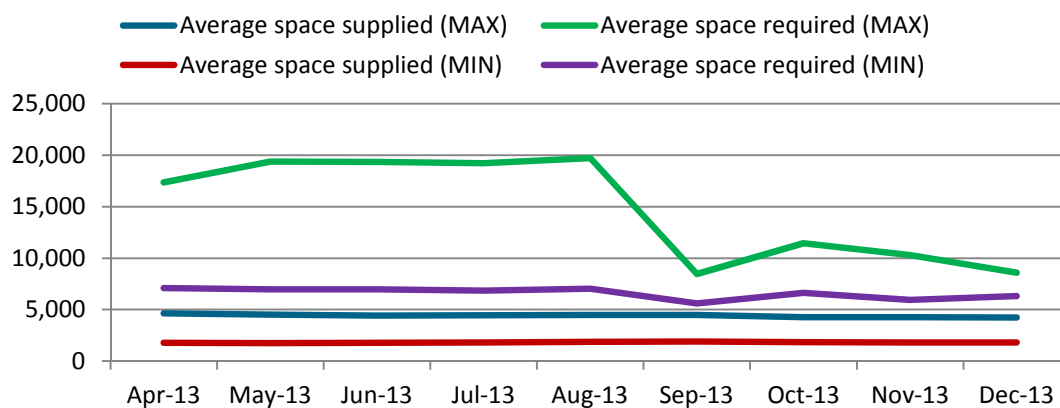
Figure 6.8 Supply and demand of marketed office spaces in Maidstone



Source: Locate in Kent (2014) Maidstone Report – January 2014

6.14 However, looking more closely at the size of office space required, there is a disparity between the average size of space available and the average size of space being sought. In particular, there is a significant surplus of smaller office spaces available (0 – 5,000 sq. ft.) for which there has been limited demand in 2013.<sup>151</sup>

Figure 6.9 Average office space supply and demand in Maidstone (ft<sup>2</sup>)



Source: Locate in Kent (2014) Maidstone Report – January 2014

<sup>151</sup>Locate in Kent (2014) Maidstone Report – January 2014

## Summary – key points:

- Maidstone's Strategic Housing Market Assessment indicates an annual housing requirement of around 980 homes per year to meet housing demand. Since 2001 a total of 8,091 homes have been completed in Maidstone, equivalent to around 670 homes per annum.
- At £204,500, median house prices in Maidstone are above the Kent (£195,000) and national (£184,000) averages.
- Maidstone has the fourth highest ratio of median house prices to median earnings in Kent in 2013, far exceeding the national average and rising in recent years and suggests that there is a housing affordability issue.
- Demand for industrial space in Maidstone has declined slightly in the last six months, while the supply of industrial space has slightly increased. Although on face value there is industrial supply to meet demand, there is some mismatch in terms of the size and quality of industrial space available, including some unmet demand for larger industrial spaces.
- Demand for office space has also fallen slightly in the last nine months, while office supply has increased. Although there appears to be plenty of office stock to meet demand, there is a mismatch in the size of units being sought and those available. In particular, there is a significant surplus of smaller office spaces available (0 – 5,000 sq. ft.), for which there has been limited demand in 2013.<sup>152</sup>

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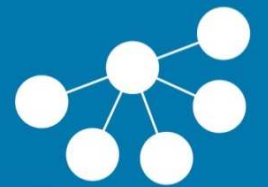
<sup>152</sup> Locate in Kent (2014) Maidstone Report – January 2014

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# Maidstone DRAFT Economic Development Strategy

**2014 - 2031**

**September 2014**

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DRAFT

# Executive Summary

Maidstone today stands at a crossroads. The national economy is starting to grow after a long period of recession that affected Maidstone more adversely than its neighbours in some ways.

Employment has declined with significant jobs losses in the public sector, output has grown more slowly than in Kent overall, and the town centre has slipped down the retail rankings. It has not been all bad news though - the population has grown and is forecast to continue to grow, there has been recent private sector job growth, and more new businesses are being created and surviving than before. Investors are coming forward with new proposals that could bring significant benefits for Maidstone.

As the economic recovery gathers momentum, Maidstone needs to be in a position to benefit from the emerging growth opportunities. Without concerted action by the council and partners, there is a risk that Maidstone's economy will continue to underperform.

The overall approach adopted in this strategy is about making the most of our many economic assets, while at the same time protecting those that make Maidstone a special place. We want to support our businesses to grow, creating jobs for all of our residents and ensuring they are equipped with the skills to maximise their potential. By 2031 our vision for Maidstone is:

*"A model '21st century county town, a distinctive place, known for its blend of sustainable rural and urban living, dynamic service sector-based economy, excellence in public services, and above all, quality of life."*

This strategy sets out how we will achieve our vision and identifies a series of priority actions to capitalise on our assets and the opportunities we have to strengthen the economy and create the right conditions for economic growth. These five priorities are:

**Retaining and attracting investment** - We will support existing businesses to grow and also work to attract new employers to the borough, creating job opportunities for all residents across a range of sectors.

**Stimulating entrepreneurship** - We will create a more entrepreneurial and innovative economy, supporting new business start-ups and those with high growth potential to move up the value chain.

**Enhancing the town centre** - We will promote the regeneration of Maidstone town centre as a high quality retail and leisure destination, and as a place to live and work.

**Meeting the skills needs** - We will ensure that residents are equipped with skills for work and that the skills needs of businesses are being met. We will support the expansion of the Higher Education sector to increase the number of graduates in the workforce, supporting initiatives such as the Kent Institute of Medicine and Surgery (KIMS) and Maidstone Medical Campus, as well as the University of the Creative Arts (UCA) expansion at Maidstone Studios.

**Improving the infrastructure** - We will invest in infrastructure to drive economic growth – including the transport network and digital infrastructure.

We recognise that there are many partners involved in taking forward the opportunities identified and there is a clear leadership role for Maidstone Borough Council to play in coordinating, promoting and actively working with the business community to achieve the economic vision.

# 1 Introduction

---

1.1 At the time of writing Maidstone's last Economic Development Strategy in 2008 the economy was in a very different place, poised on the brink of an economic recession which has been one of the longest in our history. Now some six years on the economic recovery is starting to gain momentum and there are real signs of growth.

1.2 Like many other places across the UK, Maidstone has fared relatively well in some ways during the recession and badly in others. We have seen overall employment decline but at the same time there has been population growth. Maidstone now stands at a crossroads where the opportunities for economic growth can be seen all around us. However, some tough and bold decisions will be needed to capitalise on these opportunities for the benefit of residents and businesses.

1.3 This strategy sets out our ambitions for what we want to achieve by 2031, the opportunities and challenges facing the Maidstone economy and how we will achieve the strategy.

## Developing the Strategy

1.4 The council commissioned Shared Intelligence (Si) to help prepare this economic development strategy. Their work included:

- reviewing the existing vision to ensure that this still meets current aspirations;
- an assessment of the current state of the Maidstone economy to identify the opportunities and challenges we face - the strengths, opportunities, weaknesses and threats;
- identifying priorities for how we will achieve our ambitions and the interventions to capitalise on Maidstone's economic assets; and
- formulating a programme of actions to take forward the journey to deliver our vision by 2031.

1.5 To inform the development of the strategy, an analysis of the broader national and local economic trends was undertaken to provide the evidence base. The findings of this work are set out in a separate State of the Maidstone Economy report, which sits alongside this strategy.

1.6 The views of the business community, key employers and stakeholders have also been considered in developing this strategy. Engagement has come via a number of different channels, including:

1. two workshops with the Maidstone Economic Business Partnership (MEBP) facilitated by Shared Intelligence held on 23<sup>rd</sup> May and 5<sup>th</sup> June 2014;
2. two workshops with Maidstone Borough Councillors - the Cabinet on 23<sup>rd</sup> July and the Overview and Scrutiny Committee on 29<sup>th</sup> July;
3. a programme of interviews conducted by Shared intelligence in May/June 2014 with 15 key businesses;
4. face-to-face and telephone interviews with 14 key stakeholders; and
5. the results of a business survey undertaken by Maidstone Borough Council in June 2014 with responses from 59 employers.

1.7 This strategy is for the whole of the borough of Maidstone, although it is recognised that the economic needs and opportunities vary geographically. On the one hand the borough has a vibrant rural economy that needs to be supported and on the other, Maidstone is the largest urban area in Kent and the County Town. The strategy sits alongside and informs the emerging Local Plan. It sets out our ambitions and principles for supporting growth of the economy, but does not consider specific employment land allocations which are addressed in the Local Plan.

## Maidstone in 2031

1.8 The council is committed to maximising the economic potential of Maidstone and enabling the creation of jobs for all residents of different backgrounds and skill levels. While growth is imperative, it needs to be achieved sustainably without sacrificing the environmental qualities that make Maidstone a special place.

1.9 **By 2031, we aim to:**

- **enable the creation of 14,400 jobs in a range of sectors and occupations**
- **raise economic output (GVA) per head<sup>1</sup> to the level of the South East**
- **raise the skills profile of Maidstone to the South East average**

1.10 In 2008, together with stakeholders from education, the business community and the public sector, we developed a long term economic vision for Maidstone to become a 21st Century county town. The long term ambitions described in the vision remain largely the same today as six years ago. However, achieving them has been made all the more difficult by the recession, which has slowed the rate of growth, increased unemployment and stymied investment.

1.11 The recession has resulted in some fundamental structural shifts in the national economy. Whereas the public sector was a key driver of employment growth in the early part of the decade (which was to the benefit of Maidstone as a county town), efforts to reduce the national deficit and the knock-on effects on the budgets of public sector agencies, mean that these jobs can no longer be relied upon. Growth in private sector employment is now critical to Maidstone's future prosperity.

1.12 Moreover, the policy context is now significantly different from before. National economic policy is shaped by BIS's Industrial Strategy with its focus on sector partnerships and "eight great technologies". At the regional level, Regional Development Agencies have been replaced by Local Enterprise Partnerships and there are new Strategic Economic Plans which influence the funding opportunities available.

1.13 The vision and strategy builds from a body of evidence and academic thinking about what makes local economies successful. Successful towns and cities tend to be those that are competitive, productive and innovative. They have the ability to continually upgrade their business environment, skills base, physical, social and cultural infrastructures and to attract the most profitable firms and the most talented people.

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<sup>1</sup> GVA per head is a measure of the relative economic prosperity of an area, calculated by estimating the value of the economic output and dividing it by the population. If GVA per head in Maidstone were on a par with the South East it would mean that we have created more higher value, better paid jobs and our economic performance would be more in line with the rest of the South East.



1.14 The visioning work in 2008 has been updated to reflect the economic circumstances and policy environment today and is captured in our Ambition Statement below.

### **Our 2013 Ambition Statement**

*“In 2031, Maidstone is a model ‘21<sup>st</sup> century county town’, a distinctive place, known for its blend of sustainable rural and urban living, vibrant service sector-based economy, excellence in public services, and high quality of life. Highly skilled and talented people continue to be attracted to the borough to live; while many commute out to work in London or elsewhere in Kent, more work inside the borough - in the town, in the surrounding rural centres, or from home. In the evenings and at weekends, residents choose to spend their money in Maidstone because of its unique, high quality retail and leisure offer.*

*The town centre is truly ‘a great place to visit, a great place to shop’; people come to Maidstone for its attractive high street and high quality, broad range of independent shops and retail multiples. Maidstone could never be called a clone town with its boutiques, high fashion outlets, and choice of niche retailers. Maidstone has moved up the retail rankings and is seen as an attractive alternative to the many homogenous out-of-town malls. In the evenings the town centre comes alive; it is a safe place for families out for an evening at the theatre, at entertainment venues and cultural facilities or at the many restaurants. Young people from all over Kent come to Maidstone because of the famous nightlife.*

*A culture of lifelong learning has been embedded in Maidstone in recognition of the importance of education and skills. Young people leave school with the qualifications they need to succeed in life. The further and higher education sectors have expanded and there is a significant university presence in the town. Vocational and community-based learning opportunities are closely aligned with the needs of local employers.*

*Environmental sustainability and valuing our environment is very important to the people of Maidstone. More people choose to leave their cars at home taking public transport, or walking and cycling. Fast and frequent rail services to London provide an important economic stimulus and access to job opportunities for our residents who choose to commute.*

*As a 21st century county town, Maidstone remains a by-word for excellence in public services, home to the highly respected borough and county councils, leading schools, further and higher education providers, and first class health services.*

*Maidstone is an important driver of growth in the south east, recognised by the Local Enterprise Partnership and central government. There are more knowledge intensive businesses here than ever before. The expansion of the Kent Institute of Medicine and Surgery (KIMS) and Maidstone Medical Campus (MMC) have attracted skilled professionals to the area. Alongside this, our buoyant business and professional services sector goes from strength to strength, serving markets well beyond the immediate boundaries of Maidstone. The creative and media sector has grown rapidly in the last 20 years with the University College of the Creative Arts (UCA) and Maidstone Studios producing even more nationally acclaimed programmes. Graduates are leaving university and setting up their own businesses, taking advantage of the new incubation space, virtual offices, and other high tech facilities at the Enterprise Hub.*

*Our rural communities are important community and commercial centres in their own right. They are a major part of our tourism offer, which also includes Leeds Castle and the riverside in Maidstone town centre.*

*Maidstone has a clear and distinctive offer to investors; they know that for the cachet of being in a county town, good connectivity, a ready supply of high quality affordable workspace, a pool of skilled labour, and good work-life balance, then Maidstone is the place to be.”*

## 2 Strategic Context

2.1 This economic development strategy for Maidstone sits within a wider European, national, regional and local policy context. It is important that this strategy is aligned to these broader strategic plans so that funding opportunities can be maximised to deliver our economic growth aspirations for Maidstone.

