GBD/24a

East Kent Growth Framework Evidence Report

East Kent Regeneration Board

May 2017

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Contents

1.0 Introduction 1

Background and Purpose 1

Methodology 2

Structure of the Report 2

2.0 Economy 3

Employment Trends 3

Sector Composition and Specialisation 5

Economic Output and Productivity 8

Future Growth Potential 9

Summary 10

3.0 People 11

Population Trends 11

Migration Flows 13

Commuting Flows 16

Socio-Economic Profile 20

Qualifications and Skills 21

Summary 23

4.0 Place 24

Housing Stock and Change 24

Housing Affordability 25

Business Floorspace 26

Commercial Property Market Trends 28

Inward Investment 30

Infrastructure and Connectivity 31

Summary 39

5.0 Bringing the Evidence Together 41

Figures

Figure 1.1 Spatial Context of East Kent 1
Figure 2.1 Employment Change by Counties of the South East, 1997-2016 3
Figure 2.2 Employment Change by Kent Local Authority 4
Figure 2.3 Share of Total Workforce Jobs by East Kent Local Authority 4
Figure 2.4 Employment Change by Sector, 1997-2016 5
Figure 2.5 Proportion of Employment by Main Sector 5
Figure 2.6 Sector Specialisation by East Kent Local Authority (Location Quotient) 6
Figure 2.7 Growth Sector Representation 7
Figure 2.8 Workforce Productivity 8
Figure 2.9 Growth in Economic Output, 1997-2016 8
Figure 2.10 Employment and GVA Forecasts, 2016-2036 9
Figure 2.11 East Kent Employment and GVA Forecasts 10
Figure 3.1 Total and Working Age Population Growth, 1997-2015 11
Figure 3.2 Working Age Population Growth 12
Figure 3.3 Working Age Population Profile 13
Figure 3.4 East Kent Migration Flows 14
Figure 3.5 East Kent Internal Migration Flows 15
Figure 3.6 Migration Self Containment 15
Figure 3.7 Out Commuting Flows from East Kent 16
Figure 3.8 In Commuting Flows to East Kent 17
Figure 3.9 Internal Commuting Flows within East Kent 18
Figure 3.10 Net Commuting Balance by East Kent Local Authority 18
Figure 3.11 Commuting Self Containment 19
Figure 3.12 2011 Travel to Work Areas 19
Figure 3.13 Socio-Economic Classification by Ward 21
Figure 3.14 NVQ Attainment Levels by Local Authority 22
Figure 3.15 Change in NVQ Attainment by Local Authority, 2005-2015 22
Figure 4.1 Housing Stock by Dwelling Type 24
Figure 4.2 Housing Completions by Local Authority 25
Figure 4.3 Housing Affordability Ratio by Local Authority 26
Figure 4.4 Employment Floorspace by Local Authority, 2016 27
Figure 4.5 Office Floorspace by Local Authority 27

Figure 4.6 Industrial Floorspace by Local Authority 28
Figure 4.7 Total office and industrial property demand by sub-region, June 2016 30
Figure 4.8 Property supply by area, June 2016 31
Figure 4.9 Annual Station Entries and Exists (2014/15) 32
Figure 4.10 Annual Station Entries and Exists 33
Figure 4.11 East Kent Highway Network Capacity 35
Figure 4.12 Housing and Employment Growth in Kent and Medway 38

Tables

Table 2.1 Productivity per Job (Gross Value Added) 9
Table 3.1 East Kent Migration Flows 14
Table 4.1 Summary of Existing Capacity Issues 37
Table 5.1 East Kent SWOT analysis 42

1.0 Introduction

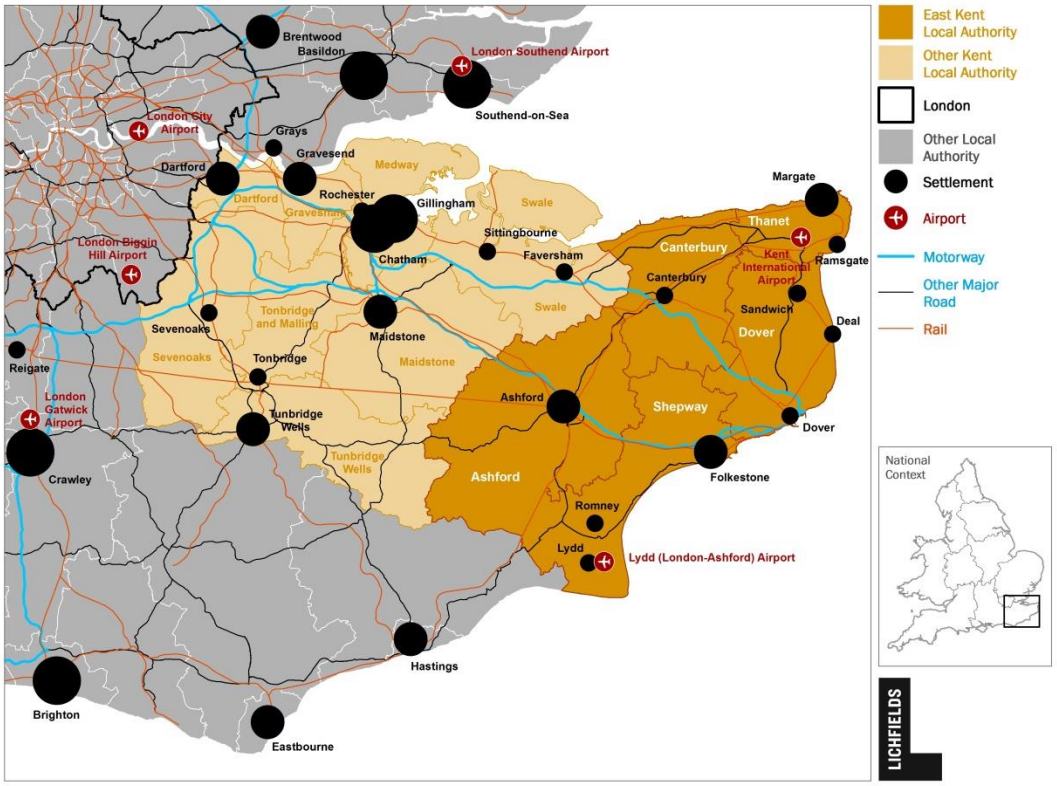
1.1 The East Kent Regeneration Board ('EKRB'), comprising of Ashford Borough Council, Canterbury City Council, Dover District Council, Shepway District Council Thanet District Council and Kent County Council, commissioned Lichfields to provide analytical support for the development a new East Kent Growth Framework ('EKGF', 'the Framework').

1.2 The aim of the Framework is to set out the collective economic growth ambitions for East Kent and provide a strategic framework for investments and economic growth initiatives. It will support the EKRB to adopt a cohesive and consistent approach towards investment opportunities as future funding opportunities arise.

Background and Purpose

1.3 East Kent includes the five local authority areas of Ashford, Canterbury, Dover, Shepway and Thanet as shown in Figure 1.1. Throughout this report, 'East Kent' is used to refer collectively to these five local authority districts, which together form the area covered by the East Kent Regeneration Board.

Figure 1.1 Spatial Context of East Kent



Source: Lichfields

1.4 The EKRB comprises the five East Kent local authorities and Kent County Council. Board representatives include the Leaders and Chief Executive from each of the five East Kent Districts, together with the Kent County Council's Cabinet Member for Economic Development and Corporate Director of Growth, Transport and Environment.

1.5 The EKRB agrees the investment and growth priorities in East Kent and identifies and takes forward collaborative working to achieve the common goal of achieving economic growth across East Kent.

East Kent Growth Plan (2013)

1.6 The previous East Kent Growth Plan, 'Open for Growth', was published in 2013 by the EKRB and set out the area's collective opportunities for growth, its investment priorities and the actions that need to be taken to drive them forward. It provided a new joint economic strategy to allow the five East Kent districts to work together to unlock East Kent's key opportunities for new homes, new jobs and new business investment. It was accompanied by the East Kent Economic Review; a background document which informed the development of the Growth Plan by setting out a profile of the area.

1.7 In the intervening period since 2013, East Kent's economy has undergone a number of changes and this new Framework is intended to provide an update of the earlier plan. Against the backdrop of an increasingly competitive environment for investment, the EKRB recognises that it is now more important than ever to understand and articulate what East Kent's offer is going forward and how investment in East Kent will deliver growth for the local, sub-regional and regional economy. Crucially, it will identify and prioritise a series of key regeneration projects and schemes that have the potential to drive this growth if investment can be secured to kick-start their delivery.

Methodology

1.8 This evidence report provides an analysis of existing evidence and data sources in order to establish the economic strengths, weaknesses, opportunities and threats faced by East Kent collectively and the five authorities individually. This analysis has been undertaken across three key themes or topic areas, namely 'economy', 'people' and 'place', as summarised in this evidence report.

1.9 The analysis draws upon existing evidence prepared at local authority, county and Local Enterprise Partnership scales supplemented by latest national datasets where available. The focus is on assimilating and synthesising existing information and intelligence to complement existing strategies and agreed approaches. It should be noted that this is not necessarily an exhaustive literature review but is based on a filtering of the existing evidence of most relevance to the analysis at the strategic level. Where possible, the report highlights key indicators for East Kent as a whole and for the component districts, although this is not possible in all cases.

1.10 An important consideration for any work of this type is that it is inevitably a point-in-time assessment. This study has incorporated the latest data and other evidence available at the point of preparation in late 2016. The accuracy of data derived from third party sources has not been checked or verified by Lichfields.

Structure of the Report

1.11 The remainder of this document is structured as follows:

- Section 2.0 examines the economic fabric of the area with reference to economic growth and sectors.
- Section 3.0 explores the area's population and labour force profile.
- Section 4.0 considers a range of place based factors in East Kent, in terms of recent patterns of development, market trends and growth capacity issues.
- Section 5.0 brings together the thematic evidence to identify East Kent's overarching strengths, weaknesses, opportunities and threats.

2.0 Economy

2.1 In order to understand the growth potential of East Kent's economy, this section considers the scale of the area's economy against comparator areas, recent and forecast trends in employment growth, and the degree of sector specialisation and growth potential that exists.

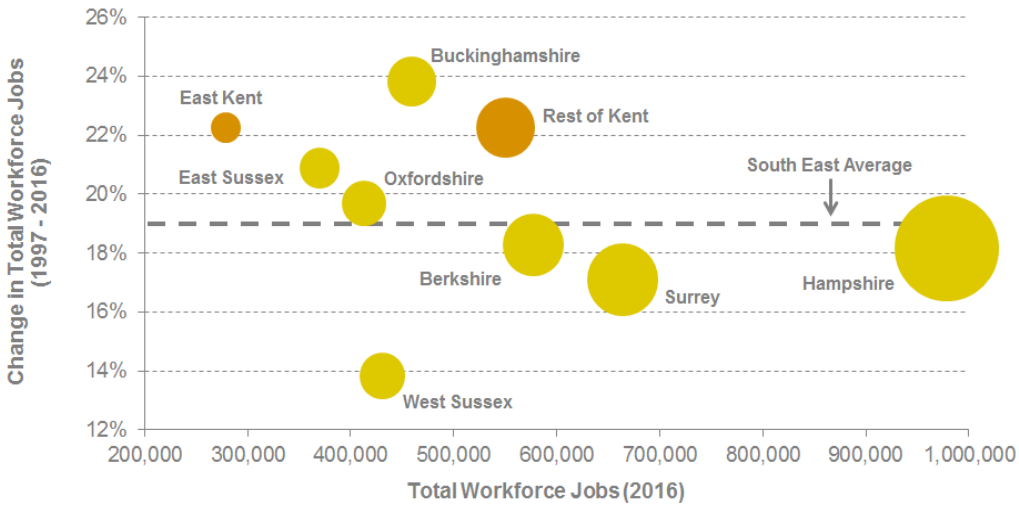
2.2 The following analysis is structured around four broad questions:

- How big is the economy?
- How is the structure of the economy changing?
- How are identified growth sectors performing?
- What is the future potential of East Kent?

Employment Trends

2.3 In 2016, the East Kent economy supported a total of 278,600 workforce jobs, equivalent to around a third (34%) of all workforce jobs in Kent. As a whole, Kent represents the second largest of the South East counties in employment terms (as at 2016) and has also recorded strong job growth over recent years (since 1997), falling behind only Buckinghamshire (Figure 2.1).

Figure 2.1 Employment Change by Counties of the South East, 1997-2016

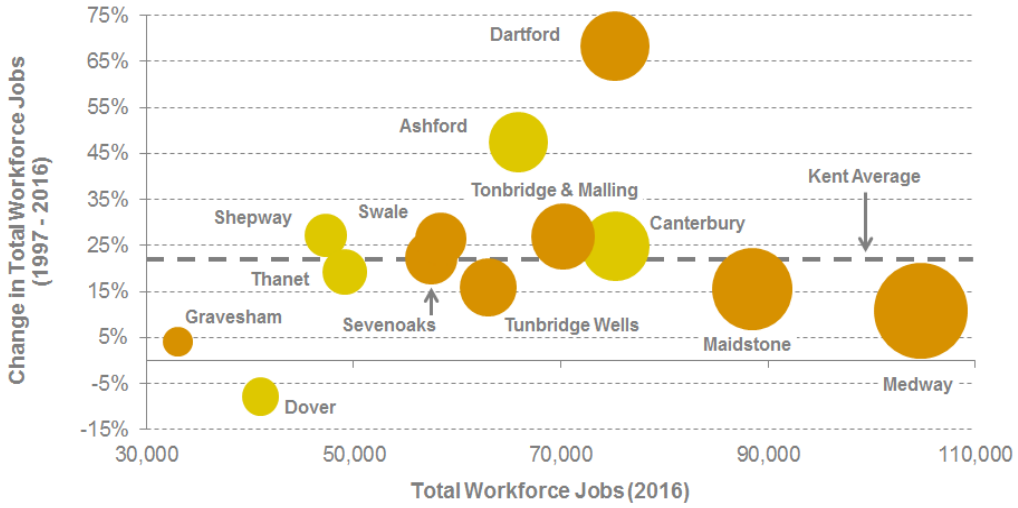


Source: Experian (September 2016) / Lichfields analysis

2.4 Considered as a single entity, East Kent has generated strong employment growth rates during recent years, with total workforce jobs growing by just over 22% between 1997 and 2016, matching the scale of growth recorded in the rest of Kent over this period (Figure 2.1).

2.5 This overall trend masks significant variations at a more local level, within the East Kent sub-region. Figure 2.2 shows that over the 19 years to 2016, Ashford stands out as recording the most significant workforce job growth (at 47%), followed by Shepway (27%), Canterbury (25%) and Thanet (19%). The only authority area in East Kent to have recorded a decline in its employment base over this time period is Dover, where the stock of workforce jobs declined by around 3,500 or 8% (Figure 2.2).

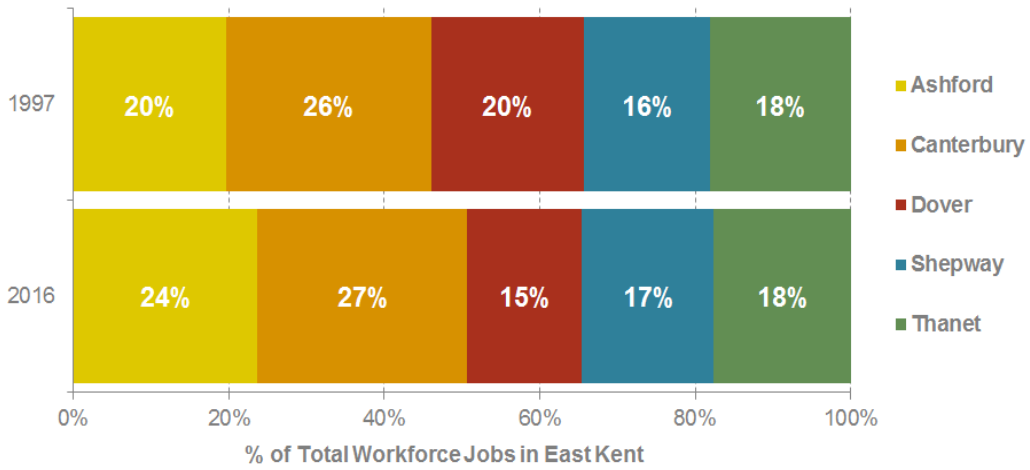
Figure 2.2 Employment Change by Kent Local Authority



Source: Experian (September 2016) / Lichfields analysis

2.6 In absolute employment terms, Canterbury represents East Kent's largest economy, and accommodates just over a quarter (27%) of the sub-region's employment base. As shown in Figure 2.3, the share of East Kent's employment is relatively uneven across individual local authority areas, with the two authorities of Ashford and Canterbury supporting more than half of all jobs in East Kent in 2016. By comparison, Dover's share of total employment stands at 15% and this relative contribution has declined over the past 19 years.

