Tonbridge & Malling Economic Futures Forecasting Study

Final Report

Tonbridge & Malling Borough Council

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1.0 Introduction

1.1 Tonbridge and Malling Borough Council (TMBC) commissioned Nathaniel Lichfield & Partners (NLP) to prepare an objective assessment of the potential scale and type of economic growth in the Borough over the Local Plan period to 2031.

1.2 The objectives of this study are to:

1. Undertake a detailed audit of the local economy with up-to-date information on the economic conditions in light of the current economic climate and national policy changes;
2. Provide an assessment into future economic prospects in the Borough to consider strengths, weaknesses, opportunities for growth and possible policy responses; and
3. Highlight areas and trends where key planning policy decisions may be required to best achieve economic growth.

Scope of Study

1.3 The purpose of the Economic Futures Forecasting Study is 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 is based on considering a range of scenarios for how the Tonbridge and Malling economy could change in the future.

1.4 Following from this analysis, the 'net' land and floorspace implications (as opposed to the 'gross' requirements for planning purposes) are specifically considered for the group of B-class sectors outlined below:

- **B1 Business** (offices, research & development, light industry);
- **B2 General Industrial**; and
- **B8 Storage or Distribution** (wholesale warehouses, distribution centres).

1.5 Whilst the study considers future projections for growth in non B-class sectors, it does not specifically assess the space implications of these sectors because they are planned for using different methodologies.

1.6 Future skills requirements in the Borough are also considered in the context of any existing identified mismatches and projections of future change in the demand for skills based on the needs arising from different sectors.

1.7 An important consideration for any work of this type is that it is inevitably a point-in-time assessment. This study has incorporated the latest data and other evidence available at the time of preparation. The accuracy and sources of data derived from third party sources has not been checked or verified by NLP.

Structure of Report

1.8 The report is structured as follows:

- **Economic and Labour Market Context** (Section 2.0) – a review of current economic conditions and recent trends in the Borough and its economic strengths and weaknesses that may affect future needs for employment space;
- **Economic Growth Scenarios** (Section 3.0) – considers future scenarios of economic growth for the Borough;
- **Employment Space Requirements** (Section 4.0) – provides an overview of existing employment space within Tonbridge & Malling and the employment space requirements arising from the scenarios of future growth;
- **Skills Requirements** (Section 5.0) – assesses future skills requirements in the context of any existing constraints and mismatches; and
- **Overall Conclusions** (Section 6.0) – considers policy and other measures to meet future economic growth and business needs in the Borough and presents overall conclusions.

2.0 Economic & Labour Market Context

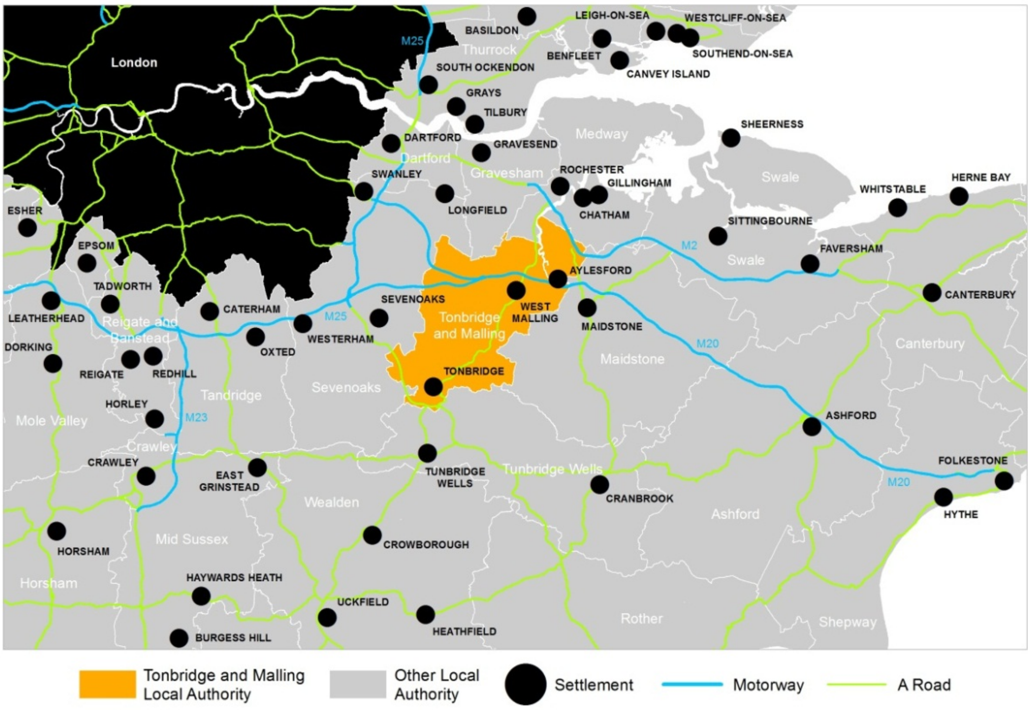
2.1 This section establishes the economic and labour market context for the study by reviewing recent economic conditions and trends within Tonbridge & Malling, relative to the South East region and the national economy. This is important in identifying the existing strengths and weaknesses of the local economy, and the factors likely to influence the nature and level of future demand for employment space.

Overview

2.2 Tonbridge & Malling is located in West Kent and covers an area of just over 24,000 hectares. A large proportion of the Borough is rural in character, with approximately 70% designated as Green Belt. The Borough does not have a single urban focus but comprises a number of diverse settlements including Tonbridge, Medway Gap, West Malling and Borough Green.

2.3 The M20 motorway runs through the Borough, connecting Tonbridge & Malling with the M25 motorway to the west and Folkestone and Channel Tunnel links to the East. The Borough benefits from good transport links to the capital and South Coast.

Figure 2.1 Location of Tonbridge & Malling



Economic Conditions and Trends

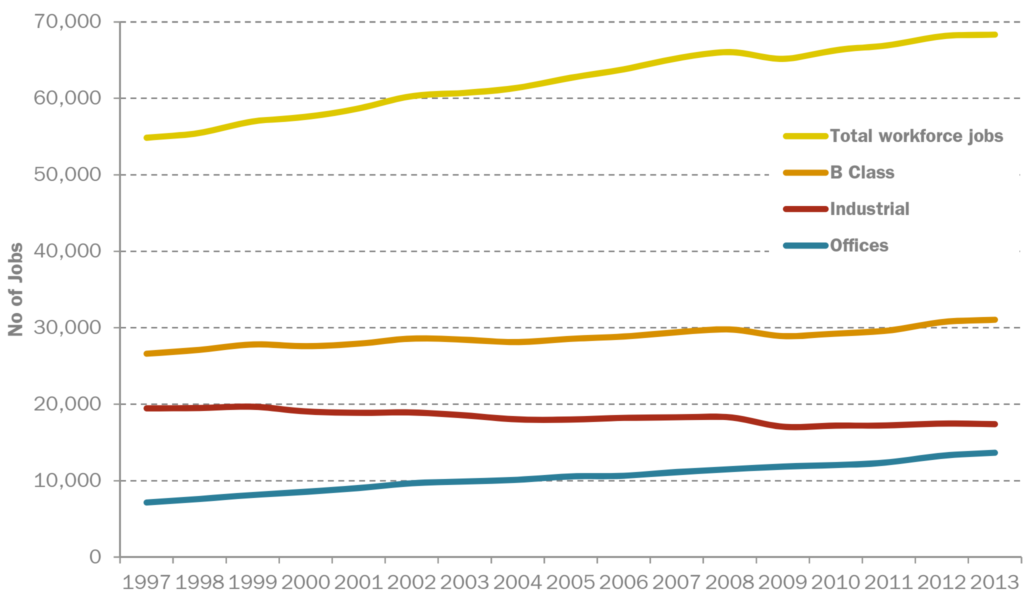
2.4 Current economic conditions and trends in Tonbridge & Malling are summarised below, with comparisons made, where appropriate, with regional and national averages. Data is from published Office for National Statistics (ONS) sources via NOMIS unless indicated otherwise.

Employment

2.5 The overall population of Tonbridge & Malling, currently 120,800[1], grew by some 13,000 or 12% between 2001 and 2011, above both regional (7.8%) and national (7%) averages. Tonbridge & Malling recorded 68,340 workforce jobs in 2013[2], representing an increase of 24.6% from its 1997 level, significantly outpacing growth in both the South East region (13.5%) and UK (11.6%) over this period. In terms of the recession, Tonbridge & Malling recorded a net gain of 1,070 workplace jobs during the period 2007-2010, and has continued to record employment growth since.

2.6 The proportion of B class jobs (i.e. offices, industrial and warehousing activities) in the Borough has remained relatively constant over the last 16 years, representing between 44% and 49% of all jobs in Tonbridge & Malling. B class jobs peaked at 31,050 in 2013, having increased by nearly 17% since 1997. During this period, office jobs have gradually represented an increasing contribution of all B class jobs, reflecting a simultaneous decline in industrial employment (Figure 2.2).

Figure 2.2 Total Workforce and B Class Jobs in Tonbridge & Malling, 1997-2013

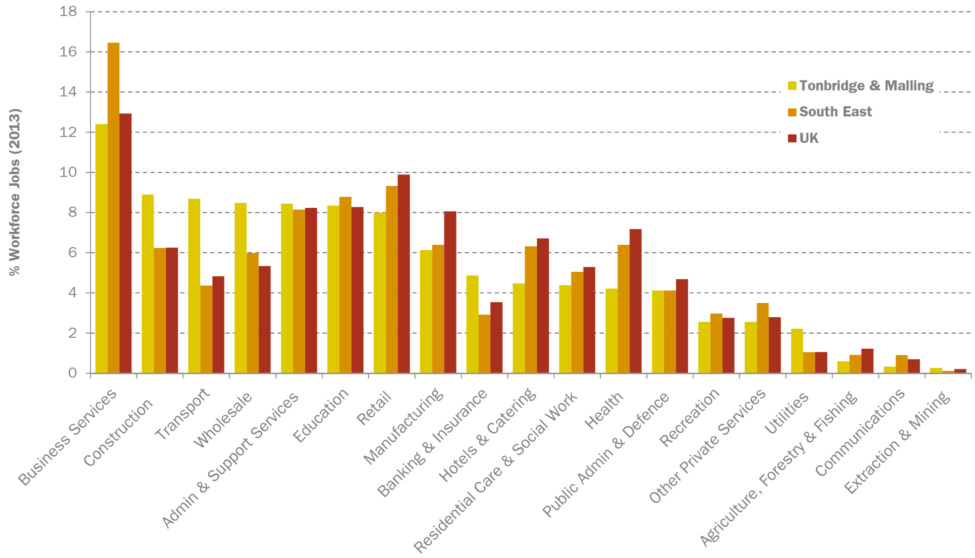


Source: Experian 2013 / NLP analysis

[1] Census 2011 data
[2] Experian 2013

2.7 In employment terms, the Borough's largest sectors in 2013 were business services (12.4%), with construction (8.9%), transport (8.7%), wholesale (8.5%), admin and support services (8.4%) and education (8.3%) also accounting for a significant share of employment (Figure 2.3). The retail, manufacturing and hospitality sectors are under-represented compared with the regional and national averages.

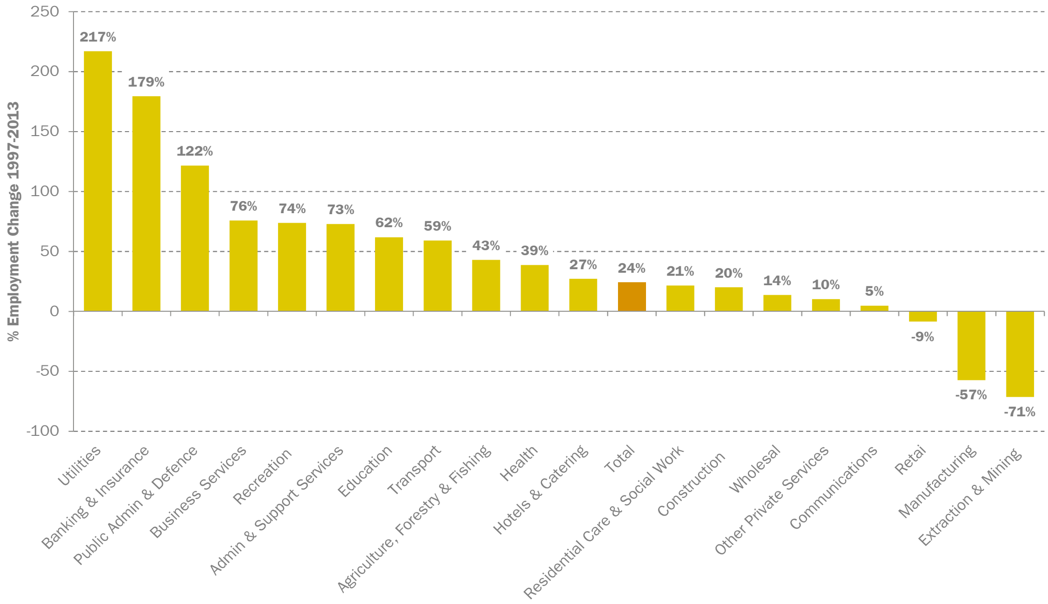
Figure 2.3 Main Economic Sectors in Tonbridge & Malling by share of employees, 2013



Source: Experian 2013 / NLP analysis

2.8 Over the last 16 years (1997-2013), the largest contributors to job growth in the Borough have been utilities (217% - albeit starting from a low base), banking and insurance (179%) and public admin and defence (122%). At the same time, the Borough saw significant job losses in mining, manufacturing and retail sectors (Figure 2.4).

