Thanet Economic and Employment Assessment

Thanet District Council
Final Report
December 2012

Experian™

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Executive Summary

The purpose of this study is to provide Thanet District Council with updated scenarios for employment growth refreshing the forecasts contained with the Employment Land Review. It will also assess the potential impact of the draft economic strategy and policy intervention.

The current picture for Thanet suggests that whilst there are opportunities, for example within the green and tourism sectors, there remain a range of challenges for the district

The district is bounded by coastline along its eastern, northern and southern edges and has three distinct coastal towns.

Thanet experienced a steeper decline in total employment in 2011 than the SE and England. Yet identified growth sectors, green and tourism sector, comprise a greater proportion of total employment than they do in South East and England; they have been growing faster.

Unemployment has historically been above average in Thanet and the gap is widening. The district also exhibits a lower qualifications profile than the county, region and UK. Skilled trades and caring, leisure and other service occupations are also over represented.

Thanet's business base is largely located in urban areas and key sectors include wholesale and retail and construction. Tourism & green sectors comprise a sizeable proportion of total businesses. Home-working is relatively high in the district and is particularly popular in Margate and Ramsgate. Historically the district has had just above average proportion of growth firms, but growth potential is lower in part this is explained by the risk profile of Thanet. Exporting potential is much lower in Thanet than the UK.

Experian forecasts net growth of 1,200 and 5,100 jobs over the next two decades within the district based on both a more pessimistic through to an optimistic outlook for the economy

Experian's Regional Planning Service, (economic forecasting service) anticipates there will be a net growth of 3,100 jobs over the next two decades in Thanet (baseline forecast) with continued growth in the service sectors and declines within manufacturing. Caring, leisure and other service occupations will grow strongly, alongside professional occupations in which Thanet is currently under-represented.

A risk based scenario assumes that the economy returns to recession with 1,900 fewer jobs than the baseline over the two decades to 2031. The majority of sectors will be impacted under this challenging scenario, particularly construction with skilled trades occupations impacted strongly, as well as service sectors such as retail.

Under the Policy-on scenario in which the green sector and tourism sector have been boosted aligning with the local strategy we anticipate some 2000 additional jobs above the baseline. Enhanced productivity and wages in certain sectors right across the local economy will contribute to stronger output. Occupations in all sectors are boosted in particular professional occupations

There are other opportunities for growth through the airport and tourism sector in particular tapping into the growing 'grey economy'

Thanet benefits from a regionally significant airport and a major cross channel port, both of which have identified growth potential. If Manston Airport can achieve its ambitious growth plans, this could result in 2,000 additional jobs and up to 420 additional induced jobs as a result of the impact on the wider

supply chain. We must however be cautious in interpreting these figures, as despite some promising developments, the airport faces a number of challenges.

If developments within Thanet enable the district to attract a more affluent and active older population this could equate to an additional 750 jobs within the district

The impact of this potential growth is likely to be felt more within the non b class sectors with greater requirements for other types of space such as retail and leisure space e.g. for shops and hotels

B-class employment is likely to grow within business and storage and distribution sub-sectors, yet continue to decline in terms of general industrial sub-sectors; this is in line with historic trends
A range of -700 through to 900 net B Class jobs could be created between 2011 and 2031. Based on our assessment then, there is likely to be more limited requirement for employment land over the next two decades, with greater demand for non B class space.

Changes within commuting and migration patterns will also influence land allocations over the next few decades and could suggest greater requirements given the falling workplace ratio

Existing evidence suggests that Thanet is a net exporter of labour with a workplace ratio of 1.19. Bearing in mind the limitations of the data, further analysis suggests that the workplace ratio could be closer to 1.10.

Currently Thanet has significant out migration of the 16-39 age groups. Our forecasts promisingly suggest that more roles are likely to be created which align with the occupation profile of this younger age group which help to reduce the level of out-migration.

Positive planning and support for key sectors such as tourism and green sector will be required to boost growth within the district

This report has identified a number of areas, both opportunities and barriers, which need to be reviewed in order to unlock the growth potential. There is a real need to address the negative perception of the area, as highlighted within the workshop and to ensure that the real opportunities and assets of the district, not to mention significant amounts of land, are fully marketed to potential investors. The need for positive planning and a clear local strategy is crucial in order to support economic growth.

Introduction

The purpose of this study is to provide Thanet District Council with updated scenarios for employment growth refreshing the forecasts contained with the Employment Land Review. It will also assess the potential impact of the draft economic strategy and policy intervention.

Thanet is a coastal district with three significant towns – Broadstairs, Margate and Ramsgate. The density of economic activity in the district is lower than the national average and in large part this is due to its low population density. There is however a real ambition to diversify and grow productivity and employment, particularly within tourism and the green economy.

Previous economic and employment projections for Thanet, produced by Experian, were last updated in 2009. They suggested that there would be 4,537 new jobs created in the district during the period to 2031. Since then, the economic climate has continued to be extremely challenging. We have experienced the deepest recession since the 1930's and have just emerged from a second dip, following three successive quarters of negative growth. We now predict that the weakness within the economy will persist into 2013 with growth not returning to pre-recession peak levels until 2015.

This is coupled with major political change, which has seen the abolition of the regional Spatial Strategies and the introduction of the National Planning Policy Framework (NPPF). Challenging austerity measures by the Coalition Government have seen overall funding to local authorities cut by 28 per cent over five years, with further spending cuts announced for 2013. The employment projections also do not take into account local more recent circumstances, such as the closure of Pfizer and may therefore be a little optimistic.

This piece of work therefore provides a realistic baseline for employment growth in the local area over the next two decades. It will assess potential risks and challenges to achieving this likely growth trajectory and present an optimistic view of growth potential in the district. This study will also review the policy and planning implications of some of these opportunities. This study therefore provides an:

- **Understanding of Thanet's current strengths and weaknesses,** using primary and secondary resources to assess the local area including its sector strengths, business base including knowledge intensive businesses and the role of the rural economy.

- **Updated baseline through to 2031**, based upon current thinking as to how the macro and micro-economy are likely to perform over the next two decades

- **Alternative futures for the local area,** based upon an understanding of the assets and opportunities within the area and also assessing the potential risks and challenges to achieving growth

- **Assessment of the spatial impact** that the refreshed employment and economic projections will have on employment land use

- **Understanding of the wider impacts of the projections** including the impact of the updated projections on the workplace ratio and migration profile

- **Assessment of the Policy implications,** assessing the barriers to achieving growth particularly in the more optimistic scenario

1   Understanding Thanet

1.1   Introduction

The district is bounded by coastline along its eastern, northern and southern edges and has three distinct coastal towns

Thanet is located on the northeast tip of Kent. It comprises the three coastal towns of Broadstairs, Margate and Ramsgate, as well as a number of other coastal and rural villages. The district is 103km^2 in size and is bounded by 32km of coastline on its north and eastern sides and to the south and west is the former Wansum channel.

Figure 1.1: Geography of Thanet
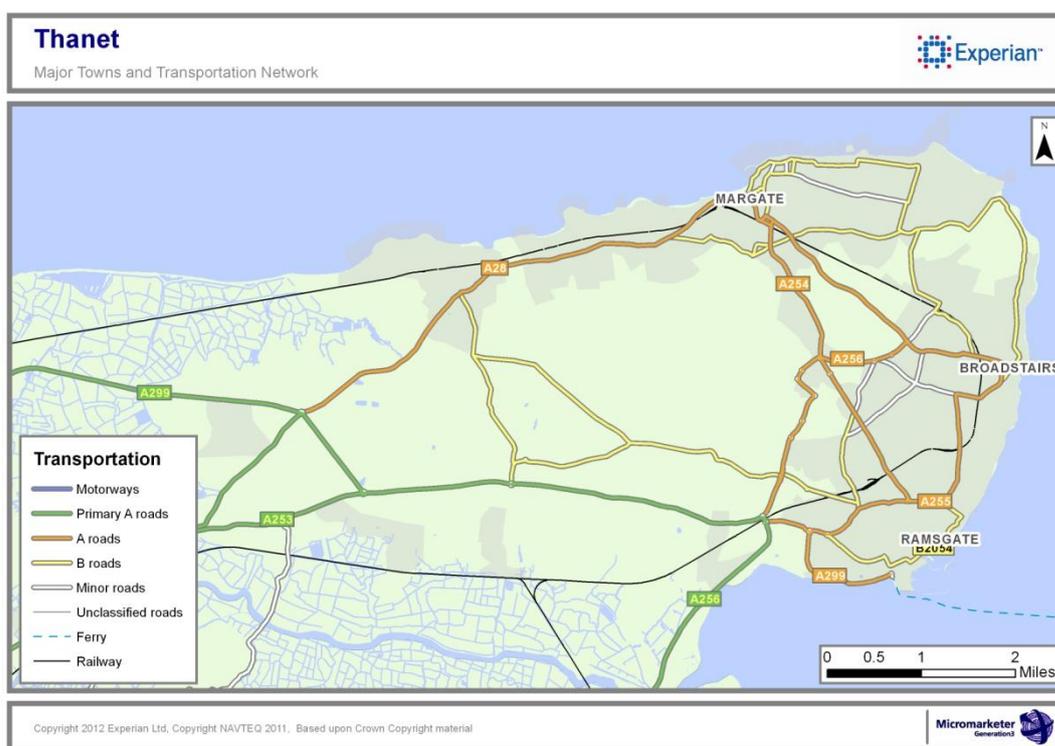
Transport linkages within Thanet are relatively strong, although clearly given its peripheral nature its proximity to London is relatively distant compared with other areas of the South East. There are good road linkages to London and the M25 via the A299 and the A2/M2. There are also good road networks to neighbouring Canterbury, Ashford. The East Kent Access Scheme has greatly improved access to Sandwich and wider East Kent. The high Speed Domestic Rail Service (HS1) has improved access to London reducing the travel time to London St Pancras from Ramsgate via Ashford to 76 minutes.

In addition, the district has an airport of regional significance – Manston Airport. Whilst this is not currently at full capacity, data from 2011 indicates 37,000 passengers and 27,000 tonnes of freight per annum,[1] there are significant growth plans to take this number to 2 million passengers per annum. Ramsgate is also a major cross channel port with passenger and freight services currently running to Belgium. Latest data indicated 127,000 Freight units per annum in 2009 and 186,000 passengers per annum in 2010.


[1] Civil Aviation Authority, 2011

Thanet has experienced slower population growth over the last decade than neighbouring East Kent districts

Thanet has a resident population of 134,186 according to the latest census data with a population density below the UK average.[2] This represents a 5.8 per cent growth in the number of residents between 2001 and 2011 (UK average is 6.7 per cent). Kent County Council Strategy based forecasts produced in August 2012[3] anticipate that total population growth rates over the next two decades could range from as low as 1.9 per cent under a zero net migration scenario[4] and as high as 14.3 per cent based on short term migration scenario.[5]

Thanet does have an above average proportion of over 65s within its population. 21.2 per cent of the population are 65 and over compared to the England average of 17.5 per cent. This is likely due to its coastal location, making it a favourable retirement destination. The proportion of 16-29 year olds and 30-39 year olds is below the England average. In particular, 16-29 year olds comprise 16 per cent of the total population in Thanet, compared to 19 percent for England as a whole. This does represent a challenge for Thanet. It is likely that this age group perceive that there is a lack of local opportunities, encouraging them to move elsewhere to start their careers.

Promisingly, there has been a slight growth in the size of the working age population over the last decade and this is in line with the rest of the East Kent – albeit fairly modest, it has grown from 59 per cent to 61 per cent between 2001 and 2011.

Figure 1.2: Age Profile

Source: Census 2011

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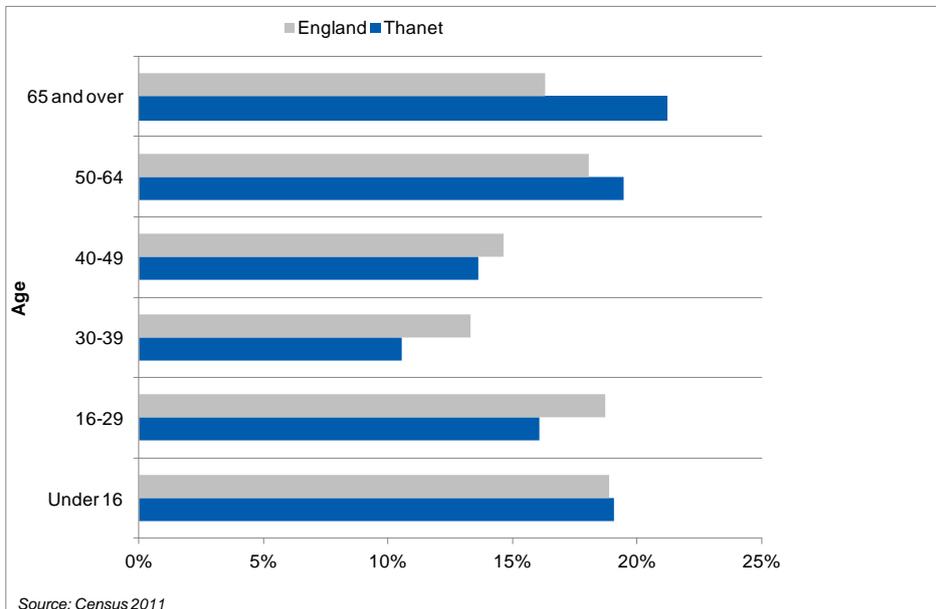
[2] Census 2011
[3] Note that these forecasts have been produced by Research & Evaluation, Kent County Council under a specific commission from Thanet District Council
[4] Zero Net Migration assumes no annual net increase in migrants between 2011 and 2031, using a target commuting ratio of 1.15 and the Kent County Council migrant profile
[5] Short Term Migration trend projection is based on the assumption that there will be 800 net migrants (last 5-years annual average) to Thanet each year between 2011 and 2031 (using a target commuting ratio of 1.15 and the KCC migrant profile)

1.2   Economy

The South East economy has been performing above the UK average in 2012....

A subdued recovery is underway in the UK economy. The latest figures suggest that the country has emerged from recession with output growth of one per cent in Q3 2012 and this follows three negative quarters of growth.

The South East region as a whole however has performed better than other regions. This is likely to be driven by its sectoral mix, with the strongest growth witnessed across the UK in sectors in which the South East has a relatively high concentration (business services, information and communication and accommodation). The South East also benefits from close proximity to London, which has enabled the region to maximise the potential from the high profile events of 2012: Jubilee and the Olympics.

However Thanet's growth is currently below this level and more in line with the UK as a whole

The local district contributed £1.6bn to the UK economy in 2011 and output has largely tracked the South East over the last five years. Latest data does however suggest that output growth is falling behind the regional growth rates. Data for 2012 indicates a decline in output of -0.4 per cent in Thanet and this is in line with the UK as a whole, but below the South East (which is likely to have grown by 0.2 per cent). This trend looks likely to continue into 2013.

In Thanet, output fell most sharply between 2008 and 2009 (by £76 million). The scale of the decline was greater than the UK for both the district and the region and this is likely due to the mix of sectors. Growth returned to the district in 2010, but this was still some £40 million lower than the output level in 2007.

Within Thanet, the sectors which comprised the greatest contribution to GVA include education, real estate, health and construction of buildings. The greatest growth over the last five years in Thanet has been in the service sectors and particularly in sectors such as finance and real estate. The majority of manufacturing sectors have continued to decline during this time, as has agriculture forestry and fishing.

Figure 1.3: GVA growth between 2007 and 2012

Source: Experian Regional Planning Service 2012
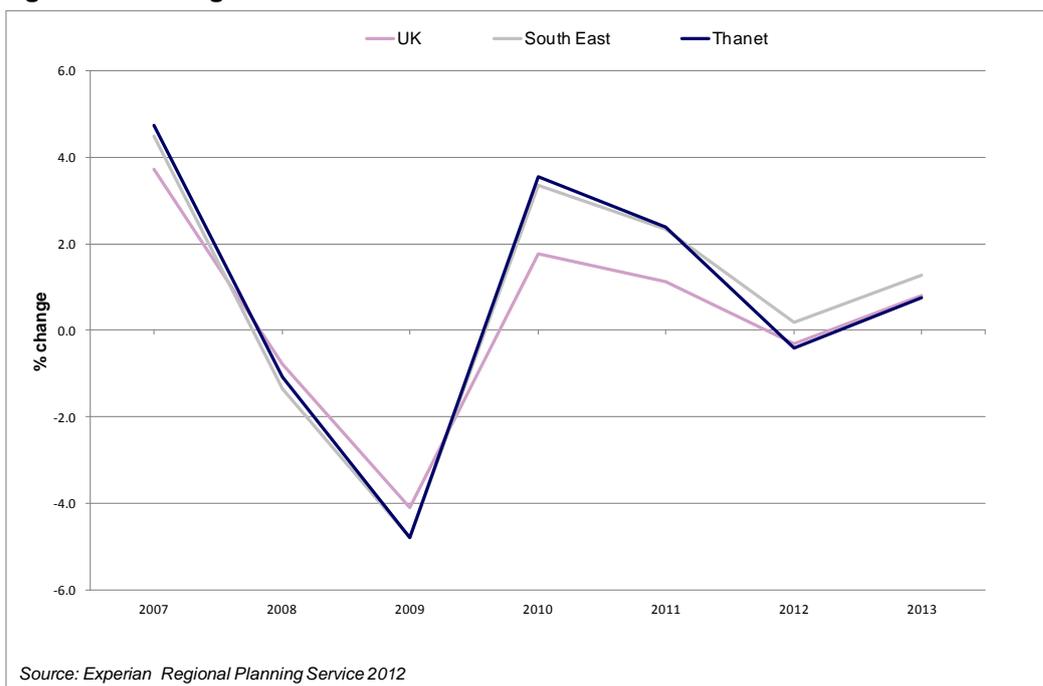
1.3   Business base

Thanet's business base is largely located in urban areas

Experian's pH data has identified some 5,000 businesses within Thanet. This figure is significantly higher than ONS data which suggests that there were 3,560 businesses in 2010 but is likely to be due to the fact that pH business data captures businesses which fall below the VAT threshold, including single office home office (SoHo) businesses. A further breakdown reveals that around 80 per cent of the companies identified in Thanet are single site.[6] 13 per cent are companies with headquarters in Thanet and multiple sites either in Thanet or elsewhere.[7]

Despite accounting for a significant proportion of physical space within the district – there are few firms located within "rural" Thanet,[8] they account for nine per cent of the total. The sectors which have above average proportion of rural firms include: wholesale and retail and construction. There is a cluster of construction businesses for example around Minster. The green sector[9] and in particular the secondary green sector has an above average proportion of firms within rural locations (20 per cent).

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[6] Single Site Companies – Companies with just 1 site and this site is based in Thanet.
[7] HQ Thanet Based – Companies with multiple sites, some outside Thanet but the company HQ in Thanet
[8] Rural areas have been classified in line with the DEFRA Local Authority Rural-Urban Classification (2005) at a LSOA level. Those LSOAs with a score of 5 or 6 have been classified as rural.
[9] Green Sector definition from Yorkshire Cities (2011) *The Prospects for Green Jobs to 2020.* This includes primary and secondary green sector. Secondary Green Sector includes activities which are partly "green" such as electricity, manufacture of energy equipment, quantity surveyor, sustainable transport. For a full definition see Appendix A.