### The Plan for Growth and the UK Industrial Strategy

2.2 Upon election, the Government set out its strategy for promoting balanced and sustainable growth of the national economy in The Plan for Growth and the Growth Review<sup>2</sup>. A number of key themes were identified:

- **Providing stability for business:** Including a credible plan to reduce the deficit and for a stable financial system.
- **Making markets more dynamic:** Creating an open and competitive business environment to boost productivity.
- **Increasing trade and access to international markets:** With an emphasis on the importance of export growth for the recovery.
- **Access to finance:** Maintaining a flow of finance so businesses have the resources to invest and grow in the wake of the 'credit crunch'.
- **A planning regime which supports growth and sustainable development:** Including the introduction of the *National Planning Policy Framework* (NPPF) with its 'presumption in favour of sustainable development'.
- **Infrastructure:** Including the *National Infrastructure Plan* designed to set out a more coordinated investment plan nationally.
- **Labour market reform:** Including improved incentives to work through the Work Programme and removing barriers to job creation.

2.3 As the UK emerges from recession, these key themes continue to shape national economic policy and are therefore relevant context for developing Maidstone's economy.

2.4 Alongside the Growth Review, the Department for Business, Innovation and Skills (BIS) has continued to develop the national Industrial Strategy. This strategy focuses on developing sector partnerships and makes commitments to providing support for all sectors to improve global competitiveness, innovation and export potential.

2.5 Eleven sector strategies have been published so far alongside the national Industrial Strategy – those highlighted in bold are of most relevance in terms of Maidstone's economic profile: Aerospace, **Agricultural Technologies**, Automotive, **Construction**, **Information Economy**, International Education, Life Sciences, Nuclear, Offshore Wind, Oil and Gas, and **Professional and Business Services**. A strategy looking at the future of retail was published in October 2013 with the British Retail Consortium and a strategy for the **Creative Industries** is due to be launched later in 2014.

2.6 In addition, the Industrial Strategy identifies four cross-cutting themes:

<sup>2</sup> HMT/BIS (November 2010) 'The path to strong, sustainable and balanced growth'

1. **Eight Great Technologies:** Big data; satellites and space technology; robotics and autonomous systems; life sciences, genomics and synthetic biology; regenerative medicine; agri-science; advanced materials and nano technology; and energy.
2. **Skills:** Working to deliver the skills that employers need, giving businesses more say over how government funding for skills is spent.
3. **Access to finance:** Helping businesses get the finance they need to invest in people and equipment and to grow.
4. **Procurement:** Developing UK supply chains and creating a simpler and more transparent public sector procurement system.

2.7 The sector strategies and cross cutting themes in the Industrial Strategy have helped to inform our thinking in the Economic Development Strategy.

## South East LEP Strategic Plan and the Growth Deal

2.8 The South East Local Enterprise Partnership (SE LEP) is a partnership of key leaders from business, local government and further and higher education across the South East. It covers the counties of Essex, Kent and East Sussex and the unitary authorities of Southend, Thurrock and Medway. Of the 39 Local Enterprise Partnerships set up by Government, SE LEP is the largest outside London, with a total population of 3.9 million, more than 130,000 businesses and 1.3 million jobs.

2.9 Government asked all LEPs to submit a Strategic Economic Plan in March 2014, identifying the housing, transport, economic development and skills priorities of the area. Kent's priorities in the SEP were articulated in Unlocking the Potential: Going for Growth (see below).

2.10 SEPs were the mechanism by which LEPs bid for a share of the Local Growth Fund – a new £12 billion fund devolved from government departments. The first wave of the Growth Deals were announced on 7<sup>th</sup> July 2014 and SELEP was awarded £442.1 million, with £64.6 million of new funding confirmed for 2015/16 and £143.6 million for 2016/17 to 2021. The deal included a provisional allocation of £8.9 million for an integrated transport package for Maidstone for 2016/17 onwards.

2.11 A key component of the Deal was the creation of SEFUND - a revolving investment fund for local authorities and partners to bid for in order to support projects in their area. Although this proposal did not receive a financial allocation in the Growth Deal, the SE LEP is continuing to explore this with government. It is important that the Maidstone Economic Development Strategy provides the foundation for Maidstone to secure its share of SEFUND and future rounds of LGF.

## European Structural Investment Funds Strategy (ESIF)

2.12 In addition to resources secured through the Growth Deal, the SE LEP has access to European Structural Investment Funds for the period 2014-2020. These fund are available through both the European Regional Development Fund (ERDF) and European Social Fund (ESF) European Programmes. The SE LEP European Structural Investment Fund Strategy (ESIF) is aligned to the priorities of the SE LEP Strategic Economic Plan.

## Unlocking the Potential: Going for Growth

- 2.13 The Growth Deal for Kent and Medway was based on the Kent and Medway Growth Plan - Unlocking the Potential: Going for Growth. It focuses on the key transport projects, housing and employment sites, skills capital projects, and other funding opportunities in the area.
- 2.14 The key locations for growth include Maidstone and the M20 corridor; Thames Gateway Kent – A2/M2 corridor; East Kent – the high speed one growth corridor; and West Kent – the A21 corridor and Medway Valley. Maidstone is identified as Kent’s county town, with economic opportunities associated with its central location, established business services sector and developing media and health sectors. The M20 Junction 7 with Eclipse Business Park and the Maidstone Medical Campus, and the town centre are identified as opportunities for growth. The relative weakness of rail connectivity and high levels of congestion around the town centre are identified as specific economic challenges.
- 2.15 Investment opportunities are identified at Maidstone Medical Campus, where funding opportunities could help to bring forward the development by supporting initial infrastructure costs. At the nearby Maidstone Studios the University of the Creative Arts are looking to develop their student facilities. In the town centre, redevelopment of the area surrounding Maidstone East Station is identified as an important regeneration site, replacing outdated office blocks and car parking with a new mixed-use extension of the town centre.
- 2.16 A number of transport projects identified for Maidstone in the SEP have received funding including:
- **Maidstone Gyrotory Bypass.** This £5.7 million total cost scheme has been allocated £4.56 million Local Growth Funds and is due to start in 2015/16 with completion in 2016/17. It will deal with a congestion and air quality hotspot within Maidstone Town Centre, lying at the point where the A20, A26, A229 and A249 primary routes converge and cross the River Medway in Maidstone town centre. Two additional northbound lanes will be constructed to enable northbound traffic on the A229 to bypass the existing Gyrotory system. This will reduce journey distances, travel time and congestion and enable the regeneration of the western riverside.
  - **Sustainable Access to Maidstone Employment Areas.** At a total cost of £3 million total, £2 million of Local Growth Funds have been allocated to this schemes which will start in 2015/16 and be completed in 2016/17. This scheme is a high quality dedicated cycle and pedestrian route from residential development sites on the outskirts of Maidstone into the Town Centre. It will encourage a modal shift to walking and cycling, reducing vehicle trips along main access route into Maidstone; delivering decongestion benefits and improving journey time reliability.
  - **West Kent LSTF.** This scheme includes local growth funding of £1 million for Maidstone East Rail Station improvements which matched by £1 million from the national station improvement programme and is part of a larger schemes around the station which includes a retail element.

## Tackling Disadvantage: Low Income Working Families

- 2.17 Kent County Council is leading the preparation of a strategy to support working families on low incomes. This is a particularly important issue in Maidstone where the weekly wages of workers are particularly low. ‘In-work poverty’ has become more of a concern nationally as inflation – including the cost of gas, electricity, food and other basics - has risen faster than wage growth, leading to a decline in real incomes. The work is looking into how local authorities in Kent can support people on

low pay to: maintain good health; progress in their career to better paid jobs; navigate the complexities of the in-work benefits system; and how to incentivise employers to give workers a fair deal.

## What Makes a Successful Local Economy?

- 2.18 There is a long history of academic thinking in economic geography, regional economics and urban studies that has attempted to explain why some local economies perform better than others, and to identify the key success factors. The concept of ‘agglomeration economies’ has been popular in recent discourse and has informed latest government policy with respect to local economic growth.<sup>3</sup> Agglomeration theory suggests that concentrations of economic activity generate economic benefits for businesses located within them, including easier access to skilled labour, specialist inputs and suppliers, and the creation of knowledge spillovers. Agglomeration benefits are believed to raise productivity, income and living standards.
- 2.19 The concept of ‘resilience’ has also gained traction within the field following the recession. The Centre for Local Economic Strategies (CLES), and the Institute of Public Policy<sup>4</sup> (IPPR) have both emphasised the importance of local economies being able to adapt both to shocks and to long-term changes. The concept of resilience is tied to a broader debate about what constitutes ‘good growth’, placing greater emphasis on the importance of environmental sustainability, responsible business practices, engagement and accountability and a responsive public sector.
- 2.20 Some common threads emerge from these different theories. Successful towns and cities tend to be those that are competitive, productive and innovative. They have the ability to continually upgrade their business environment, skills base, and physical, social and cultural infrastructures, to attract the most profitable firms and the most talented people. Success factors include:
- **Innovation, creativity and enterprise** - entrepreneurial activity and the exploitation of new ideas through innovation are important drivers of economic growth. How easily new ideas are diffused between firms and sectors in a locality will influence their take-up and ultimately how productive the local economy will be.
  - **Risk investment and capital** - investment and capital is required for businesses to develop new innovations and for investment in the place. Therefore, the ability of a place to attract this will influence its performance.
  - **High quality labour** - the availability of human capital to turn ideas into new innovations worth funding with venture capital is important for achieving successful knowledge driven economies.
  - **Exports** – successful local economies tend to be those that export goods and services beyond their immediate boundaries serving wider markets.
  - **Connectivity** - having an efficient transport, electronic telecommunications and business networks are critically important to how the economy of a place functions and good systems are needed to support successful economies.

<sup>3</sup> BIS Economics Paper No.7 (2012) “Understanding Local Growth”

<sup>4</sup> IPPR (2014) “Building Economic Resilience”.

- **Quality of life** - this is hard to define objectively and can relate to the social, environmental and place factors. Evidence suggests that a good quality of life is an indirect rather than a direct driver of urban economic competitiveness, but it is nevertheless important for attracting new investment.
- **Decision making** – strategic decision making by urban authorities is a key driver of competitiveness when effective governance arrangements are in place.

2.21 Maidstone has many features of a successful economy. Our aim is to build on these strengths through this economic development strategy so that our residents can benefit from a stronger economy.

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## 3 Maidstone Today: Challenges and Opportunities

3.1 This section sets out how Maidstone's economy has been performing over recent years and the challenges and opportunities it faces. The key points in this section are based on the findings set out in the State of the Maidstone Economy report and from the programme of engagement and workshops with the business community, stakeholders and councillors.

### **Maidstone has the biggest economy in Kent**

3.2 Maidstone is the largest economy in Kent in terms of economic output, worth an estimated £3.3 billion per annum<sup>5</sup>. Total employment - including both employees and the self-employed - was 70,700 in 2012<sup>6</sup>, 12.6% of total employment in Kent.

### **Recent economic performance has been poor**

3.3 Over recent years Maidstone's economy has not fared well and for many economic indicators the downward trends have been worse than for neighbouring areas and comparator towns.

3.4 Maidstone's economic output, measured in terms of GVA, fell between 2007 and 2012 and as a result its contribution to the Kent economy decreased from 13.3% to 12.5%. Amongst the Kent districts, only Dover experienced a worse fall in output over this period. Over the longer term from 2002 to 2012, Maidstone's economic output performance has been below par - increasing by only 3.8% which was below the Kent (+4.2%) and national (+4.4%) rates. Nearby districts of Dover, Tunbridge Wells, Gravesham and Swale have all performed better.

3.5 Total employment in Maidstone fell from 72,600 in 2009 to 70,700 in 2012<sup>7</sup>. This 2.6% decrease was greater than the fall across Kent as a whole (-0.7%) and contrasts with a slight +0.7% increase nationally. Only Ashford (-2.9%) and Tonbridge & Malling (-3.1%) saw a decline greater than Maidstone amongst the Kent districts, with the others all doing better, particularly Dartford (+11.3%) and Sevenoaks (+5.1%).

3.6 Employment in Maidstone also fared worse than in comparator areas like Colchester, Chelmsford and Horsham, which saw either no change or an increase in employment over the same time period.

3.7 Over a longer time horizon from 2002 to 2012, employment in Maidstone increased by 3.8%, which was above the Kent average (+0.9%) but below the national growth rate (+5.8%). Four other districts in Kent saw greater growth and these were Dartford, Shepway, Canterbury and Ashford.

### **A service sector based economy**

3.8 The focus of the Maidstone economy is towards the service sector with Health and Public Administration (largely public sector), Business Administration & Support, Financial and Insurance Services and Information & Communication all relatively significant.

<sup>5</sup> All GVA estimates are from Kent County Council (2014) Business Intelligence Statistical Bulletin

<sup>6</sup> ONS (2013) Business Register and Employment Survey (BRES)

<sup>7</sup> ONS (2013) Business Register and Employment Survey (BRES) - includes employees and self-employed.

- 3.9 While public sector orientated service industries have performed badly in employment terms since 2009, private sector services have seen some growth. Employment in Business Administration & Support, Financial and Insurance services and Information & Communication increased between 2009 and 2012 and growth has been well above the national and Kent trends, with the exception of Business Administration & Support which grew more at the Kent level.