Figure 2.3 Share of Total Workforce Jobs by East Kent Local Authority



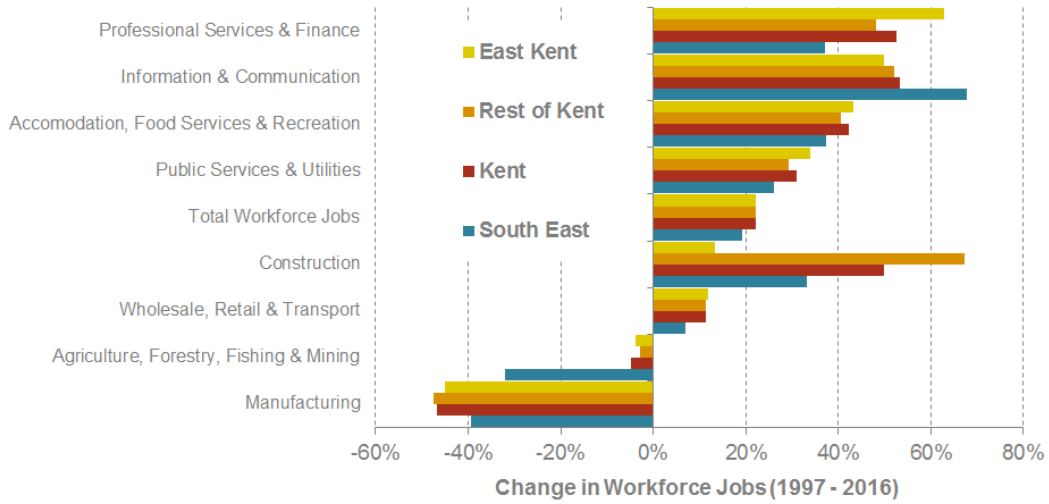
Source: Experian (September 2016) / Lichfields analysis

2.7 These trends should be considered within the context of significant economic change, challenges and re-structuring within East Kent and the surrounding area over recent decades, including the closure of East Kent's coalfields in the 1980s, the opening of the Channel Tunnel in 1994 and the announcement by Pfizer in 2011 that it intended to withdraw from Sandwich as part of a global restructure. This was followed shortly by Discovery Park's designation as an Enterprise Zone which is now one of the largest business parks in Europe with a specialist focus on science and technology.

Sector Composition and Specialisation

2.8 East Kent supports a diverse business base across a wide range of sector activities, with strong prospects to generate high levels of growth in the future. Recent job growth across the sub-region has been relatively strong in several high value office based sectors such as professional services, finance and ICT (Figure 2.4), particularly when compared with other parts of Kent.

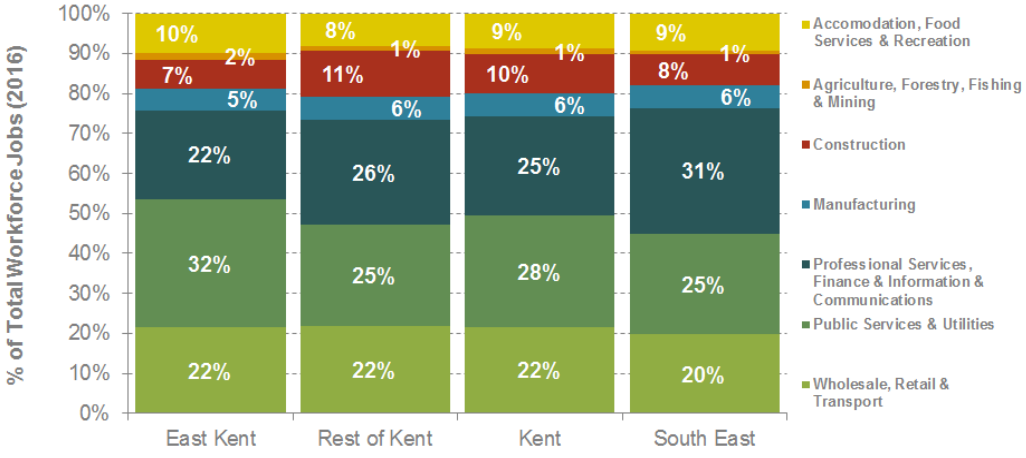
Figure 2.4 Employment Change by Sector, 1997-2016



Source: Experian (September 2016 / Lichfields analysis)

2.9 Despite this positive trend, the relative size of East Kent's 'knowledge based' economy remains smaller than elsewhere in Kent and the wider South East, with a greater share of public sector jobs and a smaller share of higher value sector jobs compared with regional and sub-regional benchmarks (Figure 2.5).

Figure 2.5 Proportion of Employment by Main Sector



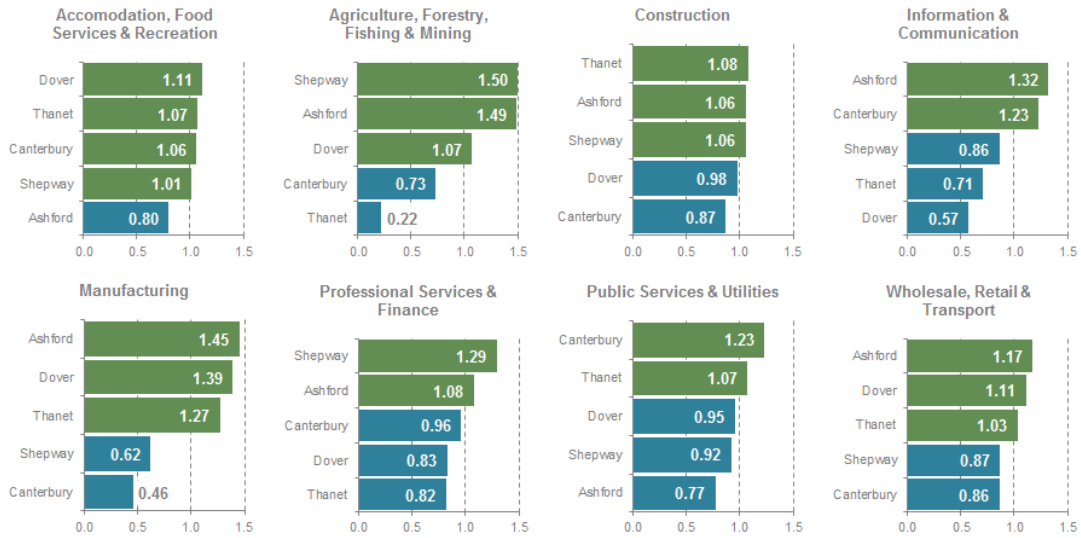
Source: Experian (September 2016) / Lichfields analysis

2.10 Figure 2.6 shows how the sectoral composition of each economy in East Kent differs with reference to broad sectors. This indicates specialisation in some higher value 'wealth-generating' sectors such as information & communication, professional services and finance, mainly limited to Ashford, Canterbury and Shepway. Traditional industries such

as agriculture, manufacturing, construction and extractive industries and utilities are also prevalent, in all local authority areas except Canterbury.

2.11 Figure 2.6 also shows that for some sectors such as construction, accommodation, food and recreation services, local representation in employment terms is fairly similar within East Kent. However, for other sectors such as manufacturing, ICT and public services, much more of a variation is evident, underlining locally specific strengths and opportunities.

Figure 2.6 Sector Specialisation by East Kent Local Authority (Location Quotient)



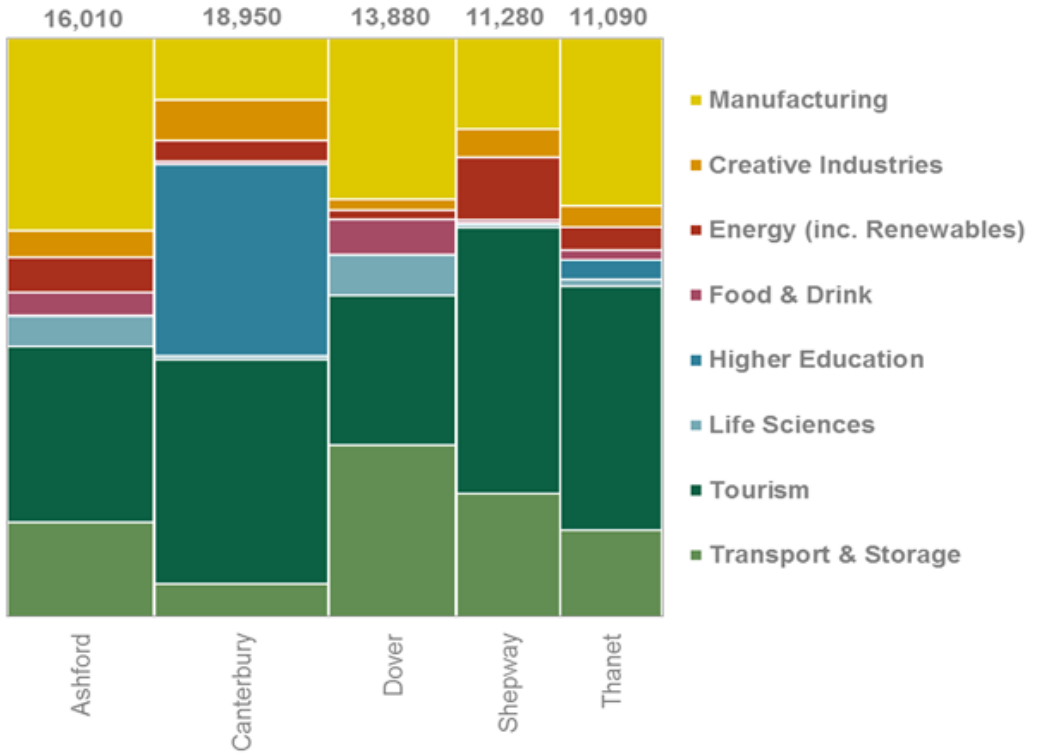
Source: Experian (September 2016) / Lichfields analysis

Note: Location quotients based on East Kent average; values above 1 indicate over-representation, less than 1 indicates under-representation.

2.12 In the 2013 East Kent Growth Plan, seven key 'sector groups' were identified as providing particular opportunities for growth within the East Kent economy. Figure 2.7 below indicates that the scale and significance of these growth sectors varies by local authority, with notable concentrations summarised below for each local authority:

- **Ashford:** Manufacturing, life sciences
- **Canterbury:** Higher education, tourism
- **Dover:** Life sciences, transport and storage
- **Shepway:** Tourism, energy
- **Thanet:** Manufacturing, tourism

Figure 2.7 Growth Sector Representation



Source: ONS (Business Register and Employment Survey) / Lichfields analysis Note: refers to all manufacturing sectors

2.13 Within its Strategic Economic Plan, the South East Local Enterprise Partnership (LEP) identifies a number of priority sectors for the SE LEP economy which have high growth potential and through which LEP-wide support for innovation can be targeted. These comprise: advanced manufacturing; life sciences/medical technologies; transport and logistics; low carbon environmental goods and services, creative, cultural and media and the visitor economy.

2.14 These broadly align with those sectors outlined in the 2013 East Kent Growth Plan as having opportunities for growth and the above analysis suggests there is a good spatial representation across the sub-region, albeit with locally specific clusters such as life sciences at Discovery Park, creative and media in Folkestone and Margate, and low carbon in Ramsgate, Whitstable and Dungeness.

2.15 Nevertheless, the 2013 East Kent Growth Plan also acknowledged that the size of the knowledge economy relative to all employment remains smaller in East Kent than elsewhere in the country; while the indicators suggest that East Kent is making good progress and has a significant concentration of activity at Canterbury, it will need to maintain recent growth rates in order to catch up with more knowledge intensive parts of the country. This issue is not unique to East Kent, and the South East LEP recognises that the LEP area as a whole is relatively more reliant on wholesale, retail and accommodation, and construction jobs, with a lower proportion of employment is in high value 'knowledge economy' sectors.

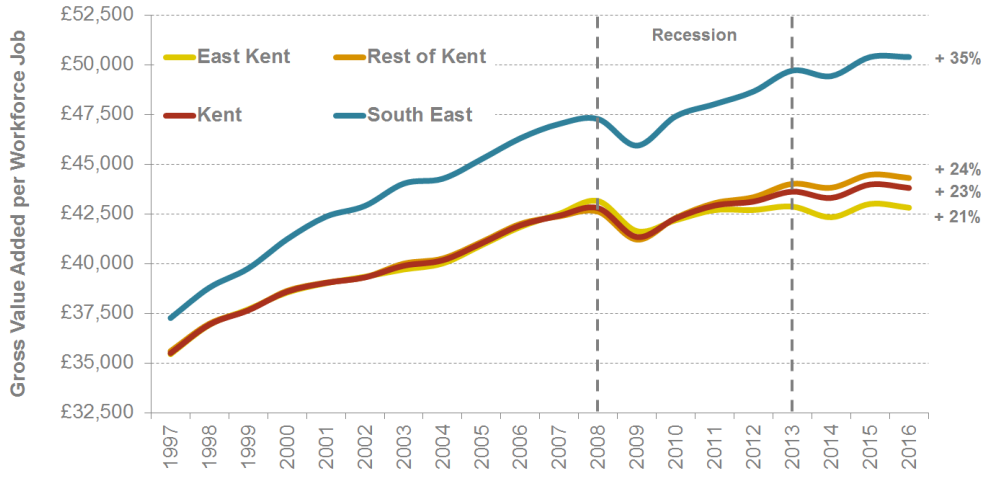
2.16 This overall analysis of employment and sector distribution inevitably understates the importance of some growing sectors and parts of the economy that are small in overall employment terms, but important in their contribution to local output. An example is creative industries which have been playing an increasingly important role in driving economic growth and regeneration activity in key towns such as Folkestone and Margate.

Economic Output and Productivity

2.17 Gross value added (GVA) provides a measure of the value of all the goods and services produced in an economy and can be used as an indicator of economic output, productivity or performance. This can be expressed in terms of the amount of GVA generated per workforce (workplace) job as shown in Figure 2.8.

2.18 This reveals a general trend of improving productivity in East Kent over the 19 year period to 2016 which is in line with wider sub-regional and regional trends. This is particularly the case over the first half of the period, although average levels of GVA per workforce job have remained largely unchanged since recession in 2008. This has resulted in a widening productivity gap between East Kent and the rest of Kent and the South East (Figure 2.8).

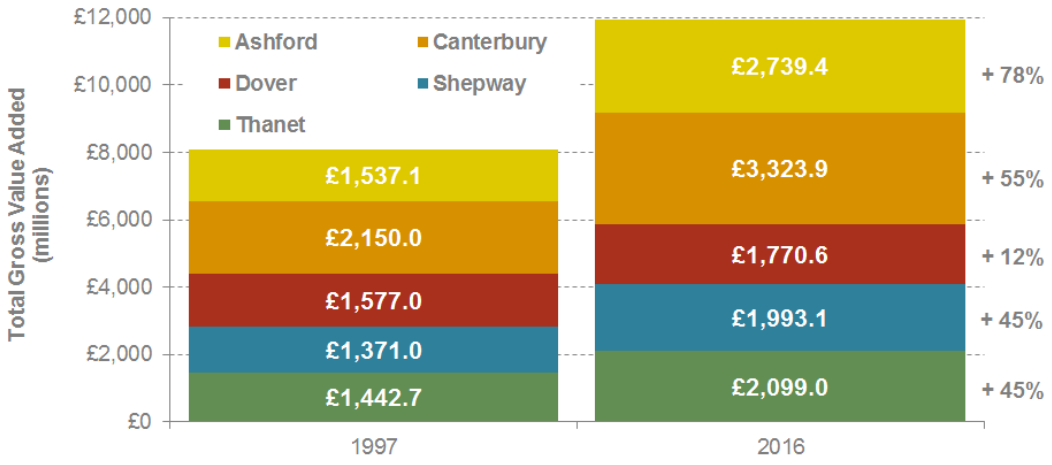
Figure 2.8 Workforce Productivity



Source: Experian (September 2016) / Lichfields analysis

2.19 The total economic output measured in terms of Gross Value Added (GVA) of East Kent in 2016 was £11.9 billion. This is broken down by individual local authority area in Figure 2.9 below, emphasising the significant role played by Canterbury and Ashford in particular in driving this output both now (i.e. in 2016) and over the last 19 years; between 1997 and 2016, more than 60% of economic output growth in East Kent was recorded by Ashford and Canterbury.

Figure 2.9 Growth in Economic Output, 1997-2016



Source: Experian (September 2016) / Lichfields analysis

2.20 Within East Kent, average levels of GVA generated per workforce job varies by local authority (Table 2.1). Canterbury and Dover stand out as recording the highest average workforce GVA; in Canterbury this is likely to reflect the presence of Universities and related knowledge based activity, while in Dover the presence of the Discovery Park Enterprise Zone and its cluster of high value R&D activity will help to explain the relatively high levels of GVA.

2.21 Meanwhile, Ashford records the lowest average levels of GVA per workforce job, reflecting its traditional industrial economic base.