Figure 1.4: Rural / Urban business locations within Thanet
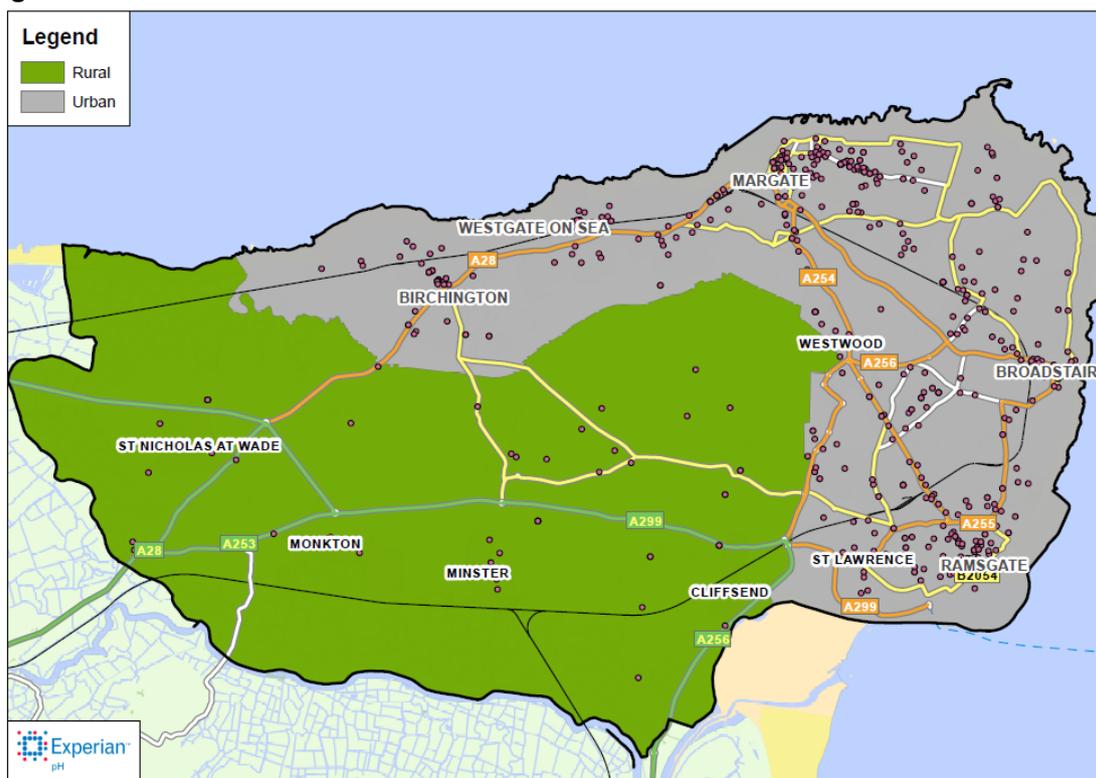
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Home-working is relatively high in the district and is particularly popular in Margate and Ramsgate

Evidence from *Understanding Kent's Home Based Business Sector*[10] suggests that a relatively high proportion of the businesses, particularly in 'urban wards,' are home based.[11] They account for over 5 per cent of businesses, ranking Thanet in third place in Kent only behind Canterbury and Tunbridge Wells. In addition around 9.4% of the working population in the district are home-based. In particular Margate and Ramsgate have high proportions of home-based businesses. In Margate, areas such as Kingsgate are particularly high with 9.3% of the total business base home-based. Other areas with high proportion of home based businesses include: Viking (7.8%) and Birchington North (7.4%).

Anecdotal evidence from the Thanet Workshop on 12th November 2012 suggested that this figure was high on account of the high quality natural environment. This encourages individuals to work from home in order to take greater advantage of the coastal environment without, for example, lengthy commutes into London.

Key sectors within the business base include wholesale and retail and construction

Wholesale and retail and construction business comprise a quarter of all businesses. The next largest sectors are other service activities, accommodation and food services, followed by professional, scientific and technical and admin and support services.

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[10] Live / Work Network Ltd (2010) Understanding Kent's Home Based Business Sector
[11] Home based businesses refers to self-employed home-workers

Figure 1.5: Business base composition

Source: Experian pH Data 2012
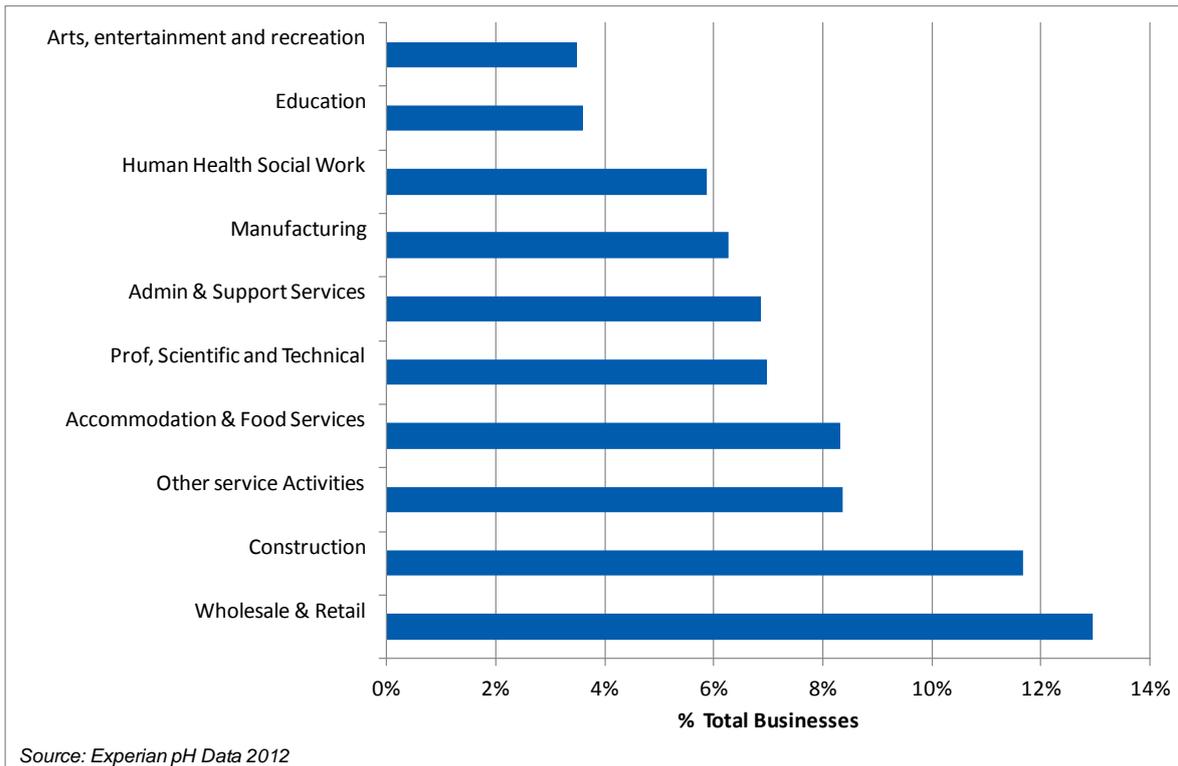
Wholesale and retail firms are evident right across the district with clear clusters around the towns, in particular there are concentrations in Margate and Ramsgate with smaller concentrations around Broadstairs and Birchington. They are also concentrated along the road networks.

Figure 1.6: location of wholesale & retail, repair of motor vehicles and motorcycles businesses
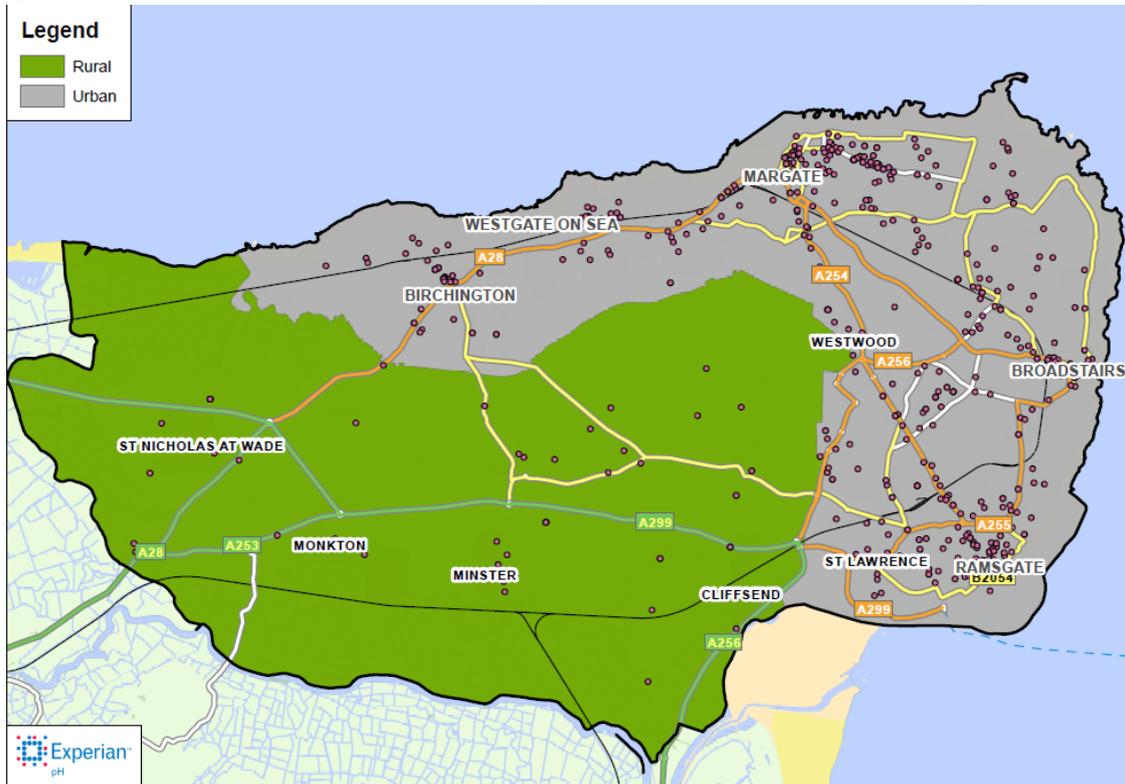
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Tourism & green sectors, comprise a sizeable proportion of total businesses

The Tourism and Green sectors have been identified as of significance by Thanet District Council. (See Appendix A for a full definition of the identified sectors). We have identified over 530 businesses within the tourism sector – this includes businesses within hotels and accommodation, restaurants and bars as well as leisure, sporting, cultural and other recreational activities. They represent 11 per cent of the business base. Fewer businesses within the tourism sector are located in rural areas, (just 7%) with the majority clearly located in the towns in order to capture the visitor market.

The Green sector has been examined in terms of both primary green businesses in which the businesses are likely to be wholly engaged in green activities e.g. forestry, nature reserves, recycling and secondary green businesses which are partially involved in green activities e.g. quantity surveying and architecture, manufacture of energy equipment. Just over 80 businesses have been identified in the primary green sector and 280 businesses in the broader secondary green sector. Combined, they represent seven per cent of the business base. Green businesses are more likely to be located in rural areas than other sectors, particularly secondary green sector businesses.

Businesses within the knowledge intensive sectors comprise a smaller proportion of the total than elsewhere

Thanet, despite its low base, has experienced strong growth within the knowledge intensive sectors[12] over the last decade. Proportionally however, there still remain fewer businesses within knowledge intensive sectors in the district than other areas of Kent. Within the county, Thanet ranks only above Swale in terms of its proportion of knowledge intensive businesses at 18 per cent. This is compared to the England average of 23 per cent and the South East as a whole of 27 per cent.

Figure 1.7: Proportion of businesses in high growth (knowledge) sectors

Source: Experian, 2012

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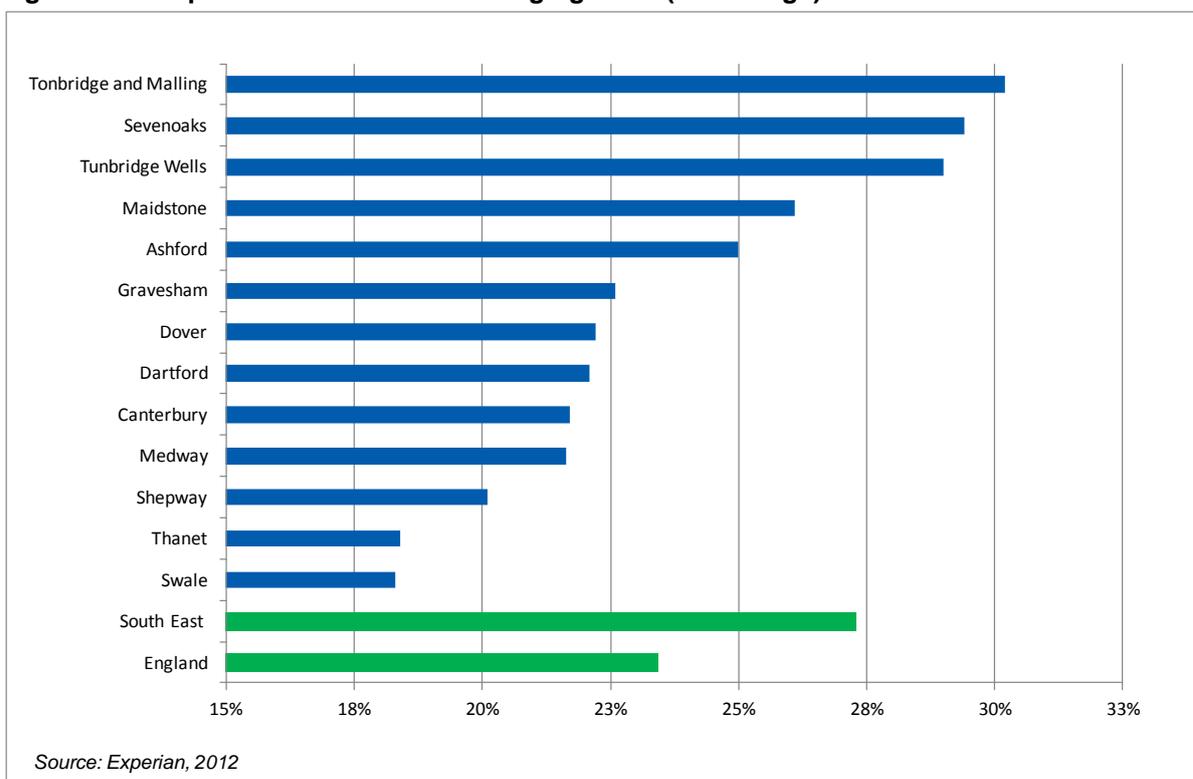
[12] Knowledge intensive sectors include knowledge intensive business services and high tech manufacturing

In terms of location, knowledge intensive businesses are clustered around the centres. There is a significant proportion around Ramsgate, no doubt benefiting from the transport linkages into London and also the close proximity to the Port. There is also a cluster around Broadstairs, benefiting from Kent Innovation Centre.

Figure 1.8: location of knowledge intensive sectors[13]
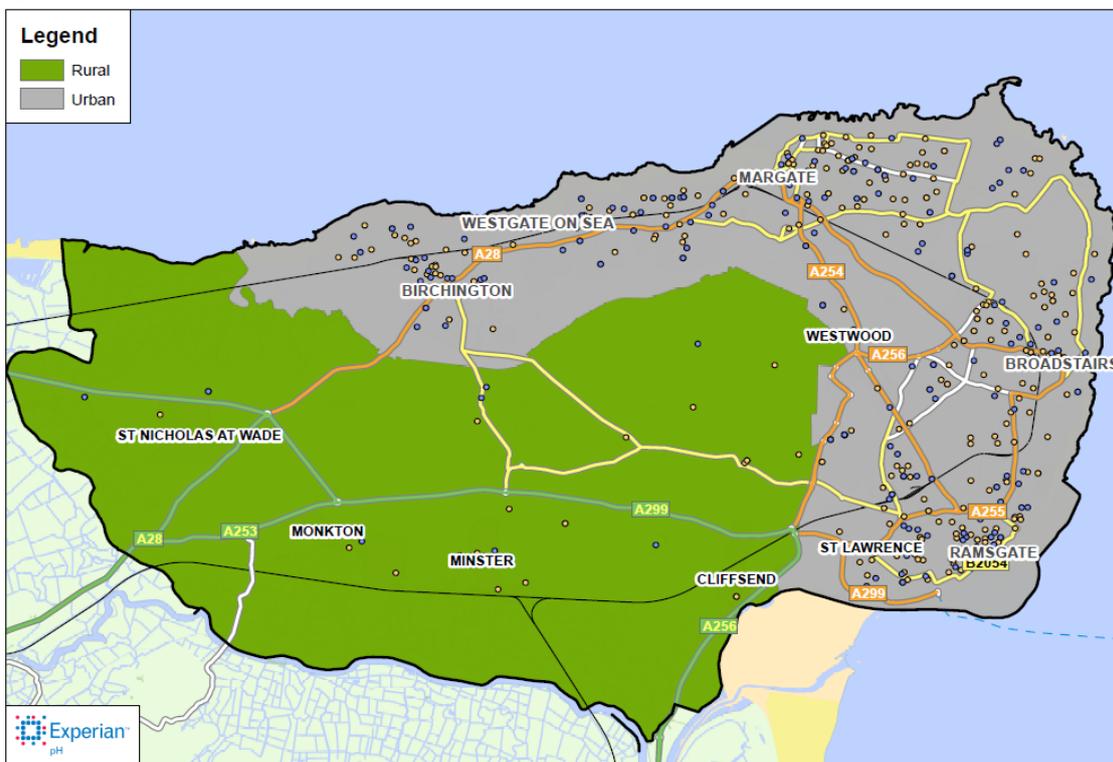
Copyright NAVTEQ, 2012

Historically the district has had just above average proportion of growth firms, but growth potential is lower

It is well evidenced that growth businesses,[14] regardless of their sector, make a disproportionate contribution to job creation. Experian have undertaken analysis to identify these firms within the business base. Within the UK growth firms which have experienced employment growth of five per cent or more over the last three years account for seven per cent of businesses, in Thanet they account for slightly more - 8 per cent. Examples of high growth businesses, those which have achieved 60 per cent or more growth in employment over the last three years include: Flambeau Europlast Ltd, Signscope Ltd, J & K and Commercial Cleaning Services Ltd. The proportion of low growth or declining firms[15] is however also higher at 8 per cent compared to 7 per cent within the UK.

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[13] Note that for mapping purposes the knowledge intensive sectors include professional, scientific and technical activities and information and communication.
[14] Growth firms are defined by Experian as those that have experienced employment growth of 5% or more over the last three years
[15] Low growth or declining firms are defined by Experian as those that have experienced a decline in employment of 5% or more over the last three years

Figure 1.9: Historic business growth

	Historic Growth (%)	
	Thanet	**UK**
Growth	8.2	6.6
Stable / unknown	83.5	86.8
Low growth / decline	8.3	6.6

Source: Experian pH Megafile 2012

In terms of growth potential, Thanet is broadly in line with the UK, particularly for high growth potential,[16] but this figure may be misleading as Thanet also has a higher proportion of businesses with very low or unknown growth.[17] This is likely to be due to the nature of businesses within the district, many of which are small or micro firms which are likely to be low growth or lifestyle businesses. Furthermore, when we assess the risk profile using Experian's Delphi Score (See Appendix A for full details), businesses in Thanet have above average risk, 46 per cent (above average risk) compared to 41 per cent at a UK level pointing to a more challenging environment for achieving growth.

In terms of the identified growth sectors: a significant proportion of businesses within the tourism sector have enjoyed growth or high growth over the last three years. 12 per cent of tourism businesses in Thanet have been classed as growth and high growth businesses, compared to the UK total business figure of seven per cent. Future potential is not predicted to be as strong however, and is lower than the UK average, suggesting that support may be required to unlock further growth opportunities. Half of businesses within the tourism sector are at above average risk.

Within the green sector, historic growth is in line with the UK average for both primary and secondary sectors. In terms of future potential, high growth potential is below average for the primary green sector, but in line with the UK for the secondary green sector. This could in part be explained by its Delphi profile, with a higher proportion of primary green businesses than the UK total business average in the maximum risk category 18.5% compared to 14.6%.[18] In contrast within the secondary green sector, Thanet has a higher proportion of businesses with a below average risk profile than the UK (all business profile).

Exporting potential is much lower in Thanet than the UK

Businesses that export make up only a small proportion of the UK economy yet are a key component of the growth strategy for the UK. Thanet is in line with the UK in terms of its current exports. The OECD reported that exports fell by over 4% in the second quarter of 2012 in Britain. HMRC Overseas Trade Statistics do however show a growth in exports to non-EU countries. The changes are likely to be related to a combination of factors: decreased availability of trade finance, Eurozone crisis & the wider global economic slowdown.

