

## Supplementary Note

---

**Our ref** 61040/03/CGJ/LBa  
**Date** 24 August 2023  
**To** Canterbury City Council  
**From** Lichfields

### **Subject** Canterbury Economic Development and Tourism Study Focused Update

---

#### **1.0 Introduction**

- 1.1 This Supplementary Note has been produced to accompany the Canterbury Economic Development and Tourism Study (EDTS) Focused Update which was produced by Lichfields in June 2022.
- 1.2 It recasts the study period used within the Canterbury EDTS Focused Update to reflect an amended plan period for the new Canterbury District Local Plan which is currently being prepared by Canterbury City Council ('the Council'). This has been amended to cover the 21-year period 2020-2041.
- 1.3 This Supplementary Note re-presents outputs from the two future growth scenarios considered as part of the EDTS Focused Update (Scenario 1 'labour demand' and Scenario 2 'labour supply', as presented in Chapter 2.0) to cover the amended 21-year plan period from 2020 to 2041. This effectively removes four years from the study period considered as part of the Canterbury EDTS Focused Update (which looked to 2045), with the base year (2020) remaining the same.
- 1.4 The updated outputs draw on the same input data assumptions as the June 2022 EDTS Focused Update (i.e. Experian's December 2021 employment forecasts and the ONS 2014-based Sub-National Population Projections (SNPP)).
- 1.5 This Supplementary Note does not update any other aspect of the June 2022 EDTS Focused Update (i.e. beyond Chapter 2.0).

#### **2.0 Future Requirements for Employment Space**

- 2.1 Future employment space requirements have been considered for Canterbury District across the new Local Plan period to 2041 drawing on a range of assumptions and data regarding future economic growth prospects for the District.
- 2.2 In accordance with Planning Practice Guidance and for consistency with the original EDTS, a number of potential future economic growth scenarios have been developed to provide a framework for considering future economic growth needs and employment space requirements over the Local Plan period of 2020 to 2041. These scenarios draw on:

- 1 Projections of employment growth (**labour demand**) produced by Experian (using the December 2021 release) to consider short and longer term effects of the Covid-19 pandemic and other macro-economic trends upon economic growth prospects for the District over the new Local Plan period; and
- 2 Estimates of future growth of local **labour supply** based on demographic assumptions applied as part of the standard methodology for assessing local housing need.

## Scenario 1: Labour Demand

- 2.3 Employment growth forecasts for Canterbury District for the period to 2041 were obtained from Experian’s December 2021 release (the latest available at the time the Canterbury EDTS Focused Update was prepared). These take account of the Covid-19 position and revised macroeconomic assumptions more widely at the time, including the Brexit agreement. They are used to consider impacts of the Covid-19 pandemic on the District’s economy, both in the short term and the effect on its forecast growth over the longer-term Plan period.
- 2.4 These local level employment forecasts are consistent with Experian’s December 2021 UK macro forecast, with further detail on key assumptions provided in the Canterbury EDTS Focused Update (June 2022) report.
- 2.5 Reflecting the greater than usual degree of uncertainty and variability attached to recent forecasts, they may need to be re-considered closer to the Local Plan examination stage depending on how the economic situation changes in the intervening period.

## Implied Employment Change

- 2.6 Table 1.1 summarises employment change implied by the Experian forecasts for Canterbury District by office, industrial and distribution uses as well as total employment change over the new Local Plan period. This includes an allowance for jobs in other sectors that typically use office, industrial or warehousing space.

Table 1.1 Forecast Employment Change in Canterbury District, 2020-2041

| Use   | Number of Workforce Jobs |               | Change (2020-2041) |
|---|--------------------------|---------------|--------------------|
|   | 2020                     | 2041          |                    |
| Office E(g)(i)/(ii)                                   | 12,090                   | 14,159        | +2,072             |
| Light Industrial E(g)(iii)                            | 2,665                    | 3,511         | +845               |
| Industrial B2   | 1,870                    | 2,076         | +209               |
| Distribution B8                                       | 3,470                    | 4,124         | +654               |
| <b>Total Office, Industrial and Distribution Jobs</b> | <b>20,090</b>            | <b>23,870</b> | <b>+3,780</b>      |
| <b>Total Workforce Jobs</b>                           | <b>77,700</b>            | <b>91,900</b> | <b>+14,200</b>     |