### Public sector job losses

- 3.10 One of the main reasons why the Maidstone economy has performed poorly over recent years is its reliance on the public sector for employment at a time when austerity has meant cuts to the public sector nationally. Some 1500 of the 1900 jobs lost in Maidstone between 2009 and 2012 were in the public sector<sup>8</sup>.
- 3.11 Maidstone has the second highest dependency on public sector jobs in the South East (27.9% of the workforce)<sup>9</sup> and it is forecast to lose a further 2000 jobs by 2015 through a combination of direct (1490) and indirect (510) public sector job losses.
- 3.12 Private sector jobs have also been lost since 2009 in Maidstone, but to a lesser extent than in the public sector and there are more positive signs of growth over the last year.
- 3.13 The dominance of the public sector in the Maidstone economy continues to be a key issue for future prosperity. As the county town, we would expect the proportion of employment in the public sector to be high but some diversification is needed. In 2012, 11.3% of the employment in Maidstone was in Public Administration and Defence compared to only 4.4% in Kent as a whole. Signs are that the public sector is set to continue to shed further jobs over the next few years, so increasing private sector employment growth in Maidstone needs to be a priority.

### Manufacturing is important

- 3.14 Although the manufacturing sector is relatively small in the borough, accounting for a relatively low proportion of jobs (5.6% of jobs compared to 6.9% in Kent and as whole and 8.9% nationally), it has performed relatively well. Manufacturing employment increased by almost 5.7% between 2009 and 2012, which contrasts with decline in Kent (-6.6%) and nationally (-3.5%)
- 3.15 The manufacturing industries which performed best in Maidstone were Pharmaceutical Products, Food Products, Rubber and Plastic Products and Computer, Electronic and Optical Products.
- 3.16 This growth has largely been around Marden, Headcorn, Staplehurst and in northern areas around the M20. However, some of these growing businesses wish to relocate to more accessible parts of the borough closer to the motorway network. It will be important that these growing manufacturing companies are nurtured to capitalise on the opportunities for economic growth they bring.

### A small but growing knowledge economy

- 3.17 Overall Maidstone has a relatively low share of higher value 'knowledge intensive' employment (14.5% compared to 16.1% for Kent and 19.4% nationally); these are sectors such as ICT, financial and business services, and advanced manufacturing, which are driving national economic growth. While their share in Maidstone is relatively low, they are growing with strong jobs growth recorded since 2009 above that for Kent and England as a whole (+5.1% compared to +4.4% in Kent and +2.6%

<sup>8</sup> ONS (2013) Business Register and Employment Survey (BRES)

<sup>9</sup> KCC Research & Intelligence (January 2011) 'Public Sector Dependency and an assessment of public sector jobs in Kent'



for England)<sup>10</sup>The knowledge economy industries that saw particularly significant growth in Maidstone are Architectural and Engineering Activities, Computer Programming, Consultancy and Related Activities and Publishing.

3.18 It is important that these high value jobs are encouraged as they are the growth industries of the future that will bring higher value, higher paid job opportunities to the borough.

### **An entrepreneurial economy**

3.19 Maidstone is an entrepreneurial economy with the self employment rate (12.1%) above the Kent (11%) and national (9.9%) averages; the borough ranks fourth highest in Kent below Tunbridge Wells, Shepway and Dover<sup>11</sup>.

3.20 Although the rate of business start-ups has fallen over recent years, from constituting 13.9% of businesses in 2004 to 11.2%, this is on a par with the average for Kent (11.1%) but above the national average (10.8%)<sup>12</sup>.

3.21 Business survival rates generally deteriorated during the recession, but Maidstone performed relatively better, with business survival rates generally above the national average since 2011.

3.22 However, some of the reported specific and generic barriers facing new business start-ups and their survival in Maidstone include:

- inflexible lease terms for premises and comparatively high costs, particularly for those without start-up capital and recent graduates and residents starting in business from low income backgrounds;
- many micro businesses working in isolation with few opportunities to develop local supply chains;
- a lack of business skills and little awareness of what is available and a perception that engaging help will be costly; and
- business frustration that the business support landscape is too fragmented and/or irrelevant to their needs.

3.23 It is important that new business creation is encouraged and supported through the early stages of development. New firms and SMEs, particularly in the high value knowledge sector, are important drivers of innovation and higher productivity in the economy and this will help to diversify Maidstone's economy away from the predominance of the public sector.

### **A growing population**

3.24 Maidstone had an estimated population of 157,300 in 2012 and is the largest district in Kent, with 10.6% of the county's population.<sup>13</sup> The population has grown faster than the national average in the last decade, with 17,000 more residents since 2002.

<sup>10</sup> ONS (2013) Business Register and Employment Survey (BRES) based on KCC definition of the knowledge economy.

<sup>11</sup> ONS Annual Population Survey

<sup>12</sup> ONS Business Demography

<sup>13</sup> ONS Mid Year Population Estimates

- 3.25 This growth is set to continue, with future population growth for Maidstone forecast to be above the national and regional level to 2021. Both the working age (16-64) and retirement age (65+) population are expected to grow more than in Kent overall.
- 3.26 This growth offers opportunities to capitalise on the increased productive capacity of the local labour force to support business growth. If jobs growth does not materialise to meet these needs then commuting to neighbouring places will rise causing additional pressure on existing infrastructure and any additional business rates income that could be generated from new economic activity will be lost.

### High rates of economic participation

- 3.27 Maidstone has a strong labour market with relatively high employment and economic participation rates and relatively low levels of unemployment. In 2013, 7.2% of economically active residents aged 16-64 were unemployed, compared to 7.6% for both Kent and England.<sup>14</sup> Unemployment increased as a result of the recession, from around 4.3% in 2008 to 8.2% in 2012, but fell in the last year. Thus, while the labour market has performed relatively well in difficult times, there is still some way to go for unemployment to return to pre-recession levels.
- 3.28 Maidstone's claimant count (the share of working age people claiming Jobseekers Allowance) shows a similar pattern to overall unemployment. The claimant count rate rose sharply in 2008, from 1.0% of 16-64 year olds in January 2008 to 2.7% in January 2012, but has come down in the last year. In April 2014, 1.7% of working age residents were claiming JSA, compared with 2.3% for Kent and 2.7% for England as a whole. Maidstone's claimant count rate was the fifth lowest in Kent in April 2014<sup>15</sup>.
- 3.29 This relative tightness of the labour market is further supported from evidence of mismatch between the supply and demand for labour. There is greater demand for entry level and intermediate level jobs amongst JSA claimants, particularly in sales and customer service roles, than vacancies available, whereas for higher paid occupations, such as associate professionals, the opposite is true - there are more vacancies than claimants.
- 3.30 Anecdotal evidence from employers suggests that businesses are facing recruitment problems which are affecting the ability of some Maidstone businesses to grow. For example, a logistics company said that it was struggling to recruit 40 drivers, a manufacturing company reported difficulties in recruiting engineers and a care provider is also having problems in recruiting for relatively low wage positions.
- 3.31 These indicators suggest that labour market conditions are tight and some businesses are facing recruitment problems across a spectrum of job types in Maidstone.

### Low qualification levels

- 3.32 The qualifications profile is relatively low in Maidstone with less than one third (32.6%) of residents qualified at NVQ Level 4 or above. This is below the Kent (33.6%) and national (35%) averages. More

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<sup>14</sup> ONS Annual Population Survey

<sup>15</sup> ONS claimant count

people in Maidstone are also qualified at below level 2<sup>16</sup> (18.5%) compared to Kent as a whole (16.5%)<sup>17</sup>.

- 3.33 However, GCSE performance is good. In 2013 70.8% of Key Stage 4 pupils in Maidstone achieved 5+ A\*-C GCSE grades (including English and mathematics) compared to only 63.1% across Kent and 59.2% nationally and at A level 87.8% of pupils achieved 3 or more A\*-E Grades compared to 86.1% across Kent<sup>18</sup>.
- 3.34 While there has been improvement over recent years both at the upper and lower ends of the qualifications profile - fewer people have no qualifications and more now have degrees - this improvement has been less than in Kent as a whole, so the gap has widened.
- 3.35 For Maidstone to attract high value jobs and for companies to innovate and become more productive in the future, there is a need to up skill the workforce and attract graduates to work in the Maidstone economy.

### **Residents earn more than workers**

- 3.36 Average earnings of residents in Maidstone (£26,800) are above those of workers (£23,290)<sup>19</sup>. This gap between the wages of residents and workers reflects commuting patterns with out-commuters generally going to better paid occupations, and in-commuters coming to generally lower paid service sector jobs.
- 3.37 Historically, resident earnings in Maidstone have been above the Kent and national averages, However, latest figures suggest resident earnings in Maidstone fell between 2012 to 2013 from £28,700 to £26,800 and therefore are now below the Kent (£28,700) and national (£27,400) averages. These figures need to be treated with caution and monitored to test whether 2013 was a one off fall, an error in the data, or whether they are part of a more profound decline.

### **Maidstone is becoming less important as a place for jobs**

- 3.38 Maidstone as a place for work for its residents has become less important over the last decade, moving from being a slight net importer of labour to a net exporter. The 2011 Census shows that some 1240 more people were leaving the borough for work than coming in.
- 3.39 Evidence suggests that in terms of jobs profiles, more out-commuters are working in managerial, professional, and technical occupations, while those commuting into Maidstone tend to be in skilled / semi-skilled occupations.<sup>20</sup>
- 3.40 The potential pool of more highly skilled labour that is currently commuting out of the borough offers potential opportunities to attract higher value businesses which can utilise these skills.

<sup>16</sup> Level 2 is equivalent to 5 GCSEs Grade A\* to C

<sup>17</sup> ONS Annual Population Survey

<sup>18</sup> Kent County Council.

<sup>19</sup> ONS Annual Survey of Hours and Earnings, 2013

<sup>20</sup> Administrative and secretarial; skilled trades; caring, leisure and other services; and, sales and customer service occupations

## SWOT Analysis

3.41 Based on the analysis of recent economic trends and others which are discussed later in the strategy, we summarise below the main strengths, weaknesses, opportunities and threats facing the Maidstone economy.

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Good strategic transport links</li> <li>• Attractive business location opportunities around motorway junctions</li> <li>• High quality environment</li> <li>• Critical mass of employment draws workers to the area</li> <li>• Opportunities in the health and medical growth sectors</li> <li>• Part of a growing and dynamic market area</li> <li>• Significant proportions of economically active residents</li> <li>• High proportions of residents employed in technical and associate professional occupations</li> <li>• Growth in knowledge based economy sectors</li> <li>• Diverse and broad sectoral mix</li> <li>• High levels of entrepreneurship</li> <li>• Good school performance in GCSEs and A levels</li> </ul>	<ul style="list-style-type: none"> <li>• Poor rail connectivity to London compared to neighbouring towns</li> <li>• Relatively low levels of productivity</li> <li>• Gap between resident and workplace earnings</li> <li>• Low qualification profile and the gap widening with other places</li> <li>• High dependency on public sector employment</li> <li>• Low proportion of managerial level occupations</li> <li>• Lack of employment in key knowledge sectors</li> <li>• Loss of HE provision</li> <li>• Maidstone town centre is falling in the retail hierarchy.</li> <li>• Lack of suitable retail units that meet retailer requirements</li> <li>• An abundance of low quality secondary office space in the town centre and stagnant office market demand for secondary space</li> <li>• Low level of delivery of new high quality floorspace across all property types</li> </ul>

Opportunities	Threats
<ul style="list-style-type: none"> <li>• The working age population is forecast to grow</li> <li>• Strong base of entrepreneurs to further develop</li> <li>• Out commuting of higher skilled workers provides future business growth opportunities</li> <li>• To build sector strengths based around the proposed expansion of KIMS and Maidstone Medical Campus</li> <li>• To build HE capacity with a focus on health-related opportunities relating to the Maidstone Medical Campus and the UCA provision at Maidstone Studios</li> <li>• Ability to utilise the M20 to attract regional and nationally focused activities</li> <li>• Availability of employment sites for development at Junction 7 To increase the attractiveness of the town centre and enhance retail and leisure offer the through proposed developments</li> <li>• Use of PDR to convert low quality vacant offices to town centre housing and thereby improve the vitality of the office market</li> <li>• Potential delivery of existing permissions if property market can be strengthened</li> <li>• Potential to exploit 'niche' opportunities in the sub-regional economy</li> <li>• Growth in neighbouring areas within the functional market area can grow 'market opportunities' for Maidstone businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Decreasing proportion of the population in the 30-59 age band</li> <li>• Major growth proposals in neighbouring local authority areas</li> <li>• Competition from established locations for 'value added' sectors</li> <li>• Global competition</li> <li>• Dominance of Kings Hill in the regional office market</li> <li>• Competition from neighbouring centres for local business seeking to expand and inward investment opportunities</li> <li>• Proposals for out-of-town retail developments which could threaten the town centre if poorly planned.</li> <li>• Limited scale market</li> </ul>

## 4 Maidstone's Growth Potential

- 4.1 Understanding the trajectory of the Maidstone economy, both in terms of the scale and type of economic growth that could occur is an important foundation for the economic development strategy. An informed judgement about the sectors that could grow (and decline) is needed to shape policy and investment decisions by the council and partners.
- 4.2 At the same time, we must acknowledge the inherent uncertainties when making these judgements. Anticipating external shocks such as the global credit crunch is almost impossible. Moreover, in the context of global and national structural macroeconomic changes, the council is limited in its ability to influence the performance of different sectors. Policy needs to be sufficiently flexible to adapt to the changing demands of the economy and to create the conditions for growth in a range of sectors. These sectors need to provide jobs in a range of different occupations at different skill levels and pay grades for all residents.

