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**Tonbridge & Malling Economic
Futures Forecasting Study**

2014 Addendum

Tonbridge & Malling Borough Council

December 2014

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Executive Summary

This Economic Futures Forecasting Study Addendum has been prepared by Nathaniel Lichfield & Partners (NLP) on behalf of Tonbridge and Malling Borough Council (TMBC). It is intended to present an updated labour supply based scenario of economic growth in the Borough over the Local Plan period to 2031 using the latest 2012-based Sub-National Population Projections of working age population growth and associated housing need as assessed by the Borough's Strategic Housing Market Assessment (SHMA) Addendum published in 2014.

The SHMA Addendum identified a housing requirement figure of 626 dwellings per annum over the plan period 2011 to 2031. In response to market signals and evidence of suppressed household formation in the past, this figure was subsequently upwardly adjusted by the SHMA Addendum to reach an objectively assessed need for housing of 665 dwellings per annum. This upward adjustment does not have any specific implications on for population growth, and therefore labour supply, that informs the labour supply scenario considered by the Economic Futures Forecasting Study.

The level of employment growth implied by the updated labour supply scenario is equivalent to 12,459 workforce jobs between 2011 and 2031 or 623 on average per annum. This represents a lower level of future economic growth in Tonbridge & Malling than the Borough has achieved in the recent past.

The resulting net employment space requirement that would be needed to accommodate this scale of growth is estimated at 226,890sq.m, the majority of which relates to industrial (B1c/B2/B8) uses. This requirement has been adopted as part of the Tonbridge & Malling Employment Land Review (ELR) in order to identify a "gross" requirement that can be used for planning purposes (i.e. after allowing for future replacement of losses and the application of a safety margin).

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1.0 Introduction

- 1.1 Tonbridge and Malling Borough Council (TMBC) commissioned Nathaniel Lichfield & Partners (NLP) in 2013 to prepare an assessment of the potential scale and type of economic growth in the Borough over the Local Plan period to 2031.
- 1.2 The purpose of the Economic Futures Forecasting Study was to provide an evidence base report on the future growth potential of the Borough's economy to inform preparation of the new Local Plan. This was based on a range of scenarios to consider how the Tonbridge and Malling economy could change in the future including labour demand (using Experian projections of employment growth), past development rates continuing and labour supply (based on a demographic housing scenario contained in the Borough's Strategic Housing Market Assessment [SHMA]) published March 2014.
- 1.3 Since the Economic Futures Forecasting Study was published in January 2014, TMBC has commissioned a SHMA Addendum to assess the impacts associated with the release of the 2012-based Sub-National Population Projections on the previously identified housing need in the Borough.¹ This identified an increase in the scale of working age population growth in the Borough over the plan period and an increase in the housing need to 626 dwellings per annum between 2011 and 2031.
- 1.4 It has therefore been necessary to update the employment and associated space requirements arising from the labour supply based scenario of growth drawing on the SHMA Addendum.
- 1.5 This report is presented as an Addendum to the Economic Futures Forecasting Study (January 2014) and should be read in conjunction with the original study. The original document provides a full contextual background to the work as well as a consideration of future skills requirements in the Borough arising from labour demand based scenarios of growth.

¹ Strategic Housing Market Assessment Addendum: Implications of 2012-based Population Projections & Need for Care Homes, GL Hearn, August 2014

2.0 Updated Economic Growth Scenario and Employment Space Requirements

- 2.1 This section presents the employment implications associated with an updated labour supply scenario of future growth based on the latest demographic projections from the 2012 Sub-National Population Projections. It then goes on to assess the scale of B Class employment space that would be required to accommodate this growth in Tonbridge & Malling over the period to 2031.

Future Labour Supply

- 2.2 It is important to consider how many jobs, and hence how much employment space, would be needed to broadly match forecast growth of the Borough's resident workforce. In contrast to the other approaches considered by the Economic Futures Forecasting Study, this forecasts the future supply of labour rather than labour demand. It then indicates the amount of new jobs needed to take-up this future supply of workers and minimise local unemployment, and how much employment space would be needed to accommodate these jobs.

Scenario 4: Labour Supply (626 dw.p.a.)

