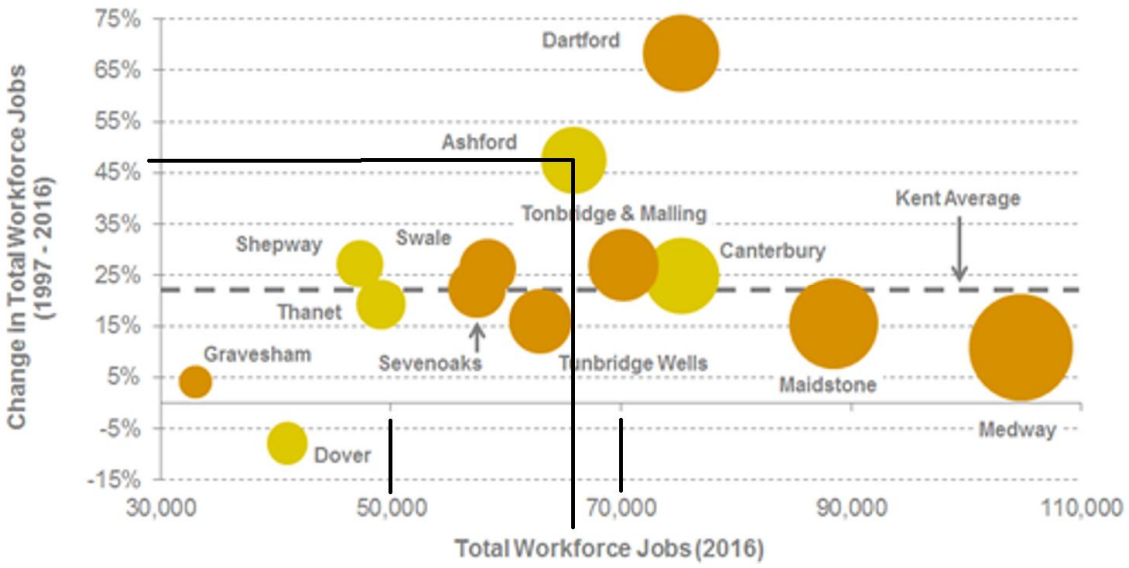
Issue 4 - note
James Ransley
Rep. ID 461

Issue 4 – Additional note consultation

1. Having read the documents provided by the council we note from figure 2.1 on page 12 of GBD24b that Ashford in 2016 is shown to have total workforce jobs of around 66,000. We also see from ED17 on paragraph 11 page 2 that the council's position is now, based on GBD24b, that they anticipate growth of 620 per year in the period 2016 to 2036. Putting the two together to give a figure for 2030 then 66,000 + (620*14) = 74,680. Looking at figure 8.5 on page 53 of EBD04 we can see that the baseline position was for 70,300, the enhanced productivity for 72,300 and the enhanced performance for 73,800. We therefore welcome the council's new position and acceptance that within the plan period employment growth is materially above the baseline scenario, and also the enhanced scenarios. They have yet to address the implications for housing need, employment land or unsustainable commuting patterns (potentially arising as a result of not addressing the first two).

1.1 Ashford has grown by 47% in the 19 year period, which is a growth rate of 2.05% per annum on a compound basis and much above the baseline forecast. (GBD24a paragraph 2.5)

1.2 We would also note from figure 2.1 on page 12 of GBD24b that the only other Kent Authority with a high speed / International train station, Dartford, has achieved a substantially greater rate of employment growth over the past 19 years than Ashford.



1.3 Given that workforce growth has been materially higher than the council expected, as discussed above, in the early part of the plan period we have acquired the most recent set of data from Cambridge Econometrics to look at this in more detail. We waited for the new release of data/forecasts which became available on the 25th May. The principle purpose of acquiring this data was to receive a historical data set from 1981 to 2016 and as a by-product we also received the 2017 to 2036 forecasts. I have discussed with CE the disparity between historic employment growth and their forecasts for Ashford's future growth. My understanding is that the 'off the shelf' modelling based on industries can struggle where employment within an authority may have been growing rapidly in that industry but the model then applies a regional growth rate for

the industry. If the industry on a regional level is experiencing little growth or negative growth then it has implications for the forecast outputs. I imagine this would be particularly the case for industries which may be agglomerating within the region to particular authorities.