Figure 2.4 Employment Change in Tonbridge & Malling by Sector, 1997-2013



Source: Experian 2013 / NLP analysis

Productivity

2.9 Productivity (measured by Gross Value Added (GVA) per worker) within Tonbridge & Malling's labour force is relatively low compared with regional and national averages. Whilst average GVA generated by workers in Tonbridge & Malling (£37,230) is higher than other Kent districts such as Gravesham and Medway, it falls below the adjoining districts of Tunbridge Wells (£38,880) and Sevenoaks (37,900) and is more than 10% lower than the South East average (Table 2.1).

Table 2.1 Average GVA per Worker

Location	GVA Per Worker
Medway Towns	£34,220
Gravesham	£36,690
Kent	£37,040
Tonbridge & Malling	£37,230
Maidstone	£37,450
Sevenoaks	£37,900
Tunbridge Wells	£38,880
UK	£41,060
South East	£42,170

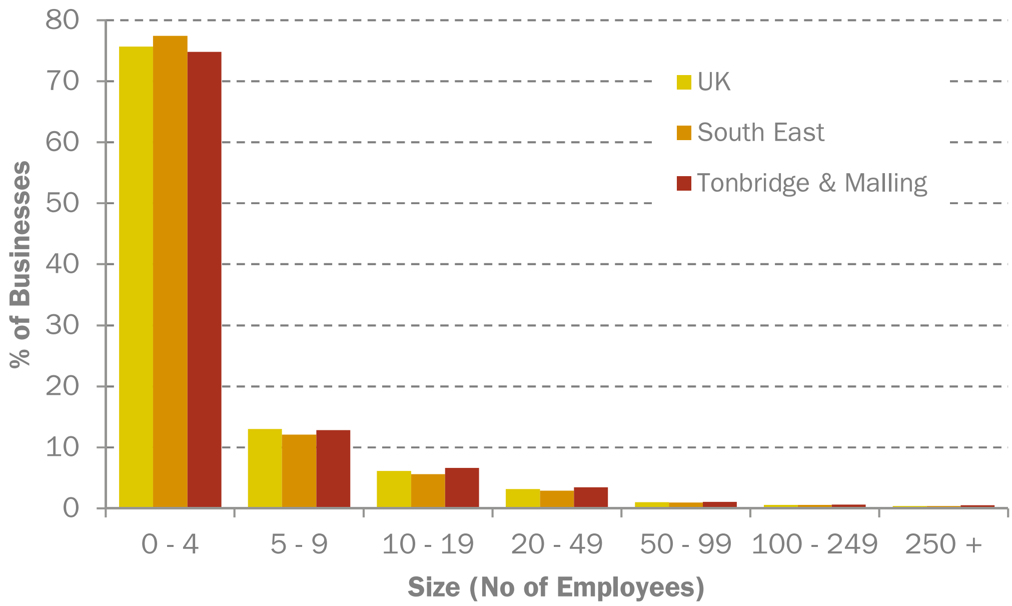
Source: Experian 2013 / NLP analysis

2.10 This may reflect the existing mismatch in the local economy between jobs available which tend to be lower skilled, and a more highly qualified and professional resident workforce, many of whom commute out of the Borough to higher paid employment elsewhere.

Business Demography

2.11 Looking at the size of businesses in Tonbridge & Malling, the Borough has a slightly lower proportion of small firms with 1-9 employees (87.7%) than the regional (89.5%) and national (88.7%) averages, and a relatively high proportion of large firms (Figure 2.5).

Figure 2.5 Business Size (No of Employees)



Source: ONS UK Business Statistics: Activity, Size and Location 2012

2.12 Between 2004 and 2010, the number of VAT registered firms in the Borough grew by around 7%, a rate slightly above that of the South East region (4.6%) and GB average (6.4%). With 66 new VAT registrations per 10,000 working-age population in 2010, Tonbridge & Malling's rate of new business formation falls between regional (68) and national (59) averages.

2.13 Tonbridge & Malling also has a higher than average rate of self-employment, with 11.4% of the working-age population falling within this category compared with 10.8% in the South East and 9.5% nationally in March 2013. These indicators suggest good levels of entrepreneurial activity in Tonbridge & Malling, and may in part explain the Borough's relative economic resilience during the recession.

Labour Market

Economic Activity

2.14 Tonbridge & Malling's economic activity rate, the proportion of working age residents in or seeking employment, at 72.8% is lower than both the South East (79.4%) and national (77.1%) figures. This indicates some scope to expand local labour supply from current residents.

2.15 An analysis of the economic profile of in-migrants to Tonbridge & Malling[3] indicates that the majority (61%) of people moving to the Borough at the time of the Census were economically active, predominately employed either part-time (7%) or full-time (45%). This is slightly higher than the regional and national equivalent proportion of economically active in-migrants (58% and 53% respectively in 2001).

2.16 Meanwhile just under 16% of all in-migrants to Tonbridge & Malling at the time of the 2001 Census were classified as economically inactive, the majority of which were looking after their home/family (6%) or retired (4%). A further 23% fell outside of the 16 to 74 age bracket. This proportion of economically inactive migrants was lower than across the South East (24%) and England (31%) as a whole,

2.17 Although it is important to note that not all migration to an area is driven by economic or employment reasons, this analysis suggests that Tonbridge & Malling is a particularly attractive destination to new economically active residents, particularly those in work, and underline's the important role that the Borough plays in accommodating the region's workforce, even if not all of Tonbridge & Malling's residents also work in the Borough.

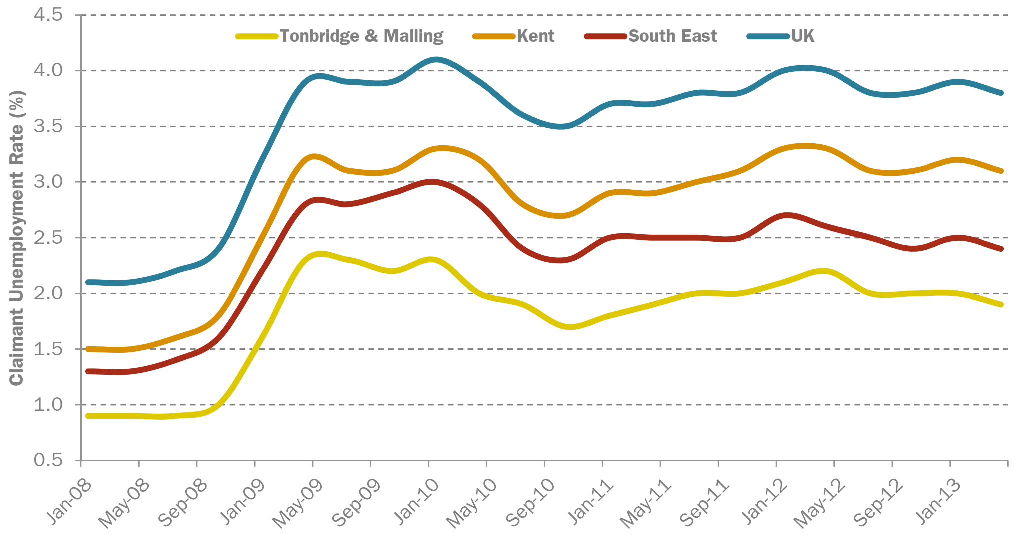
Unemployment

2.18 Claimant unemployment has more than doubled in Tonbridge & Malling since the start of the recession in early 2008 to 1.9% in April 2013. However, its current rate still falls below the county (3.1%), regional (2.4%) and national (3.8%) averages, a pattern that has prevailed historically (Figure 2.6). On the wider Annual Population Survey measure[4], the Borough's unemployment rate is higher at 6.2%, similar to the regional rate (6.1%) but lower than that of Great Britain (7.8%).

[3] Based on 2001 Census data

[4] This records all those searching for work but who are currently unemployed regardless of whether they are claiming job-seekers allowance or not

Figure 2.6 Claimant unemployment Jan 2008 to April 2013



Source: Nomis 2013

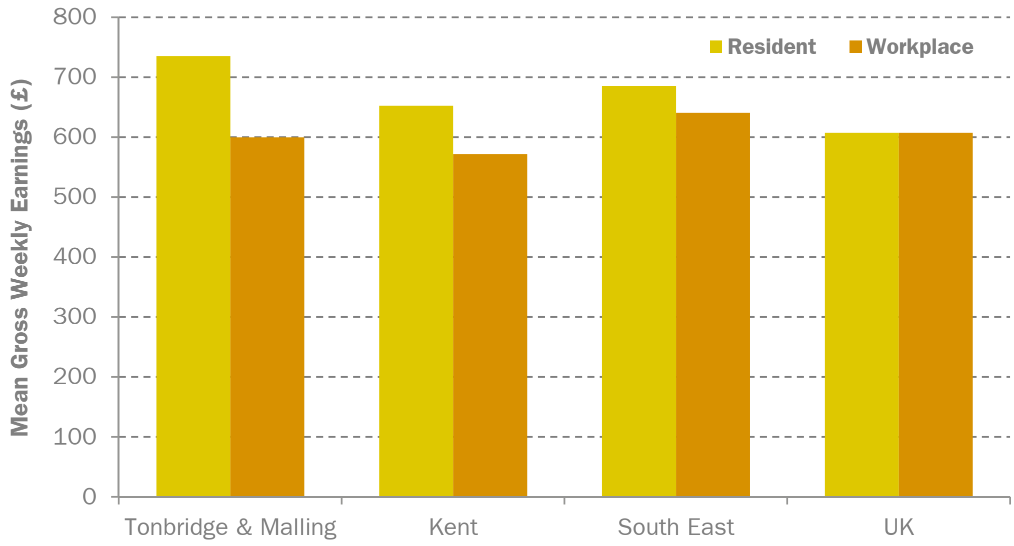
2.19 In November 2012 (the latest data available) there were only 1.1 claimant unemployed workers for every unfilled job centre vacancy in the Borough. This was lower than the ratios for the South East region (2.3) and for Great Britain as a whole (3.5) indicating a fairly tight labour market locally compared with other parts of the region, with better prospects of local residents finding work.

2.20 Turning to the types of jobs required in the Borough, the most sought-after occupations amongst claimant unemployed workers are sales & customer service occupations (26%), lower skilled, elementary occupations (22%) and administrative/secretarial occupations (12%). In general, the Borough's profile of job types sought by unemployed residents is similar to the region as a whole.

Earnings

2.21 Driven in part by high rates of out-commuting to London, resident wages in Tonbridge & Malling (at £735 per week) are 7% and 21% higher than the South East and national averages respectively. However, residents who work in the Borough earn much less, with workplace wages (at £600 per week) 23% lower than resident wages (Figure 2.7). This indicates the types of jobs available locally are much less well paid than elsewhere in the region and that many residents are commuting to higher paid jobs outside of the Borough.

Figure 2.7 Mean Gross Weekly Earnings



Source: Annual Survey of Hours and Earnings 2012

Deprivation

2.22 Tonbridge & Malling is characterised by generally low levels of deprivation, and is ranked as the 268th most deprived local authority area out of 326 in England, which places it well within the 20% least deprived areas in the country.[5] However, this Borough-wide profile masks significant variation within Tonbridge & Malling, with long term unemployment and worklessness remaining entrenched in pockets of deprivation across the Borough, such as the areas of East Malling, Trench and Snodland East.

Inward Investment

2.23 Although very limited data on inward investment or enquiries is recorded and/or is available, in general Tonbridge & Malling has performed relatively well in attracting inward investment. This reflects the Borough's strong transport links, highly skilled local workforce and availability of land for new business development in recent years, including the flagship development at Kings Hill. The mixed use site (set in 800 acres of landscaped parkland) is home to 5,000 employees and over 100 companies across 800,000 sq.ft of business floorspace[6]. Key employers that have been attracted to the site include Kimberly-Clark, Viridor, Rolex and Sekisui. The site benefits from recent transport improvements to the A228 bypass and M20 and has planning consent to provide a further 1.2m sq.ft of business space for future investors and occupiers.

