August 2010

MEDWAY COUNCIL

Employment Land Review Consolidation Study

Final Report

BAKER associates

planning consultants

Contents

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1 Introduction

1.1 Background

1.1.1 This study has been prepared by Baker Associates for Medway Council. The work has involved a critical appraisal of the Council's Employment Land Study (ELS) and Employment Land Accommodation Study (ELAS), to produce a Consolidation Study (August 2010), that provides further analysis to strengthen the conclusions drawn from the existing employment evidence base.

1.1.2 Medway Council has completed several steps of the Employment Land Review (ELR) process as defined by ODPM guidance Planning Employment Land Reviews 2004. The guidance sets out a three stage process with a series of steps for each. The three ELR stages include:

- Stage 1: Taking Stock of the Existing Situation
- Stage 2: Creating a Picture of Future Requirements
- Stage 3: Identifying a New Portfolio of Sites

1.1.3 The Council has defined the current position as:

- ELR Stage 1: completed.
- ELR Stage 2: Steps 7-9 complete, steps 6 and 10 require review
- ELR Stage 3: Step 11 completed; steps 12-14 not started.

1.1.4 From the initial review and discussion it was clear that the Council wishes to ensure that the employment evidence base provides a robust and credible assessment of employment demand and land availability within Medway, to inform the allocation of land and development of planning policy in the Local Development Framework.

1.1.5 The main output of the study was to provide the Council with clear recommendations regarding the quantum of employment floorspace and land required to ensure a good fit with projected sectoral demand.

1.2 Objectives

1.2.1 The following objectives for the study were identified to focus work towards key analysis areas:

a) Review existing information and identify areas of weakness and collate and improve supply analysis

b) Investigate demand evidence, including proposed economic interventions and qualitative consultation responses

c) Improve the job to floorspace/land translation model

d) Provide recommendations on site proposals and policies

1.2.2 The methodology set out in section 2 illustrates how these objectives have been addressed.

2 Methodology

2.1 Introduction

2.1.1 This section sets out in detail the methodology followed to deliver the output sought from the Employment Land Review Consolidation Study. Baker Associates developed a methodology that was driven by our understanding of the Council's requirements and informed at the outset of the project through discussions at an inception meeting.

2.1.2 The process followed is best explained as a series of steps relating to each of the three stages outlined in ODPM guidance “Employment Land Reviews: Guidance Note”. The steps have been identified to strengthen the analysis in each stage of the Employment Land Study, namely

- Stage 1: Taking stock of the existing situation;
- Stage 2: Creating a picture of future requirements;
- Stage 3: Identifying a new portfolio of sites.

2.2 Inception meeting

2.2.1 An initial meeting was held on 3rd June 2010 to establish a client-consultant partnership that will achieve success. The meeting was used to confirm the objectives of the study and to finalise the methodology, agree working arrangements and the programme, including submission of reports.

2.3 Consolidation of Stage 1

2.3.1 ELR Stage 1, takes stock of the existing situation. For the Consolidation Study these steps essentially involved assessing work on the existing supply to ensure an appropriate level of understanding. The initial review identified that the Council has a large amount of information on the existing stock including information on premises size, vacancy, change in use and SIC code.

2.3.2 The steps reviewed existing information and analysis of stock and revealed demand and involved site visits to familiarise the team with existing employment supply.

Analysis of existing land stock and demand assessment

2.3.3 The first step of the study was to assess the areas of analysis contained in the ELS and ELAS and determine the level of detailed findings within that information. This looked at all areas of analysis containing in the studies and specifically including:

- existing employment supply land by sector (SIC) and location
- recent take up rates and losses of employment land

- vacancy rates
- business premises enquiries
- premises size and use class

2.3.4 It was important that the Consolidation Study provided a strong analysis of a variety of information sources to establish the quantity and location of existing employment areas, vacancy, take up rates loss, past employment trends and business premises demand. The analysis sought to add value through better interpretation of information, e.g. providing planning orientated findings.

Review of sites

2.3.5 This step involved site visits to familiarise the team with previous site survey work. To inform the LDF and ensure that adequate policy protection is provided for existing employment areas, a clear understanding of the existing employment portfolio was required to allow Baker Associates to understand the sites and ensure a strong fit between future use of sites and sectoral demand projections.

2.3.6 The outcome of the Stage 1 appraisal was a greater level of interpretation and analysis of existing primary evidence to provide greater understanding and more specific recommendations on sites.

2.4 Consolidation of Stage 2

2.4.1 The steps involved in appraising and consolidating Stage 2 were concerning with reviewing the picture of future employment requirements created by the ELS and ELAS. The aim was to understand the economic forecasts used to identify future job growth and assumptions used to translate potential job growth into floorspace and land requirements.

2.4.2 Through the study a two pronged approach was identified to build up a full picture of potential floorspace requirements using existing forecasts and Medway employment targets to generate indicative requirements.

2.4.3 To inform the Core Strategy, this stage sought to determine how the economy is likely to perform in the future and the implications for employment land supply in terms of the spatial location of floorspace, premise type and land requirements. The Consolidation Study identified two scenarios to support future consideration of employment land provision relative to demand.

Analysis of employment demand

2.4.4 Similar to the Stage 1 analysis, a large amount of information had been gathered on economic potential and sectoral demand by the Council and its partners. This step sought to re-examine this information to provide a greater level of interpretation. Evidence examined was primarily used to inform assumptions made within the translation model and included:

- results of existing business surveys and other consultation
- review of existing travel to work patterns
- historic ABI employment growth trends
- Economic Strategy and identified regeneration interventions/investments

2.4.5 The analysis of employment demand was supported by telephone surveys to provide qualitative information. The work examined identified initiatives within the Economic Strategy, regeneration frameworks and other masterplan documents. This assessment was presented in a SWOT analysis of the economy identifying strengths, weaknesses opportunities and threats for Medway.

2.4.6 A key outcome of this step was to enable the Consolidation Study to provide clear assumptions for use within the translation model.

Employment translation model (jobs into land & floorspace requirements)

2.4.7 A key component of the study was to provide a clear and robust translation model of jobs into floorspace and land. ODPM Planning Employment Land Review Guidance provides a series of assumptions to assist in this translation. These include:

- Employment Sector (SIC code) to Use Class;
- Employment to Floorspace (Jobs per sq m);
- Building Height and Plot Ratio;
- Existing Employment Space Capacity.

2.4.8 Baker Associates' experience has led us to develop a more sophisticated approach to employment forecast translation and therefore our approach was beneficial for Medway Council in terms of strengthening the assumptions on employment demand for specific employment sectors with regards to use class, location and premises type.

2.4.9 This task was conducted in two parts to address shortcoming of existing employment forecasts based on past trends and reflect the strategic growth of Medway as part of the Thames Gateway. The outcome of this task was a detailed translation model which provided spatial demand recommendations.

2.5 Consolidation of Stage 3

2.5.1 Stage 3 of the Study sought to bring together the parallel issues of supply and demand and confirm a new portfolio of employment sites to meet future employment demand requirements in a spatially sustainable way.

Review of spatial proposals

2.5.2 The step involved the examination of results from Stages 1 and 2 to establish a view on the suitability of site recommendations in terms of meeting demand. Existing site proposals such as Rochester Riverside were examined to establish whether future requirements are being addressed by the employment site portfolio. The objective of this step was to scrutinise the employment portfolio to ensure that market demand and development viability are well fitted with existing supply and a desirable spatial strategy. The Consolidation Study needed to provide evidence to support sites that are suitable in planning terms, attractive to the market, meet an identified demand and contribute to a more sustainable development pattern.

Assessment of policy recommendations

2.5.3 The main purpose of the study was to help in the preparation of the LDF Core Strategy and other DPDs, that will play a part in the economic, social and environmental development of Medway and specifically to be effective in providing for the full economic potential of the area to be met. It is important that planning policy is put in place to protect and promote economic development and therefore the output from the study includes both proposals for land allocations and development management policies, together with the justification for this material on the basis of evidence gathered.

2.5.4 This step examined the updated policy context including PPS 4. At this point in the study we considered:

- the form of allocations used, linked to policies to achieve particular performance from different types of development;
- dealing with the maintenance, improved infrastructure redevelopment of employment sites and resisting their loss to other uses;
- appropriate phasing mechanisms if these were appropriate in any areas, with links between rate of economic change and housing provision;

Reporting

2.5.5 The content of the report includes:

- a description of the objectives and methodology of the study;

- an assessment of existing employment stock and revealed demand;
- an assessment of demand evidence, forecasts and SWOT analysis of economic growth potential by sector;
- a robust employment translation model;
- proposals for the quantity, type and locational criteria of sites that could be needed, and proposals for land to be considered;
- recommendations on the types of policies required to achieve what is wanted from employment land in Medway in the future.

3 Stage 1

3.1 Introduction

3.1.1 Stage 1 is concerned with the review of existing evidence and sites. This involved, reviewing previous studies, analysis of past employment take up and site visits.

3.1.2 The main objective of this stage of the methodology was to take stock of the existing employment situation, as defined as stage 1 in the "Employment Land Reviews: Guidance Note" (ODPM, 2004). Given the large quantity of existing data available and the scope of this report, the replication of this evidence has been kept to a minimum.

3.1.3 Planning Policy Statement 4 (PPS4) provides the current and national guidance about planning for the economy. It states that "The Government's overarching objective is sustainable economic growth. To help achieve sustainable economic growth, the Government's objectives for planning are to":

- "build prosperous communities by improving the economic performance of cities, towns, regions, sub-regions and local areas, both urban and rural"
- "reduce the gap in economic growth rates between regions, promoting regeneration and tackling deprivation "
- "deliver more sustainable patterns of development, reduce the need to travel, especially by car and respond to climate change"
- "promote the vitality and viability of town and other centres as important places for communities. To do this, the Government wants":
    a. *"new economic growth and development of main town centre uses to be focused in existing centres, with the aim of offering a wide range of services to communities in an attractive and safe environment and remedying deficiencies in provision in areas with poor access to facilities"*
    b. *"competition between retailers and enhanced consumer choice through the provision of innovative and efficient shopping, leisure, tourism and local services in town centres, which allow genuine choice to meet the needs of the entire community (particularly socially excluded groups)"*
    c. "the historic, archaeological and architectural heritage of centres to be conserved and, where appropriate, enhanced to provide a sense of place and a focus for the community and for civic activity"
- raise the quality of life and the environment in rural areas by promoting thriving, inclusive and locally distinctive rural communities whilst continuing to protect the open countryside for the benefit of all"

3.1.4 Planning Policy Statement 1 (PPS1) Delivering Sustainable Development states that “the government is committed to promoting a strong, stable and productive economy which aims to bring jobs and prosperity for all. It considers that planning authorities should:

- “recognise that environmental and social benefits can be delivered and
- “ensure that suitable locations are available for industrial, commercial, retail, public sector (e.g. health and education), tourism and leisure developments, so that the economy can prosper;
- “actively promote and facilitate good quality development, which is sustainable and consistent with plans”;
- “ensure that infrastructure and services are provided to support new and existing economic development and housing”;
- “identify opportunities for future investment to deliver economic objectives”.

3.2 Spatial planning for employment

3.2.1 To assist in the spatial planning of Medway and inform the production of the Core Strategy and subsequent development plan documents. The Consolidation Study has categorised employment areas spatially in line with the Core Strategy spatial distribution. Box 3.1 below sets out the objectives of the draft Medway Core Strategy.

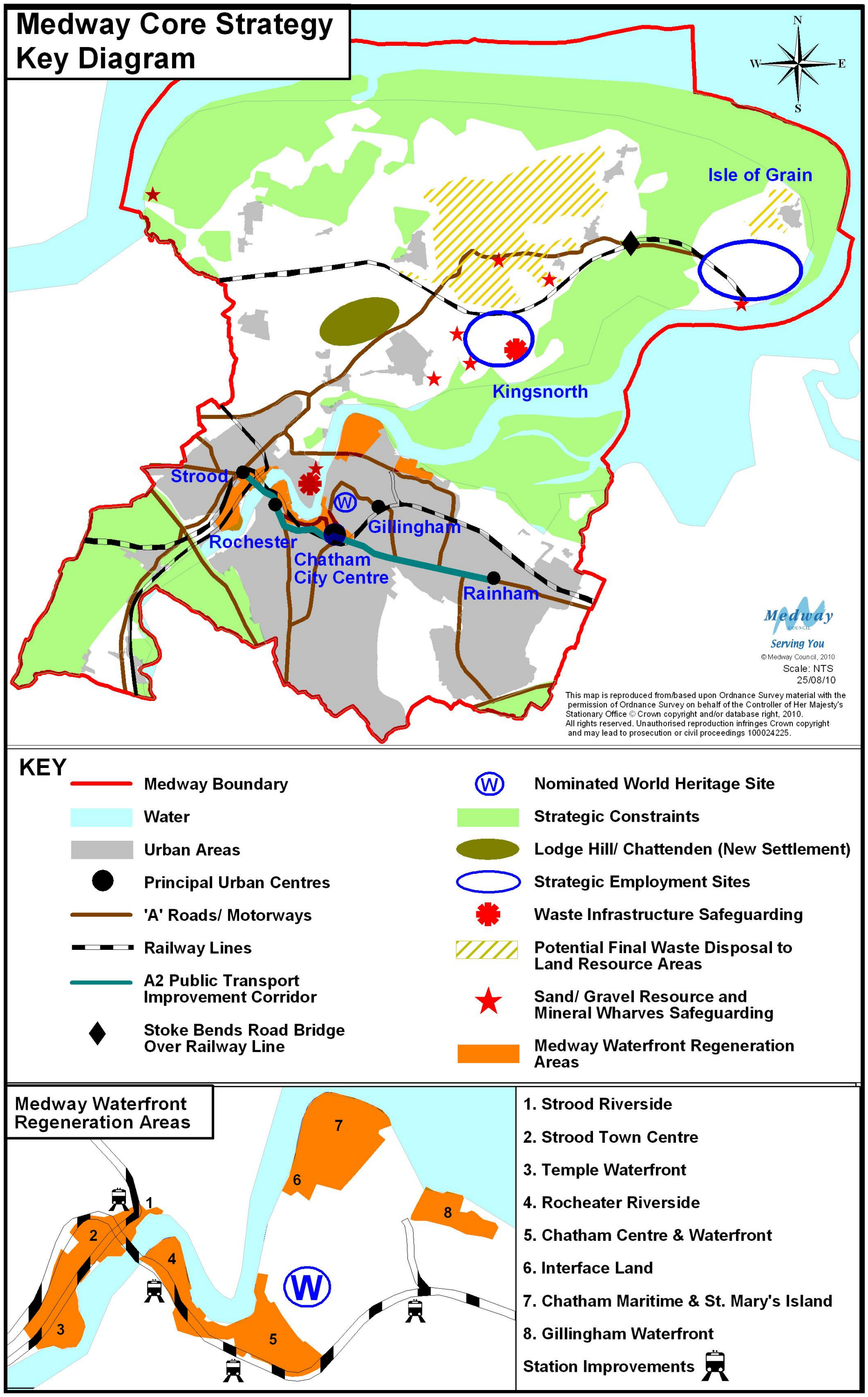
Box 3.1: Draft Medway Core Strategy Spatial Strategy

Spatial Strategy Objectives

- To effectively realise Medway’s role within the Thames Gateway and associated growth requirements largely through effective physical regeneration and the reuse of previously developed land.
- To develop Chatham as a city centre of regional significance with its role complemented by thriving and attractive district centres in Strood, Rochester, Gillingham and Rainham together with a network of strong neighbourhood centres serving local communities.
- To substantially improve the performance of the local economy and reduce the current reliance on out commuting, in particular by nurturing higher value activities.
- To focus employment growth in Chatham Centre, within the major mixed use regeneration sites, through re-investment within the established employment areas and at Rochester Airport, Lodge Hill, Kingsnorth and Grain.
- To maximise the development opportunities associated with the four universities and Further Education College to create a centre of excellence of national significance.

- To radically improve the quality of the townscape and public realm within the central urban area and along the urban waterfront.
- To significantly reduce deprivation in Medway, including through the implementation of tailored strategies for target neighbourhoods and the development of a network of strong neighbourhood centres providing a range of local services and acting as community hubs.
- To work proactively to minimise the effects of climate change through efficient resource use, high quality buildings, improved biodiversity, the effective management of open land and other mechanisms.
- To make the new settlement at Lodge Hill a model for modern living, exhibiting the highest standards of design and sustainability and complementing existing villages on the Hoo Peninsula.

