

# **Kingston upon Thames Employment Land Review**

## **Final Report**

Royal Borough of Kingston upon Thames

March 2022

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## 1.0 Introduction

1.1 The Royal Borough of Kingston upon Thames (“RBK” or “the Council”) commissioned Lichfields to undertake an Employment Land Review (ELR) for the Borough. The purpose of the study is to provide an up-to-date evidence base for employment policies and designations as part of the new Local Plan covering the period between 2019 and 2041.

1.2 This report comprises Part 1 of a joint commission dealing with the evidence base for the new Local Plan. Part 2 provides a more focused assessment of the Kingston Corridor employment sites as a separate and standalone document led by Urban Silence in collaboration with Lichfields. The findings of Part 2 have been incorporated into the findings of this report where relevant.

### Scope of the Study

1.3 The ELR has been prepared in line with the [National Planning Policy Framework](#) (NPPF, July 2021) and Planning Practice Guidance (PPG) with regards to [Economic Needs Assessment](#)

1.4 The report presents an updated position of the existing employment supply in the Borough, provides updated market demand intelligence, quantifies the employment space requirements based on a series of econometric forecasts and assesses the emerging supply position. A detailed assessment of the quality of existing employment sites in the Borough has also been undertaken.

1.5 As part of the study, consultation has been undertaken with a range of local and sub-regional commercial property agents and various stakeholders to gather commercial viewpoints and up-to-date intelligence regarding the current local commercial property market in and around RBK. A list of consultees is provided in Appendix 1.

1.6 The ELR includes consideration of economic development as defined by the NPPF, with a primary focus upon the typologies set out in the ‘B’ Use Classes and part ‘E’ Use Classes as outlined below:

- **Office:** including offices in Eg(i)– formerly B1(a) – Use Class and research & development in Eg(ii) – former B1(b) – Use Class.
- **Industrial:** including light industrial in Eg(iii) – formerly B1(c) – Use Class and industrial and manufacturing space in B2 Use Class.
- **Distribution:** including storage and distribution, warehousing and wholesale uses typically in B8 Use Class.

1.7 References to ‘employment uses/space’ and ‘employment sectors’ refer to all the above uses.

1.8 It should be noted that there are a variety of factors and drivers to consider when objectively assessing the business context and needs for a local economy. The study uses a combination of quantitative and qualitative analysis to examine these issues in the context of Kingston and synthesises this analysis to draw overall conclusions and policy implications for long-term planning across the Borough. A process of consultation with stakeholders involved in the employment space market in the Borough has also been undertaken, as set out in Appendix 2.

1.9 An important consideration for any technical work of this type is that the study is inevitably a point-in-time assessment. The timing of preparation (during 2020-21) means that the full impacts of the COVID-19 pandemic and implications of the Brexit agreement made with the European Union are not factored into the econometric forecasts used in this report.

- 1.10 The report has used the latest available data and other evidence available at the time of reporting, while the accuracy of third-party data has not been checked or verified by Lichfields.

## Structure of Report

- 1.11 The report is structured under the following sections:
- **Economic Context and Trends (Section 2.0):** a review of current economic conditions and recent trends in RBK and the main strengths and weaknesses of the local economy that may influence the future need for employment space.
  - **Overview of Employment Space (Section 3.0):** an analysis of the current stock and trends of employment space in RBK in terms of the range of employment uses, past development rates, gains and losses.
  - **Commercial Property Market Signals and Intelligence (Section 4.0):** a review of the local commercial property market, including the supply of and demand for different types of employment space within RBK and the needs of the different market segments.
  - **Future Requirements for Employment Space (Section 5.0):** an estimate of future employment space requirements for employment sectors in quantitative terms drawing upon various employment forecasts and other factors.
  - **Review of Supply Portfolio (Section 6.0):** provides a high-level site assessment of the main employment designations in RBK to consider their current and future capacity to support the economic and business development needs of the local economy.
  - **Demand/Supply Balance (Section 7.0):** an assessment of the balance between existing land supply and future requirements in both quantitative and qualitative terms.
  - **Conclusions and Policy Considerations (Section 8.0):** a consideration of planning policy and other strategic measures that will be needed to support future growth and business needs within RBK.

## 2.0 Economic Context and Trends

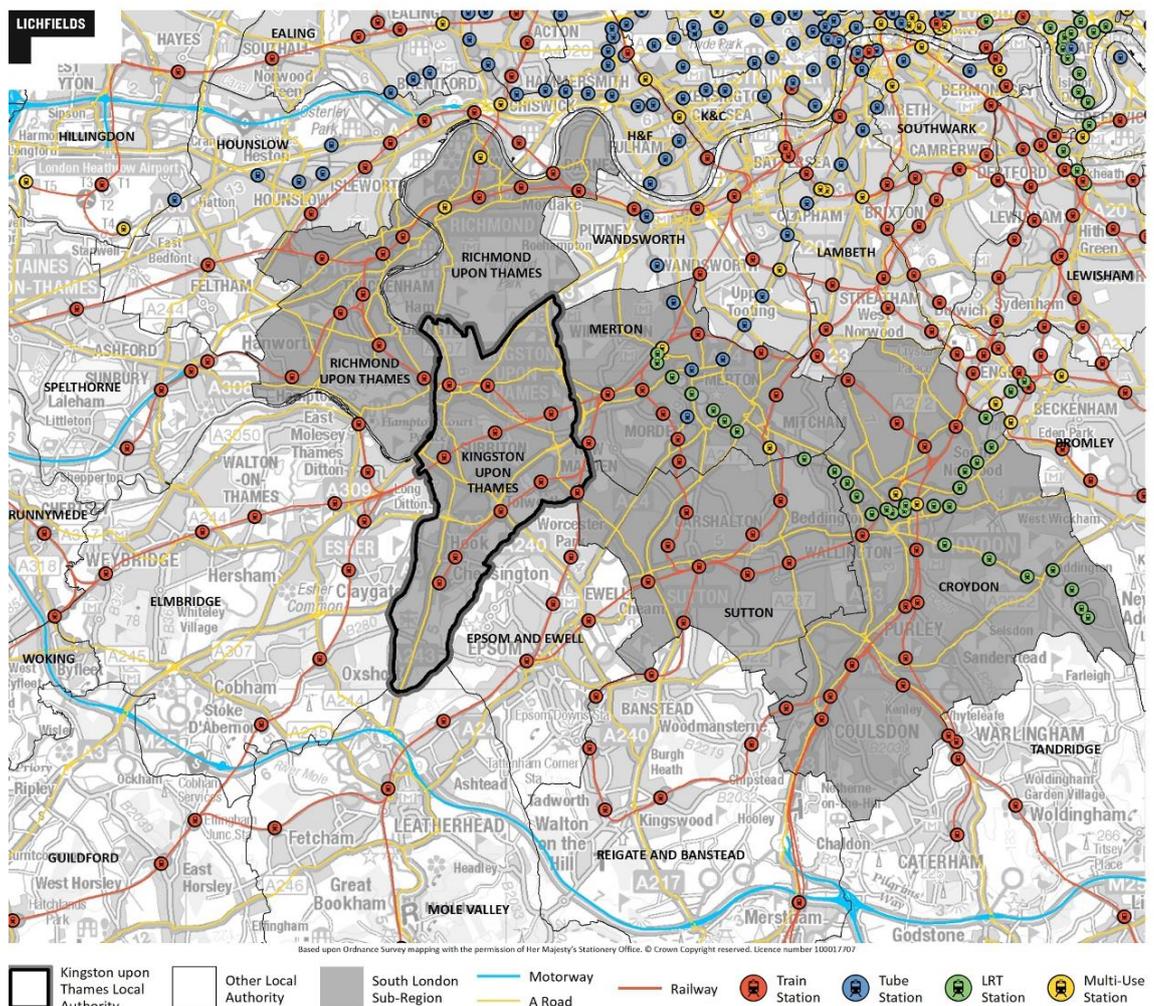
2.1 This section summarises recent economic conditions and trends in RBK. The analysis identifies the key strengths and weaknesses of the Borough’s economy and the factors that are likely to influence the future demand for employment space in RBK. The analysis draws upon datasets from a range of sources, published documents and underlying definitions, and therefore figures may not be directly comparable with each other in all cases.

### Spatial Overview

2.2 RBK is an Outer London Borough forming part of the South London Sub-Region, which also comprises Merton, Croydon, Richmond upon Thames and Sutton. RBK also borders the Surrey Districts of Epsom and Ewell, Elmbridge and Mole Valley.

2.3 According to ONS population estimates, the Borough’s population stood at 177,500 people in 2019, making it the third smallest London Borough in terms of population. RBK is also one of the smallest London Boroughs in terms of its geographical area, over a third of which is open space, with large areas designated as Metropolitan Open Land (MOL) and Green Belt.

Figure 2.1 Spatial Context



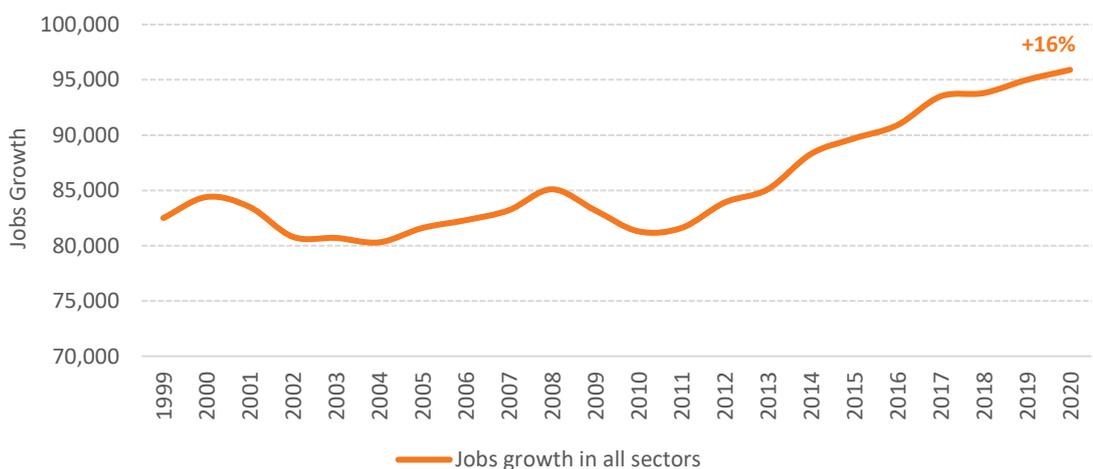
Source: Ordnance Survey (2020) / Lichfields analysis

- 2.4 The Borough’s strategic road network includes the A3 Kingston by-pass, an important east-west route across the Borough. The Borough is also well-served by a number of suburban rail services, with South Western Railway services linking Surbiton, Kingston, New Malden and Norbiton with Waterloo with an average journey time of 38 minutes.
- 2.5 Kingston town centre is one of four Metropolitan Centres within South London, which contains the Borough’s largest concentration of shopping, employment and leisure provision. In addition, smaller district centres include Surbiton, New Malden and Tolworth, along with a number of local centres and dispersed parades.
- 2.6 The London Plan identifies the Borough, alongside Wimbledon/Colliers Wood/South Wimbledon and Clapham Junction as a potential strategic outer London development corridor as part of the ‘Crossrail 2 South’ opportunity areas. The indicative targets for RBK opportunity area include 9,000 new homes and 5,000 new jobs between 2019 and 2041.
- 2.7 Although funding for Crossrail 2 has been deprioritised by the Government and Transport for London, if the project were to come forward in the future the Borough would benefit from more Crossrail 2 stations than any other London Borough according to the London Plan. New higher frequency, higher capacity services could enable significant additional growth opportunities in the area, improving Kingston’s attractiveness as an office location and potentially support additional commercial growth in the town centre, building on links with Kingston University and Kingston College.

## Employment Trends

- 2.8 Based on Experian data, RBK accommodated 95,900 jobs in 2020. As shown in Figure 2.2, the stock of jobs has increased by 13,400 since 1999, which is equivalent to a 16% increase over the last 22 years. Since 2011 there has been a constant increase in jobs from 81,600 to 95,900 jobs, equivalent to growth of 18%.

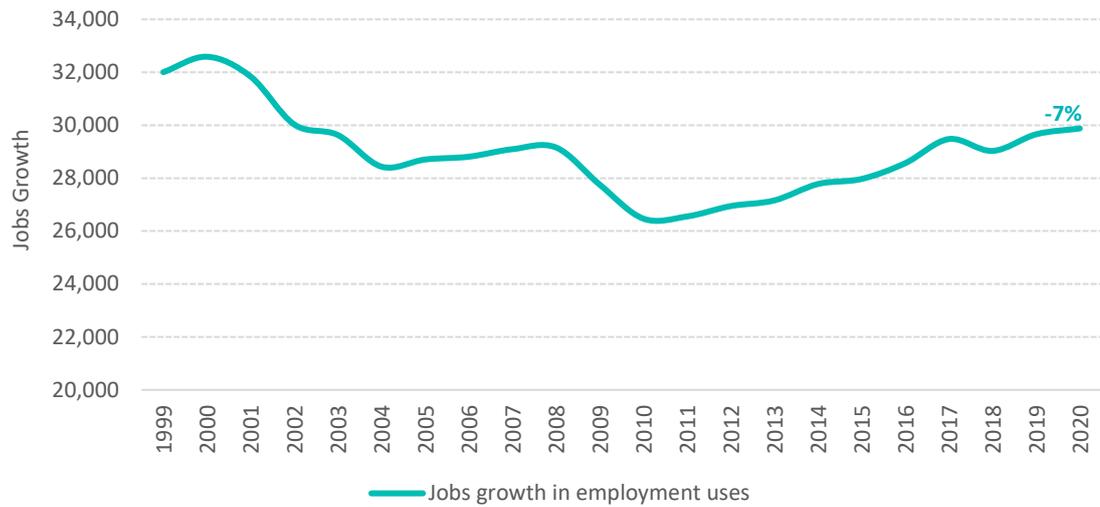
Figure 2.2 Jobs Growth across all sectors in RBK, 1999 - 2020



Source: Experian (2020) / Lichfields analysis

- 2.9 Figure 2.3 illustrates the job growth in employment uses only. In contrast to the overall jobs, there has been a decrease in jobs in employment uses from 32,004 jobs to 29,877 jobs (-7%) since 1999.

Figure 2.3 Jobs growth in employment uses in RBK, 1999-2020



Source: Experian (2020) – Lichfields analysis

2.10

As shown in Table 2.1, this decline has been driven by a decrease in industrial (-22%) and distribution-based (-28%) sectors. Employment in office uses, in contrast, has seen an increase of 5% since 1999.

Table 2.1 Employment Change in RBK, 1999 - 2020

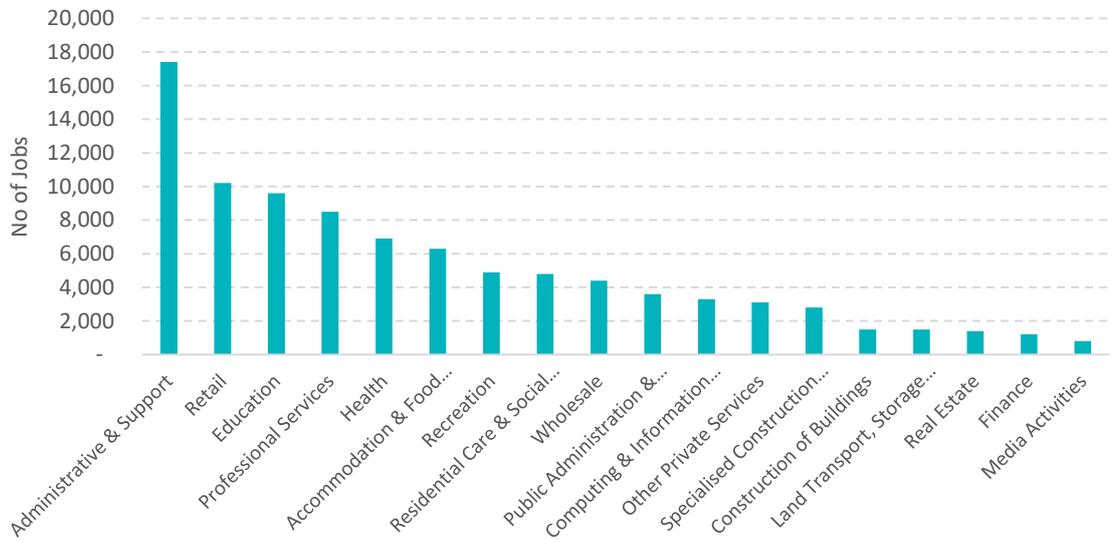
	No. of Jobs		Change (1999-2020)	
	1999	2020	No. of jobs	%
Office	19,726	20,659	933	5%
Industrial/Light Industrial	6,522	5,099	-1,422	-22%
Distribution	5,756	4,118	-1,638	-28%
<b>Employment Uses</b>	<b>32,004</b>	<b>29,877</b>	<b>-2,128</b>	<b>-7%</b>
Jobs in All Sectors	82,500	95,900	13,400	16%

Source: Experian (2020) / Lichfields analysis

2.11

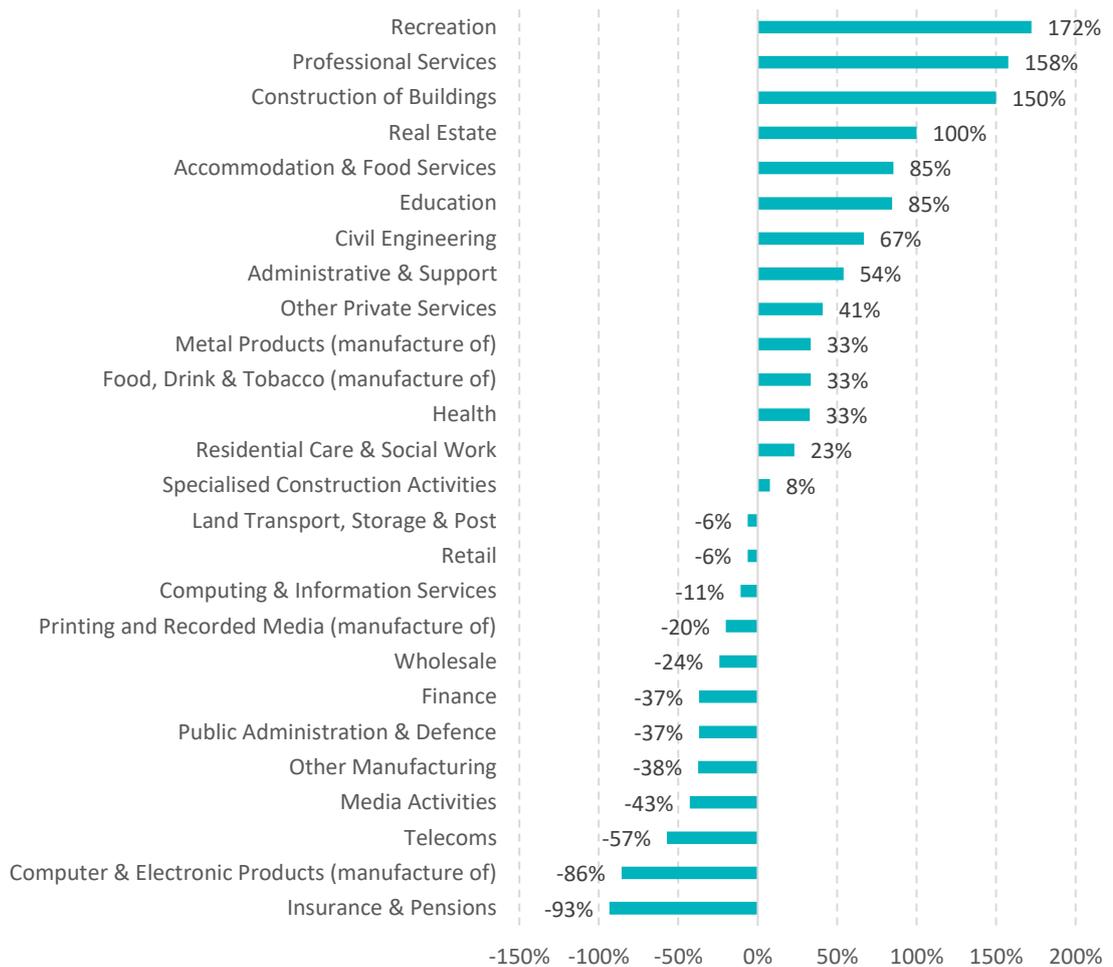
The Borough’s most represented sectors in 2019 were administrative and support (18%), retail (11%), education (10%) and professional services (9%), with healthcare (7%), accommodation and food (7%), recreation (5%), social care (5%) and wholesale (5%) (Figure 2.4).

Figure 2.4 Main Economic Sectors in Kingston in 2019



Source: Experian (2020) / Lichfields analysis

Figure 2.5 Employment Change in Kingston by Sector, 1997 - 2019



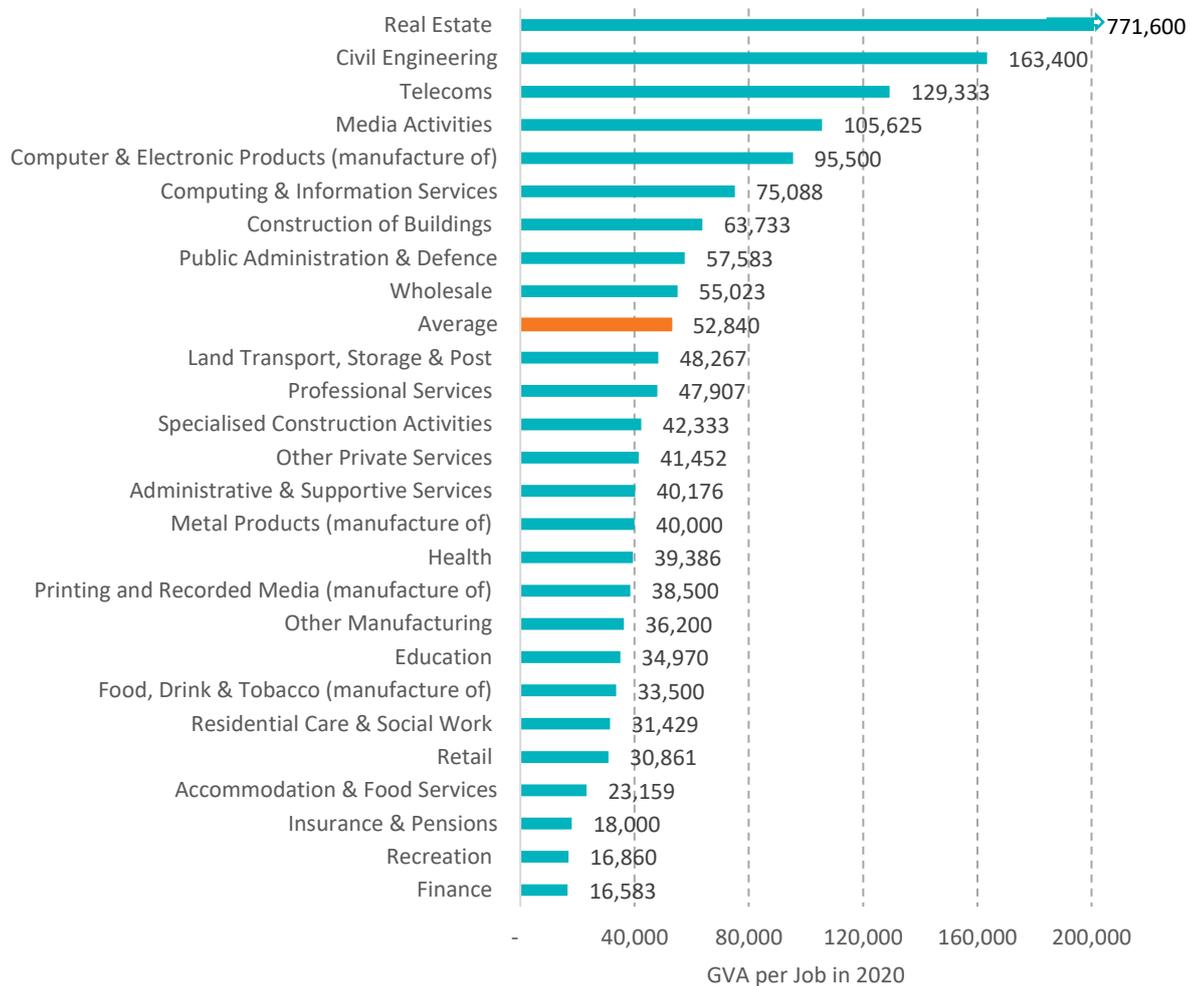
Source: Experian (2020) / Lichfields analysis

2.12 Over the last 22 years (1997-2019), the largest contributors to job growth in the Borough have been recreation (172%), professional services (158%), construction of buildings (150%) and real estate (100%). At the same time, the Borough saw significant job losses in insurance and pensions, manufacturing of computer and electronics, telecoms and media activities sectors (Figure 2.5). In absolute figures, the Borough has seen an increase of 18,000 jobs over the last 22 years.

### Workforce Productivity

2.13 RBK’s economy generated £5.1 billion of gross value added (GVA) in 2020, which represents an increase of 54% over the last 22 years. Output per workforce jobs was approximately £52,800, almost 33% above that generated in 1999.

Figure 2.6 Sector Productivity per Job (2020)



Source: Experian (2020) / Lichfields analysis

2.14 Workforce productivity within RBK’s economy inevitably varies by sector, with sectors such as real estate, telecoms, media activities, civil engineering and manufacturing of computer and electronic products generating the highest average levels of GVA per worker (see Figure 2.6). Comparatively, the added economic value supported by sectors such as finance, recreation, insurance and pension, accommodation and food and retail are much less significant.