Potential for export growth is based upon factors, such as presence of certain sectors which have a tendency for export particularly manufacturing sectors, as well as foreign ownership and growth potential of businesses. Clearly potential for export must be tempered with the challenging global economic climate. It is however clear that whilst across the UK around 5 per cent of businesses have

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[16] High growth potential is defined by Experian as having the potential, based upon identified characteristics, to grow employment by a total 60% over three years
[17] Low / Unknown growth is defined by Experian as employment growth between +5% and -5% over a 3 year period or it is unknown.
[18] It must be noted that the primary green sector sample is based upon a relatively small sample of businesses

the potential to export, in Thanet this figure is half (2.5%). This can be partly explained by foreign ownership figures which are lower than the UK average although given the presence of Ramsgate Port and Manston Airport provided easy access to overseas markets we might expect this figure to be higher.

Figure 1.10: Proportion of businesses that export & potential to export of existing businesses

	Thanet	UK
Exporting	0.4	0.5
Exporting Potential	2.5	5.1
Foreign Ownership	0.6	2.3

Source: Experian pH Megafile 2012

1.4   Labour market

Thanet experienced a steeper decline in total employment in 2011 than the SE and England

In 2011 total employment in Thanet was just under 46,000.[19] The steepest decline was experienced in 2009 with over one per cent decline in Thanet, South East and the UK. Whilst the South East has clearly outperformed the UK average, Thanet has been more aligned with the UK, if not below the UK average over the last couple of years and this trend looks set to continue.

Figure 1.11: Employment change 2007-2012

Source: Experian Regional Planning Service 2012

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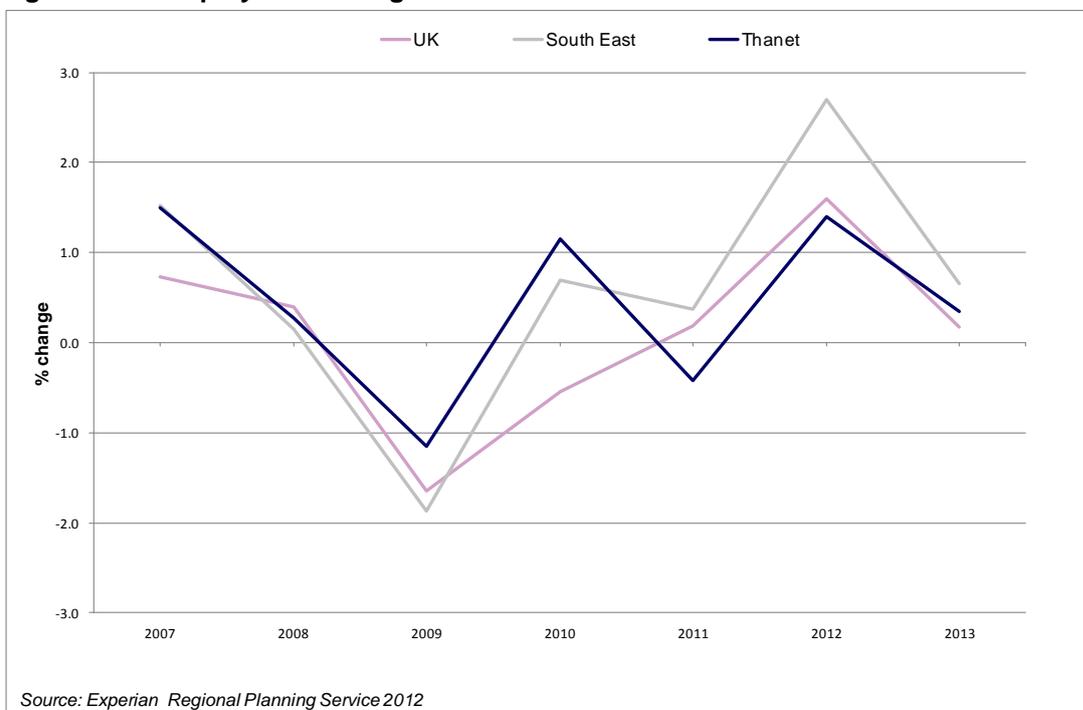
[19] Experian Regional Planning Service 2012, Total employment is calculated by workforce jobs. This includes employees, self employed, government trainees and her majesty's forces

Data from Business Register and Employment Survey (BRES) supports the overall trends, however it must be noted that the latest data (2011) is subject to further revisions.

Figure 1.12: Total employment growth rates

	2009	2010	2011
Thanet	-2.27%	1.84%	-2.36%
SE	-2.22%	1.26%	-1.06%
England	-2.20%	-0.28%	-0.25%

Source: BRES 2011

In terms of total employment within the district, the largest sectors are retail, education, residential care and social work and health, together they account for around half of all employment.[20] Of these sectors, education has grown at the fastest pace, on average by three per cent each year over the last five years. Health has also grown at around 1.5 per cent. Retail and residential care and social work have experienced limited growth, in particular retail has been impacted by the declines in consumer spending and challenging economic climate.

Accommodation and food services and administrative and support service activities also comprise a significant proportion of total employment (13 per cent in total) and whilst the former has experienced some growth during this period, administrative and support services have declined; undoubtedly impacted by the recession. Professional services, albeit from a small base, has grown strongly during this period, as has finance although it comprises just two percent of total employment. The fifteen sectors in the figure 1.13 represent 90 per cent of total employment in the district.

Figure 1.13: Employment sector breakdown in Thanet

Source: Experian Regional Planning Service, 2012

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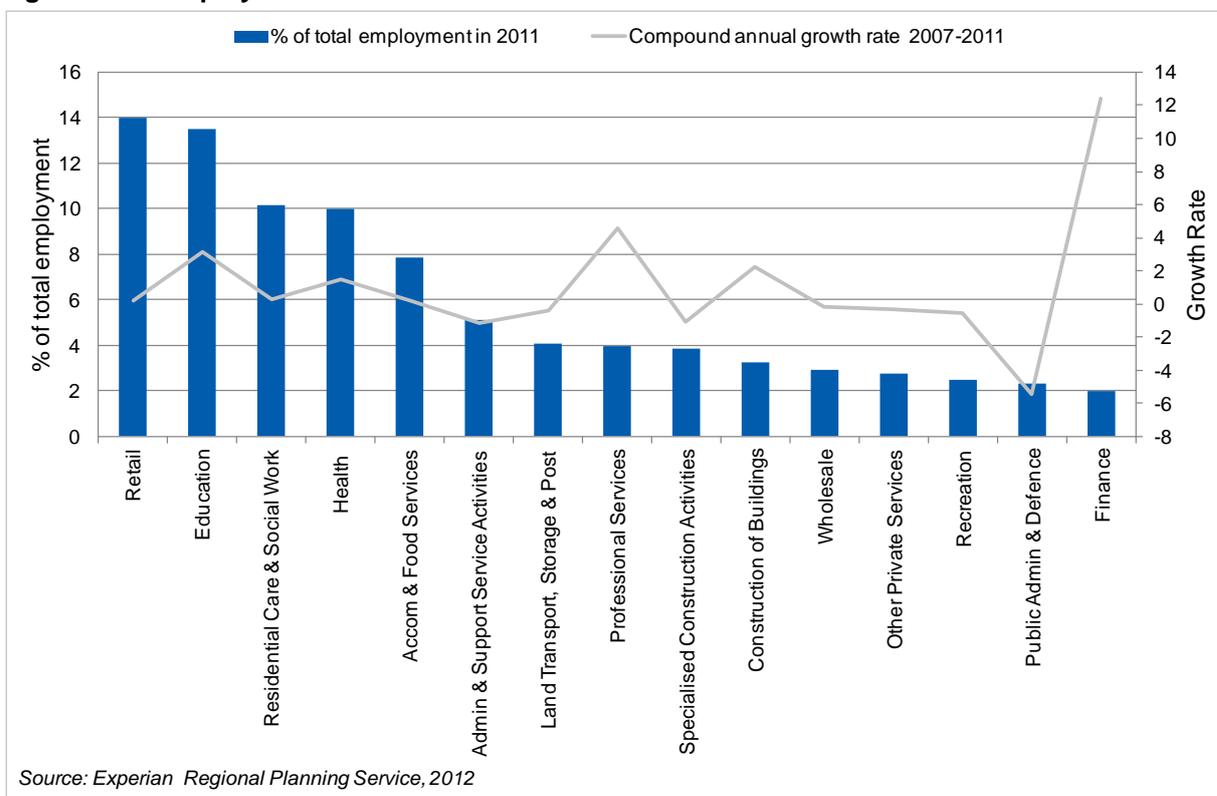
[20] Experian Regional Planning Service, 2012

Manufacturing continues to be a significant employer within the district (8% of total employment) although this is split between a number of sectors which comprise a much smaller proportion of the total. Key firms include Fujifilm Speciality Ink Systems Factory. Some of the biggest declines have been in manufacturing – there were 500 fewer employed in the combined manufacturing sectors in 2011 than in 2007. This is very much in line with trends seen right across the UK over the last three to four decades, as a result of competition from emerging and developing countries. Within manufacturing there are elements which have been performing better, namely high tech manufacturing within which the UK retains a competitive advantage and it is within these areas that the district and the UK as a whole should focus.

The identified growth sectors: green and tourism sector comprise a greater proportion of total employment than they do in South East and England and have been growing faster

The primary green sector comprises just 2 per cent of total employment in Thanet,[21] however when combined with the secondary green sector this amounts to more than 10 per cent of employment. In the South East this is closer to eight per cent and England 7 per cent. Both the primary and secondary green sector in the district have also experienced growth above the regional and England levels over the last couple of years again demonstrating the potential within this sector.

Figure 1.14 (a): Primary Green Sector
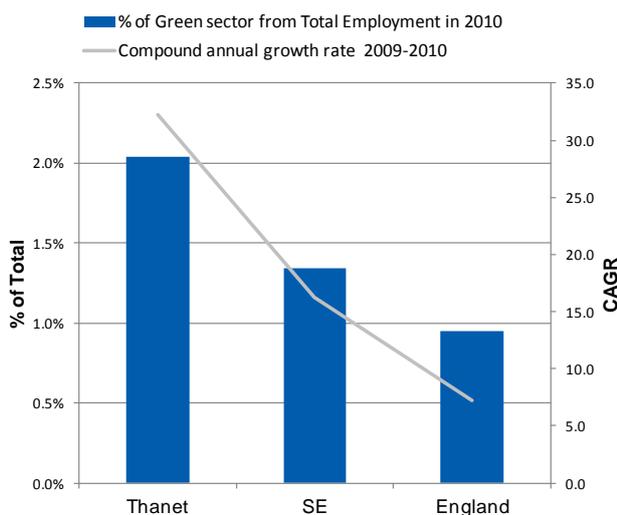
Source: BRES 2011

Figure 1.14 (b): Secondary Green Sector
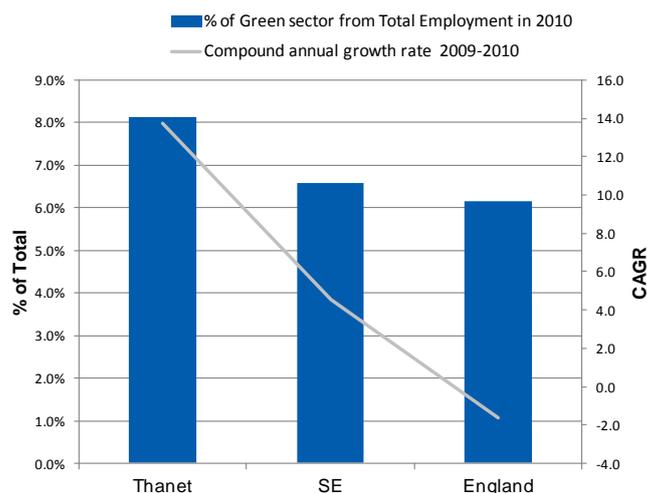
Source: BRES 2011

Likewise the tourism sector in the district has enjoyed stronger growth over the last couple of years than England as a whole. The sector in Thanet accounts for over nine per cent of total employment, compared to just over eight per cent for the region and England. Over the last couple of years the sector has grown by over 2 per cent year on year, compared to declines for both the region and England.

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[21] Note data for 2010 has been used: A discontinuity exists between the BRES 2010 and 2011 estimates. This discontinuity is caused by changes made to the BRES questionnaire in 2011 that have made it clearer to respondents as to how they should be returning information on working owners. This change has had the effect of increasing the number of employees and decreasing the number in employment

Figure 1.15: Total employment within the tourism sector

Source: BRES 2011
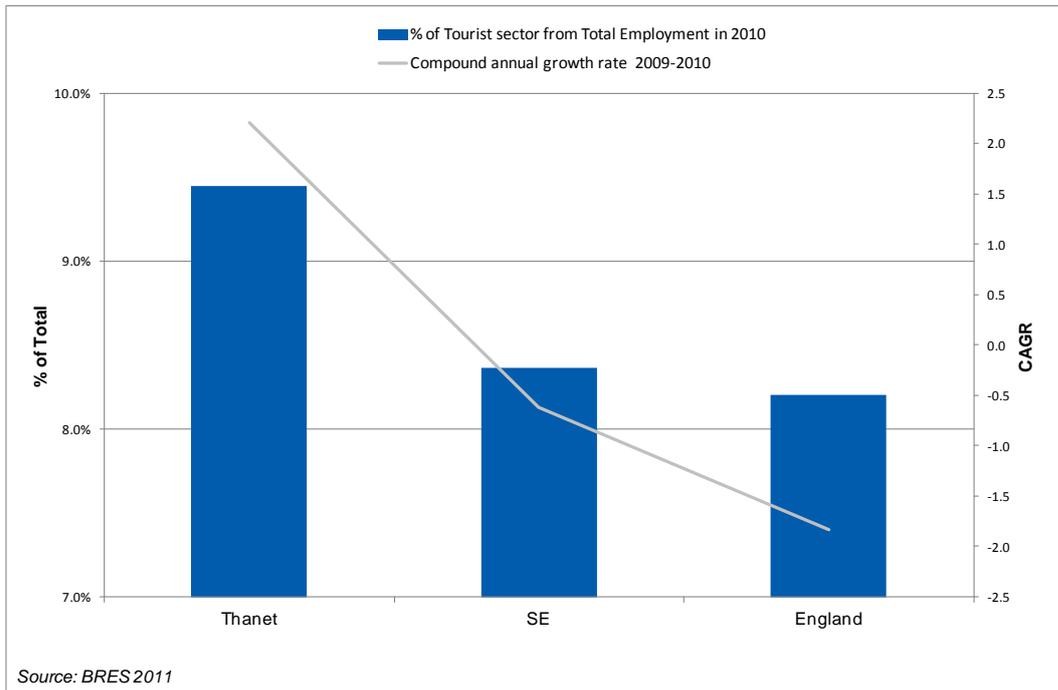
Unemployment has historically been above average in Thanet and the gap is widening

The proportion of claimants in Thanet has historically been above the county, region and UK averages. Pre-recession in January 2008, the claimant rate in the district was 2.8 per cent compared to 1.3 per cent across the South East as a whole. Latest data suggests that whilst the rate of claimants in the county, region and UK has largely remained stable since January 2011 (albeit at a rate elevated from the pre-recession period) the claimant count rate in Thanet has continued to rise (it peaked at 6.4 per cent in February 2012 and is almost double the UK average).

Figure 1.16: Claimant Count

Source: Claimant Count, 2012
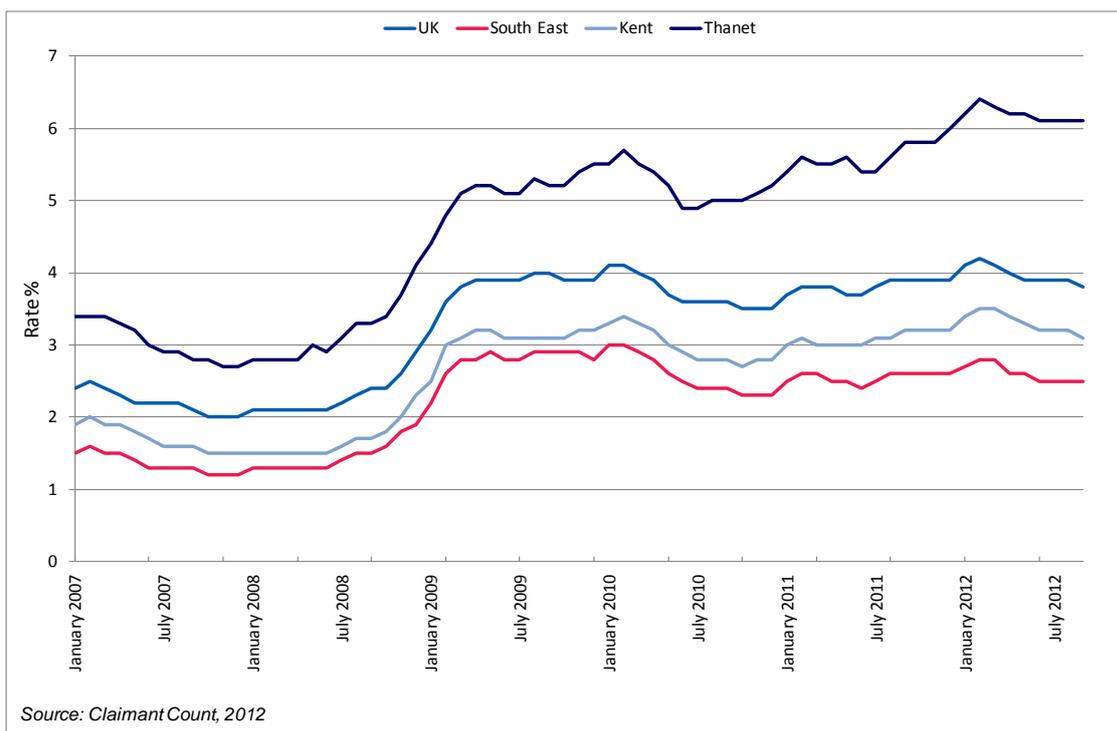
Thanet exhibits a lower qualifications profile than the county, region and UK

It is well evidenced that the district has a number of skills gaps. Thanet's qualification profile is skewed towards NVQ1, 2 and 3, with all three above the county, region and UK. Promisingly it has proportionally fewer individuals with no qualifications (8.6%) this is compared to Kent at 11.4 per cent and the UK as a whole 12.2 per cent. However in terms of NVQ level 4, which is equivalent to degree level qualification, the district has proportionally far fewer residents that hold this qualification than the county, region and UK. In the South East over a third (39.7 per cent) are NVQ level 4 or above compared to 31.4 per cent in Thanet.