3.2.2 The spatial strategy identified is illustrated in the draft Medway Core Strategy Key Diagram, see overleaf:


Medway Core Strategy
Key Diagram
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E
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Isle of Grain
Kingsnorth
Strood
W
Gillingham
Rochester
Chatham
City Centre
Rainham
Medway
Serving You
© Medway Council, 2010
Scale: NTS
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KEY
Medway Boundary
Water
Urban Areas
Principal Urban Centres
'A' Roads/ Motorways
Railway Lines
A2 Public Transport Improvement Corridor
Stoke Bends Road Bridge Over Railway Line
W
Nominated World Heritage Site
Strategic Constraints
Lodge Hill/ Chattenden (New Settlement)
Strategic Employment Sites
Waste Infrastructure Safeguarding
Potential Final Waste Disposal to Land Resource Areas
Sand/ Gravel Resource and Mineral Wharves Safeguarding
Medway Waterfront Regeneration Areas
Medway Waterfront Regeneration Areas
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1. Strood Riverside
2. Strood Town Centre
3. Temple Waterfront
4. Rocheater Riverside
5. Chatham Centre & Waterfront
6. Interface Land
7. Chatham Maritime & St. Mary's Island
8. Gillingham Waterfront
Station Improvements

3.2.3 Based on the broad spatial distribution of development identified in the Core Strategy, the following six spatial areas have been identified for employment analysis:

- Chatham and Rochester Town Centres/Waterfronts.
- Medway Waterfront
- M2 Motorway Access,
- Peninsula
- Other Urban Employment Areas and Town Centres
- Rural and Peripheral Employment Areas

3.2.4 The existing industrial areas identified in ELAS have been aggregated into each spatial area. These include:

Chatham and Rochester Town Centres/Waterfronts

- Rochester Riverside/Castle View

Medway Waterfront

- Chatham Maritime
- Chatham Historic Dockyard
- Chatham Port
- Pier Road
- Gad's Hill
- Medway City Estate
- Commissioners Road

M2 Motorway Access

- Bridgewood Business Park
- Rochester Airfield
- Gillingham Business Park
- Courteney Road
- Medway Valley Park

- Commercial Road
- Ballard Business Park
- Temple Industrial
- Cuxton Road

Peninsula:

- Isle Of Grain
- Kingsnorth

Urban:

- Railway Street
- Jenkins Dale
- Hopewll Drive
- Second Avenue
- Lower Twydall Lane
- Beeching Way
- Fort Horsted

Rural and Peripheral:

- Elm Court
- Otterham Quay
- Otterham Quay Lane
- Hoo Industrial Estate
- Fenn Street
- Lordswood Industrial Estate
- Cuxton Industrial Estate
- Formby Road, Halling
- Thameside Cliffe

3.3 Analysis of existing land stock and demand assessment

3.3.1 The focus of the Stage 1 review was to familarise the team with the existing employment situation in Medway and use existing data to help allow the analysis of supply and demand in stage 3. Analysis tended to focus on the distribution and key characteristics of employment land within Medway to support its spatial interpretation and potential to meet future needs. Stage 1 analysis included:

- Existing employment supply by sector and location
- Recent take up rates and losses
- Vacancy rates
- Premises size
- Changes in use class

Existing employment supply by sector and location

3.3.2 Information from the annual business inquiry (ABI) for Medway has been used to broadly identify the existing location of particular employment sectors in the area. Data from 2008 was examined on a ward basis. Figures have been rounded to the nearest hundred to ensure confidentiality of businesses in line with national statistics guidelines. The analysis below and maps in appendix 1 provide a broad spatial distribution for existing employment provision and the specific distribution of the following employment sectors:

- Manufacturing
- Electricity gas and water supply
- Construction
- Wholesale and retail trade; repair of motor vehicles,
- Hotels and restaurants
- Transport, storage and communication
- Financial intermediation
- Real estate, renting and business activities
- Public administration and defence; compulsory social security
- Education
- Health and social work

- Other community, social and personal service activities

3.3.3 The analysis shows the distribution of growth sector employment across the area. The largest concentrations of this employment are found in River, Strood Rural, Gillingham South, Strood South, Peninsula and Rochester South & Horstead.

3.3.4 Analysis of twelve employment sectors showed the waterfront as a significant location for employment. The exceptions were for the health and electricity, gas and water supply sectors, which identified Gillingham South and Peninsula as the primary locations for existing businesses.

3.3.5 The information also showed that other wards located with good access to the M2 Motorway e.g. Strood South, Watling and Luton & Wayfield contained high levels of employment activity. Beyond those areas the five town centres represent reasonably sized employment destinations. Table 3.1 below shows the broad location of existing employment sectors. Primary location/s contain the largest quantity of employees within each sector.

Table 3.1: Location of existing employment by sector

Sector	Primary Location	Secondary Locations	Other
Manufacturing	1) Rochester South and Horstead 2) Rainham Central	1) Watling 2) Lordswood & Capstone 3) River 4) Strood South	1) Peninsula
Electricity, Gas and Water Supply	1) Peninsula	1) Rochester West	1) Luton and Wayfield 2) Gillingham North
Construction	1) Strood Rural	1) Peninsula 2) Luton and Wayfield	1) Watling 2) River
Wholesale and retail trade; repair of motor vehicles,	1) River 2) Strood South	1) Hempstead & Wigmore 2) Strood Rural	1) Watling 2) Rochester South and Horstead
Hotels and restaurants	1) River 2) Strood Rural	1) Strood South 2) Rochester South and Horstead	1) Rochester West 2) Gillingham North
Transport, storage and communication	1) River 2) Gillingham North 3) Peninsula	1) Rochester West 2) Strood Rural	1) Watling 2) Strood South
Financial intermediation	1) River	1) Watling	
Real estate, renting and business activities	1) River 2) Strood Rural	1) Gillingham South	1) Rochester South and Horstead 2) Rochester West 3) Strood South 4) Lordswood & Capstone
Public administration	1) River	1) Rochester West 2) Rochester East	1) Strood South

Education	1) River 2) Luton & Wayfield	1) Rochester West 2) Rainham Central 3) Chatham Central	1) Rochester South and Horstead 2) Gillingham South
Health and social work	1) Gillingham South	1) River 2)Watling	1) Rochester South and Horstead
Other service activities	1) Gillingham North 2) Rochester West	1) River 2) Luton & Wayfield 3 Strood Rural 4) Strood South	2) Lordswood & Capstone 3) Chatham Central

Take up rates and losses

3.3.6 Take up and loss of employment land in recent times can provide an indication of market activity in Medway and an idea of the pressure that existing employment sites are under for redevelopment. Table 3.2a shows the take up of employment floorspace over the 2004-2009 period.

Table 3.2a: Take up of Employment Land

Year	B1 sq m	B2 sq m	B8 sq m	Mixed B sq m	Total sq m
2004-2005	11,773	15,440	20,664	21,482	69,359
2005-2006	5,995	3,940	4,975	0	14,910
2006-2007	11,818	5,646	10,290	212	27,966
2007-2008	2,326	4,454	1,415	0	8,195
2008-2009	6,771	1,842	5,293	8,617	22,523
Total	**38,683**	**31,322**	**42,637**	**30,311**	**142,953**

3.3.7 Average take up of employment floorspace was 28,591 sq m per annum over the 2004-2009 period. Table 3.2b shows the loss of floorspace over the same period:

Table 3.2b: Loss of employment land

Year	B1 sq m	B2 sq m	B8 sq m	Mixed B sq m	Total sq m
2004-2005	-14767	-33496	-10524	-3437	-62,224
2005-2006	-7134	-10806	-40217	0	-58,157
2006-2007	-5808	-13780	-11227	0	-30,815
2007-2008	-5855	-8418	-9994	-3503	-27,770
2008-2009	-8851	-3571	-7083	0	-19,505
Total	**-42415**	**-70071**	**-79045**	**-6940**	**-198,471**

3.3.8 The average loss of employment floorspace was 38,694 sq m per annum. The findings indicate that over the five years there has been an overall loss in employment floorspace of 55,518 sq m. The Medway economy has clearly been restructuring over the last decade and it is likely that this will continue in the future. If Medway is to provide sufficient employment floorspace then the Council needs to ensure that it is confident that employment land within defined estates can be protected against quantitive arguments of oversupply.

Vacancy

3.3.9 Information has been reviewed to identify vacancy issues. The ELAS identifies changes in vacancy levels on employment sites between 1999 and 2006. Analysis has highlighted that vacancy levels on sites have moved in both directs with some sites showing higher vacancy levels whilst some sites have seen reductions in the quantity of vacant units.

Table 3.3: Vacancy by location/site

Chatham and Rochester Town Centres/Waterfronts	**Total Area 1999**	**Vacant 1999**	**Total Area 2006**	**Vacant 2006**	**% Change**
Rochester Riverside	46,634	15759	6,517	894	-20.1
Total	**46,634**	**15759**	**6,517**	**894**	**-20.1**
Medway Waterfront	**Total Area 1999**	**Vacant 1999**	**Total Area 2006**	**Vacant 2006**	**% Change**
Chatham Maritime	123,301	33627	254,441	40000	-11.6
Chatham Port	-	-	-	-	-
Pier Road	1,135	180	1,151	32	-13.1
Gad's Hill	4,860	0	3,340	0	0.0
Chatham Historic Dockyard	-	-	-	-	-
Medway City Estate	184,454	26151	179,487	20341	-2.8
Commissioner's Road	91,563	20859	92,494	6543	-15.7
Total	**451,947**	**96,576**	**537,430**	**67,810**	**-7.3**
M2 Motorway access					
Courtney Road	86,671	5638	85,600	20000	16.9
Gillingham Business Park	145,803	20084	169,575	16315	-4.2
Rochester Airfield	101,564	4290	97,490	1360	-2.8
Bridgewood Business Park	6,021	0	8,916	0	0.0
Medway Valley Park	32,375	0	27,190	2000	7.4
Temple	146,811	2335	143,511	5805	2.5
Ballard Business Park	5,544	1300	5,551	0	-23.4
Commercial Road	3,981	0	6,243	36	0.6
Cuxton Road	2,395	800	1,760	0	-33.4
Total	**531,165**	**34,447**	**545,836**	**45,516**	**1.9**
Peninsula					
Kingsnorth Industrial Estate	11,560	950	62,940	9907	7.5
Isle of Grain	-	-	93,739	0	-
Total	**11,560**	**950**	**156,679**	**9,907**	**-1.9**
Urban					
Railway Street	4,005	0	3,696	843	22.8
Jenkins Dale	3,473	0	3,920	800	20.4
Hopewell Drive	12,188	354	18,211	850	1.8
Second Avenue	22,051	2746	23,292	225	-11.5
Lower Twydall Lane	1,056	102	1,780	412	13.5
Beechings Way	33,278	6852	36,256	1100	-17.6

Fort Horsted	-	-	-	-	-
Total	**76,051**	**10,054**	**87,155**	**4,230**	**-8.4**
Rural/Peripheral					
Elm Court	3,175	337	7,227	632	-1.9
Otterham Quay	-	-	-	-	-
Otterham Quay Lane	-	-	10500	0	-
Hoo Industrial Estate	14,935	1230	16,127	0	-8.2
Fenn Street	2,315	0	2,116	0	0.0
Lordswood Industrial Estate	32,462	335	36,584	3652	9.0
Cuxton Industrial Estate	6,180	425	6,090	970	9.1
Formby Road, Halling	31,595	0	31,795	0	0.0
Thameside, Cliffe	-	-	1,250	0	
Total	**90,662**	**2,327**	**111,689**	**5,254**	**2.1**

3.3.10 The results indicate that overall vacancy rates have been declining in several areas including the urban area and the town centre/waterfront. Rates have increased in the M2 area but this appears to be largely down to two sites in Strood.

Size of premises

3.3.11 Premises information provided by Locate in Kent illustrates the size of premises for industrial and office premises in Medway. Table 3.4 below illustrates the size of industrial unit supply over the 2006-2009 period:

Table 3.4: Industrial enquiries

Sq ft	2006/2007	2007/2008	2008/2009
0-1,000	38	167	87
1,001-5,000	501	545	388
5,001-10,000	173	148	81
10,001-20,000	66	67	35
20,001-30,000	12	52	23
30,001-40,000	8	8	13
40,001-50,000	5	9	1
50,001-60,000	11	0	0
60,001-70,000	12	0	0
70,001-80,000	0	0	0
80,001-90,000	0	0	0
90,001-100,000	0	0	0
100,001+	18	4	0

3.3.12 Table 3.4 highlights that the majority of units are smaller premises in the 1,000 sq ft to 5,000 sq ft and 5001 to 10,000 sq ft brackets. It will be important for future provision to provide sufficient business space for both start up businesses and companies looking for grow-on space.

3.3.13 Locate in Kent data suggests that there are no industrial units at all of 60,000 sq. ft. or more, whilst the number of units up to 10,000 sq. ft. has fallen by more than a third (35.3%). Table 3.5 provides the results of the office enquiries:

Table 3.5: Office enquiries

Sq ft	2006/2007	2007/2008	2008/2009
0-1,000	289	326	239
1,001-5,000	308	327	207
5,001-10,000	32	65	40
10,001-20,000	23	26	6
20,001-30,000	0	9	0
30,001-40,000	1	7	8
40,001-50,000	0	7	7
50,001-60,000	21	7	0
60,001-70,000	0	0	0
70,001-80,000	0	0	0
80,001-90,000	0	0	0
90,001-100,000	0	0	0
100,001+	0	0	0

3.3.14 Table 3.5 highlights a similar finding in that the majority of units are for smaller office premise in the two smallest categories of 0-1,000 sq ft and 1,001 to 5,000 sq ft. Locate in Kent data suggests that there are no office units at all of 50,000 sq. ft. or more, whilst the number of units up to 10,000 sq. ft. has fallen by just under a third (32.3%).

3.3.15 Within future provision it is important to provide a range of units sizes for small offices for start up to larger head flagship office buildings.

Changes in use classes

3.3.16 Changes in use classes can provide an indication of the changing patterns of employment demand. Table 3.6 and 3.7 illustrate the use class breakdown for each spatial area. Table 3.6 shows employment by use class in 1999:

Table 3.6: 1999 Use class

Chatham and Rochester Town Centres/Waterfronts	B1	%	B2	%	B8	%	Other*	%	Total
Rochester Riverside	3,305	7	3,642	8	39,307	84	380	1	46,634
Total	**3,305**	**7**	**3,642**	**8**	**39,307**	**84**	**380**	**1**	**46,634**
Medway Waterfront	**B1**	**%**	**B2**	**%**	**B8**	**%**	**Other***	**%**	**Total**
Chatham Maritime	56,515	46	8,940	7	8,265	7	49,581	40	123,301
Chatham Port	-		-		-		-		-
Pier Road	473	42	470	41	192	17	0	0	1,135
Gad's Hill	215	4	4,645	96	0	0	0	0	4,860
Chatham Historic Dockyard	-		-		-		-		-
Medway City Estate	77,182	42	29,734	16	71,894	39	5,644	3	184,454
Commissioner's Road	9,811	11	28,914	32	52,463	57	375	0	91,563
Total	**144,196**	**36**	**72,703**	**18**	**132,814**	**33**	**55,600**	**14**	**405,313**
M2 Motorway access	**B1**	**%**	**B2**	**%**	**B8**	**%**	**Other***	**%**	**Total**
Courteney Road	1,063	1	72,284	83	8,047	9	5,277	6	86,671
Gillingham Business Park	35,609	24	37,969	26	55,799	38	16,426	11	145,803

Rochester Airfield	40,102	39	53,519	53	4,225	4	3,718	4	101,564
Bridgewood Business Park	5,033	84	0	0	988	16	0	0	6,021
Medway Valley Park	3,095	10	11,206	35	18,074	56	0	0	32,375
Temple	12,047	8	71,943	49	61,518	42	1,303	1	146,811
Ballard	0	0	300	5	2,668	48	2,576	46	5,544
Commercial Road	358	9	1,618	41	1,105	28	900	23	3,981
Cuxton Road	1,330	56	665	28	400	17	0	0	2,395
Total	**98,637**	**19**	**249,504**	**47**	**152,824**	**29**	**30,200**	**6**	**531,165**
Urban	**B1**	**%**	**B2**	**%**	**B8**	**%**	**Other***	**%**	**Total**
Railway Street	0	0	1,706	43	2,299	57	0	0	4,005
Jenkins Dale	1,803	52	300	9	0	0	1,370	39	3,473
Hopewell Drive	3,389	28	6,774	56	2,025	17	0	0	12,188
Second Avenue	8,404	38	6,072	28	6,435	29	1,140	5	22,051
Lower Twydall Lane	658	62	165	16	166	16	67	6	1,056
Beechings Way	5,074	15	25,988	78	508	2	1,708	5	33,278
Fort Horsted	-								
Total	**19,328**	**25**	**41,005**	**54**	**11,433**	**15**	**4,285**	**6**	**76,051**
Rural/ Peripheral	**B1**	**%**	**B2**	**%**	**B8**	**%**	**Other***	**%**	**Total**
Elm Court	283	9	1,344	42	413	13	1,135	36	3,175
Otterham Quay	-		-		-		-		
Otterham Quay Lane	-		-		-		-		
Hoo Industrial Estate	545	4	12,190	82	2,200	15	0	0	14,935
Fenn Street	290	13	930	40	1,095	47	0	0	2,315
Lordswood Industrial Estate	9,895	30	13,339	41	8,948	28	280	1	32,462
Cuxton Industrial Estate	1,370	22	4,340	70	470	8	0	0	6,180
Formby Road, Halling	2,350	7	25,710	81	3,535	11	0	0	31,595
Thameside, Cliffe	-		-		-		-		
Total	**14,733**	**16**	**57,853**	**64**	**16,661**	**18**	**1,415**	**2**	**90,662**
Peninsula	**B1**	**%**	**B2**	**%**	**B8**	**%**	**Other***	**%**	**Total**
Kingsnorth Industrial Estate	1,260	11	5,100	44	5,090	44	110	1	11,560
Isle of Grain	-		-		-		-		
Total	**1,260**	**11**	**5,100**	**44**	**5,090**	**44**	**110**	**1**	**11,560**

3.3.17 Table 3.7 shows employment by use class in 2006:

Table 3.7: 2006 Use class

Chatham and Rochester Town Centres/ Waterfronts	B1	%	B2	%	B8	%	Other*	%	Total
Rochester Riverside	2,668	41	2,106	32	1,713	26	30	0	6,517
Total	**2,668**	**41**	**2,106**	**32**	**1,713**	**26**	**30**	**0**	**6,517**
Medway Waterfront	**B1**	**%**	**B2**	**%**	**B8**	**%**	**Other***	**%**	**Total**
Chatham Maritime	97,028	38	35,261	14	22,408	9	99,744	39	254,441
Chatham Port									
Pier Road	329	29	362	31	338	29	122	11	1,151
Gad's Hill	240	7	3,100	93	0	0	0	0	3,340
Chatham Historic Dockyard									
Medway City Estate	71,708	40	27,135	15	6,681	4	13,833	8	179,487
Commissioner's Road	15,319	17	31,164	34	43,099	47	2,912	3	92,494
Total	**184,624**	**35**	**97,022**	**18**	**72,526**	**14**	**116,611**	**22**	**530,913**