- 2.15 However, the sectors generating the highest added value apart from real estate, comprises administrative and supportive services (17,600 jobs in 2020), professional services (8,600 jobs), computing and information services (3,400 jobs) and health (7,000 jobs) employ a significant proportion of the local workforce, resulting in below average levels of productivity in RBK.

## Business Demography and Distribution

- 2.16 In terms of the size of businesses in Kingston, the Borough has a large proportion of small firms with 1-9 employees (93%) according to ONS Business Counts data. This is also the case across the South London Sub-region (93%). London, as a whole, has a lower, albeit still significant, concentration of small firms (91%).

Table 2.2 Business Size

Metric		RBK		South London	London
Business Size	Micro (0 to 9)	8,265	92.6%	93.1%	90.8%
	Small (10 to 49)	530	5.9%	5.7%	7.3%
	Medium (50 to 249)	105	1.2%	1.0%	1.5%
	Large (250+)	25	0.3%	0.3%	0.4%

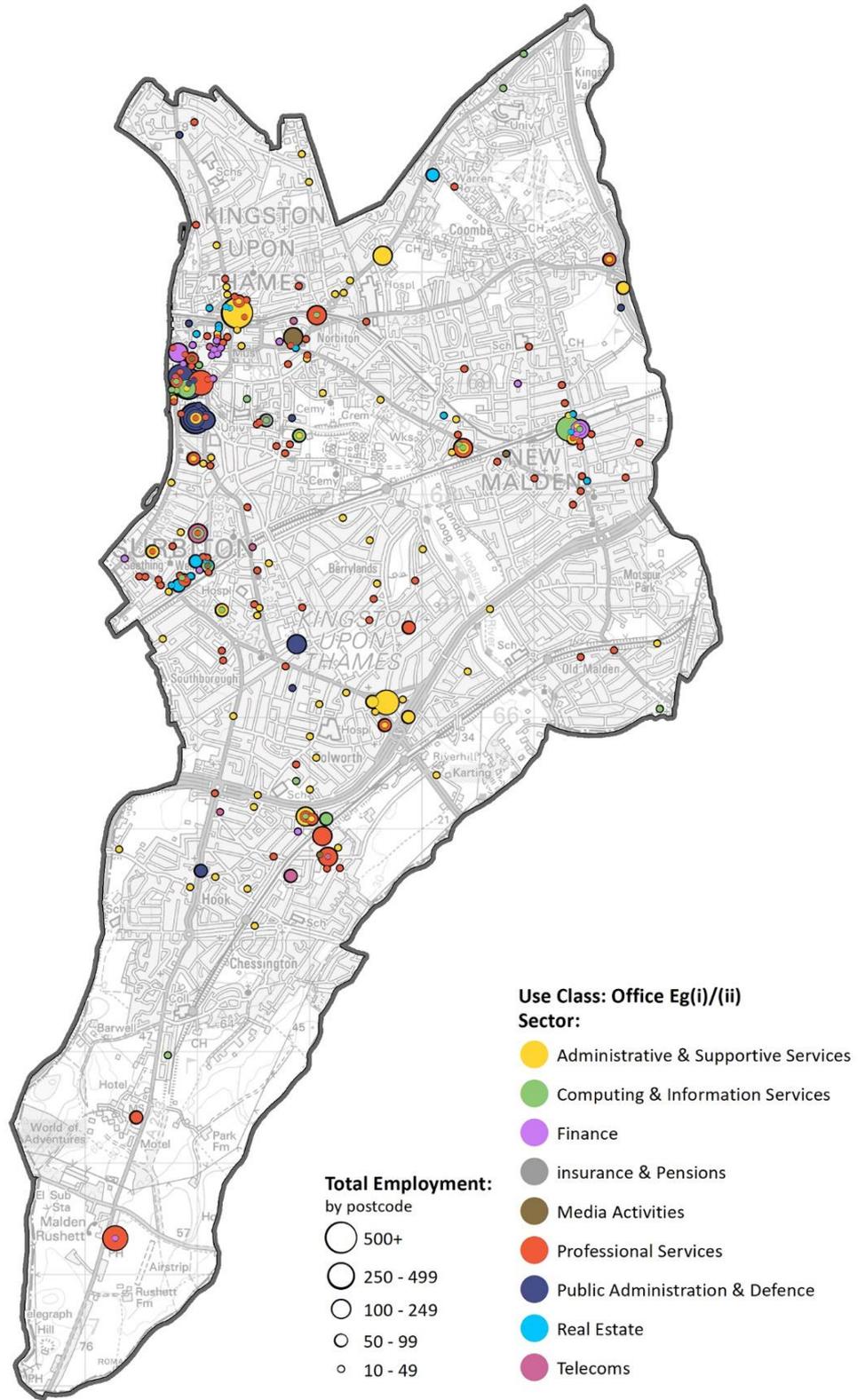
Source: ONS (2020) / Lichfields analysis

- 2.17 Analysis of Inter-Departmental Business Register (IDBR) data for 2019 indicates that Kingston Hospital NHS Trust and Kingston University represent the largest employers in the Borough, with Chessington World of Adventures, Hays Recruitment, John Lewis, Kingston College, Sitel, Flight Centre, Fenwick and New England Seafood International also employing significant numbers of workers. Beyond this, the majority of firms employ a relatively small number of people, with more than 6,500 of the Borough's 7,680 firms (equivalent to 85%) recording 1 to 9 employees.
- 2.18 Between 2015 and 2019, the number of active businesses (these are defined as businesses that had either turnover or employment at any time during the reference period) in the Borough grew by just under 14%. The equivalent for the South London Sub-region is slightly lower at 12% and for London as a whole is 17%. The survival rate of newly born enterprises since 2014 (5-year survival) is 43.7% across the Borough, with a similar rate across the South London Sub-region (43.9%) and a smaller rate for London as a whole at 39.2%.
- 2.19 Figures 2.7 – 2.9 below provide an overview of the spatial distribution of key business clusters and associated employment uses within Kingston. These are based on the IDBR 2019 data and the employment use definitions used in this study.
- 2.20 According to the IDBR, there is a total of 30,700 jobs in relation to office-based sectors representing 38% of the total workforce jobs across the Borough. Figure 2.7 illustrates the location of all the office-based sectors by the scale of employment. Administrative and support sector concentrates over the half of these jobs (57%), followed by professional services (20%), public administration (8%), computing and information (5%), finance (3%) and real estate (3%) which have been the top office-based sectors across RBK.
- 2.21 Figure 2.8 plots the location of all the industrial and light industrial-based sectors. Employment in these sectors totals 3,500 jobs or 4% of the overall provision across the Borough. Specialised construction activities is recorded as the top represented sector concentrating a third of these jobs, followed by manufacturing of food, drink and tobacco (15%), other manufacturing (11%), manufacturing of computer and electronic products (10%) and manufacturing of printing and recorded media (10%).

- 2.22 Figure 2.9 shows the distribution of wholesale and land for transport sectors which are the key sectors of warehousing and distribution uses. There is a total of 3,600 jobs in these sectors relating to 4% of the overall employment across RBK.
- 2.23 Finally, there is a total of 42,100 jobs across the Borough related to non-employment uses. It is evident that the Borough has a service-based economy with over half of the total jobs (53%) relating to non-employment uses. Education (24%), retail (21%), health (14%), accommodation and food services (13%), and residential care (11%) are those sectors concentrating the majority of workforce jobs in non-employment uses.
- 2.24 In addition, there is a total of 10,800 jobs (13% of the total jobs) in around 370 businesses distributed within the designated employment areas, namely the two Strategic Industrial Locations (SIL) and eight Locally Significant Industrial Sites (LSIS). Across these areas there are 4,100 office-based jobs representing 13% of the overall office jobs across the Borough. There are also 1,770 industrial and light industrial jobs relating to 52% of all the industrial jobs across the Borough and 2,500 distribution jobs relating to 70% of these types of jobs across RBK according to IDBR data. It is evident that the majority of industrial and warehousing uses are concentrated within designated employment areas, albeit there are small industrial businesses mainly in sectors such as specialised construction and wholesale that operate on non-designated areas as well.

Figure 2.7 Spatial Distribution of office-based sectors

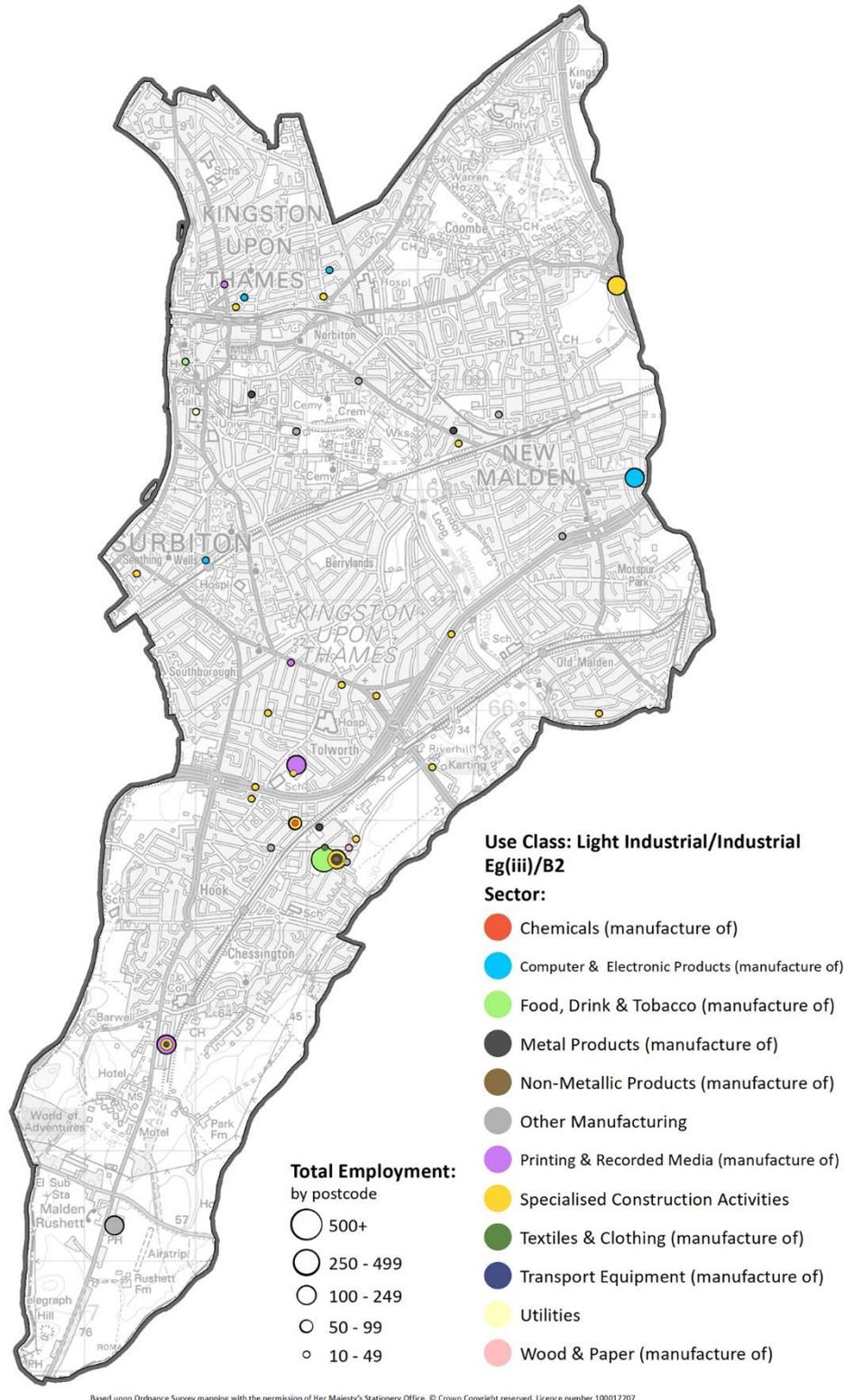
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Source: ONS (2020) IDBR 2019 / Lichfields analysis

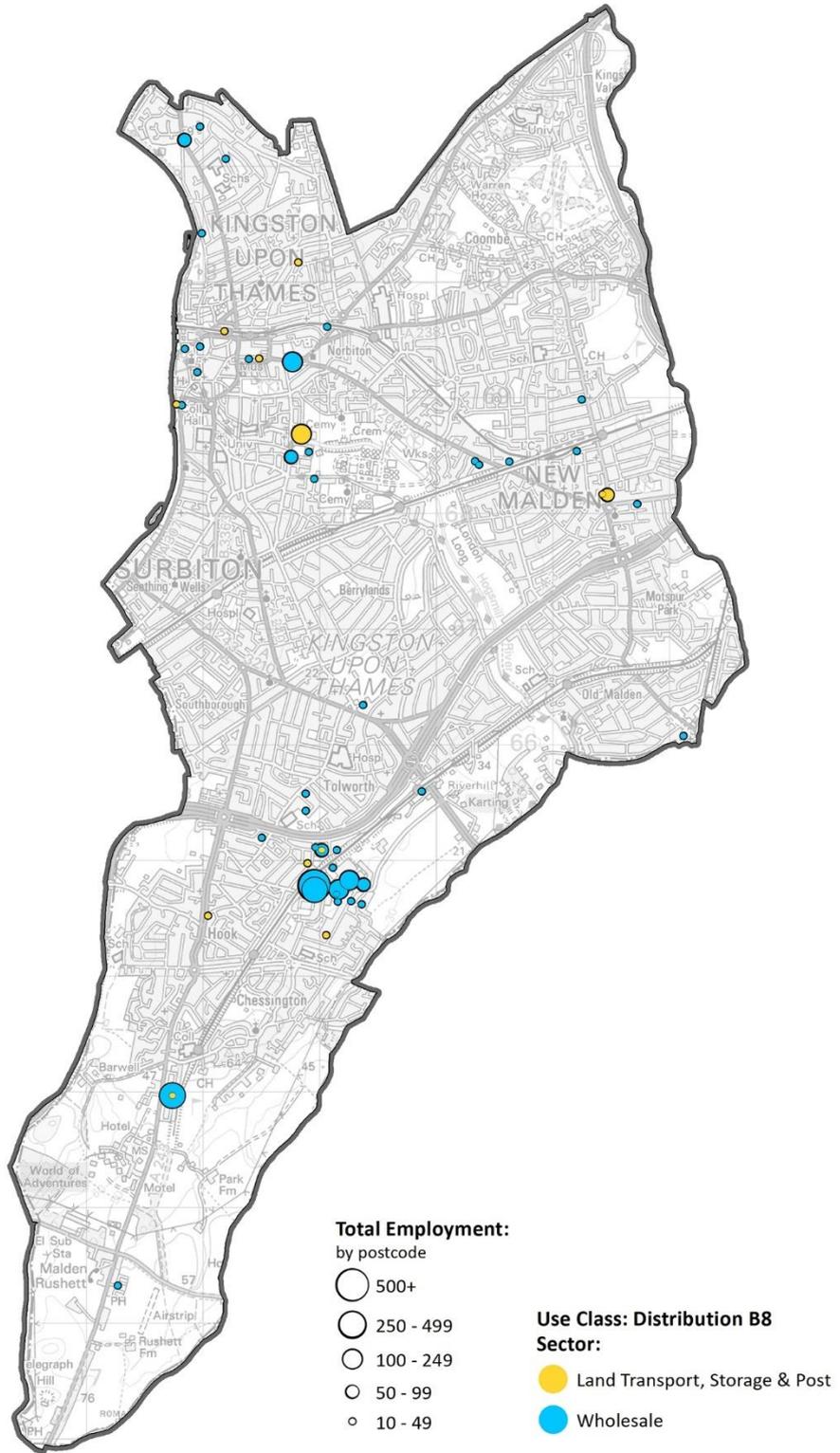
Figure 2.8 Spatial Distribution of industrial-based sectors

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Source: ONS (2020) IDBR 2019 / Lichfields analysis

Figure 2.9 Spatial Distribution of distribution-based sectors



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Source: ONS (2020) IDBR 2019 / Lichfields analysis

## Labour Market

- 2.25 Kingston's economic activity rate, the proportion of working age residents in or seeking employment, at 80.7% is slightly below the South London Sub-region equivalent of 81.5% and above both the Greater London (78.1%) and national (79.2%) figures<sup>1</sup>. This indicates limited scope to expand local labour supply from current residents.
- 2.26 The Borough's unemployment rate at 3.0% (in 2019) was below comparator averages i.e. South London reporting 3.7%, London 4.6% and England 4.0%. Over the last year to September 2020 (latest available data), unemployment across the Borough has increased to 4.8% as a result of the pandemic.
- 2.27 The number of resident claimant unemployed in December 2020 was 6,050 people showing an increase of 186% since December 2019. This is mainly a result of the pandemic and its impacts in the labour market. The average claimant count at a pre-pandemic period was in the region of 1,560 people (i.e. average from 2016 to 2019). Kingston's increase in those claiming benefits is higher than the South London, London and England's equivalents of 145%, 178% and 123%, respectively.

Table 2.3 Claimant Counts

	Claimant Count Pre-Pandemic Average 2016-2019	Claimant Count 2020	Last Year Change 2019-2020
<b>Croydon</b>	8,811	23,155	120%
<b>Kingston upon Thames</b>	<b>1,561</b>	<b>6,050</b>	<b>186%</b>
<b>Merton</b>	2,779	9,920	176%
<b>Richmond upon Thames</b>	1,670	5,995	192%
<b>Sutton</b>	2,780	7,410	137%
<b>South London Sub-region</b>	17,601	52,530	145%
<b>London</b>	137,133	493,790	178%
<b>England</b>	762,253	2,234,335	123%

Source: ONS (2020) / Lichfields analysis

- 2.28 Turning to the types of jobs required in the Borough, the most sought-after occupations amongst Job Seeker Allowance (JSA) claimants are elementary jobs, representing 66% of those claiming JSA. Sales occupations is the second most sought sector across those claiming job support benefits (21%), followed by unknown occupation (6%) and corporate managers (3%). In general, the Borough's profile of job types sought by unemployed residents is similar to South London. As a result of the pandemic, both RBK and the sub-region have seen a significant increase in those claiming benefits with elementary sought occupations.
- 2.29 The Borough's resident workforce has higher than average skill levels when compared to South London, London and England as a whole, with a relatively high proportion of NVQ4+ level workers (59.3% compared to 52.7%, 54.2% and 40.0%, respectively). The Borough has a relatively low proportion of working age residents with no qualifications (3.0%), compared to wider comparators varying between 5.7% and 7.5%. This provides Kingston with a relatively competitive resident workforce that is well placed to capture opportunities associated with the knowledge economy and higher value economic activity.

<sup>1</sup> ONS Data for January to December 2019

- 2.30 Similarly the occupation profile of the Borough's workforce has significantly higher proportions of highly skilled occupations (SOC groups 1 to 3) at 65.9% compared to the rest of comparators where the equivalents vary from 47.9% in England to 58.3% in London as a whole. Moreover, the Borough has lower proportions of lower and unskilled manual workers (SOC groups 8 to 9) representing 7.6% of the total occupations. The equivalent in South London is 10.5%, in London 12.5% and in England 16.4%.

## Summary

- 2.31 The Borough has recorded reasonable job growth over the last 22 years (16%). The proportion of employment jobs has seen a decrease of 7% over the last 22 years, with declining industrial and distribution employment partially offset by office job growth.
- 2.32 Kingston's key sectors of administrative and support, education and professional services have experienced relatively strong employment growth over the last 22 years. Retail is the only key sector showing a decrease across the same period. At the same time, significant job losses were recorded in insurance and pensions, a few manufacturing sub-sectors, telecoms, communications and media activities.
- 2.33 The Borough's business base is dominated by SMEs, similar to South London and London as a whole. Kingston's businesses are distributed across the Borough but tend to be concentrated in and around the key town and district centres of Kingston, Surbiton, New Malden and Tolworth. The proportion of employment jobs within the designated employment areas, namely SIL and LSIS, represents 13% of the overall employment across the Borough. This is mainly due to the fact that the Borough is a service-based economy.
- 2.34 As a result of the pandemic, the Borough, similar to the national and regional trends, has seen an increase in the unemployment rates from 3.0% to 4.8%. There is also a significant increase in the job support claims of 186% over the last year. Drawing on the analysis of JSA claims by occupation, there is significant increase in those claiming JSA and seeking elementary occupations (66%), followed by sales occupations at 21%. Before the pandemic, JSA claims in relation to elementary occupations were very limited.

## 3.0 Overview of Employment Space

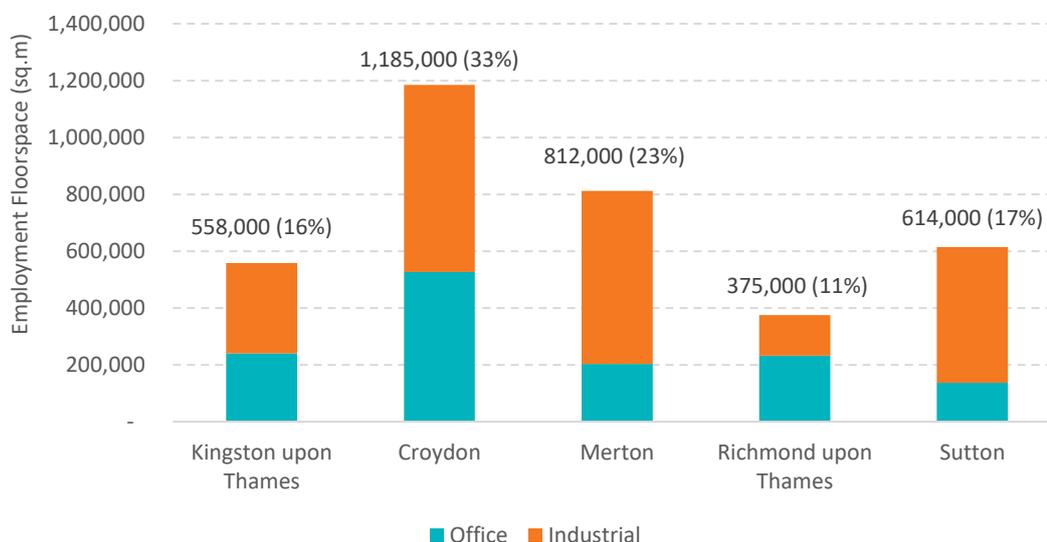
3.1 This section provides an overview of the existing stock of employment space in RBK and South London Sub-region, as well as recent trends and changes to the stock. This analysis uses data and information mainly from the Valuation Office Agency (VOA) and monitoring data from London Development Database (LDD) and RBK.

### Stock of Employment Space

3.2 In 2020, RBK contained 558,000 sq.m of employment space (i.e. office and industrial) according to VOA (March 2020). This space comprises 318,000 sq.m (57%) of industrial (including distribution) space and 240,000 sq.m (43%) of offices.

3.3 Figure 3.1 presents the distribution of employment space across South London. Only Richmond upon Thames has a lower employment floorspace provision than RBK.

Figure 3.1 Employment Floorspace across South London Sub-region, 2020

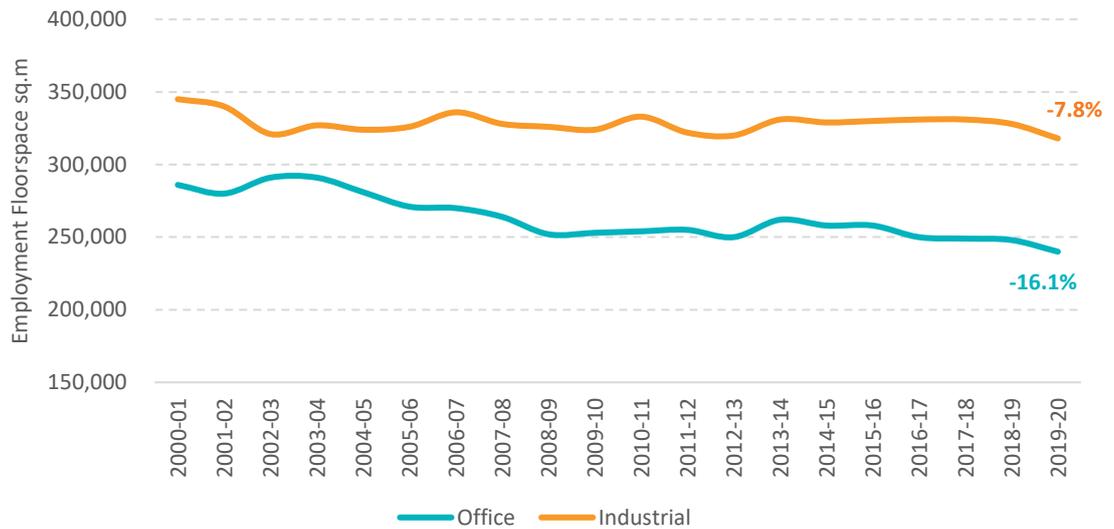


Source: VOA 2020 / Lichfields analysis

3.4 From 2001 to 2020, the stock of industrial and office floorspace in RBK decreased by 27,000 sq.m and 46,000 sq.m, respectively (-7.8% and -16.1%, respectively). By comparison, at the Outer London level, the stock of industrial floorspace decreased at a rate of 10.6%, while the total stock of office floorspace decreased by 17.0%. South London equivalents are -18.2% and -24.3%, respectively. London as a whole saw a decrease in industrial space of 23.1% and an increase in the office space of 7.2% over the same period.

3.5 The declining office space relates mainly to the impacts of permitted development rights at least post 2013. This has also been captured in the monitoring data which is analysed in the following section. The fact that the Outer and South London boroughs cumulatively have seen a higher decrease in the office stock (-17.0% and -24.3%, respectively) suggests that Kingston has still a key role as an office hub in the Outer London context. This has been also supported by the fact that the Borough has recently attracted inward investment for a number of larger office spaces, with a recent example being the new Lidl HQ in Tolworth.