C181 - May 2018, forecast version 13330

Total Employment (000s)

	Historic data			Forecasts	
Ashford	1981	32.2		2017	68.5
	1982	32.3		2018	68.8
	1983	32.6		2019	69.0
	1984	34.1		2020	69.1
	1985	34.7		2021	69.2
	1986	35.0		2022	69.4
	1987	36.3		2023	69.6
	1988	38.8		2024	69.8
	1989	41.5		2025	70.0
	1990	43.8		2026	70.2
	1991	43.6		2027	70.4
	1992	42.7		2028	70.6
	1993	42.1		2029	70.8
	1994	45.0		2030	71.1
	1995	48.2		2031	71.3
	1996	47.7		2032	71.5
	1997	43.0		2033	71.8
	1998	45.3		2034	72.0
	1999	45.8		2035	72.2
	2000	42.1		2036	72.5
	2001	51.3			
	2002	53.2			
	2003	53.6			
	2004	55.2			
	2005	55.4			
	2006	55.4			
	2007	55.8			
	2008	56.5			
	2009	55.4			
	2010	54.8			
	2011	58.8			
	2012	58.6			
	2013	59.1			
	2014	60.3			
	2015	60.5			
	2016	68.5			

1.4 Having a long term data set from a single source allows us to look in more detail and we would particularly highlight-

- Employment growth 1981 to 2010 is 1.85% pa on a compound basis (not simple average)
- Employment growth 2010 to 2016 is 3.79% pa (compound)
- Employment growth forecast 2016 to 2030 is 0.26% pa (compound)

To consider how realistic the future forecast maybe we asked ourselves historically what have the growth rates been for the 14 year periods within the data set, as 14 years remain in the plan.

Starting	Ending	Growth
1981	1995	2.90%
1982	1996	2.82%
1983	1997	2.00%
1984	1998	2.05%
1985	1999	2.00%
1986	2000	1.33%
1987	2001	2.50%
1988	2002	2.28%
1989	2003	1.85%
1990	2004	1.67%
1991	2005	1.73%
1992	2006	1.88%
1993	2007	2.03%
1994	2008	1.64%
1995	2009	1.00%
1996	2010	1.00%
1997	2011	2.26%
1998	2012	1.86%
1999	2013	1.84%
2000	2014	2.60%
2001	2015	1.19%
2002	2016	1.82%

Sorted	
1.00%	
1.00%	
1.19%	
1.33%	
1.64%	
1.67%	Lower quartile bound
1.73%	
1.82%	
1.84%	
1.85%	
1.86%	
1.88%	
2.00%	
2.00%	
2.03%	
2.05%	
2.26%	Upper quartile bound
2.28%	
2.50%	
2.60%	
2.82%	
2.90%	



1.5 Looking at the historical data we note that there have been no occasions where employment growth within the borough has been nearly as low as CE currently forecast. CE forecasted, in the baseline scenario, employment growth of 0.5% in the period 2010-2015 and 1.2% 2015-2020 whilst the actual for the period 2010-2016 has been 3.79%. Given the large disparity between the forecast and what occurred, the disparity between the forecasts from 2017 onwards and historic experience we do not believe that the CE model provides a sufficiently robust forecasting tool to justify a material deviation from historic trends. Taking a long run average from 1981-2010 would have been a much closer approximation of what occurred than CE's forecasts. We should also remember that we have heard extensively from the council about the extent to which J10A has delayed housing completions. It has also constrained the delivery of a substantial amount of employment land. The high recent employment growth within the borough is therefore despite the constraint of J10A over those recent years.