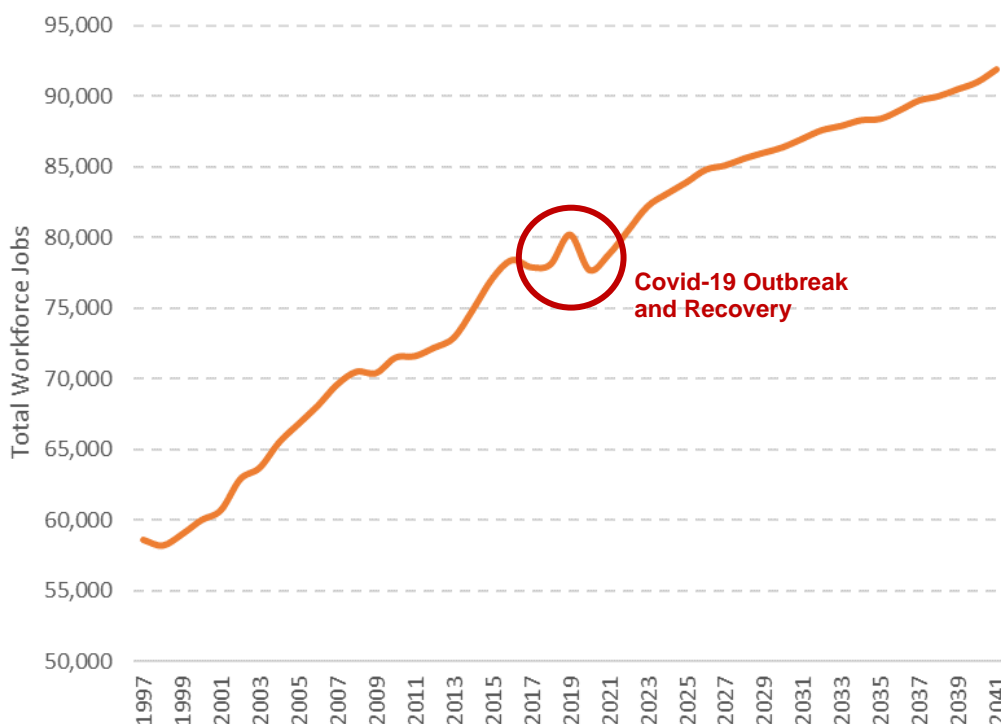
Source: Experian (December 2021) / Lichfields analysis (totals rounded)

- 2.7 Under this scenario, total workforce jobs are expected to increase by 18% within the planning period resulting in an additional 14,200 workforce jobs in Canterbury District by 2041. Just over a quarter (26%) of all job growth is expected to be within office, industrial

and distribution sectors (i.e. sectors that typically use this space), with office based sectors driving the largest share of this job growth.

2.8 Figure 1.1 illustrates the trajectory of total workforce job growth implied by the Experian forecasts for Canterbury District. Under this scenario, workforce jobs are expected to grow during the course of 2022 as labour market effects recover from the Covid-19 pandemic. The District’s workforce job base is expected to recover to pre-pandemic levels by 2022, with steady growth then predicted for the remaining years of the Local Plan period to 2041.

Figure 1.1 Forecast Employment Growth in Canterbury District to 2041: Total Workforce Jobs



Source: Experian (December 2021) / Lichfields analysis

2.9 The December 2021 Experian release highlights the short-term impact of Covid-19 upon the District’s economy, estimating that approximately 2,500 workforce jobs were lost during the course of 2020.

2.10 Table 1.2 overleaf identifies the fastest growing and declining sectors in the District in employment terms during the 21-year Local Plan period to 2041. Some of those sectors forecast to see the highest rates of job growth typically fall within office, industrial and distribution use classes, such as professional services and wholesale. The forecasts also suggest that wider sectors of the economy such as education, accommodation & food services and recreation will play a significant role in driving local job growth in future. Meanwhile, job losses are expected within the District’s finance and public admin sectors.