Figure 3.2 Change in Employment Floorspace in RBK (2001-2020)

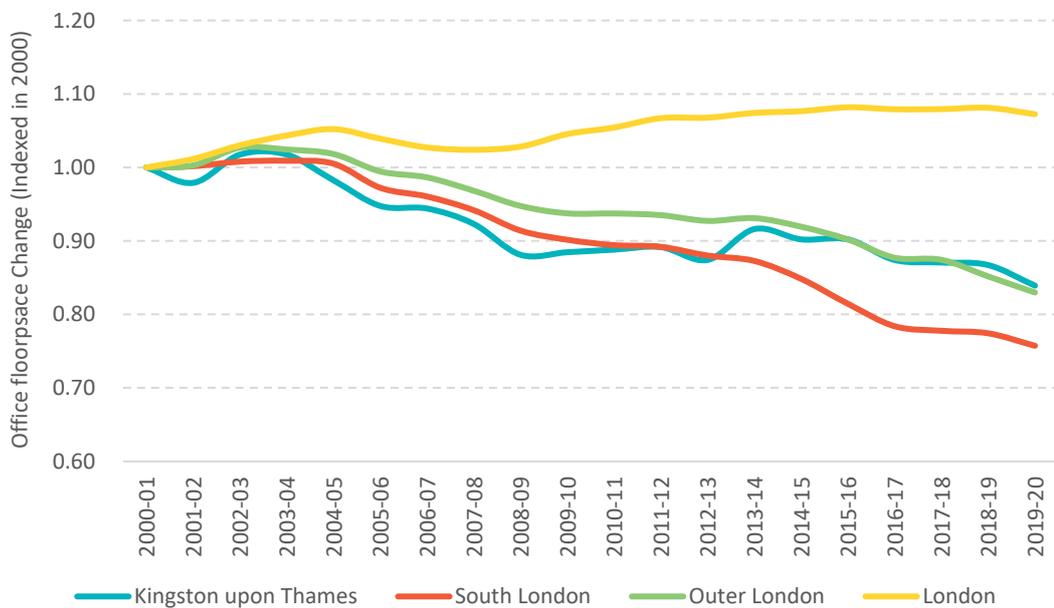


Source: VOA 2020 / Lichfields analysis

3.6

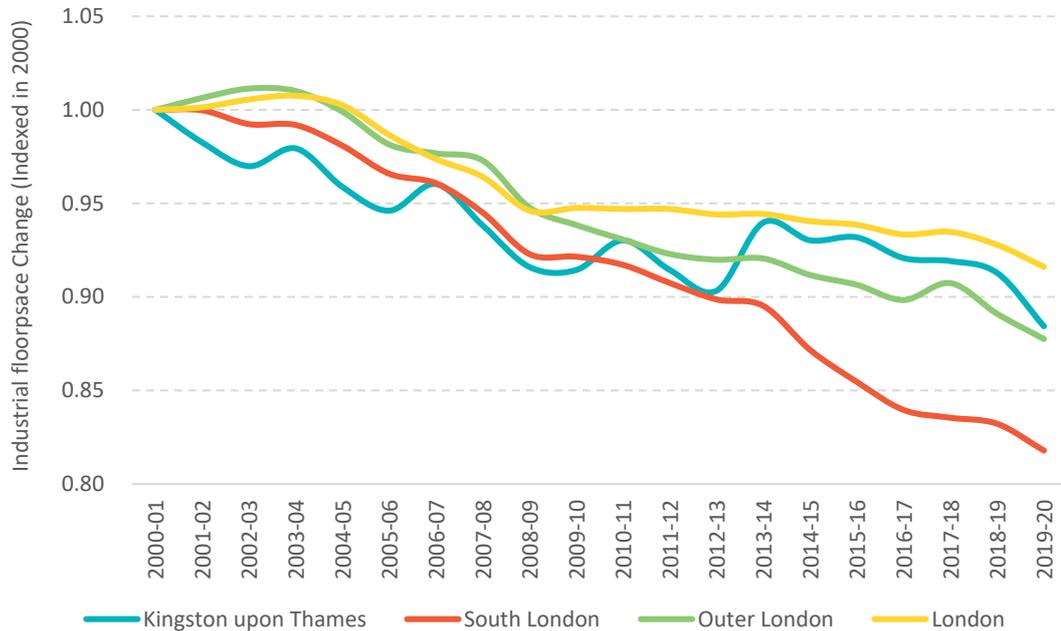
Industrial space has been declining across London as a whole, due to industrial consolidation and strategic prioritisation towards accommodating housing needs. However, Kingston has seen smaller industrial decreases compared to South London and Outer London (Figure 3.4). Similarly, Kingston has seen smaller office decreases than the wider comparators apart from London as a whole which has seen growth in stock overall (Figure 3.3).

Figure 3.3 Office Floorspace Change between 2000 and 2020 (Index: 2000)



Source: VOA 2020 / Lichfields analysis

Figure 3.4 Industrial (including Distribution) Floorspace Change between 2000 and 2020 (Index: 2000)



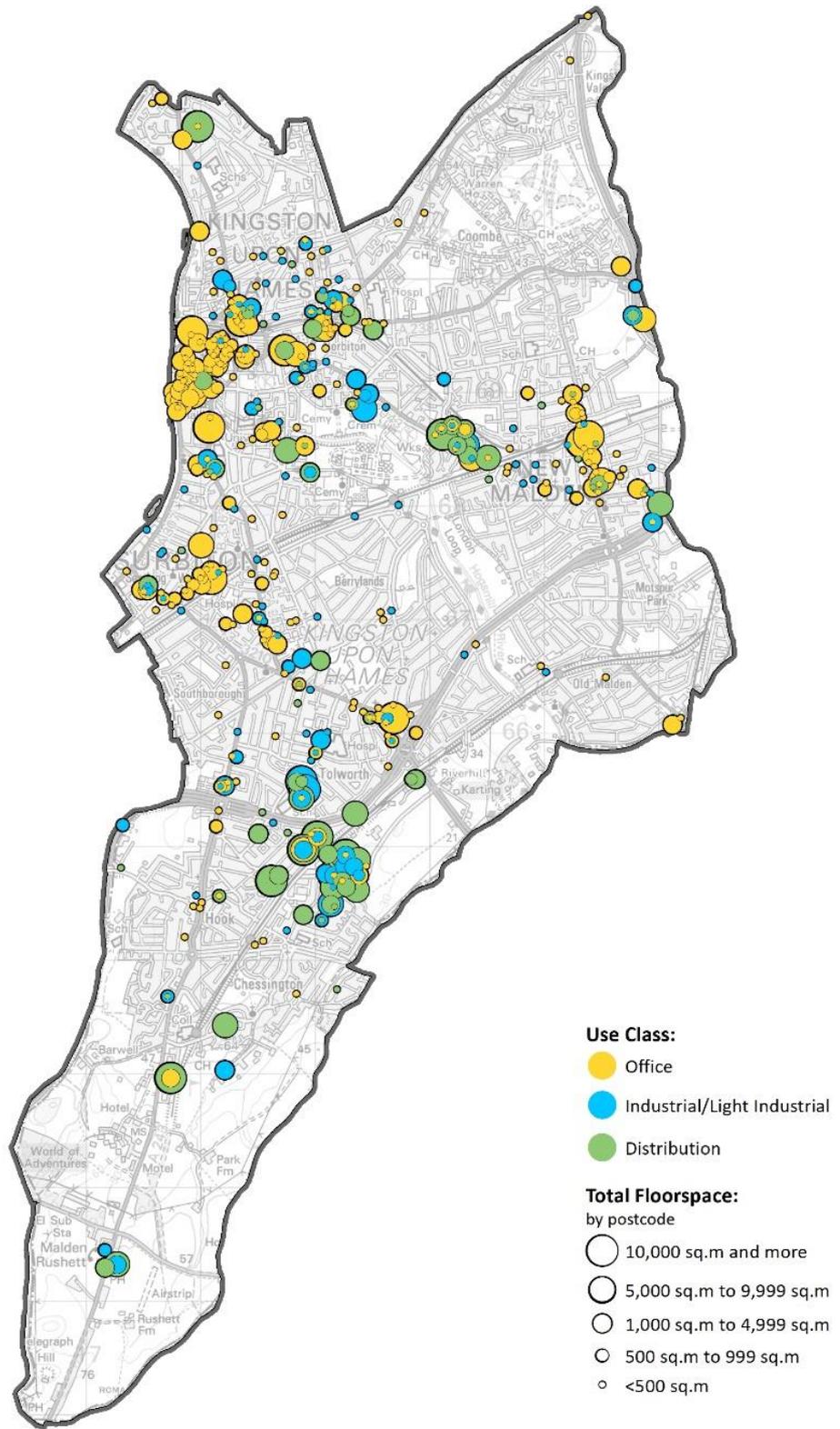
Source: VOA 2020 / Lichfields analysis

### Spatial Distribution

- 3.7 The spatial distribution of office, industrial and distribution floorspace in RBK is shown in Figure 3.5 below based on the latest available data from the VOA. This shows that the office floorspace is concentrated mainly in Kingston Town Centre, followed by concentrations in New Malden, Surbiton and Tolworth District Centres.
- 3.8 Industrial and distribution floorspace is concentrated in the main employment areas with Chessington Industrial Area standing out as a cluster of large distribution and industrial units compared to the rest of the Borough’s capacity.
- 3.9 It is also noted that there is linear commercial activity outside the employment areas across the main road network with the A243 and Surbiton Hill/Ewell Road having concentrations of smaller businesses.

Figure 3.5 Office, Industrial and Distribution Floorspace in RBK

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Source: VOA (2019) / Lichfields analysis

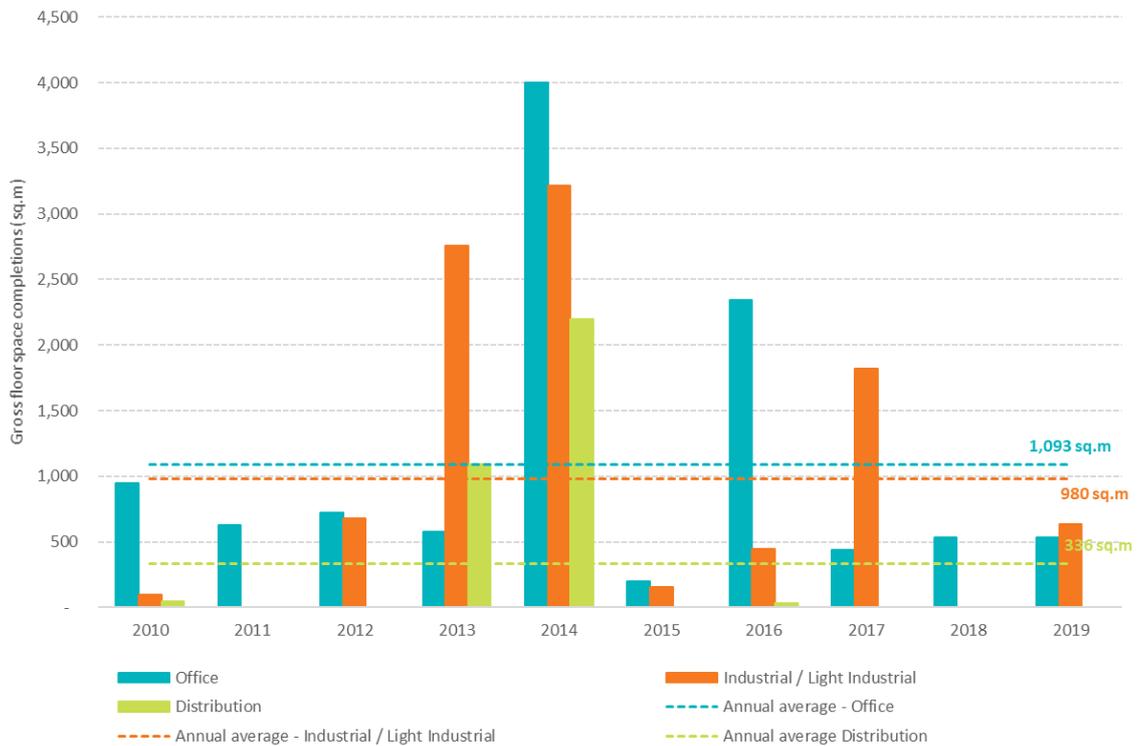
## Development Rates

3.10 Monitoring data from GLA’s monitoring database, known as London Development Database (LDD), for Kingston has been provided by the Council covering the period between 2010 and 2019. This can be used to analyse the scale and nature of employment space development across RBK over the recent years. The data refers to completed schemes solely. Extant permissions are analysed as part of the emerging supply position (see Section 6.o).

## Gross Completions

3.11 The gross amount of floorspace developed for employment uses in RBK during the period 2010 to 2019 is shown in Figure 3.6 based on an analysis of LDD data. This shows that around 24,090 sq.m of gross employment space was developed across the Borough over the 10-year period, equivalent to an average of c.2,410 sq.m per annum. A total of 10,930 sq.m of this new employment floorspace within the Borough was developed for office (including R&D) uses, equivalent to 45%. A total of 9,800 sq.m (41%) was developed for industrial (including light industrial) uses and 3,360 sq.m (14%) for distribution uses.

Figure 3.6 Gross completions in RBK 2010-2019



Source: GLA, The London Development Database (2020) / Lichfields analysis

3.12 The level of new development within the Borough was relatively uneven during this period, with the 2013, 2014, 2016 and 2017 reporting years standing out as recording significant levels of gross employment development.

3.13 A total of c.9,410 sq.m of employment floorspace was completed in 2014, compared to the long-term annual average of c.2,410sq.m. The figures were driven mainly by the 4,820 sq.m development of B1c, B2 and B8 floorspace at Compass House, Davis Road and the 2,510 sq.m of office development at Kingston Hospital.

3.14 The 2013 reporting year also accounted for a significant level of development, with a total of 4,425 sq.m of use class B floorspace completed. This was based on a 1,970 sq.m development of B1c, B2 and B8 floorspace at Barwell Business Park and a change of use of 1,010 sq.m of B1 floorspace to B2 at the rear of 145a London Road.

3.15 There was also a notable level of office development in 2016, driven by a 2,000 sq.m change of use at the Guildhall, formerly Kingston Magistrates’ Court. In 2017, there was a particularly high delivery of B2 floorspace, driven by a development at Cambridge Road, which provided a total of 1,380 sq.m of general industrial floorspace.

**Employment Space Losses**

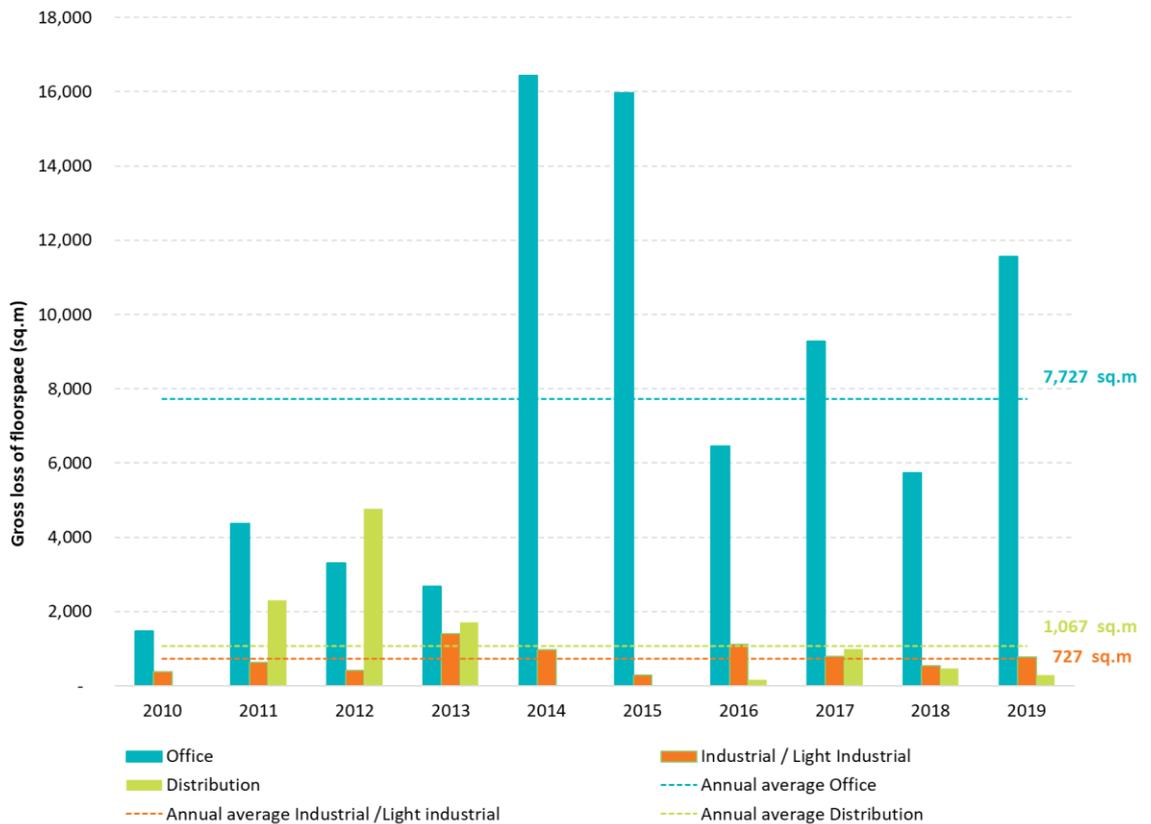
3.16 Between 2010 and 2019 RBK saw an overall gross loss of c.95,220 sq.m of employment floorspace, equivalent to c.9,520 sq.m per annum.

3.17 A total of c.77,250 sq.m of these losses (81.1%) constituted office space, equivalent to 7,725 sq.m per annum. This includes a total loss of 29,885 sq.m of office space between 2013 and 2019 as a result of prior approvals from B1a office space to residential under permitted development rights (detailed below).

3.18 A total of 7,270 sq.m of industrial floorspace was lost between 2010 and 2019, equivalent to 727 sq.m per annum. Losses of industrial space ranged from 1,398 sq.m in 2013 to 279 sq.m in 2015.

3.19 A total of c.10,675 sq.m of distribution floorspace was lost during this period, equivalent to 1,070 sq.m per annum.

Figure 3.7 Loss of employment floorspace in RBK 2010-2019



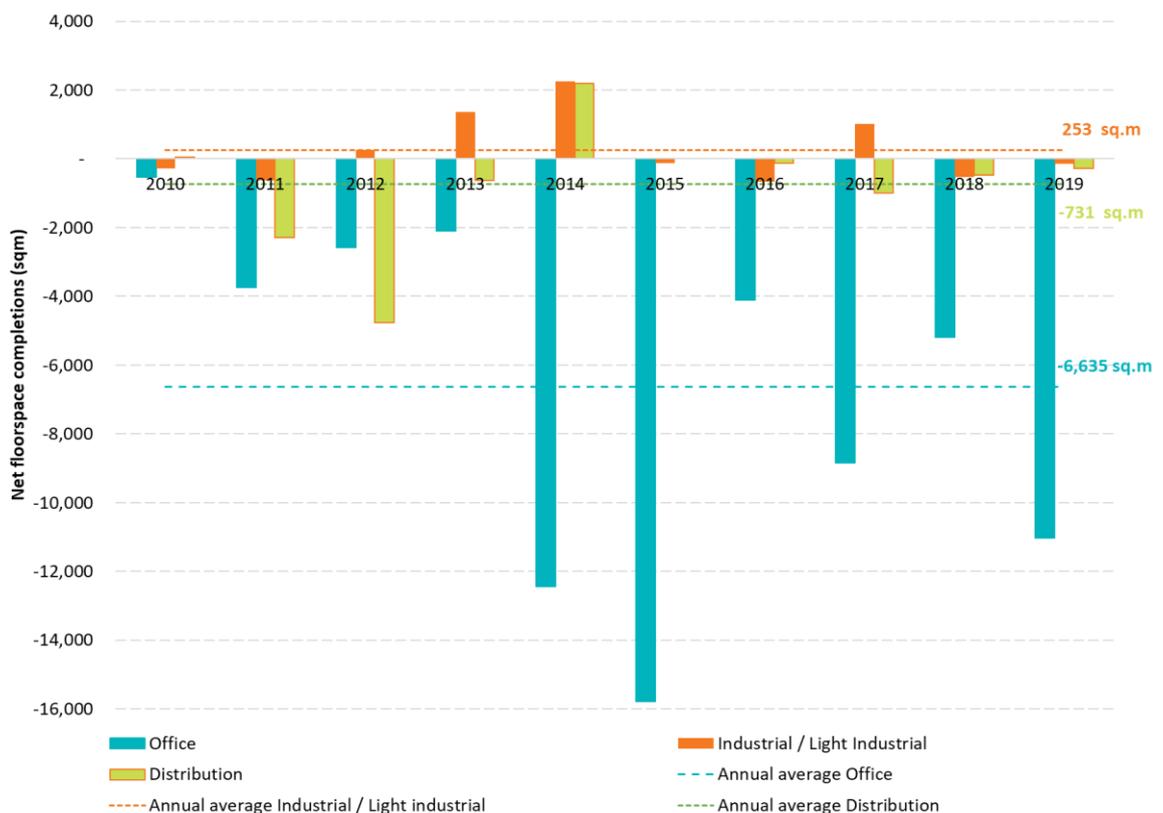
Source: GLA, The London Development Database (2020) / Lichfields analysis

### Net Completions

3.20 Taking account of all employment developments and losses to other uses, RBK saw an overall net completion of -71,125 sq.m of employment floorspace across the 2010-2019 period, equivalent to a loss of 7,113 sq.m per annum.

3.21 As Figure 3.8 shows, this is mainly driven by the losses in office space, with an average loss of 6,635 sq.m per annum. When prior approvals for change of use form office (B1a) to residential (C3) are excluded, the office floorspace loss reduces to c.2,365 sq.m per annum and the overall net completions figure is consequently reduced to -2,845 sq.m per annum.

Figure 3.8 Net completions in RBK 2010-2019



Source: GLA, The London Development Database (2020) / Lichfields analysis

3.22 The only market segment to experience net gain (albeit marginal) in floorspace over the period from 2010 to 2019 was industrial (including light industrial) which achieved an average gain of 253 sq.m per annum.

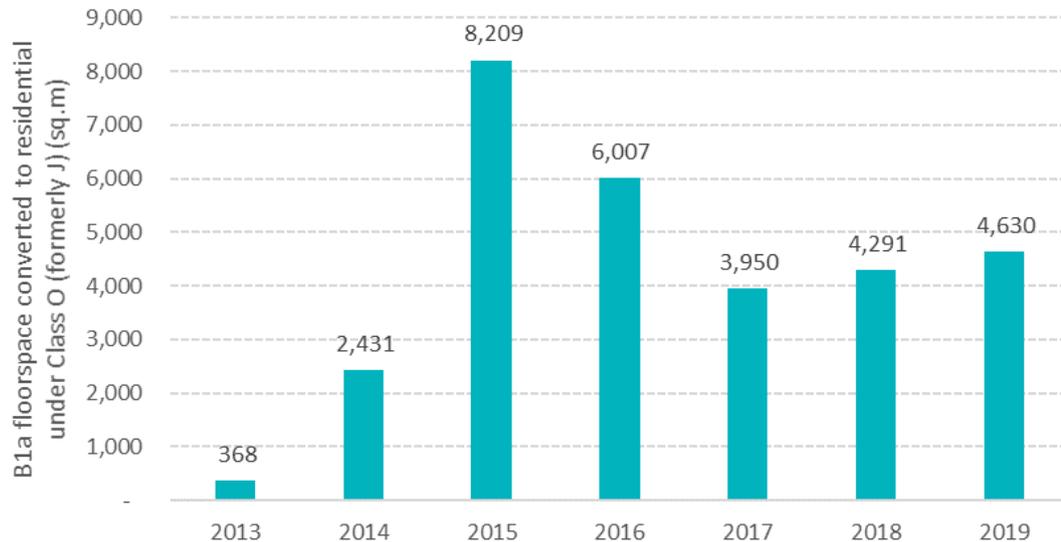
### Impact of Permitted Development Rights

3.23 Permitted Development Rights (PDR) that allow the change of use from B1(a) offices to residential without the need of a planning permission were enforced temporarily in 2013 and were made permanent in October 2015.

3.24 Analysis of the monitoring data indicates that changes of use delivered as a result of prior approval permissions accounted for a loss of 29,885 sq.m of office space between 2013 and 2019, equivalent to 4,270 sq.m per annum. This loss relates to 11% of the stock recorded in 2013 (VOA). These took place on 74 sites, with an average size of c 400 sq.m. There are also a total of

nine extant approvals that are within the Borough's pipeline that would result in a further loss of 3,900 sq.m if implemented.