1.6 Taking the council's new position of current employment + 620 pa over the remainder of the plan period then this equates to growth from 68,500 (CE historic data as we do not have a figure from ABC for current employment) to 68,500 + (14*620) = 77,180 . This is 0.85% per annum for the 14 year period and therefore is lower than the 1% per annum achieved in the historic data set, for the periods ending during the 'great recession'. Looking at the plan period as a whole from 2010 to 2030 the councils new position would represent growth from 54,800 to 77,180 which is 1.73% pa and therefore marginally lower than the 1981-2010 historic growth rate. The councils new position would appear, based on the CE data, to result in the need to plan for an increase of 77,180 – 54800 = 22,380 people in employment whilst they currently only plan for 12,400 in the SEOR baseline.

1.7 In our view the lowest growth figure which could be considered justified and 'positively' prepared would be to replicate the 1% per annum achieved in the periods ending 2009 and 2010 over the remaining 14 years. That would result in an employment figure of 78700 (rounded down) in 2030. This represents 1.83% per annum for the plan period and as such is very close to the long run figure 1981-2010. This would mean that the plan needs to use a figure of 78700 - 54,800 = 23,900.

1.8 The council now suggests, in ED17, the plan can support employment growth of 782 per annum going forward. Over a 14 year period this totals 79,448 and represents growth of 1.06% per annum from the current 68,500. Historically that is a very low figure and the council does not consider how it will address the accrued shortfall in provision within the early part of the plan.

1.9 If we use the lower inter quartile figure of 1.67% for the 14 years remaining in the plan then employment would be 86,375 by 2030. This would represent growth from 2010 to 2030 of 2.30%. A continuation of even the lower interquartile rate would therefore result in substantially higher employment growth than the council anticipated in the SEOR, with the increase 31,575 in employment compared to the 12,400 in the baseline. A partial return to trend could therefore significantly increase the employment in the borough.

Summary

2 We do not believe it is consistent with the positive preparation of a plan to assume that Brexit will result in employment growth over a 14 year period which is lower than that achieved in the periods ending 2009 and 2010 (1%). That recession was the deepest since the Second World War and saw manufacturing output decline by 7% and the unemployment rate raise to 8.3%.ONS data and an ONS chart are included in the appendix to demonstrate that this period represented substantially the most quarters that it has taken for the UK to return to past economic levels

since the fifties in real GDP terms (the extent of the available ONS data). Given a realistic employment growth rate, or even just the councils new position, our principle concerns are-

- The plan does not allocate sufficient land for employment
- The plan does not allocate sufficient land to accommodate housing needs, to ensure this does not provide a break to potential future employment/economic growth
- The CE data shows employment in 2016 of 68,500 and in 2000 of 42,100. A difference of 26,400 in that period. This represents 94% of the employment growth expected in the GADF transport assessment (28,000) for the entire period to 2031. This has occurred in half that period and despite lower than planned housing supply. The Amey report did not highlight/assess that employment in the borough is extremely likely to be substantially higher than that considered by the GADF work.
- That we are aware ABC has not requested that neighbouring authorities accommodate those who have been/will be drawn to work within Ashford within those neighbouring boroughs and the cross boundary implications for those authorities have not been considered as part of the duty to cooperate. Given that employment growth in the borough has exceeded housing delivery we have concerns that an overhang of unsustainable transport patterns for travel to work has built up already within the early part of the plan period. (Paragraph: 018 Reference ID: 2a-018-20140306)

2.1 The previous iteration of an East Kent Growth Framework type document, the Kent and Medway Growth and Infrastructure Framework, which was published September 2015 gives on page 35 (see appendix) the anticipated employment growth for Ashford to 2031 of 17,000. From page 4 we know that this report deals with the period 2011-2031 and total employment given there (135,800) corresponds closely to the figure on page 35 (135,000). It is therefore clear to us that ABC should have been aware that the 12,400 of the baseline represented an unrealistically low figure for some time. The most up to date evidence the council had available at the time of both the first local plan consultation and the time of revision of the SHMA in January 2017 was that the employment figure should be 17,000. Our position is that the figure we believe the council is now advocating, current + 620pa, leading to a need to plan for growth of 22,380 is broadly correct. We think a figure of 23,900 is much better justified in providing a very cautious approach in the face of Brexit by replicating previous historic low growth rates associated with the 'credit crunch', however a return to trend growth rates could mean this figure is low. Rapid employment growth early in the plan period without accompanying housing growth means that it is now necessary to catch up within the remainder of this plan to ensure those people are accommodated sustainably, closer to their place of work within the borough.