[5] As measured by the Index of Multiple Deprivation 2010

[6] http://www.locateinkent.com/where-to-invest/major-sites/kings-hill

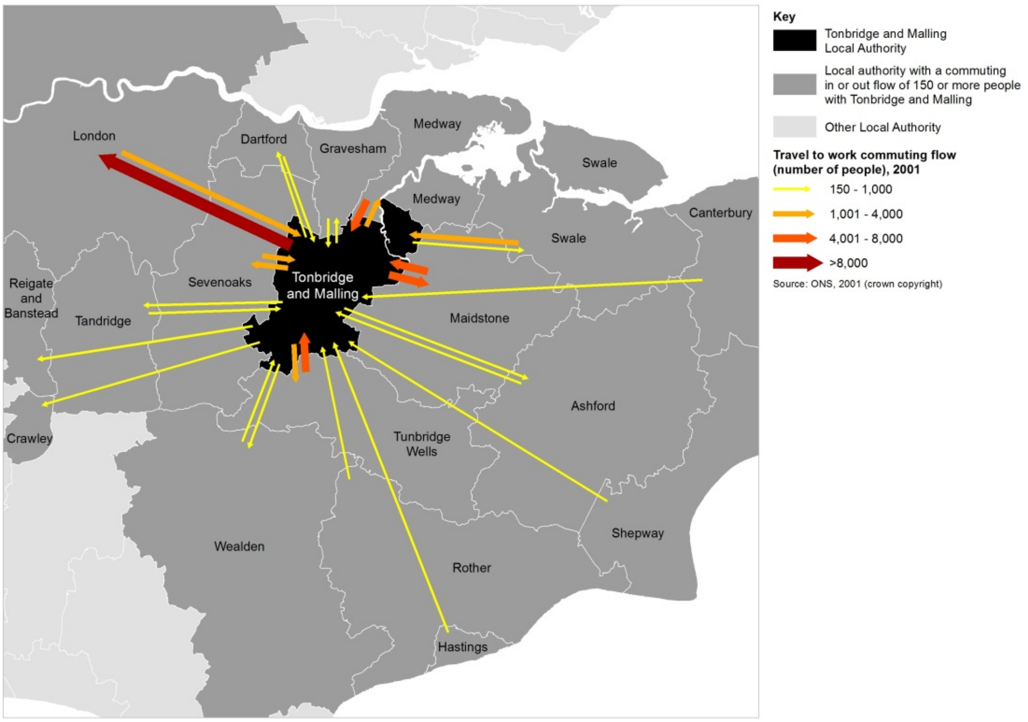
Knowledge-based industries

2.24 Some 24.1% of Tonbridge & Malling's businesses were classified as knowledge-based in 2010, slightly below the South East (25.6%) average but higher than the national (21.8%) rate. Knowledge-based industries are those sectors of the economy where value-added is derived from the intensity and accumulation of knowledge, often fostered through innovation and increasing use of technology. Firms within this sector tend to grow faster and have greater future potential than other sectors and so are considered an important indicator of an economy's competitiveness and future growth prospects.[7] These figures suggest that the Borough is relatively well represented in the types of businesses that are more likely to generate future growth.

Functional Economic Area

2.25 Examining commuting flows can help in defining the functional economic market area of a particular local economy.[8] In 2001, some 52% of Tonbridge & Malling's working residents worked outside the Borough indicating a very high rate of out-commuting. In total, more than 27,550 residents worked elsewhere, predominantly in the adjoining/nearby Districts of Maidstone (20%), Tunbridge Wells (14%) and Sevenoaks (12%) (Figure 2.8)

Figure 2.8 Tonbridge & Malling travel-to-work linkages, 2001



Source: Census 2001

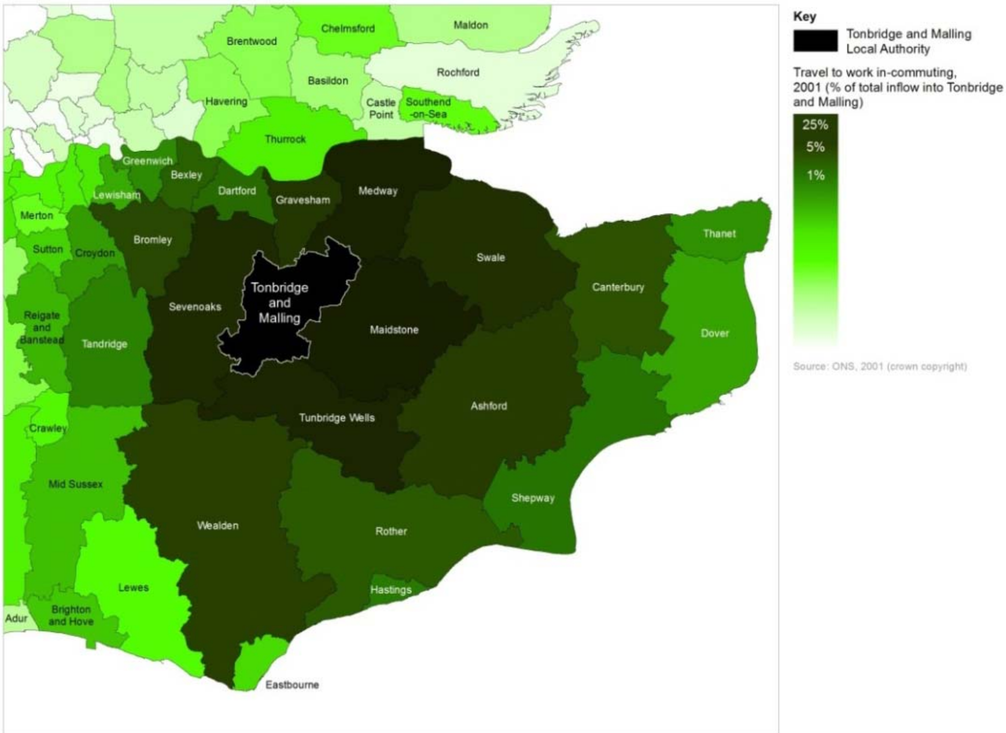
[7] Based on definition adopted by the Organisation for Economic Co-operation and Development (OECD), includes high-technology manufacturing such as pharmaceuticals, computers and aerospace, and services such as telecommunications, financial intermediation, computing and research and development.

[8] Functional Economic Market Areas: An economic note, CLG 2010

2.26 London also accounted for a significant proportion (31%) of all out-commuting from Tonbridge & Malling and although the capital is beyond the Borough's immediate functional economic area, this significant out-flow means that the Borough maintains strong economic links with London.

2.27 At the same time, approximately 27,920 workers commuted into Tonbridge & Malling, predominantly from the adjoining districts of Maidstone, Medway and Tunbridge Wells (Figure 2.9) showing that it has a significant role attracting labour in from across Kent. On this basis, Tonbridge & Malling is a slight net importer of labour, with a net inflow in the order of 370 workers, less than 1% of its workforce.

Figure 2.9 In-Commuting to Tonbridge & Malling



Source: Census 2001

Conclusions

2.28 The Borough has recorded significant job growth over the last 16 years (24.6%), outperforming both regional and national trends, and has an economy that has proved relatively resilient through the recession. The proportion of B class jobs has remained largely constant over this period, with declining industrial employment offset by office job growth.

2.29 Tonbridge & Malling's key sectors of business services, construction, transport and wholesaling have experienced significant employment growth over the last 16 years, alongside growth in financial services, public admin and education. At the same time, significant job losses were recorded in manufacturing and retail.

2.30 The Borough's business base is dominated by SME's with relatively high levels of business start-up and self-employment. However, Tonbridge & Malling's economy is characterised by below average productivity/GVA which may in part reflect a mismatch in the local economy between lower skilled jobs available, and a more highly qualified resident workforce, many of which commute out of the Borough to higher paid employment elsewhere.

2.31 Although Tonbridge & Malling's residents are generally highly skilled, the Borough's labour market continues to face a number of challenges to maintain high economic activity and low unemployment. Significant levels of out-commuting results in significant contrasts between workplace and resident earnings, while deprivation remains entrenched in pockets of the Borough such as East Malling and Snodland East.

3.0 Economic Growth Scenarios

3.1 This section considers future economic growth needs in Tonbridge & Malling drawing on a number of scenarios for the local authority. These scenarios are used to inform the analysis of the potential economic growth drivers within the Borough and the employment land and planning policy implications that flow from these.

Approach

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

3.3 In this context, a number of potential future economic scenarios have been developed through this study to provide a framework for considering future economic growth needs in Tonbridge & Malling. These scenarios draw on:

a projections of employment growth in the main B class sectors (**labour demand**) derived from economic forecasts prepared by Experian;

b consideration of **past trends in completions of employment space** based on monitoring data supplied by Kent County Council, and how these might change in the future;

c estimating future growth of **local labour supply** based on a demographic housing scenario (SNPP updated) contained in the recently updated Strategic Housing Market Assessment (SHMA)[9] (573 dwellings per annum) and the amount of jobs and employment space that this can support.

3.4 The outputs of each scenario are expressed in terms of total employment (including self-employment).

a. Forecasts of Job Growth

3.5 These scenarios draw on the latest Experian economic modelling based on national and regional projections profiled to take account of past trend growth and representation of economic sectors at a local level. Two job growth scenarios have been developed as follows:

1 **Baseline scenario**: based on the May 2013 model run of the Experian UK Regional Planning Service (RPS) which provides local area forecasts covering 38 industrial sectors and providing detailed employment and GVA estimates to 2031. This reflects a range of standard assumptions

[9] Strategic Housing Market Assessment (SHMA) prepared by GL Hearn in 2013. The SHMA has been prepared independent of NLP and has not been reviewed, validated or endorsed by NLP.

about the way in which the national and regional economy is expected to perform, incorporating short and long term drivers. Detailed results are presented at Appendix 1.

2 **Alternative scenario**: An alternative 'policy-on' scenario has been considered which takes account of planned investment or intelligence about future sector/site potential as the basis for modelling an uplift factor applied to the growth rates for individual sectors by 2031. These factors have been identified by Tonbridge & Malling and provide an indication of additional growth potential over and above the baseline scenario. The assumptions are set out in more detail later in this section. The resulting employment and spatial requirements associated with alternative scenarios are presented in cumulative terms alongside the baseline.

3.6 It should be emphasised that such forecasts tend to be most reliable at national and regional scales and consequently less so at the local economy level, but they are widely recognised as a valuable input and can indicate the broad scale and direction of economic growth in different sectors to help assess future employment space requirements.

3.7 The forecasts of job growth by sector used here reflect recent trends and are based on projections at regional level, and how economic sectors in each local economy have fared relative to the region's growth in the past. These forecasts also reflect the current post-recession economic climate, and the significant uncertainty surrounding future economic prospects.

3.8 It is important to emphasise that forecasting approaches of this type have some limitations, particularly at a time of uncertainty in the wider economy. However, to be robust, the economic growth potential and likely demand for employment space in the sub-region needs to be tested under different scenarios to reflect a range of potential economic conditions that could arise in the future. Thus while the baseline scenario effectively provides an indication of the minimum 'base case' position, the alternative scenario should be regarded as a yardstick to illustrate the growth potential of the economy under different circumstances rather than a prescriptive requirement.

3.9 It should also be noted that the assessment is not purely quantitative, and that there may also be qualitative factors that influence the future scale of economic growth and/or the future employment space requirements that need to be planned for.

Scenario 1: Baseline scenario

3.10 Forecasts of job growth for Tonbridge & Malling for the period up to 2031 were obtained from Experian, based on the May 2013 quarterly release. This indicates overall growth of 8,410 jobs forecast for the Borough over the 20 year period (Table 3.2), equivalent to 420 jobs per year. Table 3.1 presents the fastest growing sectors under this scenario alongside those sectors expected to see a decline in employment while Figure 3.1 compares past and future job growth in Tonbridge & Malling by sector in order to understand the pattern of change within key sectors of the Borough's economy.

Table 3.1 Fastest growing and declining sectors in Tonbridge & Malling 2011-2031 (Baseline)

Sector	% Change 2011-2031	Additional Jobs 2011-2031
Professional services	42	1,840
Admin and support services	30	1,550
Education	26	1,450
Land transport	18	990
Finance and insurance	28	870
Wholesale	13	730
Public admin and defence	-26	-780
Manufacturing	-40	-1,740

Source: Experian / NLP analysis, 2013 - total jobs including self-employed

Key: **B Class; Part B Class; Non B Class**

Figure 3.1 Employment Growth in Tonbridge & Malling (1997 to 2011 and 2011 to 2031) (Baseline)

Source: Experian 2013 / NLP analysis

3.11 As shown above, the professional services, admin and support, education and transport sectors are expected to drive the majority of employment growth in the Borough over the next 20 years, although this growth is forecast to occur at a lower rate than these sectors have recorded in the recent past (1997 to 2011). For example, while the business services sector is expected to see job growth of 38% over the 20 year period 2011-2031, this growth rate is 18% lower than the sector recorded over the 14 years 1997-2011 (56%).

3.12 This trend is echoed across the Borough's wider economy, with the baseline scenario implying total annual job growth (420) which is less than half the level of job growth achieved in the Borough in the recent past (865 jobs per annum between 1997 and 2011). This points to a significant slowing down of the economy in employment terms under the baseline scenario.

3.13 The overall employment change in the Borough resulting from these forecasts is summarised in Table 3.2 along with expected job growth in the main B class sectors. This includes an allowance for jobs in other non B class sectors that typically utilise industrial or office space, such as some construction uses, vehicle repair, courier services, road transport and cargo handling and some public administration activities (see Appendix 2).

Table 3.2 Forecast Employment Change in Tonbridge & Malling 2011-2031

	No. of Jobs		Change
	2011	2031	2011 - 2031
Manufacturing (B1c/B2)*	8,110	6,780	-1,330
Distribution (B8)**	9,120	10,550	1,430
Offices (B1a/b)***	12,410	16,440	4,030
Total B-class Jobs	**29,640**	**33,770**	**4,130**
Jobs in All Sectors	**65,710**	**74,120**	**8,410**

Source: Experian / NLP analysis, 2013 - total jobs including self-employed Note: totals rounded

* includes vehicle repair and some construction activities ** includes parts of transport & communications sectors that use industrial land *** includes publishing and a proportion of government offices

3.14 These figures indicate significant overall net job gains (4,130 jobs) in the B-use classes in Tonbridge & Malling over the period to 2031, with strong growth in office-based activities and moderate gains in distribution jobs offset by a moderate decline in manufacturing employment.