Figure 3.9 Loss of B1a office floorspace to residential under Class O (formerly J) in RBK, 2013-2019



Source: GLA, The London Development Database (2020) / Lichfields analysis

3.25 On 1 October 2015 an Article 4 Direction came into effect, which withdrew permitted development rights for change of use from office to residential in 15 specific targeted areas to protect the Borough's designated employment areas and town centres from the further loss of office buildings. The specified areas are:

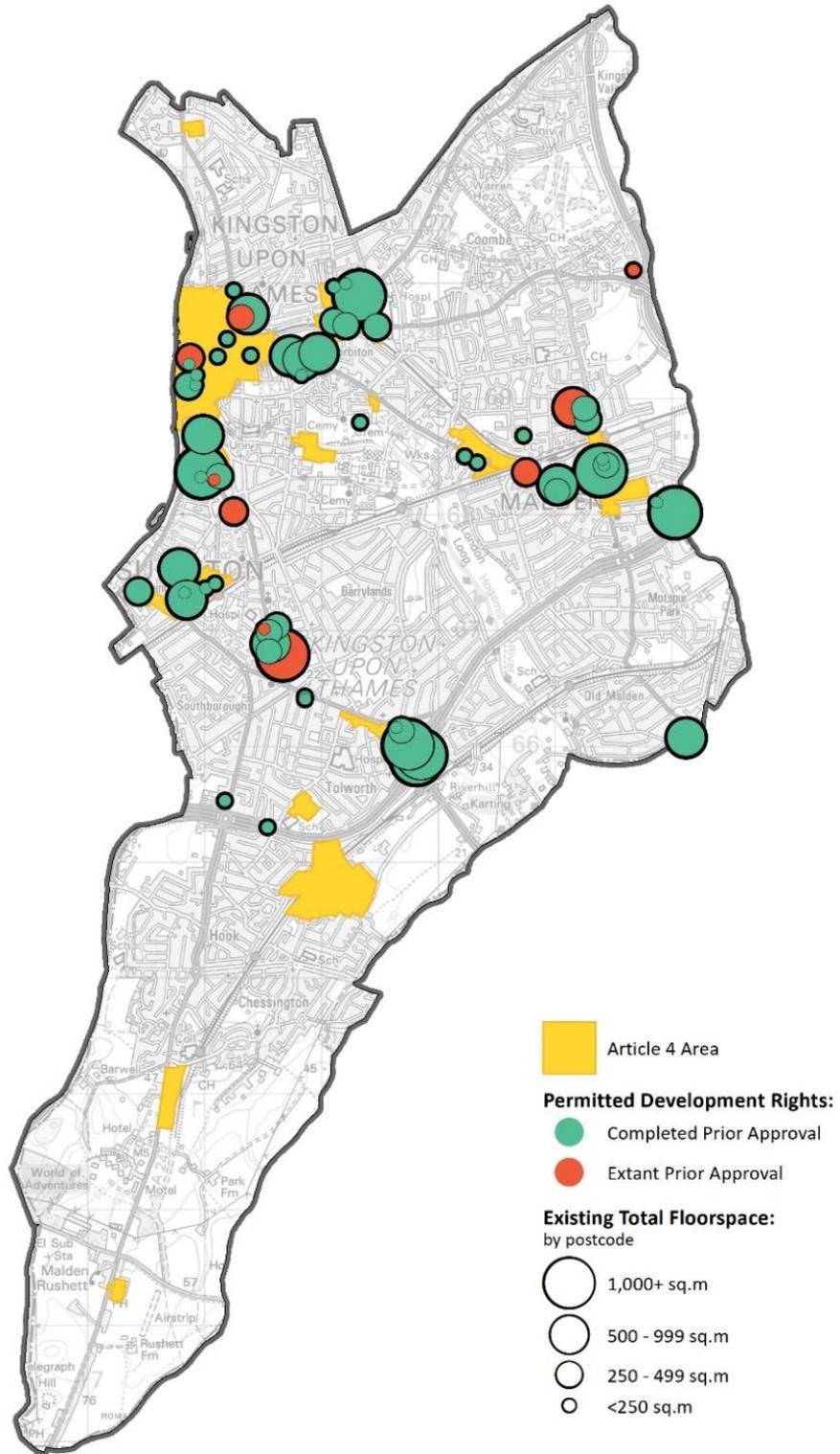
- 1 Kingston Town Centre;
- 2 Surbiton, New Malden and Tolworth District Centres;
- 3 The ten designated employment areas, namely Chessington Industrial Area, Barwell Business Park, St George's Industrial Estate, Canbury Park, Fairfield/Kingsmill/Villiers Road, St John's Industrial Area, Silverglade Business Park, London Road, Cambridge Road/Hampden Road and Red Lion Road; and
- 4 The Norbiton Station environs employment area.

3.26 Figure 3.10 (overleaf) illustrates the locations of prior approval schemes (both completed and extant) in RBK since 2013. The majority of prior approval schemes are located within or close to the Article 4 Direction areas.

3.27 In particular, these developments are located in the town centres of Kingston and the district centres of New Malden, Surbiton and Tolworth and also around the Norbiton Station area. However, there are also several schemes across Ewell Road between Surbiton and Tolworth, which is not subject to the Article 4 Direction.

Figure 3.10 Office to residential permitted development rights: Completed and extant prior approvals

LICHFIELDS



Source: GLA, The London Development Database (2020) / Lichfields analysis

## South London Industrial and Business Land Study 2018

- 3.28 The Industrial and Business Land Study (February 2018)<sup>2</sup> provides a recent strategic review of land and businesses across the five South London Boroughs of Merton, Croydon, Kingston upon Thames, Richmond upon Thames and Sutton. As such, it is important to consider the findings of the overarching evidence to understand the current and future trends of employment space in RBK.
- 3.29 Across the sub-region, needs for industrial and business land are driven by strong population growth, jobs growth and the changing requirements of the local businesses. The area's employment space is continually facing residential and other community uses pressures.
- 3.30 Across the region, demand for new types of employment space is driven mainly by the growth of service-based activities and the growth of SMEs and technology-enabled work. In addition, the sub-region is facing demand from distribution activities, airport-related activities and the London Cancer Hub in Sutton, which has been recently completed.
- 3.31 Similar to other Outer London areas, South London has lost a considerable amount of office and industrial space since the turn of the century. The loss of commercial stock in Outer London is having a negative impact on the wider London economy, including in terms of falling vacancy levels pushing rents upwards and squeezing the viability of SMEs.
- 3.32 The *London Office Policy Review* sets out a range of office floorspace projections. The Composite projection is suggested to represent the best central projection, taking account of past trends in office floorspace at the borough level, the local employment structure, and known development proposals. This suggests a net reduction of 142,000 sq.m of office floorspace in the sub-region over the period 2016-41, with most of this loss being concentrated in Croydon.
- 3.33 The Baseline projections set out in the *London Industrial Land Demand Study* show a small net positive demand for industrial land across the sub-region. There is projected to be a continued decline in demand for traditional industrial activity such as manufacturing, although the rate of decline is much diminished compared to previous forecasts. This decline in demand is offset by positive demand for land for warehousing and logistics activity.
- 3.34 In terms of the different employment space types, the sub-regional study suggested:
- 1 **Offices:** Encourage the appropriate development of space for professional services, creative and digi-tech firms. Further loss of office space (especially to PDR) should be monitored and, where appropriate, resisted. In particular, office space in town centres and around rail stations should be nurtured.
  - 2 **Hybrid space and smaller units:** Much activity on most industrial estates is now service-based. It is 'clean', neighbour-friendly and occupied by skilled and semi-skilled workers. As such, much of this activity could be integrated into a mixed-use environment with thoughtful planning and design. There is a need to encourage the development of hybrid space which allows a range of occupiers to adapt their space to their specific needs.
  - 3 **Industrial and employment premises:** There is an acute shortage of small (100-200 sq.m) light industrial units, which has led to recent sharp rises in rents. This is a problem in the short- to medium-term that will need to be addressed by strong protection from changes of use, and mechanisms for affordable rents.
  - 4 **Logistics:** There is a chronic shortage of good logistics and distribution space. First, there is active demand for large sites (over 2-3 acres) on which to build multi-building facilities for large distribution firms. Secondly, there is growing demand (as elsewhere) for local last-

<sup>2</sup> The document was part of South London Partnership Employment Evidence and provided by the Council.

mile distribution and collection facilities in residential areas to cope with the growth in internet shopping. These should be incorporated into new residential and mixed-use developments.

- 5 **Sui generis uses:** There is a range of uses such as gyms, places of worship and self-storage which are increasingly found in employment areas and SILs. These should be planned and incorporated in new residential and mixed use developments to reduce pressure for change of use of industrial/employment premises in established areas, backed by more prescriptive and detailed local policies on the types of use that are appropriate within SILs and other protected employment areas.

- 3.35 Finally, the Study concludes that Kingston Town Centre could be re-invented as a major office centre in the sub-region but that this would require investment in strategic transport infrastructure connectivity (which could be provided by Crossrail 2) and quality of the public realm. It also states that Kingston should be acknowledged as a secondary digi-tech centre in the sub-region (with Croydon as the sub-region's focus for this sector).

## Summary

- 3.36 Kingston's stock of employment space is relatively one of the smallest across South London at 558,000 sq.m. This has reduced in recent years with a decrease of 7.8% on the office and 16.1% on the industrial stock.
- 3.37 Office space tends to be concentrated within and surrounding the key town and district centres, rail and main road routes. In contrast, industrial space is distributed across the Borough's ten employment designations (SILs and LSISs) including Chessington and Barwell Business Park employment areas.
- 3.38 The Borough has seen limited amounts of new employment development over the last few years, with B2 manufacturing uses representing the only type of employment development that has recorded some net gains, albeit marginal.
- 3.39 Losses of office space have been consistent and significant, with the introduction of PD rights accelerating this trend over the last years. These factors may undermine the ability of the Borough to offer a competitive stock of offices to meet current and future business needs against the London Plan's Opportunity Area policy that supports an enhancement of Kingston's office market role.
- 3.40 The majority of authorities adjoining Kingston are characterised by constrained employment space, and with decreasing capacity. Whilst this means they are unlikely to be able to compete to attract investment away from Kingston, they will likely face similar capacity issues with regards to planning for business growth and will continue to face increasing pressures on employment land from higher value uses, most notably residential.

## 4.0 Commercial Property Market Signals and Intelligence

4.1 This section provides a market analysis, including trends in rents, investment yields, vacancy, take-up and availability, for different types of uses and size of premises within Kingston. The analysis draws on recent evidence and engagement with local and sub-regional commercial property agents and other local stakeholders to understand the demand for office and industrial space in RBK, how this varies across different locations and how this is expected to change in the future.

### UK Property Market Overview

4.2 The outbreak of Covid-19 in March 2020 and the resulting pandemic has had a significant impact upon the global economic outlook. Ongoing uncertainty regarding the timing and pace of economic recovery makes it difficult to accurately forecast long-term impacts, and whilst the economy has started to rebound and consumer confidence return, there may also be longer-term structural shifts still to fully emerge.

4.3 As a result, property market activity has been subdued over the last year reflecting developer and occupier caution, although the impacts have been uneven across the different segments of the market. Office sectors were significantly affected due to lockdown restrictions and occupiers moving to remote working patterns, while logistics has continued to see strong demand due to a boom in e-commerce and the requirements for increased stockpiling strategies. Industrial demand has remained steady during the same period.

4.4 Many businesses are currently examining their working patterns with the introduction of more flexible working patterns that could change office space requirements over the long term. This may reduce the demand for office space in some locations (such as city and urban centres), whilst also providing opportunities for smaller, more accessible locations to establish local office functions for remote or decentralised workers. Similarly, there is currently significant growth in the urban logistics segment with the rapid growth of online sales and expansion of delivery and return services.

### Office Market

4.5 Demand levels for office premises across RBK and particularly around Surbiton and Kingston town centres were generally steady pre Covid-19, with demand coming from both local firms wishing to expand and firms wanting to locate in the area due to its accessibility, the good quality town centre environment and the comparatively affordable provision relative to other centres such as Wimbledon and Richmond.

4.6 The market largely services the Borough's SME business base across a range of sectors including business and financial services, creative industry, media, engineering and energy. There is however demand originating from outside from the Borough mainly in relation to sectors such as recruitment, computing and information, marketing and travel agencies.

4.7 Most demand is concentrated in Surbiton and Kingston town centres for smaller and larger units. The district centres of New Malden and Tolworth have attracted some demand pre Covid-19 from mainly small office occupiers, benefiting from good access to local workforce. These centres are conceived as secondary office destinations complementing the Kingston/Surbiton town centres primary office market.

- 4.8 Agents highlighted the constrained supply of ‘Grade A’ (i.e. prime) office space across the market over the last thirty years, reporting limited new development activity which mainly relates to refurbishments or re-development of existing stock. The lack of Grade A stock is what drives the market mainly across the area.
- 4.9 Future Grade A office space provision includes c. 3,700 sq.m<sup>3</sup> at The Smith (145 London Road), c. 6,500 sq.m of new offices (net figure) at Eden Campus (would partially be occupied by Unilever as their new HQs) and at least 900 sq.m of office space<sup>4</sup> as part of a mixed-use development at Ashdown Road House. Lidl’s new HQ at Jubilee Way, Tolworth is the largest office development of c.23,000 sq.m currently under construction.
- 4.10 Moreover, RBK’s proximity to nearby centres such as Wimbledon and Richmond that offer better, more convenient transport links and connections, particularly to central London, reduces the Borough’s competitive advantage to the wider sub-regional office market. Albeit, for the same reason, RBK has a more affordable offer that attracts some interest from occupiers. Agents also noted that traffic and congestion issues, as well as relatively limited parking provision in parts of the Borough, do reduce RBK’s attraction for office occupiers.
- 4.11 The Borough has been losing office space as a result of the PDR since 2013, although an Article 4 Direction was introduced in 2015. However, the stock that has been lost mainly related to poorer quality, functionally obsolete space that lacked market demand and it is considered that it has helped firm up higher market rents for the better stock which remains. Nevertheless, it has also left Kingston with limited available space for office uses, a lack of accommodation and sites to meet occupier requirements and market activity that is restricted to second-hand and refurbished space.
- 4.12 In terms of the market’s performance post Covid-19, local agents suggested that it is too early to fully assess the impacts of Covid-19 on the office market across the Borough. It is considered that the market will rebound and prime areas such as Kingston Town Centre and Surbiton will continue seeing office demand in the future.
- 4.13 Vacancy within RBK’s office stock has increased due to the pandemic, albeit it is still relatively low due to the limited overall supply of good and modern office space. In particular, vacancy rates vary significantly by type, age and location. For example, vacancy is generally low within good quality, new accommodation in areas such as Kingston Town Centre and Surbiton with local agents reporting that the availability of Grade ‘A’ is very limited.
- 4.14 At the same time, demand is very limited for ‘Grade B’ (i.e. secondary) premises across the Borough, particularly within older premises that no longer meet modern business needs. This might reflect a number of factors, including age, location, specification, standard of maintenance and length of leases.
- 4.15 Surbiton has seen a significant rental growth over the recent years with average rents for Grade A stock being equivalent, and occasionally higher, than Kingston’s town centre at around £35 per sq.ft. For Grade B stock, the rents vary between £20-£25 per sqft and have been fairly constant over the last few years.
- 4.16 The low office rental values and yields (compared with higher values associated with residential and student accommodation) which have remained stagnant since the early 1980s, provide little incentive to developers and affect the viability of new office development across the Borough.

<sup>3</sup> The building comprises just under 3,800 sq.m (40,000 sq.ft) and c.1,200 sq.m (c13,000sq.ft) will be delivered to meet the needs of SMEs, local businesses and corporates looking to adopt a “hub and spoke” real estate strategy post-COVID19.

<sup>4</sup> 14/13247/FUL - Erection of new buildings of 4 to 16 storeys in height and part demolition, alterations and change of use of Former Post Office and Former Telephone Exchange listed buildings to provide 2,141 sq.m of retail/ cafe/ restaurant uses (A1-A5 use) or Office (B1), 931 sq.m of Office (B1) floorspace and 253 sq.m of community/leisure (D1/D2 use) and 319 residential units. 132 car parking spaces proposed with access from Ashdown Road and 610 cycle parking spaces) dated 25/02/2016

- 4.17 Overall, the market had been stable pre-pandemic with the scale of Covid-19 impacts in the longer-term still to be determined. There is some demand for office space but this would be unlikely to justify speculative office development across the Borough at the present. However, hotspots particularly within Kingston Town Centre could see future office developments as demand is very localised around Kingston and Surbiton centres.

## Industrial Market

- 4.18 The industrial market in Kingston is characterised by strong levels of demand. Kingston is perceived as a reasonably good industrial location, with the southern parts of the Borough benefiting from proximity to the A3 and M25 and a good local labour supply. Commercial agents report that demand for industrial space in Kingston has been increasing particularly for small and medium units of good quality up to 3,000 sq.ft (c 280 sq.m).
- 4.19 The Borough's high proportion of SMEs means that demand tends to be for small to medium sized units (typically less than 300 sq.m) from local firms that are looking to expand or upgrade premises and stay within the area. Although the M25 is in close proximity, the size of some of the Borough's roads restricts larger scale operations and in overall terms the industrial market in Kingston is smaller in scale than in many nearby areas along the M25/M3 corridor. Agents also report that demand for 'last mile' logistics has been increasing across the area.
- 4.20 Vacancy rates are very low across all the employment locations in the Borough reflecting upon those locations' attractiveness and good demand for industrial premises in general. Indeed, all employment locations perform well, which is also evident by the very low vacancy rates across all the designated employment areas (as analysed in Section 6.o). Agents reported unsatisfied demand for units between 1,500 sq.ft (140 sq.m) to 3,000 sq.ft (c.300 sq.m) across all the employment locations with particular emphasis on the Chessington and Barwell employment areas.
- 4.21 Rental growth reflects the unsatisfied demand, with industrial rents averaging at £15 per sq.ft for good units even if second-hand. The lack of supply limits the potential for expansion and movement of existing firms as there is limited capacity, whilst it may also lead to industrial businesses being diverted away from the Borough due to a lack of readily-available accommodation.
- 4.22 Commercial agents suggested that current demand could justify speculative industrial development, and considered that there is a need for new industrial development across the Borough. There were some views that the existing employment designations are generally constrained with few redevelopment opportunities that could yield additional industrial space sufficient to satisfy demand.

## Space for Small Firms and Start-ups

- 4.23 Over recent years there has been an increasing requirement across RBK for small workspace provision reflecting the business base within the Borough which is dominated by small and medium enterprises (SMEs).
- 4.24 RBK has a limited amount of space specifically designed for small and start-up businesses. The Kingsmill Business Centre in Chapel Mill Road provides twenty serviced office units of 1,000 sqft to 5,000 sq.ft on 5-year term leases alongside parking and gated environment. There are currently four units available. The Smith at 145 London Road, recently completed, also provides 13,000 sq.ft space to meet the needs of flexible workspace clients, including SME's, local businesses and corporates looking to adopt a "hub and spoke" model of business.

- 4.25 The Factory and Parc House Studios offers 13 units ranging from 300 sq.ft to 1,500 sq.ft in Kingston Town Centre with currently three units available. In Surbiton, the Maple Works business hub founded in 2013 offers a range of accommodation packages for homeworkers and SMEs.
- 4.26 The University is also an important factor influencing the needs of incubator and start-up space, particularly for alumni and students who want to start their businesses in proximity to the University facilities or in well-established business areas across the Borough to take advantage of the economies of agglomeration.
- 4.27 In terms of flexible office accommodation more specifically, agents highlighted that this currently does not seem to attract significant demand although this was potentially being unduly influenced by the impact of the pandemic and may rebound in the future.
- 4.28 Local commercial agents felt that Kingston could potentially accommodate more start-up and enterprise space by offering high quality, modern premises at competitive rents particularly in Kingston Town Centre or in proximity to the University's campuses. Key success factors are likely to include close proximity to urban services and amenities, proximity to key transport routes (such as a rail station), sustainable linkages with the university/college and key business support bodies in the local area. This could help small businesses to overcome the key barrier of overhead costs, and at the same time provide shared space for entrepreneurs to come together and collaborate.

### **Needs of Local Businesses**

- 4.29 A survey was undertaken between January to March 2021, as part of the study to gain a better understanding of the needs of local businesses operating in the Borough and the main factors that support and inhibit their growth. This involved a sample of 25 businesses across a range of sectors and locations in Kingston.

### **Business Profile**

- 4.30 Survey respondents were primarily based in town centres areas including Kingston, Surbiton, and New Malden (50%) with other locations also including business/office parks and industrial locations (20%) and scattered businesses across the Borough (30%). Reflecting the existing business base in the Borough, around 86% of firms surveyed had 10 or less employees, with just three firms recording more than 10 employees. Respondents had been located within Kingston for differing amounts of time, with 37% of firms having been in the Borough for less than 10 years, 37% of firms for 10 to 20 years and 26% of firms for more than 20 years.
- 4.31 The majority of respondents (64%) operate in professional services sectors, followed by some in financial and insurance, construction, wholesale and leisure.

### **Current Business Premises**

- 4.32 The most common type of employment site that respondents currently occupy is within town centre locations (50%), followed by business parks or industrial estates (22%) and working from home (10%).
- 4.33 In terms of leasing arrangements, around 14% of the respondents have premises within a managed workspace site, mainly in Kingston town centre. Around 57% of the respondents occupy offices, 21% flexible units and 21% work from home.

- 4.34 When asked why they were located on their existing sites, respondents identified key factors such as affordable rent, availability of premises, transport links (i.e. particularly to Central London and M3/M4 corridor), sense of safety and on-site parking provision as key factors.
- 4.35 The majority of businesses rated the quality of their site as either 'good' (32%) or 'very good' (26%). Similarly, 69% rate the surrounding environment as good or very good. Over 60% of the respondents were either satisfied or very satisfied with their current business premises, which were cited as adequate for meeting current requirements. However, 11% were not satisfied with their existing business premises citing inadequate space, ageing buildings and poor quality surrounding commercial environments. Around 22% of respondents also indicated that they did not have enough space to meet their existing business needs.
- 4.36 When asked if the current premises would provide enough space for future expansion, 61% reported that they had no available expansion space. In addition, 68% reported that they have previously experienced difficulties finding suitable premises/sites to expand citing affordability, planning restrictions and leasing flexibility as the key barriers.
- 4.37 Over 52% considered that there are not enough sites in the Borough to accommodate employment needs based on their experience of finding and using space. In addition, over 60% highlighted the lack of modern premises across the Borough to meet their needs. Over 57% considered that there is not an adequate range of rental levels based on their experience of finding premises in the Borough.

### Future Growth Plans

- 4.38 The majority of respondents (58%) indicated that they would like to expand over the next 5 to 10 years, with 64% wishing to relocate to another site within RBK. Only 18% suggested that they would expand within their existing site and 18% suggested that they would relocate outside the Borough.
- 4.39 Around 60% consider that there are not a lot of flexible premises across RBK but when asked if they would be interested in accommodating their business in a flexible or managed workspace, c.70% of the responses were negative.

### Kingston as a Business Location

- 4.40 Feedback from the survey provided mixed signals as to the current condition of the commercial property market within Kingston but did suggest a significant number of local businesses were not satisfied with the existing supply of sites and premises. This mainly relates to the variety of premises (e.g. sizes, conditions, non-traditional) and range of leasing levels. In addition, issues such as parking restrictions, traffic congestion and rental costs have also been highlighted as local weaknesses.
- 4.41 By contrast, good public access, an attractive environment, proximity to customers, affordable rents and sense of safety are the key factors cited by businesses for why they are located in the Borough.

### Summary

- 4.42 Kingston Town Centre and Surbiton are the main locations where demand for office space is concentrated. Agents report that the demand reflects a general lack of supply given there has not been any significant office development over the last thirty years, and a significant amount of older stock has been lost to other uses.
- 4.43 The London Plan sets out the opportunity that exists for Kingston to play an important office role in the future associated with the additional connectivity that could be provided by Crossrail

2, albeit this project is currently paused. While the pandemic has impacted the office market in the short term, over time there may be opportunities for the Borough if smaller, more localised office hubs see increased demand due to new working patterns.

4.44 The Borough is perceived as a good industrial location and there is demand to justify speculative industrial development, particularly for small units up to 3,000 sq.ft. The majority of existing industrial sites do not have significant capacity to accommodate further development and local commercial agents report being unable to satisfy demand for small scale industrial space in Kingston. This points to a need for new industrial development alongside the redevelopment of older less efficient sites.

4.45 There is also scope to expand accommodation for start-ups and small businesses given that Kingston's business base is dominated by SMEs as well as the presence of two major higher/further education institutions which generate spin-outs and start-ups. This could, for example, include the creation of hybrid work spaces and hubs in former shop units within traditional retail areas, including Kingston Town Centre, as a result of the flexibilities introduced by the new UCO.

## 5.0 Future Requirements for Employment Space

5.1 This section considers future economic growth needs in RBK by drawing on a number of scenarios that reflect different methodologies. These scenarios are used to inform an updated analysis of the potential economic growth needs within the Borough to inform an assessment of future employment land requirements and the planning policy implications that flow from these over the Local Plan period from 2019 to 2041.

### Approach

5.2 The [National Planning Policy Framework](#) (July 2021) requires, “*planning policies to set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth*” (paragraph 82a).

5.3 In this context, and having regard to the Planning Practice Guidance on preparing [economic development needs assessments](#), a number of potential future economic scenarios have been analysed to provide a framework for considering future economic growth needs and employment space requirements over the Plan period. These scenarios draw on:

- 1 Projections of employment growth (labour demand) produced by Experian (pre Covid-19, March 2020 release and post Covid-19, September 2020 release) and Greater London Authority (“GLA”) (July 2017 release). The latter are analysed for sensitivity testing purposes;
- 2 Consideration of past trends in completion of employment space based on monitoring data drawn from the London Development Database for Kingston, and how these might change in the future; and
- 3 Estimates of future growth of local labour supply based on the updated housing target ([London Plan 2021](#)) of 964 dwellings per annum (dpa). In addition, the analysis considers the impacts of the Standard Method’s local housing need figure of 2,038 dpa for sensitivity testing purposes.

5.4 All these approaches reflect different factors and careful consideration needs to be given as to how appropriate each is to circumstances in the Borough. In addition, to be robust, the economic growth potential and likely demand for employment space needs to be assessed under different future scenarios, to reflect lower or higher economic growth conditions arising in future. There are also a number of qualitative factors that will influence the future employment space requirements that need to be planned for.

5.5 Reflecting upon the recent changes in the Use Class Order, the term “employment uses/jobs/sectors” refers to those jobs related to office (Eg(i)/(ii)), light industrial Eg(iii), industrial (B2) and distribution (B8) uses (see paragraphs 1.6 to 1.7).

### a) Forecast Job Growth

5.6 Forecasts of job growth in Kingston over the period to 2041 were sourced from the March 2020 and September 2020 releases of Experian’s UK Local Market Forecasts, which take into account recent regional and national macroeconomic patterns pre- and post- pandemic, respectively, to indicate potential future economic growth at the local authority level.