Table 1.2 Fastest Growing and Declining Employment Sectors in Canterbury District, 2020-2041

| Sector                                      | Forecast Change in Workforce Jobs<br>2020-2041 |      |
|---|--|------|
|   | No   | %    |
| <b>FASTEST GROWING EMPLOYMENT SECTORS</b>   |  |      |
| Education                                   | 2,600  | +17% |
| Professional Services                       | 2,100  | +48% |
| Health                                      | 2,000  | +29% |
| Accommodation & Food Services               | 1,800  | +30% |
| Recreation                                  | 1,000  | +45% |
| Residential Care and Social Work            | 900  | +19% |
| Wholesale                                   | 700  | +17% |
| <b>FASTEST DECLINING EMPLOYMENT SECTORS</b> |  |      |
| Finance                                     | -400   | -21% |
| Public Administration & Defence             | -300   | -10% |

Source: Experian (December 2021) / Lichfields analysis

- 2.11 Compared with equivalent Experian local level employment forecasts from September 2019 used as part of the original EDTS, the December 2021 forecasts imply a very similar trajectory of job growth for Canterbury District over the Local Plan period. They suggest that the Covid-19 pandemic will have only a relatively minor, short term impact on the District's economy, with medium to longer term growth prospects very similar across the two sets of forecasts.

### Converting to Employment Space Requirements

- 2.12 The office, industrial and warehousing component of these employment growth forecasts are converted to future employment space requirements by applying the latest published job density ratios for employment space, which take account of recent trends in occupancy for the different employment uses. The following average ratios have been applied which are consistent with the original EDTS:

- **Offices (E(g)(i)/(ii)):** 1 workforce job per 12.5 sqm;
- **Light industrial (E(g)(iii)):** 1 workforce job per 45 sqm;
- **General industrial (B2):** 1 workforce job per 45 sqm; and
- **Warehousing (B8):** 1 workforce job per 65 sqm for smaller scale warehousing (assumed to account for 70% of warehousing stock in Canterbury District) and 1 workforce job per 80 sqm for large scale, lower density units (assumed to account for 30% of total stock).

- 2.13 These assumptions are based on the latest HCA guidance on job density ratios produced in 2015. This guidance takes account of recent trends in terms of changing utilisation of employment space, including more efficient use of office floorspace due to a higher frequency of flexible working and hot-desking. They all relate to Gross External Area (GEA).

- 2.14 An allowance of 8% is added to all positive floorspace requirements to reflect ideal levels of market vacancy in employment space (Table 1.3).

Table 1.3 Net Employment Space Requirements (2020-2041): Labour Demand

| Use                        | Employment Floorspace (GEA sqm) |
|----------------------------|---------------------------------|
| Office E(g)(i)/(ii)        | 27,979                          |
| Light Industrial E(g)(iii) | 41,053                          |
| General Industrial B2      | 10,181                          |
| Distribution B8            | 49,056                          |
| <b>Total</b>               | <b>128,270</b>                  |

Source: Experian (December 2021) / Lichfields analysis (totals rounded)

- 2.15 As shown above, the resulting net employment floorspace is positive, driven by expected increases in employment across all use classes.

## Scenario 2: Labour Supply

- 2.16 This second scenario considers how many jobs, and hence how much employment space, would be necessary to broadly match forecast growth of the resident workforce in Canterbury District. In contrast to the labour demand approach, it focuses on the future supply of labour rather than the demand for labour. It then estimates the amount of new jobs needed to match the future supply of working-age population, and how much employment space would be needed to accommodate the office, industrial and distribution component of future job growth.
- 2.17 The EDTS focused update presented a labour supply scenario using the ONS 2014-based Sub-National Population Projections (SNPP), which underpin the Government's standard method, used to calculate a minimum annual Local Housing Need (LHN) figure for an area.
- 2.18 These projections imply a total population increase of 26,533 between 2020 and 2041<sup>4</sup> and suggest that the working-age population is expected to decline from 62.4% to 58.2% of the District's total population between 2020 and 2041 (reflecting an ageing population).
- 2.19 The current working-age economic activity rate (78.7%)<sup>5</sup> for the District is assumed to remain unchanged, and also that in and out-commuting patterns (based on Census Origin and Destination data<sup>6</sup>) do not change over the study period.