M2 Motorway access	B1	%	B2	%	B8	%	Other*	%	Total
Courtney Road	27,510	32	32,000	37	23,720	28	2,370	3	85,600
Gillingham Business Park	69,871	41	21,542	13	65,020	38	13,160	8	169,575
Rochester Airfield	37,958	39	45,611	47	8,483	9	5,438	6	97,490
Bridgewood Business Park	2,516	28	0	0	6,400	72	0	0	8,916
Medway Valley Park	10,665	39	760	3	15,765	58	0	0	27,190
Temple	24,648	17	10,913	8	100,042	70	7,908	6	143,511
Ballard	567	10	21,120	380	150	3	2,714	49	5,551
Commercial Road	1,632	26	1,895	30	2,390	38	326	5	6,243
Cuxton Road	976	55	544	31	120	7	120	7	1,760
Total	**176,343**	**32**	**134,385**	**25**	**222,090**	**41**	**32,036**	**6**	**545,836**
Urban	**B1**	**%**	**B2**	**%**	**B8**	**%**	**Other***	**%**	**Total**
Railway Street	1,666	45	851	23	1,005	27	174	5	3,696
Jenkins Dale	1,795	46	1,095	28	680	17	370	9	3,920
Hopewell Drive	4,395	24	6,030	33	5,430	30	2,356	13	18,211
Second Avenue	10,653	46	5,373	23	7,176	31	90	0	23,292
Lower Twydall Lane	616	35	224	13	880	49	60	3	1,780
Beechings Way	12,603	35	15,441	43	6,804	19	1,408	4	36,256
Fort Horsted	-		-		-		-		-
Total	**31,728**	**36**	**29,014**	**33**	**21,975**	**25**	**4,458**	**5**	**87,155**
Rural/ Peripheral	**B1**	**%**	**B2**	**%**	**B8**	**%**	**Other***	**%**	**Total**
Elm Court	1,076	15	0	0	3,209	44	2,942	41	7,227
Otterham Quay	-		-		-		-		-
Otterham Quay Lane	0	0	1250	12	9250	88	0	0	10500
Hoo Industrial Estate	4,500	28	4,955	31	6,336	39	336	2	16,127
Fenn Street	519	25	761	36	836	40	0	0	2,116
Lordswood Industrial Estate	13,258	36	11,029	30	12,260	34	37	0	36,584
Cuxton Industrial Estate	2,255	37	1,715	28	2,120	35	0	0	6,090
Formby Road, Halling	2,150	7	26,110	82	3,535	11	0	0	31,795
Thameside, Cliffe	404	32	630	50	216	17	0	0	1,250
Total	**24,162**	**22**	**46,450**	**42**	**37,762**	**34**	**3,315**	**3**	**111,689**
Peninsula	**B1**	**%**	**B2**	**%**	**B8**	**%**	**Other***	**%**	**Total**
Kingsnorth Industrial Estate	5,640	9	44,470	71	4,303	7	8,527	14	62,940
Isle of Grain	810	1	56209	60	36720	39	0	0	93,739
Total	**6,450**	**4**	**100,679**	**64**	**41,023**	**26**	**8,527**	**5**	**156,679**

3.3.18 Table 3.8 identifies the percentage change in use classes across the spatial areas:

Table 3.8: Percentage change 1999- 2006

Chatham and Rochester Town Centres/Waterfronts	B1*%	B2%	B8%	Other* %
Rochester Riverside	33.9	24.5	-58.0	-0.4
Total	**2.2**	**1.6**	**-24.3**	**9.3**
Medway Waterfront	**B1*%**	**B2%**	**B8%**	**Other* %**
Chatham Maritime	-7.7	6.6	2.1	-1.0
Chatham Port				
Pier Road	-13.1	-10.0	12.4	10.6

Gad's Hill	2.8	-2.8	0.0	0.0
Chatham Historic Dockyard				
Medway City Estate	-1.9	-1.0	-35.3	4.6
Commissioner's Road	5.8	2.1	-10.7	2.7
Total	**-1.1**	**0.0**	**-19.0**	**8.0**
M2 Motorway access	**B1*%**	**B2%**	**B8%**	**Other* %**
Courtney Road	30.9	-46.0	18.4	-3.3
Gillingham Business Park	16.8	-13.3	0.1	-3.5
Rochester Airfield	-0.5	-5.9	4.5	1.9
Bridgewood Business Park	-55.4	0.0	55.4	0.0
Medway Valley Park	29.7	-31.8	2.2	0.0
Temple	9.0	-41.4	27.8	4.6
Ballard	10.2	375.1	-45.4	2.4
Commercial Road	17.1	-10.3	10.5	-17.4
Cuxton Road	-0.1	3.1	-9.9	6.8
Total	**13.7**	**-22.4**	**11.9**	**0.2**
Urban	**B1*%**	**B2%**	**B8%**	**Other* %**
Railway Street	45.1	-19.6	-30.2	4.7
Jenkins Dale	-6.1	19.3	17.3	-30.0
Hopewell Drive	-3.7	-22.5	13.2	12.9
Second Avenue	7.6	-4.5	1.6	-4.8
Lower Twydall Lane	-27.7	-3.0	33.7	-3.0
Beechings Way	19.5	-35.5	17.2	-1.2
Fort Horsted				
Total	**11.0**	**-20.6**	**10.2**	**-0.5**
Rural/ Peripheral	**B1*%**	**B2%**	**B8%**	**Other* %**
Elm Court	6.0	-42.3	31.4	5.0
Otterham Quay				
Otterham Quay Lane	0.0	11.9	88.1	0.0
Hoo Industrial Estate	24.3	-50.9	24.6	2.1
Fenn Street	12.0	-4.2	-7.8	0.0
Lordswood Industrial Estate	5.8	-10.9	5.9	-0.8
Cuxton Industrial Estate	14.9	-42.1	27.2	0.0
Formby Road, Halling	-0.7	0.7	-0.1	0.0
Thameside, Cliffe	32.3	50.4	17.3	0.0
Total	**5.4**	**-22.2**	**15.4**	**1.4**
Peninsula	**B1*%**	**B2%**	**B8%**	**Other* %**
Kingsnorth Industrial Estate	-1.9	26.5	-37.2	12.6
Isle of Grain	0.9	60.0	39.2	0.0
Total	**-6.8**	**20.1**	**-17.8**	**4.5**

3.3.19 Table 3.8 illustrates that:

- Chatham and Rochester Town Centre/Waterfronts has seen a decline in B8 warehouse use and growth in B1 office, B2 general industrial and miscellaneous other uses, (probably A class).

- Medway Waterfront has seen a decline in B8 warehouse use and a slight decline in B1 office, B2 general industrial has remained relatively static whilst miscellaneous other uses, (probably A class) have increase.

- The M2 motorway access, and urban and rural/peripheral areas have all seen a decline in B2 general industrial use and strong growth in B1 office and B8 warehouse uses.

- Peninsula has seen growth in B2 general industrial uses and a decline in B1 office and B8 warehouse uses.

3.3.20 Changes in use classes are a useful indication of changing locational preferences over time. This information combined with the location of existing employment has helped to inform the translation model by providing an indication of location preferences for employment sectors and an understanding of recent changes.

4 Stage 2

4.1 Introduction

4.1.1 Section 4 discusses the economic background of Medway, analyses past economic trends and discusses the economic strategies and evidence that has informed the production of existing economic forecasts and job targets. A key aim of the ELR Consolidation Study has been to utilise this information to inform the detailed distribution of future employment growth undertaken in section 5.

4.1.2 Considerable employment work has been undertaken to date to inform the Core Strategy and to provide a picture of past economic performance. Rather than simply reinvent the wheel, this study has used information already available to illustrate past trends and potential future demand. The analysis presented below is sourced primarily from the following documents:

- The Medway Employment Land Study 2009 (ELS)
- Employment Land & Accommodation Study 2007 (ELAS)
- Medway Economic Development Strategy 2009 (EDS)

4.2 Analysis of Employment Demand

4.2.1 Similar to the stage 1 analysis, a large amount of information had been gathered on economic potential and sectoral demand by the Council and its partners. This step sought to re-examine this information to provide a greater level of interpretation. Evidence examined was primarily used to inform assumptions made within the translation model and included:

- The Medway Economy SWOT Analysis
- Previous consultation and business surveys
- Existing economic forecasts
- Economic Job targets based on travel to work patterns, economic activity and population projections

The Medway Economy SWOT Analysis

4.2.2 The Medway Economic Development Strategy identifies the top ten sectors in terms of number of jobs in 2008 as:

- Retail & Distribution
- Business Services
- Health

- Education
- Construction
- Other Personal Services
- Hotels & Catering
- Transport & Communications
- Public Admin. & Defence
- Financial Services

4.2.3 In terms of future growth, just 8 of the 26 sectors are projected to expand in the period to 2013. The sectors expected to deliver the greatest increases in employment between 2008-13 are Health, Other Personal Services and Hotels & Catering. The biggest sectors in terms of employment in 2008, Retail & Distribution and Business Services, are forecast to struggle however, with the former expected to contract by 0.3% and the latter grow by just 0.7% or around 90 jobs between 2008-13. It should be noted that the Nathaniel Lichfield Retail Study forecasts capacity for the expansion of retail floorspace.

4.2.4 However, it should be noted that the above analysis does not take into account possible interventions by Medway Council and/or its partners. There is therefore significant scope to arrest decline/support development within sectors and thereby achieve more encouraging levels of growth in some sectors than are forecast.

4.2.5 The Standard Industrial Classifications (SICs) is used to define employment sectors however there are other prospectively important sectors, notably tourism and creative industries, whose definition runs across a number of SICs.

4.2.6 The following paragraphs seek to summarise the strengths, weaknesses, opportunities and threats for the 8 growth sectors and other potential sectors that spread across SIC definitions.

4.2.7 **Business Services**, have been identified as a future growth sector. Although 47% of new businesses in Medway are in the business service sector, current employment in the sector only amounts to 17.9% of jobs in the area. This reflects the large number of very small businesses operating within the sector, something that ought to be borne in mind in terms of demand for business space. Growing rapidly in UK and Medway [prior to recession], the sector includes large employers such as Lloyds TSB, Xchanging, RBS, Halifax and Kent Reliance Building Society. Spatially there are three main groupings of back office financial services, at Medway City Estate, Chatham Maritime and at Chatham Central Business District, which could be built on. Chatham Maritime is attractive because of land use classification attractive to this sector, and modern ‘campus’ style development. Also, Chatham

Maritime has enterprise zone relief and high quality BT telecommunications infrastructure.

4.2.8 **Retail and Distribution** - A lack of business or retail units of suitable quality in Chatham Town Centre is a clear weakness and is considered to be exacerbated by access issues, contributing to the area's decline. Retail is however a key element of regeneration plans in Chatham where retail floor space will be doubled. Elsewhere new retailers coming into Strood is a positive sign, especially in the current climate. The Lower High Street connecting Chatham and Rochester is an obvious opportunity for new bars and restaurants.

4.2.9 **Financial Services -** are largely represented by contact centres and administration offices, as well as the usual retail banking/insurance offers. To date redundancy announcements have been limited in the sector, although consultations undertaken as part of the study have indicated the likelihood of a reduction in staff numbers over the next 12 months. Nevertheless, some of those consulted as part of this study thought it possible that some financial services companies may seek cheaper premises as part of the process of downsizing and cutting costs. In this context, the high speed rail link with London and lower land values may make Medway an attractive proposition.

4.2.10 **Health and Social Care** - all elements key to establishing a robust sector are present: large hospital, large care sector, training facilities, a pharmaceutical faculty and health instrumentation manufacturers. Medway is well placed to take advantage of the growing health sector.

4.2.11 **Construction** - there are more than 1,000 VAT-registered construction companies in Medway. There is also a projected demand due of around 5,000 more jobs by 2026, mainly as a result of the Thames Gateway sponsored development programme. Groups are found in Medway City Estate and Knights Road. Smaller groupings are found in the Hoo Peninsula and the southern Medway border. In the future higher levels of construction are likely after the recession and Medway could be well placed to increase employment in this area and retain more of existing residents who work in this sector.

4.2.12 **Education** - the development of a higher education sector has been a major success story and there is now great potential to encourage more local graduates to remain in the Borough. Higher Education is a strong sector with five higher education providers.

4.2.13 **Tourism** - the day visitor market has grown to a significant level and there is now an opportunity to boost the number of staying visitors, primarily by improving and increasing the accommodation on offer. In terms of visitor attractions, Medway is in a good and strengthening position, though it must continue to pay due regard to the maintenance of its considerable historic assets.

4.2.14 **Cultural and Creative Industries** - these have been developing over the past few years, albeit from a low base. That having been said, creative businesses have begun to make their mark and there is a long tradition of learning provision and, in the University of the Creative Arts, Medway has a major asset, with huge potential both to expand learning provision and as a source of a plethora of business start ups, provided the support infrastructure is in place to exploit these opportunities.

4.2.15 **Specialist Manufacturing/Engineering** - the sector is dominated by the BAe Systems plant in Rochester, which is the biggest private sector employer in the area, with around 1,750 staff. Around half of its staff are software engineers, in respect of whom there are reported to have been recruitment/retention difficulties in the past. Pressures in terms of skills are thought to be exacerbated by relative house prices, which make engineering jobs in the north more attractive for staff and young people in particular.

4.2.16 The high tech manufacturing sector supports over 900 jobs in Medway, with a £1bn before turnover per annum collectively. The Council could build on clusters of niche manufacturing in Medway, such as automotive and instrumentation and software development. There is a particular concentration of manufacturing businesses on Medway City Estate. This site may be preferred as it is on the London side of Medway, and also became popular following the opening of the Medway tunnel. There are also three companies grouped at Laker Road Industrial Estate – two of which are involved in defence and aerospace manufacturing. Both examples illustrate the potential for successful manufacturing clusters in Medway.

4.2.17 **Marine** - On the opening of the Isle of Grain British Gas Terminal, Medway became the 11th largest port in the country. The Council has undertaken research on the River Medway to determine its commercial value, and marine engineering specialisms are being developed at the University of Greenwich. The Port and Logistics sector is being highlighted by the CLG as a key Thames Gateway sector. A recent study noted the poor quality of most marina sites (with the notable exception of that at Chatham Maritime), in terms of both river and land-based facilities, in spite of which most were found to have nearly 100% occupancy. There is considerable scope for additional high quality marina development, possibly linked to waterfront residential development. Given the finite amount of employment land with existing or potential wharfage, if this sector is to be pursued then suitable sites will have to be provided.

4.2.18 **Energy and Environmental Technologies -** Transco's new LNG plant is reputed to be the largest in the world, whilst *e.on* currently occupy 2 sites in Medway, employing 190 people direct and 170 contractors. A planning application has been submitted for a replacement coal fired power station on the existing site in Kingsnorth, which could result in a £2 billion investment, creating around 3,000 jobs during the construction phase. In addition, *e.on* is looking to develop a carbon capture plant at Kingsnorth, which would involve an investment of around £1billion and generate a further 1,000 jobs during the construction phase. Finally, Medway is well located to provide a construction and/or servicing base for the 'London Array' wind farm proposed for the Thames Estuary and there is potential for Isle of Grain to be a biomass site as identified by Defra). All of these proposals could catalyse further job creation in energy and/or environmental industries through the development of a cluster of related businesses. Furthermore, the development of this sector would be entirely consistent with the Thames Gateway's 'eco-region' concept.

Existing business surveys

4.2.19 Volume 4 of the ELAS, includes responses from a series of interviews undertaken. The main findings are replicated below:

- Need for small short-lease premises for start-ups with still small move on units and standard leases.
- Demand for smaller units – difficult letting larger 'sheds' that are often owned by overseas consortia
- Business parks around shipping centres of Chatham, Rochester and Gillingham are of poor quality – needs modernisation
- Medway City Estate poorly managed - multi-ownership brings in structural problems – looks a mess – needs dedicated manager
- Office space quality is poor – lack flexibility (Big Blue – Chatham Maritime) or not designed for modern IT (Sun Pier) – many have unattractive lease structures
- Need for new purpose built office campus
- Medway has poor quality of life – poor restaurants, homes, shops etc
- Kent Science Park in Sittingbourne is often chosen over Medway sites.
- Medway Council sites offer good premises for start-ups: Hopewell Business Centre, Pier Road Industrial Estate and Twydall Enterprise Centre.
- Have been homegrown successes in light industrial sector – growing locally but changing sites in Medway – next expansion step might be a problem though (local workforce also) - possibly part of mixed-use site at Rochester Riverside.
- Small service sector and light industrial companies are looking for flexible accommodation in a variety of locations, on the whole these needs are not being met in Medway.
- Offices on Medway City Estate suffer from a poor image and Chatham Maritime are good but not for small businesses
- Medway City Estate takes ages to leave at 4:30pm

- Business units should be built near wharfs not housing – due to amenity issues and the need for wharfs to operate 24hrs.

- Rochester Airfield: seen as ideal for 'edge of urban' businesses with good transport links. Preferred option for the expansion of allocations across all B1 to B8 sectors.

- Kingsnorth poor location for businesses that rely on urban infrastructure – better for heavy industry

- Rochester Riverside: mixed use only suitable for some types of business

- Office Campus: need for 50,000-100,000 square feet of office space. Some office campuses planned at Rochester Riverside, Chatham Station Gateway and Chatham Waterfront, Gillingham Business Park – possible at Corporation Street, Rochester.

- manufacturing companies often need small space than previously as they now do assembly from overseas parts rather than full manufacture.

- Infrastructure needs – rail – freight and passenger improvements; roads – ring road within M2; wharfage sites on Medway – support, retain, use; air – Rochester Airport – retain light aircraft and helipad.