3.15 This forecast net increase of 4,130 B Class jobs over a 20-year period (to 2031) which underpins this estimate of future employment space needs, is equivalent to an average of 207 additional jobs each year. This is slightly lower than the job growth achieved in Tonbridge & Malling over the period 1997-2011 when Experian data indicates that B class jobs in the Borough increased by approximately 217 jobs per annum. On the basis of past performance and particularly with regards to overall employment growth, the above employment space forecasts could be regarded as a more pessimistic estimate.

Scenario 2: Alternative 'Policy-On'

3.16 An alternative 'policy on' scenario has been developed which specifically factors in key policy priorities, regeneration and investment opportunities for the Borough as identified by the Council. Discussions were held with Council officers to identify a number of sectors (outlined in Table 3.3) which are considered to have the potential to outperform the level of employment growth implied by the baseline scenario.

Table 3.3 Identified Sectors

Sector	Rationale for Change
Retail	Opportunities for further retail employment growth through Botany Quarter Redevelopment proposals and retail-led regeneration of Tonbridge Town Centre Policy-on scenario assumes employment growth within the retail sector will be 10% higher than the baseline scenario
Construction	Meeting objectively assessed housing needs emerging from the SHMA would imply a higher level of new housing delivery than Tonbridge & Malling has achieved in recent years; The policy-on scenario assumes that employment growth within the construction sectors is 10% higher than the baseline as demand for additional associated services and infrastructure is generated from this housing growth
Telecoms	Opportunities for further telecoms employment growth associated plans by the County Council and BT to roll out superfast broadband services through the Borough Policy-on scenario assumes employment growth within the telecoms sector will be 10% higher than the baseline scenario
Land Transport	Dualling of the A21 and associated improvements to major strategic infrastructure is anticipated to take place during the plan period to 2031. Policy-on scenario assumes employment growth within the transport sector will be 5% higher than the baseline scenario
Health Sciences	Opportunities for further healthcare employment growth through proposals to link local business with the Academic Health Science Network, helping them respond to demands for innovation and new services in healthcare Policy-on scenario assumes employment growth within the health sector will be 10% higher than the baseline scenario
Defence Technologies / Manufacturing	Opportunities for further employment growth by building on the Borough's established presence of defence technology sectors and linking businesses in the local supply chain with the Centre for Defence Enterprise Policy-on scenario cancels out negative employment growth in the machinery and equipment manufacturing implied by the baseline scenario

3.17 As shown in Table 3.4, these sector specific adjustments equate to an additional 1,540 jobs (177 jobs per year) above the baseline scenario by 2031 (total of 75,660 by 2031), representing an increase of 18% over and above the level of employment growth implied by the baseline scenario.

Table 3.4 Forecast Employment Change in Tonbridge & Malling 2011-2031 (Policy-On Alternative Scenario)

	No. of Jobs		Change
	2011	2031	2011 - 2031
Manufacturing (B1c/B2)*	8,110	6,960	-1,150
Distribution (B8)**	9,120	10,800	1,680
Offices (B1a/b)***	12,410	16,470	4,060
Total B-class Jobs	**29,640**	**34,230**	**4,590**
Jobs in All Sectors	**65,710**	**75,660**	**9,950**

Source: Experian / NLP analysis, 2013 - total jobs including self-employed Note: totals rounded

* includes vehicle repair and some construction activities ** includes parts of transport & communications sectors that use industrial land *** includes publishing and a proportion of government offices

3.18 Due to the nature of these policy priorities, the majority of these additional jobs fall within largely non B sectors such as retail, health and construction. About 460 (30%) of these additional jobs relate to B class sectors (including advanced manufacturing, some construction and some transport uses).

b. Past Development Rates

3.19 Because they reflect market demand and actual development patterns on the ground, in some situations long term completion rates of employment floorspace can provide a reasonable basis for informing future land needs, particularly where land supply or demand has not been unduly constrained historically. However, the future demand picture may not reflect past trends and some adjustments may be needed.

Scenario 3: Past Development Rates

3.20 Data on past completions by B class sector was provided by Kent County Council. Completions in the period 2003-2011 have been analysed, since this is a reasonably long period that reflects a full business cycle with periods of both economic growth and recession. Over this period, average annual net completions for B Class uses amounted to some 9,420sqm. The majority (64%) of net completions were for industrial space, with the remaining 36% for offices. Gross completions were significantly higher, at an average of 25,560sqm annually, but this masks some losses of employment space in development schemes.

3.21 Table 3.5 presents an estimate of the employment growth associated with these past completions of B class space, using standard job to floorspace ratios to calculate the likely scale of employment that could be accommodated within this new space.

3.22 One view of future growth in Tonbridge & Malling could simply assume that future development rates carry on at the long term average achieved in the past. If it were assumed that the past net completion rates noted above continued in the 20 years between 2011-2031, it would equate to an additional 2,300 industrial jobs and 6,540 office based jobs. This represents a significantly higher level of growth than that estimated under the baseline job forecasts scenario (see Table 3.1).

Table 3.5 Job Growth Implied by Annual Net Completion Rates in Tonbridge & Malling, 2003-2011

Sector (Use Class)	Job growth associated with annual net completion rate	Total employment growth implied (2011-2031)
Industrial (B1c/B2/B8)	115	2,300
Office space (B1a/b)	327	6,540
All	**442**	**8,840**

Source: Kent County Council / NLP analysis

3.23 This approach assumes that past trends of office development in both a relatively buoyant as well as recessionary economic period would continue unchanged, but may not fully reflect the impacts of the current economic downturn or longer term workplace trends that could reduce future demand for office space. Conversely, it may underestimate future demand if the supply was constrained in the past, for example because of poor sites available or infrastructure/funding factors.

c. Future Labour Supply

3.24 It is also 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 two preceding approaches, this forecasts the 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 (573 dw.p.a.)

3.25 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. The demographic Scenario 'PROJ 2 (SNPP updated)' is stated by its authors to use the latest official ONS population projections to estimate a requirement for an additional 11,461 dwellings in the Borough to 2031, equivalent to 573 per annum.

3.26 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.

3.27 The workplace labour supply forecasts indicate an increase of 11,272 workplace jobs in the Borough by 2031 (Table 3.6). 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.[10]

[10] Source: Experian employment forecasts, 2013

Table 3.6 Forecast Labour Supply/Job Requirement in Tonbridge & Malling to 2031

	Average per year (2011-2031)	Change 2011-2031
Dwellings	573	11,461
Population	1,062	21,240
Employment	564	11,272
B-Class job requirement	**257**	**5,140**

Source: Tonbridge & Malling Strategic Housing Market Assessment (2013) (PROJ 2 SNPP Updated)

3.28 This labour supply based estimate provides a useful benchmark for comparison with labour demand approaches. Based on 573 net additional dwellings p.a., this forecast produces an employment requirement that sits between the job growth and past take-up scenarios.

3.29 It should be noted that the housing requirement associated with scenario 'PROJ 2 (SNPP updated)' (equivalent to 573 dwellings per year or 11,461 additional dwellings in total between 2011 and 2031) has subsequently been upwardly adjusted by the SHMA in response to market signals and evidence of suppressed household formation in the past. As a result, the SHMA identifies the objectively assessed need for housing under this scenario as 650 dwellings per annum (or 13,000 in total between 2011 and 2031) although this upward adjustment does not have any implications on the overall population growth and therefore labour supply that informs the scenario.

Summary

3.30 Four different scenarios of future economic growth in Tonbridge & Malling have been considered, based on a number of approaches which reflect economic growth, past development trends and potential housing supply factors.

3.31 The level of employment growth implied by these scenarios range from 8,410 (baseline job growth) to 11,272 (labour supply) additional jobs over the plan period 2011-2031[11]. All three scenarios imply a lower level of future economic growth in Tonbridge & Malling than the Borough has achieved in the recent past (Figure 3.2), with the deficit ranging from between 301 and 444 jobs per year.

3.32 In B class terms, the job growth implied by these scenarios range from 4,130 (baseline job growth) and 8,840 (past take-up) additional B class jobs over the plan period 2011-2031. Three of the four scenarios imply a higher level of future economic growth in Tonbridge & Malling than the Borough has achieved in the recent past (Figure 3.3), with the exception of the baseline job growth scenario which assumes that B class job growth will fall short of recent trends in the Borough by around 10 jobs per annum.

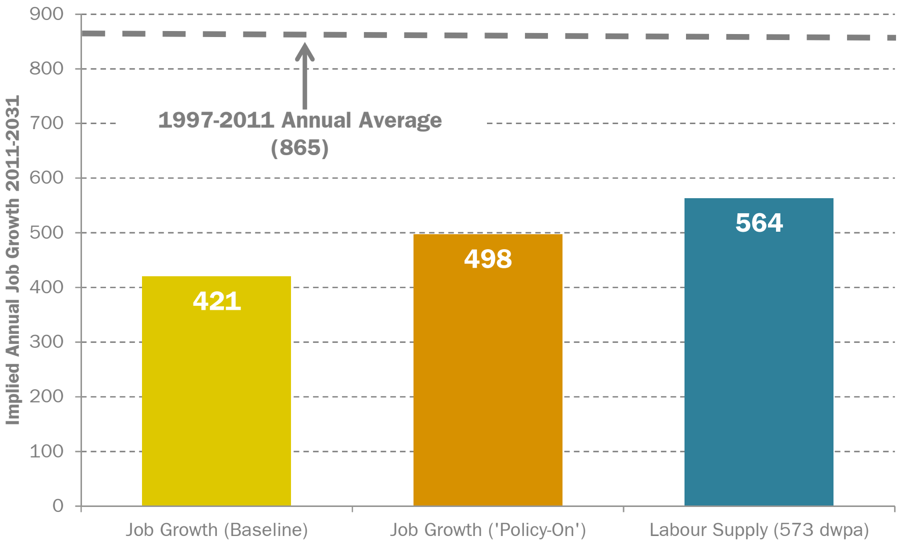
3.33 Office based job growth represents the key driver behind the two job growth based scenarios (baseline and 'policy-on'), while the balance between office

[11] Past take-up based scenario is not considered in terms of total job growth as it is based on past development in B class sectors only

and industrial employment growth is more even under the labour supply based approach.

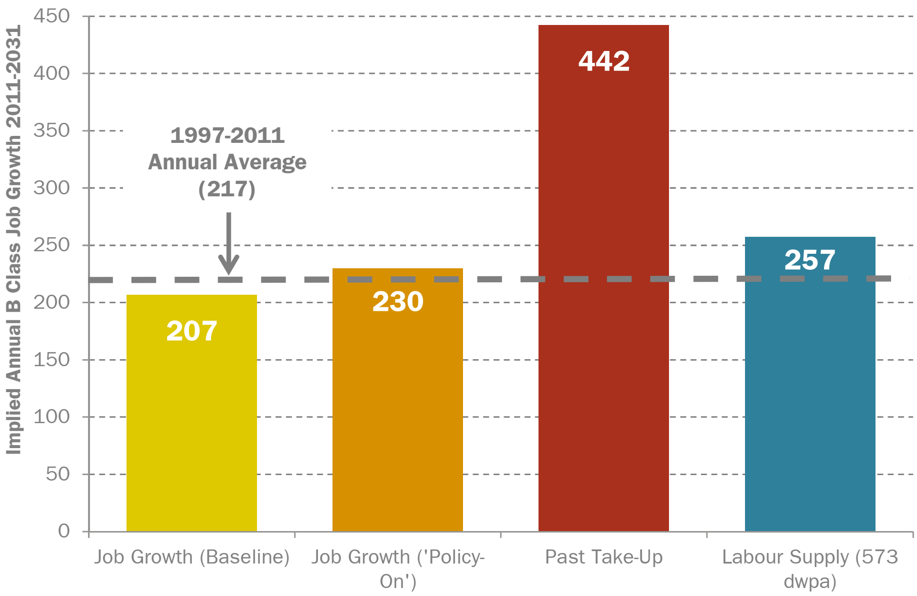
3.34 This suggests that in overall terms employment growth is anticipated to decelerate over the plan period, with the Borough failing to match the strong levels of job creation that were recorded in recent years. However, B class job growth is expected to remain relatively strong over the 20 year period to 2031 under all future growth scenarios, and account for an increasing proportion of all jobs within the Borough's economy.

Figure 3.2 Annual Job Growth Implied by Scenario



Source: NLP analysis

Figure 3.3 Annual B Class Job Growth Implied by Scenario



Source: NLP analysis

4.0 Employment Space Requirements

4.1 This section provides an overview of the current stock of employment space in Tonbridge & Malling and adjoining districts, and recent trends and changes to the supply of this space. It then goes on to assess B Class employment space requirements in Tonbridge & Malling over the period to 2031.