Table 2.1 Productivity per Job (Gross Value Added)

Location	GVA per workforce job (2016)
Ashford	41,570
Canterbury	44,140
Dover	43,190
Shepway	42,140
Thanet	42,750
East Kent	*42,810*
Kent	*43,800*
South East	*50,390*
UK	*47,250*

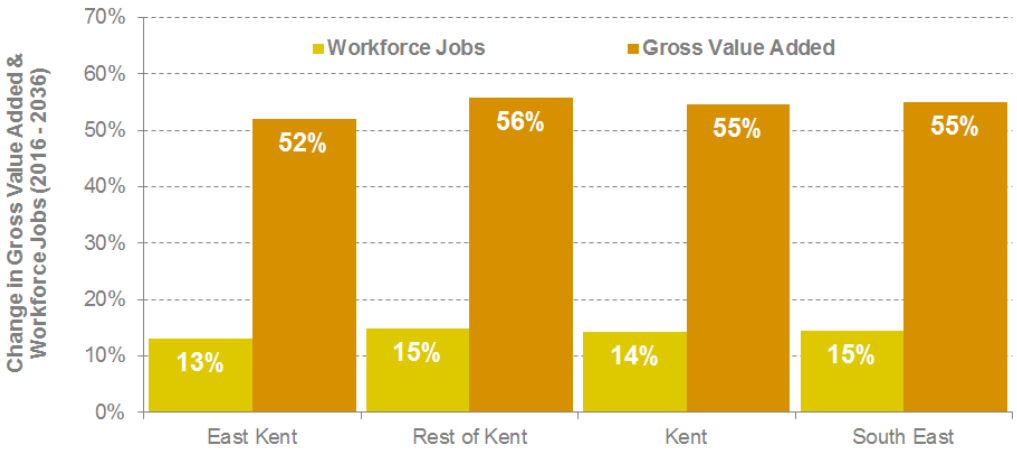
Source: Experian (September 2016) / Lichfields analysis

2.22 Table 2.1 also shows that East Kent performance (£42,810 GVA per job) as a whole still falls behind the wider Kent average (£43,800) as well as the equivalent metric for the South East and UK as a whole. This points to significant scope for improving the competitiveness of East Kent's workforce.

Future Growth Potential

2.23 Latest employment forecasts prepared by Experian indicate that East Kent has significant potential to grow its economy over the coming years in both employment and economic output (GVA) terms (Figure 2.10). This is equivalent to an increase of 36,500 workforce jobs (1,825 per year on average) and an increase of £6.2 billion in economic output (measured by GVA) (£309 million per year on average).

Figure 2.10 Employment and GVA Forecasts, 2016-2036

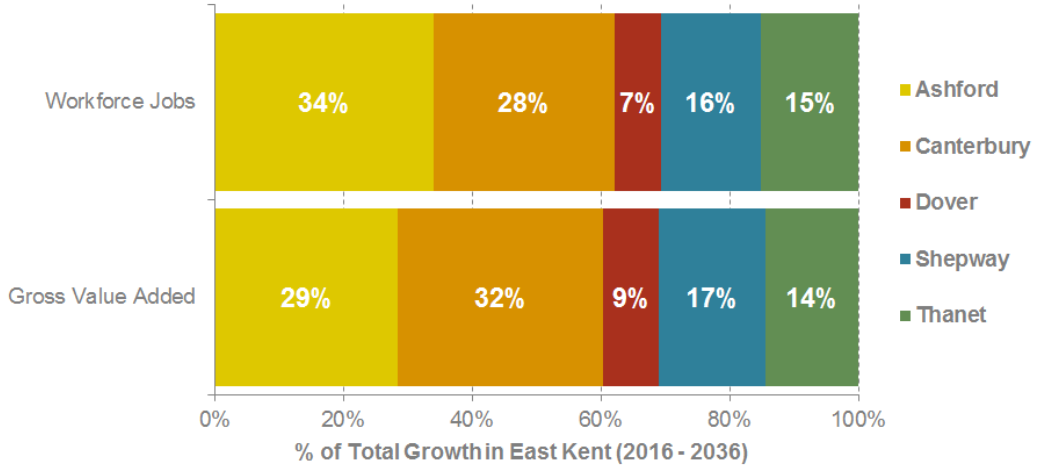


Source: Experian (September 2016) / Lichfields analysis

In proportionate terms, this projected growth for East Kent is lower for both employment and economic output than equivalent projections for the rest of Kent and the South East.

Ashford and Canterbury are expected to remain the main drivers of economic growth in East Kent over the 20 year period to 2036, with the other East Kent authorities of Dover, Shepway and Thanet anticipated to play a smaller role in proportionate terms (Figure 2.11).

Figure 2.11 East Kent Employment and GVA Forecasts



Source: Experian (September 2016) / Lichfields analysis

Summary

2.24 East Kent accommodates a sizeable economy, and like the rest of Kent, has recorded strong levels of job growth in recent years. Within the sub-region itself, performance has been more varied. Along with Canterbury, Ashford represents the largest economic centre and key driver of growth in East Kent over recent years, consistently out-performing the other East Kent authorities across a range of economic indicators. By comparison, Dover, Shepway and Thanet have performed less well, yet still play an important role in accommodating some of the more traditional industrial activities such as manufacturing, hospitality and retail.

2.25 This resulting east-west divide in East Kent (in terms of economic profile and performance) has widened between the authority areas of Ashford, Canterbury and the remainder of the sub-region, in particular with Dover which has gradually played a less significant role in driving East Kent's growth. This points to scope for improved economic performance in key locations going forward.

2.26 The latest economic forecasts underline East Kent's strong growth potential over the next few years (albeit lower than that anticipated for Kent and the South East as a whole), with Ashford and Canterbury expected to build upon their recent track record of growth going forward. The indications are that targeted investment and policy interventions may be required to support future growth in Dover, Shepway and Thanet.

3.0 People

3.1 This section explores the population and labour force profile of East Kent, how this relates to commuting flows within and outside of the area and relative skills levels in different locations.

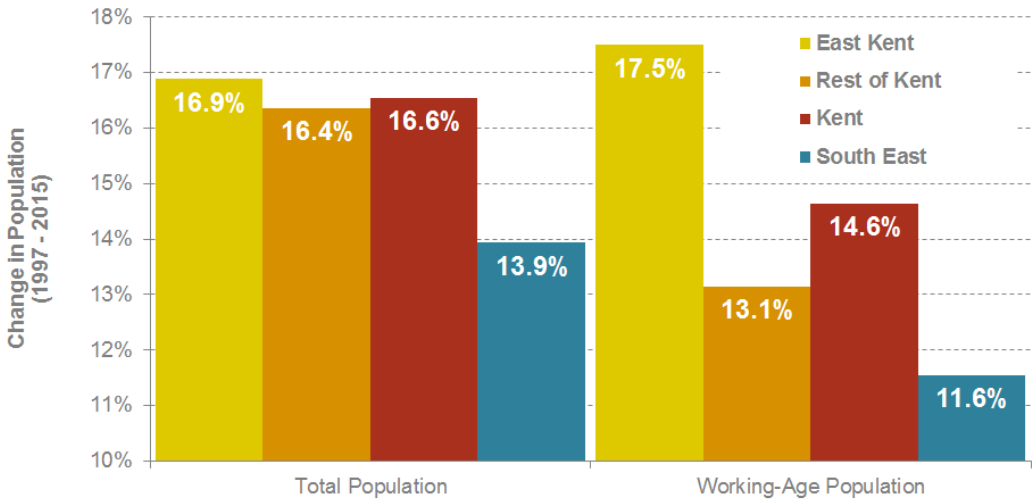
3.2 The following analysis is structured around four broad questions:

- What have been the key population trends?
- What are the key migration patterns to and from East Kent?
- How is the socio-economic profile changing?
- What is the profile of the workforce including commuting flows?

Population Trends

3.3 East Kent has performed relatively well over recent years in terms of population growth; total population in the sub-region stood at 647,250 in 2015, having increased by 93,500 or just under 17% since 1997 (Figure 3.1). This scale of growth outpaced both the Kent-wide and South East average over this period.

Figure 3.1 Total and Working Age Population Growth, 1997-2015



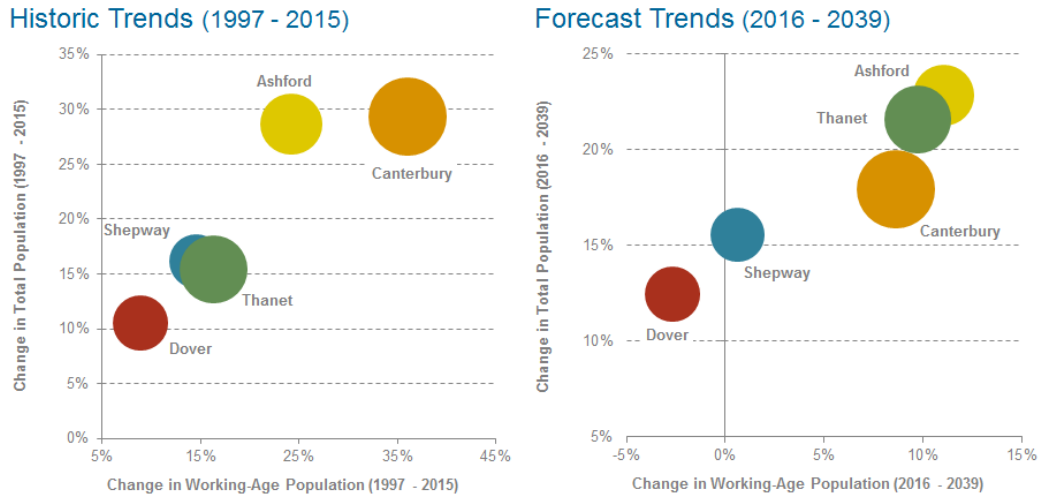
Source: ONS (Mid-Year Population Estimates) / Lichfields analysis

3.4 Figure 3.1 also shows that the working-age segment of the population (defined as those aged between 16 and 64) recorded particularly strong levels of growth over this 18 year period to 2015, also outpacing the equivalent scale of growth recorded in other parts of Kent, and the South East as a whole.

3.5 The authority areas of Ashford and Canterbury have played the most significant role in driving both total and working-age population growth in East Kent over recent years, followed to a lesser extent by Thanet, Shepway and Dover (Figure 3.2). In 2015, Canterbury recorded the largest population in East Kent, in both overall and working-age terms.

3.6 This trend was also highlighted in the previous 2013 East Kent Growth Plan, which noted that recent population growth had been concentrated in those parts of East Kent that have seen the largest amount of new housing development, with the strongest increases in Ashford and Canterbury.

Figure 3.2 Working Age Population Growth



Source: ONS (Mid-Year Population Estimates / Sub-National Population Projections) / Lichfields analysis

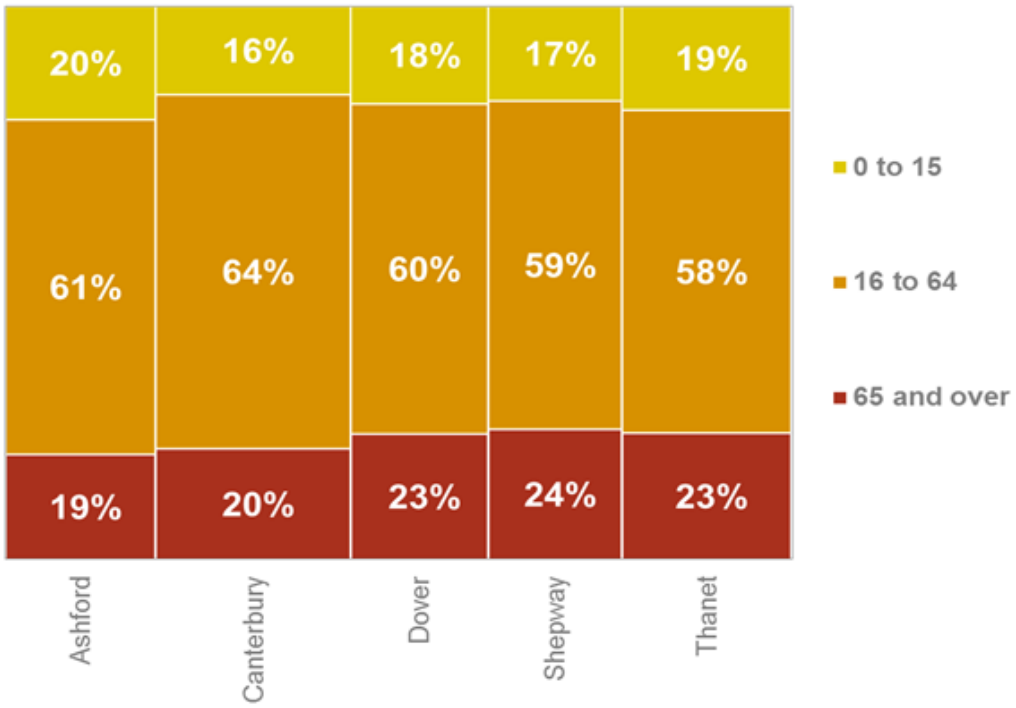
3.7 As illustrated in Figure 3.2, most parts of East Kent are expected to see future population growth, although it is clear that some locations are expected to record a greater proportionate increase than others. Latest Government population projections suggest that Ashford, Thanet and Canterbury have the greatest scope for population growth over the next 23 years to 2039. For Ashford and Canterbury, this provides an opportunity to cement their role as key population centres in East Kent, while for Thanet this could provide a step change in the scale of population change and growth recorded in the District

3.8 Dover is expected to see an increase in its overall population but represents the only authority area in East Kent to see a forecast decline in its working-age population over the period to 2039, according to the latest baseline data.

3.9 It is also worth noting that implied population growth across the whole sub-region is anticipated to fall below historic trends, suggesting a gradual slow down over the coming years (Figure 3.2).

3.10 In 2015 (i.e. the latest year available), East Kent's share of working-age population (at 61%) broadly reflected the wider Kent (61%) and South East (62%) averages. Within the sub-region, there is limited geographical variation, although the highest share of working-aged people can be found in Canterbury (Figure 3.3). Meanwhile, Ashford supports a slightly higher share of younger aged people (aged under 15) with Shepway, Thanet and Dover supporting a slightly higher share of older aged people (aged 65 and over).

Figure 3.3 Working Age Population Profile



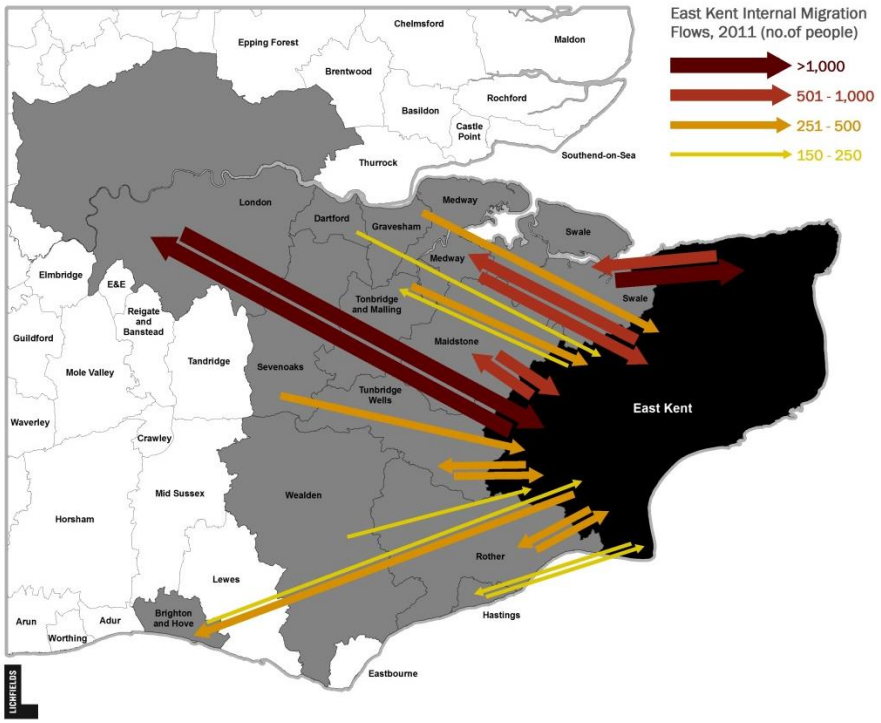
Source: ONS (Mid-Year Population Estimates) / Lichfields analysis

Migration Flows

3.11 East Kent experiences significant migration flows with its surrounding hinterland (such as adjoining Kent authorities) as well internally, and these migration patterns are shown below in Figure 3.4. As a combined area, East Kent represents a net importer of migrants from elsewhere, particularly from Greater London and the Kent authorities of Swale, Maidstone and Medway.

3.12 Migration has formed an important part of East Kent's population growth over recent years, and in-migration has in part been driven by the presence of nationally important planned growth points (such as Ashford) as well as the cluster of universities in Canterbury which has historically drawn in strong flows of students, many of whom stay in the area after graduation.

Figure 3.4 East Kent Migration Flows



Source: ONS (2011 Census) / Lichfields analysis

3.13 As summarised in Table 3.1 below, four of the five local authority areas in East Kent received a net migration inflow at the time of the 2011 Census, the largest of which was recorded in Canterbury. Dover stands out as the only local authority in the sub-region to have recorded overall out migration in net terms, albeit this out flow was relatively small in absolute terms.