- 2.3 The recent Tonbridge & Malling Strategic Housing Market Assessment (SHMA) identifies a range of scenarios relating to objectively assessed housing need and demand for the plan period 2011 to 2031. Following the release of 2012 Sub-National Population Projections by ONS in May 2014, TMBC commissioned an Addendum to the SHMA to take these later demographic projections into account. The SHMA Addendum estimates a requirement for an additional 12,513 dwellings in the Borough to 2031, equivalent to 626 dwellings per annum.²
- 2.4 The labour supply implications of this scenario have also been modelled through the SHMA to take account of economic activity rates and future pension age changes outlined in current national policy. This provides an approximation of the number of people likely to be seeking work within Tonbridge & Malling as it allows for a proportion of the resident population commuting to jobs elsewhere and for some in-commuting. Specifically with regards to out-commuting, this will to some extent reflect that London's economy is anticipated to continue to grow and remain an attractive employment destination for some of Tonbridge & Malling's resident workforce over the plan period, and that the Borough continues to represent an attractive residential location for these workers.

² It should be noted that the 626 dwellings per year housing requirement figure (derived from a demographic based scenario using ONS 2012-based Sub National Population Projections in the Borough's Strategic Housing Market Assessment Addendum (2014)) has subsequently been upwardly adjusted by the SHMA Addendum in response to market signals and evidence of suppressed household formation in the past. As a result, the SHMA Addendum identifies the objectively assessed need for housing under this scenario as 665 dwellings per annum although this upward adjustment does not have any implications on the overall population growth and therefore labour supply that informs the scenario.

- 2.5 The workplace labour supply forecasts indicate an increase of 12,459 workplace jobs in the Borough by 2031 (Table 2.1). The number of B Class jobs required was estimated assuming one additional job would be required for each additional worker forecast and based on the forecast proportion of B Class jobs within total jobs in Tonbridge & Malling in 2031.³

Table 2.1 Forecast Labour Supply/Job Requirement in Tonbridge & Malling to 2031

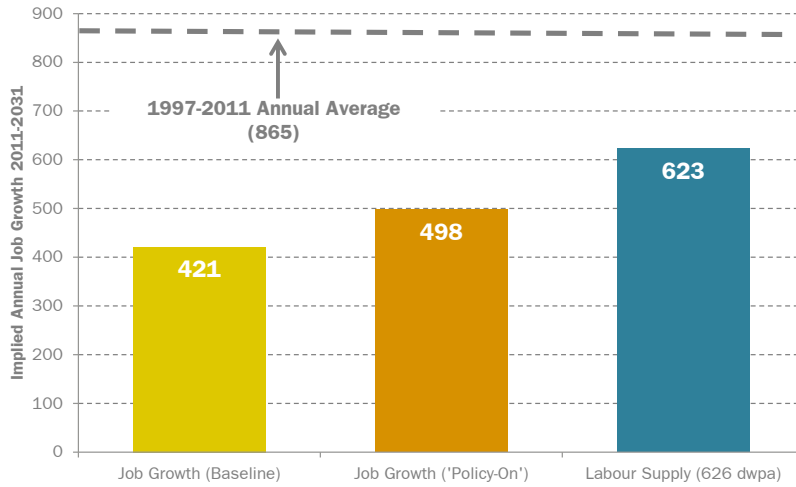
	Average per year (2011-2031)	Change 2011-2031
Dwellings	626	12,513
Population	1,182	23,635
Employment	623	12,459
B-Class job requirement	284	5,680

Source: Tonbridge & Malling Strategic Housing Market Assessment Addendum (August 2014)

- 2.6 It should be noted that the housing need figure associated with the 2012 Sub-National Population Projections (equivalent to 626 dwellings per year or 12,513 additional dwellings in total between 2011 and 2031) has subsequently been upwardly adjusted by the SHMA Addendum in response to market signals and evidence of suppressed household formation in the past. As a result, the SHMA Addendum identifies the objectively assessed need for housing under this scenario as 665 dwellings per annum (or 13,300 in total between 2011 and 2031) although the SHMA does not show this upward adjustment having any implications on the overall population growth and therefore labour supply that informs the scenario.
- 2.7 It is useful to compare the employment growth implied by this updated Labour Supply scenario with employment growth actually achieved in Tonbridge & Malling in recent years. Figure 2.1 shows that the updated labour supply scenario implies a lower level of future economic growth in Tonbridge & Malling than the Borough has achieved in the recent past, with the deficit equivalent to 242 jobs per year. It does however generate a higher level of employment growth over the plan period than the labour demand based approaches considered as part of the Economic Futures Forecasting Study (Figure 2.1).