5.7 It is important to note that there are inherent limitations to the use of economic forecasts of this type, particularly in the context of ongoing changes in the economy. Such forecasts tend to be most reliable at national and regional scales and consequently less so at the local economy level,

but they are widely recognised as a valuable input and can indicate the broad scale and direction of economic growth in different sectors to help assess future employment space requirements.

### Scenario 1: Pre Covid-19 Labour Demand

- 5.8 The forecasts of job growth by sector reflect recent trends and are based on projections at national and regional level, and how economic sectors in Kingston have performed relative to these wider comparators in the past. For example, where particular sectors have performed well compared with the regional average (i.e. Greater London) the forecasts generally assume that these sectors will continue to drive growth within the Borough in the future. Further details about Experian’s methodology are provided in Appendix 3.
- 5.9 The Experian economic forecast provides data for the period from 1997 to 2040. Therefore, the forecast has been extended by a further year based on the annual average growth rate between 2019-2040, in order to cover, in full, the Plan period to 2041.
- 5.10 The Experian forecast (March 2020 release) indicates an overall growth of 16,453 jobs for the Borough over the 22-year Plan period, equivalent to 748 jobs per annum. Table 5.1 shows the projected employment change between 2019 and 2041.

Table 5.1 Pre Covid-19 Labour Demand (March 2020) Forecast, Jobs Change in Kingston, 2019-2041

Type of space	Number of Jobs		Change
	2019	2041	2019-2041
Office	20,340	23,791	3,451
Light Industrial	3,746	3,751	5
Industrial	1,453	1,002	-451
Distribution	4,118	4,081	-37
<b>Employment Uses</b>	<b>29,657</b>	<b>32,625</b>	<b>2,968</b>
<b>Jobs in All Sectors</b>	<b>95,000</b>	<b>111,453</b>	<b>16,453</b>

Source: Experian (March 2020) / Lichfields analysis

- 5.11 As shown above, jobs in employment uses are expected to grow by 2,968 jobs in the period to 2041 or by an average of 135 jobs per annum. This is driven by the growth in office-based sectors jobs. In particular, employment in office jobs is expected to increase by 3,451 jobs, while industrial (including light industrial) is expected to decrease by 446 jobs over the period to 2041. Finally, jobs in distribution sectors are expected to decrease marginally by 37 jobs across the Plan period.
- 5.12 Table 5.2 highlights the sectors under this scenario that will see the highest and lowest change in absolute figures across the Plan period, with a full breakdown of the baseline job growth by sector (i.e. 38 sectors, including non-employment sectors) presented in Appendix 2.

Table 5.2 Employment Change by Sector, Scenario 1, 2019-2041 (March 2020 Forecast)

Sector	Use Class	Change in Jobs (2019-2041)	% Change (2019-2041)
Administrative & Supportive Services		3,683	21%
Health		2,746	40%
Education		2,740	29%
Professional Services		2,318	27%
Residential Care & Social Work		2,327	48%
Wholesale		-314	-7%

Sector	Use Class	Change in Jobs (2019-2041)	% Change (2019-2041)
Printing and Recorded Media (manufacture of)		-206	-52%
Public Administration & Defence		-209	-6%
Metal Products (manufacture of)		-104	-26%
Food, Drink & Tobacco (manufacture of)		-104	-26%
Other Manufacturing		-104	-21%

Source: Experian (March 2020) / Lichfields analysis

Key: GREEN = employment class sector ORANGE = Partial employment class sector RED = Non-employment class sector

## Scenario 2: Post Covid-19 Labour Demand

- 5.13 The Experian forecast (September 2020 release) indicates overall growth of 17,305 jobs for the Borough over the 22-year Plan period, equivalent to 787 jobs per annum. This is a more positive outlook, albeit with only a small difference, compared to employment growth expected in the pre Covid-19 forecast (March 2020 release). However, in terms of employment sectors the forecast is slightly more moderate compared to Scenario 1. Table 5.3 shows forecast change between 2019 and 2041.

Table 5.3 Post Covid-19 Labour Demand (September 2020) Forecast, Jobs Change in Kingston, 2019-2041

Type of space	Number of Jobs		Change
	2019	2041	2019-2041
Office	20,429	23,585	3,156
Light Industrial	3,746	3,856	110
Industrial	1,453	1,002	-451
Distribution	4,118	4,030	-89
<b>Employment Uses</b>	<b>29,747</b>	<b>32,473</b>	<b>2,726</b>
<b>Jobs in All Sectors</b>	<b>95,100</b>	<b>112,405</b>	<b>17,305</b>

Source: Experian (September 2020) / Lichfields analysis

- 5.14 As shown above, jobs in employment uses are expected to grow by 2,726 jobs in the period to 2041 or by an average of 124 jobs per annum. This is 11 jobs per annum below the pre Covid-19 projections. This is again driven by the growth in office-based sectors jobs, albeit in a more moderate growth rate compared to Scenario 1.
- 5.15 In particular, employment in office-based sectors is expected to increase by 2,726 jobs, while industrial (including light industrial) is expected to decrease by 341 jobs over the period to 2041. The difference is that Scenario 2 expects an increase in light industrial sectors of 110 jobs compared to 5 jobs in Scenario 1 across the Plan period. Finally, jobs in distribution-based sectors are expected to decrease by 89 jobs across the Plan period.
- 5.16 Table 5.4 shows the sectors under this scenario that will see the highest and lowest change in absolute figures across the Plan period, with a full breakdown of the baseline job growth by sector (i.e. 38 sectors, including non-employment sectors) presented in Appendix 2.

Table 5.4 Employment Change by Sector, Scenario 2, 2019-2041 (September 2020 Forecast)

Sector	Use Class	Change in Jobs (2019-2041)	% Change (2019-2041)
Administrative & Supportive Services		3,895	22%
Health		3,278	48%
Education		3,058	32%
Residential Care & Social Work		2,540	53%
Professional Services		1,895	22%
Wholesale		-314	-7%
Printing and Recorded Media (manufacture of)		-206	-52%
Public Administration & Defence		-105	-7%
Metal Products (manufacture of)		-104	-26%
Other Manufacturing		-104	-21%
Food, Drink & Tobacco (manufacture of)		-104	-26%

Source: Experian (September 2020) / Lichfields analysis

Key: GREEN = employment class sector ORANGE = Partial employment class sector RED = Non-employment class sector

- 5.17 It is evident that the post Covid-19 forecasts expects an increase in Health and Healthcare sectors, but a further decrease in industrial-based sectors compared to Scenario 1. In terms of the differences across the employment sectors, these relate to a total of 242 less jobs being forecasted in Scenario 2 which translates to around 11 less jobs in employment uses per annum. Therefore, Experian expects minor employment implications derived from Covid-19 for Kingston's economy as the Borough's economy is driven mainly by the health- and service- rather than employment sectors.

### GLA Economics Labour Demand (July 2017 release) – Sensitivity Test 1

- 5.18 This labour demand scenario draws upon the latest [employment projections for London](#) to 2050 that were produced by the GLA and published in July 2017. It should be noted that these projections are based in 2016. The accompanying [London labour market projections 2017](#) report explains the methodology and assumptions that underpinned these projections.
- 5.19 The GLA employment projections only provide figures for total employment growth in Kingston (i.e. not broken down by sector) and sectoral distribution projections for London as a whole. The projections have as a base year 2016 and then forecasts at five-year intervals including 2021, 2026, 2031, 2036, 2041 up to 2050.
- 5.20 Therefore, we have initially estimated the growth for 2019 as a projection of 2016 with an additional growth equivalent to the average growth projected for 2016 to 2021 period. Then we have used BRES data to apportion the Borough's employment growth to specific sectors based on the relative share of employment by industry in Kingston in 2019 (i.e. the most recent available data). This approach assumes that the sectoral split will remain constant across the Plan period according to 2019 BRES data. We have then compared the annual rates with those projected for London, as a whole, to contextualise the analysis.
- 5.21 On this basis, the GLA projections indicate overall a moderate growth of 3,502 employment jobs forecast for the Borough over the 2019 to 2041 Plan period, which is equivalent to 159 jobs per annum or an annual growth rate of 0.2%.
- 5.22 Table 5.5 shows forecast job growth by employment use. Over the 22-year Plan period, an overall growth of 3,502 jobs is forecast, of which 1,121 jobs relate to employment sectors. Compared to the Experian March 2020 release, there is a significant difference in the overall employment growth across the Plan period, with the GLA's employment growth being by 12,951 fewer jobs (-79%) than those forecast by Experian across the Plan period. However, in terms of

employment sectors the gap is narrower at 1,847 fewer jobs (-62%). More comparisons are presented below (see paragraphs 5.54 to 5.59).

Table 5.5 GLA Forecast Jobs Change in Kingston, Sensitivity Test 1, 2019-2041

Type of space	Number of Jobs		Change
	2019	2041	2019-2041
Office	20,189	20,915	726
Light Industrial	3,502	3,626	125
Industrial	2,209	2,289	80
Distribution	5,320	5,511	191
<b>Employment Uses</b>	<b>31,220</b>	<b>32,341</b>	<b>1,121</b>
<b>Jobs in All Sectors</b>	<b>97,500</b>	<b>101,002</b>	<b>3,502</b>

Source: GLA Economics (July 2017) / Lichfields analysis

5.23 Table 5.6 shows the sectors under this scenario that will see the highest and lowest change in absolute figures across the Plan period, with the sectoral distribution reflecting that recorded in 2019 BRES data for the Borough.

Table 5.6 Employment Change by Sector, Sensitivity Test 1, 2019-2041

Sector	Use Class	Change in Jobs (2019-2041)
Administrative & Supportive Services	ORANGE	564
Retail	RED	388
Education	RED	340
Professional Services	ORANGE	280
Health	RED	299
Wood & Paper (manufacture of)	GREEN	2
Textiles & Clothing (manufacture of)	GREEN	2
Insurance & Pensions	ORANGE	2
Chemicals (manufacture of)	GREEN	2
Agriculture, Forestry & Fishing	RED	2

Source: GLA Economics (July 2017)/ BRES 2019 / Lichfields analysis

Key: GREEN = employment class sector ORANGE = Partial employment class sector RED = Non-employment class sector

5.24 To put the above analysis in context, based on the GLA's Employment projections for London (as a whole) by sector, the combined professional, real estate, scientific and technical activities (36%), followed by information and communications (29%), education (27%) and arts, entertainment and recreation (27%) will see the highest growth across the Plan period. By contrast, manufacturing (-34%), wholesale (-18%) and transportation and storage (-11%) are expected to decrease. In addition, administrative and support services (19%) and health are expected to see some growth. Finally, retail is expected to increase moderately by 2% across London.

### GLA Economics Labour Demand (July 2017 release) – Sensitivity Test 2

5.25 Although Kingston is an outer London Borough, its economic structure oriented to a service economy is similar to London's economy as a whole. Therefore, a further sensitivity test has been produced by applying the London-wide annual growth rates per sector between 2019 and 2041 to the forecasts for Kingston.

- 5.26 Table 5.7 shows the sectors under this scenario that will see the highest and lowest across the Plan period, with the sectoral distribution reflecting that recorded in GLA 2017 employment projections by sector data. The detailed analysis is presented in Appendix 2.

Table 5.7 Employment Change by Sector, Sensitivity Test 2, 2019-2041

Sector	Use Class	Change in Jobs (2019-2041)	% Change (2019-2041)
Professional, Real Estate, Scientific and technical activities	Orange	3,025	32%
Administrative and support service activities	Orange	2,923	19%
Education	Red	2,419	26%
Health	Red	2,327	17%
Manufacturing	Green	-1,207	-43%
Wholesale	Green	-1,125	-20%
Public Admin and Defence	Orange	-403	-11%
Transportation and Storage	Green	-270	-12%

Source: GLA Economics (July 2017) / Lichfields analysis

Key: GREEN = employment class sector ORANGE = Partial employment class sector RED = Non-employment class sector

- 5.27 Table 5.8 shows forecast job growth by employment use. Over the 22-year Plan period, an overall growth of 12,715 jobs is forecast, of which 2,321 jobs relate to employment sectors. This employment increase is closer to what is forecast by the Experian scenarios.

Table 5.8 Employment Change in Kingston, Sensitivity Test 2, 2019-2041 (jobs)

Type of space	2019	2041	Change
Office	20,194	24,514	4,320
Light Industrial	3,501	3,414	-87
Industrial	2,208	1,288	-920
Distribution	5,320	4,328	-992
<b>Employment Uses</b>	<b>31,223</b>	<b>33,544</b>	<b>2,321</b>
<b>Employment in All Sectors</b>	<b>97,500</b>	<b>110,215</b>	<b>12,715</b>

Source: GLA Economics (July 2017)/BRES 2019 / Lichfields analysis

- 5.28 Compared to Sensitivity Test 1, there is a significant difference in the overall employment growth across the Plan period of 9,213 less jobs (-73%) being forecast by the approach in Sensitivity Testing 1. However, in terms of employment sectors the gap is narrower at 1,200 jobs (-52%). This approach forecasts a higher decrease in industrial- and warehousing-based jobs compared to the Experian scenarios, driven by the industrial consolidation and substitution drivers expected to occur in London as a whole.

### Labour Demand Net Requirements

- 5.29 Table 5.9 summarises the employment change anticipated across the Plan period based on the two labour demand scenarios and sensitivity tests presented in the above section.

Table 5.9 Employment Change in Kingston Labour Demand Scenarios, 2019-2041

Type of space	Scenario 1: Pre Covid-19 Labour Demand	Scenario 2: Post Covid-19 Labour Demand	GLA Projections – Sensitivity Testing 1	GLA Projections – Sensitivity Testing 2
Office	3,451	3,156	726	4,320
Light Industrial	5	110	125	-87
Industrial	-451	-451	80	-920
Distribution	-37	-89	191	-992
<b>Employment Uses</b>	<b>2,968</b>	<b>2,726</b>	<b>1,121</b>	<b>2,321</b>

Source: Experian / GLA Economics / Lichfields analysis

5.30 These jobs forecasts are then converted to future employment space requirements assuming the typical ratios of jobs to floorspace for the different uses, including:

- **Offices:** 1 job per 11.9 sq.m<sup>5</sup>;
- **Industrial (including light industrial):** 1 job per 43 sq.m<sup>6</sup>;
- **Distribution:** 1 job per 66 sq.m for small scale warehousing<sup>7</sup> (i.e. up to 3,000 sq.m) which according to VOA 2017 Survey account for 90% of the Borough's stock, and 1 job per 80 sq.m for larger scale warehousing (accounting for 10%).

5.31 An allowance of 8% is added to all positive floorspace requirements to reflect a normal level of market vacancy in employment space. This is in accordance with [London Industrial Land Demand](#) recommendations (Vacant Industrial Land section, p11). Where a reduction in jobs is forecast, the associated negative floorspace is halved, to reflect the fact that fewer jobs in a sector (e.g. as a result of productivity improvements) does not necessarily correlate to all floorspace being lost. From this analysis, the net employment floorspace requirements for Kingston up to 2041 based on the labour demand scenarios are set out in Table 5.10.

Table 5.10 Net Employment Floorspace Requirements in Kingston, Labour Demand Scenarios, 2019-2041 (sq.m)

Type of space	Scenario 1: Pre Covid-19 Labour Demand	Scenario 2: Post Covid-19 Labour Demand	GLA Projections – Sensitivity Testing 1	GLA Projections – Sensitivity Testing 2
Office	44,360	40,560	9,325	55,520
Light Industrial	210	5,100	5,790	-1,870
Industrial	-9,690	-9,690	3,710	-19,780
Distribution	-1,255	-2,985	13,900	-33,430
<b>Employment Uses</b>	<b>33,630</b>	<b>32,980</b>	<b>32,725</b>	<b>440</b>

Source: Lichfields analysis (figures rounded)

5.32 The labour demand requirements vary between 440 sq.m to 33,630 sq.m. As noted above, the GLA scenarios are presented for sensitivity testing purposes. The overall net employment requirements derived by Sensitivity Test 1 is relatively close to those derived from Experian, albeit the requirements per employment use differ significantly. In terms of the results from Sensitivity Test 2, these have a similar employment use split to Experian's scenarios, however

<sup>5</sup> This office employment density ratio reflects the density ratio used to inform the base case for demand forecasts in the London Office Policy Review 2017 (2017 LOPR) of 11.3 GIA sq.m per office worker, which is then translated to 11.9 GEA sq.m per worker.

<sup>6</sup> The industrial densities are in line with the [London Industrial Land Demand](#) and [London Employment Site Database 2017](#) (LES D Technical Report). This density is the average density across industrial uses densities as presented in the report p86.

<sup>7</sup> London evidence have used the density of 70 GEA sq.m per FTE or 63 GIA sq.m per employee across B8 employment figures. In particular it is stated "For B8 we have set out the 'Final Mile' warehouse product. Even this is a lower density ratio than has been historically observed in London. We are not aware of any recent survey evidence but suspect that most warehouse activity in London has a higher value added and higher labour component" ([LES D Technical Report](#), p11)

the expected decrease of industrial- and distribution- based growth is much higher than those forecast by Experian.

## b) Past Development Rates

- 5.33 Because they provide an indication of market demand and record actual patterns of development that has been delivered in a particular area, past development rates of employment floorspace can provide a reasonable basis for informing future land needs.

### Scenario 3: Past Trends

- 5.34 Monitoring data on past completions by employment use between 2010 and 2019 (i.e. 10-year period) in the Borough was provided by the Council and drawn from the London Development Database (LDD). During this period, average annual net completions for employment uses in Kingston amounted to a loss of around 2,845 sq.m of employment floorspace (Table 5.11). Gross completions were higher at an average of 2,410 sq.m each year, although these mask losses of employment space that have occurred over the monitoring period.

Table 5.11 Annual Completions of Employment Space in Kingston, 2010-2019 (sq.m)

Type of space	Net Annual Completions	Gross Annual Completions
Office	-2,365	1,095
Light Industrial	-215	260
Industrial	465	720
Distribution	-730	335
<b>Employment Uses</b>	<b>-2,845</b>	<b>2,410</b>

Source: GLA, LDD (2020) / Lichfields analysis (figures rounded)

- 5.35 As presented above, the net completion figure is driven mainly by losses of office space. This figure excludes Permitted Development Rights, the impact of which is analysed below. A detailed analysis of completion rates is presented in the *Development Rates* in Section 3.0. Overall, office completions highlight the lack of recent office developments across the Borough.
- 5.36 If it were assumed that past net completion rates continue over the Plan period, this would equate to a decrease of 52,030 sq.m of office space, 4,730 sq.m of light industrial and 16,060 sq.m of distribution, together with an increase of 10,230 sq.m of industrial space by 2041. This employment floorspace requirement is lower than any of the labour demand scenarios net requirements set out above.

Table 5.12 Past Trends Net Floorspace Requirement in RBK, 2019-2041 (sq.m)

	Assumed Annual Floorspace Change	Net Floorspace Requirements
Office	-2,365	-52,030
Light Industrial	-215	-4,730
Industrial	465	10,230
Distribution	-730	-16,060
<b>Net Employment Requirements</b>	<b>-2,845</b>	<b>-62,590</b>

Source: GLA, LDD (2020) / Lichfields analysis (figures rounded)

- 5.37 Using the same job density ratios noted above, this would imply a loss of 4,124 jobs in employment uses in the Borough during the Plan period under this scenario. This is equivalent to a loss of around 187 employment use jobs each year.

## Office to Residential Permitted Development Rights

- 5.38 Since the introduction of Permitted Development Rights (PDRs) a total of 74 prior approvals relating to 562 office premises have been implemented resulting in a loss of 29,890 sq.m, according to LDD and Borough monitoring data. This equates to an annual loss of 4,270 sq.m between 2013 – 2019, or 11% of the Borough’s total office stock in 2013 as recorded by the VOA. In addition, there are eight extant prior approvals that, if implemented, will result in a further loss of 3,400 sq.m of office space.
- 5.39 If this analysis was factored in the modelling, then the annual net completion rate for office space would be -6,635 sq.m per annum and would imply scope for a reduction of some 145,970 sq.m of office space across the Plan period. Consequently, the overall net employment requirement across the Plan period would be -156,530 sq.m.
- 5.40 In reality, it is unlikely that the scale of office floorspace losses that have occurred within the Borough over the last few years as a result of PDR will continue at the same pace in future given that these initial conversions generally related to redundant and underused office stock that has gradually been removed from the local market, as reported in Section 4.0.
- 5.41 In any case, those premises that were initially identified as candidates for PDR conversions have now been converted. This is also evident from the fact that the extant prior approvals that could still come forward are at a much more modest level than was seen prior to 2019. Therefore, it is not expected that past rates of PDR office losses will continue at the same pace through the Plan period. For this reason, the PDR trends are not taken forward for determining future needs.

## c) Future Labour Supply

- 5.42 It is also important to consider how many jobs, and hence how much employment space, would be needed to broadly match the forecast growth of the Borough’s resident workforce. In contrast to the preceding approaches, this forecasts the supply of labour rather than demand for labour (i.e. that arising from economic growth). It then indicates the number of new jobs needed to ‘match’ this future supply of workers and, in turn, how much employment space would be needed to accommodate these.

### Scenario 4: Labour Supply (964 dpa)

- 5.43 There is an estimated housing need figure of 964 dwellings per annum (dpa) based on the London Plan 2021. Due to the fact that this housing figure relates to an amendment to the initial [Intend to Publish London Plan](#), the current housing-led population projections (2018-based) cannot be used to estimate the economically-active population as these relate to the previous proposed housing figure for RBK of 1,364 dpa.
- 5.44 In this context, the following approach has been applied to estimate the growth in labour supply and consequently the jobs required in relation to a housing need figure of 964 dpa. It is assumed that this figure will roll forward across the Plan period, resulting in a net increase of 21,208 new homes in RBK between 2019 and 2041. However, it should be noted that the London Plan (paragraph 4.1.11) describes this as a ten-year target to 2028/29, and beyond this period boroughs should consider additional capacity that could be delivered through updating local evidence studies.
- 1 **Population change** over the Local Plan period 2019-2041, drawing on the [GLA’s 2019-based central lower population projections](#) (latest release). This has been applied to provide the most up-to-date population projections for London.
  - 2 **Economic activity rates for 2019** and anticipated future changes in economic activity rates for males and females over the age of 16 years old. These were estimated by using the

ONS's Annual Population Survey, and 2019 Mid-Year Population estimates (MYE), then projected forward using the projection rates published by the OBR in January 2017<sup>8</sup>.

- 3 An **unemployment rate** of 3.9% for 2019, taken from the ONS Annual Population Survey (APS) Model-based Unemployment rate for that year, with an assumption that by 2041 there will have been a modest re-adjustment to the longer-term (i.e. 2004-19) average of 5.1%.
- 4 **Labour Force Ratio** calculated based on the APS (the number of economically active), unemployment rates and the Experian employment projections (used for Scenario 1). The Labour Force (LF) Ratio equates to 0.96 (this is the average LF for 2004-19 period), i.e. there were slightly less residents in employment living in the Borough than jobs based in the Borough, resulting in net inward commuting patterns. The LF ratio was then held constant over the plan period to 2041.

5.45 The GLA's 2019-based population projections indicates an additional 22,043 persons living in the Borough between 2019 and 2041, of which 25,892 additional persons will be over the age of 16 years (children between 0 – 15 are expected to decrease by 3,850 people across the Plan period). Applying the adjusted OBR economic activity rates for RBK and factoring in an unemployment rate of 5.1% results in a projected labour force increase of 13,944 people. As can be seen in Table 5.13, applying the LF ratio of 0.96 equates to a net job growth of 14,687 over the 22-year plan period.

Table 5.13 Projected population and labour force change associated with GLA's 2019 Population Projections in RBK, 2019 – 2041

	2019	2041	Absolute Change
Population	177,507	199,550	22,043
Over 16 population	144,105	169,997	25,892
Economically active population	98,834	114,803	15,969
Labour supply (less unemployed)	95,004	109,149	13,944
<b>All Jobs</b>	<b>98,646</b>	<b>113,332</b>	<b>14,478</b>

Source: Lichfields analysis, based on GLA 2019 Population Projections and OBR economic activity projections

5.46 The Borough's housing figure of 964 dpa is above the average household per annum expected in the [GLA's 2019-based household projections](#). Over the Plan period, the GLA 2019-based household projections show that the households in RBK will grow by 17,311 or 787 hpa. A modest adjustment has also been made to the baseline to factor in a suitable allowance for empty/second homes of 0.54% for 2018<sup>9</sup>. This translates the 787 hpa to 791 dpa.

5.47 In order to test the implications of the housing target, the population change for RBK has been adjusted in accordance with the extent to which the dwelling growth diverges from the 2019-based GLA household projections baseline. This rate of increase (which equates to 104.5%) is then applied to the population growth for 2041. This level of increase has been applied equally to each age/gender cohort and it is assumed that the increase will apply evenly across the plan period, with all other inputs held constant.

5.48 The estimation of the growth in jobs associated with the housing need figure of 964 dpa is set out in Table 5.14.

<sup>8</sup> OBR [Fiscal Sustainability Report – Supplementary data series](#)

<sup>9</sup> Source: MHCLG (2018): Calculation of Council Tax Base October 2018

Table 5.14 Jobs Change in RBK to support Labour Supply of 964 dpa, 2019-2041

Demographic Scenario	Jobs in 2019	Jobs in 2041	Jobs needed to meet projected population growth
Jobs associated to GLA's 2019-based Household Projections	98,646	113,124	14,478
<b>Jobs associated to housing need target of 964 dpa</b>	<b>103,057</b>	<b>118,182</b>	<b>15,125</b>

Source: GLA Economics / Lichfields analysis

5.49 Taking into account the existing and forecast share of employment jobs to total jobs in the Borough from the employment forecast data presented in Scenario 1, there is a total of 2,729 jobs in employment uses that are expected to meet the increased population.