Overview of Employment Space

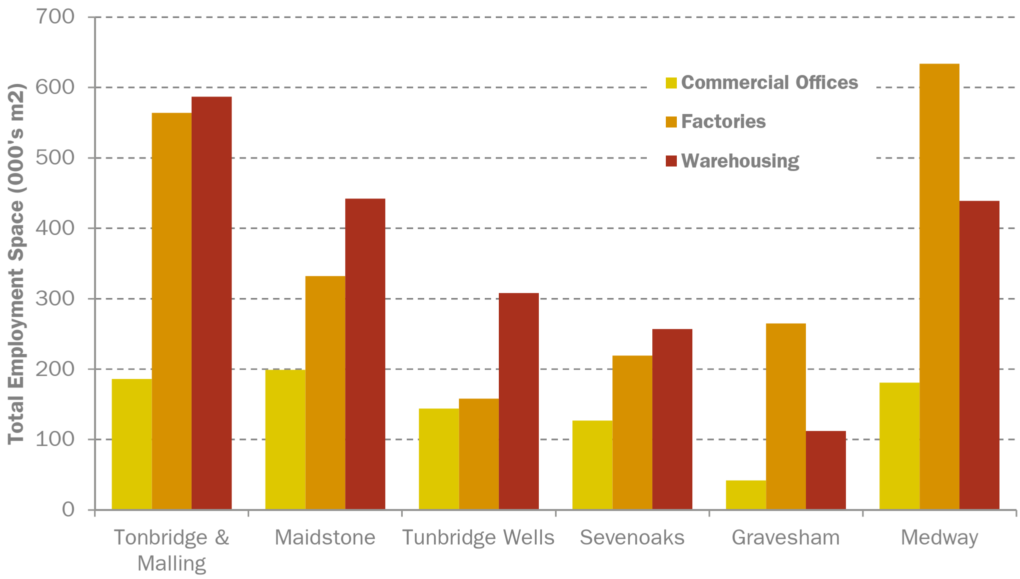
4.2 Both the amount of employment land and the quantity of built employment floorspace are considered across the main types of employment uses i.e. offices (use class B1(a/b)), warehousing/distribution (B8) and manufacturing industry (B1(c)/B2). This analysis is based on data from the following sources:

- commercial floorspace data from the ONS and Valuation Office Agency (VOA);
- Kent County Council's monitoring data on commercial space; and
- EGi Property Link database and other commercial property sources.

Current Stock of Employment Space

4.3 In 2008, Tonbridge & Malling contained some 1,337,000sqm of B class floorspace. A breakdown of this space by main uses, and a comparison with employment space levels in nearby districts, is shown in Figure 4.1. This indicates that the supply of employment space in Tonbridge & Malling is dominated by industrial uses (manufacturing and distribution/warehousing) which account for 42% and 44% of total stock respectively. The stock of distribution space is the largest of all six adjoining Districts.

Figure 4.1 Employment floorspace by District ('000s sqm)

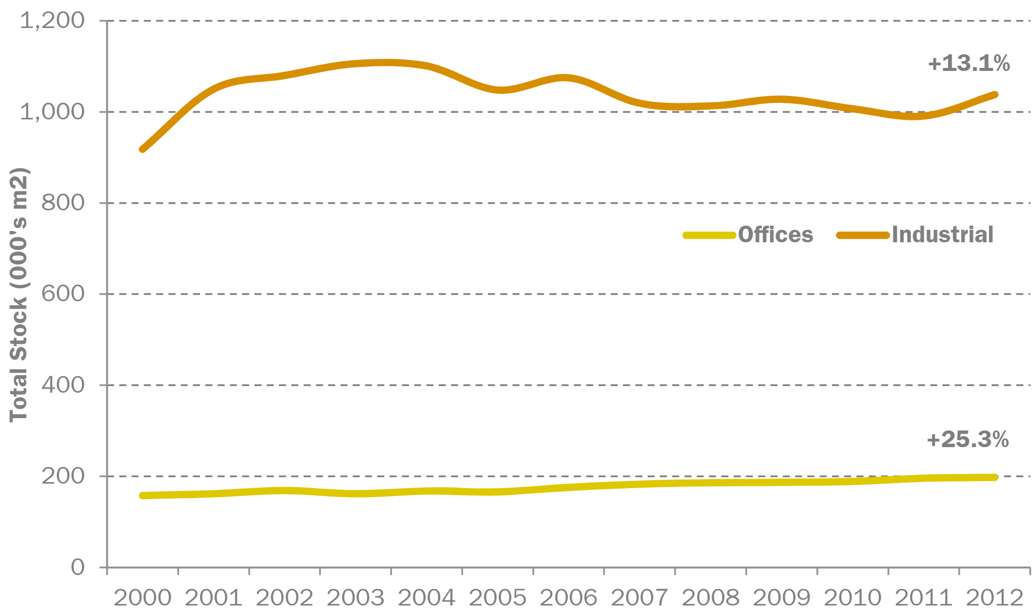


Source: VOA 2008 / NLP analysis

4.4 In contrast, the Borough's commercial office stock amounts to just 14% of total employment space, but represents the second highest of all adjoining districts, with only Maidstone recording more office space. The data also indicates that Tonbridge & Malling has a larger supply of employment space overall than all nearby districts.

4.5 Commercial office space in Tonbridge & Malling increased by more than 25% over the 12 year period 2000-2012 according to published VOA data (Figure 4.2), compared with 12% across the South East as a whole. Total industrial space also grew by 13% over the same period, compared with just 2% across the South East, possibly reflecting the strong representation of industrial (particularly distribution) sectors within the Borough's economy.

Figure 4.2 Change in Business Floorspace in Tonbridge & Malling, 2000-2012



Source: VOA Business Floorspace Statistics / NLP analysis

Spatial Distribution

4.6 The main employment areas in the Borough are located in:

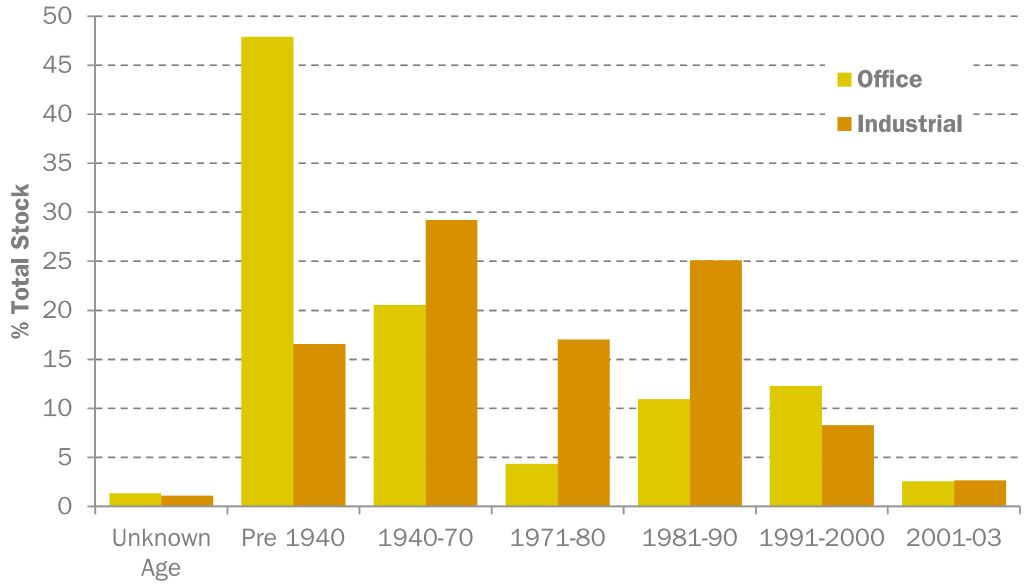
1. Tonbridge, on the eastern and southern fringes of the town centre;
2. The Medway Gap Area, notably the major industrial estates of Quarry Wood, Aylesford Forstal and New Hythe; and
3. Kings Hill, West Malling, which is identified as a business park of sub-regional significance.

4.7 In addition, there are notable employment areas within other settlements in the Borough, including Borough Green, East Peckham and Snodland. The majority of office space is concentrated at Kings Hill, Tonbridge town and to a lesser extent the Medway Gap area. More than two thirds of the Borough's industrial space is clustered around the Medway Gap.

Age of Premises

4.8 Although only covering the period up to 2003, ONS data on the age of premises can give a broad indication of the age of stock in the Borough. This shows that Tonbridge & Malling's sizeable stock of industrial space is relatively old, with 63% built before 1980, although this proportion is similar to the South East regional average (67%). The Borough has recorded a reasonable level of industrial completions since 2003, adding 47,850sqm of new industrial accommodation to the overall stock, equivalent to an increase of around 4%.

Figure 4.3 Age of Premises in Tonbridge & Malling



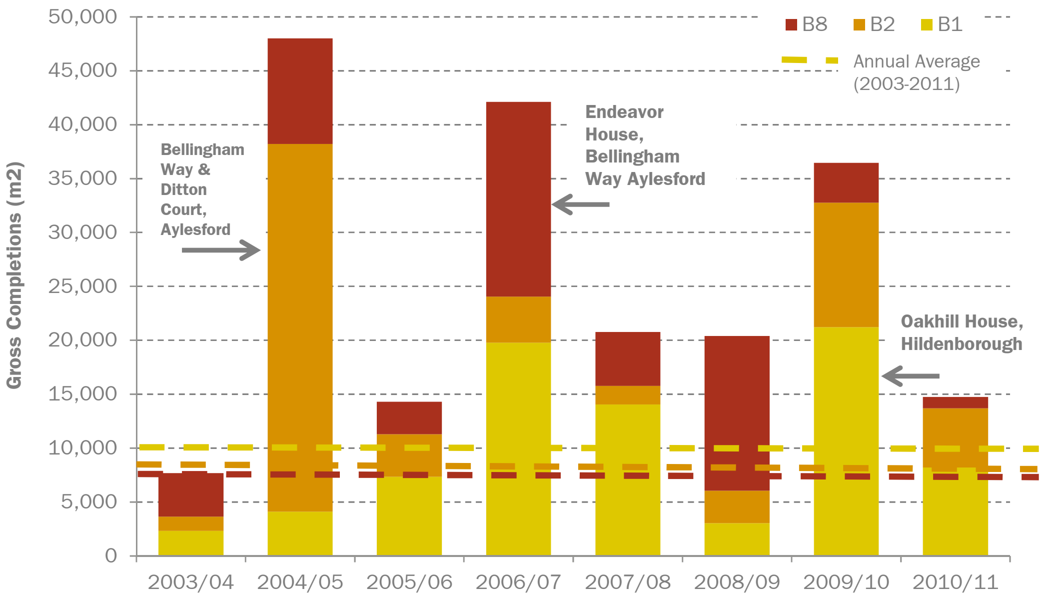
Source: ONS 2003

4.9 With regard to offices, 73% of Tonbridge & Malling's stock was built before 1980, compared with just 67% across the South East as a whole. A reasonable amount of new office development since 2003 (27,490sqm) suggests this position is likely to have improved slightly. Overall, this indicates a fairly ageing stock of office space in the Borough and lack of modern business premises relative to what is recorded in other parts of the region.

Development Rates

4.10 The gross amount of floorspace developed for employment uses in Tonbridge & Malling over the last 8 years is shown in Figure 4.4.

Figure 4.4 Gross Development Rates 2003-11



Source: Kent County Council Monitoring Data / NLP analysis

4.11 This indicates that just over 25,560sqm of gross B Class space was developed per annum across the Borough between 2003 and 2011. The majority (39%) of new floorspace was developed for B1a/b office uses with the remaining 32% and 29% developed for B1c and B2 factory/industrial uses and B8 distribution uses respectively.

4.12 Figure 4.4 shows that the level of new development in Tonbridge & Malling has been very uneven over recent years, particularly in terms of industrial development. The level of development peaked in 2004/05 (before the onset of recession), with the Borough recording gross completions (48,020 sqm) that were nearly twice as high as the annual average over the last 8 years. A number of key developments account for 'spikes' in completions in recent years such as Bellingham Way and Ditton Court in Aylesford (industrial) and Oakhill House in Hildenborough (offices).

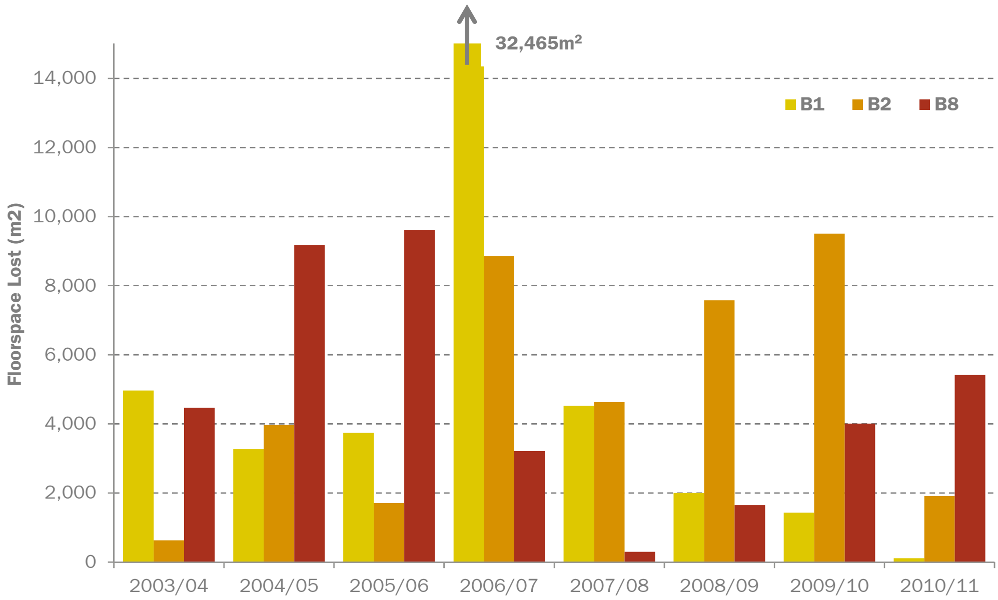
4.13 Across the period as a whole, the net development rate was around a third lower, at 9,420sqm p.a., reflecting losses of B class space through redevelopment to other uses, as detailed below.