³ Source: Experian employment forecasts, 2013

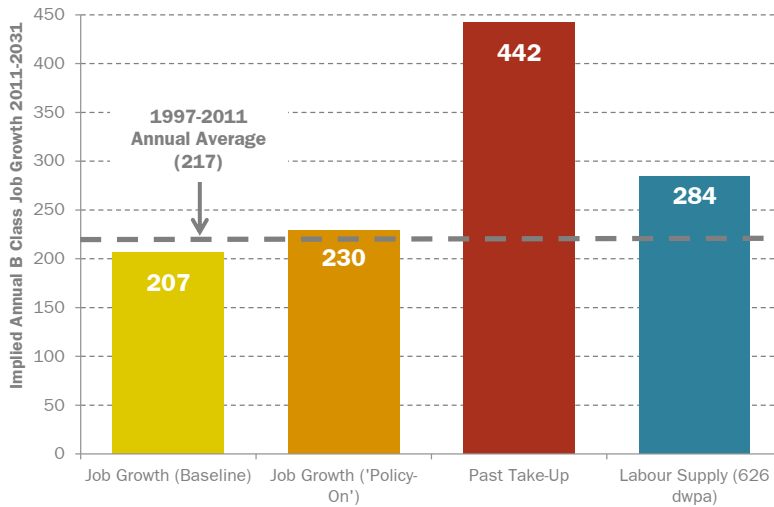
Figure 2.1 Annual Job Growth Implied by Scenario



Source: NLP analysis

2.8 In B class terms, the job growth implied by the updated Labour Supply scenario exceeds the level of B class employment growth recorded in the Borough in the recent past (Figure 2.2), and represents the second highest of the four scenarios considered by the Economic Futures Forecasting Study (after past development trends continuing).

Figure 2.2 Annual B Class Job Growth Implied by Scenario



Source: NLP analysis

Future Employment Space Requirements

2.9 The B-class element of the Labour Supply based growth forecast can be converted to net future employment space requirements by applying the latest published density figures for employment space which take account of recent trends in occupancy for the different B class uses. To estimate space needs, the following average ratios have been applied:

- **Offices:** 1 job per 10.5 m² for lower density business park offices (assumed to account for 40% of total stock⁴) and 1 job per 12.5m² for general offices (accounting for 60% of total stock)
- **Industry:** 1 job per 43 m²
- **Warehousing:** 1 job per 65 m² for general, smaller scale warehousing (assumed to account for 40% of total stock) and 1 job per 74 m² for large scale, lower density units (assumed to account for 60% of total stock)

- 2.10 These assumptions are based on the latest HCA/Offpat guidance on employment densities published in 2010.⁵ This guidance takes account of recent trends in terms of the changing use of employment space, the main change being the more efficient utilisation of office space due to increased flexible working and hot desking. This has resulted in a decrease in the amount of floorspace per office worker that is assumed compared to earlier guidance.
- 2.11 An allowance of 10% is added to all floorspace requirements to reflect a normal level of market vacancy in employment space. Where a reduction in jobs is forecast, the associated negative floorspace was halved, to reflect the fact that not all of this employment space is likely to be lost.
- 2.12 The resulting net space requirements for the updated Labour Supply scenario alongside the three other scenarios considered by the Economic Futures Forecasting Study are summarised in Table 2.2 and Figure 2.3 below, ranging from between 130,670sq.m of total employment space by 2031 under the past take-up scenario to 226,890sq.m of B class employment space to 2031 under the labour supply (626 dw p.a.) scenario. Under all four scenarios of future growth, the majority of this space relates to industrial (B1c/B2/B8) uses, while the past take-up based approach results in the highest requirement for office (B1a/b) space over the plan period, equivalent to 58,520sqm.