Table 3.1 East Kent Migration Flows

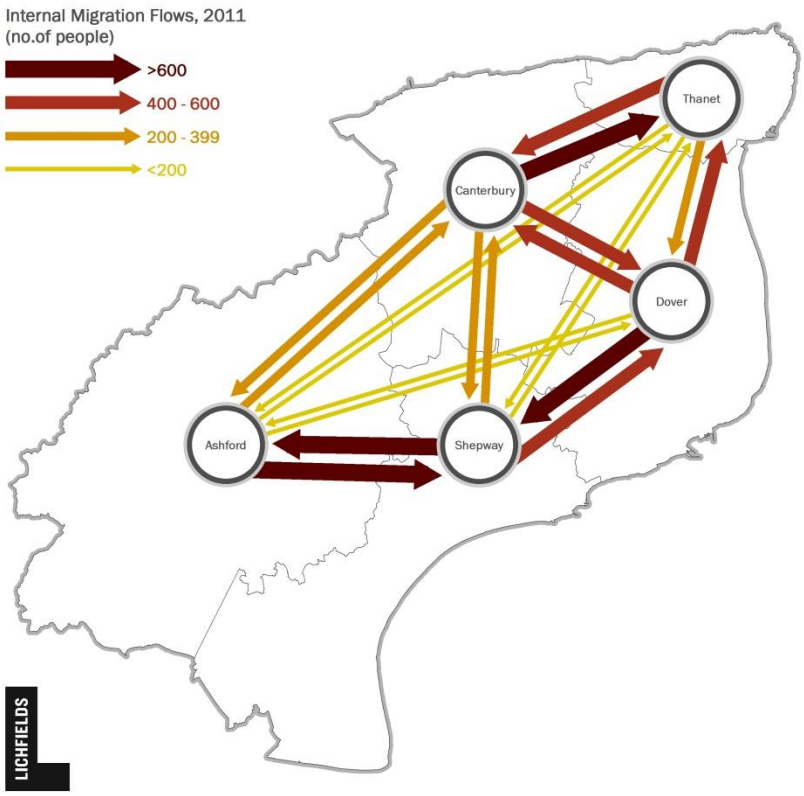
Location	In-Migration	Out-Migration	Balance
Ashford	3,300	3,150	+150
Canterbury	9,100	6,150	+2,950
Dover	2,170	2,200	-20
Shepway	2,990	2,250	+740
Thanet	3,520	2,810	+710
East Kent	21,090	16,560	+4,530

Source: ONS (2011 Census) / Lichfields analysis

3.14 Internal migration patterns within East Kent show significant outward migration from Canterbury to elsewhere in the area, notably Thanet and Dover. 2011 Census net migration flows from within the area for each individual local authority are set out below, and indicate that Ashford, Shepway and Thanet all experience overall net in-migration from elsewhere within East Kent:

- Ashford: +110
- Canterbury: -310
- Dover: -50
- Shepway: +120
- Thanet: +130

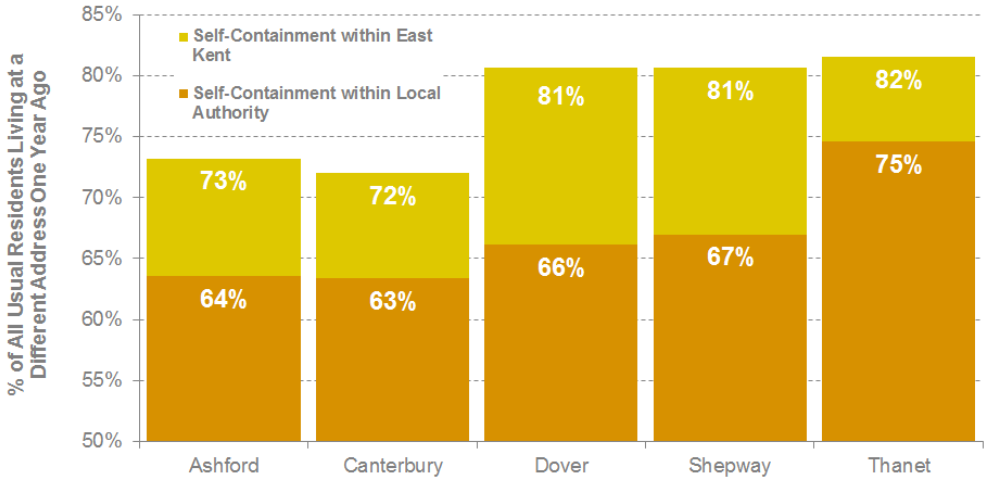
Figure 3.5 East Kent Internal Migration Flows



Source: ONS (2011 Census) / Lichfields analysis

3.15 Data from the 2011 Census 2011 also shows that most people that move house in East Kent do so within the same local authority area or within the wider East Kent sub-region (Figure 3.5). This is particularly the case for residents of Thanet, Dover and Shepway, while residents of Ashford and Canterbury are more likely to have relocated from further afield.

Figure 3.6 Migration Self Containment



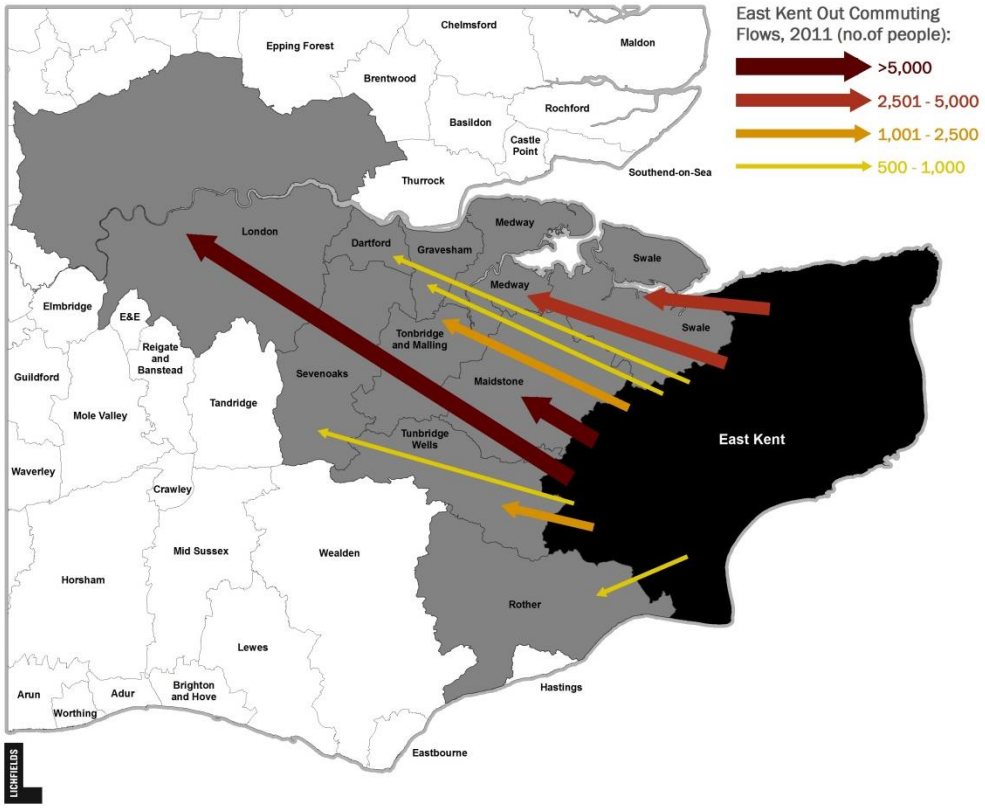
Source: ONS (2011 Census) / Lichfields analysis

3.16 This data suggests that Canterbury acts as the main attractor of people into East Kent, although many of these people then migrate outwards from Canterbury to other parts of the area, in particular to the coastal authorities of Thanet and Dover.

Commuting Flows

3.17 Drawing on 2011 Census data, it is possible to investigate commuting patterns relating to the volume of workers entering and exiting East Kent for employment. About 37,100 workers or 17% of the total living in East Kent commuted outside the area for their employment in 2011[1]. The most significant outflow of workers were to Maidstone, Swale and Westminster, while Medway and Tonbridge and Malling were also relatively popular commuting destinations (Figure 3.7). Greater London Boroughs accounted for around a third (32%) of East Kent's out-commuters.

Figure 3.7 Out Commuting Flows from East Kent

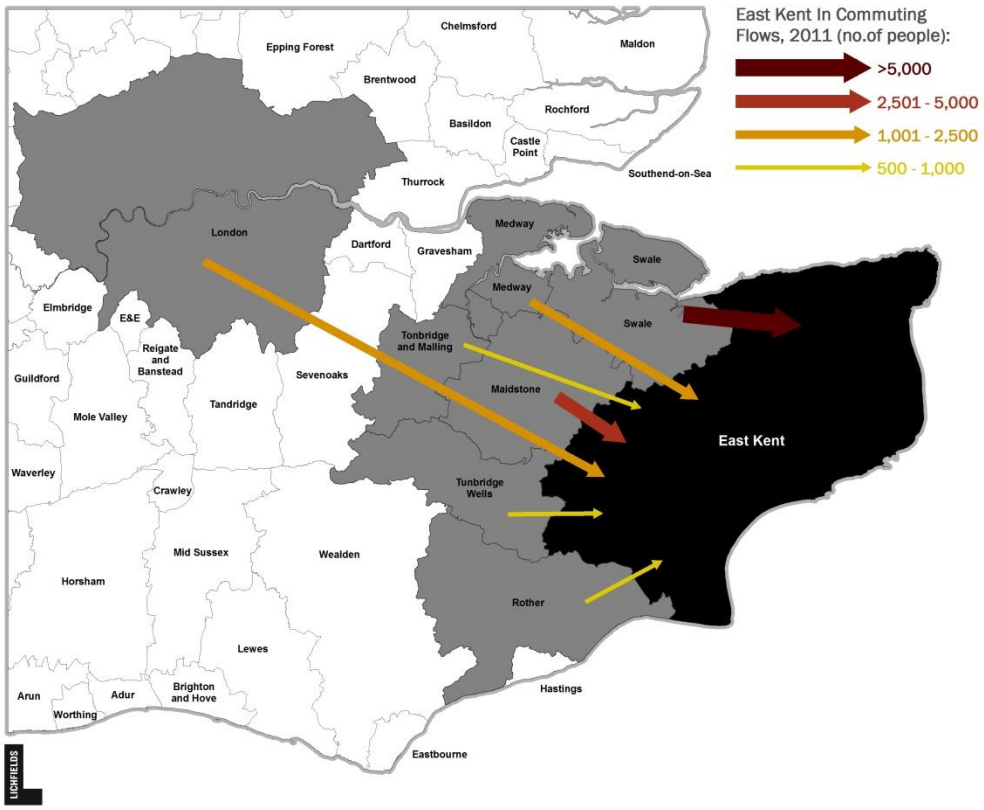


Source: ONS (2011 Census) / Lichfields analysis

3.18 At the same time a large flow of workers travelled into East Kent for employment in 2011. These flows totalled approximately 17,600 workers, equivalent to around 9% of workplace jobs in East Kent. The largest inflow of workers came from the Kent authorities of Swale, Maidstone and Medway (Figure 3.8).

[1] Excluding 'other' categories of commuters: Mainly work at or from home, No fixed place, Outside UK, Offshore installation

Figure 3.8 In Commuting Flows to East Kent



Source: ONS (2011 Census) / Lichfields analysis

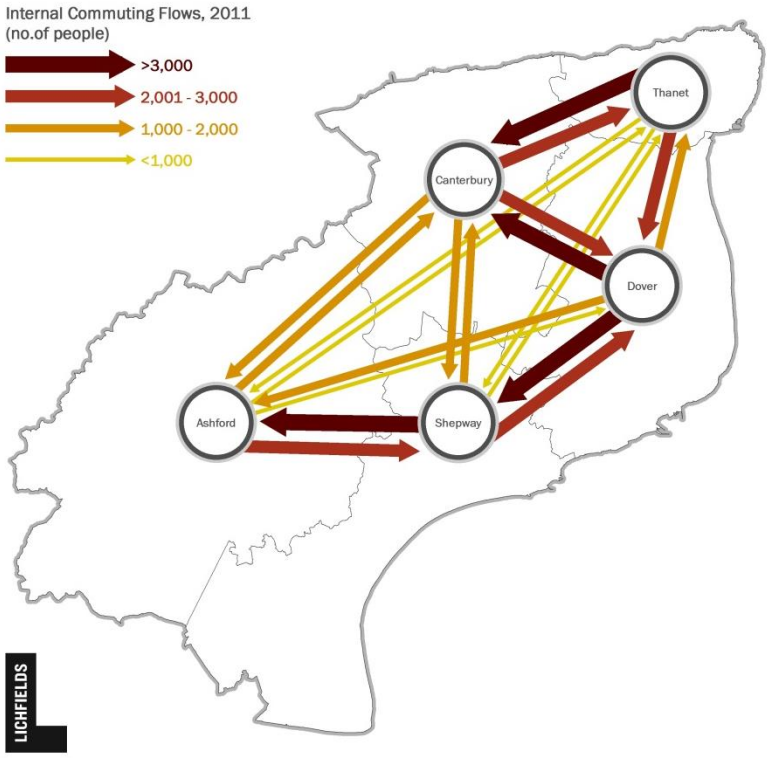
3.19 In contrast to the relatively dispersed outflow of workers from East Kent, the inflow of workers came from a more concentrated area generally not extending far beyond Kent itself (Figure 3.8).

3.20 On balance, East Kent can be characterised as a net exporter of labour with a large net outflow of around 19,500 workers. However the significant outflow of workers from the area should also be considered in the context of an overall self-containment rate of 83%[2], which indicates that the majority of workers live and work locally within East Kent.

3.21 Considering East Kent as a single labour market area (i.e. excluding all commuting flows to/from East Kent), Figure 3.9 shows that Ashford and Canterbury are both net importers, playing an important role in providing employment opportunities for both residents of their own districts and the authority areas of Thanet, Dover and Shepway, all of which are net exporters of labour in East Kent terms. It illustrates an east-west split in terms of the labour profile of individual authorities, with the larger centres of Ashford and Canterbury 'drawing in' strong flows of East Kent commuters at the expense of the eastern coastal authorities.

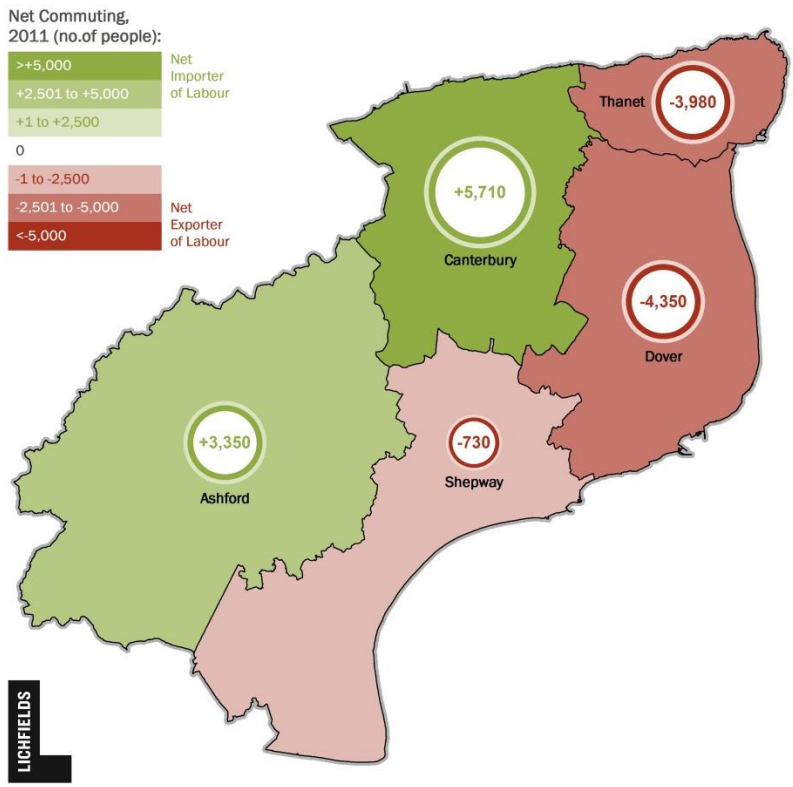
[2] Excluding 'other' categories of commuters: Mainly work at or from home, No fixed place, Outside UK, Offshore installation

Figure 3.9 Internal Commuting Flows within East Kent



Source: ONS (2011 Census) / Lichfield analysis

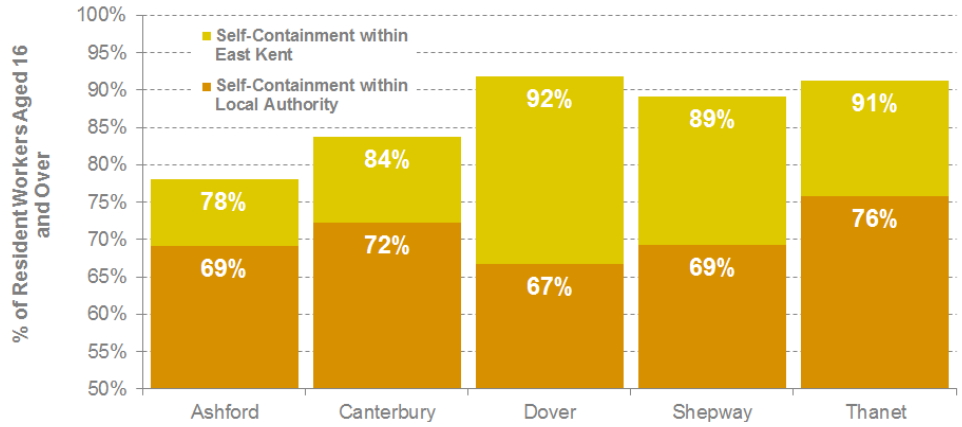
Figure 3.10 Net Commuting Balance by East Kent Local Authority



Source: ONS (2011 Census) / Lichfields analysis

3.22 Census 2011 data also shows that labour self-containment within East Kent is highest in the most eastern local authorities of Dover, Thanet and Shepway, with working residents of Ashford and Canterbury more likely to commute outside of the sub-region for their work (Figure 3.11).