Appendix

Cambridge Econometrics Employment Projections

Methodology and data sources

Cambridge Econometrics (CE) have maintained and developed a highly disaggregated database of employment data by industry (12 broad sectors or a more detailed 45 sectors[1]) from 1981 for all unitary authorities and local authority districts in Great Britain.

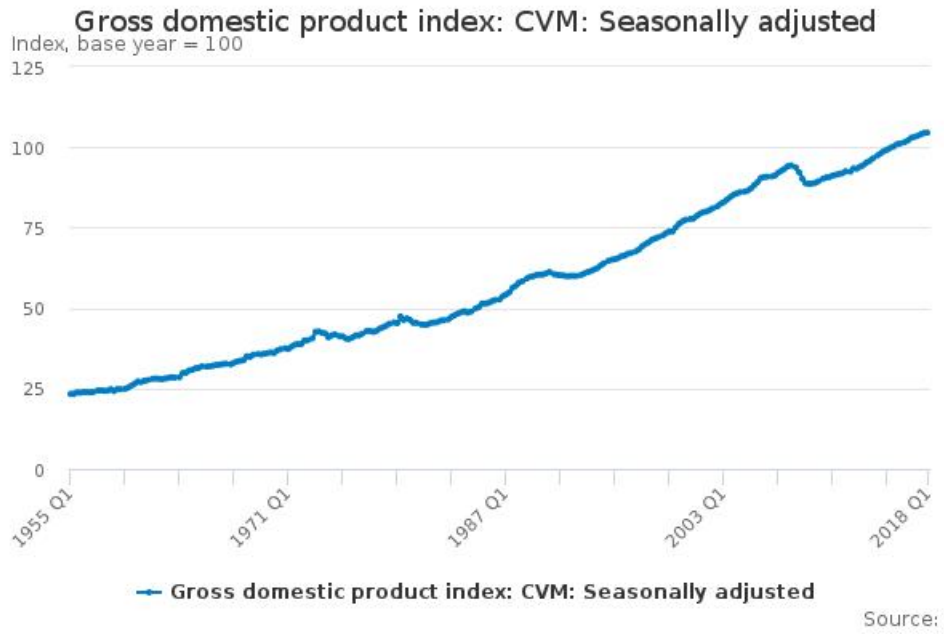
CE's projections are baseline economic projections based on historical growth in the local area relative to the region or UK (depending on which area it has the strongest relationship with), on an industry-by-industry basis. They assume that those relationships continue into the future. Thus, if an industry in the local area outperformed the industry in the region (or UK) as a whole in the past, then it will be assumed to do so in the future. Similarly, if it underperformed the region (or UK) in the past then it will be assumed to underperform the region (or UK) in the future.

They further assume that economic growth in the local area is not constrained by supply-side factors, such as population and the supply of labour. Therefore, no explicit assumptions for population, activity rates and unemployment rates are made in the projections. They assume that there will be enough labour (either locally or through commuting) with the right skills to fill the jobs. If, in reality, the labour supply is not there to meet projected growth in employment, growth could be slower.

The measure of employment is workplace based jobs, which include full-time, part-time and self-employed. The data on employees in employment by industry, which distinguish full-time and part-time as well as gender for the local area, are taken from the Business Register and Employment Survey (BRES) and the earlier Annual Business Inquiry (ABI). The agricultural employment data also include agricultural labour force data from the Department for Environment, Food & Rural Affairs (DEFRA). Estimates of self-employment are taken from the Annual Population Survey (APS) from 2004 onwards. For earlier years estimates are generated under the assumption that the ratios of self-employed to employees at local level, by industry and gender, are the same as those at the corresponding regional level. The figures are made consistent with more recently-published estimates of jobs at a regional level (quarterly workforce jobs, June figures) published by ONS, which include people in the armed forces but do not include people on government training schemes.