### Employment Forecasts

- 4.3 In their report *Economic Sensitivity Testing and Employment Land Forecast*<sup>21</sup>, consultants GVA present a number of different forecasts of future employment growth in the Maidstone economy. A 'base' scenario is modelled from econometric forecasts by Experian. This effectively represents a 'business as usual' scenario, projecting forward largely based on historic trends. The base scenario is for employment growth of 7,800 jobs between 2011 and 2031 in Maidstone.
- 4.4 Building from the base scenario, GVA consider the locally relevant factors that could drive economic growth, considering where the base scenario under- or over-plays the potential for growth in some of Maidstone's existing key sectors. In addition, the consultants assess the potential for growth in new 'opportunity' sectors, reviewing some of the emerging technologies that could drive growth and how applicable they are to Maidstone's economy.
- 4.5 Based on this analysis, GVA conclude that it is reasonable to anticipate that employment growth will, in certain sectors, grow beyond what 'business as usual' or historic trends would suggest. To quantify the potential uplift, three sensitivity tests are applied. First, comparator areas are identified and their forecasts for sector growth compared with Maidstone. Second, the impact of proposed developments in Maidstone are considered, including KIMS/MMC and the Newnham Court Shopping Village. Third, the key elements of sensitivities 1 and 2 are integrated to arrive at an enhanced growth scenario of 14,400 jobs over the period 2011 to 2031.
- 4.6 GVA conclude that while there are risks, on balance it is appropriate to plan for growth in line with the enhanced growth scenario to maximise economic potential. The high growth scenario, which has been accepted by the council, will require a proactive approach to promoting economic growth, making land available in attractive locations for business, taking forward the regeneration of the town centre and implementing other actions outlined in this strategy. Maximising the potential of Kent Institute of Medicine and Surgery (KIMS) and the Maidstone Medical Campus proposal will be particularly important for achieving the employment forecast.

<sup>21</sup> GVA (2014) 'Economic Sensitivity Testing & Employment Land Forecast for Maidstone Borough Council'

## Sectors

4.7 A breakdown by sector of the 14,400 jobs forecast in Maidstone over the next 20 years is provided by GVA in their report. As the forecasts are derived from standard industrial classifications, it is helpful to group some of these activities together for the purposes of strategy and policy making. The commentary below is focused on those sectors, and sub-sectors, with the largest growth potential in Maidstone. It is drawn from analysis by Shared Intelligence in the State of the Economy report and from the GVA report.<sup>22</sup>

### Professional and Business Services

4.8 Employment in Maidstone, like the UK, is expected to continue its shift towards service sector-based activities with professional and business services the main engine of growth. While a renaissance in manufacturing has been touted since the financial crisis, it has so far failed to emerge to the extent that pre-recession trends have substantially changed. The professional services sector covers a wide variety of activity, from legal services through to scientific R&D. Growth of over 5200 jobs are forecast in this sector by 2031 making it the largest contributor to future growth in Maidstone. Business services such as architecture, marketing and management consultancies are driven to an extent by growth of the industries they serve. Demand in Maidstone is likely to be largely locally driven from SMEs serving local markets.

4.9 The R&D activities within this sector are of particular interest to Maidstone as they help to raise productivity, broaden the economic base, and offer well paid jobs. Some of the Maidstone Medical Campus jobs would fall into this category.

4.10 Other sectors expected to grow which fit under the broad category of Professional and Business Services include:

- **Finance:** While the financial crisis, together with longer-term consolidation of activities within the sector, has meant a decline in employment nationally, Maidstone has seen recent job gains. Longer-term growth in the South East is anticipated and building on the existing strong base, it is reasonable to assume that Maidstone could capture a share of this growth. The sector is forecast to create almost 500 jobs by 2031.
- **Computing and information services:** Information technologies permeate nearly all sectors of the economy and are a key driver of innovation and productivity gains. The IT services sector continues to evolve with cloud computing and the mobile App industry both recent drivers of growth alongside on-going demand for networking, hosting, and maintenance. As more and more business rely on information technologies to do business, employment will continue to grow. The relatively low start-up costs associated with setting up an online business, or launching a new App mean there are opportunities for micro enterprises and SMEs. The sector is forecast to create 600 jobs in Maidstone by 2031.
- **Administrative and supportive services:** These services will continue to grow with the wider economy, as both the private and public sectors continue to outsource more of their administrative and supportive tasks in order to focus on core business. The sector is of particular interest in terms of the potential for remote working and start-up opportunities. Over 1600 jobs are forecast in Maidstone by 2031.

<sup>22</sup> GVA (2014) 'Economic Sensitivity Testing & Employment Land Forecast for Maidstone Borough Council'

## Construction and Real Estate

- 4.11 Maidstone has a comparatively large construction sector, with some 30% more jobs than the national average. Reflecting the highly cyclical nature of employment, over 1500 jobs in construction were lost during the recession. As the property market recovers, there is good reason to believe employment in construction in Maidstone will recover and expand. The scale of housing growth in Maidstone, nearby parts of Kent and the South East should support long-term growth.
- 4.12 Three sectors in the forecast fall under the broad category of construction – civil engineering, construction of buildings, and specialised construction activities. Together, they are forecast to create nearly 800 jobs by 2031. Closely tied to Construction is the Real Estate sector where more than 600 jobs are forecast in activities such as including Real Estate Sales, Managing and Letting.

## Health and Social Care

- 4.13 An ageing population and the rising proportion of national income being spent on health and social care will drive growth of this sector. More people are turning to private healthcare to supplement care provided by the state. An uplift to the base forecast for the health sector in Maidstone has been applied to account for investment taking place in KIMS and the Maidstone Medical Campus proposal. These developments will create highly skilled, well-paid jobs that will boost productivity and income in Maidstone. It is therefore important to support the development of KIMS and Maidstone Medical Campus to ensure that the opportunities it will bring to attract further inward investment are capitalised upon.
- 4.14 Over 1500 additional jobs are forecast in the health sector by 2031. Another 1500 jobs are forecast in Residential and Social Care. These sectors offer the potential to create jobs in a range of occupations and skill levels.

## Manufacturing

- 4.15 The manufacturing sector has performed relatively strongly in Maidstone since 2009 - particularly in the rural areas, such as Marden and north of Maidstone. Maidstone has some locally significant and growing businesses in transport equipment manufacturing. Nurturing this sector and supporting manufacturing industries to continue to grow in the future will be important. Securing the future of our existing businesses is the best way of achieving economic growth rather than relying on new inward investment opportunities.

## Creative and Media

- 4.16 The creative industries are increasingly recognised as one of the UK's competitive strengths in the global economy. There were over 2700 jobs in the broad creative industries sector in Maidstone in 2012, representing 3.8% of employment, which is above the Kent average (3.1%) but below the national average (4.3%).
- 4.17 Within this broad sector, Maidstone has a specialism in Media and Broadcasting in the form of Maidstone Studios, and also has close ties with the University of the Creative Arts. While London dominates the media industry, Maidstone Studios is a key asset locally that should be supported. New technologies including new online platforms are creating opportunities for entrepreneurs to enter the sector. While the quantum of forecast employment growth in media is modest (+80 jobs) by 2031, they are potentially high value jobs, and the figure should be seen as a minimum within the context of more significant growth of the wider creative sector.



## Retail and Leisure

- 4.18 The retail sector continues to change significantly with the growth of online retail, the popularity of larger shopping malls and the recent decline in disposable income. High streets are being forced to reinvent themselves to survive in this highly competitive environment. Investment in Maidstone town centre is needed if it is to continue to be a popular retail and leisure destination. Population growth and growing consumer confidence should provide a much needed injection of demand and footfall in the short-medium term. The retail sector is forecast to create 600 jobs by 2031.
- 4.19 In terms of leisure, long-term growth in income has driven demand for recreation activities, tempered recently by the fall in real incomes following the recession. With the right offer, Maidstone has the potential to attract growth in the sector, drawing spend from relatively wealthy surrounding areas. The recreation sector is forecast to create 260 jobs.

## Education

- 4.20 Nationally, the education sector is expanding, driven largely by population growth which is resulting in the need for more schools places, and in turn more teachers, teaching assistants, secretarial and consultancy support. Demand for further and higher education is also growing, with the latter one of the UK's most important exports in the form of international students. Population growth in Maidstone will mean at least two new primary schools within the town. There are also opportunities for expansion of higher education, linked to the media sector and health sectors. The education sector is forecast to create 1500 jobs by 2031.

## Logistics and Distribution

- 4.21 The logistics and distribution sector has seen significant growth over the past decade proving to be resilient in the recession. Future growth in this sector is forecast to be strong. More and more goods are being transported across the country from business to business and business to consumer. In this sense, the logistics sector is an important enabling sector for the rest of the economy. The sector offers a range of employment opportunities at different occupational and skill levels. The industry is growing in terms of size and sophistication; Skills for Logistics – the sector skills agency forecasts the need for more than 900,000 workers over the next decade nationally, increasingly at managerial levels and also at machine operative and administrative levels.
- 4.22 Locations with good accessibility to ports, airports and freight hubs have been the main focus for operators and developers. Maidstone's location on the M20 means it fits many of these criteria and demand is expected to be strong along motorway junction locations. Nearly 700 more jobs are forecast in land transport and storage and a further 300 jobs in the wholesale sector in Maidstone by 2031.

## The Visitor Economy

- 4.23 Tourism is an important sector in Maidstone; visitors come to the area for a variety of different reasons and from a variety of places, bringing an injection of expenditure which helps to raise income and employment both directly and through multiplier effects. Nationally, the tourism sector continues to expand; according to ONS figures 2013 was a record year for overseas visitor numbers to Maidstone with a large increase in the number of Chinese visitors.
- 4.24 Leeds Castle is the most high profile of Maidstone's tourist attractions with over 500,000 visitors per annum. Other key attractions include Maidstone Museum, Kent Showground & Bentsley Art Gallery -

one of the most important regional museums in the South East, Kent Life – an open air museum about Kent’s rural heritage, the Hazlitt Arts Centre and the Hazlitt Theatre.

- 4.25 Many people visit Maidstone to enjoy its attractive rural villages and Kentish countryside. Parts of the borough are within the Kent Downs Area of Outstanding Natural Beauty (AONB). People visit to go walking, cycling, horse riding or to sample the local Kentish produce. The town centre attracts people during the day for the retail and leisure offer, as well as for the parks and riverside walks. In the evening, Maidstone’s bars and club are popular with young people and contribute to an important evening economy.
- 4.26 The parks and open spaces in Maidstone, especially Mote Park and Whatman Park, mean it is well placed to host major events and festivals, and has a track record of doing so. Maidstone is also a popular location for conferences, with a number of different venues across the borough which are promoted by Kent Conference Bureau (KCB), a not for profit organisation promoting Kent as a conference and event destination, that was originally established in Maidstone.
- 4.27 Analysis of the visitor economy in Maidstone has been undertaken using the industry-standard Cambridge model. The most recent assessment found:
- *Spend* - around £176.8 million was spent on trips to Maidstone in 2009 by overnight and day visitors, up by 2% compared to 2009. It is estimated that a further £53 million was added through multiplier effects. Drawing together direct business turnover, supplier and income induced expenditure, and related expenditure, the total value of tourism activity is estimated to have been around £249.9 million – an increase of 4% compared to 2009.
  - *Trips* – an estimated 3.3 million tourism day trips were made to Maidstone in 2011, down 1% compared to 2009. In addition, around 393,000 overnight tourism trips were made.
  - *Origin of spend and trips* – domestic visitors made up 83% of overnight trips (327,000) and overseas visitors made 17% of trips (66,000). By comparison, 26% of expenditure was made by domestic staying visitors; 11% by overseas staying visitors and 63% by day visitors.
  - *Jobs* – an estimated 3,700 full-time equivalent jobs were created by the sector, or 5,000 including seasonal and part-time workers - around 7% of total employment.
- 4.28 The fundamental challenge for Maidstone is to capture a greater share of South East tourism and build on the borough’s heritage, urban and rural strengths. Destinations that are well managed are more likely to excel in attracting new investment, talented workers and ultimately more visitors. The council is commissioning a Destination Management Plan - a shared statement of intent between public and private partners to manage, develop and promote Maidstone as a tourist destination.

## 5 Strategy for Growth

5.1 Turning our economic vision into a reality for Maidstone and achieving our growth ambitions, requires a clear strategy and set of actions to deliver the strategic objectives and create the right conditions for economic growth. We will achieve this through focusing on the following five priorities.

A. Retaining and Attracting Investment

B. Stimulating Entrepreneurship

C. Enhancing the Town Centre

D. Meeting the Skills Needs

E. Improving the Infrastructure

5.2 This strategy needs to be taken forward by all partners involved in delivering the economic agenda in Maidstone. This includes the borough and county councils, agencies such as Job Centre Plus, the schools, colleges and universities and, most importantly, the business community. It is our businesses that will ultimately deliver economic growth and it is our role to support them by creating the conditions for them to flourish.

5.3 The business community in Maidstone is developing a strong voice through the Maidstone Economic Business Partnership (MEBP) and there is a clear desire to make things happen. The potential for Maidstone to benefit from the recent upturn in the economy is clearly recognised by businesses who are advocating that Maidstone Borough Council takes an active role in promoting economic growth.