Losses of Employment Space

4.14 County Council monitoring data indicates that past losses of employment land to other uses have been significant and very variable by year and by B use class (Figure 4.5). In particular, 2006/07 stands out as recording significant losses of office space[12], while losses have declined since then, particularly with regards to offices.

[12] Nearly two thirds (65%) of all employment space lost in 2006/07 related to the loss of office space at the Former Frantschach Site in New Hythe Lane, Larkfield

Figure 4.5 B Class Losses by year (2003-11)



Source: Kent County Council Monitoring Data / NLP analysis

4.15 Tonbridge & Malling recorded an annual average loss of 16,140sqm for the period 2003-2011, split relatively evenly between B1a/b office (41%), B1c/B2 factory (30%) and B8 warehousing (29%) space. This loss of industrial space is likely to reflect significant employment decline within the manufacturing sector over the past 16 years in Tonbridge & Malling (Figure 2.4).

Emerging Supply

4.16 The supply of employment space in the development pipeline comes from sites currently allocated for employment development (with residual floorspace still available) and from other sites with planning permission. Based on Council monitoring data at January 2012, the Borough's employment land supply totals 174,810 sqm, broken down as follows in Table 4.1.

Table 4.1 Available Employment Space in Tonbridge & Malling

	New Employment Space (sqm)			
	Industrial (B1c/B2/B8)	Offices (B1a/b)	Mixed (B1-B8)	Total
Local Plan Allocations (net residual floorspace available)	77,770	48,430	18,860	145,060
Other Sites with Extant Planning Permission	-3,180	10,640	22,290	29,750
Total	**74,590**	**59,070**	**41,150**	**174,810**

Source: Tonbridge & Malling Borough Council / NLP analysis

4.17 Whilst this employment space is distributed across the Borough, the majority is concentrated on a number of sites. For example, over half (47%) of all available office floorspace[13] and 80% of available light industrial space[14] is located at Kings Hill, while a number of sites at Aylesford[15], Tonbridge[16] and Snodland[17] also accommodate a significant proportion of available industrial (manufacturing and warehousing) space identified as available.

Future Employment Space Requirements

4.18 The B-class element of the employment growth forecasts presented in Section 3.0 have been 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 m^2
- Industry: 1 job per 43 m^2
- Warehousing: 1 job per 65 m^2 for general, smaller scale warehousing and 1 job per 74 m^2 for large scale, lower density units

4.19 These assumptions are based on the latest HCA/Offpat guidance on employment densities published in 2010.[18] 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.

4.20 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.

4.21 Floorspace requirements have been translated into land requirements using a plot ratio of 0.4 for industrial. For offices it is assumed that 70 per cent would be built at a lower density in out-of-town/business park locations at a plot ratio of 0.4 and 30 per cent at a higher density in urban locations at a plot ratio of 2.0.

4.22 The resulting net space requirements are summarised in Table 4.2 and Figures 4.6 to 4.7, ranging from between 128,690sqm or 29.3ha of total employment space by 2031 under the baseline job growth scenario to 201,940sqm or 48.8ha of B class employment space to 2031 under the labour supply (573 d.w.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

[13] Allocations at Kings Hill Avenue, East of Tower View and Alexander Grove
[14] Allocations at South of Kings Hill Avenue and East of Tower View
[15] Former Mill Hall Centre, Aylesford
[16] West of Woodgate Way, Tonbridge
[17] North of Vantage Point, Holborough
[18] Based on HCA/Offpat Employment Densities Guide, 2010

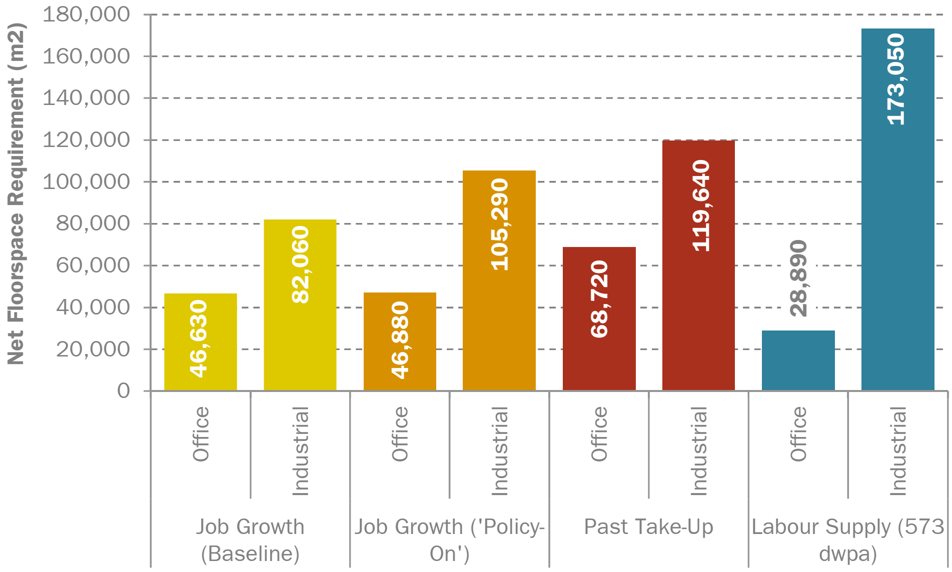
approach results in the highest requirement for office (B1a/b) space over the plan period, equivalent to 68,720sqm or 13.1ha.

Table 4.2 Net B class employment space and land requirements by scenario, 2011-2031

	Floorspace (sqm)	Land (ha)
1. Baseline job growth		
B1	46,630	8.8
B2	-28,640	-7.2
B8	110,700	27.7
Total B Class	**128,690**	**29.3**
2. Alternative 'policy-on'		
B1	46,880	8.9
B2	-24,770	-6.2
B8	130,060	32.5
Total B Class	**152,170**	**35.2**
3. Past development rates		
B1	68,720	13.1
B2	66,740	16.7
B8	52,900	13.2
Total B Class	**188,360**	**43.0**
4. Labour supply (573 d.w.p.a.)		
B1	28,890	5.5
B2	48,790	12.2
B8	124,260	31.1
Total B Class	**201,940**	**48.8**

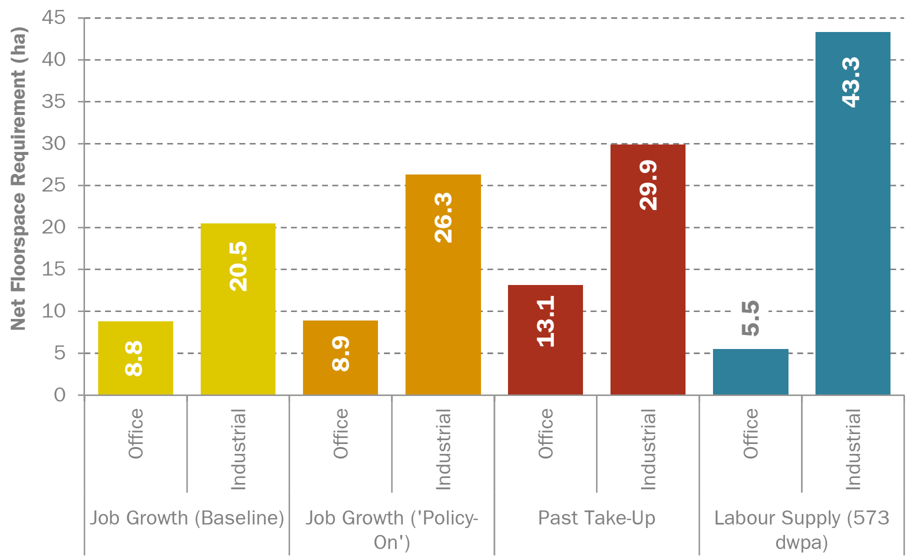
Source: NLP analysis

Figure 4.6 Net B class employment space requirements by scenario, 2011-2031



Source: NLP analysis

Figure 4.7 Net B class employment land requirements by scenario, 2011-2031



Source: NLP analysis

4.23 It should be noted that these are **net** requirements, which make an allowance for normal market vacancy rates, but do not allow for future replacement of losses or apply a safety margin - i.e. the "gross" requirement used for planning purposes. This will necessitate further analysis as it requires a detailed assessment of supply-side deliverability factors and current trends in the market in Tonbridge & Malling. For example, not all losses of employment space need to be replaced as some will reflect restructuring as less of certain types of employment floorspace are needed in the future. This could be a matter for an Employment Land Review.

Summary

4.24 Tonbridge & Malling's employment space is dominated by industrial uses which account for 86% of total stock. In contrast, the Borough's commercial office stock amounts to just 14% of total employment space. Tonbridge & Malling has a larger supply of employment space overall than all nearby districts including Maidstone, Medway and Tunbridge Wells.

4.25 The Borough has seen moderate levels of new development over the past eight years, the majority for B1a/b office uses. At the same time, Tonbridge & Malling has been losing B class space – largely industrial – placing increasing pressure on remaining space to accommodate the Borough's economic activity.

4.26 The supply of employment space in the Borough's development pipeline comprises 174,810sqm of undeveloped Local Plan Allocations and extant planning permissions (at January 2012). This supply is distributed across the Borough but concentrated particularly strongly across a number of key sites at Kings Hill, Aylesford, Tonbridge and Snodland.

4.27 The overall net space requirements associated with the four scenarios of future economic growth considered in Section 3.0 range from 128,690sqm to

201,940sqm of all types of employment space to 2031, implying in broad terms a need for between 29.3ha and 48.8ha of employment land.

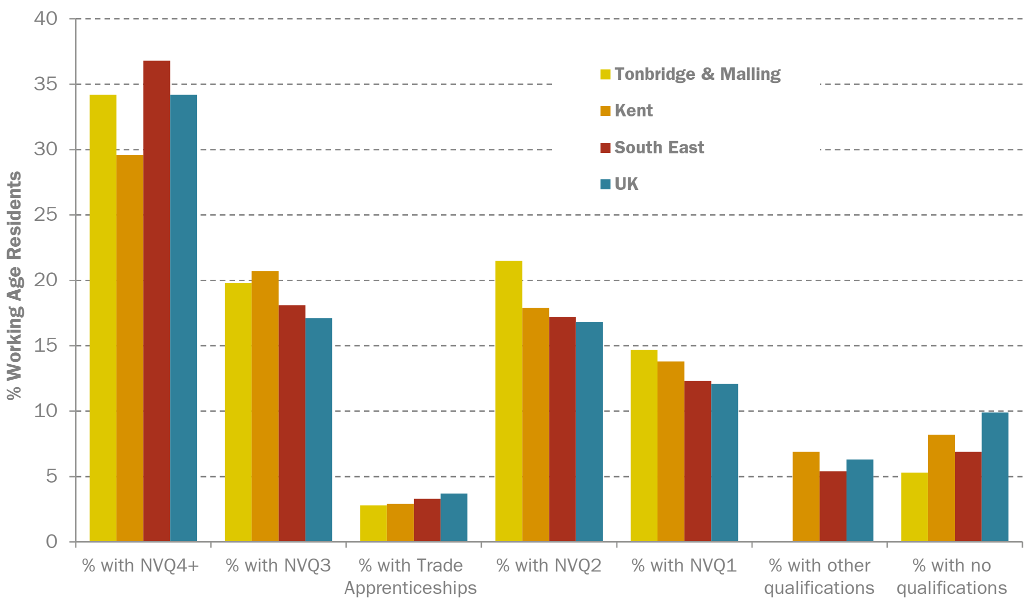
5.0 Skills Requirements

5.1 This section considers future skills requirements in Tonbridge & Malling in the context of any existing current identified constraints and mismatches and projections of future changes in the demand for skills.

Current Skills Profile

5.2 The Borough's resident workforce has higher than average skill levels when compared to Kent as a whole, with a higher proportion of graduate level workers (NVQ4+) (34.2% compared to 29.6% across the county) and a very low proportion with no qualifications. The proportion of higher skilled residents broadly matches the national profile, but compares less favourably with the South East average (36.8%) (Figure 5.1).