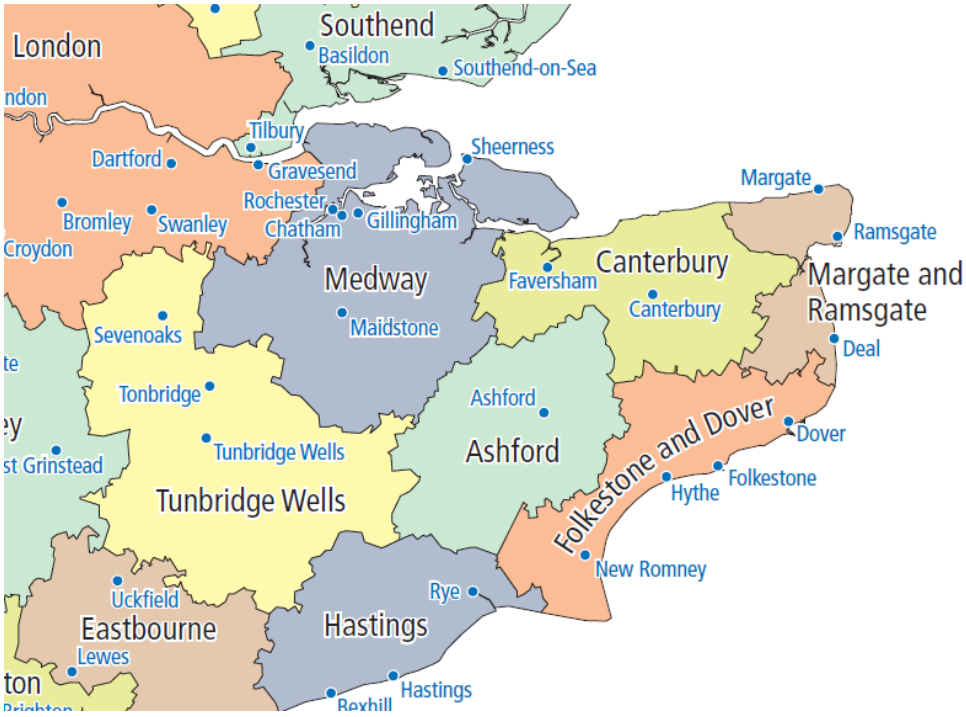
Figure 3.11 Commuting Self Containment



Source: ONS (2011 Census) / Lichfields analysis

3.23 In 2015, the ONS used 2011 Census data on home and work addresses to define 228 Travel to Work Areas (TTWAs) that cover the whole of the UK. This assessment identified four TTWAs that cover the East Kent sub-region; Canterbury, Margate and Ramsgate, Folkestone and Dover, and Ashford (Figure 3.12). This underlines the significant role played by the centres of Ashford and Canterbury in providing employment opportunities for the wider area. By contrast, the coastal stretch from New Romney in the south to Margate in the north is characterised by a larger number of smaller centres, which only when grouped together, form their own labour market area.

Figure 3.12 2011 Travel to Work Areas



Source: ONS

Socio-Economic Profile

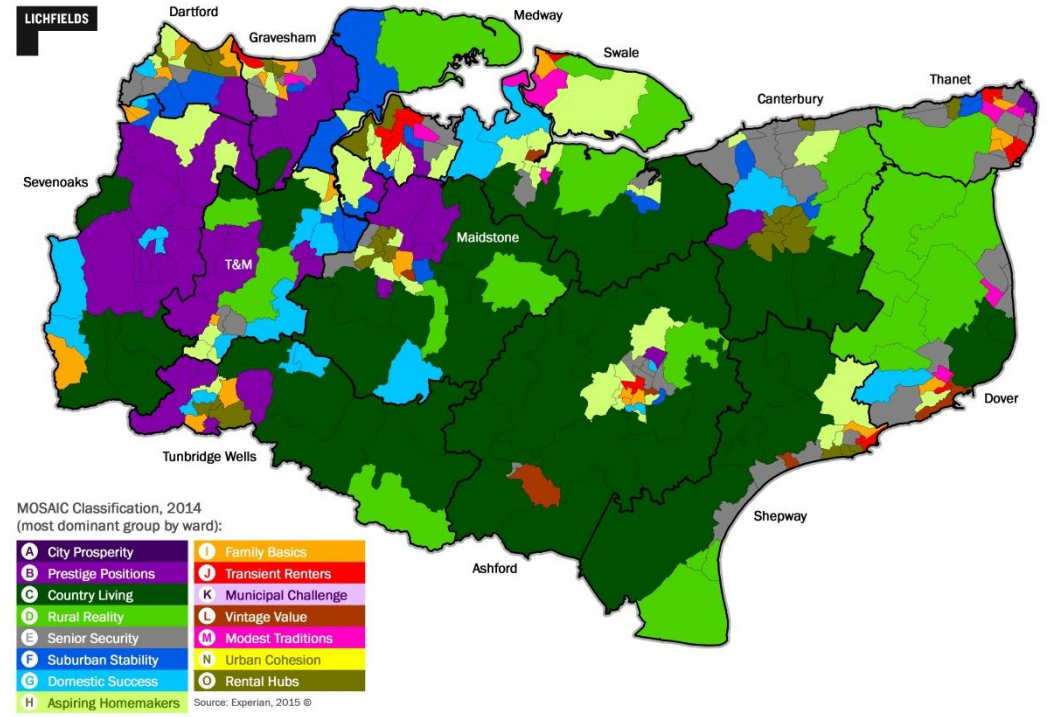
3.24 A guide to the characteristics and mix of different communities is available from Experian's Mosaic dataset. Widely used in policy making as well as commercial research, Mosaic uses a range of datasets to build a profile of any local population based on a series of person-type, household types and group typologies. These consumer classifications are designed to help understand the demographics, lifestyles, preferences and behaviours of the UK adult population in detail at small geographic levels. Mosaic classifies areas into one of fifteen categorises dependent on the prevailing patterns. This analysis has been undertaken for East Kent and is set out in Figure 3.13 overleaf.

3.25 This identifies a mixed socio-economic profile with significant areas of the sub-region characterised by 'country living' and 'rural reality' socio-economic groups, with large stretches of the coastline within Shepway, Dover, Thanet and Canterbury accommodating clusters of retired residents falling within the 'senior security' group.

3.26 It also shows that Canterbury city, parts of Ashford town and Folkestone attract those on starter salaries (young workers) in the 'Rental Hubs' as well as 'Aspiring Home Owners' who typically comprise younger working families. Compared with the rest of Kent, there is a very low concentration of more affluent socio-economic groups such as 'city prosperity' and 'prestige positions' in East Kent, with rare pockets found to the north of Ashford town, to the east of Canterbury city and within the Kingsgate area of Margate (Figure 3.13).

3.27 The LEP notes within its Strategic Economic Plan that economic activity is not evenly spread across the LEP area, with unemployment tending to be higher in more peripheral parts of the LEP, particularly in the coastal communities including Thanet.

Figure 3.13 Socio-Economic Classification by Ward





Source: Experian, 2014 ©

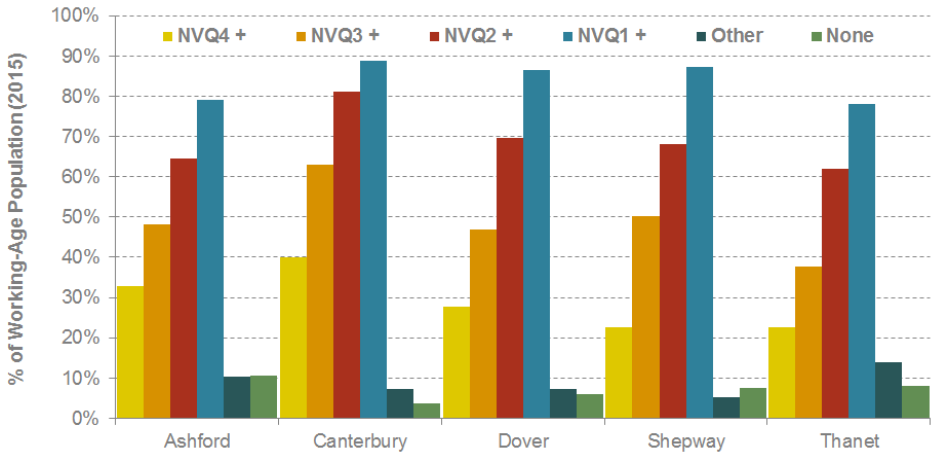
Qualifications and Skills

3.28 Figure 3.14 shows that Canterbury and Ashford support the most qualified working-age population in East Kent in terms of NVQ attainment, while Thanet and Shepway score lowest on this measure. This trend was also noted in the previous East Kent Growth Plan. On NVQ Level 4 and above (i.e. degree level qualification and above), only Canterbury

exceeds Kent, South East and UK wide averages, while Dover, Thanet and Shepway all fall below the LEP-wide average.

3.29 Whilst the proportion of working-age residents holding no qualifications is generally low across East Kent, it stands out at 10% in Ashford indicating the presence of some particular skills gaps and challenges.

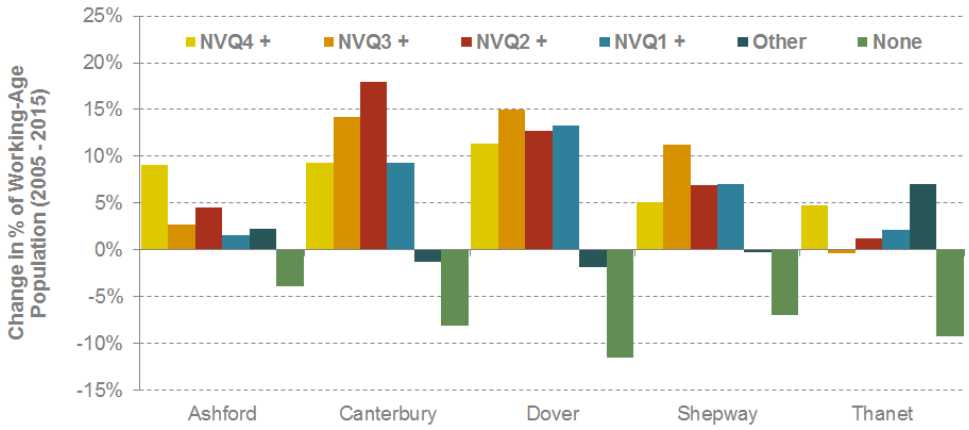
Figure 3.14 NVQ Attainment Levels by Local Authority



Source: ONS (Annual Population Survey) / Lichfields analysis

3.30 Over the last 10 years, the most significant improvement in working-age resident skills was recorded in Dover (particularly in regards to higher level NVQ4+ and NVQ3+ skills), and to a lesser extent Canterbury (Figure 3.15). In contrast, little change was recorded in Thanet or Ashford, although the proportion of working-age residents holding no qualifications fell right across East Kent, suggesting that the sub-region's resident skills base has been gradually improving in recent years.

Figure 3.15 Change in NVQ Attainment by Local Authority, 2005-2015



Source: ONS (Annual Population Survey) / Lichfields analysis

3.31 The South East LEP notes that the resulting effect of this below average higher level skills attainment is that companies have been finding it hard to recruit due to skills shortages in recent years. In its SEP, it notes that revenue funding rates are not high enough to enable colleges and providers to make long term investments in their infrastructure to align with skills priorities, particularly in high cost areas such as Advanced Manufacturing. In the absence of higher funding rates, a more focused and locally led investment in skills

infrastructure, managed by SE LEP, would support better alignment with priority sectors, including the purchase of specialist equipment to support new programmes.

3.32 The previous East Kent Growth Plan acknowledged the significance of East Kent's higher education base and noted that whilst at county-wide level, Kent performs fairly well in the number of graduates from Kent institutions going on to secure employment in the county, Kent is less successful in attracting back to the county those graduates who moved away to study.

3.33 More recent data published by Kent County Council[3] suggests that Kent has become more successful in attracting (back) and retaining graduates within its workforce, although London continues to provide a key draw. The analysis also shows that Kent proves to be a popular employment destination for people who studied outside of Kent, mainly graduates from neighbouring authorities, or other authorities in the South East.

Summary

3.34 East Kent's population has seen significant change over recent years, including strong population growth. Echoing the situation under the 'economy' theme, a notable east-west divide is evident, with Ashford and Canterbury expected to continue to drive population growth and this will be vital for economic sustainability and vitality going forward.

3.35 Part of this recent population change has been driven by migration flows and East Kent is a net importer in migration terms. Canterbury in particular plays a key role in attracting people to East Kent, and its geographical location (alongside Ashford's) partly explains this dynamic. By contrast, Thanet, Dover and Shepway are all more self-contained in migration terms. Once here, many of East Kent's residents move elsewhere within the sub-region, in particular to the coastal authorities.

3.36 In labour market terms East Kent is characterised by its strong economic relationships with the wider sub-region and other parts of Kent (and London) and its overall role as a net exporter of labour. Again, an east west split is evident, with Ashford and Canterbury (as East Kent's largest economies) drawing in significant flows of workers from Dover, Thanet and Shepway.

3.37 Whilst a number of local TTWAs are evident, this analysis underlines the need for strong connectivity and accessibility between East Kent's key locations and employment centres in order to facilitate the flexible movement of labour and match local residents with suitable employment opportunities.

3.38 East Kent has a mixed socio-economic profile but with generally fewer high value household groups and a higher concentration of households facing multiple socio-economic challenges when compared with the rest of Kent. There are also notable pockets of young professionals and families in the sub-regions key towns (such as Folkestone, Dover and Ashford), with clear opportunities through planned development and regeneration to broaden this demographic mix in future.

[3] Kent County Council Business Intelligence Report, Origin and Destination of Graduates in Kent 2013/14, September 2015

4.0 Place

4.1 This section considers a range of place based factors in East Kent, in terms of recent patterns of development, market trends and growth capacity issues.

4.2 The following analysis is structured around four broad questions:

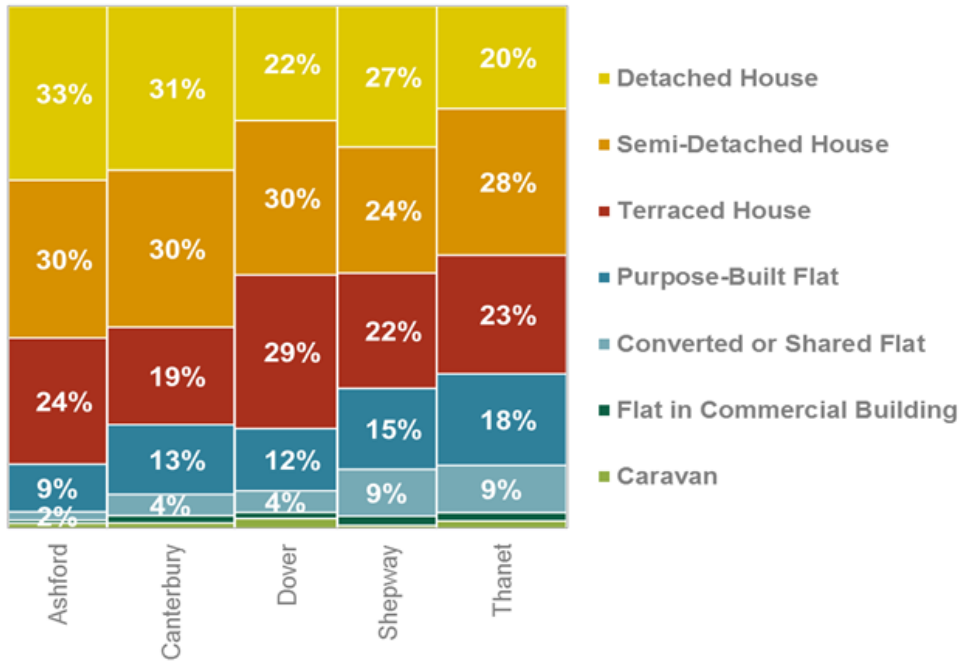
- What is the structure of the housing stock?
- How do affordability challenges vary across East Kent?
- What are the identified infrastructure challenges (and opportunities)?
- What is the profile of the commercial property market?