### A. Retaining and Attracting Investment

**We will support existing businesses to develop and grow and also work to attract new employers to the borough, creating job opportunities for all residents in a range of sectors,** with special regard to those that are high growth, growing the economy through exports, and in the knowledge economy.

Global competition and competition from neighbouring towns will increase in the years to come. Ashford Borough Council and the local authorities in Thames Gateway Kent have put forward ambitious growth plans, with many new homes and jobs planned. We need to continue to invest in infrastructure, skills and business support in Maidstone to provide an attractive offer to new and existing businesses.

5.4 An important part of this is ensuring that the planning framework enables a pipeline of quality office, industrial and warehousing accommodation to come forward in locations that are attractive to modern business. This includes sites in the town centre, on the edge of town adjacent to the motorway and in rural service centres. (See Section 6 Locations for Growth).

## Business Retention

- 5.5 The growth Maidstone has seen over recent years has been largely due to the expansion of existing businesses, rather than new inward investment from outside of Kent. Supporting existing local businesses to grow is therefore critical for delivering the job growth we want for the future.
- 5.6 There is a need to support existing businesses through working with partners and other agencies with funding to support their growth. Through the European Structural Investment Funds Programme, the South East Local Enterprise Partnership has allocated resource to the government's GrowthAccelerator programme to enable greater provision of this service across the area. Kent County Council also provides funding to High Growth Kent to support high growth potential companies at an earlier pre GrowthAccelerator stage. It is important that partners work together across the borough to ensure that the potential of both of these programmes achieves maximum impact.
- 5.7 As the recovery of the national economy continues to gather momentum, business sentiment in Maidstone is also improving. Around half of the 59 businesses responding to a recent the Maidstone Borough Council survey<sup>23</sup> said they were planning to take on more staff in the next 12 months and nearly three quarters were either 'very confident' or 'somewhat confident' about the prospects for growth in turnover over the next five years. This view was echoed at the first MEBP workshop and is reflected in the Federation of Small Business' own survey of business sentiment undertaken on a six-monthly basis. We need to work with businesses to encourage them to invest and grow in Maidstone.
- 5.8 A key reason for overall employment decline in Maidstone over recent years has been the predominance of the public sector which has seen significant job losses during this period of austerity and public spending cut backs. Our strategy therefore needs to focus on encouraging growth in private sector businesses to help diversify the local economy away from a reliance on the public sector.
- 5.9 Recent commuting patterns suggest that Maidstone has become less important over the last decade as a place of work for its residents, moving from being a marginal importer of labour in 2001 to being a net exporter in 2011. In 2011, approximately 1,240 more people were commuting out of the borough to work than commuting in and the percentage of Maidstone residents working and living in the borough fell from 60% in 2001 to 50% in 2011.
- 5.10 Maximising the productive contribution of our residents for the benefit of the Maidstone economy may mean that additional employment land needs to be identified so that more jobs can be created for the growing working age population, if net out-commuting is to be reversed and potential business rate income in the borough is to be maximised.
- 5.11 The employment sectors with potential to grow need to be supported to ensure that they deliver the level of job growth forecast.
- 5.12 There is still under-representation of knowledge-based industries in the Maidstone economy despite improvements over recent years. This is reflected in the relatively low proportion of residents with high level qualifications and a reason why more working residents in higher paid occupations

<sup>23</sup> Maidstone Borough Council (April 2014) 'Business Survey'

commute out of the borough to work elsewhere. Attracting more knowledge-based businesses and supporting our existing ones to grow is therefore important for the future.

- 5.13 Our pool of residents in managerial and professional occupations, high levels of educational achievement, good strategic transport links and high quality environment are all key assets of the local economy. They provide the foundation to attract more knowledge-based businesses to Maidstone in the future.
- 5.14 As well as having some specific sector specialisms with potential for job growth in Maidstone in the future, we also have a broad economic base. This diversity together with its economic assets make Maidstone attractive to many other sectors as well. To ensure that opportunities unforeseen at the moment can be capitalised upon, we need to ensure that employment land allocations are sufficiently flexible so that these potential opportunities are not lost to competing places in the future.

### **Inward Investment**

- 5.15 Maidstone is an attractive business location; a recent business survey<sup>24</sup> found that the most appealing features are its strategic location, the high quality of life, the transport infrastructure (good access to the motorway network) and a committed workforce.
- 5.16 This view of Maidstone as a good business location is also supported by a recent Locate in Kent survey of 314 key business figures in the South East. This indicates that knowledge of Maidstone as a business location is relatively high - Maidstone and Ashford together were the places that most respondents knew a great deal or a fair amount of information about. More now cite Maidstone and Ashford as the most favourable business location in Kent compared to a similar survey in 2010. The only other place viewed more favourably as a business location in Kent was Thames Gateway Kent. In terms of a specific preferred location, Maidstone was the second most favoured place in Kent to Ashford, although this was a reversal of the position in 2010 when Maidstone was the most favoured business location.
- 5.17 This is another indicator that Maidstone stands at a crossroads, with signs that neighbouring places, such as Ashford and Medway, are starting to gain greater economic growth momentum than Maidstone. Both of these towns have considerably better High Speed rail links to the capital and ambitious growth plans. If Maidstone doesn't act quickly to regain ground that it has lost, it risks being left behind. Positive action is needed now to alter this trajectory.
- 5.18 Anecdotal evidence suggests that most inward investment to Maidstone over recent years has generally been from businesses moving within the Kent area, rather than from further afield. We therefore need to do more to promote the benefits of locating in Maidstone to a wider business audience, particularly businesses that would benefit from close proximity to the national motorway network.

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<sup>24</sup> Maidstone Borough Council, Business Survey, April 2014

**Actions**

- A1. Introduce the Council's new Business Customer Relationship Management system  
Local businesses will be targeted to receive support that enables them to grow.  
This will be done in partnership with others, including High Growth Kent, Manufacturing Advisory Services, UKTI, etc .
- A2. Work with Maidstone Medical Campus to ensure that the investment goes ahead, including investigating using direct council intervention (powers/Investment) if necessary.
- A3. Ensure that employment land allocated through the planning system is suitable for the needs of new and expanding employers and that planning policies are flexible enough to achieve the balance between realising potential growth opportunities and not sacrificing the environment which is in itself an asset.
- A4. Deliver and support business events focused on supporting existing business competitiveness and driving business growth.
- A5. Effectively engage with employers to raise awareness of available programmes and support, increase take up and participation to improve business competitiveness.
- A6. Investigate a new master plan involving small scale format offices on land allocated for employment at Eclipse Business Park.

**B. Stimulating Entrepreneurship**

**We will create a more entrepreneurial and innovative economy, supporting new business start-ups and those with high growth potential to move up the value chain.**

- 5.19 Maidstone is an entrepreneurial place; the economy is dominated by small and medium sized enterprises (SMEs) and there are a large number of businesses per head of population and a high self employment rate.
- 5.20 A key priority for the future is to continue to diversify the Maidstone economy away from the public sector by encouraging new private sector businesses to start up and to support the existing ones to grow. New businesses are also important vehicles for driving forward innovation within an economy and there is a close association between companies that are innovative and those that are high growth. This innovation can happen across all sectors and the key to nurturing this is being able to identify companies looking to innovate and engage with them to determine what support is needed to help them realise their growth potential.
- 5.21 Maidstone Borough Council has been providing business start-up support through Kent Invicta Chamber. There has been a good level of take-up for these services with Kent Invicta Chamber reporting higher than expected demand across a broad range of sectors. In 2012-13 there was a 20% increase in take up and interest in the "Starting in business" workshops and 1-1 advice sessions. There was also an increasing numbers of referrals from Job Centre Plus, with 351 clients referred in the 12 months to March 2014 through the Enterprise Club. This was in addition to clients referred to private sector providers of the Work Programme.

- 5.22 As a response to this demand, Maidstone has strengthened its business support Service Level Agreement with the Chamber to increase delivery capacity and it has also sponsored an enhanced delivery programme for 2013-14 with grant funding from KCC. This includes more start-up workshops, one-to-one advice, sector specific business planning workshops and private sector engagement by creating local business networks. Through this enhanced programme, support will be provided for around 800 individuals.
- 5.23 According to research undertaken by KCC in 2010, Maidstone has one of the highest concentrations of home-based businesses in Kent<sup>25</sup> and these are located in both the urban and rural parts of the borough. Many of these businesses reportedly suffer from isolation, a lack of networking opportunities, professional services and meeting rooms. All of these factors conspire to stifle growth and survival.
- 5.24 Supporting these businesses to grow, as well as encouraging more residents who are perhaps currently commuting out of the borough to work in London to consider setting up their own businesses locally, offers potential for the future. Not only would it maximise the economic contributions of these residents, it would also build on one of Maidstone's strengths - the work-life balance on offer, to attract high skilled and high earning entrepreneurs, or home workers to the area.
- 5.25 Encouraging new business start-ups will require the necessary infrastructure to be put in place to support their growth. The council is considering developing affordable business workspace in an Enterprise Hub to provide a highly supportive environment for new start-ups and existing micro businesses to grow. A range of supportive initiatives are proposed, including flexible time-based and virtual memberships, peer-to-peer business support, and high quality, bespoke mentoring, events, seminars and workshops. This is an important priority for the council to encourage new business creation and investment in Maidstone.
- 5.26 Ensuring that high speed broadband infrastructure is in place across the borough is also critical for encouraging growth of home-working and new business start-ups. This will be particularly important in rural areas where these types of businesses will not threaten the high quality of the environment, whilst offering real potential for economic growth in some of the most isolated parts of the borough.
- 5.27 In recognising the potential that new business start-ups can bring to our local economy, there is also a need to ensure a consistency with other policies adopted by the Council, such as flexible planning policies which permit the use of residential properties for home-working.

#### **Actions**

- B1. Continue to provide funding for a business start-up programme.
- B2. Progress the option of an Enterprise Hub for Maidstone.
- B3. Work with the County to ensure the roll out of high speed broadband across rural communities.
- B4. Investigate specific actions that the Council could undertake to support the creation of small businesses in rural areas.

<sup>25</sup> Live/Work Network (December 2010) 'Understanding Kent's Home-Based Business Sector'

## C. Enhancing the Town Centre

**We will promote the regeneration of Maidstone town centre as a high quality retail and leisure destination, and as a place to live and work.**

- 5.28 The town centre is very important to the borough as both a means of attracting expenditure and as a source of employment. Some two thirds of all jobs in the borough are in the town centre itself and even more (71%) of the service sector jobs are there. The town centre is also an important asset as a retail and leisure destination serving a wide catchment area

### Importance of Office Jobs

- 5.29 The predominance of the service sector in Maidstone town centre is reflected in its importance as the main location for office accommodation in the borough. Over recent years there has been significant growth of an edge of town office market with the development of schemes such as Eclipse Park at Junction 7 of the M20, and out of town schemes such as Kings Hill in the neighbouring district of Tonbridge and Malling.
- 5.30 One of the key challenges facing Maidstone is addressing the diminishing stock of quality office space in the town centre and the increase in secondary poor quality offices that do not meet the needs of modern employers. Vacancy rates in this secondary stock have risen substantially, and much of the office space currently available in the borough is in the town centre<sup>26</sup>.
- 5.31 The relatively large amount of vacant ageing low quality office stock is depressing the buoyancy of the overall town centre office market and the large number of 'For Let' signs has a negative effect on perceptions of the town centre. However, where office accommodation is of high quality, demand is relatively strong, particularly for smaller office units.
- 5.32 A number of conversions from offices to residential are already underway in the town centre following the government's introduction of Permitted Development Rights (PDR). It will be important to ensure that this conversion is monitored and that where possible planning policies are put in place to try to achieve the right balance. Retaining the better quality office space would be desirable to maintain the town centre's status as a key employment location for office occupiers. At the same time, some conversions under PDR or otherwise, would be advantageous in helping to manage down the excess supply of secondary stock, potentially raising values and rejuvenating the market for high quality office development in the future.

### Retail and Leisure Destination

- 5.33 As a retail location Maidstone has recently slipped down the national hierarchy of retail centres.<sup>27</sup> Nevertheless, the town performs relatively well and successfully competes with nearby Ashford, Chatham and Dartford.<sup>28</sup>
- 5.34 Maidstone has good multiple retail representation, particularly in the prime retail areas of Fremlin Walk, where the House of Fraser department store provides a high quality anchor. This is complemented by a strong independent offer and an outdoor market.