Figure 1.17: Qualifications Profile

Source: Annual Population Survey, 2011
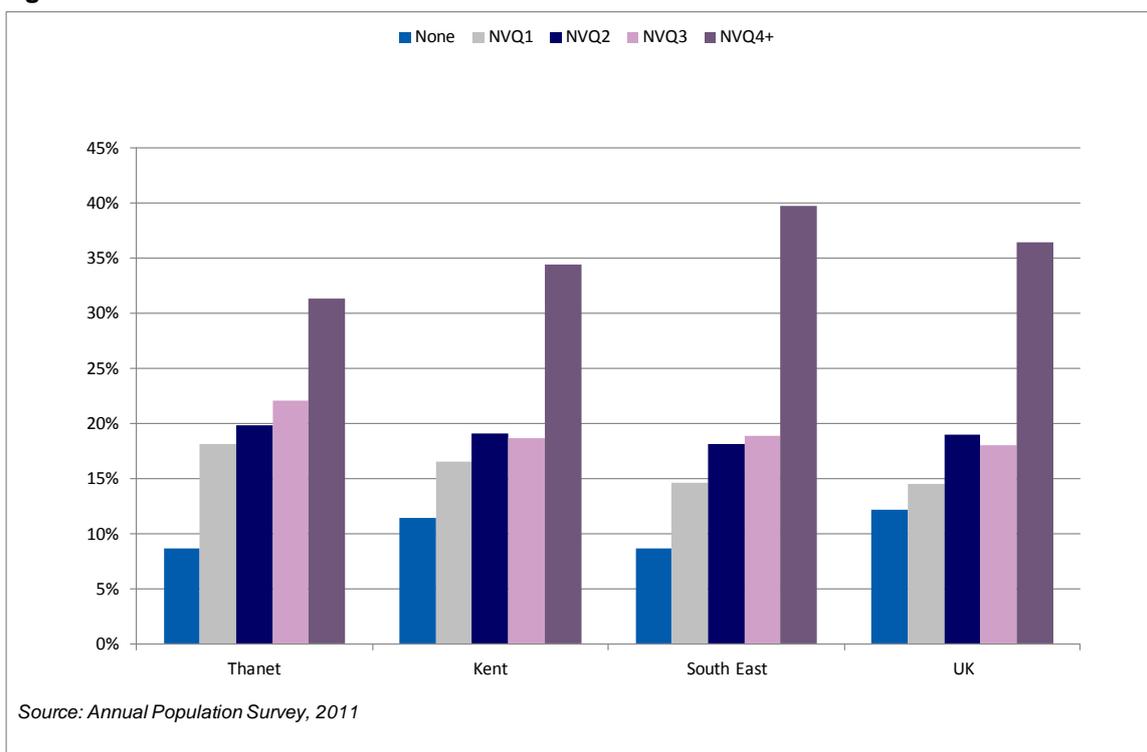
Skilled trades and caring, leisure and other service occupations are over represented in the district

Analysis of the occupation profile reveals that Thanet has fewer professional and managerial occupations than the South East and England, however the proportion of professional occupations has been rising in the district over the last few years. Skilled trade occupations are significantly above the England and regional averages, 16 per cent, compared to 12 per cent in Kent and 11 per cent across England as a whole. Skilled trade occupation includes roles which require a substantial period of training, often provided by means of a work based training programme.[22]

Caring, leisure and other service occupations also comprise a significant proportion of the total workforce and this aligns with the industry profile with strength in: residential care and social work, health and tourism. This sector has experienced some declines during the recession, but evidence over the last year suggests that the numbers within this occupation are growing again.

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[22] Standard Occupational Classification 2010

Figure 1.18: Occupation Profile

Source: Annual Population Survey 2011
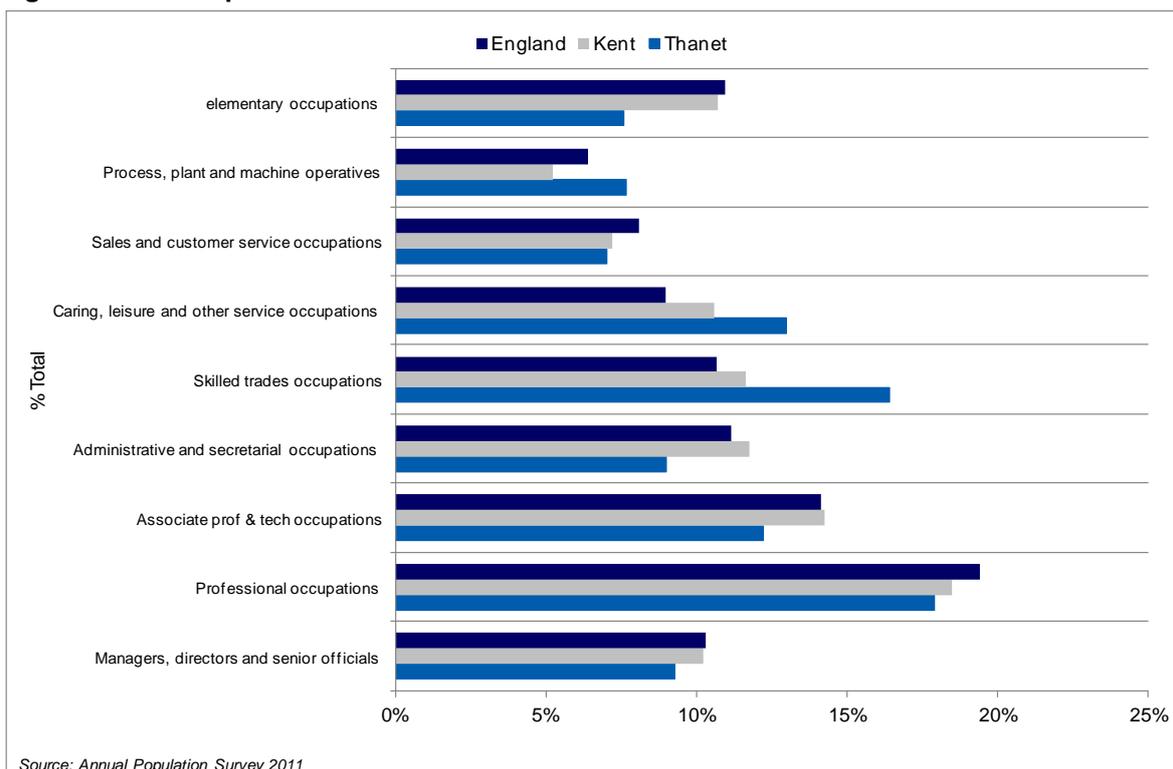
1.5 Employment land use

A significant amount of land is available for development in Thanet but there is strong competition from elsewhere in Kent

The Employment Land Review (ELR) for Thanet revealed that the total amount of employment floorspace is the second lowest in the East Kent with only Shepway having less, however overall stock has been increasing particularly office and warehousing with the amount of factory space decreasing.[23] The Kent County Council Business Intelligence Statistical Bulletin, based upon VOA data indicated that there are 976,000 square metres of business floorspace (note this includes retail, office, industrial and other space). In terms of office space Thanet ranks only above Gravesham and for industrial space the district is around the county average.[24]

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[23] Thanet District Council (2010) Thanet Local Development Framework: Employment Land Review
[24] KCC (2012) Business Intelligence Statistical Bulletin, Kent: Non Domestic rates 2011/12
(Known as the Business rates)

Figure 1.19: Business Floorspace by Sector (Thousands m^2)

Source: VOA, 2012
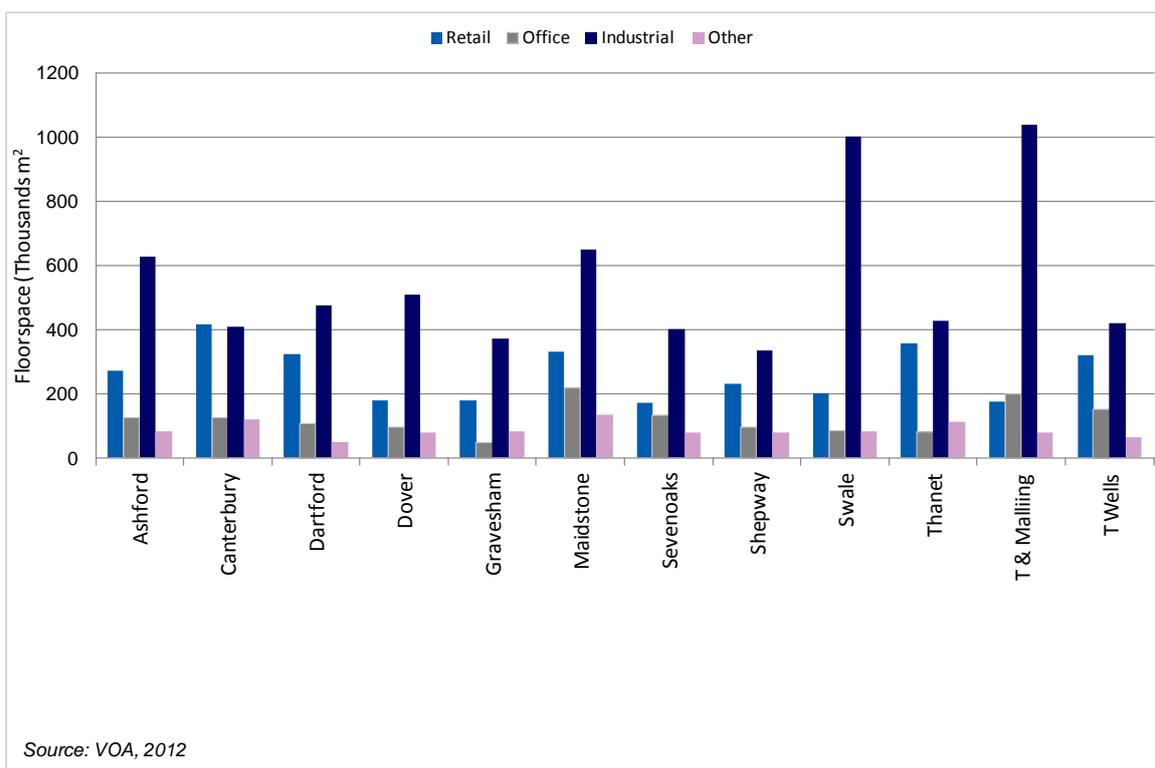
Vacancy levels are relatively low in the district and this could be an indication of either a stagnant property market or a high demand for the type of property provided. The quality of the majority of the property is however quite poor and this will certainly pose a challenge for attracting inward investors to the area particularly given the competition from the rest of the wider Kent area.

Development has been highly variable in Thanet and this is reflective of the size of the area. The greatest development rate is in warehouses since 1997. The Commercial Information Audit for 2011/12 revealed that Gross take-up of employment space was 9,617 sq m, yet net take up was negative as 13,536 sq m of employment land was lost to different uses.

Thanet does however have a significant amount of land available for development. The ELR identified approximately 87ha on allocated and retained sites although over half of this doesn't currently have planning permission.

Land allocations in the ELR are based upon existing employment projections and other factors and suggest that between 34,710 sq m and 206,292 sq m of additional floorspace will be required during the plan period equating to between 8.7ha and 51 ha. This is based on existing estimated B class jobs-ranging from an additional 515 B Class jobs over the period 2006-2026[25] through to 1187 additional B class jobs which were recommended in the South East Plan.[26]

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[25] Forecasts from Experian (Spring 2009)
[26] Forecasts from Experian Autumn 2006 projection

2   Looking to the future

2.1   Introduction

The purpose of the second section is to outline the most likely outcome for Thanet over the next two decades, drawing upon the research. It will also assess alternative futures for the district.

2.2   Trends and drivers

The baseline and scenarios are built using Experian's UK Regional Planning Service (RPS). This is a comprehensive economic forecasting service that provides coverage of the UK economy and its regions and counties. The RPS provides forecasts down to local area level covering 38 sectors and providing detailed employment and GVA estimates up to 2031. A range of assumptions about the way in which the national and regional economy is likely to perform are built into the forecasts and these are refreshed regularly. Both short and long term drivers are incorporated to reflect the changing economic climate.

Figure 2.1: Regional Planning Service Assumptions
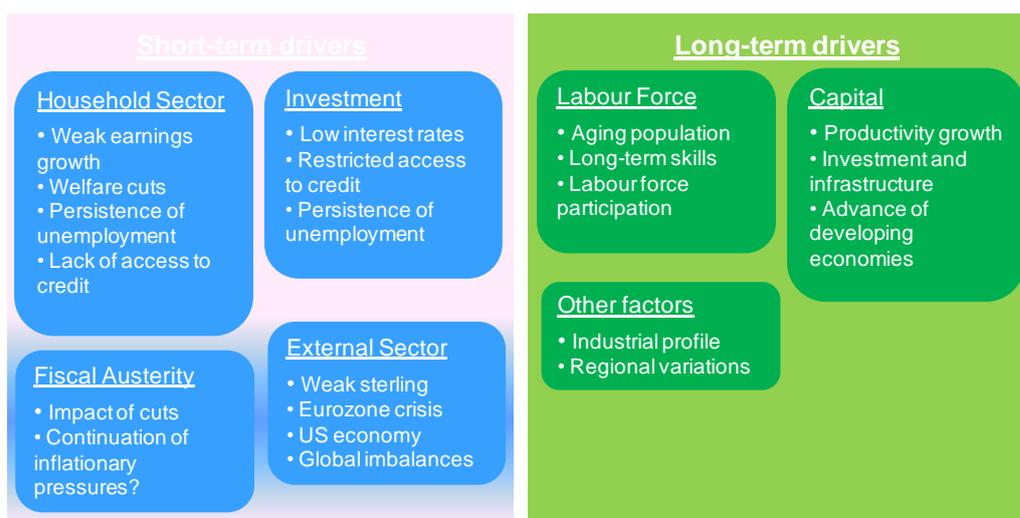
Source: Experian

At a UK level, Experian forecasts underlying weakness to persist into 2013 and to continue for another three years before pre-recession peak (2015). We anticipate growth of 1.5% in 2013. The Eurozone remains a key concern and fiscal austerity plans will continue to bite; the squeeze on household incomes will persist.

At the regional level, the post-Olympic slump in employment is anticipated, but there will be a gradual improvement from mid-2013. Output growth is expected to be 2.2% in 2013, comfortably above the UK average.

For Thanet, the profile is different to the region as a whole and this local flavour is fully factored in to the baseline analysis. Our forecasts and approach to producing the baseline and scenarios for the district also consider economic and demographic conditions in neighbouring authorities, including Dover.

2.3   SWOT Analysis

Figure 2.2: SWOT analysis

Strengths	Weaknesses
Attractive natural environment: peninsula nature of Thanet provides a unique coastal environment which supports the tourism industry and offers quality of life for residents **Local assets / heritage**: New Turner Contemporary in 2011 in Margate supporting the wider regeneration of the Old Town area and attracting visitors for cultural trips & Royal Harbour - Ramsgate supporting a cafe culture / festivals and events **Strong Green Economy**: offshore wind farms: Thanet Offshore, London Array and nearby Kentish Flats. Hosting of operational and maintenance facilities for the offshore arrays at Ramsgate Port **Growing retail offer**: Westwood Cross retail offer **Transport connectivity has improved**: International Access - Manston Airport / Port / links through Dover. Road network: strategic access to Thanet provided by the A299 Thanet Way from the M2 and East Kent Access Scheme – greatly improved access to Sandwich wider East Kent. Public Transport: High Speed Rail (HS1) has reduced travel time to London: journey time for Ramsgate to London 1.20 with RGF funding for build on potential and support business growth **Strong knowledge and science base**: facilities at nearby Discovery Park in Sandwich designated Enterprise Zone - spillover effects for Thanet H**igh availability and affordability of employment land: competitive - provision of cheap available land to businesses** **Local government support aligned:** shared intent of Thanet District council and Kent City Council for Thanet to succeed - RGF / Expansion East Kent. Open dialogue A**ffordable residential property**	**Perception of Thanet:** negative perception as a result of weaknesses **Environment:** Peripherality - the economic catchment area is limited as it is bounded by coastline along its eastern, northern and southern edges **Persistent structural weaknesses in labour market**: high levels of unemployment is high, Low productivity, Earnings below the English average, relatively low levels of skills and qualifications **Reliance on public sector**: High proportion of employment in public sector over 60% of total employment **School offer**: low quality and lack of provision - does not attract people to area **High levels deprivation**: culture of benefit dependency / lack of aspiration, two wards of Cliftonville West and Margate Central are the most disadvantaged **Digital connectivity remains weak** **Reliance on major 'anchor' employers**: Loss of Pfizer has had a major impact on the East Kent area including Thanet **Local housing market not fit for purpose:** encourages high benefit dependency concentration **Population**: high proportion of older people and in-migration of this group . Young people higher levels of out-migration. high dependency ratio C**ompetition from more affluent local areas** **Lack of cohesion:** Act as three separate towns
Opportunities	Threats
Potential to develop tourism offer **Potential to develop green sector**: capture more of the economic benefits of the windfarms surrounding Thanet – spin-off businesses **Knowledge intensive sector opportunities**: Can maximise the potential of nearby Discovery Park: designation as an Enterprise Zone Infrastructure development and expansion potential: Manston Airport / Port / Thanet Parkway Station which could reduce journey time to London for Margate to 1 hour **Capacity for growth**: relatively large amount of employment land for development e.g. investment of £35 million in serviced sites – EuroKent and Manston Business Park – close proximity to airport **Retail opportunities**: Further development around Westwood – residential and commercial development and the existing Marlow Innovation Centre potential for 4,000 jobs (East Kent Growth Plan) **Higher education opportunities** **Boost to private sector:** recognition of relatively high levels of home-based businesses. Opportunity to build on this and facilitate growth in entrepreneurialism Potential to capitalise on challenging conditions in Europe: existing manufacturing skills base and available employment land can see to attract FDI from e.g. France and rest of Europe **Attract in-migrants to area**: potential to attract a more affluent older population, as well as retaining young people based on improved quality of housing stock, improved assets and infrastructure	**Economy doesn't recover as anticipated**: increased unemployment leads to a widening of gap between Thanet and SE and UK and compounds the challenges of long term worklessness. Businesses continue to struggle with lack of access to finance / lack of consumer demand. This makes the area less of a prospect to investors **Public sector cuts result in a greater impact on the district:** high dependency on public sector - impact of austerity measures greater than anticipated **Competition from other areas increases**: SE as a whole is performing above the UK average, although Thanet is lagging behind. If this trend continues / grows, this could prompt businesses to locate elsewhere and investors not to choose the district as a location for investment. e.g. for knowledge intensive businesses - that Thanet are keen to attract **Closure of Dungeness Power Station in 2018:** – report by DTZ East Kent Economic Impact Study suggests that up to 300 jobs could be lost in Thanet (direct and Indirect) with just 60 created in the district to support the decommissioning **Threats to growth of the tourism sector**: tourist assets are there, but they are not joined up within District and the wider East Kent. Lack of high quality tourist accomodation **Restrictions to growth of airport**: macro-economy is a key challenge for airport, connectivity and the wider environment: perception, location as well as night time restrictions on flights

Source: Experian & Thanet Workshop 12 November 2012

2.4   Likely Growth Trajectory

We forecast an additional 3,100 jobs over the next two decades in Thanet with continued growth in the service sectors and declines within manufacturing

Building on the analysis above, we anticipate net growth of £700 million in output over the next two decades taking the total to over £2 billion in 2031. The biggest growth will be in construction of buildings (net growth of £90 million), health (net growth of £90 million) and real estate (net growth of £70 million). The manufacturing sectors will experience the greatest losses, although these are not predicted to be as significant as the employment declines in these sectors pointing to enhanced productivity. Within food, drink and tobacco for example, we anticipate net output losses of around £5 million over the period.

Our baseline estimates that there will be net growth of 3,100 jobs[27] created over the next two decades with year on year growth of 0.5 per cent in the first decade and 0.2 per cent over the second decade. This will be predominantly focussed within the service sectors and in particular in those sectors in which the district has strength, namely education, accommodation and food services and health.

We also anticipate that professional services will continue to grow strongly, with net growth of 700 jobs during the period 2011-2031. Professional services include: technical testing and analysis, scientific research and development, other professional, scientific and technical activities, legal and accounting activities, advertising and market research, management consultancy activities, architectural and engineering activities and veterinary activities.

In line with historic trends, the manufacturing sectors are likely to see the greatest declines. Public Administration and Defence is also anticipated to shed a further 200 jobs (net loss) over the next two decades in line with the public austerity measures.

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[27] Note that we have used total employment within the forecasts to reflect the total number of jobs created. Total employment includes total employees, self employed and government trainees + armed forces.

Figure 2.3: Baseline change in employment between 2011 and 2031

Sector	CAGR 2012-2021	CAGR 2022-2031	Employment Growth 2011 - 2031
Education	0.5	0.6	750
Accomodation & Food Services	1.5	0.3	700
Professional Services	2.3	0.8	700
Health	0.5	0.8	650
Residential Care & Social Work	0.2	0.9	500
Administrative & Supportive Service Activities	1.4	0.4	500
Land Transport, Storage & Post	1.1	0.3	300
Retail	0.5	-0.1	200
Real Estate	2.5	0.6	150
Specialised Construction Activities	0.2	0.3	100
Other Private Services	0.4	-1.0	-100
Metal Products	-0.4	-1.8	-100
Recreation	-0.5	-1.0	-200
Public Administration & Defence	-2.6	0.4	-200
Chemicals	-3.1	-4.2	-200
Other Manufacturing	-3.9	-3.8	-300
Computer & Electronic Products	-2.7	-1.7	-300
Total	**0.5**	**0.2**	**3,100**
Source: Experian Regional Planning Service 2012			

Caring, leisure and other service occupations will grow strongly, alongside professional occupations in which Thanet is currently under-represented

Given the employment projections outlined we anticipate that there will be a strong growth in the caring, leisure and other service occupations, as well as strong growth within the professional occupations. Based upon the existing occupation and skills profile this suggests that there could be challenges in ensuring that local residents are able to maximise the potential. This is particularly the case within professional services, in which Thanet is under-represented compared to the region and England. Opportunities will be available within elementary occupations however, with net growth of 500 jobs over the next two decades.