5.50 The resulting job numbers have then been translated into estimated requirements for employment floorspace by applying the same assumptions adopted in the earlier scenarios, including a vacancy allowance of 8% (Table 5.15).

Table 5.15 Net Employment and Floorspace Required from Labour Supply Growth – Delivery Target: 964 dpa, 2019-2041

Type of space	Employment – No of Jobs	Net Floorspace Requirement (sq.m)
Office	3,173	40,780
Light Industrial	4	195
Industrial	-414	-8,910
Distribution	-34	-1,150
<b>Employment Uses</b>	<b>2,729</b>	<b>30,910</b>

Source: GLA Economics / Lichfields analysis (figures rounded)

### Standard Method (2,038 dpa) Employment Implications – Sensitivity Test

5.51 There is an estimated local housing need of 2,038 dwellings per annum (dpa) for RBK based on the Standard Method which is in accordance with the Planning Practice Guidance (PPG) for preparing [Housing and Economic Development Needs Assessments](#).

5.52 This figure includes the 35% urban uplift introduced on 16 December 2020 via a series of governmental publications including the [Ministerial Statement](#), the [Response to the Consultation on Proposed Changes to the Current Planning System](#), the [PPG Updates](#) and the [spreadsheet with the indicative figures from the updated method](#). It should be highlighted that the Standard Method provides a starting point for determining the number of homes needed in an area, but this does not account for the amount that can be accommodated in that area.

5.53 Table 5.16 presents the employment change and the associated net employment requirements arising from a housing need figure of 2,038 dpa. The approach to estimating these figures is included in **Error! Reference source not found.**

Table 5.16 Net Employment and Floorspace Required from Standard Method: 2,038 dpa, 2019-2041

Type of space	Employment – No of Jobs	Net Floorspace Requirement (sq.m)
Office	10,988	141,220
Light Industrial	1,158	53,770
Industrial	-172	-3,695
Distribution	1,215	88,420
<b>All Employment Uses</b>	<b>13,189</b>	<b>279,715</b>

Source: Lichfields analysis (figures rounded)

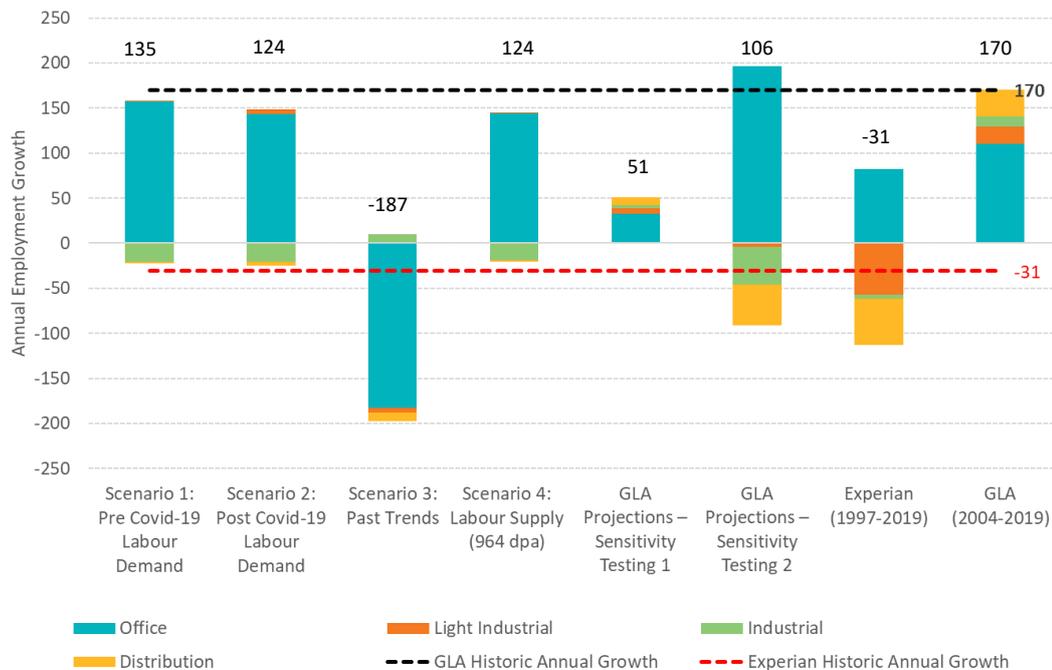
## Employment Growth Comparisons

5.54 Given the range of potential requirements implied by these different scenarios, it is important to test how reasonable each appears against other factors and how sensitive they are to different assumptions. It is, therefore, useful to compare the employment growth implied by the above scenarios against the historic employment growth in the Borough as recorded by Experian and GLA data.

5.55 Figure 5.1 shows the forecast annual jobs growth per scenario, excluding the Labour Supply Sensitivity Test (Standard Method figure of 2,038 dpa) as this implies annual job growth of 599 jobs in employment uses which significantly exceeds all other scenarios tested in this study.

5.56 In this context, the lowest estimate based on past take-up (Scenario 3) implies a loss of 187 employment jobs per annum over the next 22 years, driven by significant losses of office space in the Borough in the past (but excluding PDRs). The highest growth estimate is based on Labour Demand Pre Covid-19 (Scenario 1) and implies an annual growth of 135 jobs driven by office-based jobs.

Figure 5.1 Annual Employment Growth Comparisons with Historic Growth



Source: Experian/ GLA Economics / LDD / RBK / DCLG / Lichfields analysis

5.57 These four scenarios are then compared with the three sensitivity tests outlined above. The GLA Projections Sensitivity Test 1 implies moderate growth of 51 jobs per annum, while Sensitivity Test 2 implies a figure of 106 jobs per annum. The Labour Supply Standard Method figure of 2,038 dpa implies a growth of 599 jobs per annum (excluded from the graph for presentational purposes). The latter is above all the scenarios tested in this study.

5.58 All of these scenarios are then compared against historic trends with Experian which records a negative growth of 31 jobs per annum between 1997 and 2019 (22-year period) and GLA data which records growth of 170 jobs per annum between 2004 and 2019 (16-year period, based on data availability). At this point, it should be noted that GLA projections have historic data for employees' jobs only (i.e. excluding self-employed jobs) since 1971, therefore the historic annual

growth recorded between 1997 and 2019 (22-year period) in relation to employees' jobs only is 45 jobs per annum (very similar to the GLA projections sensitivity test 1 scenario).

- 5.59 Based on these comparisons, the overall growth of the GLA projections sensitivity test 2 scenario, followed by the labour demand scenarios 1 and 2 and the labour supply scenario 4 seem to balance the historic employment trends. The past development trends (scenario 3) and labour supply Standard Method sensitivity test (of 2,038 dpa) scenarios seem to either underestimate or over-estimate, respectively, the expected employment growth.

## Net to Gross Employment Requirements

- 5.60 Drawing together the results from each of the future economic scenarios together with the sensitivity testing scenarios considered above, Table 5.17 summarises the net employment floorspace requirements across the Plan period.

Table 5.17 Net Employment Floorspace Requirements in RBK, 2019-2041 (sq.m)

Type of space	Scenario 1: Pre Covid-19 Labour Demand	Scenario 2: Post Covid- 19 Labour Demand	Scenario 3: Past Trends	Scenario 4: Labour Supply (964 dpa)	GLA Projections (2016-based) – Sensitivity Testing 1	GLA Projections (2016-based) – Sensitivity Testing 2	Standard Method (2,038 dpa) - Sensitivity Testing
Office	44,360	40,560	-52,030	40,780	9,325	55,520	141,220
Light Industrial	210	5,100	-4,730	195	5,790	-1,870	53,770
Industrial	-9,690	-9,690	10,230	-8,910	3,710	-19,780	-3,695
Distribution	-1,255	-2,985	-16,060	-1,150	13,900	-33,430	88,420
<b>Net Employment Requirements</b>	<b>33,630</b>	<b>32,980</b>	<b>-62,590</b>	<b>30,910</b>	<b>32,725</b>	<b>440</b>	<b>279,715</b>

Source: Lichfields analysis (figures rounded)

## Safety Margin

- 5.61 To estimate the overall requirement of employment floorspace that should be planned for in allocating sites, and to give some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development.
- 5.62 In a location like Kingston with significant development pressures from other higher value uses, there is a need to ensure a reasonable, but not over-generous, additional allowance that provides for some flexibility but avoids over-provision of land through policy. However, it also needs to reflect that there may be potential delays in some of the Borough's development sites coming forward for development.
- 5.63 It is usually acceptable to use two years of net take-up to include flexibility of provision. But in this case where it is negative, it would produce a negative margin. Therefore, an allowance related to two-year average gross take-up for all employment uses, except for industrial (B2) between 2010 and 2019 has been applied. For industrial uses the safety margin is estimated based on the net annual completions average. Overall, this safety margin appears an appropriate level relative to the estimated scale of the original requirement. Table 5.18 presents the margin applied in this assessment.

Table 5.18 Safety Margin Allowance (sq.m)

Type of space	Annual Net Completions	Annual Gross Completions	Safety Margin
Office	-2,365	1,095	2,190
Light Industrial	-215	260	520
Industrial	465	720	930
Distribution	-730	335	670

Source: GLA, LDD (2020) / Lichfields analysis

## Losses

- 5.64 To translate the net requirement of employment space into a gross requirement, an allowance is typically made for the replacement of losses of existing employment space that may be developed for other, non-employment uses. This allowance ensures that sufficient space is re-provided to account for employment space that is anticipated to be lost in RBK.
- 5.65 There are typically four approaches to calculate the level of this allowance, including:
- 1 Forecast the quantity of floorspace that will be lost in future and assume that a proportion of this space will need to be replaced. The issue here is that there is no definitive way of forecasting how much space will be lost, and the future may be very different from the past. If this method is used, RBK needs to look carefully at past losses and use local knowledge to make a judgement on how the future might compare with the past.
  - 2 Make an overall adjustment to the preferred scenario to give an allowance for replacement. This is a simple approach, but is likely to rely on making a fairly broad assumption.
  - 3 Monitor the loss of employment space through regular reviews in the local plan thereby avoiding the need to make assumptions about the future loss of employment space. If these periodic reviews indicate a loss of high quality, occupied floorspace and vacancy rates continued to be low, the Council could take steps to replace this space by increasing the floorspace requirement accordingly. However, any Local Plan review reflecting the monitoring findings would take some years to come forward.
  - 4 As part of the employment evidence the Council undertakes a qualitative assessment of existing employment sites, to identify those which could be lost to non-employment uses, either because they are no longer suitable or viable for employment, or because they are judged as being needed for an alternative use, such as housing. Based on this assessment, the employment land calculation can develop different scenarios to illustrate possible futures, and plan for new sites accordingly.
- 5.66 The fourth approach, in which the Council specifically identifies employment sites and areas that may be lost to other uses, is generally the most robust way of dealing with losses. The qualitative assessment of existing employment areas is an essential element of the planning evidence base. As well as policies and decisions regarding new development sites, it informs policies on the safeguarding or release of existing employment sites. Without such policies, there is a risk of losing employment land to other uses which may be desirable to safeguard. Conversely, they also risk protecting sites which do not merit protection, because they are no longer suitable or commercially attractive for employment.
- 5.67 Section 6.0 presents a review of the existing employment site designations across RBK. The assessment concludes that all of these sites should continue being protected as employment areas, albeit with some recommended boundary changes in some cases to reflect the current context and past use class changes. On this basis, no employment loss allowance has been identified across the Plan period. Table 5.19 shows the gross employment requirements in RBK across the Plan period to 2041.

Table 5.19 Gross Employment Floorspace Requirements in RBK, 2019-2041 (sq.m)

Type of space	Scenario 1: Pre Covid-19 Labour Demand	Scenario 2: Post Covid-19 Labour Demand	Scenario 3: Past Trends	Scenario 4: Labour Supply (964 dpa)
Office	46,550	42,750	-49,840	42,970
Light Industrial	730	5,620	-4,210	715
Industrial	-8,760	-8,760	11,160	-7,980
Distribution	-585	-2,315	-15,390	-480
<b>Gross Employment Requirements</b>	<b>37,940</b>	<b>37,290</b>	<b>-58,280</b>	<b>35,225</b>

Source: Lichfields analysis (figures rounded)

5.68 The above floorspace requirements can be translated to land requirements by applying appropriate plot ratio assumptions as below:

- **Office:** 30% of new floorspace would be in lower density, business park developments with a plot ratio of 0.4, with 70% in higher density town centre locations at a plot ratio of 2.0; and
- **Light Industrial, Industrial and Distribution:** a plot ratio of 0.4 is applied across all these uses.

Table 5.20 Emerging Gross Employment Land Requirements in RBK, 2019-2041 (ha)

Type of Space	Scenario 1: Pre Covid-19 Labour Demand	Scenario 2: Post Covid-19 Labour Demand	Scenario 3: Past Trends	Scenario 4: Labour Supply (964 dpa)
Office	5.12	4.70	-5.48	4.73
Light Industrial	0.18	1.40	-1.05	0.18
Industrial	-2.19	-2.19	2.79	-1.99
Distribution	-0.15	-0.58	-3.85	-0.12
<b>Gross Employment Land Requirements</b>	<b>2.97</b>	<b>3.34</b>	<b>-7.59</b>	<b>2.79</b>

Source: Lichfields analysis

## Summary

- 5.69 In interpreting the outputs of this section, regard should be given to the PPG, which states that local authorities should develop an understanding of the future economic needs of their area based on a range of data and forecasts of quantitative and qualitative requirements. In this respect, planning for growth should avoid relying upon using single sources of data or forecasts which tend to rely on a number of different variables that are inevitably subject to change.
- 5.70 It is also important to recognise that there are inevitably uncertainties and limitations related to modelling assumptions under any of the future growth scenarios considered in this assessment. As explained above, there are some inherent limitations to the use of local level economic projections, particularly within the context of significant economic uncertainty at both macro and local level. Employment forecasts are regularly updated, and the resulting employment outputs will change over the plan period for RBK.
- 5.71 This assessment considers four different scenarios (and three sensitivity test scenarios) of future employment space requirements in RBK based on approaches that reflect forecast economic growth, past development trends, and potential housing growth (labour supply) factors. The overall gross employment floorspace requirements related to these different scenarios range

from **-58,280 sq.m to 37,940 sq.m** during 2019-2041, which implies in broad terms a range between a surplus of 7.59 ha and a need of 3.34 ha of employment land.

- 5.72 When sense-checked against historic trends, the labour demand scenarios seem to provide the most balanced view of future requirements. The GLA projection sensitivity test 2 scenario, which factors in London's annual growth per sector, also appears to balance historic employment growth trends. However, because this scenario is driven by significant industrial and distribution losses when this is translated to employment requirements the resulting floorspace requirements appear significantly under-estimated.
- 5.73 The past trends scenario has limitations as it is influenced by the Borough's land constraints and the competition from non-employment and higher value land uses. In addition, this scenario does not comply with the NPPF's positive and proactive plan making principles (Paragraph 82a). However, it does result in the highest (albeit still modest) industrial (Use Class B2) requirement, and this has been supported by the commercial market assessment in Section 4.0, which highlighted the market's demand for small industrial units (up to 3,000 sq.ft).
- 5.74 It is also important to take into account qualitative factors alongside quantitative forecasts when considering planning requirements. Drawing together the quantitative assessment presented in this section with the qualitative factors and market trends presented in Section 4.0, the following conclusions are considered to reflect better the planning requirements:
- **Offices:** requirements vary between -49,840 sq.m to 46,550 sq.m. The commercial market only reported modest levels of activity in recent years and has been characterised by significant losses/conversions of older office accommodation. A shift towards greater home-working in the aftermath of the Covid-19 pandemic may also impact the future scale of requirements. However, a view of longer term growth potential over the Local Plan period is required, and the London Plan does support the development of office activity in Kingston (particularly if Crossrail 2 is delivered). In this context, it is considered that the lower end of the above range, once past trends are excluded, of **42,750 sq.m** (i.e. scenario 2) represents an appropriate planning basis for future office requirements.
  - **Light industrial:** requirements vary between -4,210 sq.m to 5,620 sq.m. The commercial market has reported significant demand for industrial units up to c. 300 sq.m. On this basis, it is considered that the upper end of the range of **5,620 sq.m** (i.e. scenario 2) represents an appropriate planning basis for future light industrial requirements.
  - **Industrial:** requirements vary between -8,760 sq.m to 11,160 sq.m. As mentioned above, the market's feedback has reported significant demand for industrial units. On this basis, it is considered that the upper end of the range of **11,160 sq.m** (i.e. scenario 3) represents an appropriate planning basis for future industrial requirements.
  - **Distribution:** requirements vary between -15,390 sq.m to -480 sq.m. The market feedback has reported that there is not a significant distribution market in the Borough, but demand for last mile distribution space is increasing significantly. As a result, it is considered that the upper range of the scenario requirements of **-480 sq.m** (i.e. scenario 4) is more reflective of the market position. In reality, it may be prudent to plan for a modest level of positive growth in this sector, or at least consider the extent to which distribution and industrial needs (for which there is a greater positive requirement) can be met alongside each other to give flexibility.
- 5.75 As a result, the combined gross employment requirements in RBK across the Plan period could be up to **59,050 sq.m** (or 8.77ha).

## 6.0 Review of Supply Portfolio

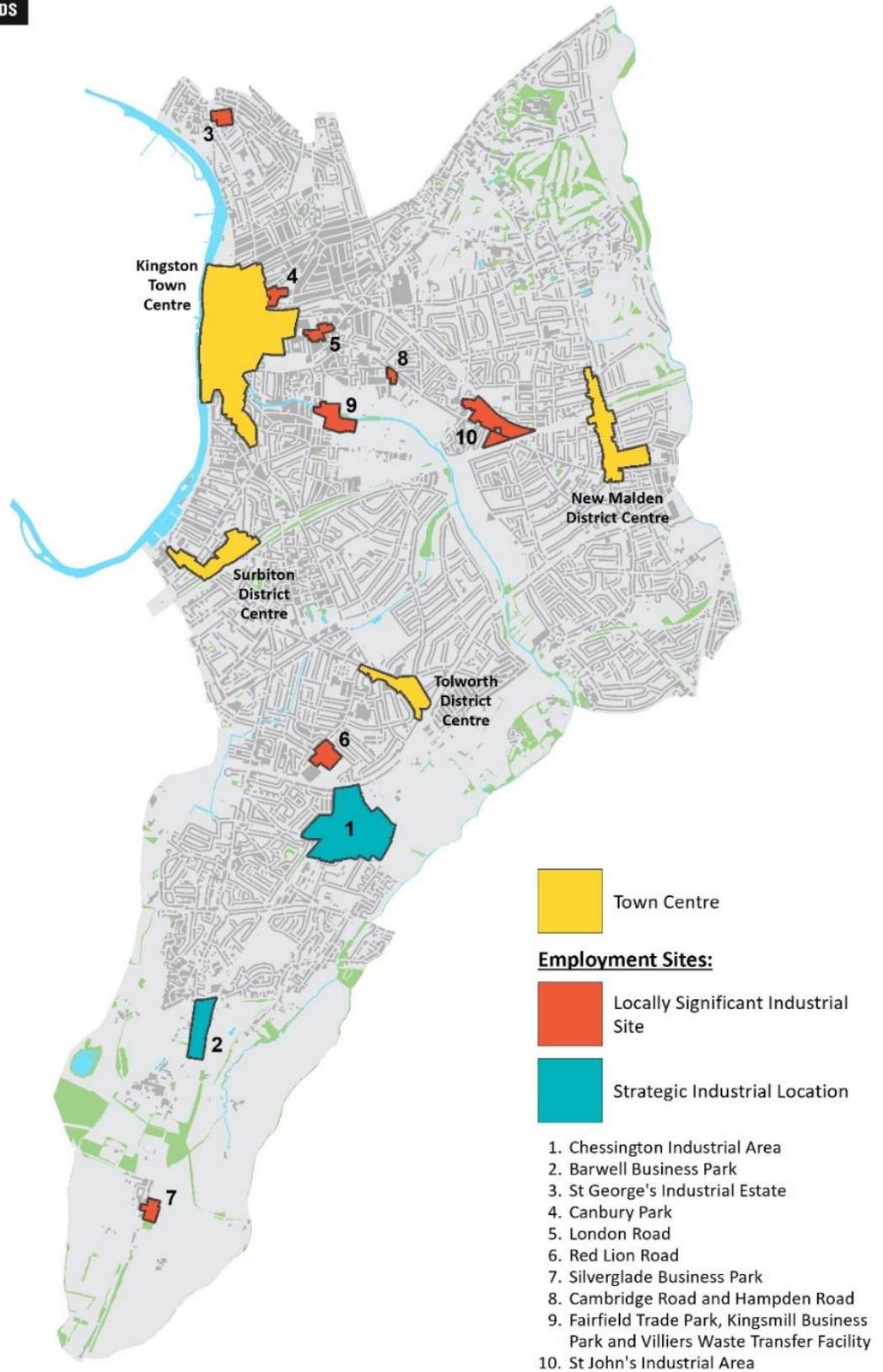
- 6.1 In order to support future economic development in the RBK economy over the new Local Plan period, and beyond, it is important that the area has a suitable portfolio of employment sites that are capable of meeting local business needs.
- 6.2 The ELR, therefore, provides a review and update of the employment land supply position in both quantitative and qualitative terms in order to identify potential strategic sites and priority areas for economic regeneration over the coming years, and to provide a clearer understanding of which sites are potentially best placed to contribute to supporting the Borough's future economic development needs.

### Site Assessments

- 6.3 An appraisal has been undertaken of designated employment sites to consider their current and future capacity to support the economic and business development needs of the local economy. These sites comprise a mix of Strategic Industrial Locations (SIL) and Locally Significant Industrial Sites (LSIS), and the main town centre locations (Figure 6.1 overleaf).
- 6.4 The assessments have been undertaken in accordance with the [GLA's Practice Note – Guidelines on industrial land audits](#), and are based on a range of site assessment factors (Table 6.1). Data is drawn from various sources including the VOA, ONS Inter-Departmental Business Register (IDBR), the online business survey (where relevant), and site visits.
- 6.5 A summary of the outputs for employment site/area is presented below with more detailed assessment information contained in o, including relevant information on the site's policy status and intended use, quantum of developable land, emerging proposals, strength of market demand, and potential scope for meeting future needs.

Figure 6.1 Designated Employment Areas in RBK

**LICHFIELDS**



Source: RBK / Lichfields analysis

Table 6.1 Site Assessment Criteria

Assessment Criteria	Key Considerations	Scoring: 1 to 5 (1 = poor, 5 = very good)
Site Overview	<ul style="list-style-type: none"> <li>• Current status/ existing land use</li> <li>• Current and recent planning applications</li> <li>• Recent changes that have occurred in each site</li> <li>• Accessibility (strategic and local road, pedestrian, cycling routes, public transport)</li> <li>• Proximity to central locations and access to labour supply and services</li> </ul>	<p>5 = Very good: easy access to strategic road junction via good unconstrained roads; free moving good roads avoiding residential areas or congested network; unconstrained vehicle access to the site with good visibility/lack of queuing; close access to range of town centre public transport services; wide range of town centre services nearby.</p> <p>1 = Poor: away from or limited access to strategic road network, and/or through constrained/local roads, and/or through town centre or residential areas; low level/limited range/infrequent public transport services nearby, remote isolated site, no local services or residential areas nearby.</p>
Current Characteristics and Attractiveness	<ul style="list-style-type: none"> <li>• Occupancy type, mix and vacancy rates</li> <li>• Employment provision</li> <li>• Existing buildings' typology, features and condition</li> <li>• Parking availability</li> <li>• Market attractiveness</li> </ul>	<p>5 = Very good: high profile/high quality appearance, managed site; good environment and quality of occupiers; under 8% vacant; viewed as attractive by agents/occupiers; recent investment/development activity, strong demand, units rarely available.</p> <p>1 = Poor: run-down unattractive appearance/location; attracts lower end users and over 25% vacant space/buildings; vacant units not marketed; no recent investment; units remain vacant for lengthy period.</p>
Constraints	<ul style="list-style-type: none"> <li>• Site constraints including access, utilities, flooding, contamination, etc.</li> <li>• Proximity to incompatible uses</li> <li>• Factors that would constrain development for employment uses such as existing occupation/availability, site's area and layout, need for infrastructure</li> </ul>	<p>5 = Very good: generally level site, regular shape, over 3 ha in size; low flood risk (Zone 1); no conservation or landscape constraints on scale of development; no adverse ground conditions or abnormal development costs; no other significant constraints on new development.</p> <p>1 = Poor: sloping/uneven site; under 0.5 ha, irregular/narrow shape, other severe constraints; within flood risk Zone 3; conservation or landscape constraints on scale of development; adverse ground conditions or abnormal development costs.</p>
Opportunities (Qualitative assessment)	Opportunities including potential for intensification/ more efficient use of land or re-development	Identify any planning designations or policy constraints that could affect development of the site for employment use, as well as planning applications/consents.

Source: GLA Practice Note / Lichfields analysis

## Chessington Industrial Area

6.6 Chessington Industrial Area is the largest designated Strategic Industrial Location (SIL) in RBK totalling 34.9 ha, located close to Chessington North train station. This is a well-established industrial site concentrating a variety of industrial businesses across 172 units<sup>10</sup>. The majority of distribution and industrial activity requiring large scale business accommodation across the Borough is located on this site.

<sup>10</sup> VOA data 2019.