<sup>26</sup> GVA (August 2014) 'Qualitative Employment Site Assessment, Maidstone Borough Council', Draft Final Report

<sup>27</sup> 2013 Venuescore Ranking Index

<sup>28</sup> DTZ (August 2013) 'Maidstone Town Centre Assessment'



- 5.35 However, The Mall lacks a high quality anchor<sup>29</sup> and there is a sense that the town centre could offer a lot more from a retail perspective. There is a notable lack of large, modern and well-located shop units to attract those major 'anchor' retailers not currently represented in Maidstone town centre, such as Debenhams and John Lewis. Considerable expenditure is lost to Bluewater, particularly from the more affluent residents who tend to shop there.
- 5.36 Maidstone town centre also has many positives as a leisure and cultural destination, with restaurants, the museum, the Hazlitt theatre, a cinema and nightlife for young people. However, feedback from consultations with Councillors and businesses suggests there is a need to encourage more cultural and leisure activities to attract greater numbers of people into town. Suggestions made to improve the town centre at a recent workshop included:
- attracting higher quality retailers and another department store;
  - making more of the historic buildings and the river;
  - creating a stronger sense of identity and a 'brand' to distinguish Maidstone from other places;
  - managing down the stock of redundant office space in the town centre; and
  - investing in transport infrastructure and improving access by public transport.
- 5.37 Ensuring the vitality and viability of Maidstone town centre has been and continues to be a key priority for the Council's economic development activities. The council is responsible for many of the major improvements to the town centre over the last 15 years. This includes using its compulsory purchase order powers to bring about the £100 million redevelopment of the former brewery site to create Fremlin Walk - the 350,000 sq ft retail centre in the heart of the town centre. The council's focus on good design and the integration of old and new, resulted in a Gold Award in the British Council of Shopping Centres Awards in 2005.
- 5.38 A programme of improvement schemes to upgrade the town centre environment has commenced. Starting with High Street, Bank Street, Middle Row and parts of King Street, some £4 million has been spent transforming the area with high quality granite stone, seating, lighting and planting. New open spaces have been created to hold events to attract and retain shoppers and visitors, and encourage people to stay longer in the town centre. As a result of this scheme there has been a reduction in ground floor shop vacancies from 10 units to 2. The other economic benefits of this type of investment are well known and include increases in footfall, consumer expenditure, job creation and rising property values.
- 5.39 The council is currently considering a further phase of public realm improvements which includes proposals for Gabriel's Hill, Earl Street and the north end of Week Street. Public consultation has taken place on draft designs for all three areas.
- 5.40 The council established a Town Team in partnership with Town Centre Management to capture the enthusiasm and commitment from businesses, residents, voluntary and community organisations, and faith based groups to reinvigorate the town centre. This followed the Mary Portas Review of High Streets. Sub groups focus on projects under the headings of regeneration, marketing and events. Partners work together to ensure the town centre is safe, clean and attractive to shoppers

<sup>29</sup> DTZ (August 2013) 'Maidstone Town Centre Assessment', p.47

and visitors, which reflects the Town's Purple Flag award. The structure and activities of the Town Team were recently commended by a Peer Review of the council.

- 5.41 The council has also been working with the owners of The Mall shopping centre, Capital and Regional, over the past 18 months to encourage both short and long term investment. These discussions have culminated in an initial £4 million refurbishment starting in 2015. Phased redevelopment and expansion of The Mall will include more retail and leisure uses with investment estimated at £100 million.
- 5.42 The council has also been working with Solum Regeneration (a joint venture between Network Rail and Kier Group) to bring about the comprehensive redevelopment of Maidstone East Station and the adjacent Royal Mail Sorting Office. This important gateway into Maidstone town centre suffers from partial dereliction and poor quality buildings. Discussions have been taking place over 18 months, covering issues of land assembly, land uses, design, public realm and town centre connectivity. Network Rail is in advanced negotiations to buy the Sorting Office.
- 5.43 These two sites present a major opportunity to strengthen the town centre retail offer at the north end of Week Street, improve the railway station and connectivity with the town centre and create a better setting around Kent County Council's Sessions House and County Hall. Both of The Mall and Maidstone East Station are identified in the Local Plan Regulation 18 Consultation Draft for future retail uses.
- 5.44 A planning application by Land Securities for an out of town retail scheme at Newnham Court was recently rejected on the grounds that it would prejudice the council's preferred strategy (as set out in the draft Local Plan) for the delivery of new comparison and convenience goods floor space on the sequentially preferable sites of Maidstone East/former Royal Mail site and the Mall within the town centre. The council's retail advisors DTZ also considered that the Land Securities proposal "would have a serious adverse impact on existing and planned investment in the town centre; which would be severe enough to preclude any significant new town centre retail development for many years."
- 5.45 Retail employment is sought after by many residents in Maidstone and a range of jobs and skills are needed to ensure prosperity for all. Retail employment offers progression in to higher paid occupations in the sector and enables employees to develop transferable customer service skills
- 5.46 We want to attract new retail investment to Maidstone in the future and there is a need to capitalise on the opportunities that are now presenting themselves to improve the town centre. The council needs to work closely with developers and investors to ensure that the impact of new schemes is maximised in terms of the retail, leisure, employment and housing opportunities they can bring to Maidstone town centre.

#### **Actions**

C1. To develop a vision for the town centre and translate this into a spatial land use plan for the future development of the town

C2. Consider current office accommodation uses in the town centre and determine how best to ensure the development of fit for purpose prime office space for business.

C3. Consider how the public sector can work together to help stimulate the development of new office accommodation and further investment in Maidstone town centre

## D. Meeting the Skills Needs

**We will ensure that residents are equipped with skills for work and that the skills needs of businesses are being met.**

**We will support the expansion of the Higher Education sector to increase the number of graduates in the workforce, supporting initiatives such as KIMS and Maidstone Medical Campus initiative, as well as the UCA expansion at Maidstone Studios.**

- 5.47 Ensuring that businesses have the skills they need to grow and that residents have the skills to take advantage of new job opportunities will be a key to future economic success. Maidstone fares well in terms of overall educational attainment at level 2 and level 3 and has many high quality schools in the borough. There is a wide range of academic pathways at level 3 and a high proportion of young people go on to higher education.
- 5.48 For school leavers that attain only a Level 1 qualification (fewer than 5 GCSEs Grade A-C) there is a reported lack of provision. Kent County Council has recently introduced a new initiative to address this - the 2-1-2 programme. This brings together schools, FE colleges and employers to provide programmes that combine Level 2 academic training at schools with vocational training at FE colleges and work placements with employers. There has been some take up of this initiative in the borough and the County Council is promoting this over the coming year with the hope that there is both greater provision and take-up of this offer across the borough, as well as more widely across the county.

### Further Education

- 5.49 Maidstone is well served by the Further Education sector with Mid Kent College having a strong offer and close links with businesses and private sector training provision. However, the provision of apprenticeships and skills training for school leavers that do not want to go to college is limited, with no private sector training providers providing work-related and apprenticeship training in sectors such as construction; one of the sectors forecast for employment growth.
- 5.50 Mid Kent College is the main further education provider in Maidstone, based at the Oakwood Campus. The college is currently expanding its provision on the former UCA campus and received funding for 2015/16 from round four of the Skills Funding Agency's College Capital Investment Fund. It is proposing to transform and equip these buildings into state of the art facilities for a higher skills centre where it will offer HE courses, including foundation degrees and Higher National Diplomas in subjects ranging from Business and Engineering to Health and Social Care. Business incubation units will also be part of the scheme, serving to encourage students to establish new businesses and also to attract smaller employers that could benefit from closer collaboration with the college.
- 5.51 Mid Kent College is working closely with both the business community and with Maidstone Borough Council to ensure that its skills and training provision is meeting the needs of local employers. During the course of the refurbishment at the Oakwood Campus, the council has agreed to temporarily house the college's skills unit so that an even closer working relationship can be forged, with both parties learning from the other.

## Meeting Employer Skills Needs

5.52 A number of sectors are reportedly facing skills challenges in Maidstone at present and some companies are adapting their recruitment policies to address this situation. Examples of these include:

- An accountancy firm that has recently shifted its recruitment focus towards workers in London seeking a lifestyle change and to school leavers who are offered training to become qualified accountants on the job.
- An aerospace engineering company has a higher proportion of staff approaching retirement age and are anticipating problems filling the positions. Although apprentices are being trained, this takes time to get them to the required skills level.
- A manufacturing company claims only to have a small pool of engineers to recruit from locally and that they would like to see more done to promote the sector in Maidstone.
- Two solicitor firms need to recruit to respond to the upturn in the market but are having difficulties.
- A logistics company is looking to recruit 40 drivers but is struggling to recruit even six.
- A care provider is facing difficulties recruiting owing to only being able to offer low wages due to government cuts and the lack of funding.

5.53 While there is considerable work going on to achieve closer links between Mid Kent College and local employers, links between the public sector, training providers and local businesses could be better. The introduction of the Maidstone Economic Business Partnership is a step in the right direction. However, if employment recruitment shortages and the future skills needs of businesses are to be addressed, more needs to be done to better understand the skills and training needs of employers across the borough and to encourage greater numbers of businesses to take on apprenticeships.

## Higher Education

5.54 To be successful in attracting higher value jobs in growth sectors in the future, the workforce needs to be suitably qualified. The evidence shows that while the qualification profile of Maidstone's population has improved over recent years, with more people now qualified at level 4 and above, this is still below the national average and there has been greater improvement elsewhere in Kent.

5.55 Attainment at level 2 and level 3 is high in Maidstone and many young people leave the borough for a university education. This presents an opportunity to keep these young people in Maidstone in the first place, perhaps by catering for their higher education needs locally, or to attract them back after graduation.

5.56 Maidstone lacks a significant university campus. The University of the Creative Arts withdrew from the Oakwood campus a few years, although it has still retained a presence at Maidstone Studios where it offers courses in Media Production, Media Business and Media Interactive Production. Teaching these courses at the studios enables students to develop strong links with the creative/production companies that are based there or others that use the facilities. This provides students with more hands on experience of working in the industry and is a major attraction for the courses offered there. However, with the closure of the Oakwood Park campus there is a lack of ancillary facilities, such as a library and social space, to enhance the student experience and they currently need to travel to the campus at Rochester for these facilities. UCA is trying to address this through further development proposed on the Maidstone Studios site.

- 5.57 In April this year KIMS opened on a site near to Maidstone Studios close to junction 7. This £95 million state-of-the-art hospital is set within a seven-acre development and will be a centre of clinical excellence with both academic and teaching facilities. KIMS is a hospital run by clinicians where consultants manage their patient's treatment pathway from referral through diagnosis to treatment and discharge. KIMS is the catalyst for a larger development on adjacent land, Maidstone Medical Campus. This 18 hectare site will incorporate a Neuro Village, Medical School and Research and Development occupiers focused on life sciences situated in high quality landscaped grounds. Construction of the Maidstone Medical Campus is due to commence in April 2015 with completion in 2017/18. It is looking to attract 150-300 students with the intake commencing as soon as the work is completed. There is currently no school of medicine at any of the universities in Kent.
- 5.58 Discussions are underway to explore opportunities to further develop the medical-related training offer at the Maidstone Medical Campus with other universities that are already providing medical and health-related HE training. A close relationship is developing with Canterbury Christ Church University (CCCU) which has an Institute of Medical Science (IMS) that provides an umbrella for all the medical and health-related courses offered by the university. Post graduate medical courses are offered at CCCU at the Universities of Medway campus in Chatham in the areas of urology, orthopaedics, general surgery, obstetrics and gynaecology and ear nose & throat (ENT). Undergraduate degrees in ancillary medical or health-related subjects, such as physiotherapy, midwifery, speech therapy and social care, are also provided in the Faculty of Health and Well Being.
- 5.59 It is clear that there is scope for building upon the offer currently proposed for Maidstone Medical Campus through links to other universities, both in Kent and the wider area. This is an important area to be taken forward in the future to ensure that opportunities are maximised around this cluster for Maidstone.
- 5.60 The close proximity of KIMS and the MMC to Maidstone Studios, where UCA is currently running courses and has ambitions to provide more facilities for students, offers opportunities for synergies to be developed and could potentially be the start of a 'Universities at Maidstone'.
- 5.61 University investment should be encouraged to attract higher value research-based employment into the borough, and to give more residents the opportunity to gain degree level qualifications. This has been successful in Medway where the 'Universities at Medway' campus has been developed at Chatham Maritime. The proposed Maidstone Medical Campus, together with UCA at Maidstone Studios and Mid Kent College's Higher Skills centre at Oakwood Park, could well be the starting point of something transformational. Achieving this is a priority for Maidstone and it is important that partners work together to make it happen.

#### **Actions**

D1. Work closely with Mid Kent College and other relevant education and training providers to forge closer links with business to help ensure that the skills needs of employers are met.

D2. Increase the number of businesses in Maidstone that take on apprenticeships.

D3. Increase awareness of the sector growth opportunities in Maidstone to training providers so that they can gear their provision to meet the future needs of employers

D4. Work with KCC to encourage greater take up of the 2-1-2 programme which addresses

the education and training needs of school leavers qualified at below level 2.

D5. Support KIMS in their discussions with universities to expand the HE offer on the MMS site

D6. Support discussions between UCA and KIMS on looking to enhance the overall student experience for HE students at Maidstone Studios and at Maidstone Medical Campus.

D7. Work with UCA to further develop the business case for their proposed new facilities at Maidstone Studio

## E. Investing in Infrastructure

**We will invest in infrastructure to drive economic growth – including the transport network and digital infrastructure.**

- 5.62 In the recent local business survey<sup>30</sup> businesses rank 'investment in infrastructure' as the number one priority for action for the council, with 'tackling congestion' ranked second. The importance of tackling infrastructure issues was also a common theme raised at the Maidstone Economic Business Partnership workshops and also from business interviews.

### Road Transport Links

- 5.63 Maidstone has good strategic road transport links provided by the M20 which runs to the north of Maidstone town centre. The three motorway junctions within the borough are key assets for the local economy, although the proximity of junction 8 to the North Downs AONB means that this is a sensitive area for development.
- 5.64 The main transport issues relate to the infrastructure in the south of the borough, where all road links to the motorway in the north of the borough need to go through Maidstone town centre. The congestion on these routes causes delays which in turn increases both travel time and affects reliability.
- 5.65 Recently, road weight restrictions have been imposed on some of the secondary roads around Marden to the south of Maidstone town centre, where manufacturing companies are located in industrial parks on the edge of the town. This is impacting on the businesses that need to use vehicles to transport goods and supplies along these roads to access the national motorway network. This calls into question the suitability of these places as employment locations for businesses in sectors that need good road access to the motorway network.