[1] See appendix for the definitions of CE's detailed and broad sectors in terms of the 2007 Standard Industrial Classification.

Title		Gross domestic product index: CVM: Seasonally adjusted (a measure of real GDP)										No. Quarters	
CDID		YBEZ						Mid 70's				15	
Source dataset ID		PN2						Early 80's				17	
PreUnit								Early 90's				13	
Unit		Index, base year = 100						'Credit crunch'				22	
Release date		25-05-2018											
Next release		29 June 2018		https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ybez/pn2									
Important notes													
		1960 Q1	27.2	1970 Q1	36	1980 Q1	46.3	1990 Q1	60.8	2000 Q1	76.9	2010 Q1	89.4
		1960 Q2	27	1970 Q2	36.8	1980 Q2	45.4	1990 Q2	61.2	2000 Q2	77.4	2010 Q2	90.2
		1960 Q3	27.4	1970 Q3	37.2	1980 Q3	45.4	1990 Q3	60.5	2000 Q3	77.7	2010 Q3	90.6
		1960 Q4	27.6	1970 Q4	37.5	1980 Q4	44.9	1990 Q4	60.3	2000 Q4	77.8	2010 Q4	90.7
		1961 Q1	28	1971 Q1	37.3	1981 Q1	44.8	1991 Q1	60.2	2001 Q1	78.6	2011 Q1	91.2
		1961 Q2	28.1	1971 Q2	38	1981 Q2	44.9	1991 Q2	60.1	2001 Q2	79.3	2011 Q2	91.4
		1961 Q3	28	1971 Q3	38.6	1981 Q3	45.4	1991 Q3	59.9	2001 Q3	79.8	2011 Q3	91.7
		1961 Q4	27.9	1971 Q4	38.8	1981 Q4	45.5	1991 Q4	60	2001 Q4	80	2011 Q4	91.9
		1962 Q1	28.1	1972 Q1	38.8	1982 Q1	45.6	1992 Q1	60	2002 Q1	80.4	2012 Q1	92.5
		1962 Q2	28.3	1972 Q2	39.9	1982 Q2	46.1	1992 Q2	60	2002 Q2	81	2012 Q2	92.4
		1962 Q3	28.5	1972 Q3	40	1982 Q3	46.2	1992 Q3	60.3	2002 Q3	81.6	2012 Q3	93.4
		1962 Q4	28.4	1972 Q4	40.6	1982 Q4	46.5	1992 Q4	60.8	2002 Q4	82.4	2012 Q4	93.3
		1963 Q1	28.5	1973 Q1	42.6	1983 Q1	47.3	1993 Q1	61.2	2003 Q1	82.9	2013 Q1	93.9
		1963 Q2	29.8	1973 Q2	42.7	1983 Q2	47.8	1993 Q2	61.5	2003 Q2	83.7	2013 Q2	94.4
		1963 Q3	29.9	1973 Q3	42.3	1983 Q3	48.3	1993 Q3	62	2003 Q3	84.5	2013 Q3	95.2
		1963 Q4	30.6	1973 Q4	42.1	1983 Q4	48.7	1993 Q4	62.4	2003 Q4	85.2	2013 Q4	95.7
		1964 Q1	30.8	1974 Q1	40.9	1984 Q1	49	1994 Q1	63.2	2004 Q1	85.6	2014 Q1	96.5
		1964 Q2	31.3	1974 Q2	41.5	1984 Q2	48.6	1994 Q2	63.9	2004 Q2	86	2014 Q2	97.4
		1964 Q3	31.4	1974 Q3	41.8	1984 Q3	48.9	1994 Q3	64.7	2004 Q3	86.2	2014 Q3	98.1
		1964 Q4	31.9	1974 Q4	41.2	1984 Q4	49.9	1994 Q4	65	2004 Q4	86.5	2014 Q4	98.8
1955 Q1	23.3	1965 Q1	31.8	1975 Q1	41.2	1985 Q1	50.3	1995 Q1	65.2	2005 Q1	87.2	2015 Q1	99.2
1955 Q2	23.3	1965 Q2	31.9	1975 Q2	40.5	1985 Q2	51.4	1995 Q2	65.5	2005 Q2	88.2	2015 Q2	99.8
1955 Q3	23.8	1965 Q3	32.1	1975 Q3	40.4	1985 Q3	51.4	1995 Q3	66.1	2005 Q3	89.1	2015 Q3	100.2