Table 2.2 Net Floorspace Requirement to 2031 for Different Growth Scenarios

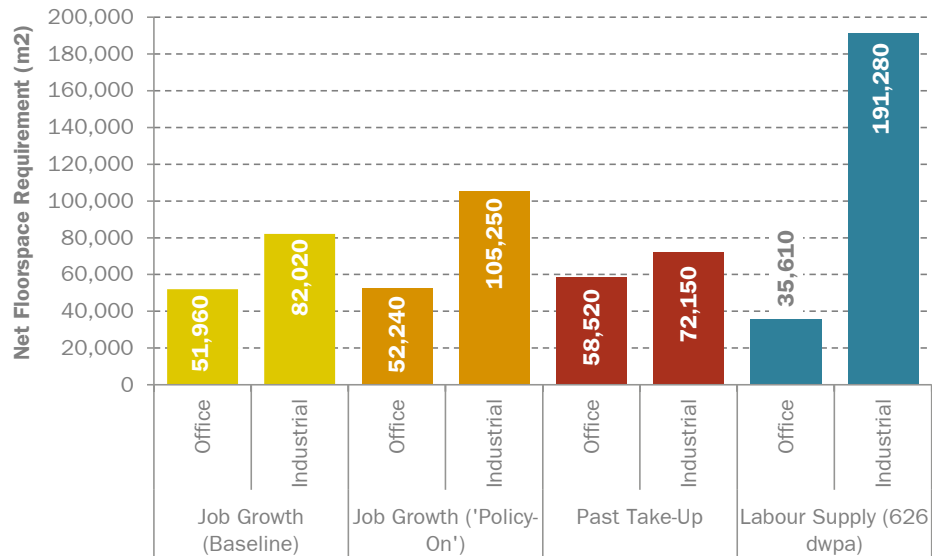
Use	Labour Demand		Past Development Rates	Labour Supply
	1. Job Growth (Baseline)	2. Job Growth ('Policy-On')	3. Past Take-up	4. Labour Supply (626 dw.p.a)
Industrial (B1c/B2/B8)	82,020	105,250	72,150	191,280
Offices (B1a/b)	51,960	52,240	58,520	35,610
All B uses	133,980	157,490	130,670	226,890

Source: NLP analysis

⁴ Based on existing share of office space in the Borough concentrated at Kings Hill (VOA 2010)

⁵ Based on HCA/Offpat Employment Densities Guide, 2010

Figure 2.3 Net B class employment space requirements by scenario, 2011-2031



Source: NLP analysis

- 2.13 It should be noted that the net floorspace requirements presented above for the job growth and past take-up based scenarios differ slightly from those set out in the original (January 2014) Economic Futures Study. This is due to the fact that an analysis of more up-to-date monitoring data and adjusted job density ratios has been undertaken as part of the Tonbridge & Malling Employment Land Review (ELR) (October 2014) which utilises these growth scenarios (and associated net space requirements) as the starting point for estimating future employment land requirements for the Borough over the plan period to 2031.

Summary

- 2.14 An updated labour supply scenario of future economic growth needs within Tonbridge & Malling has been prepared to reflect the latest 2012-based Sub-National Population Projections as modelled within an Addendum to the Borough's SHMA published in August 2014.
- 2.15 The level of employment growth implied by the updated Labour Supply scenario is equivalent to 12,459 workforce jobs between 2011 and 2031 or 623 on average per annum. This represents a lower level of future economic growth in Tonbridge & Malling than the Borough has achieved in the recent past.
- 2.16 It is estimated that 5,680 or 46% of these jobs relate to B class (i.e. office and industrial), equivalent to an average of 284 B class jobs per year. This implied level of job growth exceeds the level of B class employment growth recorded in the Borough in recent years.
- 2.17 The resulting net employment space requirement that would be needed to accommodate this scale of growth is estimated at 226,890sq.m, the majority of which relates to industrial (B1c/B2/B8) uses. This represents the highest

spatial requirement of all labour demand, supply and past take-up based approaches considered by the Economic Futures Forecasting Study.

2.18

These net B class requirements have been adopted as part of the Tonbridge & Malling ELR in order to identify a “gross” requirement that can be used for planning purposes (i.e. after allowing for future replacement of losses and the application of a safety margin). The ELR forms part of the evidence base for the Borough’s emerging Local Plan and provides a detailed assessment of supply-side deliverability factors and current trends in the market in order to present a series of potential policy approaches in relation to employment space for the emerging Local Plan.



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