Figure 2.4: Baseline change in occupation profile between 2011 and 2031

Occupation	Occupation growth between 2011 and 2031
Caring, Leisure And Other Service Occupations	800
Professional Occupations	700
Elementary Occupations.	500
Administrative And Secretarial Occupations	300
Managers, Directors And Senior Officials	300
Associate Professional And Technical Occupations	200
Skilled Trades Occupations	200
Sales And Customer Service Occupations	100
Process, Plant And Machine Operatives	0
Total	**3,100**
Source: Experian Regional Planning Service 2012	

2.5 Alternative futures: Risk based scenario

The risk based scenario assumes that the economy returns to recession with 1,900 fewer jobs than the baseline over the two decades to 2031

Having defined the baseline scenario, we will now look to outline a number of alternative futures for the district. The first alternative scenario is a more pessimistic view of the economic recovery than we currently anticipate.

The scenario effectively assumes that the latest tentative return to growth is reversed and the Thanet economy experiences a deep recession, returning to pre-recession output levels around £1.6 billion by 2018 rather than 2013 as anticipated under the baseline scenario. Overall output is reduced by £160 million (net decline) over the next two decades taking total output to £2.3 billion – this is still significantly above current levels. Total employment levels will also experience a sharp downturn and will only return to pre-recession levels by around 2020, significantly later than anticipated under the baseline.

Figure 2.5: Risk scenario: Total GVA

Source: Experian Regional Planning Service, 2012
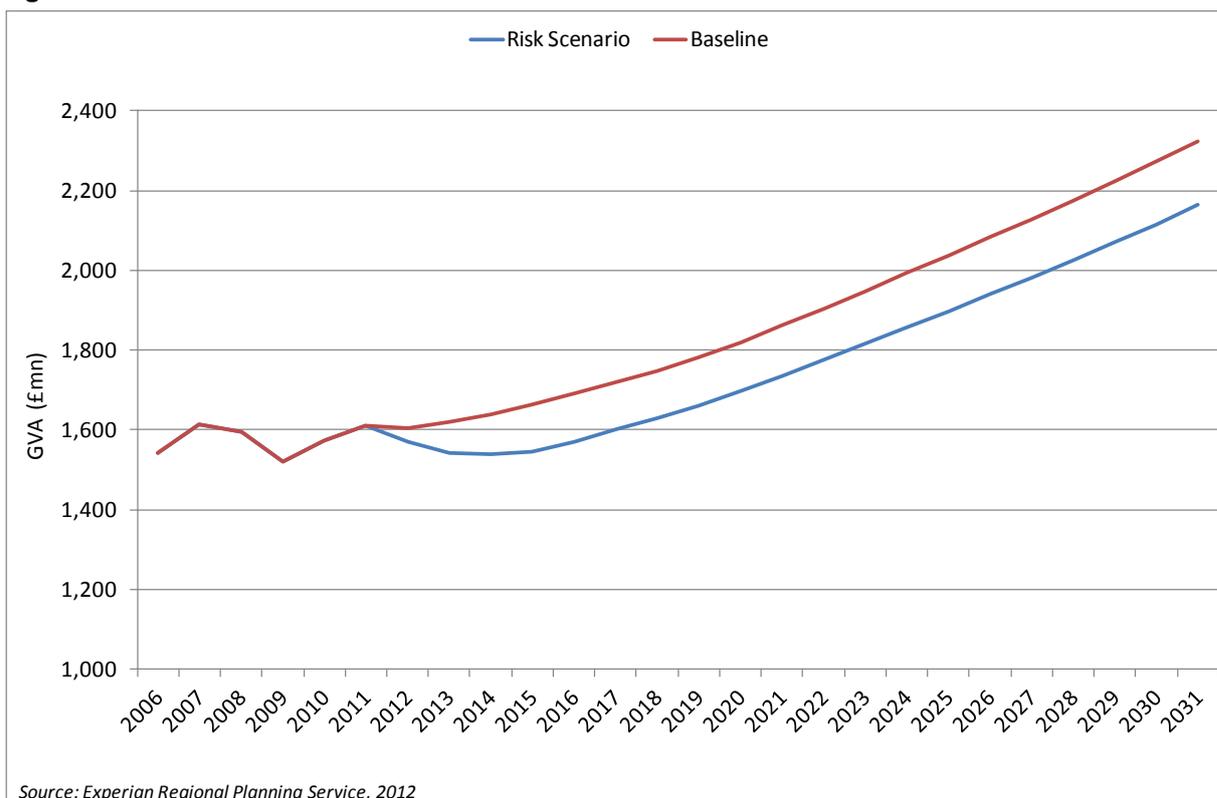
For the domestic economy we have assumed that there is an increase in the savings rates to peak at a similar level to the previous recession. The size of the task in rebalancing household balance sheets will mean that this is a process that will require savings rates to remain elevated for several years. This adjustment is entirely through a steeper fall in consumption relative to income than in the baseline. In the medium-term forecast horizon, consumption growth rates approach trend, but there is no compensatory bounce-back to enable spending levels to catch-up with the baseline position. Whilst there is little room in the baseline for a further public sector squeeze, the scenario reflects a drawn-out implementation of cuts impacting on employment levels in the sector and output.

In the external sector, risks for equity markets, company and household debt markets spike to levels similar to the 2008 crisis and follow a similar pattern in terms of correcting back to more normal levels. Credit supply restrictions and higher borrowing costs hit business & consumer borrowing/spending. Low confidence compounds the effect on spending/investment. A slowdown in global activity related to the global credit crunch weakens exports. Export volume growth remains below baseline throughout the forecast horizon.

The majority of sectors will be impacted under this challenging scenario, particularly construction with skilled trades occupations impacted strongly, as well as service sectors such as retail

The result on employment is evident with 1,900 fewer jobs and declines in a significant number of sectors. Year on year growth over the two decades is anticipated to be more muted 0.1 per cent year on year in the first decade and 0.2 per cent year on year in second decade. Construction is expected to be hit hard with potential for 300 fewer jobs in specialised construction activities when compared to the baseline. Service sectors will also be impacted as a result of reduced consumer spending with retail forecast very limited growth from the 2011 level and accommodation and food services forecast 200 fewer additional jobs over the period than the baseline.

Figure 2.6: Risk Scenario: change in employment between 2011 and 2031

Sector	CAGR 2012-2021	CAGR 2022-2031	Employment Growth 2011-2031	Additional Employment growth relative to baseline 2011-2031
Professional Services	2.5	0.8	700	0
Education	0.5	0.6	700	0
Health	0.5	0.8	600	0
Accomodation & Food Services	1.0	0.3	500	-200
Residential Care & Social Work	0.2	0.9	500	0
Land Transport, Storage & Post	0.8	0.3	200	-100
Agriculture, Forestry & Fishing	2.0	-0.7	100	100
Real Estate	2.3	0.6	100	-100
Administrative & Supportive Service Activities	0.0	0.4	100	-400
Retail	0.1	-0.1	0	-200
Finance	0.8	-0.8	0	-100
Textiles & Clothing	-10.3	-11.7	-100	0
Printing and Reproduction of Recorded Media	-2.1	-0.8	-100	-100
Rubber, Plastic and Other Non-Metallic Mineral Products	-1.9	-1.2	-100	-100
Metal Products	-1.1	-1.8	-100	0
Machinery & Equipment	-4.7	-4.0	-100	-100
Wholesale	-0.6	-0.1	-100	-100
Other Private Services	0.0	-1.0	-100	0
Chemicals	-3.0	-4.2	-200	0
Specialised Construction Activities	-1.4	0.3	-200	-300
Recreation	-1.1	-1.0	-200	0
Public Administration & Defence	-2.7	0.4	-200	0
Other Manufacturing	-4.5	-3.8	-300	0
Computer & Electronic Products	-4.4	-1.7	-400	-100
Total	**0.1**	**0.2**	**1,200**	**-1,900**

Source: Experian Regional Planning Service, 2012

In terms of occupation, we anticipate that there we will a reduction in all sectors and most notably in skilled trades occupations with some 600 fewer jobs compared to the baseline growth anticipated between 2011 and 2031. This is in line with the significant reductions anticipated in sectors such as the construction sector and further losses within manufacturing.

Figure 2.7: Risk Scenario: change in occupation profile between 2011 and 2031
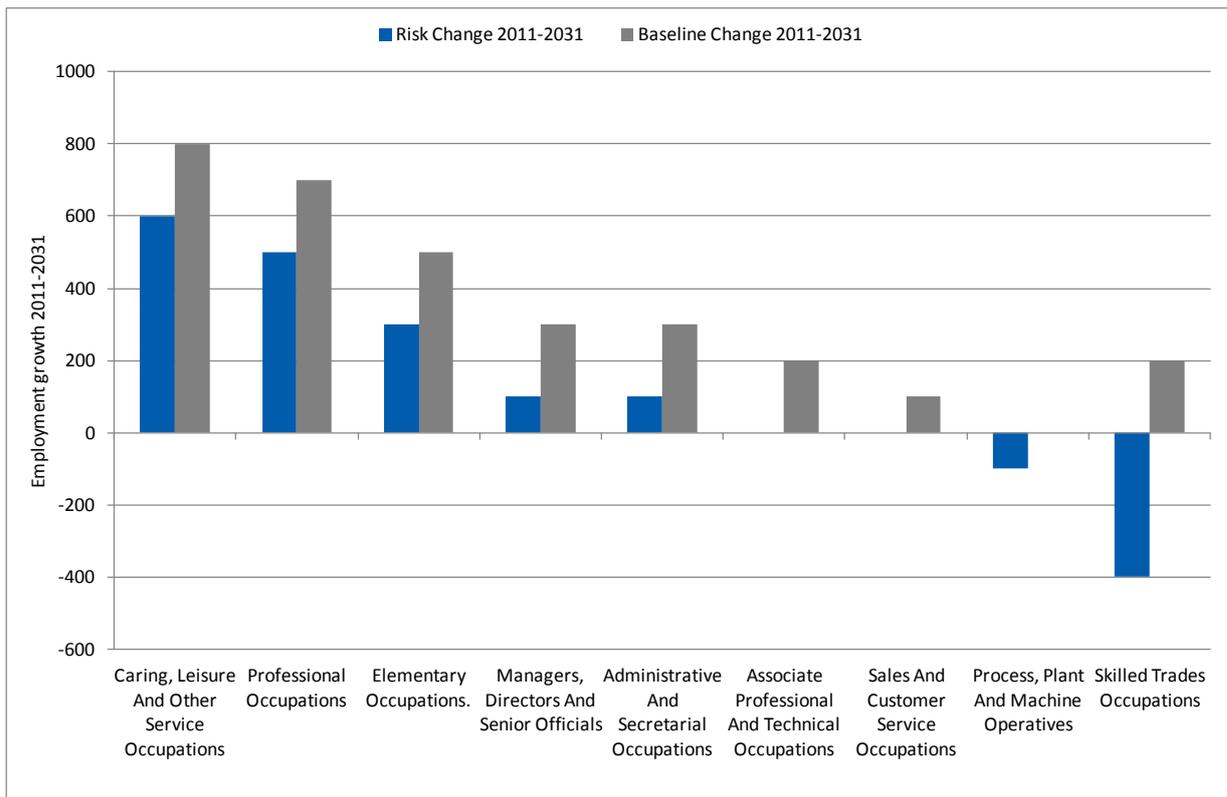
2.6   Alternative futures: Policy-on Scenario

The Green sector and Tourism sector have been boosted under this policy-on scenario resulting in a strong boost to the wider economy

Thanet's Draft Strategy for economic growth identifies two sectors for growth potential within the Thanet District, alongside a range of other measures: skills, business base growth and investing in assets. These are:

- **The Heritage, Culture and Visitor Economy**: "to rebuild our reputation as the UK's favourite visitor destination."
- **Green Economy:** "to lead the transition towards a green economy, delivering sustainable growth and employment."

This study has confirmed their importance and growth potential within the local economy. Furthermore, the East Kent as a whole has also acknowledged both sectors as growth potential sectors. The Draft East Kent Economic Review identifies low carbon goods and services, renewable energy and tourism alongside a number of other sectors: life sciences; higher education; transport and logistics; creative and media industries; and food production as sectors in which East Kent already has a strong presence or has the potential to develop.[28]

Under this scenario therefore, we assume stronger growth in both these sectors and a positive knock-on effect on the wider economy as a whole. The impact is evident with a markedly stronger growth trajectory post 2012. Overall we anticipate growth of some 5,100 net jobs over the period 2011 to 2031 – this is some 2,000 above the baseline.

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[28] Draft East Kent Economic Review, 2012

Figure 2.8: Policy on scenario: Total Employment

Source: Experian Regional Planning Service, 2012
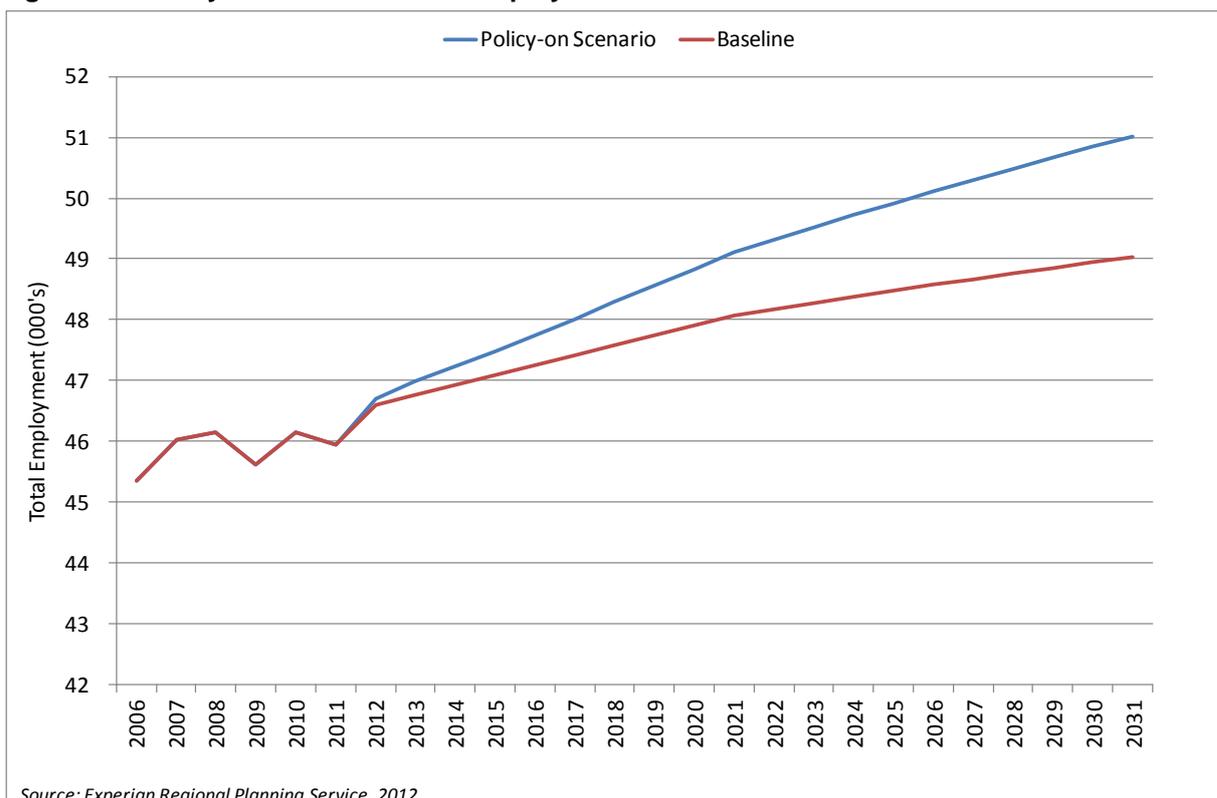
The total green sector accounts for around 12% of total employment by 2031 compared with 10% under the baseline, with sectors including agriculture, forestry and fishing and construction activities boosted. Tourism experiences stronger growth, particularly within the recreation sector, which grows by 500 above the baseline (the baseline forecast 200 fewer jobs than 2011 by 2031). Accommodation and food services also grows by an additional 500 jobs above the baseline over the next two decades.

The scenario considers the knock-on effects that the changing sectoral profile will have on other sectors through supply chain and income multiplier effects. This has an impact on a number of sectors – most notably retail, which experiences a boost with an additional 200 jobs above the baseline relating to additional tourism and green sector activity.

Figure 2.9: Policy-on Scenario: change in employment between 2011 and 2031

Sector	CAGR 2012-2021	CAGR 2022-2031	Employment growth 2011-2031	Additional Employment growth relative to baseline 2011-2031
Accomodation & Food Services	2.0	0.9	1,200	500
Professional Services	2.4	0.9	700	0
Education	0.5	0.6	700	0
Health	0.5	0.8	700	100
Administrative & Supportive Service Activities	1.5	0.5	500	0
Residential Care & Social Work	0.2	0.9	500	0
Retail	0.6	0.0	400	200
Land Transport, Storage & Post	1.1	0.3	300	0
Specialised Construction Activities	0.9	0.5	300	200
Construction of Buildings	0.8	0.9	300	300
Recreation	1.3	1.1	300	500
Real Estate	2.5	0.6	200	0
Agriculture, Forestry & Fishing	3.2	0.7	200	200
Finance	1.4	-0.8	100	0
Textiles & Clothing	-11.3	-11.7	-100	0
Metal Products	-0.4	-1.8	-100	0
Other Private Services	0.5	-0.9	-100	0
Chemicals	-3.1	-4.1	-200	0
Public Administration & Defence	-2.6	0.4	-200	0
Computer & Electronic Products	-1.9	-0.9	-200	100
Other Manufacturing	-3.9	-3.8	-300	0
Total	**0.7**	**0.4**	**5,100**	**2,000**

Source: Experian Regional Planning Service, 2012

Enhanced productivity and wages in certain sectors contributes to stronger output and occupations in all sectors are boosted in particular professional occupations

A net growth of £140 million is added to local output, taking the total to £2.5 billion in 2031 and it is assumed that the quality of services particularly in sectors such as accommodation and food services moves towards the regional average, leading to an increase in productivity and wages in the sector which feeds into boosted GVA.

In terms of occupation every sector has been boosted. In particular we anticipate strong growth in the professional occupations, 200 additional jobs above the baseline scenario. Note that professional occupations exist across all sectors not just within the professional sector (indeed some jobs that are within the professional sector will not be professional occupations). Most occupations in this major group will require a degree or equivalent qualification, with some occupations requiring postgraduate qualifications and/or a formal period of experience-related training.

Within the caring, leisure and other service occupations, there is an additional boost estimated to be around 100 jobs above the baseline. Skilled trades occupations will also witness a significant boost (around 600 jobs above the baseline growth) and this is linked strongly to the boost within the green sector, which will require skilled trade occupations in a range of fields e.g. within the construction and energy sectors.