Figure 5.1 Resident Skills

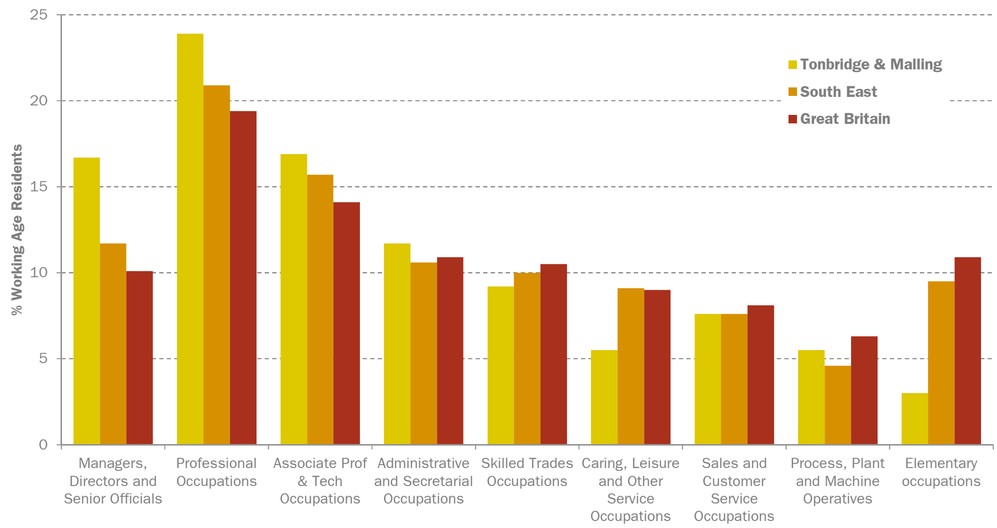


Source: Nomis 2013

Occupation groups

5.3 The occupation profile of Tonbridge and Malling's workforce is broadly in line with the regional and national average but with notably higher proportions of highly skilled occupations (SOC groups 1 to 3) typically comprising managers, professional and associate occupations (Figure 5.2). At the same time, the Borough has a relatively low proportion of residents employed within lower skilled, lower paid occupations such as caring, leisure and elementary occupations.

Figure 5.2 Resident Occupations

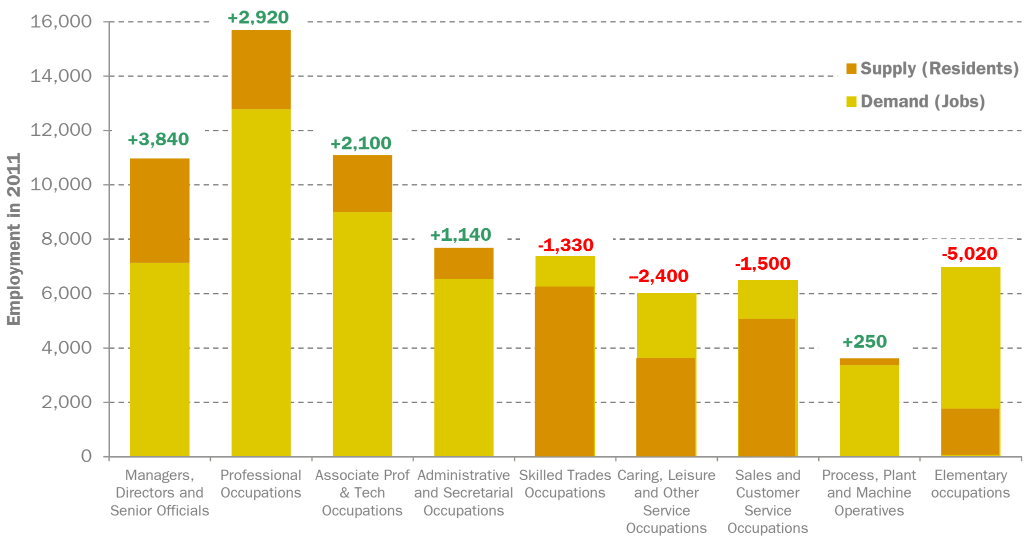


Source: APS (March 2013)

Demand/Supply Balance

5.4 Using Annual Population Survey data, it is possible to explore the existing balance of skills demand and supply in Tonbridge & Malling by comparing the current profile of jobs within the Borough (using Experian employment data) (i.e. 'demand') with the existing occupational profile of the Borough's working residents (i.e. 'supply'). This comparison is presented in Figure 5.3 below and indicates that there is an oversupply of residents in higher skilled occupations (SOC 1 to 4) within Tonbridge & Malling, with an insufficient number of locally based higher level jobs to be able to retain all of the Borough's residents in local employment at this level.

Figure 5.3 Occupational Demand / Supply Balance



Source: APS 2013 / NLP analysis

5.5 At the same time, Figure 5.3 highlights a mismatch between local employment and resident occupations at the lower end of the skills spectrum, with an insufficient proportion of working residents engaged in lower skilled occupation groups such as elementary, sales and customer service occupations to meet local demand from employers in Tonbridge & Malling.

5.6 These findings are likely to reflect aforementioned commuting flows to and from the Borough (i.e. significant out-commuting to high skilled/paid jobs in London and in-commuting from adjoining districts in Kent) and the previously identified mismatch between (higher) resident and (lower) workplace earnings, suggesting that the local economy is not currently as self-sufficient as it could be with regards to employment.

5.7 Without intervention, these trends and dynamics will have important implications for the types of sectors and employers that can grow and be attracted to Tonbridge & Malling and the types of jobs that are available for local residents in future, as well as placing increasing pressures on local transport and infrastructure to maintain these commuting patterns.

Future Requirements

5.8 It is possible to assess the labour market and skills implications of forecast employment change in Tonbridge & Malling by exploring the projected change in demand for occupations over the period 2011-2031 using the Experian baseline and alternative ‘policy-on’ job growth scenarios outlined in Section 3.0.

5.9 This involves applying Standard Occupational Classification (SOC) breakdowns (using latest Annual Population Survey[19] averages for the South East) to projected employment change in Tonbridge & Malling over the period 2011-2031 on a sector-by-sector basis. South East regional figures have been used as a proxy for the Borough due to data suppression issues associated with local authority level APS data.

5.10 This analysis assumes that the future occupational breakdown within individual sectors (over the next 20 years) remains at current levels, although in reality there is likely to be a gradual up-skilling and focus upon higher value activity in many sectors. A lack of forecast data means it is not possible to accurately predict future changes in occupations by sector, although as discussed above Tonbridge & Malling currently has a higher than regional average mix of higher skilled, higher earning occupations.

Baseline job growth scenario

5.11 As shown in Table 5.1 and Figure 5.4, future demand under the baseline job growth scenario is likely to be distributed across the full range of occupational groups. The largest absolute and relative growth in demand will be within the higher level professional and associate professional occupations groups as well as the lower level occupations of caring and leisure, admin and secretarial.

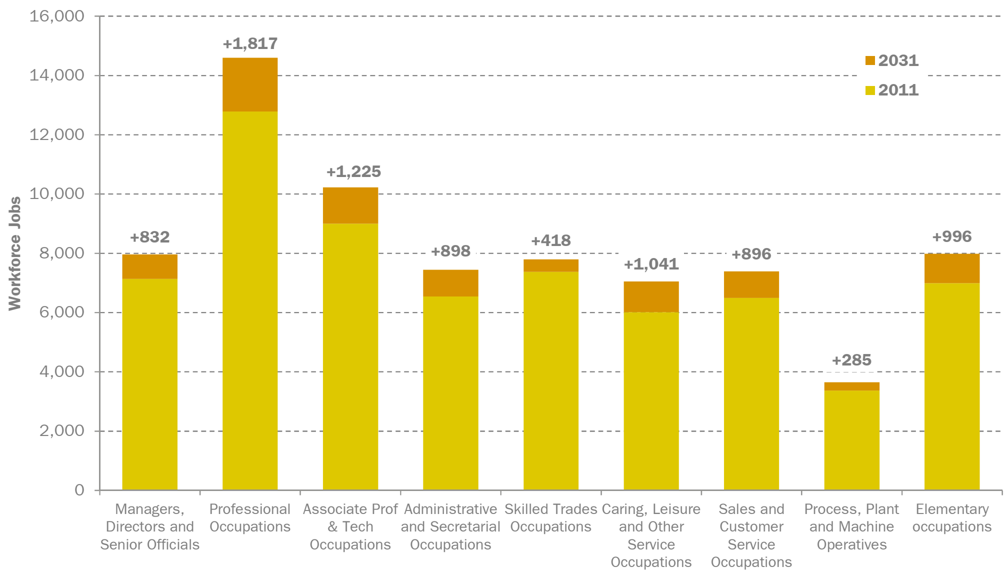
[19] April 2012-March 2013; detailed breakdown of Census 2011 data has not yet been released by ONS

Table 5.1 Projected change in demand for occupations in Tonbridge & Malling, 2011-2031 (Baseline Scenario)

	Baseline Employment (2011-2031)	
	Absolute Change	% Change
Managers, Directors and Senior Officials	830	11.7
Professional Occupations	1,820	14.2
Associate Prof & Tech Occupations	1,225	13.6
Administrative and Secretarial Occupations	900	13.7
Skilled Trades Occupations	420	5.7
Caring, Leisure and Other Service Occupations	1,040	17.3
Sales and Customer Service Occupations	895	13.8
Process, Plant and Machine Operatives	285	8.5
Elementary occupations	995	14.3
Total (rounded)	**8,410**	**12.8**

Source: APS / NLP analysis

Figure 5.4 Projected change in demand for occupations in Tonbridge & Malling, 2011-2031 (Baseline Scenario)



Source: APS / NLP analysis

Alternative 'policy-on' job growth scenario

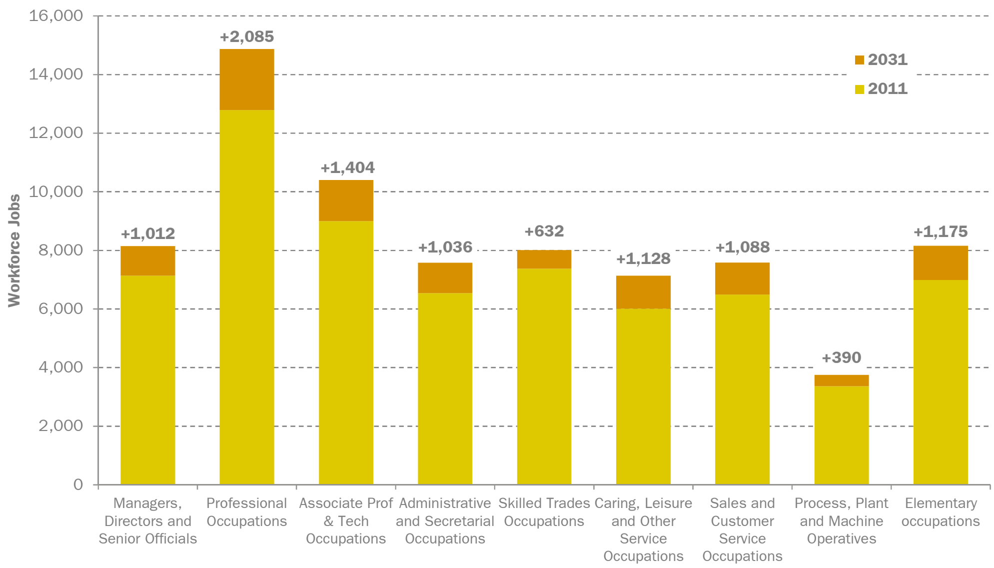
5.12 Table 5.2 and Figure 5.5 sets out future demand under the alternative 'policy-on' job growth scenario in Tonbridge & Malling. The distribution of this demand broadly echoes the baseline scenario i.e. distributed across the full range of occupational groups, with the largest absolute and relative growth in demand for higher level professional occupations groups, reflecting the higher value nature of sectors that have been subject to an uplift in growth under this alternative scenario.

Table 5.2 Projected change in demand for occupations in Tonbridge & Malling, 2011-2031 (policy-on alternative scenario)

	Policy-On Employment (2011-2031)	
	Absolute Change	% Change
Managers, Directors and Senior Officials	1,010	14.2
Professional Occupations	2,085	16.3
Associate Prof & Tech Occupations	1,405	15.6
Administrative and Secretarial Occupations	1,035	15.8
Skilled Trades Occupations	630	8.6
Caring, Leisure and Other Service Occupations	1,130	18.8
Sales and Customer Service Occupations	1,090	16.8
Process, Plant and Machine Operatives	390	11.6
Elementary occupations	1,175	16.8
Total (rounded)	**9,950**	**15.1**

Source: APS / NLP analysis

Figure 5.5 Projected change in demand for occupations in Tonbridge & Malling, 2011-2031 (policy-on alternative scenario)



Source: APS / NLP analysis

5.13 Whilst this anticipated increase in demand for higher skilled employment and occupations (under both the baseline and alternative 'policy-on' scenario) suggests that Tonbridge & Malling would be well positioned to capture higher value economic activity in future, the ability of the Borough to fulfil this potential ultimately relies upon the supply of a suitably skilled labour force to fill these jobs as well as an adequate supply of suitable land and premises to accommodate this activity.

5.14 The analysis suggests that the existing imbalance at the lower end of the skills spectrum (i.e. with a greater proportion of lower skilled jobs based in the Borough than lower skilled residents) is also expected to grow with 38% of all job growth under both the baseline and alternative 'policy-on' scenarios anticipated to occur within lower skilled occupation groups[20]. Other factors such as declining housing affordability are likely to accentuate this trend further, while relying upon significant in-commuting to fill lower skilled, lower paid employment within Tonbridge & Malling also leaves the Borough vulnerable to new large scale developments (such as retail and hospitality) in nearby areas that could serve to retain lower skilled residents.