<sup>4</sup> Note that the ONS 2014-Based Sub-National Population Projections extend only to 2039. Therefore, the projections have been projected forward to 2041 by Lichfields using the compound aggregate growth rate for the previous five years to 2039 (consistent with the original EDTS study methodology)

<sup>5</sup> ONS Annual Population Survey: Year to December 2021

<sup>6</sup> ONS (2011) Census: Origin and Destination

- 2.20 Table 1.4 below outlines the additional jobs that could be supported by this projected population growth in the District. The proportion of jobs within office, industrial and distribution sectors assume the same shares as the Experian baseline forecast analysis (as presented in Scenario 1 above).

Table 1.4 Labour Supply Job Requirements (2020-2041)

| Indicator   | Total Change (2020-2041) |
|---|--------------------------|
| Total population                                      | 26,533                   |
| Working-age population (16-64)                        | 8,626                    |
| Workplace Labour Supply (Total Jobs)                  | 6,060                    |
| Office Jobs E(g)(i)/(ii)                              | 885                      |
| Light Industrial Jobs E(g)(iii)                       | 360                      |
| General Industrial Jobs B2                            | 90                       |
| Distribution Jobs B8                                  | 280                      |
| <b>Total Office, Industrial and Distribution Jobs</b> | <b>1,615</b>             |

Source: ONS / Lichfields analysis

Note: Numbers may not sum due to rounding

- 2.21 This shows that the supply of labour could support 6,060 workplace jobs between 2020 and 2041, with 1,615 of these jobs being in sectors associated with office, industrial and distribution floorspace.
- 2.22 These jobs can be translated into estimated requirements for employment space by applying the same employment densities as used in Scenario 1 and adding an 8% vacancy allowance to positive floorspace (Table 1.5).

Table 1.5 Labour Supply Net Employment Floorspace Requirements (2020-2041)

| Use                        | Employment Floorspace (GEA sqm) |
|----------------------------|---------------------------------|
| Office E(g)(i)/(ii)        | 11,950                          |
| Light Industrial E(g)(iii) | 17,495                          |
| General Industrial B2      | 4,375                           |
| Distribution B8            | 21,020                          |
| <b>Total</b>               | <b>54,840</b>                   |

Source: Lichfields analysis

Note: Numbers may not sum due to rounding

## Land Requirements

2.23 Floorspace figures for both scenarios are finally translated into land (ha) requirements for office, industrial and warehousing uses. This takes account of the total land/site area typically needed to accommodate these uses, factoring in requirements relating to premises, car parking, space for lorry turning, landscaping etc. The following plot ratio assumptions are applied to the floorspace estimates presented above to reflect the pattern of development in Canterbury District, consistent with the original EDTS:

- **Industrial and warehousing:** a plot ratio of 0.4 is applied so that a 1.0 ha site would be needed to accommodate a footprint of 4,000 sqm of employment floorspace; and
- **Offices:** assumed that 30% of new floorspace would be in lower density developments with a plot ratio of 0.4, and 70% in higher density urban/town centre locations at a plot ratio of 2.0.

## Planning Requirements

2.24 It may be appropriate for the Council to make an allowance for the replacement of future losses of employment space that may be developed for other (non-office/industrial/storage) uses over the plan period. Where such an allowance is factored into future employment space needs, it seeks to ensure that sufficient space is re-provided to account for employment space that could be lost moving forwards. It is intended, therefore, to provide some protection against the erosion of employment space over the plan period.