### Maidstone Town Centre

- 5.66 Access is also a recognised barrier to growth in the town centre with both parking and public transport improvements identified as needing attention by businesses.
- 5.67 Maidstone Borough Council has been working with Kent County Council and the SE LEP to seek LGF funding to address some of the transport issues in Maidstone. The council was successful in securing £16.5 million from 2015/16 for four schemes at a total cost of £28.5 million. These schemes are:

<sup>30</sup> Maidstone Borough Council (April 2014) 'Business Survey'

- Maidstone Gyratory Bypass - two additional northbound lanes to enable northbound traffic on the A229 to bypass the existing town centre Gyratory system.
- Sustainable Access to Maidstone Employment Areas - a high quality dedicated cycle and pedestrian route from residential development sites on the outskirts of Maidstone into the Town Centre.
- Maidstone Integrated transport package - key junction and road capacity improvements and enhanced public transport.
- West Kent LSTF - funding contribution towards Maidstone East Rail Station improvements as part of the larger scheme around the station.

5.68 While this investment will help to address some of the transport issues facing Maidstone, other solutions also need to be considered, including a coordinated programme to deal with issues around the town centre that includes park and ride, public transport and car parking, as well as roads.

### Broadband

5.69 Digital infrastructure is also identified by businesses as a barrier to growth in Maidstone. Interviews reveal that businesses are concerned about the availability and speed of broadband, especially in rural areas. There are initiatives currently underway by Kent County Council to address access to broadband and partners need to work together to take these forward.

### Housing

5.70 A shortage of housing and high house prices are an issue of concern to the business community who see this as potential barrier to growth. Some employers, particularly those with workers in lower paid occupations, see this as an impediment to being able to recruit workers locally. There is concern that if more houses are not built in the next 12-18 months, then both house prices and market rents will increase even further, further compounding the problem.

5.71 This is clearly not just a planning issue as there is planning permission in place for over 3000 residential units in the Borough and the Local Plan is making provision to 2031. The availability of affordable mortgages, developer finance, wage levels, commuting patterns, and the capacity of the market to build and sell homes each year are also significant factors.

#### Actions

- E1. Take forward the schemes for which LGF funding has been allocated.
- E2. Consider how to improve the train services to London
- E3. Work closely with KCC and other stakeholders to agree the Integrated Transport Strategy
- E4. Work closely with KCC to consider ways to increase the speed and coverage of broadband across Maidstone, especially in rural areas.

## 6 Locations for Growth

- 6.1 This strategy recognises that both the economic needs and opportunities for growth vary across the borough and we have already identified the particular opportunities that there are for Maidstone town centre.

### The Rural Economy

- 6.2 A large part of the borough has a vibrant rural economy that also offers opportunities for growth, with its diverse range of industries including the land-based sector, such as farming and horticulture, rural tourism-based businesses and others in sectors including construction, manufacturing and distribution.
- 6.3 Many of the priorities identified in this strategy - retaining and attracting investment, stimulating enterprise, meeting the skills needs of employers and investing in infrastructure - apply as much to rural areas as they do to the urban economy. However, growth in rural areas needs to be planned sensitively and sustainably in order to retain the appeal of the countryside as a place to live, visit and do business. We recognise that there are some specific opportunities and challenges facing the rural economy.

### Agri-food

- 6.4 Kent has a proud history of producing some of the finest produce in England, which is promoted under the brand 'Produced in Kent'. Agriculture and food manufacturing is an important part of the national economy recognised in the national Agri-Tech Strategy, not least for its role in feeding the rapidly expanding global population. The strategy puts considerable emphasis on research and development, innovation and skills that will be needed to raise productivity and support sustainable intensification of agriculture. We need to continue to promote the development and diversification of agriculture and other land-based rural businesses in Maidstone and the growth opportunities that are emerging in this sector.

### Home-working and home-based businesses

- 6.5 More businesses than ever are being started from home in home offices, studios or workshops, as technology has enabled entrepreneurs to reach a wide marketplace via the internet from anywhere in the world. Research by KCC suggests that Maidstone has one of the highest concentrations of home-based businesses in Kent.
- 6.6 The quality of life on offer in Maidstone is one of its key competitive advantages and attracts a talented pool of people to the area to live and work. In the modern economy, greater flexibility of working conditions means that an increasing number of people are able to work from home. This offers an opportunity for Maidstone to attract more people looking for a better work-life balance by setting up a home-based business or working from home. To support this growth, planning policies need to be sufficiently flexible to allow home working, and to permit workspace such as live-work units, to be built. Fast, reliable, telecommunications infrastructure is also a prerequisite for many home workers and home-based businesses.



## ICT infrastructure

- 6.7 High-speed broadband is increasingly recognised as the ‘fourth utility’, being as important as gas, electricity and water to homes and businesses alike. Broadband and mobile telecommunications coverage in rural areas can be patchy and act as a barrier to businesses needing high bandwidth. “Making Kent Quicker” is a county-wide Kent County Council programme with BT and the government’s broadband agency, Broadband Delivery UK (BDUK), to bring better broadband to Kent. By the end of 2015, at least 95% of all properties in Kent will have access to higher-speed fibre-based broadband infrastructure and every property in the project area will be able to access a broadband service of at least 2Mbps. A minimum of 91% of premises will get superfast broadband of at least 24Mbps. We need to continue to support efforts to extend the reach of high speed broadband in Maidstone’s rural areas enabling more people to receive 24Mbps or higher.

## Better suited to less traffic intensive sectors

- 6.8 Some rural parts of the borough have experienced growth in the manufacturing sector over recent years and this has brought with it pressures to the rural road network. As a result, weight restrictions have been placed on some secondary rural roads. Further growth of this type would bring even greater pressures so it is important that suitable sites for these industries are carefully planned. Where space for the industries that are no longer suitable for a rural location becomes vacant, other types of employment more suited to the rural environment need to be considered.

## Tourism-related businesses

- 6.9 The beautiful natural landscape of Maidstone's rural areas and its array of visitor attractions, such as Leeds Castle and the Bluebell railway at Tenterden, offers potential for rural tourism-related business growth. Demographic changes and good pension provision will also bring greater spending power amongst the retired for leisure and tourist activities and those in the more wealthy parts of the country in the South East are likely to benefit most.

## Employment sites for future growth

- 6.10 This economic development strategy does not identify specific sites for future employment growth across the borough (for office, warehousing and industry) - that is the role of the Local Plan. However, it is important to recognise that identifying suitable locations for the types of employment which offer the greatest potential for growth is crucial for the future economic success of Maidstone.
- 6.11 The key characteristics for suitable employment sites include being highly accessible with good support amenities and optimum physical and digital infrastructure. It is recognised that the prime locations for business sectors that need good access to the national road network for transporting goods and services are around the M20 motorway junctions. However, some of these potential employment sites are also close to some of the highest quality environments, so there needs to be a balanced approach to ensure that economic growth does not come at the expense of the environmental assets which make the borough special.
- 6.12 There has been high demand for new development at the M20 motorway junctions. Feedback from the business community suggests that a more concentrated pattern of future employment land allocations might be more appropriate to meet business demand, rather than the dispersed pattern outlined in the Regulation 18 Local Draft Consultation Plan issued for consultation in July.

- 6.13 As a consequence, GVA have assessed whether there are gaps in the property portfolio which, if not addressed, could constrain the growth of the economy<sup>31</sup>. This assesses whether current land allocations will meet the qualitative needs, as well as the quantitative land requirements, to accommodate the type of employment growth forecast to 2031.
- 6.14 As part of this work, GVA has also considered the nature of the office and industrial property markets in the borough. Their findings indicate that Maidstone's position, in terms of both the office and industrial market in Kent, has been changing and that its pre-eminence has slipped. This is consistent with the findings of Shared Intelligence's analysis of recent economic trends which also demonstrates that Maidstone has performed relatively poorly in economic terms over recent years, especially compared to some of our neighbouring boroughs.
- 6.15 The key findings of GVA's qualitative assessment of employment land in the borough, which are of particular relevance to the economic development strategy are summarised below.

#### ***Maidstone Office Market***

- Maidstone remains the largest source of office accommodation amongst the Kent districts, but there has been a significant loss of office space over recent years which has weakened Maidstone's dominant office market position. The performance in nearby boroughs, such as Tonbridge and Malling, Dartford, Swale, Sevenoaks and Ashford, has been much better.
- Average office rents in Maidstone have fallen since 2007 and there has been a significant drop in achieved values since a peak in 2009. Although rents have recovered slightly since 2011, they still remain lower than pre-recession levels and significantly below levels that would attract new speculative development or refurbishment of stock.
- Demand for offices is largely for small units, with between 63% and 85% of annual demand for offices under 185 sqm and average letting sizes below 200 sqm.
- There has been limited amount of take up of new or refurbished space over recent years (only 16% of deals being for these types of premises) but this is 'more a reflection of declining availability rather than a lack of 'demand' in general'. Deals have predominantly been for second hand and un-refurbished stock
- The majority of available office space is in larger units which have persistently high vacancy rates. However, this appears to be largely related to the poor quality of the stock and its unattractiveness, rather than to the unit size, since even when larger units could be sub-divided they still remain vacant.
- In line with recent trends, future demand for commercial floorspace is likely to mainly come from 'local' businesses or new start ups wanting to expand or seeking new premises, rather than from inward investment from outside of the area.
- The greatest demand for offices in the future in Maidstone is likely to be for smaller, purpose built, multi-tenanted offices which reflect the predominance of SMEs and smaller professional service firms. To date there has been a lack of strategic market interest in Maidstone as a 'back office' location for financial or insurance services and this is unlikely to change in the future.

#### ***Maidstone Industrial Market***

- Industrial property stock in Maidstone was estimated to be 650,000 sqm in 2012 which was 13%

<sup>31</sup> GVA (August 2014) 'Qualitative Employment Site Assessment, Maidstone Borough Council', Draft Final Report

less than in 2000. Over the period there has been a shift towards smaller unit provision - average unit size has fallen from 615 sqm to 556 sqm.

- The provision of industrial property in Maidstone tends to be in the north of the borough where the employment sites and individual units are generally larger. These reflect the needs of these occupiers for more direct motorway access to serve a larger markets.
- Maidstone remains one of the most important industrial property markets in Kent, but the stock level is now significantly lower than in Tonbridge and Malling and Swale, both of which have seen growth since 2000. It now has an equivalent level of industrial floorspace as Ashford, but whilst stock in Maidstone has declined since 2000 Ashford has seen a 9% growth.
- Since the recession there has been some recovery in demand for industrial property since 2010. Demand has generally been greatest for smaller units under 185 sqm and between 185 sqm and 465 sqm, with limited take up of larger units which are limited in terms of supply
- Average industrial rents are £61- £66 per sqm and there is little difference between new/refurbished and second hand stock
- There is currently around 5,000 sqm of available industrial space in 10 units across the borough. Just under two thirds of this is second hand and the majority are units under 465 sqm.

GVA (August 2014) 'Qualitative Employment Site Assessment, Maidstone Borough Council', Draft Final Report

#### 6.18 The overall conclusion of the GVA report is that:

'Not all the requirement for 18 hectare of employment land can be met within the existing employment site portfolio and there is likely to be a qualitative requirement for new land to be allocated which is specifically aimed at accommodating the likely requirements of future growth sectors'.

#### 6.19 Based on the analysis, GVA provide guidance on what should be considered for permitted employment land development in Maidstone. The key points relevant to economic growth locations are:

- There is a need for sufficient office provision in the town centre to maintain its function, and to also broaden the range and type of stock available in out of town locations. This will provide the necessary choice or flexibility to respond to market demand and accommodate any future development or occupier interest.
- Public sector retrenchment has left a considerable amount of vacant, large scale and outdated office stock within the town centre. This increased supply of second hand office stock, coupled with falling demand has reduced rental values and further undermined the viability of further office redevelopment/refurbishment. This combined with significant new office developments and good quality second hand floorspace available in neighbouring local authority areas, such as Kings Hill and Ashford, has further exacerbated the problem of out-dated low quality office stock within Maidstone. Therefore removing the largest concentrations of vacant office space would help to rebalance the Maidstone office market.
- Much of the existing vacant office floorspace is in Maidstone town centre and there is additional capacity at Eclipse Park. However, this provides little flexibility over the plan period. Additional office provision, driven by market demand, should therefore be considered positively.

- There is a qualitative requirement for new land to be allocated to accommodate the future growth sectors requirements, particularly for industrial and warehouse land. Sites in the south of the borough are likely to struggle to secure occupiers and this could limit their ability to accommodate employment growth in the future. Therefore these sites 'are unlikely to continue to provide an attractive offer in the future to new businesses as the land stock is at odds with the identified operational challenges being faced'.
- Sites in the south of the borough are likely to be better suited to smaller businesses that rely less on delivery/supply vehicles. They offer a range and choice of sites for businesses of different sizes to meet the needs of the current 'local service' nature of much of the business activity to the south.
- Future land allocations should prioritise space along the motorway corridor to support growth of businesses that largely serve national and regional markets.

6.20 This advice will be considered for the revised draft Local Plan Consultation Draft which will go out for consultation in the summer of 2015.