Housing Stock and Change

4.3 The profile and nature of existing housing stock varies across the East Kent authority areas, with a greater proportion of houses (detached and semi-detached) found in Ashford and Canterbury and the greatest prevalence of flats (purpose built or converted) in Thanet and Shepway (Figure 4.1).

4.4 Housing stock has a key role to play in influencing housing market choices, particularly for those people who might be moving into East Kent. It has an important influence upon the ability of East Kent as a whole and individual local authority areas within the sub-region to attract and retain particular segments of the population, and also impacts upon affordability and patterns of migration (as described in section 3.0) for example if housing aspirations of particular groups cannot be met.

Figure 4.1 Housing Stock by Dwelling Type

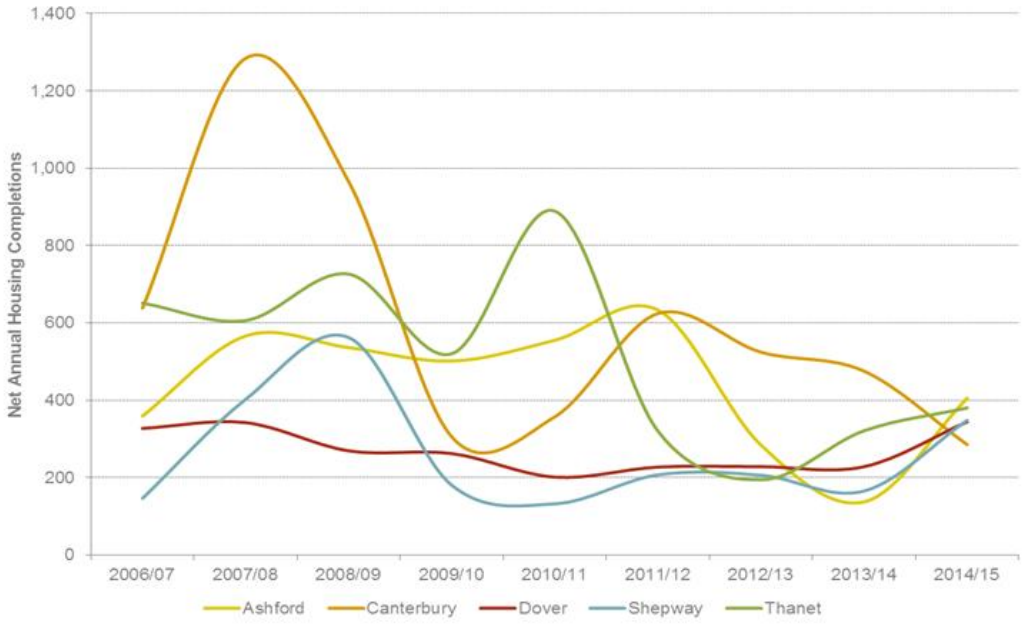


Source: ONS (2011 Census) / Lichfields analysis

4.5 Recent rates of housing delivery across East Kent are summarised in Figure 4.2 below, based upon completions data reported in each local authority's recent annual monitoring reports. The overall trend is one of a gradual slowdown in housing development since

2006/07 following the onset of recession, but with positive signs of a recovery more recently.

Figure 4.2 Housing Completions by Local Authority



Source: Local authority annual monitoring reports / Lichfields analysis

4.6 Whilst housing completions have inevitably fluctuated year-on-year (due to the uneven nature of individual sites and schemes being built out), the authority areas of Thanet, Canterbury and Ashford have consistently outperformed the coastal authorities of Dover and Shepway over recent years, making the most significant contributions towards new housing supply in East Kent over this period.

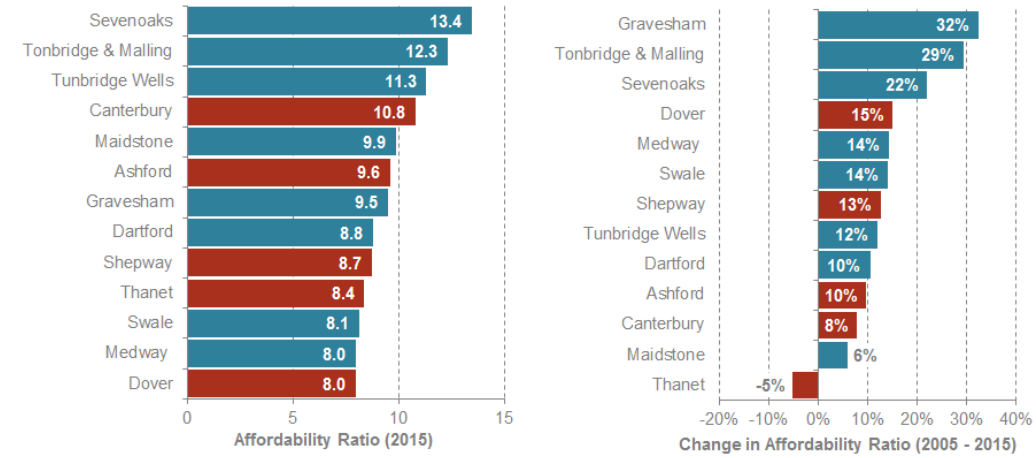
Housing Affordability

4.7 As noted in section 3.0, whilst Canterbury acts as the main attractor of people into East Kent, many people then migrate outwards from Canterbury to other parts of the area, in particular to the coastal authorities of Thanet and Dover. One reason why these patterns of migration, particularly internally, are important in relation to housing market choices relates to affordability. Affordability in the East Kent area varies by local authority, but affordability issues (due to the high cost of housing) are most pronounced in Canterbury and Ashford. Figure 4.3 below shows affordability ratios based on the cost of a median dwelling compared to median earnings in each local authority.

4.8 Although Canterbury is the primary destination for migrants moving into East Kent, the evidence suggests that people are unable to afford to stay within the City as their housing requirements change. This affects a number of different types of households including single people, couples and those starting a family for reasons of affordability, but also the types of housing required to accommodate their needs.

4.9 Figure 4.3 also shows that the greatest change in affordability ratios has occurred in Dover and Shepway over the past 10 years; although this has helped to bridge the gap between the East Kent authorities, Dover and Shepway continue to represent some of the most affordable local authority areas in East Kent in relation to house prices.

Figure 4.3 Housing Affordability Ratio by Local Authority



Source: CLG Live Table 576 / Lichfields analysis

4.10 The South East LEP identifies two central housing challenges faced by the LEP area; building more houses each year and rebuilding confidence in housing markets in many of its coastal communities and other communities where there are concentrations of severely deprived neighbourhoods. These are areas where the dysfunctional private rented housing sector is currently holding back economic regeneration.

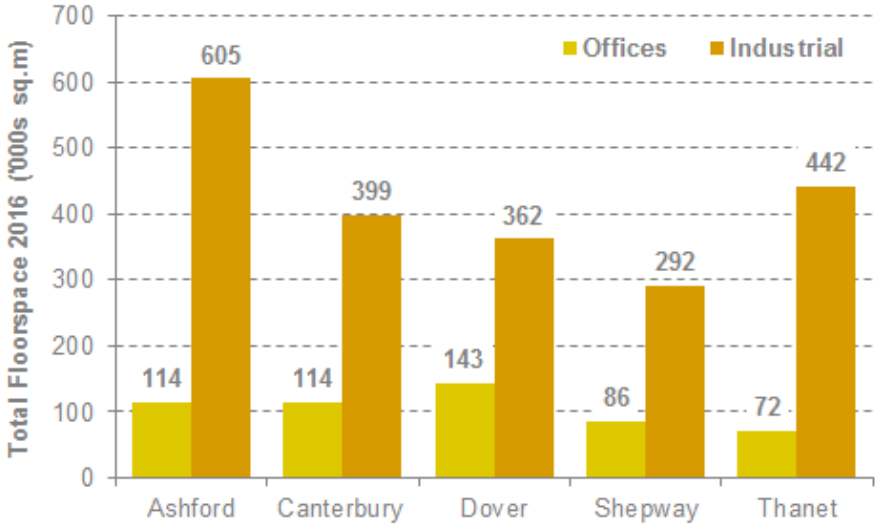
Business Floorspace

4.11 In 2016, East Kent recorded approximately 2.6 million sq.m of B class employment floorspace, comprising office, factory and warehouse space. This represents just over a third (34%) of the Kent-wide total.

4.12 The largest concentration of overall space is found in Ashford (27% of East Kent total), the smallest in Shepway (14% of East Kent total), with Dover, Canterbury and Thanet all recording a similar scale of total employment floorspace (Figure 4.4).

4.13 Based on 2016 VOA data, Ashford is by far the largest industrial centre in East Kent with just under 30% of the total stock of industrial accommodation. Of all five local authority areas, Dover records the largest stock of commercial office floorspace, partly reflecting the presence of large office premises at the Discovery Park Enterprise Zone.

Figure 4.4 Employment Floorspace by Local Authority, 2016

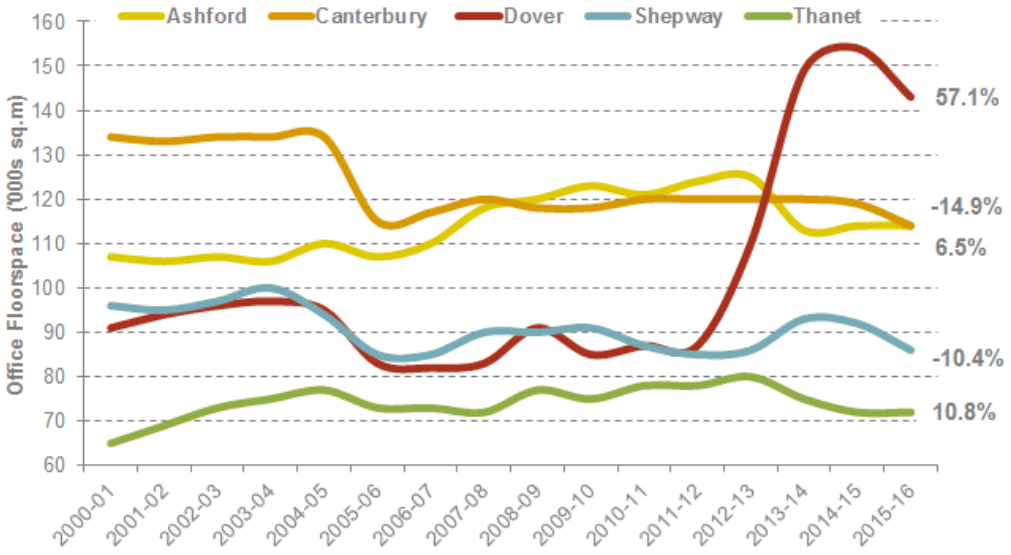


Source: Valuation Office Agency / Lichfields analysis

4.14 Over the last 15 years, the stock of office floorspace in East Kent has increased by around 7%, although the pattern of new development has varied and fluctuated over this time. This scale of growth is consistent with the Kent-wide average, and slightly above the South East equivalent.

4.15 Within East Kent, this overall growth has been driven by Dover, and to a lesser extent, Thanet and Ashford (Figure 4.5). The significant spike in office development in Dover recorded between 2012 and 2015 is understood to relate to the reclassification by the VOA of floorspace formerly occupied by Pfizer at Discovery Park. These increases have helped to offset losses of office space recorded in Canterbury and Shepway over the last 15 years.

Figure 4.5 Office Floorspace by Local Authority

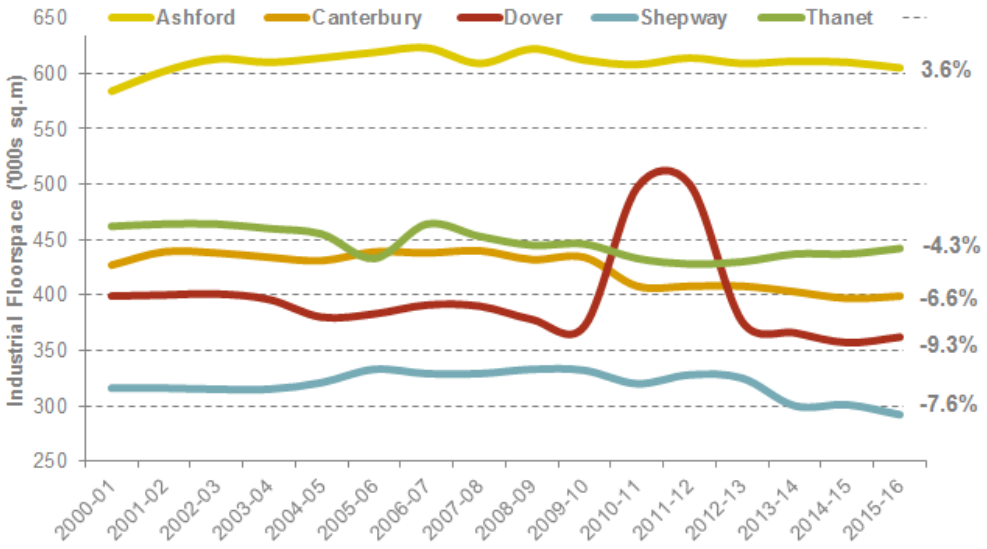


Source: Valuation Office Agency / Lichfields analysis

4.16 The pattern of industrial floorspace change in East Kent has been more even over recent years, with Figure 4.6 illustrating a gradual decline in overall space equivalent to -4%

between 2000 and 2016. This scale of decline was slightly higher than that recorded across Kent (-1.8%) and the South East (0.9%) as a whole over this period.

Figure 4.6 Industrial Floorspace by Local Authority



Source: Valuation Office Agency / Lichfields analysis

4.17 Ashford was the only East Kent authority to see an increase in industrial floorspace over this time. The significant rise and then decline in industrial floorspace shown in Figure 4.6 for Dover between 2010/11 and 2012/13 is understood to relate to the reclassification by the VOA of floorspace formerly occupied by Pfizer at Discovery Park, and has little overall effect on the scale of industrial floorspace decline recorded over the 15 year time series.

Commercial Property Market Trends

4.18 In overall terms, East Kent's commercial property offer is characterised as fairly diverse, with different locations offering distinct selling points and competitive advantages. Given its strategic accessibility via road and rail, Ashford is likely to be the area's strongest location to attract mobile investment, although Canterbury maintains a strong retail, leisure and office offer, particularly associated with the City's higher education presence.

4.19 Further east, the authority areas of Dover, Thanet and Shepway all have ambitious proposals to develop their economic base and business offer, including through the Otterpool Park Garden Town, Advanced Manufacturing Park at Manston and redevelopment of the Discovery Park Enterprise Zone in Sandwich.

4.20 The recent EU referendum vote and resulting economic uncertainty is anticipated to have an impact upon commercial property markets across the country with investor and developer confidence likely to be hit in the short term at least. Nevertheless, sentiment in commercial property appears to be the most positive it has been for many years. While central London offices are still the outperforming market segment, some investors and developers are also looking further afield in an attempt to access stock and achieve good returns.

4.21 Within parts of East Kent, relative values between the cost of land and development and achievable rents/values are currently insufficient for speculative development to occur, and that this is unlikely to change over the short term. This position is not unique to East

Kent; this 'viability gap' represents a key barrier to new development across many parts of the wider South East and East Kent in particular, especially within more economically marginal locations and outside of the strongest performing commercial locations.

4.22 The latest (2016) Kent Property Market Report[4] provides a comprehensive overview of recent trends and future prospects for the sub-region's commercial property markets, and a summary of key points relevant for the EKGF are provided below.

1 Whilst at the macro level growth has slowed recently, the economy is forecast to expand over the coming months. Britain's decision to leave the EU has led to considerable policy uncertainty and this is likely to persist for some time as the nature of the UK's exit is worked out and may impact on investment decisions. However, **Kent remains a favourable business location**, with relatively more affordable business and residential property than other parts of the South East, and will remain a vital gateway to continental Europe regardless of the Brexit impact.

2 Kent's occupational market has seen continued activity over recent months and **growing office demand from high value industries** such as the life sciences, creative and technology industries as well as those in the finance and business services sector. High quality affordable office stock and accessibility to London and European markets that surpasses most South East locations, are key drivers. This upturn in demand is reflected by increased rental values and hardening of yields.

3 The county's **industrial and distribution sector saw a year of strong occupational demand**. Average prime rents rose by nearly 7% driven by a number of key lettings, in part reflecting the county's strategic position in distribution networks and activity. The industrial sector is also seeing greater demand from more technical industry sectors, providing encouraging signs for long-term performance.

4 The county's retail sector will not be immune to economic uncertainty, although Kent's historic and coastal towns are well placed to benefit from the sudden sharp depreciation of sterling attracting more tourist spending, while es**tablished shopping towns and centres will inevitably maintain their appeal**.