- Wharfage sites: review including Halling how they might contribute to sustainable transport and waste management

- Need modern public transport nodes at Chatham, Gillingham and Strood Stations

4.2.20 The ELAS also conducted a series of telephone survey (43 businesses). The main findings are replicated below.

- Gillingham Business Park and Rochester Airfield IE access to the motorway is good.

- Knight Road, Strood is congested – impacting on business parks in this area – Medway City Estate and others

- Manufacturing, service and distribution companies covering the South East or needing to get to the Midlands are experiencing long delays – despite proximity to M2, M20 and M25

- Some distribution companies consider moving north of the river to be closer to distribution bases in the Midlands

- Poor public transport service – need for improvements at rail stations – perception of poor transport

- Most business (except distribution) increasing mobile and less dependent on geographical location
- Quality of life for employees in Medway is mediocre (46.5% although 30% thought it was high – these were mainly edge of centre / rural locations)
- Business clusters for locally based engineering companies – strong reliance on networking clusters both now and in the future (unlike IT dependent businesses) e.g. 3 hydraulic engineering companies on Medway City Estate
- Quite consistent views on the type of business location need – with good access to transport links a high priority (93%), edge of town location (80%), only 10% want a central location (only 4 office based respondents), few favoured large business parks, but few want to be stand alone, respondents unclear on what locating on a mixed use development would mean to them.
- 46.5% want more flexible space options
- Many employees throughout Medway are used to no local services, with short lunch breaks, mobile snack bars, driving to work the norm.
- Half of the businesses considered they will soon be looking for additional floorspace and only 9.3% think they will shrink [nb before recession].
- Attractive setting is important for many business (46%)

Economic forecasts

4.2.21 Defining Medway for forecast purposes is relatively straightforward as existing forecasts are generally produced on a local authority basis. At present there are employment forecasts by Oxford Economics.

4.2.22 Oxford Economics have produced economic forecasts to 2026. This economic forecast model robustly projects forward past trends of economic growth and its spatial distribution by local authority. This forecast for 2026 has identified the top ten sectors in Medway. Table 4.1 below shows the projected economic growth for the ten largest employment sectors.

Table 4.1: Oxford economics top ten employment sectors 2008 to 2026

Sector	2008	2026	Change
Retail and Distribution	16,569	17,141	572
Business Services	13,054	15,407	2,353
Health	12,898	14,703	1,805
Education	10,080	9,892	-188
Construction	9,325	10,030	705
Other Personal Services	7,366	9,645	2,279

Hotels and Catering	5,998	6,361	363
Transport and Communications	5,897	5,814	-83
Public Administration and Defence	4,171	3,800	-371
Financial Services	3,310	2,501	-809
Medway Top Ten Total	**88,668**	**95,294**	**6,626**

4.2.23 Table 4.1 shows that, like past trends, the economy is likely to growth in several sectors, such as business services, health and hotels and other personal services. In addition growth potential exists within retail and distribution and the construction sector. Declining sectors are likely to include public administration and financial services.

4.2.24 The standard approach for an Employment Land Review would be to feed economic forecasts into a translation model to identify floorspace and land requirements. The complication with the employment forecasts for Medway is similar to other authorities in the UK. Lower rates of past employment growth are used as the basis to forecast future growth. Given the scale of planned growth for the Thames Gateway, these forecasts do not represent the level of growth and investment planned.

4.2.25 Through the study process consideration was given to undertaking a new employment forecast, however it was considered that at the present time, given the level of uncertainty nationally and the potential implications of the Governments comprehensive spending review in October, it would be very difficult to generate an unconstrained employment forecast utilising known interventions identified in the Economic Development Strategy.

4.2.26 Baker Associates does recognise the benefit of local forecasts, particularly in instances where regionally aggregated models have projected low levels of economic growth based on poor past performance. In these cases there is considerable justification to challenge these forecasts on the basis that a settlement should not continue to plan for poor levels of future growth, when an aspirational, but realistic target would be more beneficial.

4.2.27 The Medway Consolidation Study has therefore used a two pronged approach to employment translation to overcome this shortfall using identified economic job targets. An alternative approach has been used in conjunction with the existing employment forecast to provide an overall picture of future requirements in a building block approach.

4.2.28 In Medway a key objective is to increase employment, reduce out commuting and improve economic activity rates to levels closer to the South East average. Baker Associates' analysis has lead to the conclusion that planning for lower economic growth would not deliver the strategic objectives for the wider area and undermine sustainability objectives in Medway and ultimately be self fulfilling by limiting supply and undermining potential economic growth.

Economic job targets

4.2.29 The Government's Sustainable Communities: Building for the Future (2003) sets out several key requirements for the creation of sustainable communities to be facilitated by the Local Development Framework process including:

- A flourishing local economy to provide jobs and wealth;
- A safe and healthy local environment with well designed public and green space;
- Good public transport and other transport infrastructure both within the community and linking it to urban, rural and regional centres;
- A well integrated mix of decent homes of different types and tenures to support a range of household sizes, ages and incomes;
- Good quality local public services, including education and training opportunities, health care and community facilities, especially for leisure.

4.2.30 The action plan of Sustainable Communities in the South East refers to the need to accelerate development of new communities in the Thames Gateway, including Medway. The document states that the Thames Gateway has unique features which give it a national significance. It:

- Offers the opportunity to regenerate existing deprived communities through access to **300,000 new jobs** that could be accommodated by 2031;
- Has one of the largest concentrations of brownfield sites in the country;
- Is in a strategic location on major transport links to the continent and is close to London.

4.2.31 Medway is part of the Thames Gateway Regeneration Programme. This is the largest development project in Europe and will create new opportunities for business expansion and inward investment. The South East Regional Spatial Strategy identified that the Thames Gateway alone is anticipated to deliver 58,000 jobs to 2026.

4.2.32 Over the period 2006 to 2021, Medway is required to provide for 12,225 new dwellings and Medway Council has identified that three main components could have a significant impact on job creation. These are:

- Natural demographic change (facilitated by housing development)
- Improved employment rate
- Reduced out commuting

4.2.33 2006 population projections show a relatively static working age population through to 2026, with growth till 2016 followed by decline. Medway's growth is largely going to be seen in the retired population with an increase in excess of 50% in retirees. The Annual Population Survey (APS) carried out by the Office of National Statistics (ONS) identifies 121,100 population by occupation for over 16's compared to a 117,300 working age population. This identifies that in 2006, 9.5 % of the retired population are active in the job market. Table 4.2 sets out natural population change.

Table 4.2: Demographic change

	2006	2011	2016	2021	2026
Working age population (000's)	158.4	162.9	166.7	163.4	158.6
Retired population (000's)	39.8	45.5	51.3	55.8	60.2
Retired as % of pop	15.8	17.5	18.9	20.3	21.9
Retired Workers (9.5% rate)	3.8	4.3	4.9	5.3	5.7
Extra jobs required for retired workers	-	0.5	1.1	1.5	1.9
Working age population (000's)	158.4	162.9	166.7	166.7	166.7
plus active retired workers	3.8	167.3	171.5	172.0	172.4
% increase	-	3.1	5.6	5.7	5.9
Jobs requirement		**2,930**	**5,254**	**5,383**	**5,602**

4.2.34 Looking at the degree to which an expanding economically active retired population will have on the future job requirement, it looks as if via APS 2008 the retired population accounts for around 3,800 jobs (3% of all jobs i.e. 121,100 less 117,300). 3,800 post retirement age workers equates to 9.5% of that population age group If the retired population were to increase by 59%, this would equate to an extra 1,900 jobs required by this age group in 2026.

4.2.35 While the population projection shows a growing working age population to 2016 then a contraction through to 2026, the Council has considered that because of wider regeneration and investment in the Thames Gateway working age population will peak at 2016 and continue through to 2026 rather than decline. If Medway was to deviate from the principle project towards a higher variant the equivalent extra job requirement based on accounting for all workers (included retired workers) would be 5,600 jobs. This is based on a 6% increase in workers overall.

4.2.36 The Regional Economic Strategy identified smart growth as an important part of economic growth in the South East and this is particularly important for Medway. Table 4.3 below shows that Medway has a lower economically active rate that the National Average and the South East Average.

Table 4.3: Economic activity rate

	All employed	Working age population	Employment rate
Medway	114,400	157,500	72.6
England and Wales	24,577,500	33,573,300	73.2
South East	3,957,800	5,066,100	78.1

4.2.37 Table 4.3 shows the number of workers relative to the working age population to identify an economic activity rate. If interventions identified in the Medway Economic Strategy Action Plan are successful in improving the economic activity rate and getting residents back into work through improved skills training, this would result in additional workers. An improved employment rate to SE level of 78.1% would support 8,600 jobs whilst a lower improved employment rate to National Level of 73.2% would support 900 jobs.

4.2.38 The existing economic forecasts highlight a similar level of employment growth to that required due to natural change and the lower increase in economic activity. This level is approximately 6,500 jobs. (5,600 + 900). The remaining 7,700 jobs to support an economically active rate in line with the South East average need to be considered alongside out-commuting and economic growth through interventions identified in the Economic Development Strategy.

4.2.39 Baker Associates considers that the 6,500 jobs would represent a low scenario for testing and that a higher target scenario will require the identification of an indicative breakdown of employment growth by sector for:

- Reducing out commuting
- Sectoral growth through intervention

Reducing out commuting

4.2.40 Data from the Census 2001, identifies that approximately 48,300 residents travel from Medway to work outside Medway. In contrast, in commuting into Medway stood at approximately 19,200 people, resulting in an overall net commuting level of 29,100 people. Medway Council has identified an ambitious but achievable target of reducing net out-commuting by 25% or 7,300 people. A lower target of a 10% reduction in net out commuting of 2,900 people has also been identified.

4.2.41 The 2001 census identifies the employment sectors existing Medway residents work in. If this is compared with employment (jobs) provision it provides an indication of employee demand. Table 4.4 below sets out the information:

Table 4.4: Comparison of jobs and residents employed by sector

Employment Sectors	Residents Employed	Jobs In Medway	Difference
A. Agriculture, hunting and forestry	888	706	-182
B. Fishing	10	0	-10
C. Mining and quarrying	170	88	-82
D. Manufacturing	15715	11,933	**-3,782**
E. Electricity, gas and water supply	1231	635	-596
F. Construction	12056	3,972	**-8,084**
G. Wholesale and retail trade, repairs	21387	16,854	**-4,533**
H. Hotels and restaurants	4324	5,172	848
I. Transport, storage and communications	9740	3,498	**-6,242**
J. Financial intermediation	7598	3,524	**-4,074**
K. Real estate, renting and business activities	13178	11,040	**-2,138**
L. Public administration and defence, social security	8268	3,949	**-4,319**
M. Education	8143	9,178	1,035
N. Health and social work	10708	9,247	**-1,461**
O. Other community, social and personal service activities	5730	5,132	-598
P. Private households with employed persons	83	0	-83
Q. Extra-territorial organisations and bodies	31	0	-31
Totals	**119260**	**84,927**	**-34,332**

4.2.42 Table 4.4 identifies an in-balance of -34,332 residents compared to job opportunities. A better ratio of jobs and residents in each sector is not guaranteed to reduce out-commuting, but the information provides a good indication of the disparities between employees in each sector and the opportunities for them to work in that sector in Medway.

4.2.43 If Medway is to achieve its target of reducing out-commuting then it would have to retain 7,300 existing out commuters by providing a greater number of employment opportunities. It would appear prudent for new employment provision to take advantage of opportunities to allow residents employed in specific sectors to work within Medway. Sectors highlighted in bold in the table represent the best opportunity to maximise the reduction in out-commuting. Interestingly these include many of the sectors already identified for growth. The sectors include:

- Manufacturing
- Construction
- Wholesale and Retail
- Transport and Communication
- Financial Services
- Business Services

- Public Admin
- Health and Social

4.2.44 Table 4.5 below takes the identified disparities in job opportunities for residents and identifies the number of jobs required to provide a better match of residents and jobs by sector. The number of jobs has been generated based on the information in Table 4.4, using the percentage of residents within each sector without a comparable employment opportunity. The objective is to target sectors with the strongest chance of allowing residents to live and work in Medway. This is the first of the two building blocks used to supplement the economic growth forecast and allow the translation of the highest 21,500 job scenario proposed by the Council.

Table 4.5: Job requirements to maximise a reduction in out-commuting

Sectors	Jobs
A. Agriculture, hunting and forestry	37
B. Fishing	2
C. Mining and quarrying	17
D. Manufacturing	762
E. Electricity, gas and water supply	120
F. Construction	1,630
G. Wholesale and retail trade, repairs	914
H. Hotels and restaurants	0
I. Transport, storage and communications	1,258
J. Financial intermediation	821
K. Real estate, renting and business activities	431
L. Public administration and defence, social security	871
M. Education	0
N. Health and social work	294
O. Other community, social and personal service activities	121
P. Private households with employed persons	17
Q. Extra-territorial organisations and bodies	6
Total	**7,300**

4.2.45 Table 4.5 identifies which sectors would need to grow to match the target reduction of 25% in out-commuting over the plan period.

Sectoral growth through intervention

4.2.46 The final part of the approach is to identify an indicative breakdown of economic growth related to interventions. The Economic Development Strategy identifies that the economic forecast does not reflect any public sector intervention or investment programmes. The Consolidation Study has used the identified economic growth sectors, set out in paragraphs 4.2.7 to 4.2.17 to identify an indicative breakdown of the remaining jobs growth to be fed in to the translation model.

4.2.47 This final building block to reach the 21,500 target is to identify an indicative breakdown of the remaining 7,700 jobs (6500+7,300+7,700=21,500), based on assumptions on the level of growth in each sector. An equal split of 9.1% would result in 700 jobs per sector. Baker Associates has varied this assumption based on the consideration of each sector in terms of its relative scale and opportunity set out in Appendix 6 of the Economic Development Strategy (see Appendix 3). Table 4.6 below sets out the indicative job split by sector:

Table 4.6: Economic potential through interventions

Employment Sector	Assumption %	Job Growth
Business Services	26.0	2000
Retail and Distribution -	13.0	1000
Financial Services	0.0	0
Health and Social Care	6.5	500
Construction	3.9	300
Education	5.2	400
Tourism	10.4	800
Cultural and Creative Industries	9.1	700
Specialist Manufacturing/Engineering	10.4	800
Marine	3.9	300
Energy and Environmental Technologies	11.7	900
Total	**100.0**	**7,700**

Scenarios

4.2.48 The existing economic forecast accounts for approximately 6,500 jobs and this is considered as a low level of economic growth. The higher scenario uses the economic forecast as the basis and builds on this with the two building blocks to identify an indicative job breakdown by sector for the highest job target of 21,500. The two scenarios represent:

- High Scenario - Natural change, increase in economically active and high commuting reduction = 21,500 (i.e. 5,600 for Natural change 8,600 for increased economic activity and + 7,300 for reduced out-commuting)

- Low Scenario - Natural change and low increase in economically active = 6,500 (i.e. 5,600 for natural change and + 900 for a low increase in economic activity)

4.2.49 For the translation process the high scenario has been used to identify the extent of future employment land requirements. It will be important in the future for the Council to monitor economic growth and the take of employment floorspace to ensure adequate provision has been made and a vast oversupply avoided if the economy underperforms. It is important to note that the take-up of floorspace should not be confused with hectares of employment land because of the large variety of employment densities and therefore job numbers supported by different employment sectors on sites of comparable size.

4.3 Translation of jobs into land and floorspace

4.3.1 The second component of Stage 2 is the translation of economic forecasts into land and floorspace requirements. Baker Associates has used a translation model making several assumptions building on government guidance “Employment Land Reviews: Guidance Note” (ODPM, 2004).

4.3.2 As set out in section 3, the ELR has endeavoured to undertake analysis and provide information in a spatial way to inform LDF document production. Translating employment job growth into employment land and floorspace requirements requires a number of assumptions to be made. These include the location, type of premises, job density and plot ratios for individual sectors to be identified.

4.3.3 The first consideration has been spaceless growth. All new jobs will not directly generate a requirement for new employment floorspace. With increased home working and flexible employment premises a degree of future employment growth will be spaceless growth. For the jobs to floorspace translation it has been assumed that 10% of all future employment growth will be spaceless. It must be noted that for sectors such as education and health, a large proportion of future growth will occur within existing or new community facilities. We have assumed that 80% of future growth will occur in this way.

4.3.4 A similar concept is that of spaceless decline. Job redundancies do not always result in the immediate availability of floorspace and therefore land for alternative purposes. Production efficiencies and existing rent/lease agreements can all lead to firms maintaining existing premises. Premises and land will become available, but generally at a slower rate than the equivalent land and floorspace required to support new growth. For the jobs to floorspace translation it has been assumed that 70% of all future employment decline will be spaceless and not result in surplus employment land. Overall figures for high employment growth scenario (21,604) have been adjusted accordingly and are presented in Table 4.7 on spaceless growth. The scenario represents the components of the higher scenario identified in paragraph 4.2.48.

Table 4.7: High scenario spaceless growth

Employment Sector	Job Growth 2001 - 2026	Spaceless	Jobs Requiring New Floorspace
A : Agriculture, hunting and forestry	37	100%	0
B : Fishing	2	100%	0
C : Mining and quarrying	17	100%	0
D : Manufacturing	1,562	10%	1,406
E : Electricity, gas and water supply	1,020	10%	918
F : Construction	2,635	50%	1,318
G : Wholesale and retail trade; repair of motor vehicles etc	2,486	10%	2,237
H : Hotels and restaurants	1,163	10%	1,047
I : Transport, storage and communication	1,175	10%	1,058

J : Financial intermediation	12	10%	11
K : Real estate, renting and business activities	4,784	10%	4,306
L : Public administration and defence; compulsory social security	500	10%	450
M : Education	312	50%	156
N : Health and social work	2,499	50%	1,250
O : Other community, social and personal service activities	3,400	10%	3,060
Total Future Job Growth	**21,604**		**17,215**

4.3.5 Table 4.7 identifies that approximately 17,215 jobs will require new employment provision. This masks a potential gain of 21,604 jobs of which 4,389 could occur within existing floorspace. It should be noted that these are predominately in the health, education and construction sectors that tend to utilise existing facilities or work on a mobile basis around the area.