5.15 Within the overarching context of creating sustainable communities in the Borough, there clearly remains scope to encourage a gradual up-skilling of employment opportunities based in Tonbridge & Malling with a focus upon higher value, knowledge intensive sectors that are more likely to appeal to the Borough's highly skilled resident workforce. Whilst this general trend to some extent already features within the baseline job growth scenario (with office based sectors including professional services representing the key drivers of job growth to 2031), the challenge will be how to best match up these opportunities with the Borough's residents, with the planning system having a key role to play in creating the right environment and conditions to attract and retain higher value employment within the Borough.

5.16 At the same time, there is also scope to address this imbalance at the lower end of the skills spectrum by increasing levels of economic activity amongst the Borough's working age resident population and by supporting unemployed residents (back) into work. As outlined in Section 2.0, Tonbridge & Malling's economic activity rate (at 72.8%) is lower than both the South East (79.4%) and national (77.1%) average, indicating that the opportunity exists to expand local labour supply from existing residents, in doing so potentially helping to fill lower skilled jobs within the Borough.

Summary

5.17 Tonbridge & Malling's resident workforce is generally highly skilled particularly when compared with Kent as a whole. The occupational profile of the Borough's workforce is characterised by higher proportions of high skilled occupations and low proportions of lower skilled, lower paid occupations.

5.18 An analysis of the skills demand/supply in Tonbridge & Malling indicates a mismatch between local employment and resident occupations at both ends of the skills spectrum, reflecting significant in/out commuting flows to and from the Borough and disparity between (higher) resident and (lower) workplace earnings. Without intervention, these trends will have important implications for the types of sectors and economic activity that can be attracted to and grow in Tonbridge & Malling and the types of jobs that are available for local residents in future.

[20] Defined as Caring, Leisure and Other Service, Sales and Customer Service, Process, Plant and Machine Operatives and Elementary Occupations

5.19 In the future, job growth forecasts point to an increase in demand for higher skilled employment and occupations, leaving Tonbridge & Malling well placed to capture higher value economic activity in future, although the ability to fulfil this potential ultimately relies upon the supply of a suitably skilled labour force to fill these jobs as well as an adequate supply of suitable land and premises to accommodate this activity. At the same time, demand for lower skilled occupations is also anticipated to grow, placing an increasingly unsustainable reliance upon in-commuters to fill these opportunities in Tonbridge & Malling, unless local labour supply can be boosted indigenously by increasing rates of economic activity and supporting unemployed residents (back) into employment at the lower end of the skills spectrum.

6.0 Overall Conclusions

6.1 The purpose of this study is to provide an assessment of the economic performance of Tonbridge & Malling Borough and the potential scale and type of future economic growth in the Borough. Drawing on the preceding analysis, this section considers the implications of the range of potential economic futures in terms of economic strategy and planning policy implications.

The Borough's economy has grown by nearly 25% since 1997, outperforming regional and national averages, but faces some economic challenges.

6.2 Tonbridge & Malling has a relatively well performing economy, having recorded significant job growth over the last 16 years and proving relatively resilient through the recession. Key sectors include business services, construction, transport and wholesaling, with a business base dominated by SME's and relatively high levels of start-ups.

6.3 Nevertheless, the Borough faces a number of challenges to maintain its high economic performance including below average productivity/GVA, significant levels of out-commuting, a mismatch between workplace and resident earnings and pockets of localised deprivation affecting certain parts of the Borough.

6.4 Existing employment space is dominated by industrial uses although moderate amounts of new office development have been recorded in the Borough over recent years as employment continues to grow within the financial and business services sectors and new space to accommodate this activity is needed. A number of key sites at Kings Hill, Aylesford, Tonbridge and Snodland account for the majority of emerging employment space in the Borough's development pipeline.

Future economic scenarios indicate the Borough has potential to grow by between 8,400 to 11,300 jobs over the period to 2031.

6.5 Four different scenarios of future economic growth in Tonbridge & Malling have been considered by this study, based on a number of approaches which reflect economic growth, past development trends and potential housing supply factors. The level of employment growth implied by these scenarios range from 8,410 to 11,272 additional jobs and between 4,130 and 8,840 B class jobs over the plan period 2011-2031. Table 6.1 summarises the overall levels of employment growth and B-class space requirement arising from the range of economic growth scenarios that have been tested through this study.

6.6 Under the 2013 Experian baseline scenario, total job growth of over 8,410 is projected across Tonbridge & Malling by 2031. Just under half (49%) of these jobs are expected to fall within the B use classes (B1-B8), resulting in a net requirement for 128,690sqm or 29.3ha of employment space over the plan period (2011-2031).

6.7 The three alternative scenarios ('policy-on', past take-up and labour supply) generate higher levels of B class employment growth by 2031 than is implied by the baseline scenario and also compared with recent trends within the Borough. Total B class growth of up to 8,840 jobs could be supported in Tonbridge & Malling as implied by the past take-up scenario, equivalent to an uplift of 114% over the baseline scenario. This would, however, be dependent on the Borough being able to accommodate the same (relatively high) level of new employment development over the plan period that has occurred in recent years.

Table 6.1 Headline scenario outputs 2011-2031

	Baseline Job Growth	Alternative 'Policy-On'	Past Take Up	Labour Supply (573 dw.p.a.)	Past Trends (1997-2011)
Total employment	8,410	9,950	n/a	11,272	12,110
Total jobs per year	421	498	n/a	564	865
B class employment	4,130	4,590	8,840	5,140	3,035
B class jobs per year	207	230	442	257	217
Net floorspace requirement (m^2)	128,690	152,170	188,360	201,940	n/a
Net land requirement (ha)	29.3	35.2	43.0	48.8	n/a

Source: NLP analysis

6.8 The overall net employment space requirements associated with these scenarios range from 128,690 sq.m to 201,940 sq.m of all types of employment space to 2031, implying in broad terms a need for between 29.3 ha and 48.8 ha of employment land. However, further analysis will be required in order to arrive at gross estimates of land requirements, and also to take account of qualitative and market factors.

B class sectors represent key drivers of future job growth in the Borough…

6.9 Under the baseline job growth scenario, the majority of the Borough's employment growth to 2031 is expected to come from the professional services, admin and support services, education and transport sectors.

6.10 Office-based job growth represents the dominant driver behind the labour demand/job growth based scenarios (and to a lesser extent the past take-up based approach) reflecting the wider restructuring of the UK economy towards more serviced based activities, as well as Tonbridge and Malling's existing strengths within these key office based sectors.

6.11 Three of the four scenarios imply a higher level of future B class job growth in than the Borough has achieved in the recent past (with the exception of the baseline job growth scenario). B class jobs are expected to account for an increasing proportion of all jobs within the Borough's economy in future.

...while overall job growth is anticipated to decelerate over the Plan Period

6.12 Taking the economy as a whole, all scenarios imply a lower level of future job growth in Tonbridge & Malling than the Borough has achieved in the recent past, with the deficit ranging from between 301 and 444 jobs per year depending upon the scenario.

6.13 This suggests that across Tonbridge & Malling's economy overall, job growth is anticipated to decelerate over the plan period, with the Borough failing to match the strong levels of job creation that were recorded in recent years.

There are current imbalances between skills demand and availability in the Borough; demand for higher skilled occupations is forecast to increase in future.

6.14 Although Tonbridge & Malling's resident workforce is generally highly skilled, an analysis of the existing skills demand/supply balance in the Borough indicates a mismatch between local employment and resident occupations at both ends of the skills spectrum. This is likely to reflect significant flows of in and out commuters to and from the Borough and a clear disparity between (higher) resident and (lower) workplace earnings.

6.15 This trend is not uncommon within wider South East authorities (particularly those benefiting from strong transport links and connectivity to the capital as well as strong appeal to economically active residents) and this imbalance will inevitably always exist to a certain extent. However, without intervention it could have important implications for the types of sectors and activities that can be attracted to and grow in Tonbridge & Malling and consequently the types of jobs that are available for local residents in future.

6.16 The employment and skills gap between Tonbridge & Malling's employees and residents poses a significant challenge to longer term economic sustainability particularly given the significant flows of in and out commuting to and from the Borough. Whilst this mismatch does not appear to have constrained economic growth in Tonbridge & Malling in the past (with the Borough recording strong levels of job growth over the past 16 years), without intervention it could lead to negative economic outcomes as the Borough fails to capture the higher value economic potential of its highly skilled residents and as local employers increasingly struggle to recruit lower skilled, lower paid employees from a diminishing local labour pool. This challenge is presented within the context of a slower rate of growth forecast for the Borough's economy overall over the Plan period to 2031.

6.17 A more concerted approach is needed to ensure that workforce skills and business needs are effectively aligned over the course of the plan period. The planning system will have a key role to play in creating the right environment and conditions to attract and retain higher value employment within the Borough. For example, the Borough's emerging Local Plan should focus on positive and proactive measures to support growth, including making specific provision for local and inward investment (through criteria or strategic sites) whilst promoting a flexible approach to accommodating new or emerging sectors and clusters as and when opportunities arise. At the same time, Local Plan policies will need to support lower skilled residents to remain in the Borough through for example measures to boost housing affordability and efforts to boost local economic activity and supporting unemployed residents (back) into work.

Appendix 1 Experian Baseline Forecasts

Experian Sector	Workforce Jobs			
	2011	2031	Change 2011-2031	% Change 2011-2031
Agriculture, Forestry & Fishing	340	380	40	11.8
Extraction & Mining	100	150	50	50.0
Food, Drink & Tobacco	360	370	10	2.8
Textiles & Clothing	100	8	-92	-92.3
Wood & Paper	1,370	500	-870	-63.5
Printing and Recorded Media	470	320	-150	-31.9
Fuel Refining	0	0	0	0.0
Chemicals	20	10	-10	-50.0
Pharmaceuticals	30	10	-20	-66.7
Non-Metallic Products	400	320	-80	-20.0
Metal Products	430	300	-130	-30.2
Computer & Electronic Products	410	260	-150	-36.6
Machinery & Equipment	340	160	-180	-52.9
Transport Equipment	60	70	10	16.7
Other Manufacturing	390	310	-80	-20.5
Utilities	1,420	1,700	280	19.7
Construction of Buildings	2,110	2,190	80	3.8
Civil Engineering	740	750	10	1.4
Specialised Construction Activities	3,350	3,510	160	4.8
Wholesale	5,430	6,160	730	13.4
Retail	5,180	5,530	350	6.8
Accommodation & Food Services	5,640	6,630	990	17.6
Land Transport, Storage & Post	6	7	1	14.5
Air & Water Transport	2,870	3,020	150	5.2
Recreation	1,740	1,990	250	14.4
Media Activities	730	860	130	17.8
Telecoms	220	230	10	4.5
Computing & Information Services	1,580	2,240	660	41.8
Finance	2,490	3,110	620	24.9
Insurance & Pensions	570	820	250	43.9
Real Estate	720	900	180	25.0
Professional Services	4,360	6,200	1,840	42.2
Administrative & Supportive Services	5,230	6,780	1,550	29.6
Other Private Services	1,560	2,010	450	28.8
Public Administration & Defence	3,020	2,240	-780	-25.8
Education	5,570	7,020	1,450	26.0
Health	3,250	3,400	150	4.6
Residential Care & Social Work	3,100	3,650	550	17.7
Total	**65,706**	**74,115**	**8,409**	**12.8**

Source: Experian Regional Planning Service 2013

Appendix 2 Definition of B Class Sectors

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

Apportionment of B Class Sectors to Land Uses

Experian Sector	Proportion of Jobs by Use Class		
	B1 office	B2 industrial	B8 warehousing
Agriculture, Forestry & Fishing	Non B-Class		
Extraction & Mining	Non B-Class		
Food, Drink & Tobacco	0%	100%	0%
Textiles & Clothing	0%	100%	0%
Wood & Paper	0%	100%	0%
Printing and Recorded Media	0%	100%	0%
Fuel Refining	0%	100%	0%
Chemicals	0%	100%	0%
Pharmaceuticals	0%	100%	0%
Non-Metallic Products	0%	100%	0%
Metal Products	0%	100%	0%
Computer & Electronic Products	0%	100%	0%
Machinery & Equipment	0%	100%	0%
Transport Equipment	0%	100%	0%
Other Manufacturing	0%	100%	0%
Utilities		58%	
Construction of Buildings	Non B-Class		
Civil Engineering	Non B-Class		
Specialised Construction Activities	0%	49%	0%
Wholesale	0%	23%	77%
Retail	Non B-Class		
Accommodation & Food Services	Non B-Class		
Land Transport, Storage & Post	0%	0%	88%
Air & Water Transport	Non B-Class		
Recreation	Non B-Class		
Media Activities	100%	0%	0%
Telecoms	100%	0%	0%
Computing & Information Services	100%	0%	0%
Finance	100%	0%	0%
Insurance & Pensions	100%	0%	0%
Real Estate	100%	0%	0%
Professional Services	100%	0%	0%
Administrative & Supportive Services	27%	0%	0%
Other Private Services	Non B-Class		
Public Administration & Defence	10%	0%	0%
Education	Non B-Class		
Health	Non B-Class		
Residential Care & Social Work	Non B-Class		

Source: Experian / NLP analysis