5 The county is **seeing much-needed housing development** across a mix of new communities and town centre schemes. The improved performance of Kent's residential market is evident in the migration of developers from other areas of the home counties across the Kent border. There is also increased demand from build to let investors (particularly in locations such as Ashford) reflecting improved transport accessibility and the quality of town centre life.

6 Longer term, the regeneration of Kent's towns will not only improve performance of the county's retail centres and residential markets, but also boost their appeal to business. Recent activity has demonstrated that companies, workers and residents seeking a quality urban environment, with strong transport links, are drawn by the county's regeneration schemes and towns offering a critical mass of skilled labour.

4.23 Linked to this last point, the SE LEP also recognises that its coastal communities are a defining feature of South East England and require bespoke, co-ordinated programmes of investment to enable them to generate the returns available from the enterprise and employment, culture and heritage that their location provides.

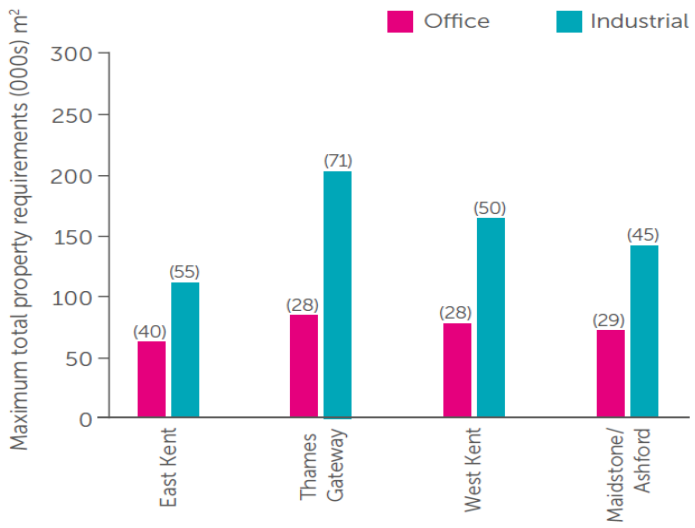
[4] 2016 Kent Property Market (Kent County Council, Caxtons and Locate in Kent

Inward Investment

4.24 Locate in Kent – Kent and Medway's investment promotion agency – maintains a client database that holds details of the property requirements of companies looking to relocate to or expand in Kent. The 2016 Kent Property Market Report provides a summary of recent inward investment trends in the county.

4.25 At the end of June 2016, there were 274 active inward investment projects in Kent. Of these, 183 (67%) had a potential requirement for property or land, equivalent to a total of 298,605sq.m. The highest demand for industrial properties was focused in Thames Gateway, followed by East Kent, West Kent and Maidstone/Ashford. Office demand was more likely to favour Thames Gateway locations, followed by Maidstone/Ashford and West Kent (Figure 4.7).

Figure 4.7 Total office and industrial property demand by sub-region, June 2016

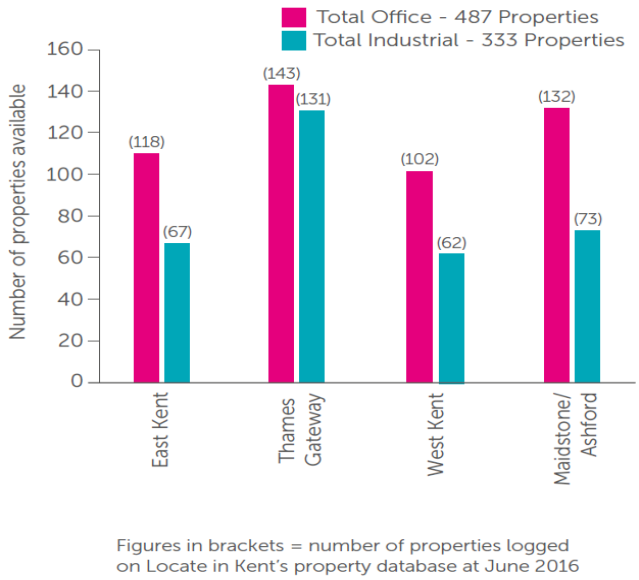


Figures in brackets = no. of active projects at June 2016 (NB. Some projects may have had demands for property in more than one area of Kent.)

Source: 2016 Kent Property Market (Kent County Council, Caxtons and Locate in Kent)

4.26 At the end of June 2016, a total of 820 properties were registered on Locate in Kent's property database. 41% of this supply was industrial in nature, and 59% office. The greatest number of properties overall were available in Thames Gateway, followed by East Kent, Maidstone/Ashford and West Kent (Figure 4.8).

Figure 4.8 Property supply by area, June 2016



Source: 2016 Kent Property Market (Kent County Council, Caxtons and Locate in Kent)

4.27 This analysis suggests that East Kent is well placed to accommodate inward investment activity in future if it can maintain a good supply of suitable premises and development opportunities in the right locations.

Infrastructure and Connectivity

4.28 A significant amount of evidence base work has recently been undertaken on infrastructure issues and priorities within East Kent including a Growth and Infrastructure Framework (GIF) for Kent and Medway[5] which provides a framework for identifying and prioritising investment in infrastructure across the sub-region. Where possible, key findings from this work are incorporated into the summary provided below.

Overarching Themes

4.29 East Kent enjoys a unique position as a gateway between Europe, London and the rest of the UK, and benefits from a stock of nationally significant infrastructure, including:

- The only High Speed Line currently in the UK providing fast journey times between the sub-region's key settlements and London;
- Europe's busiest passenger port at Dover, with plans for Port expansion;
- Cross-Channel services via Eurotunnel and international passenger rail services via Eurostar from Ashford;
- Strategic road infrastructure from the Channel to London and the rest of the UK, in particular the A20/ M20 and the A2/M2 corridors;
- Strategic access to Thanet provided by the A299 Thanet Way via the M2.

4.30 Within its Strategic Economic Plan, the South East LEP recognises that the area's sea ports – and the road and rail networks that serve the ports – provide the UK's most important gateway to the rest of the world.

[5] Kent and Medway Growth and Infrastructure Framework, AECOM September 2015

4.31 In addition to these strategic networks, East Kent also accommodates a number of under-utilised economic assets such as London Ashford Airport (Lydd) in Shepway, which provide further economic growth opportunities should new investment come forward.

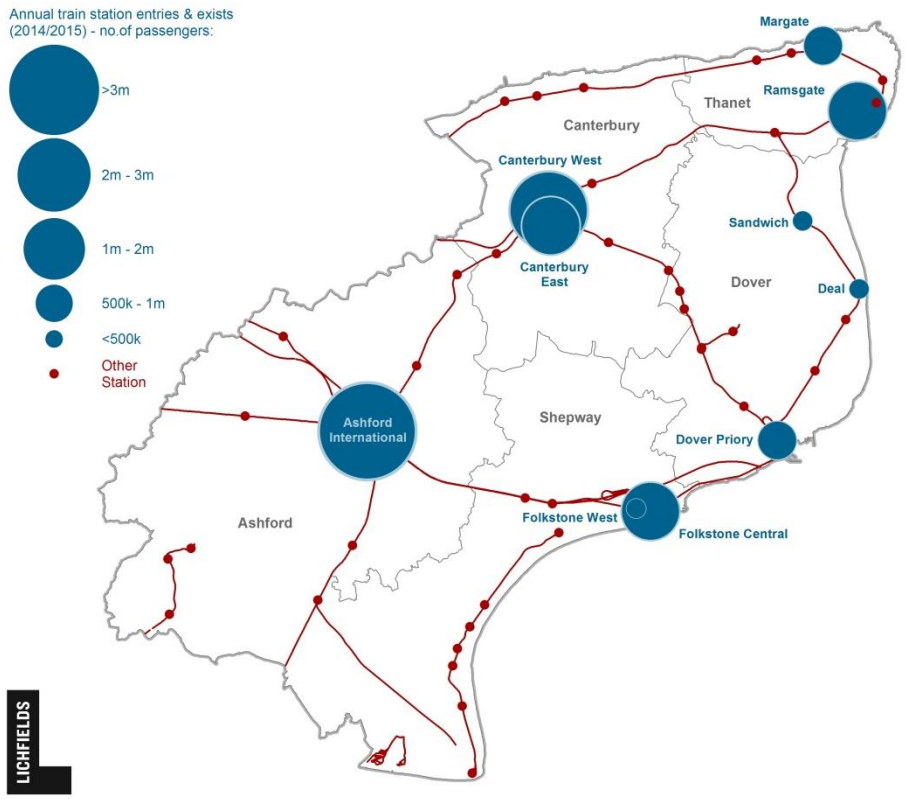
4.32 Whilst strategic routes to and from East Kent are good, the previous Growth Plan noted that the dominance of London-to-coast corridors within East Kent's transport system and the fact that no single centre is sufficiently dominant to warrant a radial network means that some connections within East Kent are fairly weak, such as road connectivity between Thanet and Ashford. Furthermore, the strategic network suffers from a number of bottlenecks and congestion points which if not addressed, could act to impede future growth within East Kent, and there remains a need to secure comparatively smaller amounts of investment to maximise the local benefits of High Speed One.

Rail Infrastructure

4.33 Data from the Office of Rail and Road illustrates the uneven pattern of train station usage across East Kent (as at 2014/15), with the highest volume of entries/exists recorded at Ashford International and Canterbury West (Figure 4.9). By contrast, stations in Shepway (Folkestone West and Central), Dover (Dover Priory, Deal and Sandwich) and Thanet (Margate and Ramsgate) accommodate much lower volumes of passenger usage.

4.34 These patterns are inevitably closely linked with labour market flows, with commuting data presented in section 3.0 showing strong labour market relationships between East Kent and London, facilitated by Ashford and Canterbury's competitive journey times to the Capital, while strong station usage here can also be explained by their respective roles as key employment hubs within the sub-region.

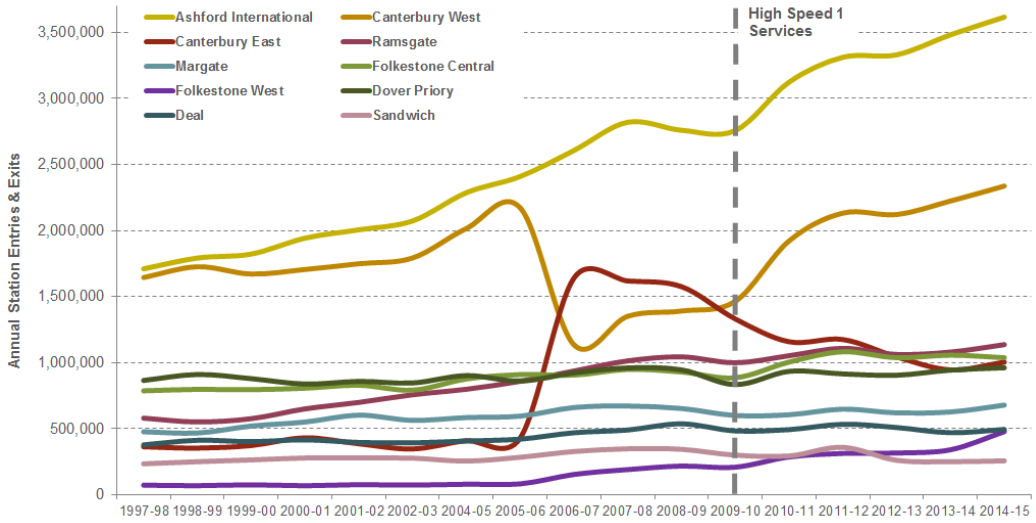
Figure 4.9 Annual Station Entries and Exists (2014/15)



Source: Office of Rail and Road 2014-15 / Lichfields analysis

4.35 Rail station usage in East Kent has increased since the recent introduction of high speed rail services (Figure 4.10) and station usage has consistently been highest at Ashford International and Canterbury West over the last 16 years.

Figure 4.10 Annual Station Entries and Exists



Source: Office of Rail and Road 2014-15/ Lichfields analysis

4.36 High speed domestic rail services have significantly reduced journey times between East Kent and London since the introduction of the new service in December 2009. To date, these benefits have primarily been felt in Ashford, and to a lesser extent in Folkestone and Canterbury, all of which are now within an hour of central London via High Speed One (HS1) services.

4.37 Further east, the Thanet towns have benefited from improved journey times via HS1, but remain relatively disadvantaged within the East Kent context. Recent investment has recently been secured to improve the Ashford to Ramsgate route, allowing Thanet to benefit to a greater degree from HS1. Figure 4.10 shows that passenger usage of rail stations in Thanet, Dover and Shepway has increased more gradually over recent years when compared with Ashford and Canterbury. Some locations that remain dependent on more localised services (such as Whitstable and Herne Bay on the North Kent line) continue to experience lengthy journey times, which in some cases have deteriorated as timetables have been changed to accommodate the HS1 schedule. The opportunity therefore exists for residents of these parts of East Kent to further benefit from improved connectivity presented by the sub-regions rail infrastructure, subject to necessary investment in more localised connections.

4.38 The need for investment in Kent's existing rail infrastructure has recently been articulated by the Kent and Medway Economic Partnership who are currently preparing a Rail Strategy for Kent & Medway in order to link new investment opportunities with planned population and job growth in the area. Key priorities relating to East Kent include:

- Ensuring that the new Thameslink services to the city via London Bridge and Blackfriars from the Maidstone East line and Medway Towns are introduced successfully in 2018;
- More intensive use of the HS1 infrastructure to deliver growth in Thames Gateway, Ashford, Canterbury, Folkestone, Dover and East Kent;

- Improve access to services at stations, more car parking, integrated transport cycle and walking access; and
- Maintain international access to Ashford.

Highways Infrastructure

4.39 The Kent and Medway GIF notes that the sub-region is currently facing increased congestion, on both road and rail. Major routes such as the M20, A2/M2 and A21 form important local and strategic links that when congested result in delay on the wider local network. The study acknowledges that with increasing congestion in Kent's major town centres such as Ashford and Canterbury, growth across the County will be constrained without investment in increasing capacity.

4.40 Kent and Medway's highways play a significant role in carrying strategic through traffic as well as intra-urban movements. Current levels of congestion on Highway's England's road network and locally within key urban centres across Medway and Kent are shown in Figure 4.11 below, indicating that much of Kent's strategic road network and the key urban centres witness delay during peak periods. The growth proposed will further add to this congestion unless suitable intervention is implemented.

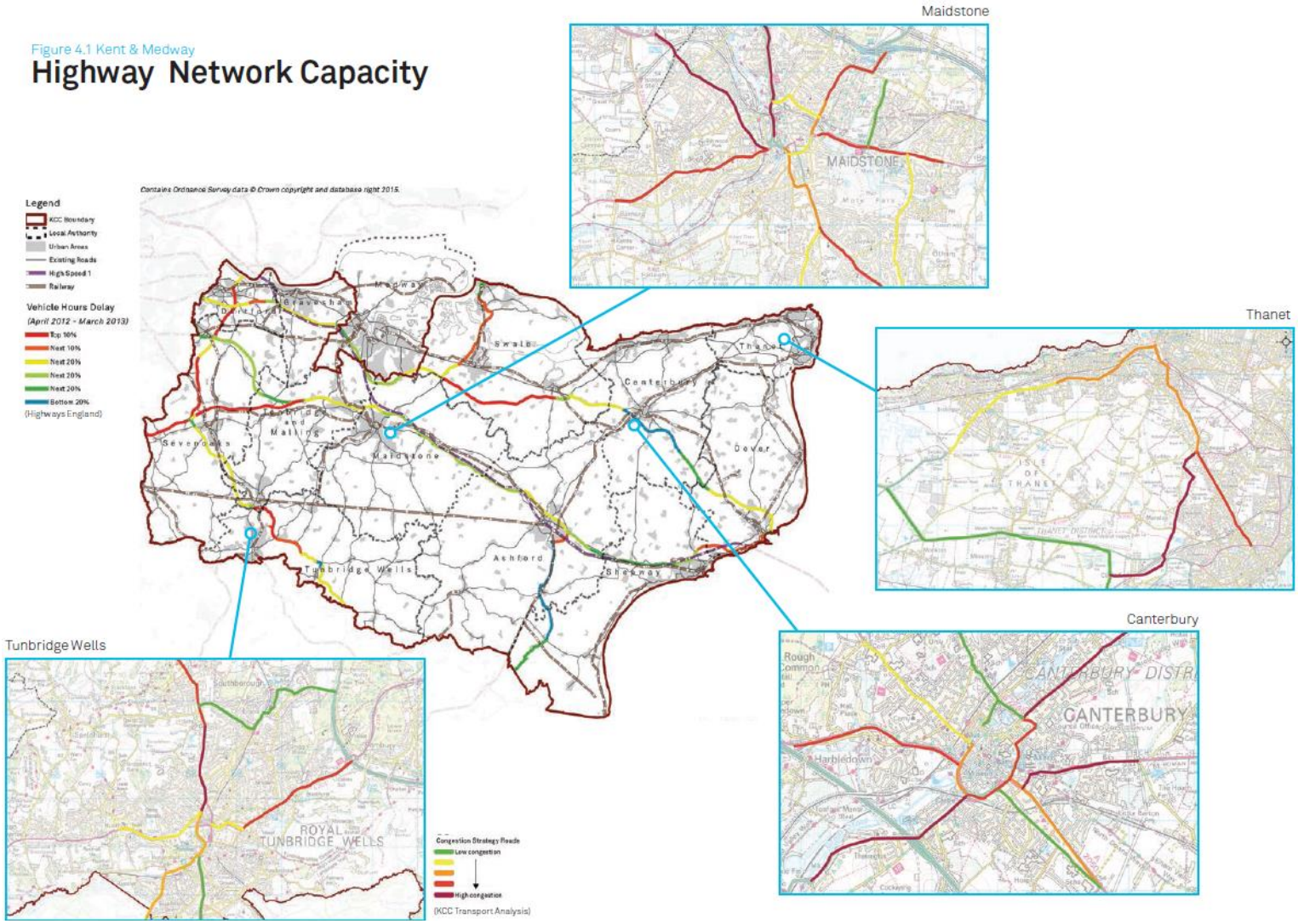
4.41 Of major sub-regional significance is the Government's planned Lower Thames Crossing for which a preferred route comprising a bored tunnel crossing under the River Thames east of Gravesend and Tilbury was announced in April 2017.[6] The Crossing has the potential to generate significant economic benefits and growth opportunities for East Kent if the area's road networks can be upgraded to effectively facilitate the enhanced connectivity brought about by this new crossing.