4.3.6 Whilst including retail within the translation model it should be noted that the Consolidation Report has excluded retail floorspace required. For further information on the demand for retail provision please see the Medway Retail Study by Nathaniel Litchfield and Partners.

Locational preferences

4.3.7 The second step is to determine the locational preferences of each employment sector and therefore the breakdown of future employment growth by specific locations, as this influences the type of premises, plot ratios and floorspace per worker which translates jobs to land. Locational preferences are considered the key determinate of the translation model and this has been informed in three ways:

- Location of existing business
- Market demand for sectors and locations
- Sustainability and regeneration objectives

4.3.8 The first approach has been to establish a baseline view of employment distribution based on the existing situation. This analysis has been undertaken in section 3 and incorporated into the spatial area summaries. The second area has been informed by consultation with the market to get a view on the desirability of particular locations, their attractiveness for particular employment sectors and what premises might be required to facilitate growth. The third area has been to take a view on the sustainability of particular locations in terms of the desirability to support a sustainable spatial strategy for Medway.

4.3.9 It is important to note that market demand and a sustainable spatial strategy are not entirely complimentary, e.g. high market demand for business park locations with good access to the M2 may undermine the planning objective to enhance Chatham town centre/waterfront and build on the existing public transport network. The issue is one of balance, without market demand the strategy cannot be delivered, but left unchecked what the market might deliver may not be sustainable.

4.3.10 The locations identified in Table 4.8 have been established by analysis of existing employment sectors by location, responses made through the consultation exercise and examination of the emerging Medway Core Strategy objectives. Appendix 2 contains the consultation questionnaire used in telephone interviews to inform this process. These factors together have informed the assumptions required within the translation model and reflect an achievable spatial distribution to meet future employment requirements. Table 4.8 shows the specific locational preferences for each sector, the assumption on the level of future employment growth that could/should occur in each location, and the likely premises type requirement.

Table 4.8 Locational preference assumptions

Sector	Locational Preferences	% of Growth	Likely Premises
D : Manufacturing	M2 access Waterfront Peninsula	40% 30% 30%	Lower density industrial, flexible small to medium sized units.
E: Energy and Utilities	Peninsula M2	60% 40%	Large scale industrial and business park
F : Construction	Existing employment areas M2 access	60% 40%	Storage yards and depots, low density industrial
G : Wholesale and retail trade; repair of motor vehicles etc	Town Centres (retail) M2 (distribution and motor trade)	80% 20%	Retail units (excluded) Low rise double height distribution and 2 storey car showroom units
H : Hotels and restaurants	Town Centre/Waterfront	100%	High density with active ground floor uses
I : Transport, storage and communication	Town Centre/Waterfront M2	55% 45%	High density office Low density industrial/low density office
J : Financial intermediation	Town Centre/ Waterfront	100%	High density office
K : Real estate, renting and business activities	Town Centre/Waterfront M2	55% 45%	High density office Low density office
L : Public administration and defence; compulsory social security	Town Centre/Waterfront M2	55% 45%	High density office Low density office
M : Education	Town Centre/Waterfront M2	55% 45%	High density office Low density office
N : Health and social work	Town Centre/Waterfront M2	55% 45%	High density office Low density office
O : Other community, social	Town Centre/Waterfront	55%	High density office

and personal service activities	M2	45%	Mid density hybrid units

4.3.11 The key assumption has been the split between particular locations for each sector, as this has determined the overall land requirement. For example, business services would require both town centre/waterfront and M2 business park locations, with different plot ratios. It must be noted that retail provision must be tested through a specific retail assessment process which is beyond the remit of this study.

Floorspace per worker and plot ratios

4.3.12 With spatial distribution of jobs determined the final series of assumptions used in the translation model have been made to convert jobs by location into floorspace and then land requirements. Assumptions on the level of floorspace required per worker and the building plot ratios in each location have been made. Table 4.9 shows, by premises and location, the floorspace and plot ratios used to translate employment growth into floorspace and land requirements.

Table 4.9: Floorspace and plot ratio assumptions by location

Premises by location	Floorspace per Worker	Site Plot Ratio
Town Centre, 3 storey office or hotels etc	20 sq m	0.5
Town Centre, 2 storey office/workshops	32 sq m	0.4
Business Park, 2 storey Office	20 sq m	0.3
Industrial Park, 2 storey industrial units	32 sq m	0.4
Warehousing 1 storey double height units	65 sq m	0.5
Heavy Industrial and Motor Trade units	45 sq m	0.4

4.3.13 Table 4.10 below summarises the floorspace and land requirements for the high growth scenario of 21,500 jobs (excluding retail) by broad spatial location. The most important findings are the floorspace requirements to support this level of employment. The land requirement is indicative and will largely be determined by the employment density of development proposals as they come forwards.

Table 4.10: Location of floorspace and land requirements

Location	Floorspace	Land
Town Centre/Waterfront	93,493 sq m	6.68 ha
M2	193,570 sq m	32.32 ha
Peninsula	36,604 sq m	4.58 ha
Other Urban Areas	25,296sq m	6.32 ha
Overall Gross Gain	**348,963 sqm**	**49.9 ha**

4.3.14 Table 4.10 identifies an overall requirement for 348,963 sq m of provision and this is likely to equate to 49.9ha of employment land. It is likely that overall employment growth masks employment loss. Dependant on the view of supply, then this could represent sites released for alternative uses or sites suitable for redevelopment for employment purposes. This issue will be discussed in section 5.

4.3.15 Table 4.11 illustrates the requirements In terms of premises type:

Table 4.11: Indicative use/unit type breakdown

Location	Floorspace	Land
B1 Office Park	123,469 sq m	20.58 ha
B1 Central	46,117 sq m	3.09 ha
B1c Hybrid	33,660 sq m	2.24 ha
B2 Industrial	130,954 sq m	21.08 ha
B8 Warehousing	14,543 sq m	2.91 ha
Overall Gross Gain	**348,963 sq m**	**49.9 ha**

5 Stage 3

5.1 Introduction

5.1.1 Sections 3 and 4 have taken stock of the existing employment situation and assessed the demand of future provision. Section 5 is the culmination of these two stages to identify gaps in future provision and confirm sites to be retained.

5.2 Future requirements

5.2.1 Section 4 identified a requirement for 388,743 sq m of provision from economic forecasts, reduction in out-commuting and economic potential through intervention. Table 5.1 below summarises the floorspace and land requirements for each broad spatial location:

Table 5.1: Location floorspace and land requirements

Location	Floorspace	Land
Town Centre/Waterfront	93,493 sq m	6.68 ha
M2	193,570 sq m	32.32 ha
Peninsula	36,604 sq m	4.58 ha
Other Urban Areas	25,296sq m	6.32 ha
Overall Gross Gain	**348,963 sq m**	**49.9 ha**

5.2.2 The ELAS identified that all existing employment sites are considered to have continued value in employment use and therefore should continue to be protected from loss in the first instance.

Existing supply

5.2.3 Tables 5.2 to 5.4 below illustrate the distribution of potential land identified in the ELAS that could contribute to Medway's employment requirements. Table 5.2 illustrates potential land in the Town Centre/Waterfront area:

Table 5.2: Town/Centre Waterfront

Location	Land Potential
Chatham Maritime	3.2 ha
Historic Dockyard	0 ha
Chatham Port	0 ha
Pier Road, Gillingham	0 ha
Gad's Hill	0.3 ha
Medway City Estate	5.76 ha
Total	**9.53 ha**

5.2.4 The ELS has identified that the existing employment areas in this area can potentially provide an additional 9.53 ha of commercial land. Table 5.3 shows potential floorspace with M2 Access.

Table 5.3: M2 Access

Location	Floorspace Potential
Bridgewater Business Park	0 ha
Rochester Airport Estate	0 ha
Gillingham Business Park	3.75 ha
Courtney Road Gillingham	0 ha
Cuxton Road	0 ha
Ballard Business Park	0 ha
Commercial Road	0 ha
Temple Industrial Estate	0 ha
Medway Valley Park	0 ha
Total	**3.75 ha**

5.2.5 The ELAS has identified that the existing employment areas in the M2 area can potentially provide an additional 3.75 ha of commercial land. Table 5.4 below provides the results for the Peninsula.

Table 5.4: Peninsula

Location	Floorspace Potential
Isle of Grain	279 ha
Kingsnorth	92 ha
Total	**371 ha**

5.2.6 The Peninsula area has a vast amount of employment supply and as a consequence the supply is more than sufficient to accommodate all of the employment growth in Medway. Table 5.5 below provides the supply findings for other urban areas:

Table 5.5: Urban Areas

Location	Floorspace Potential
Railway Street	0 ha
Jenkins Dale	0 ha
Hopewell Drive	0 ha
Second Avenue	0 ha
Lower Twydall Lane	0 ha
Beechings Way	0 ha
Fort Horstead	0 ha
Total	**0 ha**

5.2.7 Sites within the existing urban area have no potential for additional land.

Summary of existing supply

5.2.8 Based on this summary of existing supply, it is considered that existing employment sites/allocations could provide 384.28 ha of land. Table 5.6 provides a summary of the identified gaps in future provision by broad spatial location:

Table 5.6: Identified gaps in floorspace and land requirements by 2021

Location	Land Required	Potential Within Existing Supply	Future Demand Gap
Town Centre/Waterfront	6.68 ha	9.53 ha	2.85 ha
M2	32.32 ha	3.75 ha	-28.57 ha
Peninsula	4.58 ha	371 ha	366.42 ha
Other Urban Areas	6.32 ha	0 ha	-6.32 ha
Total	**49.9 ha**	**384.28 ha**	334.38 ha

5.2.9 Table 5.6 illustrates that demand for land in M2 locations and Other Urban Areas will require new supply or redevelopment of existing sites at a greater density. The supply and demand in the Town Centre/Waterfront areas appears to have surplus land, but this of course masks the distinct demand for the Town Centre locations from hotels and tourism rather than Waterfront industrial areas with available supply. The Peninsula area provides a vast quantum of employment land and it is clear that this is in excess of demand. The Peninsula provides a unique asset for Medway, but it is important that its managed release over the long term is given due consideration through monitoring.

Future supply

5.2.10 The three main areas for future demand are Town Centre/Waterfront, (specifically Chatham and Rochester Centres/Waterfronts), M2 access and Other Urban Areas. Considerable work has already been undertaken on future development proposals for these areas including:

- Medway Waterfront Regeneration Strategy
- Chatham Centre and Waterfront Development Brief
- Temple Waterfront Development Brief
- Rochester Riverside Development Brief
- Corporation Street Adopted Framework

5.2.11 The following paragraphs set out the current planned proposals to identify future sites to meet forecast demand.

Future Town Centre and Waterfront sites

5.2.12 The Chatham Centre and Waterfront Development Brief sub divides the Town Centre into three sub areas. Employment proposals for each sub area are presented in Table 5.3 below:

Table 5.7: Development Brief Floorspace Provision

Use	Station Gateway	Waterfront	The Brook	Total
Business/Office (B1)	30,500 sq m	7,500 sq m	13,500 sq m	51,000 sq m
Hotel	3,250 sq m	5,750 sq m		9,000 sq m
Cultural Facilities		3,500 sq m		3,500 sq m
Mixed Use		1,500 sq m		1,500 sq m
Total	33,750 sq m	18,250 sq m	13,500 sq m	65,500 sq m

5.2.13 The development brief identifies that Chatham Centre could provide up to 65,500 sq m of business, hotel and cultural floorspace (Retail has been excluded). Based on a town centre employment density of 20, building height of 3 and plot ratio of 0.5 it is estimated that the floorspace could equate to a maximum of 4.36 ha of employment land.

5.2.14 The Rochester Riverside Development Brief and Corporation Street Framework identify that these areas will also contain levels of employment provision and Rochester Riverside is identified specifically for approximately 750 jobs in office and hotel uses. The table below illustrates the indicative findings of the SLAA:

Sub Area	Employment Elements	Indicative floorspace
Rochester Riverside	Small scale office, live/work units and hotel	12,000 sq m
Boulevard Quarter Station Quarter City Walls Quarter	Flexible small scale commercial floorspace comprising min ¼ of floorspace Largely commercial development Limited retail, office, leisure and hotel use	2,014 sq m

5.2.15 These developments will support employment growth on a small scale as part of large mixed used developments. Based on 3 storey building heights and a high plot ratio of 0.5 equates to 0.93 ha of employment land.

Future M2 Access sites

5.2.16 Rochester Airfield has been promoted to the Council as a potential option for intensification of use building on the strength of existing business (BAES) and the recent success of the Council Innovation Centre. The SLAA identifies that the area has the capacity to support 21,607 sq m of new employment on 6.4 ha of employment land.

5.2.17 Lodge Hill is a former MOD site approximately 300 ha in size with reasonable m2 access. The site has become available for development and the emerging Core Strategy currently identifies 43,353 sq m of potential floorspace within a mixed use urban extension including employment. Based on a business park plot ratio of 0.3 and two storey building heights this would equate to approximately 7.22 ha.

5.2.18 The Temple Waterfront Development Brief identifies that the development should contain approximately 15,000 sq m of commercial space. Based on a business park employment density of 20, building height of 2 and plot ratio of

0.4 it is estimated that the site would equate to a maximum of 1.87 ha of employment land.

Summary of future supply

5.2.19 Future employment proposals could provide 20.78 ha of future requirements. Based on projected demand this will be an undersupply of provision (excluding Peninsula sites). Table 5.8 provides a summary of the identified gaps in future provision by broad spatial location.

Table 5.8: Identified gaps in floorspace and land requirements by 2021

Location	Future Demand Gap	Future Development Supply	Oversupply /Shortfall
Town Centre/Waterfront	2.85 ha	5.29 ha	8.14 ha
M2	-28.57 ha	15.49 ha	-13.08 ha
Peninsula	366.42 ha	0 sq m	366.43 ha
Other Urban Areas	-6.32 ha	0 sq m	-6.32 ha
Total	**334.38 ha**	**20.97 ha**	**-313.41 ha**

5.2.20 Table 5.8 illustrates that future supply proposals will result in an oversupply of 8.14 ha in the Town Centre/Waterfront area. Some Medway waterfront sites that are already coming under pressure for redevelopment for a mix of uses and the Council will need to ensure that the oversupply does not undermine the Council's ability to defend appeals against the loss of valuable employment sites.

5.2.21 There is a current undersupply of 13.08 ha of employment land with M2 access. The proposals at Lodge Hill/Chattenden, Temple Waterfront and Rochester Airfield make a significant contribution towards meeting demand. Baker Associates consider that there is scope for the redevelopment of existing employment areas in the Strood area with higher vacancy and poorer quality premises and this has the potential to address some or all of this demand.

5.2.22 Table 5.8 identifies that there is unmet demand for 6.32 ha of provision in urban areas. This demand is predominately generated by the construction industry which generally tends to favour sites located north of the River Medway to enable easier access to London and the rest of the Thames Gateway. Available supply in the waterfront area, such as the 3.75 ha on Medway City estate has the potential to contribute towards meeting this demand, if the Council decides it's desirable for the image of Medway City Estate.

5.2.23 It is important to note that employment land figures are indicative only and are dependent on the employment density of development proposals. The recommended approach to employment monitoring is to ensure that sufficient employment floorspace is provided in the right location.

5.2.24 Overall the study identifies that this is an undersupply of employment land (excluding Peninsula) under the higher growth scenario. The following bullet points summarise the main site specific actions:

- The Council needs to consider the balance between the Town Centre uses and Waterfront uses to ensure there isn't an oversupply of land in the waterfront locations. Sites such as Chatham Port have been promoted for development and an oversupply will increase pressure for alternative uses. The Council should determine this balance and define acceptable losses to mixed use redevelopment schemes that will improve the quality of employment provision.

- Over the long term the Council needs to ensure that employment provision with M2 access keeps pace with demand through careful monitoring.

- Phasing of Lodge Hill/Chattenden is required to support the regeneration and redevelopment of poorer but valuable employment sites in the Strood area.

5.3 Assessment of policy recommendations

5.3.1 Implementation should be taken forward as part of the LDF process and in line with site specific design and development briefs. The Council should ensure appropriate monitoring and phasing to support the regeneration objectives of the Council and avoid undermining delivery in particular spatial locations. The strategic issues which will need to be considered by the Council as a result of this report include:

- Identification of growth areas and strategic locations
- Achieving town centre growth and regeneration
- Proposals for the use of vacant and underused land
- Management and phasing of land release
- Mixed use sites and linking new housing with employment

5.3.2 The specific policy issues that will need to be addressed include:

- Safeguarding sites for employment uses
- Use of and requirement for developer contributions
- Redevelopment of employment sites for employment purposes
- Restriction on uses at certain sites to cater for specific growth sectors

5.3.3 Supporting economic growth and stimulating regeneration in the growth employment sectors is a complex task. This will require comprehensive and coordinated use of all the available tools to achieve the necessary outcomes. An important aspect of delivering the right growth within Medway will be achieved by setting objectives at the strategic level that can be combined with the use of policy tools and techniques which encourage and support appropriate types of new and alternative development at the right locations across the area.