- 6.7 The total employment floorspace<sup>11</sup> is around 137,900 sq.m of which c. 5,010 sq.m is vacant (3.6%). This relates to seven vacant units of small size ranging between 200 sq.m and 700 sq.m and two partially vacant larger units.
- 6.8 IDBR data indicates a total of 222 businesses are located within this employment area supporting a total of 4,620 jobs or 6% of the total jobs recorded across RBK (as in 2019). Of these jobs 1,308 jobs (28%) relate to office sector uses, 900 jobs (20%) relate to industrial/light industrial uses and 1,490 jobs (32%) relate to distribution. In addition, a fifth of the site's employment (i.e. 925 jobs) relate to non-employment sectors.
- 6.9 The range of uses is reflected in the building typologies with a mix of small, medium and large units co-existing in this area. The condition is good overall with a mix of some poor, dilapidated but also modern units.
- 6.10 The new distribution unit at Oakcroft Road (19/00991/FUL) which relates to a replacement of older business stock is the newest development in the area. In addition, an application has been granted for the intensification of an existing unit at Roebuck Road (20/02359/FUL) with the addition of two storeys for ancillary office and storage space and the erection of a detached two-storey building for additional storage space.
- 6.11 The area has good accessibility to the strategic road network with access to the A3 and A240/Kingston Road. The public transport accessibility level (PTAL) is a moderate ranking at PTAL 1b. There are three bus stops across Cox Land servicing the area. Chessington North station is 700m south of the site providing regular South Western Railway services to London (Waterloo Station) and Surrey (via Motspur Park). Internal roads within the site are congested with on-street car parking slowing traffic flows, particularly for larger vehicles.
- 6.12 The market feedback indicated that the site is viewed as a well-established industrial location with high demand particularly for industrial and distribution uses and occupiers with any size of industrial requirements from small to larger units.
- 6.13 There are some, albeit limited, intensification and redevelopment opportunities across the area. In particular, the parking site (which is owned by the Council) at the east edge of the site could provide opportunities for additional employment provision. However, through discussions with the Council, it is understood that the site is not available in the short term. In addition, there are some older units that could be re-developed and intensified, particularly those enclosed by Davis Road and some units across Cox Lane. However, these opportunities would relate to long-term opportunities that would not be expected to yield significant additional employment space.

### **Barwell Business Park**

- 6.14 Barwell Business Park is a designated employment area (SIL) of 7.6ha. The business park is located to the south-west of Chessington South train station, on Leatherhead Road. A total of 83 units across a combined area of 56,400 sq.m is provided on-site. The business park offers a mix of manufacturing, logistics, high-tech and office accommodation in various unit sizes up to 2,500 sq.m.
- 6.15 The occupancy rate is high at 92%. There are currently six vacant units on-site that total 4,230 sq.m of immediately available floorspace which indicates a vacancy rate of 8%.
- 6.16 The IDBR data indicates a total of 42 businesses with 1,160 jobs on-site representing 1% of the overall employment provision across RBK. These jobs are broadly distributed 15% within offices, 27% in industrial and 39% in distribution-based sectors. In addition, 19% relate to other sectors.

<sup>11</sup> Footprint estimation based on Ordnance Survey 2020 data provided by RBK

- 6.17 The business park is, overall, in good condition providing modern units for small to medium businesses. The site's location - with access to the strategic road network (i.e. A243, Leatherhead Road) and short walking distance from Chessington South train station (with services in 38 minutes from central London)- means it is a relatively accessible employment location. There are also two bus stops servicing the area towards Chessington and Kingston Town Centre.
- 6.18 The market feedback is very positive for this site, with some citing it as the best example of industrial activity across the market.
- 6.19 There is no available space for expansion within Barwell Business Park. However, there are options for reconfiguration of various units to reflect market demand. There are currently three extant permissions (19/02315/FUL, 20/00180/FUL and 20/00993/FUL) in relation to change of use (to employment uses) and unit division or amalgamation to provide different scales of industrial accommodation. There is also some flexibility for upgrading or moving businesses that need to move to larger accommodation within the site through the leasing arrangements available on site (Aviva Investors "Trade-Up" initiative).

### **St George's Industrial Estate**

- 6.20 St George's Industrial Estate is a Locally Significant Industrial Location of 2.0 ha. Located in the north of the Borough, on the A307 Richmond Road, it is surrounded by residential uses. There are 29 units provided with a combined footprint of 9,430 sq.m.
- 6.21 Two units were vacant at the time of the site visits, with a combined area of 1,960 sq.m resulting in a vacancy rate of 17%. However, one of these is subject to redevelopment (19/03090/FUL), therefore the actual vacancy rate would be lower. This redevelopment will provide a new warehouse in the place of the former Nikon two-storey office building.
- 6.22 The site is mainly characterised by distribution activity with a variety of mixed wholesale retailers and merchants dominating on site's activity. The IDBR indicates a total of 13 businesses on site of which almost half relate to distribution-based sectors, 12% to office and 7% to industrial. The remaining (32%) are within retail and wholesale.
- 6.23 The overall condition of these units, excluding the office block that is subject to re-development, is good and functional. There is no obvious immediate potential for intensifying the rest of this well-established employment area as all units are currently well-occupied and in good condition.

### **Canbury Park**

- 6.24 Canbury Park lies is a Locally Significant location of 1.8 ha. It is located on the edge of Kingston Town Centre, to the north-east of Kingston train station. There are three main office and business clusters across the site, namely the Parc House office and studios (offering flexible and creative office and workspace), the Ashway Centre and Canbury Business Park (both offering light industrial flexible space for small business). In addition, the area comprises a large office building (i.e. Sitel) and premises occupied by community uses including London Orthotic Consultancy, Educare school and a police station. There is also one residential building at the north east edge of the employment area.
- 6.25 There are a total of 46 units across the site with a combined footprint of 9,540 sq.m. There are 4 vacant units occupying 230 sq. m resulting in a moderate vacancy rate of 3%. There is also a recently demolished (previously redundant) employment unit that will be redeveloped to provide ground floor office space with residential above.

- 6.26 The area is characterised by the provision of primarily office buildings and smaller industrial units providing small flexible offices and workspace. This is reflected also within the IDBR register with 87% of the 36 businesses recorded relating to office activities.
- 6.27 The buildings on site are in good condition overall, with a mix of old and modern units. This is a small and well-occupied employment area within the town centre, where there is pressure from other non-employment uses and particularly residential. This is also evident through the development activity on-site and on the surrounding area with the provision of new residential units (i.e the development allowed under planning permission 15/13013/FUL).
- 6.28 The future opportunities for this area will be mainly related to re-developing some of the low-density units (of 1- to 2-storey) to potentially utilise further these sites (i.e. 3/4-storey units) and seeking to provide modern business space alongside residential uses on the upper floors in a potential co-location context.

### **London Road**

- 6.29 London Road is an office area adjacent to Kingston Town Centre which is identified as an LSIS. It expands across London Road (A308) at an area of 1.9 ha. Due to its location and context this employment area is dominated by office activity and with some light industrial and retail uses. There is also some residential accommodation at upper floor level.
- 6.30 There are 46 employment units across the area with a combined footprint of 9,450 sq.m. Four units with a total footprint of 3,400 sq.m were vacant during the site visits, resulting in a vacancy rate of 38%. However, the largest unit (i.e. 2,300 sq.m) of these has been recently refurbished and just became available. Therefore, the actual vacancy rate is lower at 12%.
- 6.31 The IDBR data records a total of 30 businesses supporting a total of 1,272 jobs (2% of RBK's employment). The vast majority (67%) of these jobs relate to office activity, with 11% to light industrial and small distribution business activity. The remaining relate to retail, residential care and education sectors.
- 6.32 The area has recently been subject to redevelopment/refurbishment and intensification with a couple of units have been expanded recently (16/12234/FUL, 15/13171/LDP, 18/12010/FUL) and the large Wolters Kluwer office building has been refurbished. There is also an extant permission for the extension of an office building (18/00158/FUL). The area has been also subject to prior approvals, however the introduction of AN Article 4 Direction, which came into force in October 2015, has resulted in limited loss of office floorspace (i.e. two small offices lost prior to 2016).
- 6.33 The buildings are, in general, functional and well-maintained, albeit some of the stock is old. There is limited scope for intensification mainly related to a few older buildings that may have potential for future redevelopment.

### **Red Lion Road Business Park**

- 6.34 Red Lion Road Business Park is a light industrial cluster of small business parks which lies north of A3 Kingston Bypass with access across Red Lion Road/Fullers Way. The area totals 3.8 ha and provides a total of 60 small units with a combined footprint of 14,240 sq.m.
- 6.35 This area offers a good mix of small industrial workspace with ancillary parking provision. There are also large areas (covering almost a quarter of the site) of car storage and sales. Three units were vacant at the time of the site visit, and one unit had some severe fire damage, resulting in a moderate vacancy rate of 5% (760 sq.m). The market feedback suggests that the area is a good employment location with strong demand and levels of activity.

- 6.36 A total of 500 jobs relating to 44 registered businesses are recorded by the IDBR data across the site. The majority of the activity relates to light industrial and trade activities.
- 6.37 There is scope to further utilise and intensify this employment area particularly in relation to the car storage/sales sites, if these become available in the future. However, the limited accessibility may act as a constraint.

### **Silverglade Business Park**

- 6.38 Silverglade is a small, modern purpose-built business park across Leatherhead Road towards the southern edge of the Borough. The site extends to 2.2 ha in total and accommodates ten small industrial units with a combined floorspace of 7,280 sq.m.
- 6.39 One unit (of 570 sq.m) was vacant at the time of the site visits resulting in a small vacancy rate of 8%. Merlin Entertainments occupies around a third of the site, with other occupiers relating mainly to digital and advanced engineering companies.
- 6.40 The site's condition is good with relatively modern purpose-built buildings. There is no obvious scope for further employment development on-site.

### **Cambridge Road and Hampden Road**

- 6.41 Cambridge Road and Hampden Road is a small designated employment site (i.e. LSIS) of 0.7 ha located across Kingston Road about 1km south east of Kingston Town Centre.
- 6.42 A total of 16 small business units exist on-site with a combined footprint of 3,240 sq.m. Two units with a combined footprint of 530 sq.m were vacant at the time of the site visit, resulting in a vacancy rate of 16%.
- 6.43 The site mainly accommodates light industrial and car maintenance activity, and a microbrewery and taste centre. A total of 11 businesses were registered on-site with a combined employment provision of 52 jobs based on the IDBR data.
- 6.44 Overall, the units are older and in poor condition. The buildings vary from relatively functional, but old, purpose-built units across the parade at Hampden Road to older brick 2-storey buildings across Kingston Road.
- 6.45 The site in its current context does not allow for intensification, but due to the condition of the stock-in combination to the surrounding environment- this site could be redeveloped in a holistic approach to provide modern business accommodation with higher employment provision. However, fragmented ownership could constrain deliverability and may require some land assembly to take place.

### **Fairfield Trade Park, Kingsmill Business Park and Villiers Road Waste Transfer Facility**

- 6.46 This employment location is comprised of three different clusters of businesses including the Royal Mail depot cluster, Kingsmill Business Park, and the Villiers Road Waste Transfer Facility. The site lies across 5.1 ha of land on the banks of Hogsmill River and accommodates a total of 30 units with a combined footprint of 13,300 sq.m.
- 6.47 Occupancy is high (97%) with vacancies mainly relating to five small units in Kingsmill Business Park. The business park offers small and flexible office and light industrial space through 20 units. At the time of the site visit, a total of five units with a combined footprint of 460 sq.m were vacant. Adjacent to the south lies the Ambulance and First Aid Training Unit.

- 6.48 The Royal Mail depot cluster comprises four large warehouses, one occupied by Royal Mail and the other three by construction engineers/wholesalers (i.e. Volante, Howdens and Magnet). Finally, the waste facility occupies almost half of the site comprising a large industrial unit and two smaller premises with a combined building footprint of c.3,500 sq.m. Overall, the premises are in good condition.
- 6.49 The site is accessed via Villiers Road and it is surrounded by open space. The key constraint is the congested network and the HGVs flowing to and from the Waste Transfer Facility. There would be scope to intensify the site in the long term with reconfiguration of the waste facility or if there was an option for it to be relocated, however consultation with the Council's waste team indicates that this is unlikely to be possible for the foreseeable future. There may also be some potential to intensify Kingsmill Business Park and develop the Ambulance and First Aid Training Unit site to increase employment provision.

### St John's Industrial Area

- 6.50 St John's Industrial Area (LSIS) extends to 9.1 ha along the A2043 west of the rail line. The site is within walking distance of New Malden train station, 1 km from New Malden town centre and 2 km from Kingston Town Centre.
- 6.51 There are a total of 102 units within the site with a combined footprint of 36,875 sq.m. At the time of the site visits, a total of seven units were vacant with a combined footprint of 1,300 sq.m, resulting in a low vacancy rate of 3.5%.
- 6.52 The semi-central location and its proximity to town centres makes the site attractive to residential uses together with other employment and retail uses. This is evident in the recent planning history across the site with a number of permissions for change of use to residential<sup>12</sup>. In addition, parts of the site have recently been redeveloped for student accommodation.
- 6.53 According to the IDBR data, a total of 117 businesses are registered across the site with a combined employment of 1,150 jobs. However, 60% of these jobs relate to non-employment sectors reflecting on the current pressures from other uses across the site. As a result, it is estimated that at least 40% of the site's area relates to non-employment uses.
- 6.54 Moreover, the access configuration makes the site unsuitable for any activity requiring significant traffic and HGV movement. The condition of the existing building stock varies, albeit some of the units are in poor condition.
- 6.55 Compared to many of the other designated employment areas in the Borough, this site has a diverse character and has seen more encroachment of other non-employment uses. In this context, the employment role of the site is at risk of gradually becoming further undermined.

<sup>12</sup> 18/14633/FUL - Demolition of the existing building and redevelopment of the site to provide 37 residential units in a part 5 and part 7 storey building with associated plant, car parking and landscaping  
 18/14097/FUL - Change of use to a minicab office with call taking/admin facilities only  
 18/14723/PNO, 16/15091/FUL, 15/14987/FUL (All Refused) - Change of Use of first floor from Office (Use Class B1) to Residential (Use Class C3)  
 16/15030/FUL (Refused) - Change of use of part of motor vehicle sales yard and erection of single storey building for restaurant (A3 Use Class) and associated parking.  
 15/15331/FUL (Completed) - Demolition of existing office buildings and public house, and erection of four to six storey building with 310 bedspace student accommodation, incorporating 146 cycle parking spaces and new landscaping. (14/14459/FUL)  
 18/14228/FUL - 183 Kingston Road New Malden KT3 3SS - Change of use of ground floor to Cafe and Delicatessen (Class A3) and alterations to shopfront (17/15155/FUL)  
 17/14555/PNO - Change of use from B1 Offices into C3 (Dwellings) comprising of 28 Flats. (Granted)  
 16/12458/FUL - Demolition of office building, three commercial buildings, toilet block & portacabin and construction of five new buildings (B1a, B1C, B2 and B8) and associated works. (Granted)  
 20/01966/FUL - Adams House and 5-8 Dickerage Lane New Malden KT3 3SF - erection of part-four and part-eight storey mixed use building comprising 641 sq.m commercial floorspace (Use Class B1(c)) and 40 self-contained residential units above (Pending Consideration)

6.56 The Council owns parts of this site; however, the remainder is subject to fragmented ownership that constrains a potential holistic re-development in short and medium terms. The site may warrant a comprehensive approach to redevelopment in the longer-term. In the meantime, it would be appropriate for the current designated boundary to be amended to reflect the recent developments that have resulted in losses of employment space over recent years.

### Other non-designated employment areas

6.57 As part of the assessment of employment supply, a high level appraisal has also been undertaken of areas referred to as 'Other Employment Sites' within the 2014 Economic Analysis Study to understand if these areas have the capacity and suitability to accommodate additional employment requirements. Appendix 4 lists the details of the assessment for each of these sites.

6.58 In summary, these locations provide some scattered employment sites, mainly office buildings. A lot of them are, or have been, recently subject to residential-led redevelopment. The remaining employment stock within these locations, whilst generally still being functional and in reasonable condition, has higher vacancy rates. Similar findings were presented in the 2014 study, implying that the current accommodation in these locations is not proving attractive to the market. Based on the assessment, it is not considered that any of these sites are likely to provide scope for additional employment development over the Local Plan period to any significant degree.

6.59 Summarised below are the assessment findings for those locations where most of the non-designated employment activity is concentrated (Appendix 4 provides details for all the non-designated sites):

- **High Street** (1.9 ha) is an active urban location in proximity to Kingston Town Centre. Office premises found within this location range from small first floor units to large office blocks, mostly of a reasonable quality. Despite a relatively prime location next to both the town centre and rejuvenated riverside, a high proportion of premises are vacant. This was also evident in the 2014 Study.
- **Surrey County Council Buildings** (1.9 ha) is a small site containing the Grade II listed Surrey County Hall and the adjoining office buildings. The site is currently advertised for sale. Recent planning activity (20/02462/EIASCO) indicates potential for the site's redevelopment to provide a residential-led scheme.
- **Norbiton Area** (17.6 ha) is mainly a residential area with some employment and mainly retail provision on the ground floor across the main road network. Several office premises are situated along the A308 but with high vacancy rates. Traffic is congested across this area. It seems that the area could serve secondary office demand however the vacancy rates imply that the stock is not currently commercially attractive.
- **Southsea Road** (1.7 ha) is a small site located on the A240 between the main urban centres of Kingston and Surbiton. It comprises light industrial units across Southsea Road that cater for small to medium sized firms mixed with residential accommodation. Across A240 there is mainly retail activity at ground floor with residential above. The site has low vacancy rates despite the old and poor condition of the premises, fulfilling the needs for lower end of the market accommodation. Due to the condition of the environment redevelopment opportunities might rise, but then these will not correspond anymore to the lower end commercial segment that these serve currently.
- **Horace Road Area** (7.2 ha) is a mainly residential area with university uses. The main employment activity is concentrated across Horace Road with the provision of Princess Mews, the Princes Court office building that houses CS Healthcare (Bupa) and the adjacent office building that is used by a funeral company. During the site visits, Unit 7 in Princes

Mews and some of the office accommodation in Princess Court were vacant. This area offers secondary office provision in a semi-central location. There is no obvious scope for additional employment provision on-site and the site's attractiveness for additional workspace could be further reduced by congestion from on-street parking.

## Summary

- 6.60 Overall, the assessments of existing employment areas indicate that the Borough contains a reasonable range of employment sites of differing quality and type, totalling around 99 ha (i.e. 69 ha of designated areas and 30 ha of non-designated employment locations). Many of the sites have some element of non-employment uses.
- 6.61 All of the sites generally function well with high occupancy rates in most cases. The overall quality of existing employment sites corresponds well to local needs with all sites being of at least average quality. The assessment process identified two comparatively poorer performing sites that could be potentially subject to re-development, at Cambridge Road/Hampden Road and St John's Industrial Area.
- 6.62 There are three sites, namely Fairfield Trade Park/Kingsmill Business Park/Villiers Road Waste Transfer Facility, Red Lion Road Business Park and Chessington Industrial Area, where there could be scope for additional employment provision. However, a comprehensive approach to redevelopment would be likely to yield greater floorspace and more optimal layout or co-location of uses, compared to intensification on an individual plot-by-plot basis.

## 7.0 Demand and Supply Balance

7.1 This section draws together the forecasts of future employment land needs in section 5.0 and the emerging supply to identify any need for more provision of employment space, or surpluses of it, in both quantitative and qualitative terms.

### Quantitative Balance

7.2 Based on the conclusions of section 5.0, there is an identified need for up to 59,050 sq.m of employment space to 2041 which includes a safety margin to allow for delays in sites coming forward for development and to provide some flexibility over the Plan period. The land requirements associated with these amounts of employment floorspace were estimated at 8.77 ha.

### Emerging Supply

7.3 The pipeline supply of employment space in the Borough comprises sites with extant planning permission for employment use floorspace (including those under construction) as recorded by the London Development Database (as at December 2020). On this basis Table 7.1 indicates a total of -8,220 sq.m of net additional employment floorspace in Kingston across the Plan period – i.e. an overall loss of floorspace, with a net gain of distribution floorspace being offset by losses of (mainly) industrial and some office floorspace.

Table 7.1 Employment Supply in Kingston

Source of Supply	Net Employment Space (sq.m)			
	Office	Industrial/Light Industrial	Distribution	Total
<b>Extant Permissions – Emerging Supply Position</b>	-1,650	-9,670	3,100	-8,220

Source: LDD / Kingston Borough Council / Lichfields analysis (rounded figures)

7.4 A broad comparison of estimated demand for employment use space against all currently identified supply, as shown in Table 7.2, implies that there would not be sufficient employment space in quantitative terms to accommodate any of the scenarios apart from Scenario 3 (past development trends) where the requirement is negative in any event. The identified shortfall varies between 43,445 sq.m and 67,270 sq.m.

Table 7.2 Demand – Supply Position of employment space in Kingston to 2041 (sq.m)

	Scenario 1: Pre Covid-19 Labour Demand	Scenario 2: Post Covid-19 Labour Demand	Scenario 3: Past Trends	Scenario 4: Labour Supply (964 dpa)	Proposed Requirements (Combined Scenario)
Employment Requirements	37,940	37,290	-58,280	35,225	59,050
Employment Supply	-8,220				
<b>Surplus (+) / Shortfall (-)</b>	<b>-46,160</b>	<b>-45,510</b>	<b>50,060</b>	<b>-43,445</b>	<b>-67,270</b>

Source: Lichfields analysis

## Needs of Different Employment Uses

7.5 Beyond the headline demand-supply balance, the availability of a choice of sites in the market is also important for meeting the needs of different employment sectors within the Borough. Therefore, the potential supply of employment space for office, industrial and distribution uses has been compared with the estimated need arising for these uses under each scenario (Table 7.3).

Table 7.3 Demand – Supply Position of different employment uses in Kingston to 2041 (sq.m)

	Scenario 1: Pre Covid-19 Labour Demand	Scenario 2: Post Covid-19 Labour Demand	Scenario 3: Past Trends	Scenario 4: Labour Supply (964 dpa)
<b>Office Space</b>				
Employment Requirements	46,550	42,750	-49,840	42,970
Employment Supply	-1,650			
<b>Surplus (+) / Shortfall (-)</b>	<b>-48,200</b>	<b>-44,400</b>	<b>48,190</b>	<b>-44,620</b>
<b>Industrial and Light Industrial Space</b>				
Employment Requirements	-8,030	-3,140	6,950	-7,265
Employment Supply	-9,670			
<b>Surplus (+) / Shortfall (-)</b>	<b>-1,640</b>	<b>-6,530</b>	<b>-16,620</b>	<b>-2,405</b>
<b>Distribution Space</b>				
Employment Requirements	-585	-2,315	-15,390	-480
Employment Supply	3,100			
<b>Surplus (+) / Shortfall (-)</b>	<b>3,685</b>	<b>5,415</b>	<b>18,490</b>	<b>3,580</b>

Source: Lichfields analysis

7.6 This analysis indicates that:

- **Offices:** there would not be sufficient supply available to meet office requirements across all scenarios except for Scenario 3 (Past Trends). The shortfall varies between 44,400 sq.m (under Scenario 2) and 48,200 sq.m (under Scenario 1).
- **Industrial, including light industrial:** there would not be sufficient supply available to meet industrial requirements across all scenarios. A shortfall between 1,640 sq.m and 16,620 sq.m is identified compared to employment requirements derived by Scenario 1 and Scenario 3, respectively.
- **Distribution:** a surplus of supply is identified for distribution uses under all scenarios ranging from 3,580 sq.m (under Scenario 4) to 18,490 sq.m (under Scenario 3).

7.7 This demand-supply balance analysis assumes that all outstanding planning permissions will come forward in full during the Plan period. Any deviation from this assumption could potentially have an effect on the balance of space within Kingston to 2041, particularly in regard to compounding the shortfall of employment space under some of the growth scenarios.

## Supply Position Sensitivity Testing

7.8 Based on the demand-supply position the Council needs to consider options for increasing supply to meet the employment requirements across the Plan period. There is currently an identified shortfall of c 67,270 sq.m against the proposed employment requirements.

- 7.9 In line with London Plan 2021, the Borough should further utilise the existing employment land through the intensification of existing employment designations. On this basis, the Council is currently assessing the options of utilising further some of the designated employment sites through the accompanying Part 2 study. A number of options have been assessed to identify how these employment designations could be better utilised and contribute to meeting future needs.
- 7.10 Overall, the options identified could yield an additional (net) employment gain of 40,000-43,000 sq.m of employment floorspace. This translates to c 27,000 sq.m of light industrial, 12,000 sq.m of industrial and 2,500 sq.m of distribution uses. Some office provision could also come forward on these sites, albeit the office provision is mainly expected to come forward within Kingston and Surbiton Town Centres.
- 7.11 This additional provision could reduce the outstanding shortfall of employment land, mainly in relation to the industrial and distribution uses rather than offices. However, at this stage, the deliverability of this additional employment provision has not been assessed in detail.
- 7.12 There are also some intensification opportunities identified through the rest of the employment designations as presented in section 6.0 and Appendix 4. In particular, potential intensification opportunities have been identified in the Chessington Industrial Area and Red Lion Business Park. As a sensitivity test, it has been assumed that those areas could yield up to 2,500 sq.m of employment space, assuming average plot ratio of 0.4<sup>13</sup>.
- 7.13 If it were assumed that all of these opportunities come forward during the Plan period, the potential supply position would total 36,780 sq.m (Table 7.4).

Table 7.4 Potential Emerging Supply Position

Source of Supply	Net Employment Space (sq.m)			
	Office	Industrial/Light Industrial	Distribution	Total
Extant Permissions – Supply Position	-1,650	-9,670	3,100	-8,220
Intensification & Exploration Exercise (Part 2 study)	-	40,000	2,500	42,500
Other Intensification Opportunities in Chessington SIL and Red Lion Road LSIS	-	2,500		2,500
<b>Potential Emerging Supply Position</b>	<b>-1,650</b>	<b>38,430</b>		<b>36,780</b>

Source: Urban Silence and Lichfields analysis

- 7.14 Whilst this would significantly increase the supply position particularly for industrial and distribution uses, it will still result in an overall shortfall of -22,300 sq.m, reflecting a shortfall of 44,400 sq.m of office floorspace but a potential surplus of 22,130 sq.m of industrial and distribution space.