1955 Q4	23.7	1965 Q4	32.3	1975 Q4	40.9	1985 Q4	51.6	1995 Q4	66.3	2005 Q4	90.4	2015 Q4	100.9
1956 Q1	23.9	1966 Q1	32.4	1976 Q1	41.5	1986 Q1	52.1	1996 Q1	66.9	2006 Q1	90.7	2016 Q1	101.1
1956 Q2	23.9	1966 Q2	32.6	1976 Q2	41.5	1986 Q2	52.5	1996 Q2	67.1	2006 Q2	90.8	2016 Q2	101.6
1956 Q3	23.8	1966 Q3	32.7	1976 Q3	42	1986 Q3	52.7	1996 Q3	67.6	2006 Q3	90.9	2016 Q3	102.1
1956 Q4	23.9	1966 Q4	32.5	1976 Q4	42.9	1986 Q4	53.7	1996 Q4	68.2	2006 Q4	91.2	2016 Q4	102.9
1957 Q1	24.4	1967 Q1	33	1977 Q1	42.9	1987 Q1	54.2	1997 Q1	69.2	2007 Q1	92.1	2017 Q1	103.2
1957 Q2	24.4	1967 Q2	33.4	1977 Q2	42.6	1987 Q2	54.9	1997 Q2	69.9	2007 Q2	92.7	2017 Q2	103.5
1957 Q3	24.3	1967 Q3	33.6	1977 Q3	42.9	1987 Q3	56.3	1997 Q3	70.4	2007 Q3	93.3	2017 Q3	104
1957 Q4	24.3	1967 Q4	33.8	1977 Q4	43.6	1987 Q4	56.9	1997 Q4	71.2	2007 Q4	94.1	2017 Q4	104.4
1958 Q1	24.8	1968 Q1	35	1978 Q1	44	1988 Q1	57.9	1998 Q1	71.6	2008 Q1	94.3	2018 Q1	104.5
1958 Q2	24.2	1968 Q2	34.8	1978 Q2	44.5	1988 Q2	58.3	1998 Q2	72	2008 Q2	93.7		
1958 Q3	24.8	1968 Q3	35.5	1978 Q3	45.1	1988 Q3	59.2	1998 Q3	72.6	2008 Q3	92.2		
1958 Q4	24.8	1968 Q4	35.7	1978 Q4	45.5	1988 Q4	59.7	1998 Q4	73.3	2008 Q4	90.2		
1959 Q1	24.9	1969 Q1	35.6	1979 Q1	45.3	1989 Q1	59.9	1999 Q1	73.8	2009 Q1	88.8		
1959 Q2	25.3	1969 Q2	35.8	1979 Q2	47.4	1989 Q2	60.3	1999 Q2	73.8	2009 Q2	88.6		
1959 Q3	25.9	1969 Q3	36	1979 Q3	46.3	1989 Q3	60.4	1999 Q3	75.1	2009 Q3	88.7		
1959 Q4	26.5	1969 Q4	36.2	1979 Q4	46.8	1989 Q4	60.4	1999 Q4	76.2	2009 Q4	88.9		





https://www.kent.gov.uk/__data/assets/pdf_file/0012/50124/Growth-and-Infrastructure-Framework-GIF.pdf

Integrated Health and Social Care Model – An alternative scenario was also applied acknowledging that the continuation of the existing health and social care model is outdated and will require a significant redesign and modernisation to move towards an integrated care model for the 21st century. This integrated model has already been trialled at the ground-breaking initiative of the "Vanguard" project of Estuary View Medical Centre in Whitstable. Costs for this model have been extrapolated and applied to the Kent and Medway population including growth forecasts. For the majority of healthcare capital asset provision, it has been assumed that private sector and government grant will provide investment (and potentially delivering capital savings for acute providers).