Figure 2.10: Policy-on Scenario: change in occupation profile between 2011 and 2031
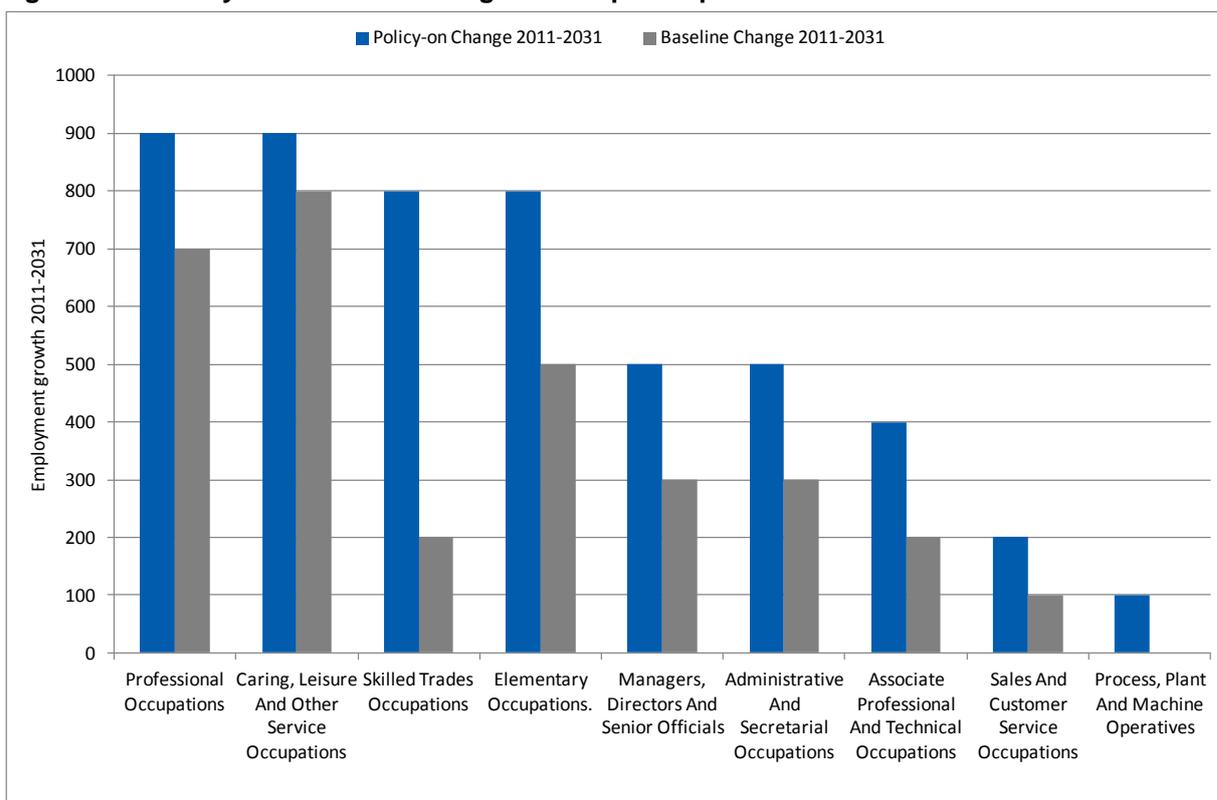
2.7   Further opportunities for growth

2.7.1   Potential of transport infrastructure developments

In addition to the risk based and policy scenarios, we have also considered the impact of a number of other factors which were identified at the Thanet Workshop on 12th November 2012 and have the potential to boost the local economy. These include key infrastructure developments and potential changes to the make-up of the population.

Thanet benefits from a regionally significant airport and a major cross channel port, both of which have identified growth potential

The focus has been on Manston Airport, however the potential of Ramsgate Port should not be ignored. Ramsgate Port is a major cross channel port with passenger and freight services currently running to Belgium. The port has the capacity to handle up to 500,000 freight units and five million passengers each year, however latest data indicated 127,000 freight units per annum in 2009 and 186,000 passengers per annum in 2010. There is therefore significant capacity to grow this further.

The Port has become the maintenance and servicing base for Thanet Offshore Wind Farm and the London Array with development opportunities planned or underway. There could be additional spin-off opportunities associated with this.

If Manston Airport can achieve its ambitious growth plans, this could result in 2,000 additional jobs and up to 420 additional induced jobs as a result of the impact on the wider supply chain

Manston Airport is of regional significance. Whilst this is not currently at full capacity, data from 2011 indicates 37,000 passengers per annum and 27,000 tonnes of freight per annum,[29] there are significant growth plans to take this number to two million passengers per annum over the next five to eight years.[30] The employment growth anticipated by Manston Airport, to accompany passenger growth, is 2,000 direct jobs. This figure concurs with an ACI Report, which suggests that around 950 direct jobs will be created for every 1 million 'workload units' (one passenger or 0.1 tonne cargo).[31]

Analysis of supply chain multipliers as a result of passenger growth can assist in understanding the wider benefit of a potential uplift in employment at the airport. A figure of 1,000 jobs is used to demonstrate how an increase or decrease in employment at the airport would affect the wider economy.[32]

We anticipate that the jobs created at the airport would be split with around 50 per cent likely to be within air and water transport, 14 per cent within transport equipment and just under a third within combined professional services, administrative and support services and retail.

The indirect (supply chain) impact of this job growth on Thanet is 1.05. So for every 1000 jobs created at Manston Airport, an additional 50 jobs will be created in Thanet through the industry supply chain. Around a third of these will be in air and water transport, a quarter will be in professional services and administrative and support services and just under a fifth are likely to be split across the manufacturing sectors particularly within metal products (6%).

The induced (consumer effect) impact on Thanet is 1.21 - so for every 1000 jobs created at Manston Airport, an additional 210 jobs will be created in Thanet (including the indirect jobs above) based on additional income and spending. This is spread across all sectors, in particular service sectors such as: retail, administrative and support services, accommodation and food services, as well as air and water transport.


[29] Civil Aviation Authority, 2011
[30] Infratil (2009) Kent International Airport – Manston – Master Plan
[31] ACI (2004) The social and Economic Impact of Airports in Europe
[32] Note that these multipliers do not include catalytic effects (wider economic benefits that the airport may bring to the economy through the more diffuse effects of airports on productivity, investment and tourism).

Figure 2.11: Manston Airport Multipliers: Key sectors

Source: Experian, 2012
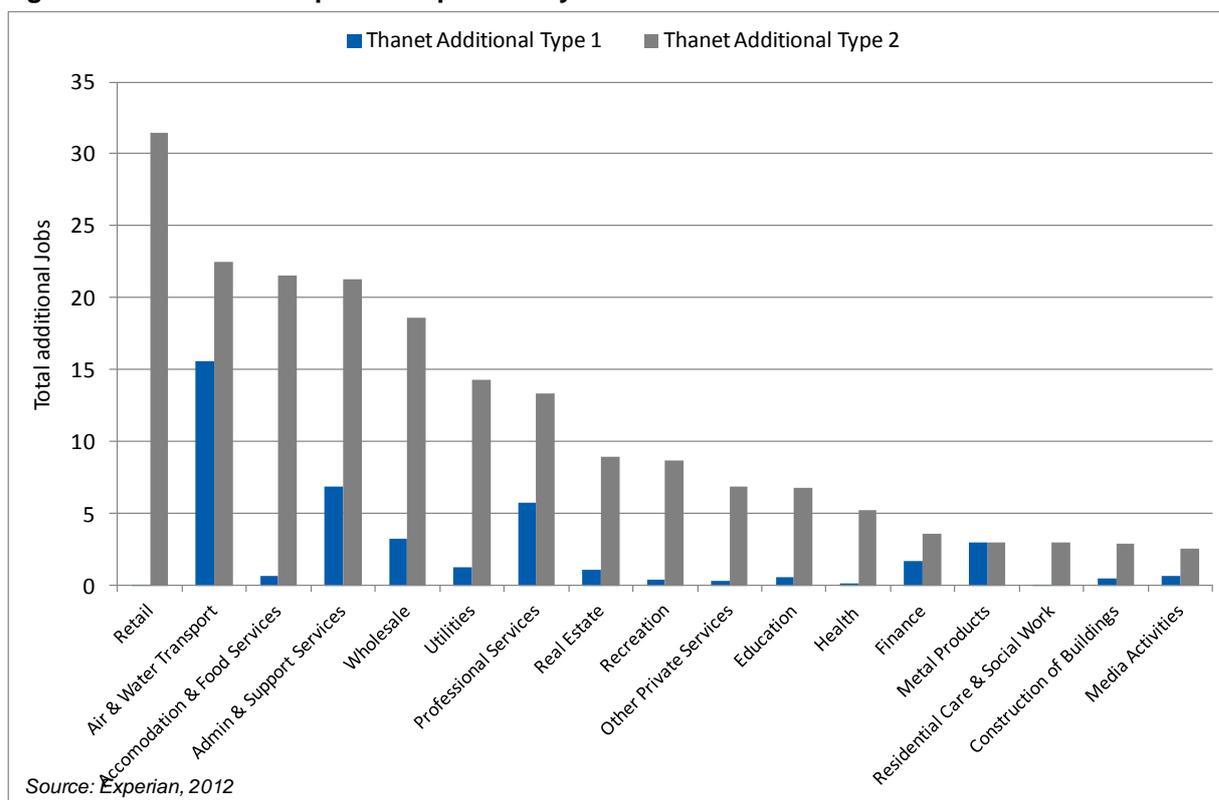
We must however be cautious in interpreting these figure, as despite some promising developments, the airport has a number of challenges

There is optimism with respect to achieving these targets. At the time of writing this report KLM Royal Dutch Airlines is due to commence twice daily flights from the Kent airport to Amsterdam in April 2013 and are currently seeking to fill 28 jobs.[33] Aspirational benchmarks for the airport could include the John Lennon Airport which also has one runway and achieved more than five million passengers in 2011.

There do however remain a number of challenges to growth which can make it difficult to predict potential. The continued challenging economy clearly will have an impact on growth opportunities, with airlines reluctant to invest. Connectivity remains an issue given the peripheral nature of Thanet and the close proximity to Gatwick Airport. There exists a negative perception of the area (this was raised as a key challenge at the workshop 12th November 2012) which may act as a deterrent to investors. In addition, the Coalition Government's aviation policy will impact on the airport and indeed airports across the UK. In particular the sustainable framework for aviation has just completed public consultation (October 2012) and is designed to be used by the aviation industry to underpin long-term planning and investment in aircraft and infrastructure.

A review of other Airports of a similar size and either in close proximity to larger centres or in a more peripheral location includes Newquay Cornwall Airport, which reported 216,249 passengers in 2011 and Durham Tees Valley Airport 192,410.[34] If we therefore assume growth potential for Manston is in line with these less optimistic benchmarks of 200,000 passengers over the next five to eight years (note this still represents a five-fold growth in passenger numbers from the current level), this would equate

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[33] http://www.manstonairport.com/news-and-events/klm-announcement.html
[34] Civil Aviation Authority, 2011

to an additional 200 direct jobs, 10 indirect jobs and 40 induced jobs (including indirect figures) taking the potential total over the next 5-8 years to 240 jobs over the five to eight year period.

2.7.2 Potential of the grey economy

A quarter of households fall into the Mosaic types associated with older people and they represent a growing market for products and services, yet many are on relatively low incomes

A further area for potential is linked to the tourism, leisure and retail sectors and particularly targeting the growing market for the older population. We have evidenced that the area has a higher proportion of over 65's than the national average and under the policy on scenario we have assumed that the quality of services e.g. in the accommodation and food services rises. We have therefore considered in more detail what the potential impact of a shift in the structure of the socio-economic profile of the older population in Thanet would be.

Thanet already has a large proportion of households that are 'active retirement – Mosaic UK group E' (see Appendix A for a full breakdown of Mosaic types). 11.9% compared with 6% in the South East. However, within this group there is a high proportion of Bungalow Quietude E21 which are the less affluent of the four types in Group E. Thanet also has little representation in other wealthier, typically retired, Mosaic types such as: Business Class – A03 and Yesterday's captains – B06.

Thanet is over-represented in lower income typically retired Mosaic types such as:

- Settled Ex-Tenants – I38
- Worn-Out Workers – J42
- Pensioners in Blocks – L50
- Sheltered Seniors – L51
- Meals on Wheels – L52
- Low Spending Elders – L53

If developments within Thanet enable the district to attract a more affluent and active older population this could equate to an additional 750 jobs within the district

We have examined the potential impact on the economy if Thanet is able to attract a more wealthy and active older population. For this scenario, the overall proportion of older Mosaic types has been left at 24%, however the profile has been shifted to be more in line with that of the South West (since the South West has a similar proportion of older people, yet they are represented in different Mosaic types). This has entailed reducing Mosaic types such as 'Bungalow Quietude' and boosting others including 'Business Class', 'Yesterday's Captains', 'Golden Retirement' and 'Beachcombers'.

Figure 2.12: Proportion of Older Thanet Households by Mosaic Type – Baseline & Scenario
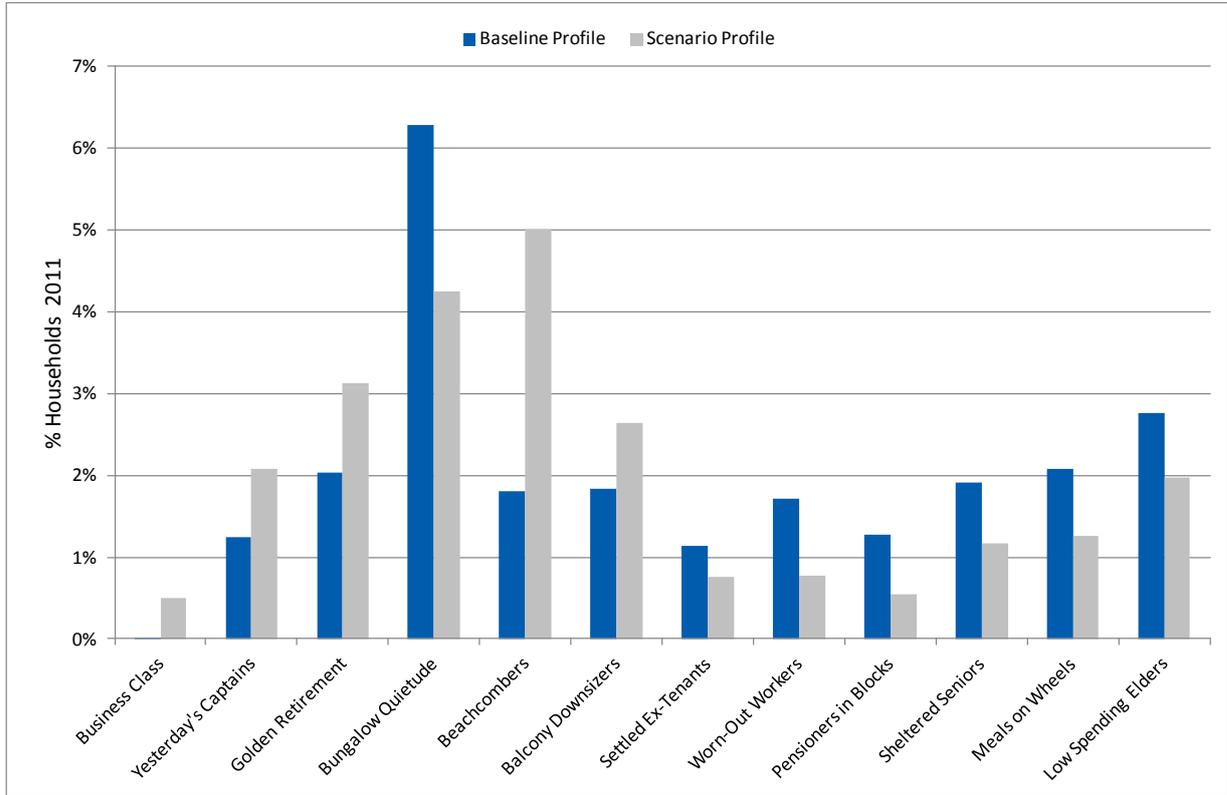
The results of the analysis suggest that shifting the Mosaic profile towards wealthier/ active older Mosaic types could boost consumer expenditure by Thanet residents by 2.1% above the baseline. We have estimated that this could boost GVA by up to 1.8% above the baseline and increase employment by 1.6% above the baseline. It equates to a net growth of 750 jobs split across a variety of industry sectors. The largest growth is likely to be witnessed within food and accommodation services sectors (20%). Other key sectors include retail (6%) and education (6%). The combined manufacturing sectors could see a boost of around 30 per cent.

3   Implications for Thanet

3.1   Introduction

This final section looks at the spatial and planning and policy implications of the baseline and alternative scenarios presented. It will also review the assumptions around migration in light of the updated projections.

3.2   Spatial implications

The baseline and scenarios will be used to inform the likely percentage of jobs in the B Use Classes. The latest assumptions for the development of these figures are included within Thanet's Employment and Land Review[35] based upon a reduced nine sector breakdown (see Appendix A for nine sector breakdown).

Figure 3.1: Current proportion of employment sectors allocated to B Use Class Land

Sector	Non B	B1	B2	B8
Agriculture	100%	0%	0%	0%
Mining and Quarrying	100%	0%	0%	0%
Manufacturing	0%	0%	100%	0%
Utilities	100%	0%	0%	0%
Construction	70%	5%	0%	25%
Distribution, Hotels and Catering	70%	0%	0%	30%
Transport and Communications	70%	10%	0%	20%
Financial and Business Services	30%	70%	0%	0%
Government and Other Services	90%	10%	0%	0%
Source: Thanet District Council, ELR 2010				

We have reviewed the assumptions that were used to inform the projections above in light of the updated employment projections and our review of the business base and suggest that a number of changes should be made:

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[35] Thanet District Council (May 2010) Thanet Local Development Framework: Employment Land Review

Figure 3.2: Review of Current Assumptions for B use Class Employment

Sector	ELR Assumptions	Experian Review
Manufacturing	Some B1 located in residential areas, otherwise mainly B2. But for the purposes of this study all manufacturing space will be allocated to the B2 use class, as employment space requirements are different for office and manufacturing uses, and this will help in the conversion of employment growth to floorspace requirements.	Based on our business analysis we have identified a limited number of sole-traders who are likely to be home-based and therefore recommend that a small proportion of Non-B use class is included. Manufacturing sector as a whole is declining over the next two years so it is likely less space will be required for this purpose.
Construction	No major head offices, some smaller offices on B1 land. Associated storage and distribution activities located on B Use Class Land, i.e. scaffolding yards	Based on our business analysis we consider that there is less of a requirement for B8 space as relatively few firms identified within the construction sector would require this type space (storage and distribution). The majority of B8 space would be allocated to distribution, hotels and catering and transport and storage sectors. The current percentage for B1 is appropriate given that there are no major head offices, we would therefore propose to boost the Non B Class Space given that a significant proportion of sole-traders have been identified
Distribution, Hotels and Catering		We are forecasting only modest growth for wholesale over the next two decades. Most of the growth within wholesale and retail will be within retail which is Non B class, therefore we do not anticipate much change to the 30% allocated for B8 use
Transport and Communications	Coach Depots and some courier services present on B Use Class Land. Some B1 communications offices present	We are predicting relatively strong growth within land transport, storage and post (300 jobs over next two decades in baseline) and this is likely to require additional B8 land Within communications: Telecoms, media activities and computing services are anticipated only limited growth over the next two decades we therefore don't anticipate more than 10% communications offices
Financial and Business Services	Less than average office presence on B Use Class Land, mostly located in Town Centres, but if any growth in office sector likely to be on B1 land.	Relatively strong growth is forecast in professional services and administrative and support service activities and this is likely to be on B1 Land (business parks) we have therefore boosted B1
Government and Other Services	Some public service offices located on existing B Use Class Land.	We are anticipating strong growth within education, health and residential care and social work - these activities will be predmoninantly on Non B Class land although some elements maybe on B1, with a further reduction in public administrative and defence services (by 200 jobs). The existing breakdown is therefore still appropriate
Source: Thanet District Council, 2010 & Experian, 2012		

We have therefore updated the percentages as follows, with changes to manufacturing, construction, transport and communications and financial and business services:

Figure 3.3: Experian proposed proportion of employment sectors allocated to B Use Class Land

Sector	Non B	B1	B2	B8	Total
1 Agriculture	100%	0%	0%	0%	100%
2 Mining and Quarrying	100%	0%	0%	0%	100%
3 Manufacturing	5%	0%	95%	0%	100%
4 Utilities	100%	0%	0%	0%	100%
5 Construction	90%	5%	0%	5%	100%
6 Distribution, Hotels and Catering	70%	0%	0%	30%	100%
7 Transport and Communications	60%	10%	0%	30%	100%
8 Financial and Business Services	20%	80%	0%	0%	100%
9 Government and Other Services	90%	10%	0%	0%	100%

B-class employment is likely to grow within business and storage and distribution sub-sectors, yet continue to decline in terms of general industrial sub-sectors. This is in line with historic trends.