2.25 There are typically four approaches to calculate the level of this allowance, including:

- 1 Forecast the quantity of floorspace that will be lost in future and assume that a high proportion of this space will need to be replaced. The issue here is that there is no robust or scientific way of forecasting how much space will be lost, and the future may be very different from the past. If this method is used, the authority needs to look carefully at past losses and use local knowledge to make a judgement on how the future might compare with the past.
- 2 Make an overall adjustment to the growth scenarios considered to give an allowance for some replacement. This is a simple approach but may be based on a fairly broad assumption.
- 3 Monitor the loss of employment space through regular reviews in the Local Plan. This would avoid the need to make assumptions about the future loss of employment space and base it on robust data. If these periodic reviews indicate a loss of high quality, occupied floorspace and vacancy rates continued to be low, the Council could take steps to replace this space by increasing the floorspace requirement accordingly. However, any Local Plan review reflecting the monitoring findings would take some years to come forward.
- 4 As part of the employment evidence the Council reviews through a qualitative assessment the existing employment sites and areas, to identify those which could or should be lost to non-employment uses, either because they are no longer suitable or viable for employment, or because they are judged as being needed for an alternative

use, such as housing. Based on this assessment, the employment land calculation can develop different scenarios to illustrate possible futures, and plan for new sites accordingly.

- 2.26 The resulting ‘gross’ floorspace and land requirements (or ‘planning requirements’) for Canterbury District are set out in Table 1.6 below. These include a 10% ‘buffer’ allowance for such factors as delays in development sites coming forward, and replacement of some ongoing losses of employment space during the Local Plan period. This is broadly consistent with the original EDTS methodology.

Table 1.6 Gross Employment Space and Land Requirements (2020-2041)

| Use                        | 1. Labour Demand     |             | 2. Labour Supply     |             |
|----------------------------|----------------------|-------------|----------------------|-------------|
|                            | Floorspace (GEA sqm) | Land (ha)   | Floorspace (GEA sqm) | Land (ha)   |
| Office E(g)(i)/(ii)        | 30,780               | 3.4         | 13,145               | 1.4         |
| Light Industrial E(g)(iii) | 45,160               | 11.3        | 19,245               | 4.8         |
| General Industrial (B2)    | 11,200               | 2.8         | 4,810                | 1.2         |
| Distribution (B8)          | 53,960               | 13.5        | 23,120               | 5.8         |
| <b>Total</b>               | <b>141,100</b>       | <b>31.0</b> | <b>60,320</b>        | <b>13.2</b> |

Source: Lichfields analysis (totals rounded)

## 3.0 Summary

- 3.1 The EDTS focused update considered two updated economic growth scenarios for Canterbury District, based on the latest local level economic forecasts and demographic growth assumptions that underpinned proposed housing provision in the emerging Local Plan. The outputs from these scenarios are re-presented in this Supplementary Note to cover an amended 21-year plan period from 2020 to 2041.
- 3.2 The **labour demand growth scenario** draws on Experian’s December 2021 economic forecast to consider short and longer term effects of the Covid-19 pandemic upon economic growth prospects for the District over the Local Plan period. Whilst they understandably show some labour market disruption in the short term as the local employment base contracted as a result of the Covid-19 pandemic, the District’s job base is expected to recover to pre-pandemic levels by 2022 and then record steady growth for the remaining years of the Local Plan period to 2041. Just over a quarter (26%) of all job growth is expected to be within office, industrial and distribution sectors, with office sectors driving the majority of this growth.
- 3.3 The overall scale of employment growth implied by the Experian forecasts is not dissimilar to that implied by equivalent forecasts analysed as part of the original EDTS (taken from Experian’s September 2019 release). This scenario generates a planning requirement for 141,100 sqm or 31 ha of employment land over the 21-year period 2020-2041, the majority of which relates to distribution (B8) and light industrial (E(g)(iii)) uses.



- 3.4 The **labour supply growth scenario** draws on population projections for the District that are consistent with the proposed scale of housing provision set out in the emerging Local Plan; specifically, the ONS 2014-based Sub-National Population Projections (SNPP). These projections were also used to develop the labour supply scenario within the original EDTS, but now need to cover an extended Local Plan period to 2041.
- 3.5 They imply a total population increase of 26,533 between 2020 and 2041 but also project a declining working-age population in the District, and this acts to constrain the scale of workplace labour supply that could be available to take-up local employment opportunities in future, particularly compared with the labour demand scenario. It generates an employment land requirement equivalent to 60,320 sqm or 13.2 ha over the 21-year Plan period to 2041, again driven mainly by distribution (B8) and light industrial (E(g)(iii)) uses.