Private Sector Infrastructure

Utilities – Utilities such as water, sewerage and electricity are necessary pre-requisites for robust growth; however, the models used by water and electricity companies makes it difficult to make accurate estimates.

Scarcity around water and sewerage provision can severely impact the capacity to deliver growth. The water companies' statutory 5 year capital plans should be closely aligned to planned development; therefore, discussion with local authorities during their development is vital to ensure the necessary capital investment is being made that will deliver the growth sought.

Electricity companies similarly plan for the short to medium term only. UK Power Networks' Long Term Development Statement for the South East sets out existing infrastructure provision and considers electricity requirements plans to 2023 only. This work models demand annually based on "natural growth" in energy demand. The distributor companies require the developer to pay for the necessary new or upgraded infrastructure; however, where a development triggers a significant piece of new infrastructure, this can cause potential viability issues. Similarly for gas provision, this is determined on an application by application basis.

Generally given the lack of long term planning by the utility sector which takes into account planned local growth, forecasting the utility cost to support this employment and housing growth, is extremely difficult. Where there is no forward planning of infrastructure requirements or this planning has not been disclosed by the utility companies, the GIF has used a per dwelling and commercial floorspace benchmark energy connection cost for the growth forecasts. The same approach was used for broadband provision.

WHAT WE FOUND

The GIF provides a snapshot of planned development and required infrastructure at May 2015. The following key findings are highlighted:

The Scale of Growth

Fact (2011-31)	Growth	Context
158,500 new homes* **=7,925 pa**	21%	Equivalent to providing twice the amount of housing currently in Dartford District. The average number of houses delivered per annum in Kent and Medway between 2003/04 and 2013/14 is **6,076.** For 2013/14 this figure was **4,208.**
293,300 new people **= 14,665 pa**	17%	Equivalent to 1 new person for every 6 currently in Kent and Medway or double the population of Swale Borough.
135,800 new jobs **= 6,790 pa**	19%	Equivalent to providing twice the number of jobs Canterbury District currently has.

** Note – these figures are in line with Office of National Statistics figures*

The Cost of Growth

Total for Kent and Medway	Total Amount	Amount per Annum
Infrastructure Cost from 2014 to 2031	£6.74 billion	£397 million
Secured Funding *	£0.70 billion	£42 million
Expected Funding**	£4.03 billion	£237 million
Funding Gap	**£2.01 billion**	**£118 million**

** Funding that is in the bank or committed via formal agreement ** Funding that is anticipated to come in via government, developer contributions or private sector.*

Above average

job growth forecast to 2031



135,000

new jobs in Kent & Medway to 2031

Source: East of England Forecasting Model 2013, Oxford Economics

FIGURE 3.30 - JOB GROWTH FORECAST TO 2031

There are clear local disparities

in forecast workplace-based employment - low growth forecast in more peripheral areas

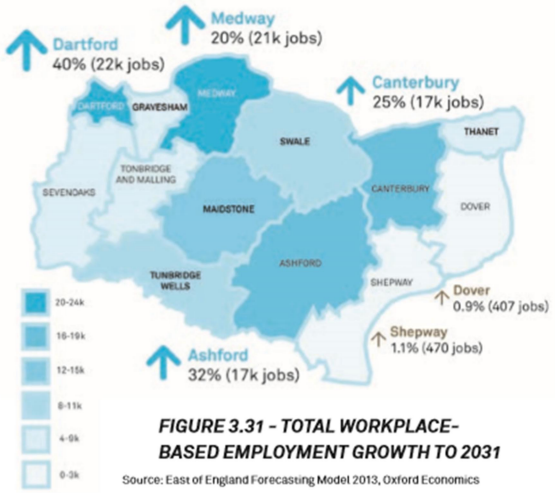


FIGURE 3.31 - TOTAL WORKPLACE-BASED EMPLOYMENT GROWTH TO 2031

Source: East of England Forecasting Model 2013, Oxford Economics

What does this mean?