If we apply the proposed changes to the baseline forecast for Thanet we can see that in line with historic trends there is a continued growth in B1 (Business) employment, with B8 (Storage and distribution) remaining largely the same and employment in B2 (general industrial) declining. Total B class jobs account for around a third of employment and this is consistent with the ELR.

Figure 3.4: Baseline: B Class Total Employment Forecasts split by sector

Sectors	2011 Actual	%	2021 Actual	%	2031 Actual	%
Agriculture	800	2%	500	1%	500	1%
Mining and Quarrying	0	0%	0	0%	0	0%
Manufacturing	4,300	9%	3,100	6%	2,500	5%
Utilities	0	0%	0	0%	0	0%
Construction	3,600	8%	3,500	7%	3,600	7%
Distribution, Hotels and Catering	12,500	27%	13,400	28%	13,300	27%
Transport and Communications	2,400	5%	2,800	6%	2,800	6%
Financial and Business Services	6,200	14%	7,900	16%	8,100	16%
Government and Other Services	15,600	34%	16,900	35%	18,200	37%
Total	45,300	100%	48,100	100%	49,000	100%

Source: Experian 2012

A range of -700 through to 900 net B Class jobs may be created between 2011-2031 and local planners will need to take in account these variations when determining space requirements

Within the baseline, the total job B class job growth anticipated over the next two decades is around 400 B Class jobs. Under the alternative scenarios there could be as many as 900 additional B Class jobs with stronger growth anticipated within warehousing than under the baseline scenario (equating to some net 500 jobs above the baseline). However under the risk scenario we anticipate a net decline in B class employment by 700 jobs.

Clearly this will have implications for land allocation. Under the Policy-on scenario B-Class growth is anticipated to be closer to the anticipated growth outlined in the South East Plan – 1187 additional jobs.

Yet under the risk based scenario we do not anticipate a need for allocation of B class land given the decline in employment.

Figure 3.5: B Class Total employment change across all scenarios

Use Class	Baseline	Risk	Policy-on
	Change 2011-2031	Change 2011-2031	Change 2011-2031
B1	1,200	800	1,200
B2	-1,100	-1,500	-1,000
B8	300	0	800
Total B Class Jobs	400	-700	900
Jobs in All Sectors	3,100	1,200	5,100
Source: Experian 2012			

There is likely to be more limited requirement for employment land over the next two decades with greater demand for non B class space.

Net employment space has been calculated based upon FTE employment [36] as recommended in the Employment Densities Guide.[37] We have therefore converted the total employment within the forecasts to FTE employment – this takes into account the reduced space requirements of e.g. part time workers who may job share and also reflects the growing tendency for hot-desking within offices.

Our forecasts are work placed based and therefore will only consider net employment requirements within the district (i.e. not taking into account residence based employment which has been considered elsewhere in this report). We have also, given the low vacancy rates identified within the ELR, considered any additional employment growth to require additional space beyond that which is currently available.

The ratios assumed in the current ELR are:
- B1 (office): 20sq m per worker
- B2 (industrial): 45 sq m per worker
- B8 (distribution): 50 sq m per worker

Based on the Employment Density Guide figures and our projections and understanding of the sectoral mix within each class we propose the following ratios:

[36] Full-time equivalent employment is defined as full-time employees + 0.4x part-time employees + self employed
[37] OFPAT / HCA (2010) Employment Densities Guide

Figure 3.6: Updated ratios

B Class	Ratio (sq m per worker)	Rationale
B1	15	Most of the growth is likely to be business parks and general office. Aligns with Employment Densities Guide, but reflect local stock the greatest proportion of which is built prior to 1940
B2	45	ELR ratio remains appropriate
B8	70	Most of the growth is likely to be general warehousing. Aligns with Employment Densities Guide

With regards to converting the floorspace to land requirements. the ELR assumes 0.4 so a site of 1 ha would be needed to accommodate 4,000 sq m of employment floorspace. Considering the district over the next two decades, the greatest degree of growth is likely to be in office space which has a lower ratio, but there is also within warehousing particularly within the policy on scenario. We propose to bring this figure in line with Kent County Council – 0.35, therefore assuming 1 ha would be needed to accommodate 3,500 sq m of employment floorspace.

Based on these figures it is evident that the requirement for employment land is relatively low. Clearly a margin of error would need to be factored in, but they do suggest that relatively little new employment land is required under the baseline and an amount closer to the lowest end of the ELR projections would be required. Conversely positive planning will be required to consider how non-B Class employment growth will be accommodated.

Figure 3.7 Land Requirements based on each scenario

Baseline

Use Class	FTE Employment Change 2011-2031	Floorspace Need (sq m)	Land need (ha)
B1	900	13,500	4
B2	-1,100	-49,500	-14
B8	200	14,000	4
Total B-Class	100	-22,000	-6
Source: Experian 2012			

Risk

Use Class	FTE Employment Change 2011-2031	Floorspace Need (sq m)	Land need (ha)
B1	700	10,500	3
B2	-1,400	-63,000	-18
B8	0	0	0
Total B-Class	-700	-52,500	-15
Source: Experian 2012			

Policy-on

Use Class	FTE Employment Change 2011-2031	Floorspace Need (sq m)	Land need (ha)
B1	1,000	15,000	4
B2	-1,000	-45,000	-13
B8	600	42,000	12
Total B Class	600	12,000	3
Source: Experian 2012			

3.3   Impact on migration trends

Existing evidence suggests that Thanet is a net exporter of labour with a workplace ratio of 1.19...

Thanet's employment projections are used to inform potential housing requirements through Kent County Council's POPGROUP model. The relationship between workplace based employment and residence based employment, known as the workplace ratio, is a variable within the model. Currently the assumption used in the model is 1:19, this is based upon past patterns (Census 2001) and suggests that Thanet is a net exporter of labour.

Bearing in mind the limitations of the data, further analysis suggests that the workplace ratio could be closer to 1.10

There is only limited evidence as to what has happened to the Thanet workplace ratio since the Census 2001. The Census 2011 will provide an update but this information will not be available in time for this study.

Evidence from Experian analysis suggests that the workplace ratio has fallen between 2001 and 2011. This is based on workplace based employment estimates generated from key official data sources (BRES (formerly Annual Business Inquiry (ABI)) and estimates of residence based employment which are generated from the Labour Force Survey (LFS) and Annual Population Survey (APS). It should be noted that the surveys used to collect employment information have changed substantially over time and whilst efforts have been made to try and limit the impact of these changes it is not possible to create an entirely consistent time series for the last decade. Moreover, information on residence based employment is generated from labour force surveys which have a relatively small sample size for local areas like Thanet. Confidence intervals for this data are therefore very wide and the time series tend to be erratic. We have re-based our estimates to the Census 2001 to enable direct comparison with the figure of 1.19 used by the district.

Bearing these caveats in mind, our analysis suggests that Thanet workplace employment has grown faster than residence based employment since 2001, causing the workplace ratio to fall. This theory is supported by analysis of employment growth in surrounding districts. Thanet has performed in line with Swale, and much stronger than Medway and Dover. Only Canterbury has experienced stronger employment growth over the last 10 years.

Taken together, the evidence suggests that workplace ratio in Thanet may be as low as 1.10 in 2011. However the uncertainty around this figure is very high and a figure between 1.05 and 1.20 is possible.

The reduction in the workplace ratio will also influence land allocations over the next few decades and could suggest greater requirements for space across all sectors.

Over the next two decades we anticipate that this figure will remain broadly around 1.10 with potentially for a slight reduction to 1.08 over the first decade and 1.07 over the second decade to 2031. It must be noted however that commuting dynamics are very difficult to predict at local level due to the wide range of factors that influence the relationship between where people live and work. The number and quality of houses available in Thanet could itself impact on the workplace ratio. The workplace ratio will also be dependent on the number of working age people living in Thanet and in surrounding areas and dependent on the number of suitable jobs available not only in Thanet but also in commutable areas and vice versa.

Figure 3.8: Workplace Ratio in Thanet

Source: Experian 2012
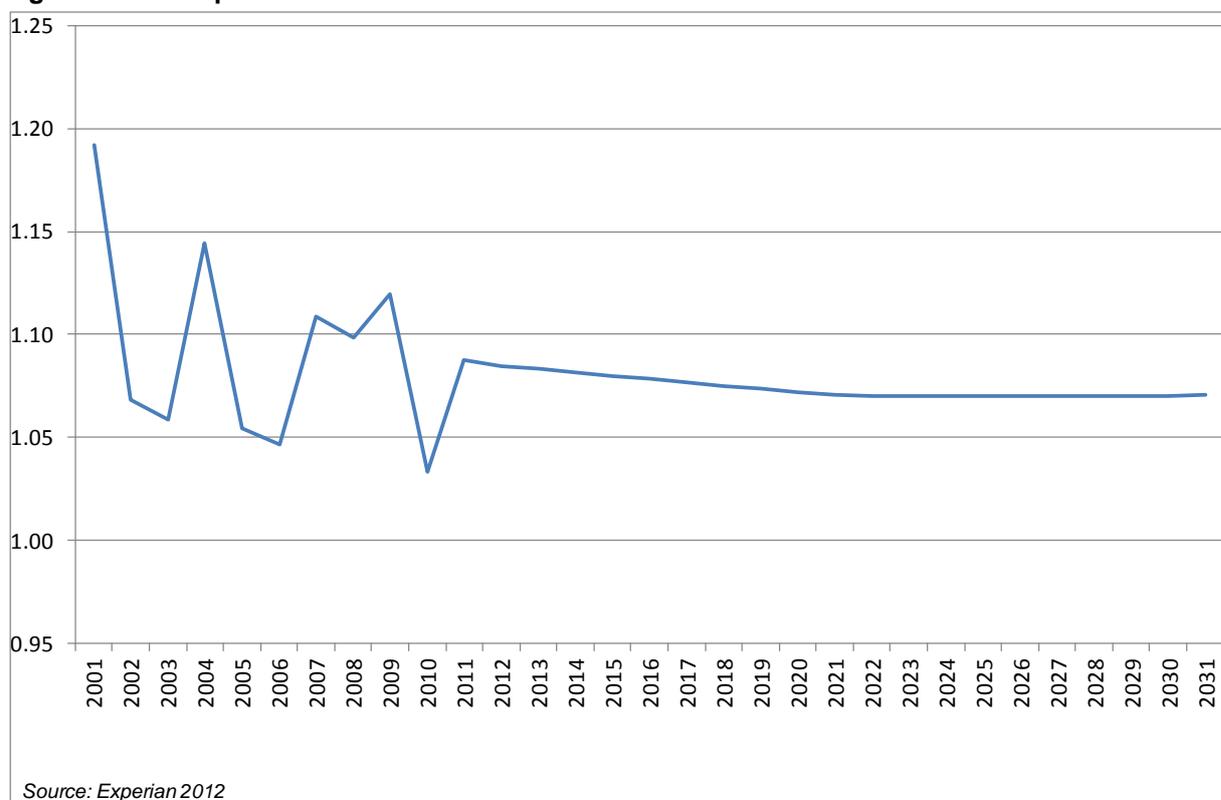
Currently Thanet has significant out migration of the 16-39 age groups

The age profile within Thanet does suggest that there is a skew towards the older population with the younger working age population particularly 16-29 year olds but also 30-39 year olds under-represented compared to the England average. Numerous studies undertaken within Thanet have confirmed the significant out migration of the 16-29 age group and it is a clear objective of the Local Plan and Economic Strategy to reduce this out-migration.

When we assess the regional occupational profile of these groups from the LFS (local data is not robust enough for this purpose) it is evident that particularly for the older end of this age group (16-39) professional occupations comprise a significant proportion of total employment. Within 35-39 year olds – 29 per cent are within professional occupations. The highest of any age group and for 25-34 year olds it comprises around a quarter of total employment. Associate professional and technical occupations are similarly high.

At the younger end of the spectrum sales and customer service occupations and elementary occupations comprise a significant proportion of employment. Within the 15-19 age group they account for two thirds of all employment combined.

Figure 3.9: Age by Occupation – South East
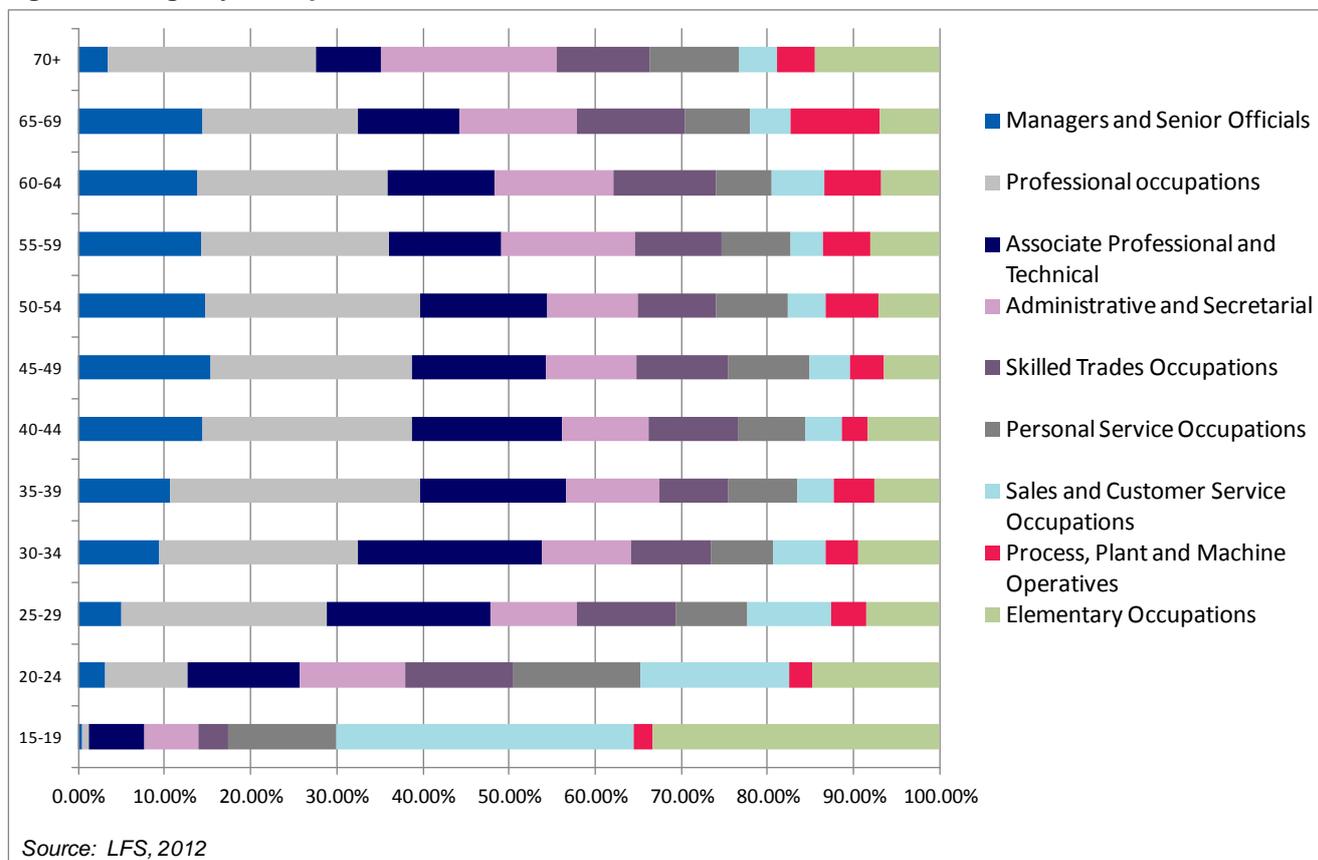
Source: LFS, 2012

Our forecasts promisingly suggest that more roles are likely to be created which align with the occupation profile of this younger age group which help to reduce the level of out-migration

Assessing the occupation trends within the baseline forecast for Thanet would suggest (given the projected growth in both professional and elementary occupations over the next two decades) that relatively more young people will be retained within the area. Clearly work needs to be done to raise the profile and brand of Thanet, however given the shift towards a more service based economy, it is likely that it will support more young people. Relatively few younger people are engaged as process, plant and machine operatives compared to older groups and again this supports the shift towards the service sectors.

Under the policy-on scenario the younger population will be able to take advantage of the growth in retail and leisure services which will support occupations within sales and customer services as well as further projected growth in professional occupations. Given the anticipated growth in the green sector we do however propose a significant uplift in skilled trade occupations and the average proportion engaged in this occupation under 39 is nine per cent compared to 11 per cent at 40 and over. Clearly this is an area then that may warrant further attention from a skills perspective – ensuring that young people have the appropriate qualifications and skills to take up opportunities particularly within the primary and secondary green sector.

3.4 Planning and policy implications

The baseline provides our understanding of the likely growth in the district, however in order to ensure that local communities are able to benefit from this growth and to achieve the higher growth potential outlined within the policy-on scenario, we have identified a number of areas that may require further planning and policy support.

The shared intent of Thanet District Council and Kent County Council in supporting growth in the district is clear and an open dialogue is in place, along with programmes such as Expansion East Kent and recent successful Regional Growth Fund Bid for the area. Local level commitment to growth is evident from policy such as the Growth Strategy and draft Core Strategy both of which identify key growth opportunities for the district. The need for appropriate planning policy is crucial in order to support economic growth.

The table below has identified some of the key opportunities and barriers to growth and indicates the planning and policy implications of each

Opportunities and barriers to growth	Detail	Policy and planning implications
Perception of Thanet	A key barrier to growth is the image of the district. The consensus at the workshop was that the area does not have a strong positive brand, nor does it maximise the value of its assets and potential	Work closely with the wider Kent to market a joined up tourism offer Positively market the district's assets to businesses / local community and tourists e.g. the benefit of home-based business to take advantage of the natural environment Support for transport infrastructure to enhance access to the district e.g. Parkway Station Policy DCS7, as well as supporting growth of Manston Airport Policy DCS3 will be key to raising the perception of Thanet (as outlined in the draft Core Strategy).
Economy fails to grow in line with expectations	The risk-based scenario developed could present a realistic future if the Eurozone crisis significantly deepens and the global situation falters	Supporting a diverse industry base within the district is key – aligning with the vision presented in the draft Core Strategy – providing a greater range of jobs and higher productivity per capita.
Skills Gaps	We have identified that the professional service sector is set to grow under the baseline and the policy-on scenario. Thanet is currently under-represented within professional occupations compared to the South East and England and the proportion of individuals with NVQ level 4 is also lower than benchmarks.	A detailed assessment of the skills gaps is required Further engagement with Kent based HEI and FE institutions is required in order to ensure that the courses on offer match the opportunities within Thanet. There is also a need to engage with businesses and young people to ensure that they are engaged and understand the opportunities on offer and the pathway to achieving these jobs – in particular marketing the local prospects.

	Under the policy-on scenario we identified potential for significant growth within skilled trades occupations, linked with the proposed growth in the green sector. Proportionally fewer under 39 year olds are engaged in these occupations compared to 40+. (Note overall the district is over-represented in Skilled Trades compared to the England and regional averages).	There is a need to further support and market the opportunities available to young people including apprenticeships and vocational courses as a valued alternative to higher education with a clear career path and route to finding work within the local community Engagement with local businesses and industry bodies, particularly within the green sector will be critical in order to understand the needs and requirements of the sector and to align these to the course and qualifications available.
Unemployment levels	Unemployment has consistently been above the regional and UK average and there are a number of challenges around perception of the area.	Our forecasts do anticipate that there will be a range of opportunities for all including both skilled occupations, professional occupations, and elementary occupations. There are clear risks particularly under the risk-based scenario that this number could significantly increase if conditions become more challenging and therefore working with businesses to ensure that the opportunities that they do have available are made widely available to local people is key.
Rural Economy	This report has identified that less than 10 per cent of businesses are within rural locations and fewer tourism businesses in particular are located in these areas.	The NPPF states that planning policies should support economic growth in rural areas in order to create jobs and prosperity by taking a positive approach to sustainable new development. Clearly given the split of businesses within the district – the focus will necessarily need to be on urban areas. However there are a number of areas of support which will be critical for rural based businesses. A focus on transport and communications infrastructure is key. Ensuring that businesses within rural areas have access to high speed broadband will unlock growth opportunities and further enable home-working. The transport network must also be robust in order to enable easy access to larger centres and support / networking opportunities such as the Kent Innovation Centre. Positive planning is vital to support the sustainable growth and expansion of businesses in the rural area. In particular there may be opportunities to grow rural based tourism businesses with additional promotion of the tourism sector aligning with growth ambitions in the strategy and additional tourism infrastructure in rural areas.