5.3.4 The issue of protecting employment sites needs further comment in the context of an overall likelihood of a few declining employment sectors against the likely land requirement to enable the economic potential of the area to be achieved. The issue is more complex than simple numbers. The consideration of development proposals that would result in the loss of a site currently or previously used for employment must be made according to policies that are to take forward the overall economic development strategy. This means that proposals that would lead to the loss of smaller poorer quality employment areas, including those targeted by residential developers because of their location are no longer dealt with on a piecemeal basis, but relate to a wider context. Appropriate policies for the LDF will need to:

- provide for decisions to be made in the context of an economic development strategy which sets out to deliver what economic potential exists, which recognises the role of land and premises as part of the delivery of that strategy and which recognises the role of smaller as well as larger sites;

- include tests relating to accessibility to employment opportunities from residential areas;

- require a variety of types of site to be part of the overall portfolio, including sites suitable for lower cost base operations, and perhaps relate this requirement to different parts of the Local Authority in the spatial strategy.

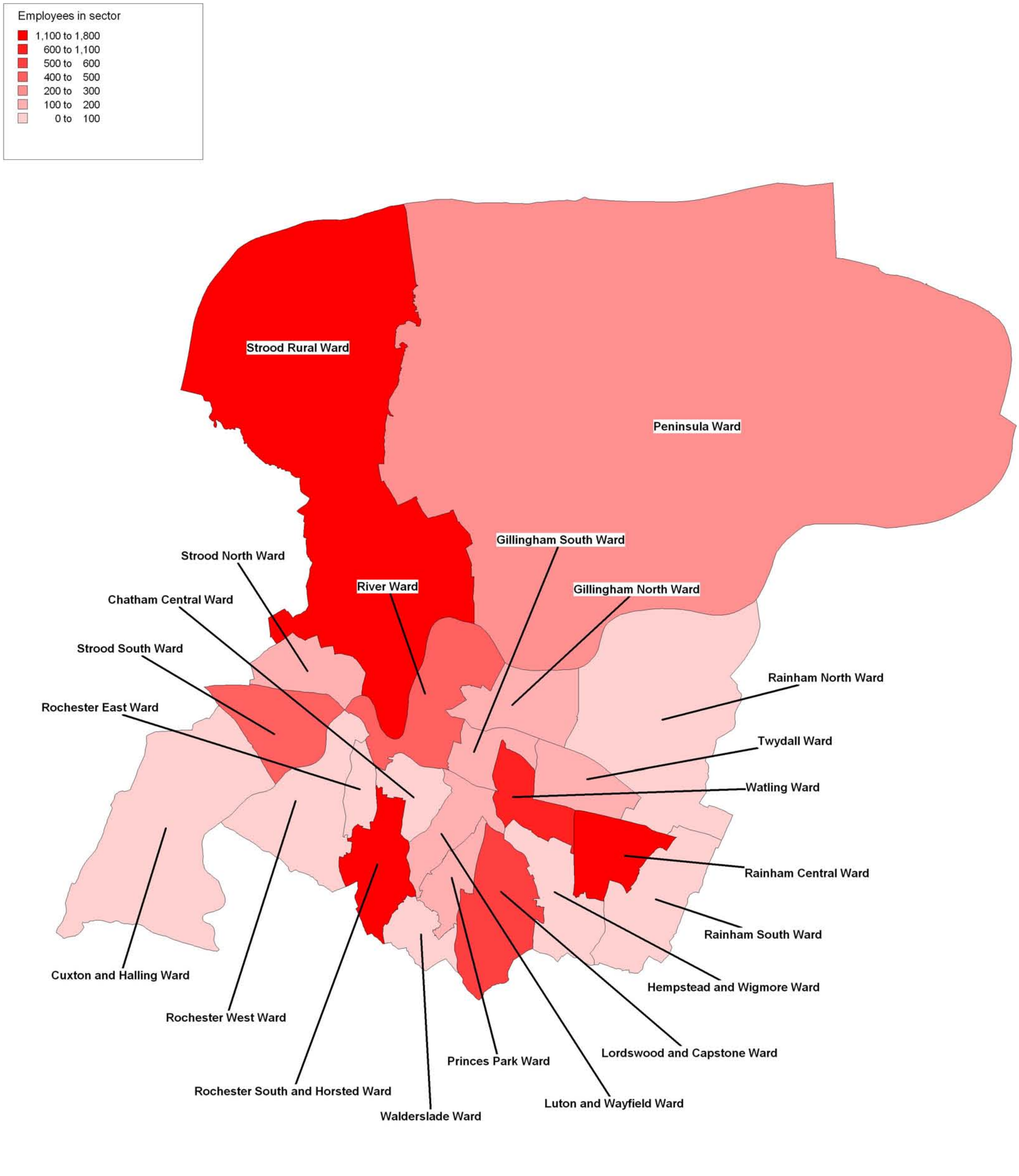
5.3.5 Overall, clear direction is required to ensure that there is no over or under supply of employment provision. Through the supply and demand analysis we have considered that a variety of employment sites are provided to enable market choice and improve/maintain existing resident's opportunities to work locally. With these broad requirements on future proposals considered, there would presumably be other tests to do with the suitability for other uses of a site in its context, as part of the more generic criteria policies in the plan.

5.3.6 The use of phasing and managed release mechanisms will be an essential part of achieving the preferred spatial vision for Medway. These mechanisms can offer a valuable tool in achieving co-ordinated and sustainable development. Importantly, for Medway to achieve higher economic growth and to co-ordinate regeneration initiatives at Chatham Centre/Waterfront, existing employment sites and on the Peninsula, it is essential that there is a managed development of sites and that monitoring manages the achievement of outcomes related to the strategic objectives and essential targets set out in the Core Strategy.

5.3.7 There are a number of different policy approaches that can be used to set up a robust phasing or management process which creates a direct relationship between allocations, actual built development and monitoring. It will be important to establish what is to be achieved and clarify the opportunities offered by these techniques and their appropriate use in different parts of the LDF.

6 Appendix 1: Location of existing employment by sector

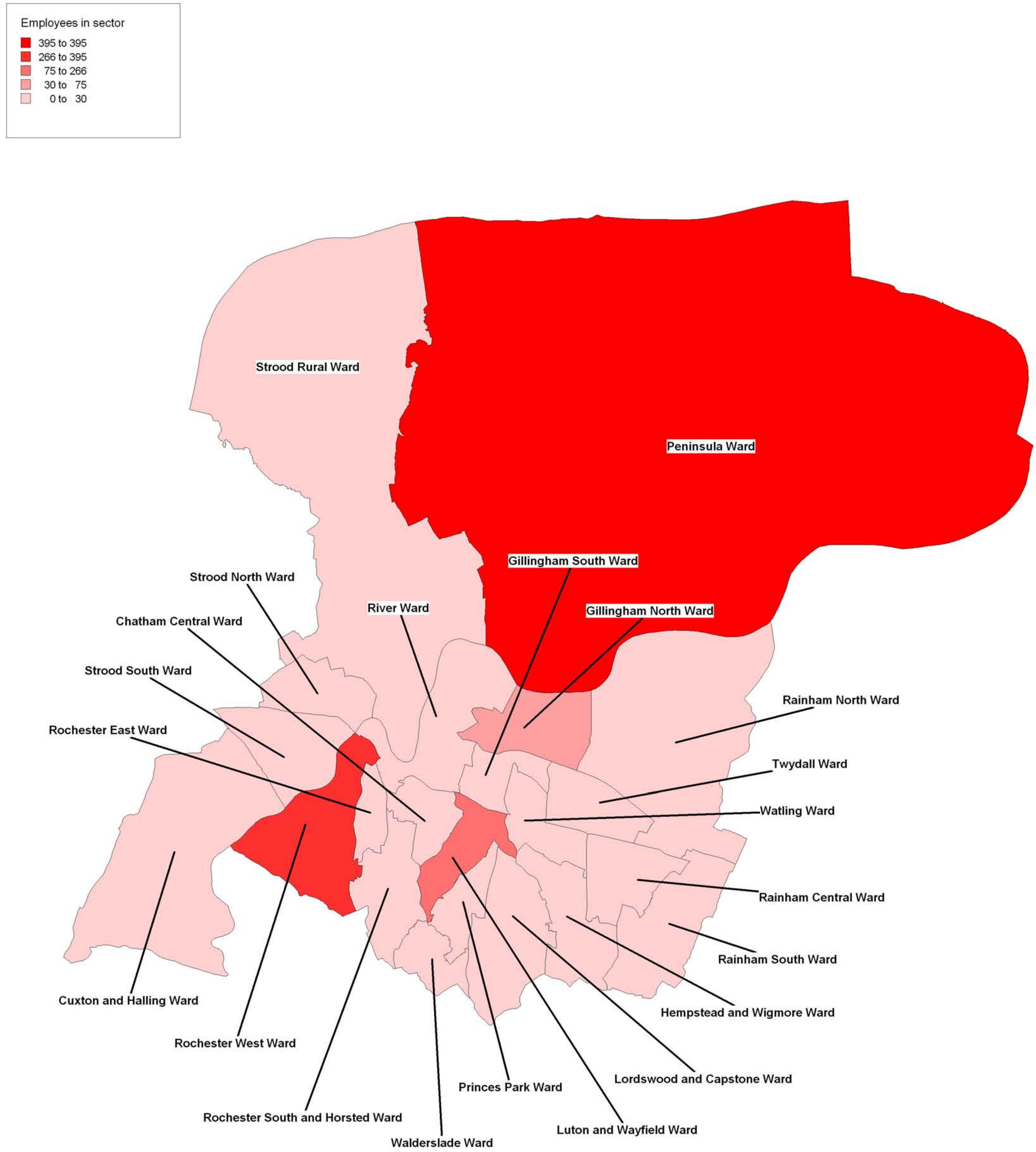
6.1.1 Appendix 1 sets out the distribution of existing employment by sector.