Infrastructure investment required to support job growth in more marginal areas and address imbalances across the County.

The largest concentration of jobs is in wholesale, retail & public services

in line with the rest of the country

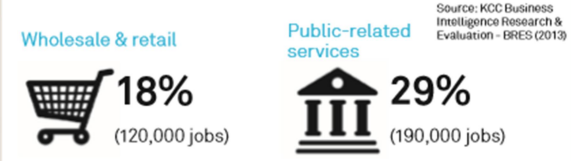


FIGURE 3.32 - LARGEST EMPLOYMENT SECTORS IN KENT AND MEDWAY

Employment Growth in the following sub-sectors:

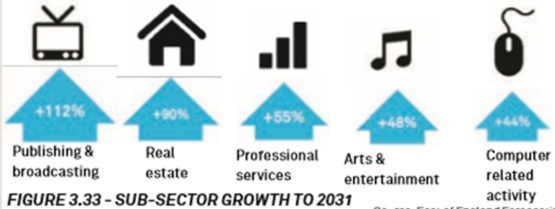
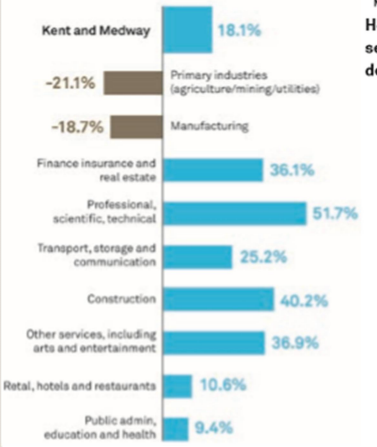


FIGURE 3.33 - SUB-SECTOR GROWTH TO 2031

Source: East of England Forecasting Model 2013, Oxford Economics



Source: East of England Forecasting Model 2013, Oxford Economics

FIGURE 3.35 - SECTOR CHANGE TO 2031

However, the following sectors are expected to decline:



FIGURE 3.34 - SUB-SECTOR DECLINE TO 2031

What does this mean?

Infrastructure investment required to support growth opportunities in emerging sectors.

On average, Kent & Medway has an under-representation in the knowledge economy



This reflects low levels of GVA and past reliance on low-value activities.

FIGURE 3.36 - % OF EMPLOYEES IN THE KNOWLEDGE ECONOMY

However, there is recent growth...



FIGURE 3.37 - GROWTH IN KNOWLEDGE ECONOMY EMPLOYEES (2008-12)

The knowledge economy is strongest in Canterbury, Tunbridge Wells and Sevenoaks where higher value jobs are located:

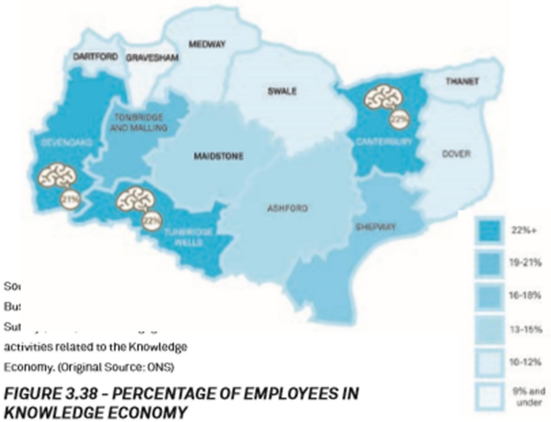


FIGURE 3.38 - PERCENTAGE OF EMPLOYEES IN KNOWLEDGE ECONOMY

What does this mean?

Infrastructure investment is required to support growth in the knowledge economy. This should include attention to softer skills infrastructure provision.