Significant proportion of home-based / SOHO businesses	Business base analysis revealed that there is a significant proportion of home-based businesses within the region as well as a high proportion of small or micro businesses and a higher proportion are in urban areas. This report also identified a number of challenges in terms of risk for businesses and this will be higher for smaller and new businesses (a significant proportion of which fail in the first couple of years)	Access to finance, as well as support and guidance is critical for small businesses and providing opportunities for these businesses to network and interact with clients and other businesses is critical particularly given the risk profile identified High speed broadband will also be key – enhanced digital connectivity is vital to connect and support growth in home based businesses
Low quality employment space	The ELR evidenced that although experiencing growth in overall employment stock, particularly office and warehousing, the quality of the property is relatively poor in Thanet this could prove a challenge for attracting new investors, both from overseas and domestically to the area.	Positive planning to support the upgrade of existing employment space and unlocking potential development opportunities given the significant amount of employment space that has been identified. Although it must be noted that based on our assumptions the number of B Class employment in the most likely scenario is less than currently forecast 400 jobs compared to 515 in the existing ELR.
Land allocations	This study has highlighted that Thanet has a significant amount of land available for development. Our projections suggest that around two thirds of employment growth is likely to be within non B class sectors and as a result the requirement for non-b class land is greater.	Positive planning will be critical to unlocking the opportunities here – as the ELR highlighted that over half of the land available doesn't currently have planning permission. There is a need to effectively plan for and accommodate growth within B class uses particularly under the policy on scenario, particularly ensuring that there is adequate good quality office space to attract investors. Given that two thirds of employment will be non B class – there will also be a need to plan effectively for development in these areas. Supporting quality accommodation and hotel provision will be critical to align with the growth ambitions within the tourism sector Consideration will need to be given to uses in town centres and potentially to relaxing uses on business parks to accommodate non B class uses.
Foreign Direct Investment	Our business base analysis suggests that	Linking in closely with the activities of UKTI, there is a need to brand Thanet effectively as a

	there are proportionally fewer foreign owned business in Thanet than the UK as a whole. Exporting potential is also below the UK average There are however opportunities to attract businesses from Europe – in particular France given the close proximity and the challenges that are currently faced	strong location for inward investors particularly in identified growth sectors such as tourism and green sector Positive planning is required to provide an easy route for businesses looking to either invest or expand their business within the district, particularly given the significant amounts of employment land available within the district. Facilitating further growth at e.g. Manston Airport and addressing issues such as the night time restrictions, could unlock further opportunities Given the low exporting potential yet close proximity to key transport routes (Ramsgate Port / Manston Airport / London) there is a need to examine the challenges facing businesses and to support them to take advantage of the opportunities and develop their export offer (aligning with the national drive to boost exports)
Knowledge intensive sectors	Although currently knowledge intensive businesses are below the regional and national average, employment and business growth has been strong over the last decade	Thanet Reach Business Park, as identified in the draft Core Strategy, offers a great opportunity to develop this sector further particularly given the existing cluster of businesses and the location of Kent Innovation Centre / Canterbury Christchurch University Campus offering clear opportunities for Spin-Offs. Other options for consideration would be around key transport infrastructure opportunities such as Ramsgate Port with close proximity to Thanet Offshore and London Array. This area has an existing cluster of professional, scientific and technical businesses, as well as Manston Airport which has EuroKent and Manston Business Park. There are also wider benefits from the designation of nearby Discovery Park at Sandwich as an Enterpise Zone and Thanet should work closely with wider East Kent in order to maximise both the potential opportunity (pledged 3,000 jobs by 2017), as well as the spin-off effects of this growth opportunity for the wider area. More broadly housing regeneration and improvements to the local school offer will be key to attracting and retaining workers within this sector.

Green Sector	The District has a strong existing offer and London Array and there is real potential to build on this, diversifying the offer

Employment within the green sector, both primary and secondary is significant and has been growing at a faster pace than national and regional benchmarks

Future business growth potential is not as strong within the primary green sector as it is with the secondary sector | Support for the sector at a strategic level within local policy and planning is key to unlocking the growth opportunities

Assessment of the skills needs of the sector in order to ascertain where the gaps are and ensure that there is adequate provision in the local area.

Businesses within the sector must work closely with HEI's in order to ensure that they are at the forefront of green technology developments. Including assessing the potential to diversify from wind to other sources of renewable energy e.g. wave. |
| Tourism Sector | Employment within the tourism sector is above the England average and caring, leisure and other service occupations are also over represented.

A significant proportion of businesses have experienced high growth over the last three years. Future growth potential is however not anticipated to be as strong. | Support for the sector at a strategic level within local policy and planning is key to unlocking the growth opportunities

Identification and targeting of those businesses which have real growth potential within the business base and providing them with the support and guidance required to grow further

The expansion and development of transport infrastructure namely Manston Airport will further boost the tourism sector enhancing access to the area

Positive Planning to unlock opportunities – identifying and supporting the development of key sites e.g. development of Dreamland to raise the quality of the tourism offer attracting a more affluent / active population. In line with this, there is also a need for quality accommodation and hotel provision, as identified within the Thanet workshop 12th November 2012. |
| Retail | The retail sector is the largest employer and although it has been hit by the challenging economic climate there are opportunities for development, particularly aligning with the | There is a need to differentiate the retail offer to attract tourists and local residents to shop locally. Particularly within the towns (Margate / Ramsgate) providing an experience and aligning with some of the key findings of national studies (Portas Review, 2011). |

	policy-on scenario and boost to the tourism sector	

Appendix A

Methodology

Definitions

Green Sector

Sector	Sub-Sector	SIC Code
Primary Green sector	Green Infrastructure	• 0210 : Silviculture and other forestry activities • 0220 : Logging • 0240 : Support services to forestry • 8130: Landscape service activities • 7111/2: Urban planning and landscape architectural activities • 9104: Botanical and zoological gardens and nature reserve activities.
	Waste Management, Recycling and Reuse	• 3811 : Collection of non-hazardous waste • 3812 : Collection of hazardous waste • 3821 : Treatment and disposal of non-hazardous waste • 3822 : Treatment and disposal of hazardous waste • 3832 : Recovery of sorted materials • 3900 : Remediation activities and other waste management services • 4677 : Wholesale of waste and scrap • 4779/9: Retail sale of second-hand goods (other than antiques and antique books) in stores • 29 The care and cultivation of forest trees.
Secondary Green Sector	Electricity	• 01 to 03: Agriculture, Forestry and Fishing • 3511 : Production of electricity • 3512 : Transmission of electricity • 3513 : Distribution of electricity • 2712 : Manufacture of electricity distribution and control apparatus • 2733 : Manufacture of wiring devices • 2732 : Manufacture of other electronic and electric wires and cables
	Energy Equipment Manufacture	• 2521 : Manufacture of central heating radiators and boilers • 2711 : Manufacture of electric motors, generators and transformers • 2740 : Manufacture of electric lighting equipment • 2751 : Manufacture of electric domestic appliances • 2752 : Manufacture of non-electric domestic appliances • 2811 : Manufacture of engines and turbines, except aircraft, vehicle and cycle engines • 2821 : Manufacture of ovens, furnaces and furnace burners • 2825 : Manufacture of non-domestic cooling and ventilation equipment • 2790 : Manufacture of other electrical equipment

Sector	Sub-Sector	SIC Code
	Architects and Quantity Surveyors	• 7111/1 : Architectural activities • 7490/2 : Quantity surveying activities
	Buildings	• 4110 : Development of building projects • 4120/1 : Construction of commercial buildings • 4120/2 : Construction of domestic buildings
	Plumbing, Heating and Electrical Installation	• 43210 : Electrical installation • 43220: Plumbing, heat and air-conditioning installation
	Professional, Scientific and Technical Activities	• 7490/1: Environmental consulting activities • 7490/9: other professional, scientific and technical activities
	Sustainable Transport	• 4910 : Passenger rail transport, interurban • 4920 : Freight rail transport • 4931/1 : Passenger transportation by underground, metro and similar systems • 4931/9 : Passenger transport other than by underground including trams • 4939 : Other passenger land transport

Tourism Sector

Sector	2007 SIC Code
Tourism	· **551 Hotels**
	· **552/ 553/ 559 Camping sites etc.**
	· **561 Restaurants**
	· **563 Bars**
	· **791 / 799 Activities of travel agencies etc.**
	· **910 Libraries, Archives, Museums etc.**
	· **931 Sporting activities**
	· **920 / 932 Other recreational activities**

Sector	2007 SIC Code
	· **551 Hotels**
	· **552/ 553/ 559 Camping sites etc.**

Experian Mosaic Types

MPS Group	Mosaic Public Sector Group Description	MPS Type	Mosaic Public Sector Type Description
A	Residents of isolated rural communities	A01	Rural families with high incomes, often from city jobs
		A02	Retirees electing to settle in environmentally attractive localities
		A03	Remote communities with poor access to public and commercial services
		A04	Villagers with few well paid alternatives to agricultural employment
B	Residents of small and mid-sized towns with strong local roots	B05	Better off empty nesters in low density estates on town fringes
		B06	Self employed trades people living in smaller communities
		B07	Empty nester owner occupiers making little use of public services
		B08	Mixed communities with many single people in the centres of small towns
C	Wealthy people living in the most sought after neighbourhoods	C09	Successful older business leaders living in sought-after suburbs
		C10	Wealthy families in substantial houses with little community involvement
		C11	Creative professionals seeking involvement in local communities
		C12	Residents in smart city centre flats who make little use of public services
D	Successful professionals living in suburban or semi-rural homes	D13	Higher income older champions of village communities
		D14	Older people living in large houses in mature suburbs
		D15	Well off commuters living in spacious houses in semi rural settings
		D16	Higher income families concerned with education and careers
E	Middle income families living in moderate suburban semis	E17	Comfortably off suburban families weakly tied to their local community
		E18	Industrial workers living comfortably in owner occupied semis
		E19	Self reliant older families in suburban semis in industrial towns
		E20	Upwardly mobile South Asian families living in inter war suburbs
		E21	Middle aged families living in less fashionable inter war suburban semis
F	Couples with young children in comfortable modern housing	F22	Busy executives in town houses in dormitory settlements
		F23	Early middle aged parents likely to be involved in their children's education
		F24	Young parents new to their neighbourhood, keen to put down roots
		F25	Personnel reliant on the Ministry of Defence for public services
G	Young, well-educated city dwellers	G26	Well educated singles living in purpose built flats
		G27	City dwellers owning houses in older neighbourhoods
		G28	Singles and sharers occupying converted Victorian houses
		G29	Young professional families settling in better quality older terraces
		G30	Diverse communities of well educated singles living in smart, small flats
		G31	Owners in smart purpose built flats in prestige locations, many newly built
		G32	Students and other transient singles in multi-let houses
		G33	Transient singles, poorly supported by family and neighbours
		G34	Students involved in college and university communities
H	Couples and young singles in small modern starter homes	H35	Childless new owner occupiers in cramped new homes
		H36	Young singles and sharers renting small purpose built flats
		H37	Young owners and rented developments of mixed tenure
		H38	People living in brand new residential developments
I	Lower income workers in urban terraces in often diverse areas	I39	Young owners and private renters in inner city terraces
		I40	Multi-ethnic communities in newer suburbs away from the inner city
		I41	Renters of older terraces in ethnically diverse communities
		I42	South Asian communities experiencing social deprivation
		I43	Older town centres terraces with transient, single populations
		I44	Low income families occupying poor quality older terraces
J	Owner occupiers in older-style housing in ex-industrial areas	J45	Low income communities reliant on low skill industrial jobs
		J46	Residents in blue collar communities revitalised by commuters
		J47	Comfortably off industrial workers owning their own homes
K	Residents with sufficient incomes in right-to-buy social housing	K48	Middle aged couples and families in right-to-buy homes
		K49	Low income older couples long established in former council estates
		K50	Older families in low value housing in traditional industrial areas
		K51	Often indebted families living in low rise estates
L	Active elderly people living in pleasant retirement locations	L52	Communities of wealthy older people living in large seaside houses
		L53	Residents in retirement, second home and tourist communities
		L54	Retired people of modest means commonly living in seaside bungalows
		L55	Capable older people leasing / owning flats in purpose built blocks
M	Elderly people reliant on state support	M56	Older people living on social housing estates with limited budgets
		M57	Old people in flats subsisting on welfare payments
		M58	Less mobile older people requiring a degree of care
		M59	People living in social accommodation designed for older people
N	Young people renting flats in high density social housing	N60	Tenants in social housing flats on estates at risk of serious social problems
		N61	Childless tenants in social housing flats with modest social needs
		N62	Young renters in flats with a cosmopolitan mix
		N63	Multicultural tenants renting flats in areas of social housing
		N64	Diverse homesharers renting small flats in densely populated areas
		N65	Young singles in multi-ethnic communities, many in high rise flats
		N66	Childless, low income tenants in high rise flats
O	Families in low-rise social housing with high levels of benefit need	O67	Older tenants on low rise social housing estates where jobs are scarce
		O68	Families with varied structures living on low rise social housing estates
		O69	Vulnerable young parents needing substantial state support

Business Data

Experian's pH Megafile

Containing 5.5 million companies and developed over 20 years, the pH Megafile is the largest UK business data source offering an unparalleled view of the business community, its behavioural characteristics and financial performance. Core data sources include Experian's NBD (National Business Database), Thomson, Yell Data, Companies House, Market location, and ICC among others.

The database includes data on businesses' characteristics (size, sector, and contact details), growth and balance sheet indicators, including the pH Megascore, analysing the financial robustness of companies and predicting their risk of default.

Commercial Delphi

Commercial Delphi has been developed (within Experian Decision Analytics) with the aim of predicting as accurately as possible which businesses are most likely to fail in the near future.

Commercial Delphi is available for both Ltd businesses and non-Ltds.

As with most credit ratings, Commercial Delphi is calibrated to predict failures over a 12-month window and is trained on **all forms of closure** (liquidation, receivership, administration, dissolution). The score is actually created as a number of separate scorecards, reflecting that not all businesses are alike, and the predictive variables will not be the same for all types of business.

Ltd Commercial Delphi combines multiple scorecards based on the size of business and how many sets of annual accounts it has filed.

Data variables used to calculate Ltd Commercial Delphi are:

- Business summary data (age, sector, legal form etc)
- Company accounts (financial figures and ratios)
- CCJs
- Payment Performance
- Directors information (previous failures etc)
- Director / Proprietor consumer data and scores
- Previous Credit Search information
- CAIS data (Credit Account Information Sharing): closed user group, where contributors share information on credit payments

The mixture of data variables used varies across each of the scorecards. The scorecards are then combined and calibrated into a single predictive score, running from 1 to 100, where 1 implies the highest level of risk and 100 the lowest level of risk with each score in between having a sequentially higher probability of closure.

The score can be delivered and used in this continuous form, or more frequently, banded into a number of levels. The thresholds for the bands can be altered to meet requirements (for example, to mirror the distribution of scores in a client's own risk model), but generally the bands below are used (closure rates are expected levels over 12 months from the date of score being calculated):

Commercial Delphi

Score	Description	Closure rate
1-15	Maximum Risk	31.95%
16-25	High Risk	9.13%
26-50	Above Average Risk	3.99%
51-80	Below Average Risk	2.33%
81-90	Low Risk	1.55%
91-100	Very Low Risk	0.78%

The main purpose of Commercial Delphi is as a point of application score to inform credit decisions. It can be calculated in real-time and delivered through a variety of online systems and is fully supported by a customer service team. It comes with a credit rating and limit which provides an indication of our view of the amount of credit that could reasonably be extended to the business. It is also reviewed every six months to ensure closure rates are within normal boundaries at each level of the score, and the score itself is re-calibrated every 2-3 years. As such, it is at any point in time, the best snapshot Experian has of the credit worthiness of a business.

Regional Planning Service

The baseline and scenarios are built using Experian's UK Regional Planning Service (RPS). This is a comprehensive economic forecasting service that provides coverage of the UK economy and its regions and counties. The RPS provides forecasts down to local area level covering 38 sectors and providing detailed employment and GVA estimates up to 2031.

For the purposes of the B Class Analysis we have aggregated Experian's 38 sectors to 12 sectors based upon the following classification:

Broad sector classification	Experian Sectors
Agriculture	Agriculture, Forestry & Fishing
Mining and Quarrying	Extraction & Mining
Manufacturing	Food, Drink & Tobacco
	Textiles & Clothing
	Wood & Paper
	Printing and Reproduction of Recorded Media
	Fuel Refining
	Chemicals
	Pharmaceuticals
	Rubber, Plastic and Other Non-Metallic Mineral Products
	Metal Products
	Computer & Electronic Products
	Machinery & Equipment
	Transport Equipment
	Other Manufacturing
Utilities	Utilities
Construction	Construction of Buildings
	Civil Engineering
	Specialised Construction Activities
Distribution, Hotels and Catering	Wholesale
	Retail
	Accomodation & Food Services
	Recreation
Transport and Communications	Land Transport, Storage & Post
	Air & Water Transport
	Media Activities
	Telecoms
	Computing & Information Services
Financial and Business Services	Finance
	Insurance & Pensions
	Real Estate

Broad sector classification	Experian Sectors
	Professional Services
	Administrative & Supportive Service Activities
	Other Private Services
Government and Other Services	Public Administration & Defence
	Education
	Health
	Residential Care & Social Work

Appendix B

About us

About Experian

Experian Group is the global leader in providing analytical and information services to organisations and consumers to help manage risk and reward of commercial and financial decisions.

We help organisations to find new customers and to develop and manage existing relationships by providing data, decision-making solutions and processing services. We also help consumers to understand, manage and protect their personal information and to make more informed purchasing decisions.

- Listed on the London Stock Exchange since October 2006 and a FTSE 100 company
- Employing 17, 000 people in 44 countries
- Headquarteres in Dublin, Ireland. Main operating centres in Nottingham (UK), California (US) and São Paulo (Brazil)
- We deliver data, analytics and software in over 80 countries
- We serve more than 100,000 clients across a range of sectors, including financial services, retail, government, telecoms, utilities, automotive, insurance and media
- We help people check their credit report and score, and protect against identity theft (in the US/UK)
- We have 16 consumer credit bureaux and 12 business credit bureaux around the world
- Our Chairman is Sir John Peace, our Chief Executive Officer (CEO) is Don Robert, our Chief Operating Officer (COO) is Chris Callero

Experian operates across the UK and Ireland, North America, Latin America and EMEA/Asia Pacific. We also categorise our business into four principal activities.

Experian Group is organised in four main business lines:

Credit Services: Helps clients to manage the risks associated with providing credit to consumers and businesses.

Decision Analytics: Provides software, tools and consulting to turn data into actionable decisions.

Marketing Services: Helps clients to target and understand their customers more completely, communicate with them individually and measure the impact of Marketing campaigns.

Consumer Services: Enables consumers to understand and manage their personal credit files online, protect their personal identity and make more informed online purchasing decisions.

Experian's business is supported by best of breed data assets:

- We have credit payment data on 600 million consumers and 60 million businesses
- We have segmented data on more than 2.3bn consumers in 30 countries
- We deliver more than 10 billion emails per month
- We hold demographic data on over 500 million individuals in 260 million households
- We have online behaviour data on 25 million internet users across five million websites
- Millions of consumers subscribe to our monitoring services in the US and UK