4.42 SELEP's recent response to the Highways England consultation[7] states that the Lower Thames Crossing is strongly supported by businesses in the South East and has an important contribution to make to the UK's current productivity challenge and need to increase exports by opening new routes. The view of businesses in the LEP area is that there will be wider opportunities for their growth potential with an opening of this additional route, connecting the south to the north and vice versa while opening up access to wider European networks.

4.43 The major ports in the area, including at Dover and Folkestone, are reported to be particularly strong supporters of the proposed crossing and are all planning for increased throughput which will have a significant impact on the highways network. It will also enable Kent County Council's policy objective of "bifurcation" to be implemented, splitting traffic to and from Dover between the M2/A2 and M20/A20 corridors. The aim is to create a high quality strategic corridor that will cater for the significant growth of the port and release capacity on the M20.

[6] https://www.gov.uk/government/news/new-lower-thames-crossings-to-cut-congestion-and-create-thousands-of-jobs
[7] South East Local Enterprise Partnership, Response to the Lower Thames Crossing Route Consultation 2016

Figure 4.11 East Kent Highway Network Capacity



Source: Growth and Infrastructure Framework for Kent and Medway (September 2015)

Infrastructure Priorities

4.44 Existing infrastructure capacity issues for each local authority in East Kent are summarised in Table 4.1 below.

Table 4.1 Summary of Existing Capacity Issues

Location	Existing Capacity Issues
Ashford	Capacity issues with operation of M20 (schemes identified) Public transport linkages required between town and growth points Existing highway capacity issues at town centre ringroad (schemes identified) Major priorities for Ashford include the J10a, A28 and Ashford International signalling projects
Canterbury	Ring Road a key constraint A2 Junction has limited movement A28 Corridor from Thanet to Ashford a major barrier to east Kent growth Comprehensive package of transport schemes identified – no major areas of concern
Dover	Port activity causes congestion on A20 and A2 corridors Development in the north of Dover dependent upon delivery of public transport connectivity Developments identified within Flood Zone 3 Issue with capacity for treating sewage arising from new houses at Whitfield
Shepway	A20 Congestion issues due to Port Activity Congestion within Folkestone (a number of schemes already identified) Flood risk a significant issue for existing and proposed development, with ongoing investment requirements.
Thanet	Transport improvements to allow for evolution of Westwood Cross Improved accessibility to London and rest of Kent through reduced rail times and new parkway station Regeneration of coastal towns to stimulate wider investment and meet demands from new development Investment in Inner Traffic Circuit to address bottlenecks and unlock development Need to recognise variable land values within the district and address their impact on viability

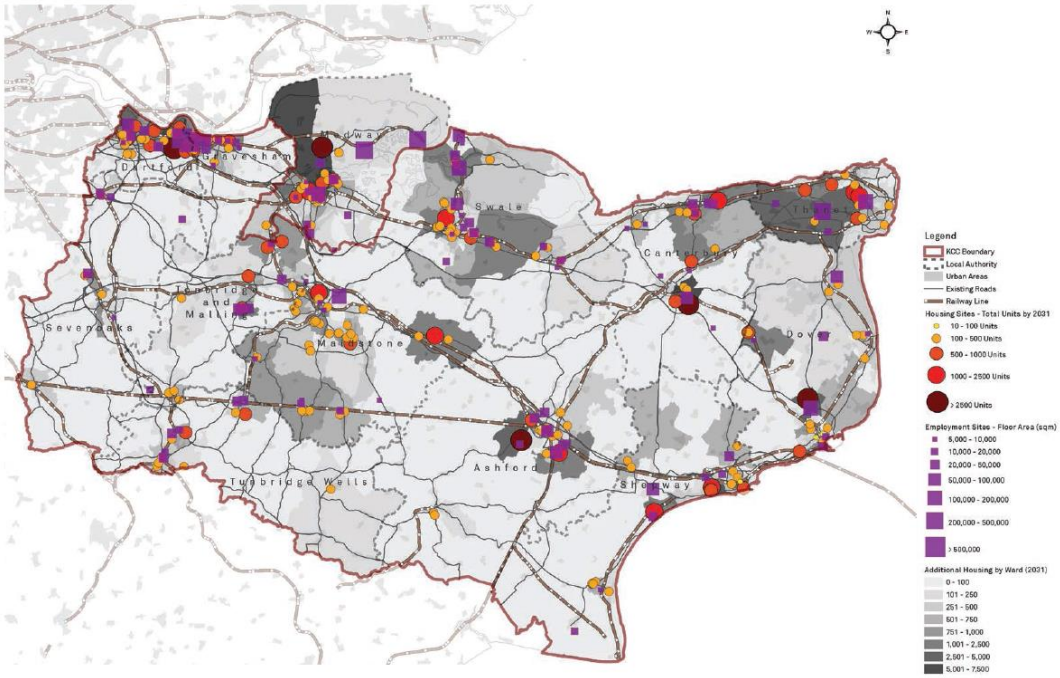
Source: Growth and Infrastructure Framework for Kent and Medway (September 2015)

4.45 The GIF states that addressing capacity issues on the transport network requires careful consideration of where growth is likely to take place and the movement of people in the future. A Census-based analysis of where trips from proposed growth locations in Kent would occur suggested that commuting in the County will predominantly take place intra-district, which suggests that most residents of Kent will continue to work in the same area as where they live. Specifically:

- 79% of all new commuting trips are forecast to remain within the County;
- Dartford will generate 16% of all new work based trips, followed by Maidstone (14%), Medway (13%) and Canterbury (14%);
- London will receive 17% of all new commuting trips, a large proportion expected by rail; and
- Largest trip containment within Thanet at 70%, followed by Canterbury (66%) and Tonbridge and Malling (63%).

4.46 Overcoming these capacity issues will be crucial if the sub-region's growth potential – as illustrated in Figure 4.12 below – can be realised over the coming years.

Figure 4.12 Housing and Employment Growth in Kent and Medway



Source: Growth and Infrastructure Framework for Kent and Medway (September 2015)

4.47 The South East LEP's Strategic Economic Plan identifies 12 growth corridors/areas together providing the focus for infrastructure investment. This includes the 'HS1, A2, A20 & A299' growth area which is estimated to have capacity for 30,000 new homes and 20,000 jobs by 2021. Key priorities include:

1 The opening of High Speed One has dramatically improved access to East Kent, opening up a new corridor for growth – with plans in place for further journey time reductions. Ashford is Kent and Medway's fastest growing urban centre outside the Thames Gateway; planned investment in M20 Junction 10a will help to unlock Ashford's growth potential, helping to deliver around 10,000 jobs and 7,000 homes.

2 On the A2, Canterbury is an important university city. Beyond Canterbury on the A2, the Port of Dover is already Europe's largest passenger port and with major plans for expansion. However, significant investment will be required if the area's long term opportunities are to be realised, in particular in improving the A2 to link an expanded Port of Dover with the planned Lower Thames Crossing.

3 North of Dover, Discovery Park at Sandwich has become England's most successful Enterprise Zone. At Margate and Ramsgate, prospects for growth have been enhanced by investment in transport and cultural infrastructure.

4 Folkestone is also benefiting from reduced journey times on High Speed One, and is now within an hour's journey time of London. This is making a difference to the town's creative and visitor economy, with the development of Folkestone Creative Quarter and the revitalisation of Folkestone Seafront underpinned by the successful Folkestone Triennial.

Broadband Connectivity

4.48 Availability of broadband has significant positive economic, environmental and social impacts. Recent research[8] emphasises that at the local level economic impacts arise from construction effects, productivity growth, enterprise creation, job creation and increased labour force participation. Broadband is also an enabler for international trade and innovation. BT estimate that for a typical rural area in the South East superfast broadband could lead to an annual increase in GVA of 0.3% per annum over 15 years[9]. The availability and quality of broadband coverage are increasingly essential to the relative attractiveness of an area to do business. The Government's Universal Service Commitment aims to ensure that everyone will have access to at least basic broadband (with a download speed of 2 Mbs). However, as bandwidths available in urban areas improve it is possible that a 'digital-divide' is emerging.[10]

4.49 Improving East Kent's broadband connectivity has long been recognised as a priority and the 'Making Kent Quicker' programme covers a range of projects that Kent County Council is leading to improve broadband infrastructure and services across the county. The aim of the programme is to bring superfast broadband to more than 140,00 homes and businesses. To date, this work has already brought superfast broadband to over 120,000 homes and businesses, who would otherwise have been left with no, or slow broadband.

4.50 Kent County Council is currently working with the Government's broadband agency, Broadband Delivery UK (BDUK) on a second project to further extend the reach of superfast broadband. In Kent, this aims to achieve 95% coverage by the end of 2017 and 95.7% coverage by September 2018. This still leaves a number of East Kent communities with relatively slow access and a number of projects are underway within the East Kent districts to provide solutions to improve speeds in the remaining communities where market failure can be demonstrated.

Summary

4.51 The rate of new housing development in East Kent has been uneven over recent years, characterised by a general slowdown following the recession. The reasons for this lumpy and uneven pattern of delivery are manifold, not least as a direct result of land supply and allocations. The authority areas of Canterbury and Ashford have seen the most significant volume of new development, but their housing stock remains the least affordable of all East Kent authority areas.

4.52 It offers a range of housing choices, albeit provision varies within the sub-region with greater availability of houses in Ashford and Canterbury, and flats in Thanet and Shepway. This will inevitably influence East Kent's ability to attract and retain particular population groups, including those of working-age and able to contribute to wider economic growth.

4.53 East Kent accommodates a relatively buoyant and diverse commercial property market, and although growth in its business space has been sluggish over recent years (due to generally limited levels of new development), recent property market intelligence indicates a positive outlook. Ashford represents the largest commercial centre in terms of stock of employment space and industrial space in particular, with Dover accommodating East Kent's largest stock of office space (due in part to the presence of Discovery Park). Local property agents and stakeholders believe that the planned regeneration of a number of East Kent's town centres will be an important step in maintaining the sub-region's attractiveness to business.

[8] UK Broadband Economic Impact, Literature Review, SQW, February 2013
[9] Social Study 2012 The Economic Impact of BT in the United Kingdom and the South-East, Regeneris
[10] UK Broadband Economic Impact Study, Impact Report, SQW, November 2013

4.54 The sub-region enjoys a unique position as a gateway between Europe, London and the rest of the UK, and as a result benefits from a stock of nationally significant infrastructure. Nevertheless, its key routes suffer from congestion and this is set to increase as new development continues unless interventions are made to enhance capacity and facilitate cross-county transport links.

4.55 A number of locally significant infrastructure capacity issues have been identified by the recent Growth and Infrastructure Framework for Kent and Medway and the strengthening of existing key routes will be vital if the scale of planned new housing and commercial development can be achieved.

5.0 Bringing the Evidence Together

5.1 This evidence report brings together a range of data and intelligence to provide a broad strategic narrative of how East Kent's economy, people and place have changed over recent years and articulate the sub-region's collective strength as a location for growth. A summary of East Kent's challenges and opportunities to future economic growth is presented in Table 5.1 overleaf.

5.2 Considering East Kent as a single economic entity provides a helpful starting point in developing and showcasing this offer, yet it inevitably masks more local level trends and the specific economic objectives being pursued by each constituent local authority area. Analysis presented within this report shows that relative economic performance varies considerably within East Kent, with the sub-region characterised by a notable east-west divide between Ashford and Canterbury to the west, and the coastal authorities of Dover, Thanet and Shepway to the east.

5.3 Part of the success of individual locations in East Kent has been driven by relative attractiveness of these places to residents and businesses. The regeneration of key towns (with a particular focus on town centres) has long been recognised as an economic strategy priority for East Kent authorities although these plans have been slow to come forward (not helped by the recent recession). Various elements of the evidence gathered as part of this report (including as part of the commercial property market and infrastructure themes) point to the catalytic role that these schemes are expected to play in boosting the economic performance of individual locations and East Kent overall.

5.4 East Kent benefits from a stock of nationally significant infrastructure that reflects its gateway location. Whilst these key pieces of infrastructure have helped to open up growth opportunities through enhanced connectivity and capacity, these benefits have been unevenly felt across East Kent and infrastructure capacity issues are now emerging right across the sub-region. For example, the London to coast corridor is well served but intra-East Kent links can be comparatively poor. Viability issues in many parts of East Kent also mean that development schemes can stall or fail to come forward as a result of infrastructure 'show stoppers'.

5.5 Whilst East Kent's commercial property market is relatively diverse and buoyant with recent intelligence pointing to a positive market outlook, delivery of new commercial space has been limited over recent years and viability challenges mean that much of East Kent's business space is now becoming relatively outdated and in need of redevelopment. It represents an attractive location for inward investment provided that a suitable portfolio of sites/supply can be unlocked and well serviced by infrastructure.

5.6 From a sector perspective, East Kent accommodates a number of clusters of high value economic activity, but these tend to be concentrated in relatively isolated pockets, with limited evidence of 'spill over' effects into wider parts of the sub-region's economy. Evidence points to a widening productivity gap between East Kent and the wider sub-region, as well as within East Kent itself. Its resident skills base has been improving over recent years, but still lags behind wider regional and LEP benchmarks. Together, these trends have the potential to inhibit innovation and productivity within East Kent's business base and restrict its ability to compete at a broader regional and national scale for labour, residents and business. Continued investment in education and training provision linked to particular local sector priorities will therefore be important.

Table 5.1 East Kent SWOT analysis

Strengths	Weaknesses
• Strong working-age population and employment growth in recent years • Rising skill levels and improved productivity across all local authorities • Relatively high levels of labour self-containment in Dover, Shepway and Thanet • Success in attracting in-migrants, particularly to Ashford and Canterbury • Quality of life advantages and cultural offer • Competitive travel times to London and relative ease of commuting to the Capital • Major higher education offer • Comparative affordability of housing and commercial space • Strong demand for commercial space • Presence of strategic infrastructure giving excellent access to London, continental Europe and the wider South East region	• Uneven spatial distribution of growth • High value sectors currently clustered in a small number of locations • Widening productivity gap between East Kent and wider region since the recession reflecting drop in recent investment • Uneven qualification attainment levels and below regional average in all areas expect Canterbury • Housing affordability issues particularly in Canterbury and Ashford • Pockets of socio-economic deprivation, particularly in some coastal communities Congestion issues on some parts of the strategic infrastructure network, including Operation Stack
Opportunities	**Threats**
• Representation across multiple growth sectors, and access to range of economic assets • Space to grow with significant unrealised development schemes and projects (to enable both housing and employment development) • Councils taking a proactive approach to making land available for development • Capacity to grow usage of High Speed 1 and to increase service provision • Forecast population, employment and economic output growth • Increasing demographic and socio-economic diversity, including more young people, families and share of working-age population • Potential to retain a greater share of high-skilled out-commuters and graduates from HE institutions to generate more business start-ups • Regenerating East Kent's town centres to boost resident and business attractiveness • Increased joint working between East Kent local authorities could lead to greater capacity and capability to coordinate investment and economic development policy	• Higher recent economic growth in Ashford and Canterbury (compared to other areas in East Kent) expected to continue • Cross-county infrastructure constraints impacting ability to deliver strategic housing and employment growth • Lack of infrastructure investment could limit economic growth potential of East Kent and wider UK economy • Limited housing market choices outside of Ashford and Canterbury • Under-performance of town centres and need to support long-term regeneration • Losses of employment space, and lower land values and viability issues constraining new commercial development particularly in Dover, Shepway and Thanet • Lack of comprehensive improvements to the M2/A2 route from the planned Lower Thames Crossing to the Port of Dover • Lack of long-term solution to address lorry parking issues associated with Operation Stack • Future customs arrangements following Brexit currently unknown but may adversely impact functioning of Port of Dover and Channel Tunnel • Impact of Brexit on the flow of people and trade across the Channel

Source: Lichfields analysis

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