Medway Employment Distribution: Manufacturing

Scale: 1:90,000

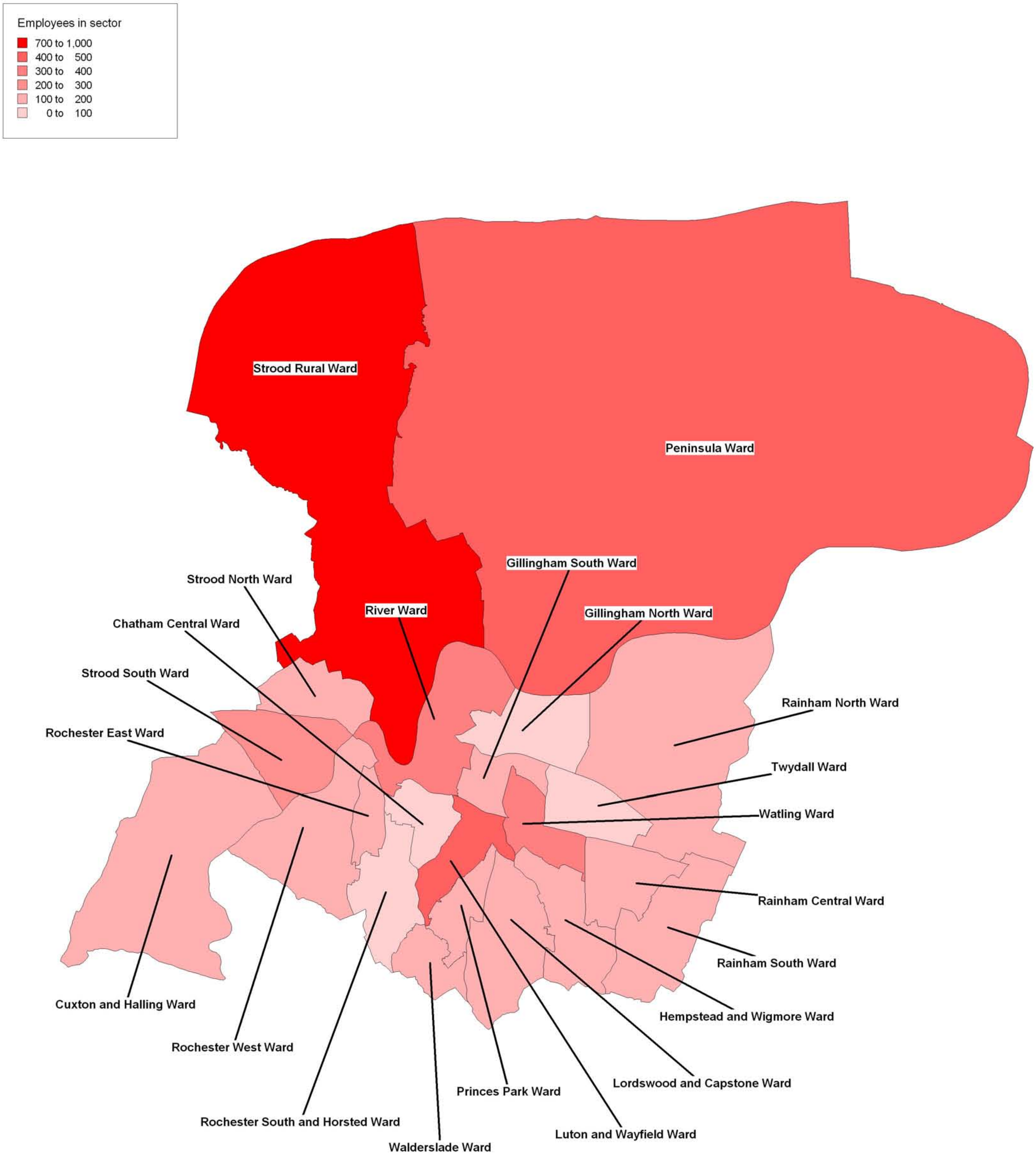
BAKER associates planning consultants



Medway Employment Distribution: Electricity, Gas and Water Supply

Scale: 1:90,000

BAKER associates planning consultants

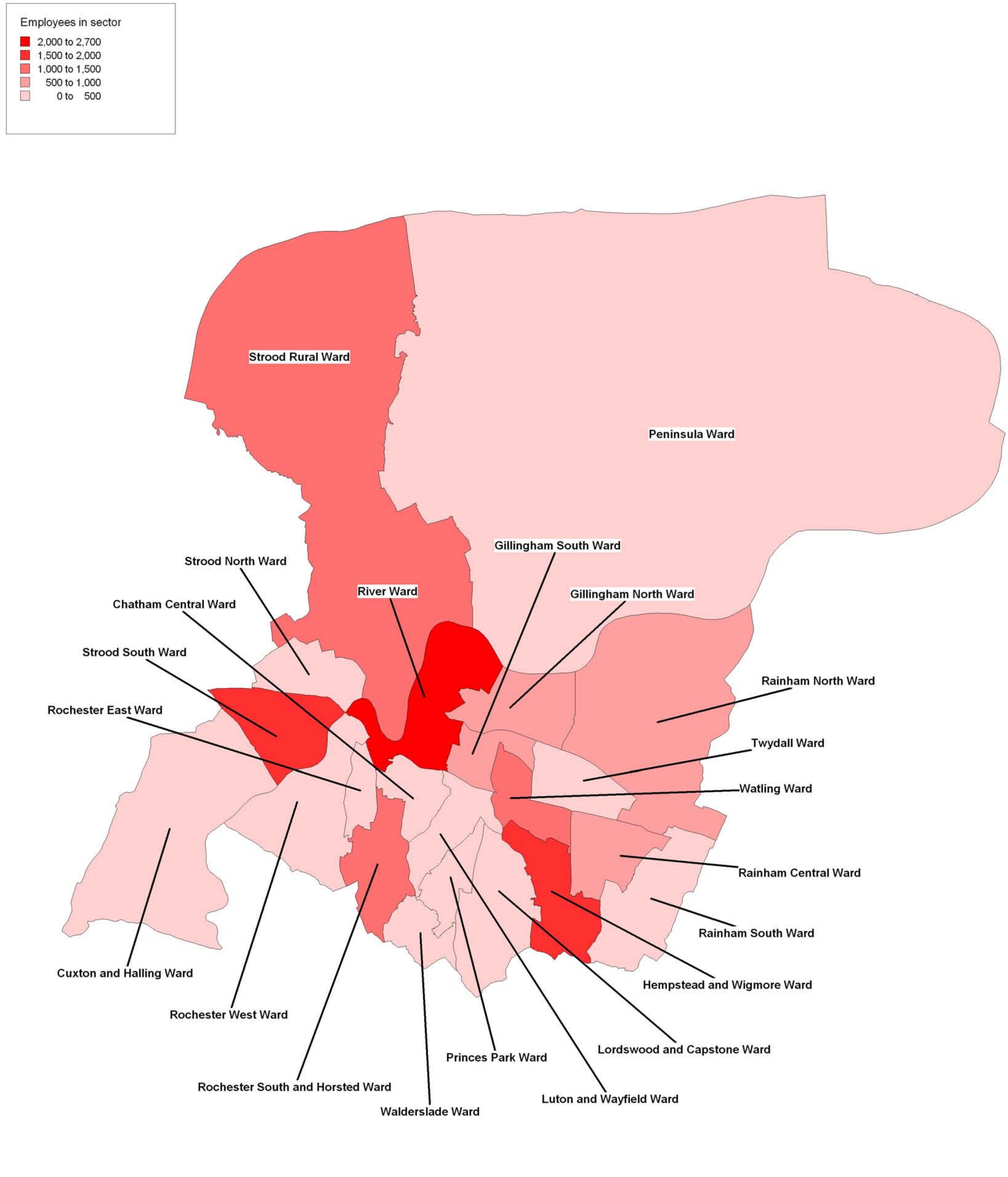


Medway Employment Distribution: Construction

N

Scale: 1:90,000

BAKER associates planning consultants

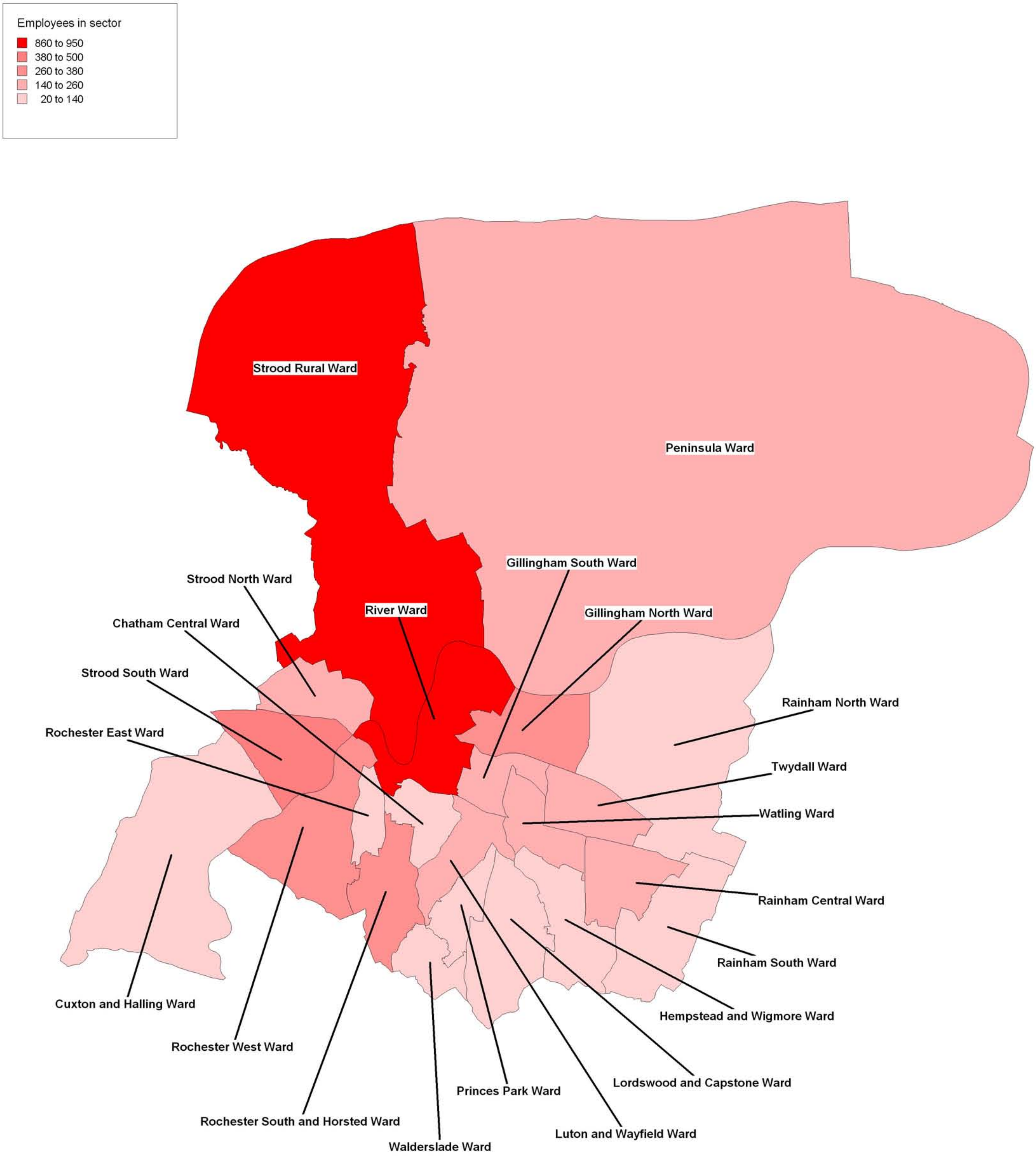


Medway Employment Distribution: Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods

N

Scale: 1:90,000

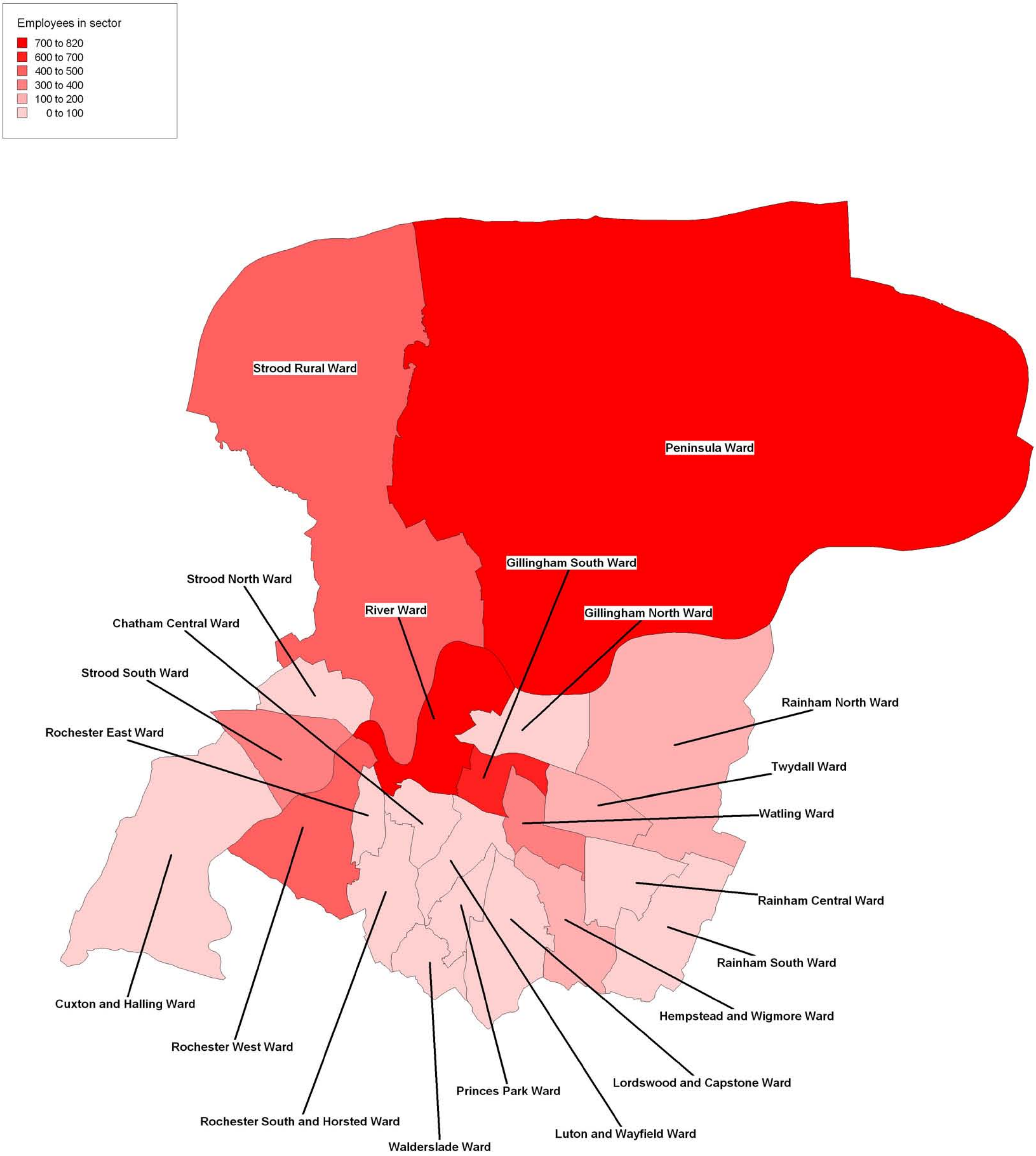
BAKER associates planning consultants



Medway Employment Distribution: Hotels and Restaurants

Scale: 1:90,000

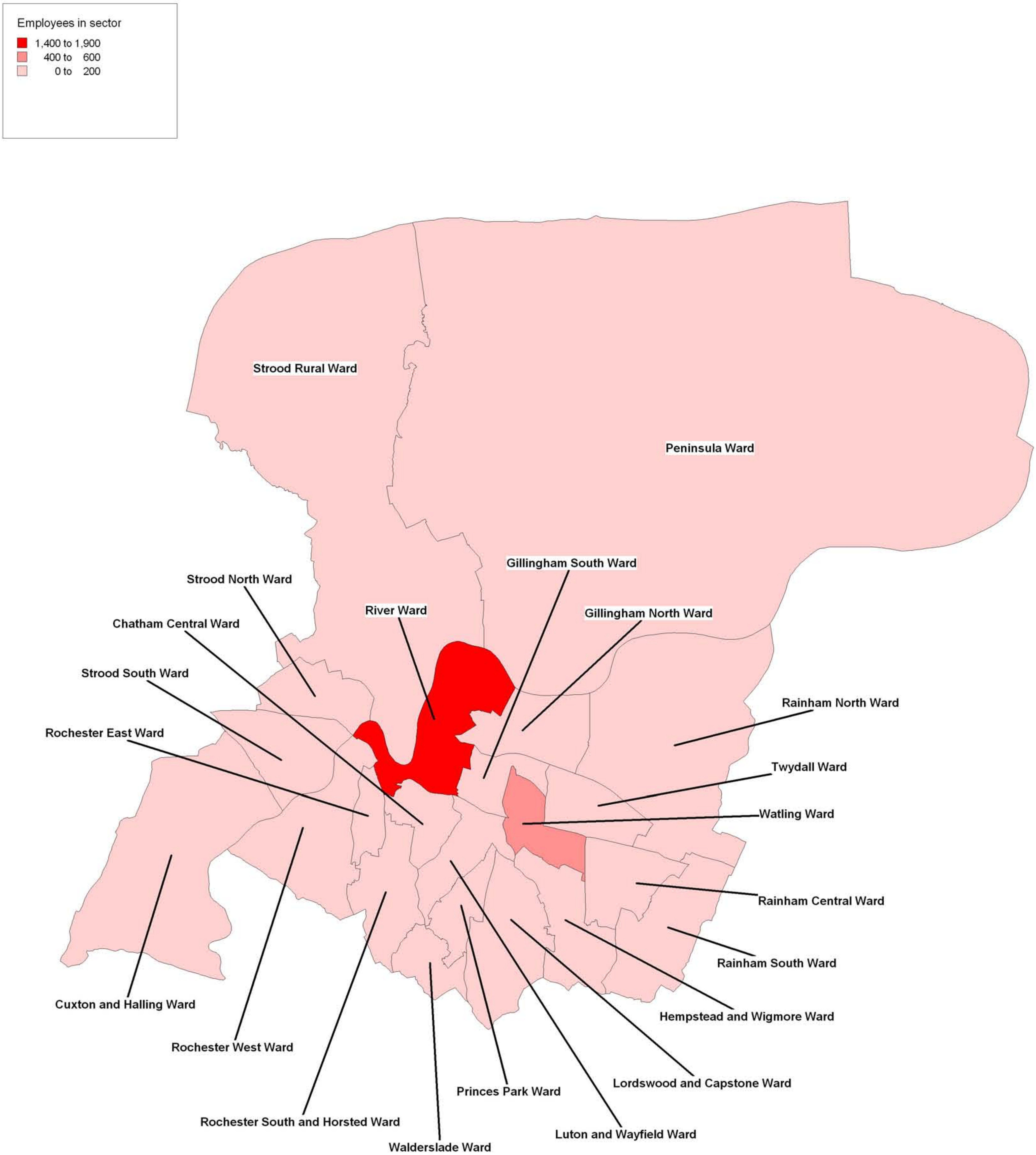
BAKER associates planning consultants



Medway Employment Distribution: Transport, Storage and Communications

Scale: 1:90,000

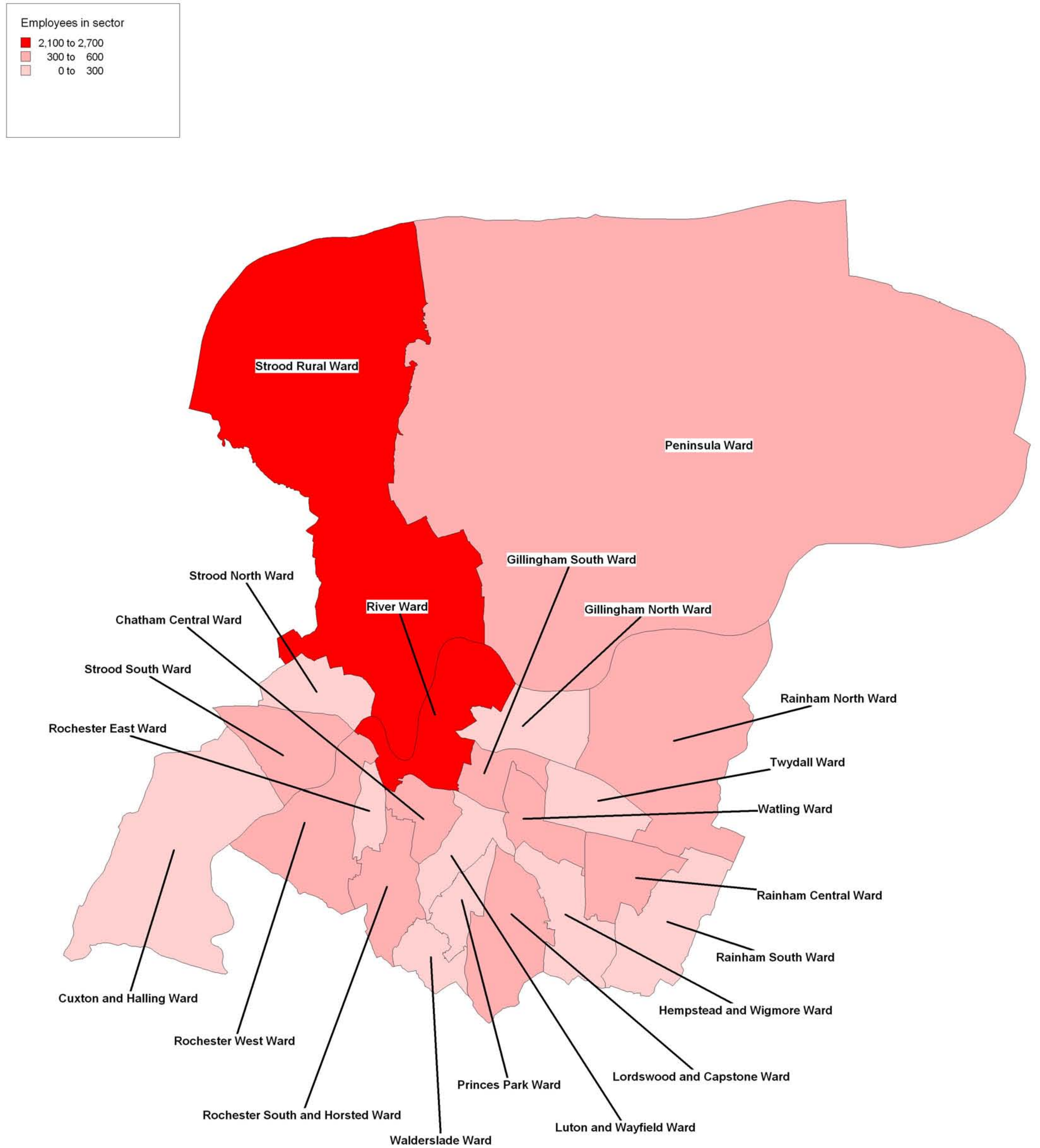
BAKER associates planning consultants



Medway Employment Distribution: Financial Intermediation

Scale: 1:90,000

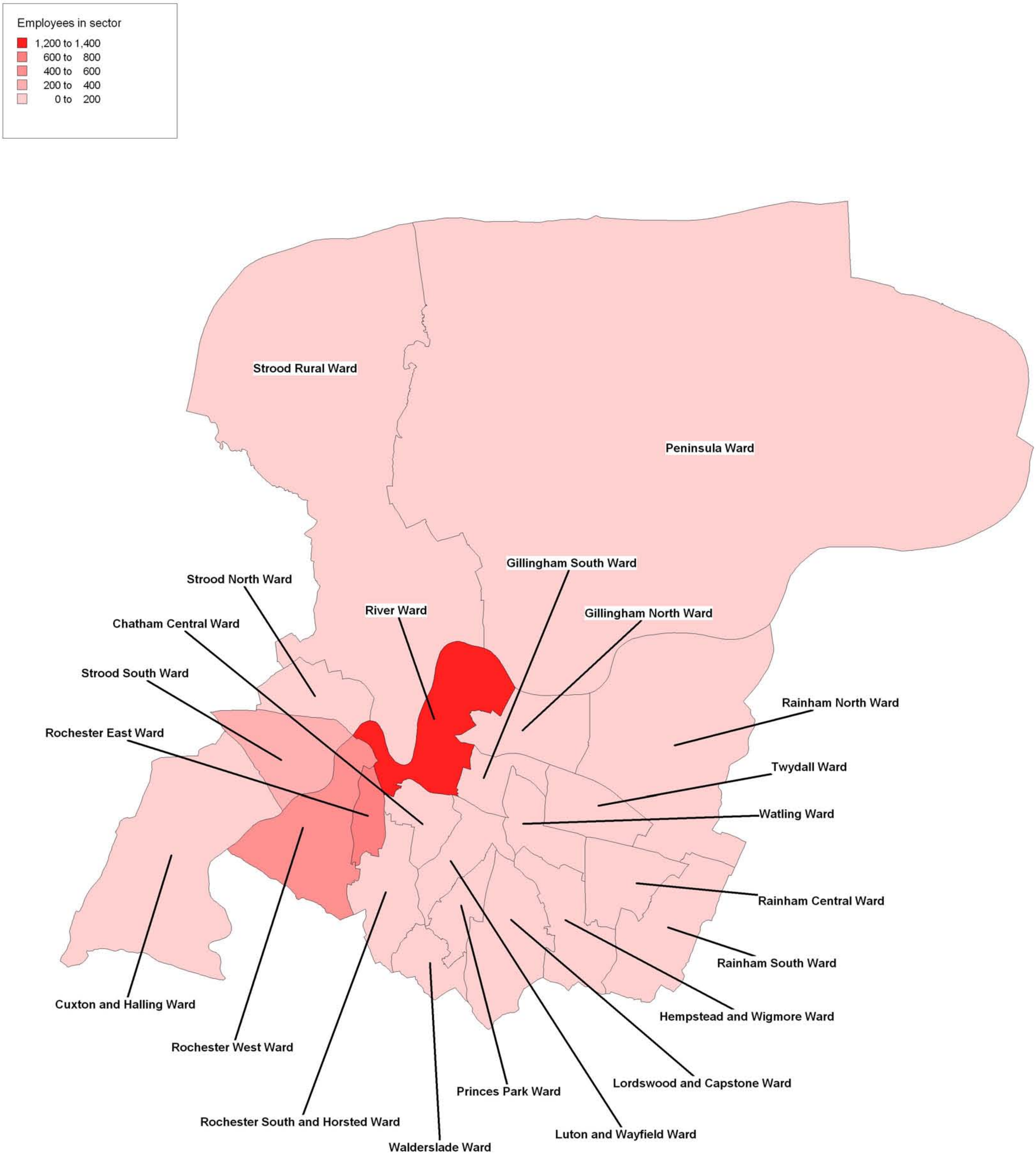
BAKER associates planning consultants



Medway Employment Distribution: Real Estate, Renting and Business Activites

Scale: 1:90,000

BAKER associates planning consultants

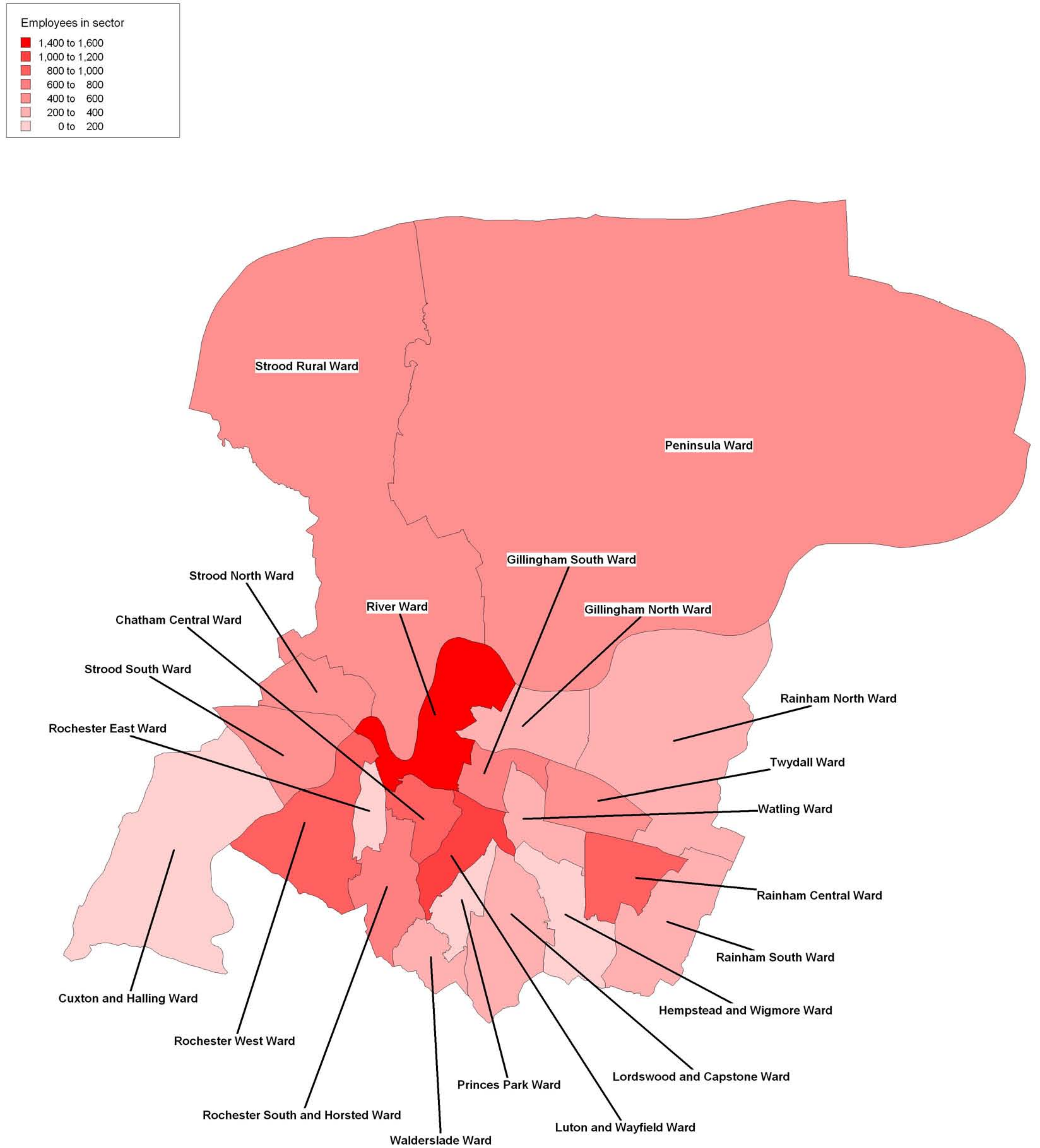


Medway Employment Distribution: Public Administration and Defence; Compulsory Social Security

N

Scale: 1:90,000

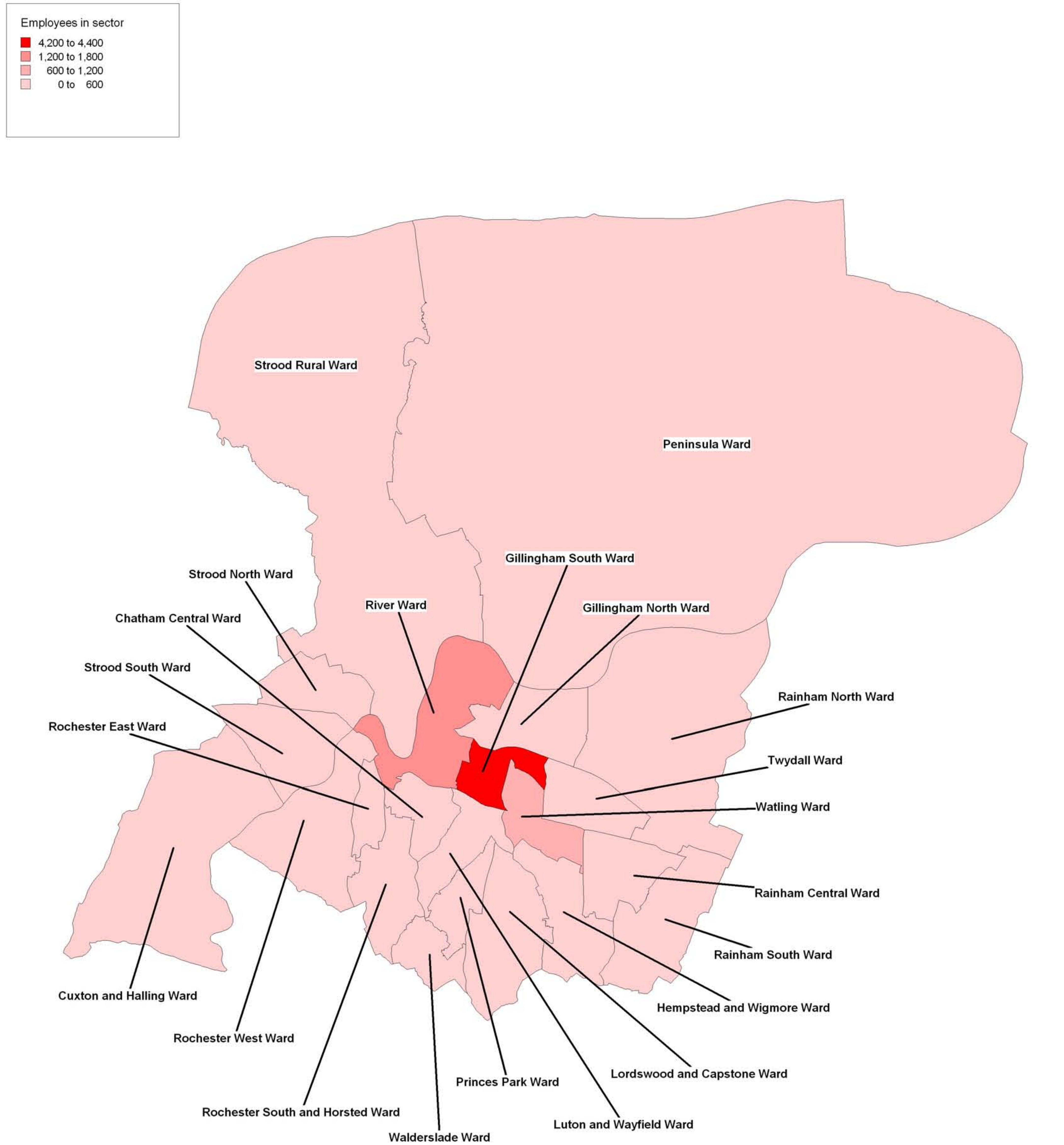
BAKER associates planning consultants



Medway Employment Distribution: Education

Scale: 1:90,000

BAKER associates planning consultants

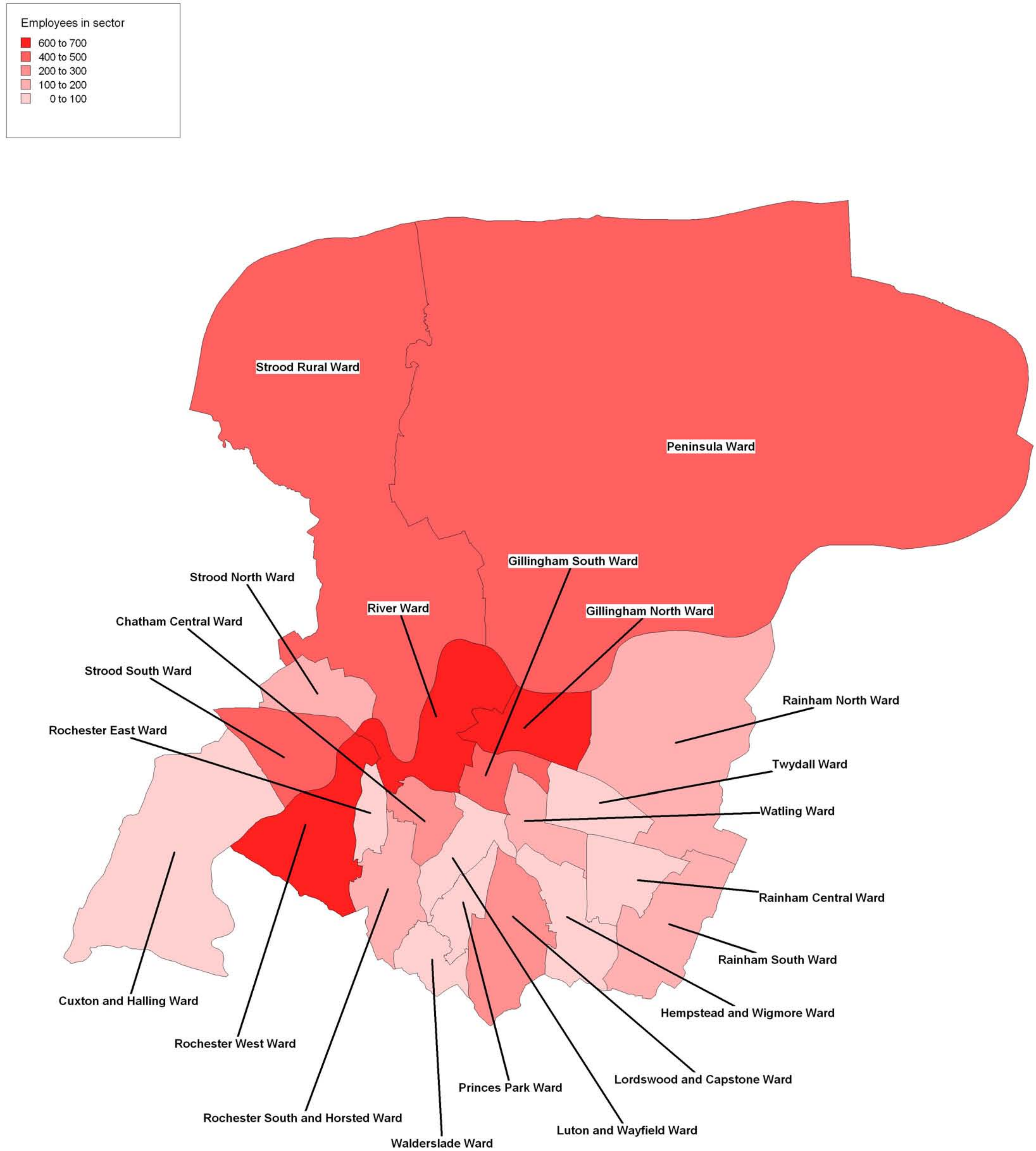


Medway Employment Distribution: Health and Social Work

N

Scale: 1:90,000

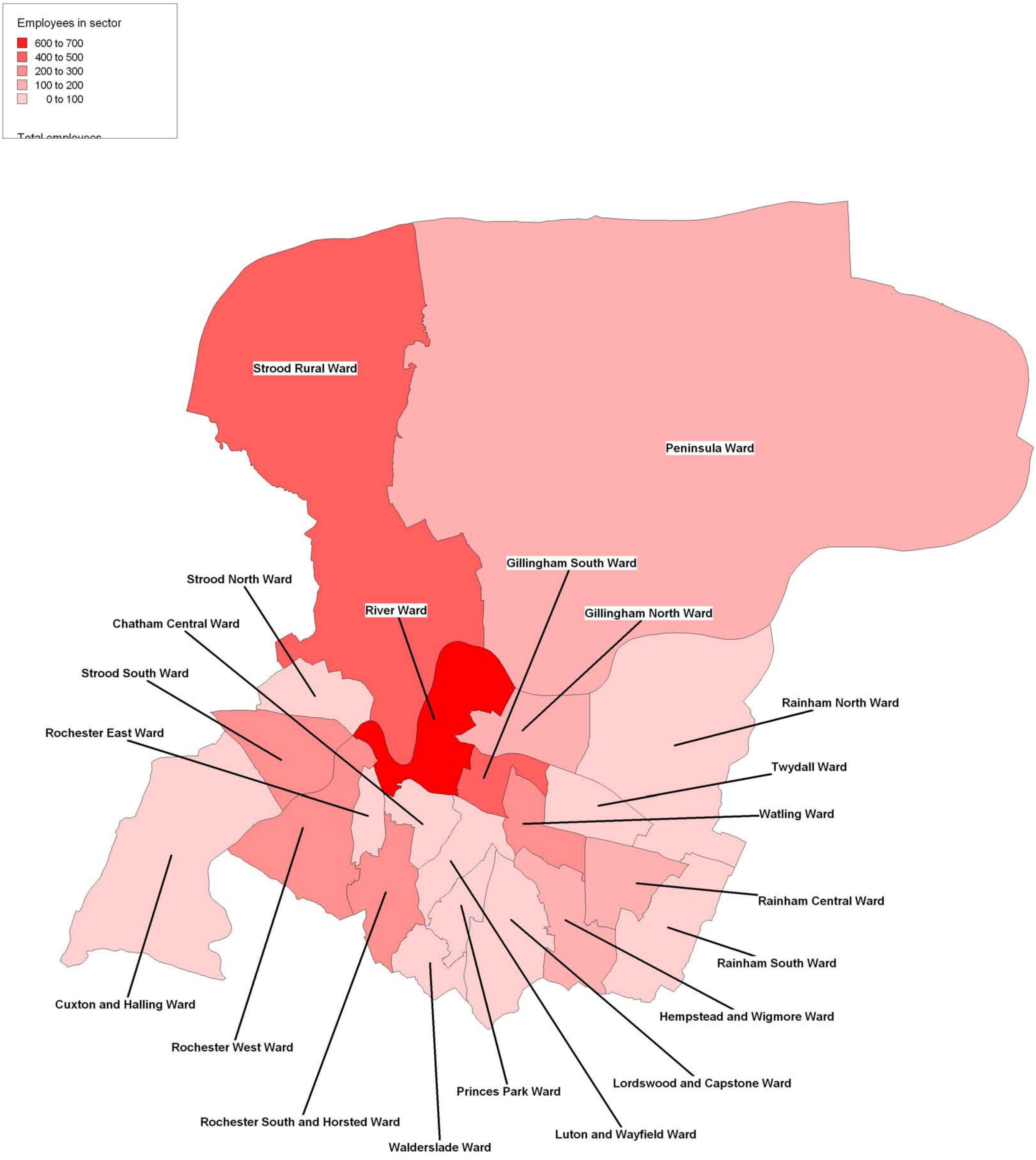
BAKER associates planning consultants



Medway Employment Distribution: Other Community, Social and Personal Service Activities

Scale: 1:90,000

BAKER associates planning consultants



Medway Employment Distribution: Total Employees

Scale: 1:90,000

BAKER associates planning consultants

7 Appendix 2: Consultation questionnaire

7.1.1 Appendix 2 sets out the Consultation question used to guide the semi structure telephone interview used to inform the translation model.

Details:

Company Name

Phone

Contact name and position

Explain purpose of survey and emphasise confidentiality

Medway Overview:

Main positive factors of Medway economy?

Main negative factors of Medway Economy?

Future growth prospects:

What employment sectors do you think have potential to grow?

What are the key employment sectors?

Locational Assumptions:

For the sectors identified where would they want to locate and why?

Premises Requirements:

What type and size of premises?

Are there other areas of Kent/Thames gateway that would be preferable or as good?

Other views

Views on economic Development strategy/action plan?

8 Economic Development Strategy - Appendix 6

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