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## 7 Making it Happen: The Action Plan

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- 7.1 This strategy can only be delivered through working in partnership. There are many organisations and agencies that are working to achieve different elements of this strategy and there is a leadership role that Maidstone Borough Council needs to play to coordinate and ensure these culminate in achieving our ambitions for economic growth.
- 7.2 A key message from the business community is a desire for Maidstone Borough Council to show more leadership and take a more proactive approach towards economic growth and ensure that the right signals are given that Maidstone is 'open for business'. However, it is important that the right balance is struck between enabling economic growth and protecting the very assets that make Maidstone a special location to do business - its attractive environment particularly the North Downs AONB and its town centre.
- 7.3 It is important that the council works closely with developers; early pre application discussions with officers are strongly encouraged to reduce the chance of proposals coming forward which are unacceptable and incur unnecessary costs and delays for developments. Maintaining effective and transparent communication during the application process will help to reduce developer uncertainty and help ensure growth opportunities are realised.
- 7.4 There are a number of ways in which the Borough Council can help to achieve the economic vision through a leadership role. This might include leading partnership working, taking a financial stake in some developments, considering favourably proposals that will bring large numbers of jobs to the borough, and promoting Maidstone as a business location, to name but a few. It is important that the council considers these roles in the future to ensure that economic opportunities are maximised.



**Economic Development Strategy – Action Plan**

**A) Retaining and Attracting Investment**

		<b>Action / Milestones</b>	<b>S / M / L</b>	<b>Resource</b>	<b>Lead</b>	<b>Partners</b>
A1	<p>Introduce the Council's new Business Customer Relationship Management system</p> <p>Local businesses will be targeted to receive support that enables them to grow.</p> <p>This will be done in partnership with others, including High Growth Kent, Manufacturing Advisory Services, UKTI, etc .</p>	Overarching: 6,500 businesses categorised to assess growth potential / identify business lifecycle / export potential	Short	Existing MBC resource + partners	Coordinating Lead by MBC	<p>Growth Accelerator Programme (BSK)</p> <p>High Growth Kent (KCC)</p> <p>UKTI</p> <p>MAS</p> <p>University of Greenwich (Enterprise Europe Network)</p> <p>Uni of Kent Business School</p> <p>Kent Invicta Chamber of Commerce</p>
		a. 480 'deeper' appraisals	Short	SELEP Funding		
		b. 180 full diagnostic reviews of companies	Short - Medium	ERDF / ESF Funding		
		c. c.75 growth action plans to be put in place to work over medium to long term	Short - Medium			
A2	<p>Work with Maidstone Medical Campus to ensure that the investment goes ahead, including investigating using direct council intervention (powers/Investment) if necessary.</p>	Enter into direct discussions with site owner/agent to take forward each element of MMC including medical school, Neurovillage and medical technologies. Explore opportunity to attract the Regenerative Medicine Catapult.	Medium	Existing MBC staff	MBC	<p>MMC Ltd</p> <p>KCC</p> <p>SELEP</p>
		Investigate joint promotional activities with the owner and agent.	Short	Current resources, networking and		

				website		
		Consider barriers to delivering MMC and bid to SLGF.	Short	Existing MBC staff		
A3	Ensure that employment land allocated through the planning system is suitable for the needs of new and expanding employers and that planning policies are flexible enough to achieve the balance between realising potential growth opportunities and not sacrificing the environment which is in itself an asset.	Site allocation policies published	Short	Existing MBC staff	MBC	MBC KCC Business Community
		New site allocations made in the next draft of the Local Plan	Short	Existing MBC staff		
A4	Deliver and support business events focused on supporting existing business competitiveness and driving business growth	Development of a programme of 'finance ready' events with 1000 MD's and Senior Manager's attending 225 companies participating in finance ready programme Management Skills Workshops: 500 individuals attending workshops ICT – 200 companies improving use of and access to ICT eg using new websites as a driver for growth Development of supply chain networks (sector approach)	Medium	Existing MBC staff	MBC	BSK TSB Enterprise Europe Network
A5	Effectively engage with employers to raise awareness of	Undertake a baseline survey of the business support available to them including relevance and quality to	Short	Existing MBC	MBC	Kent Invicta Chamber of Commerce, the



	available programmes and support, increase take up and participation to improve business competitiveness.	highlight duplication and gaps.				Federation of Small Businesses, Kent Institute of Directors, Lenham Valley Business Association, South Maidstone Business Association, Marden Business Forum, the Network of Rural Business Forums, Visit Kent and Produced in Kent.
		Work with business support organisations to use this intelligence to inform the KMEP Innovation and Growth Statement.	Short			
		Strengthen Maidstone Economic Business Partnership to become a strong voice for businesses in Maidstone.	Short			
		Programme of business engagement to raise awareness of available programmes and support and to encourage a greater take up of apprenticeships. - No. Business Visits: 100	Medium			
		Regular e-newsletters (min 12 a year)	Short			
		Sector specific briefing notes	Short			
		New business information website	Short			
A6	Investigate a new master plan involving small scale format offices on land allocated for employment at Eclipse Business Park.	Support the landowner to identify a new vision for Eclipse Business Park Ensure new policies for Eclipse Business Park are flexible enough to achieve this.	Medium	Existing	Gallaghers	MBC

**B) Stimulating More Entrepreneurship**

		<b>Action / Milestones</b>	<b>S / M / L</b>	<b>Resource</b>	<b>Lead</b>	<b>Partners</b>
B1	Continue to provide funding for a business start-up programme.	Continue to deliver an enhanced programme of business support and explore innovative ways for local delivery with partners	Short	Existing MBC and bid for new funding	MBC	COC
		Work with others to coordinate the plethora of business support initiatives to remove duplication and fill gaps in provision	Medium	SELEP	SELEP and KMEP	MBC BSK KCC
B2	Progress the option of an Enterprise Hub solution for Maidstone.	Progress Mini Hub with aim of being open by August 2015. The Mini Hub will test proof of concept as the Council retains its ambition to create a full Hub in the medium term.	Short	Existing MBC and business rates pooling	MBC	BSK COC Centre for Micro Businesses Kent Foundation for Young Entrepreneurs Princes Trust University of Kent University of Greenwich
B3	Work with the County to ensure the roll out of high speed broadband across rural communities.	Work with KCC on ensuring Maidstone Businesses benefit from the extended roll out programme.	Short	Existing	KCC	MBC BT BDUK
		Encourage all new developments to provide the required infrastructure to enable fibre to all premises.	Medium			
B4	Investigate specific actions that the Council could undertake to support the creation of small businesses in	Capitalise on the enthusiasm shown by some parish councils and rural business networks to identify small businesses in rural areas.	Short	Existing and bids to the SELEP / ERDF / ESF	MBC	Parish Councils Centre for Micro Businesses Produced in

	rural areas.	Investigate the parish level interventions required to support the small businesses identified	Medium			Kent Made in Kent Rural Networks NFU TSB
		Identify specific interventions to support the land based sector	Short			
		Investigate the use of rural libraries and other community facilities to deliver business support activities in rural areas.	Medium			

**C) Enhancing the Town Centre**

		<b>Action / Milestones</b>	<b>S / M / L</b>	<b>Resource</b>	<b>Lead</b>	<b>Partners</b>
C1	To develop a vision for the town centre and translate this into a spatial land use plan for the future development of the town.	Agree with stakeholders a long term vision for the Town Centre	Short	Financial resource required for master planning and Engagement Plan c.£30k	MBC	Capital and Regional Solum
		Develop and deliver a set of initiatives to make this vision a reality.	Medium			
		Ensure planning policies support the vision and delivery of actions	Medium			
C2	Consider current office accommodation uses in the town centre and determine how best to ensure the development of fit for purpose prime office space for business.	Consider use of direct intervention including purchase of sites to ensure quality office offer.	Medium	Borrowing to resource purchases (considered alongside development appraisals) and private sector partners	MBC	KCC Private sector partners
		Monitor the situation with regards to Permitted Development Rights (PDR) and the loss of both primary and secondary office stock	Short			
		Ensure planning policies support the protection of the quality town centre office stock.	Medium			

C3	Consider how the public sector can work together to help stimulate investment in Maidstone town centre.	Explore options for the delivery of Phase 3 public realm works in Gabriels Hill, Earl Street and North End of Week Street including ensuring Planning Policy requires S106 contributions where appropriate.	Medium	Consider as part of the Infrastructure Delivery Plan including S106 contributions MCL Business Plan	MBC	KCC Leisure Industry
		Work with MCL to develop events and activities within Maidstone Town Centre to enhance the Town Centre offer.	Short			
		Consider direct intervention through the Council acting as an investment partner in key sites such as the Mall and Maidstone East	Medium	Consider as part of the Commercialisation Project	MBC	Capital and Regional Solum Regeneration

**D) Meeting Skills Needs**

		<b>Action / Milestones</b>	<b>S / M / L</b>	<b>Resource</b>	<b>Lead</b>	<b>Partners</b>
D1	Work closely with Mid Kent College and other relevant education and training providers to forge closer links with business to help ensure that the skills needs of employers are met.	Engage with local businesses to gauge their awareness of the existing training provision available to them and the relevance and quality.	Short	Existing	MBC	All training providers All businesses
		Undertake a baseline survey to determine the skills needs of our local businesses.	Short	Existing		
		Develop a comprehensive web based application incorporating the principles behind the big exchange, access to skills for young people, a business to business skills exchange portal and an	Medium	Transforming Local Government Fund (secured £100k) and ESF		

		ability to aggregate business training needs.		bid		
D2	Increase the number of businesses in Maidstone that take on apprenticeships.	Link with programme of business engagement see A5	Medium			
		Use social media, website, e-newsletters, editorial, case-studies and other to promote apprentice opportunities to businesses.	Short			
D3	Increase awareness of the sector growth opportunities in Maidstone to training providers so that they can gear their provision to meet the future needs of employers.	Provide regular briefing notes, information and newsletters to training providers to give them a wider understanding of the boroughs business composition and likely trends to enable them to gear provision accordingly.				
D4	Work with KCC to encourage greater take up of the 2-1-2 programme which addresses the education and training needs of school leavers qualified at below level 2.	Support KCC identify businesses willing to provide the work experience element of this project	Short	Existing resources	KCC	MBC, Education Business Partnership
D5	Support KIMS in their discussions with universities to expand the HE offer on the MMS site.	Establish working group Identify drivers for HE investment Any barriers Consider funding options	Medium	Unknown at this stage	KIMS	MBC, Canterbury Christchurch University
D6			Long	Unknown at this	MBC	UCA , KIMS,

	Support discussions between UCA and KIMS on looking to enhance the overall student experience for HE students at Maidstone Studios and at Maidstone Medical Campus.	Evolve the joint working group with KIMS to include UCA		stage		Maidstone Studios
D7	Work with UCA to further develop the business case for their proposed new facilities at Maidstone Studio.	Support the Studios bid to create a Media Village to SLGF	Long	Existing	Maidstone Studios	UCA

**E) Improving the Infrastructure**

		<b>Action / Milestones</b>	<b>S / M / L</b>	<b>Resource</b>	<b>Lead</b>	<b>Partners</b>
E1	Take forward the schemes for which LGF funding has been allocated.	Work with KCC and contribute to the Project Groups for Sustainable Access to Employment and Bridge Gyrotory Bypass Project.	Short	SLGF Infrastructure Delivery Plan	KCC	MBC TMBC EA
		Work with partners within the project areas to increase ownership and funding opportunities.		Existing	MBC	
E2	Consider how to improve the train service to London.	Work with South Eastern to ensure the 2018 Thameslink from Maidstone East remains on-track, to deliver an extended peak period service to the City of London.	Medium	Existing	South Eastern Rail	MBC KCC Medway Valley Line Network Rail
		Work with the Medway Valley Line and South Eastern to ensure High Speed Service from Maidstone West continues.	Medium	Existing	KCC	

E3	Work closely with KCC and other stakeholders to agree the Integrated Transport Strategy	Deliver the transport proposals in the ITS.	Long	SLGF Infrastructure Delivery Plan Existing	KCC MBC	Developers
E4	Work closely with KCC to consider ways to increase the rate of broadband roll out across Maidstone borough, especially in rural areas.	Help identify areas where poor broadband provision is hindering the development of business to help inform the areas of focus for the extension programme to the BDUK funding.	Medium	Existing	KCC	BT Developers
		Help promote the uptake of upgraded services within areas of business / resident concentration to increase the potential coverage of the BDUK work.	Medium	Existing	KCC	BT Developers

#### **Maidstone Borough Council – Partnership Engagement and Demonstrating Leadership**

	<b>Action / Milestones</b>	<b>S / M / L</b>	<b>Resource</b>	<b>Lead</b>	<b>Partners</b>
To publicise the positive things that the council is doing that demonstrate it is pro economic growth.	Produce a Business Charter setting out the role of every Council service in supporting businesses. Promote the work of the Council through the media. e.g. Down's Mail	Short	Existing	Economic Development MBC	All Services in MBC

	<p>supplement. Attend and present to business networking and business support organisations.</p>				
<p>To consider ways of effectively conveying to the Maidstone electorate the advantages that economic growth will bring.</p>	<p>Promote the benefits of growth through the media, case studies, press releases and direct to parishes.</p>	Medium	Existing	MBC	Design South East
<p>To consider what the Council can do to convey the message to investors that Maidstone is 'open for business and for investing in growth'.</p>	<p>Redesign the Locate in Maidstone website Hold awareness raising events in London with private sector partners Create new marketing material</p>	Medium	Existing	MBC	Business networks
<p>To examine ways in which more support can be given to applicants to increase the likelihood of a positive outcome.</p>	<p>Encourage pre-application advice With businesses Ensure Economic Development Officers attends pre-application s</p>	Short	Existing	MBC	Businesses