## Summary

- 7.15 According to the PPG<sup>14</sup>, the analysis of the supply and demand position is intended to allow policy makers to identify whether there is a mismatch between quantitative and qualitative supply of and demand for employment sites. This enables an understanding of which market segments are over-supplied and which are undersupplied.

<sup>13</sup> Council's Car Park assumed to provide the additional employment space

<sup>14</sup> Paragraph: 029 Reference ID: 2a-02920190220

- 7.16 As analysed above, the emerging supply position in the Borough based on extant permissions implies a total loss of 8,220 sq.m. The Borough will therefore need to consider some new sources of supply if the future employment space requirements are to be met. However, there are some potential intensification opportunities that have been identified within the existing employment areas that could, if delivered, result in an additional supply of up to 36,780 sq.m.
- 7.17 Compared to the identified employment requirements, there would not be sufficient supply to accommodate the office requirements with an identified shortfall of 44,400 sq.m. Office demand is expected to be mainly concentrated in Kingston town centre and Surbiton, and probably over the medium to longer term. This could be accommodated through new (and more intensified) developments within the town centres, new mixed-use developments in accessible locations and in proximity to the town centres, and to a lesser extent through the identified intensification opportunities in the main employment areas.
- 7.18 In terms of industrial and distribution uses, there would be potentially sufficient supply to accommodate industrial and distribution uses if the intensification opportunities (potential emerging supply position) come forward across the Plan period. That would result in a surplus of 22,130 sq.m of industrial and distribution space. If those opportunities do not come forward, there is an identified combined shortfall of 13,040 sq.m (i.e. -16,620 for industrial and 3,580 for distribution space).
- 7.19 This demand/supply position is, therefore, highly sensitive to the achievability of employment site intensification opportunities across some of the Borough's key employment sites, and their ability to deliver the quantum and type of employment floorspace that has been identified.
- 7.20 Through policy, the Council should seek to maintain diversity and choice of sites as far as possible. It is understood based on consultation with commercial property agents that the additional office provision should be concentrated mainly within Kingston and Surbiton centres, while industrial provision should be distributed across the designated areas with a particular focus on opportunities for smaller units up to 300 sq.m.

## 8.0 Conclusions and Policy Considerations

8.1 This section draws together the overall conclusions and considers potential policy approaches to delivering appropriate levels of employment space in RBK for the emerging Local Plan to 2041.

### Meeting future employment needs

8.2 A total of seven different scenarios, including four main scenarios and three sensitivity tests, are considered in Section 5.0. These indicate the broad scale and type of growth arising from different approaches to modelling RBK's future employment space needs. The overall employment floorspace requirements related to these scenarios range, in quantitative terms, from -58,280 sq.m to 37,940 sq.m during the period 2019-2041. These imply in broad terms between a surplus of 7.59 ha and a need for 3.34 ha of employment land.

8.3 In accordance with PPG, the Council should also take account of qualitative factors such as the commercial market trends and requirements, engagement with businesses, wider market signals relating to economic growth and longer-term economic cycles. In this context, the assessment has been informed by the commercial market intelligence and business feedback (Section 4.0), the review of overarching strategies and policies (Appendix 6), the analysis of employment and business trends (Section 2.0) and development rates growth across RBK and the wider South London (Section 3.0). These trends are summarised below:

- **Evidence Review (Appendix 6.0):** The London Plan 2021 identifies the Borough as part of the 'Crossrail 2 South' opportunity area, with an indicative target for RBK of 5,000 new jobs to 2041. The expectation is that Crossrail 2 could be delivered by the early 2030s and improve Kingston town centre's attractiveness as an office location building on links with Kingston University (although funding for Crossrail 2 has been currently deprioritised by the Government and Transport for London). London Plan policies also aim to improve the quality, flexibility and adaptability of office space; exploring the scope for reuse of large office space for smaller units; and providing support in principle for redevelopment and intensification. Kingston town centre is identified as having the capacity, demand and viability to accommodate new office development as part of mixed-use development, while New Malden, Surbiton and Tolworth should protect small office capacity. The retention, enhancement and provision of additional industrial capacity should be prioritised in locations including those that are accessible via the strategic road network, provide capacity for micro businesses and SMEs, are suitable for "last mile" distribution services, and support access to supply chains and local employment. Industrial and distribution uses should be intensified, including within selected parts of SIL or LSIS, to support the delivery of residential and other uses.
- **Employment and business trends (Section 2.0):** RBK has recorded a reasonable level of job growth over the last 22 years of 16%, however the proportion of jobs in employment uses has seen a decrease of 7% driven mainly by the declining industrial and distribution employment, while office job growth increased by 5%. The Borough has a service-based economy, with dominant sectors being administration and support, education and professional services, which have experienced relatively strong employment growth over the last 22 years, and retail, which is the only key sector showing a decrease across the same period. RBK's business base is dominated by SMEs distributed across the Borough but tend to be concentrated in and around the key town and district centres. A total of 13% of the overall employment is concentrated in the employment designations. There has been an increase in the unemployment rates from 3.0% to 4.8% as a result of the Covid-19 pandemic.

- **Development rates (Section 3.0):** RBK has one of the smallest stocks of employment space across South London at 558,000 sq.m. This has reduced in recent years, with a decrease of 7.8% on the office and 16.1% on the industrial stock. Office space tends to be concentrated within and surrounding the key town and district centres, rail and main roads routes. In contrast, industrial space is mainly distributed across the Borough's ten employment designations. The Borough has seen limited new development over the last few years, with B2 manufacturing uses representing the only type of employment development that has recorded a net gain, albeit marginal. Losses of office space have been consistent and significant in the period following the introduction of PD rights.
- **Employment Space in South London (Section 3.0):** The majority of authorities adjoining Kingston are characterised by constrained employment space with decreasing capacity. Whilst this means they are unlikely to be able to compete to attract investment away from Kingston, they will likely face similar capacity issues with regards to planning for business growth and will continue to face increasing pressures on employment land from higher value uses.
- **Property market assessment (Section 4.0):** Kingston and Surbiton town centres are the main focus for office demand across the Borough. Agents reported that the demand is driven by the lack of supply given there has not been any significant office development over the last thirty years. While the pandemic has impacted the office market in the short term, over time there may be opportunities for the Borough to grow local demand and attract new growth. RBK is perceived as a good industrial location and there is demand sufficient to justify speculative industrial development, particularly for small units up to 300 sq.m. However, the majority of existing industrial sites do not have significant capacity to accommodate further development and local commercial agents report being unable to satisfy demand for small scale industrial space pointing to a need for new industrial development alongside the redevelopment of older less efficient sites. There is also the scope to expand small firms and start-ups accommodation given the profile of Kingston's business base as well as the presence of two major higher/further education institutions which generate spin-outs and start-ups.

8.4 Synthesising the analysis, it is considered that the employment requirements which better reflect RBK's economic context, trends and potential total **59,050 sq.m or 8.77 ha**. This is a combined requirement of the different needs identified by each employment use, as detailed below:

- **Offices:** requirements vary between -49,840 sq.m to 46,550 sq.m. The commercial market only reported modest levels of activity in recent years and has been characterised by significant losses/conversions of older office accommodation. A shift towards greater home-working in the aftermath of the Covid-19 pandemic may also impact the future scale of requirements. However, a view of longer term growth potential over the Local Plan period is required, and the London Plan does support the development of office activity in Kingston (particularly if Crossrail 2 is delivered). In this context, it is considered that the lower end of the above range, once past trends are excluded, of **42,750 sq.m** (i.e. scenario 2) represents an appropriate planning basis for future office requirements.
- **Light industrial:** requirements vary between -4,210 sq.m to 5,620 sq.m. The commercial market has reported significant demand for industrial units up to c. 300 sq.m. On this basis, it is considered that the upper end of the range of **5,620 sq.m** (i.e. scenario 2) represents an appropriate planning basis for future light industrial requirements.
- **Industrial:** requirements vary between -8,760 sq.m to 11,160 sq.m. As mentioned above, the market's feedback has reported significant demand for industrial units. On this basis, it

is considered that the upper end of the range of **11,160 sq.m** (i.e. scenario 3) represents an appropriate planning basis for future industrial requirements.

- **Distribution:** requirements vary between -15,390 sq.m to -480 sq.m. The market feedback has reported that there is not a significant distribution market in the Borough, but demand for last mile distribution space is increasing significantly. As a result, it is considered that the upper range of the scenario requirements of **-480 sq.m** (i.e. scenario 4) is more reflective of the market position. In reality, it may be prudent to plan for a modest level of positive growth in this sector, or at least consider the extent to which distribution and industrial needs (for which there is a greater positive requirement) can be met alongside each other to give flexibility.

8.5 Once these requirements are compared against the latest employment land supply position, which imply a future loss of 8,220 sq.m (mainly driven by losses of industrial and light industrial space), there is an identified shortfall of 67,270 sq.m.

8.6 Section 7.0 presents an analysis of the potential emerging supply position that could come forward, if the Council were to proactively support and deliver intensification opportunities across some of the employment areas in line with the options considered in the Part 2 study. This intensification could address the Borough's industrial and distribution needs, but result in a shortfall of 22,300 sq.m which will be mainly related to accommodating additional office space.

8.7 This demand-supply position is, therefore, highly sensitive to the achievability of employment site intensification across some of the Borough's employment areas, and their ability to deliver the quantum and type of employment floorspace that has provisionally been identified by the exploratory exercise.

8.8 It suggests that proactive intensification of some of RBK's existing employment areas will be an important part of the strategy for accommodating the Borough's economic and market needs over the Plan period, and further work should be undertaken by the Council to refine specific opportunities to intensify and co-locate business uses across the employment areas. This approach is in line with principles set out in the London Plan.

8.9 In the absence of delivering such intensification opportunities, the Council would need to explore alternative options for accommodating employment needs.

### Office uses

8.10 The demand for office space within the Borough is largely related to smaller occupiers and local SMEs that operate across a range of sectors and require good quality modern premises. There is also demand from small businesses wanting to locate in the area due to its good accessibility, attractive town centre environments and comparatively more affordable space compared to neighbouring centres such as Wimbledon and Richmond.

8.11 Kingston Town Centre is the most preferable location among the office occupiers followed by Surbiton, where recently there has been an increased demand from office-based occupiers due to mainly its high accessibility levels. Other centres such as New Malden and Tolworth tend also to concentrate some demand but these are mainly considered as locations for secondary office activity.

8.12 The market across Kingston and Surbiton centres was defined as strong and steady pre-pandemic. The longer-term effects of Covid-19 on the office market are still unclear, but the market view is that there will eventually be recovery alongside the sector adjusting to more flexible models based on how different occupiers make use of offices in the future and,

ultimately, how much space they need. This is also evident through the most recent economic forecasts that expect a rebound in office-based sectors within the next couple of years.

- 8.13 According to the market feedback, there has been a constrained supply of Grade A office space in the Borough over the last few years with limited new development activity mainly relating to refurbishments or re-development of existing stock. In addition, losses of office space have been consistent, with the introduction of PD rights accelerating this trend over the last eight years. The Borough lost about 11% of its office stock between 2013 and 2019, equivalent to 4,270 sq.m per annum. These losses may undermine further the ability of the Borough to offer a competitive stock of offices to meet current and future business needs. However, agents reported that these losses have helped to release redundant and underused space which has in turn strengthened rental levels for the better quality stock that remains.
- 8.14 At regional level, the London Plan 2021 suggests that an increasing office activity could come forward in Kingston as part of Crossrail 2 and the development of the ‘Crossrail 2 South’ Opportunity Area, which aims to deliver 5,000 new jobs in Kingston to 2041. This is also supported by the South London sub-regional employment study (2018), which concludes that Kingston Town Centre could be re-invented as a major office centre in the sub-region. As a result, there are overarching factors suggesting that the office activity in Kingston is expected to be enhanced across the Plan period, albeit the progress of Crossrail 2 may now be delayed pending funding arrangements.
- 8.15 Considering these factors, the office requirements of 42,750 sq.m to 2041 should be accommodated at least in the medium- to long- term. In the shorter term, demand may be primarily related to better quality, modern space that caters for start-up and SME firms. This may align well with a period following the Covid-19 pandemic in which there is a shift to more flexible and remote working, and renewed interest in access to flexible workspace hubs and local office accommodation.
- 8.16 Against the emerging supply, a shortfall of office space of 44,400 sq.m (Scenario 2 against extant permissions) is identified. To provide some context, this shortfall is equivalent to 19% of the Borough’s existing stock of office space recorded by the VOA (at April 2020) that needs to be accommodated over the next 20 years. These requirements should also be viewed within the context of the long-term trend for office space that indicated a loss of 16% over the last 20 years (i.e. 2000 to 2020). If this trend continues at this scale and pace, it will become increasingly challenging to accommodate the identified shortfall across the Plan period.
- 8.17 As mentioned above, the Council is currently exploring options to intensify further employment areas. Some of these could have the potential to accommodate some of the office demand mainly in locations with good public transport accessibility levels and in urban environments near high street facilities. This could be achieved by the provision of flexible space that “blends” together a variety of office, light industrial/workshop (and possibly retail) activities (Appendix 7). This type of hybrid accommodation is currently seeing greater demand and could accommodate at least some parts of the office and industrial demand from SMEs. However, this is not expected to fully meet the identified shortfall, which based on current trends and factors would be concentrated in Kingston and Surbiton centres.
- 8.18 As a result, the emerging Local Plan should seek to support the provision of new office accommodation within the town centres, particularly in Kingston and Surbiton. Moreover, the Council could revisit the density policy in relation to Kingston Metropolitan Centre and Surbiton District Centre to enable higher-density office developments within the town centre boundaries where appropriate. Furthermore, office provision could also be supported as part of mixed-use developments in areas of close proximity to Kingston and Surbiton centres subject to viability.

## Industrial and distribution uses

- 8.19 Kingston is perceived as a reasonable industrial location with relatively strong levels of demand and low levels of vacancy, reflecting the limited supply of industrial space in the Borough, particularly of a good quality modern space.
- 8.20 Commercial agents reported that demand for industrial space in Kingston has increased, particularly for small and medium workshops and warehouses of good quality up to 300 sq.m. Small scale industrial and distribution units will continue to play an important role in supporting the Borough's local business base and providing locally-based services for the Borough's residents.
- 8.21 Vacancy rates are generally very low across all the employment areas reflecting the strong demand levels for industrial premises in the area. Increasing rental growth supports the fact that there is unsatisfied demand in the market, with industrial rents growing in recent years.
- 8.22 The lack of supply limits the potential for expansion of existing firms, whilst it may also lead to potential economic opportunities being diverted from the Borough as firms cannot be accommodated within its boundaries. The market feedback suggested that current demand is sufficient to justify speculative industrial development, and that the market would welcome new industrial development opportunities within the Borough, particularly as the existing employment designations are viewed as having limited redevelopment opportunities.
- 8.23 Considering these factors, it is considered that the Experian forecasts possibly underestimate the industrial and distribution activity in RBK and therefore the most positive forecasts for industrial and distribution uses, i.e. past trends for industrial and labour supply for distribution, are considered to best align with the qualitative factors and market signals. As a result, the combined requirement for industrial and distribution space is estimated at c. 11,000 sq.m (2.75 ha) of space. This is equivalent to 3.5% of the existing industrial stock recorded by the VOA (as in April 2020). Against the emerging supply, this results in a shortfall of 13,040 sq.m (see Table 7.3).
- 8.24 This outstanding requirement could be fully accommodated within the existing employment designations if the intensification opportunities identified in the Part 2 study come forward during the Plan period. If those opportunities are delivered entirely, there would be a surplus of 22,130 sq.m that could potentially accommodate some of the office requirements under flexible accommodation scheme provision, although the sites are within less central locations and are potentially likely to be less attractive to office occupiers.
- 8.25 In this context, it is considered that there should continue to be policy protection afforded to employment uses within the existing designations, namely the two SIL and eight LSIS areas. In addition, employment redevelopment schemes that yield additional new modern space should be encouraged. The focus should be on improving the existing supply of more modern, small to medium sized industrial units (mainly those around 300 sq.m), which could possibly be achieved through redevelopment, subdivision and refurbishment of existing units on the existing employment areas.
- 8.26 Finally, it is recommended that the boundary of St John's LSIS should be amended to reflect the recent residential and student accommodation developments across Kingston Road. Based on the review prepared as part of this study, there does not appear to be any need for alterations to the boundaries of the other designated areas.

### Alternative options for accommodating unmet needs

- 8.27 In the absence of delivering such intensification opportunities, the Council could explore alternative options of accommodating employment needs including whether needs can be met within adjoining local authorities, or potentially by releasing Green Belt to bring forward some additional land for development.
- 8.28 The former approach would need to be carefully investigated through duty to cooperate arrangements to ensure consistency with the Local Plans of the other South London authorities. However, as noted above, the wider evidence available currently suggests most of the adjoining authorities in South London face similar constraints alongside pressures on existing employment sites.
- 8.29 The option of releasing Green Belt areas would need to be robustly justified against NPPF paras 140 and 141, and if exceptional circumstances can be demonstrated. This would, for example, require a detailed assessment of the intensification opportunities identified within Part 2 or any others identified. Such a site would mainly be to accommodate the Borough's industrial and distribution needs.

### Employment Areas

- 8.30 The assessment of existing employment areas indicates that the Borough contains a good range of employment sites of differing quality and type, totalling around 69 ha of designated areas and 30 ha of other employment locations distributed across the Borough.
- 8.31 All the sites appear to function well with generally high occupancy rates. The overall quality of existing employment sites corresponds well to local needs with all sites of at least average quality.
- 8.32 The assessment process identified two comparatively poorer performing sites that could be potentially subject to re-development, including Cambridge Road/Hampden Road and St John's Industrial Area. Both these areas, together with the Fairfield Trade Park/Kingsmill Business Park/Villiers Road Waste Transfer Facility employment area, are considered in more detail within the Part 2 Study, which explores options to further utilise and intensify their employment provision.
- 8.33 There are two employment areas, namely Red Lion Road Business Park and Chessington Industrial Area, where there is some scope for additional employment provision. However, a comprehensive approach to redevelopment would be likely to yield greater floorspace compared to intensification on an individual plot-by-plot basis. The rest of the employment areas do not have obvious or immediate options for intensification.
- 8.34 All the designated employment areas perform effectively and contribute to the Borough's economic functionality. Therefore, it is considered that these areas should continue being protected for employment uses and their boundaries should remain unchanged, apart from St John Industrial Area's boundary that should be amended to exclude the residential and student accommodation developments that were delivered in the past few years.

### Other policy considerations

- 8.35 Existing policies to protect employment space will need to be reconsidered owing to recent changes to the Use Class Order, and the extension of permitted development rights. The introduction of Class E which subsumes the previous B1(a/b/c) premises means there will no longer be the same planning mechanism to control these from switching to other forms of retail, leisure and community use.

- 8.36 There is an opportunity for the emerging Local Plan to state clearly the protection of office – E(g)(i)/(ii), light industrial – E(g)(iii), industrial – B2 and warehousing – B8 uses by specifying these as appropriate within the emerging policies. This will be justified in RBK where there is pressure from other Class E uses and there is also a constrained employment land supply in general.
- 8.37 Over time, this flexibility could potentially alter the composition of existing employment areas and reduce the supply of existing employment space, particularly in those locations within the Borough that face pressure from other Class E uses. As noted in section 6.0, many of the main employment areas already have some level of non-employment uses (e.g. retail), which represent a significant proportion of floorspace in some cases (e.g. St John's Industrial Area), and this could increase through future changes of use. Furthermore, it will become more difficult for the Council to monitor these changes over time through conventional planning monitoring data as they no longer require planning permission.
- 8.38 The greater flexibility does give the opportunity developers to accommodate supporting on-site facilities such as convenience retail, gyms and other supporting uses as part of industrial estates/office developments – provided these uses are proportionate – that could be helpful in making these locations more attractive to the market and potential occupiers or supporting viability challenges where they exist.
- 8.39 The Council should also consider how the changes might be used to positively contribute to the future supply of office and light industrial space. For example, the conversion of vacant retail warehousing space to light industrial uses could provide an alternative form of supply to help address business needs in the Borough over the new Plan period, subject to the extent to which such space is required to help meet identified retail and leisure needs.
- 8.40 Where comprehensive approaches to the redevelopment and intensification of existing employment areas are being contemplated, there may be an opportunity for the wider range of activities permitted within Class E to be factored into the design from the outset, and recognising that these activities can add to the sustainability and vibrancy of employment areas.

## Monitoring

- 8.41 It is recommended that the Council continues to regularly monitor changes to employment space to identify evolving occupier/developer patterns in the Borough and inform any policy responses that will be required. This is important given the scale of employment space losses experienced in recent years, in particular through conversions to residential use, as well as growing pressure from other community uses.

## Appendix 1 Consultees

- Kingston University
- RBK Strategic Property Services
- RBK Economic Development and Partnerships
- South London Waste Partnership
- B. Cattaneo, Cattaneo Commercial
- A. Armiger, Cattaneo Commercial
- M. Walters, Snellers Estate Agents

## Appendix 2 Employment Forecasts

The table below shows the employment growth across 38 sectors in Kingston over the Plan Period, based on Experian March 2020 forecast.

Sectors	Change in Jobs (2019-2041)	% Change
Accommodation & Food Services	946	15%
Administrative & Supportive Services	3,683	21%
Agriculture, Forestry & Fishing	0	-
Air & Water Transport	0	-
Chemicals (manufacture of)	0	-
Civil Engineering	0	-
Computer & Electronic Products (manufacture of)	-103	-52%
Computing & Information Services	315	10%
Construction of Buildings	-105	-7%
Education	2,740	29%
Extraction & Mining	0	-
Finance	105	9%
Food, Drink & Tobacco (manufacture of)	-104	-26%
Fuel Refining	0	-
Health	2,746	40%
Insurance & Pensions	0	-
Land Transport, Storage & Post	422	28%
Machinery & Equipment (manufacture of)	0	-
Media Activities	0	-
Metal Products (manufacture of)	-104	-26%
Non-Metallic Products (manufacture of)	0	-
Other Manufacturing	-104	-21%
Other Private Services	210	7%
Pharmaceuticals (manufacture of)	0	-
Printing and Recorded Media (manufacture of)	-206	-52%
Professional Services	2,318	27%
Public Administration & Defence	-209	-6%
Real Estate	422	30%
Recreation	736	15%
Residential Care & Social Work	2,327	48%
Retail	524	5%
Specialised Construction Activities	210	7%
Telecoms	0	-
Textiles & Clothing (manufacture of)	0	-
Transport Equipment (manufacture of)	0	-
Utilities	0	-
Wholesale	-314	-7%
Wood & Paper (manufacture of)	0	-
<b>Total</b>	<b>16,453</b>	<b>17%</b>

Source: Experian (March 2020) / Lichfields analysis

The table below shows the employment growth across 38 sectors in Kingston over the Plan Period, based on the Experian September 2020 forecast.

Sectors	Change in Jobs (2019-2041)	% Change
Accommodation & Food Services	841	13%
Administrative & Supportive Services	3,895	22%
Agriculture, Forestry & Fishing	0	-
Air & Water Transport	0	-
Chemicals (manufacture of)	0	-
Civil Engineering	0	-
Computer & Electronic Products (manufacture of)	-103	-52%
Computing & Information Services	315	10%
Construction of Buildings	-105	-7%
Education	3,058	32%
Extraction & Mining	0	-
Finance	210	18%
Food, Drink & Tobacco (manufacture of)	-104	-26%
Fuel Refining	0	-
Health	3,278	48%
Insurance & Pensions	0	0%
Land Transport, Storage & Post	316	21%
Machinery & Equipment (manufacture of)	0	-
Media Activities	0	-
Metal Products (manufacture of)	-104	-26%
Non-Metallic Products (manufacture of)	0	-
Other Manufacturing	-104	-21%
Other Private Services	210	7%
Pharmaceuticals (manufacture of)	0	-
Printing and Recorded Media (manufacture of)	-206	-52%
Professional Services	1,895	22%
Public Administration & Defence	-105	-3%
Real Estate	422	30%
Recreation	841	17%
Residential Care & Social Work	2,540	53%
Retail	419	4%
Specialised Construction Activities	315	11%
Telecoms	-104	-26%
Textiles & Clothing (manufacture of)	0	-
Transport Equipment (manufacture of)	0	-
Utilities	0	-
Wholesale	-314	-7%
Wood & Paper (manufacture of)	0	-
<b>Total</b>	<b>17,305</b>	<b>18%</b>

Source: Experian (September 2020) / Lichfields analysis

The table below presents employment growth in RBK across the Plan period based on London's Sectoral Growth as part of Sensitivity Test 2.

Sectors	London Annual Growth Rate per Sector	Kingston 2019	Kingston 2041	Change 2019 - 41	% Change 2019-41
Primary & utilities	-1.1%	106	80	(26)	-24%
Manufacturing	-1.9%	2,284	1,303	(982)	-43%
Construction	0.7%	3,150	3,627	477	15%
Wholesale	-0.9%	4,539	3,623	(915)	-20%
Retail	0.1%	8,785	9,002	217	2%
Transportation and Storage	-0.5%	1,801	1,581	(220)	-12%
Accommodation and food service activities	0.9%	5,600	6,780	1,179	21%
Information and Communication	1.2%	3,864	4,905	1,040	27%
Financial and insurance activities	0.3%	1,263	1,338	75	6%
Professional, Real Estate, Scientific and technical activities	1.4%	7,598	10,059	2,461	32%
Administrative and support service activities	0.8%	12,766	15,143	2,377	19%
Public Admin and defence	-0.5%	3,069	2,741	(328)	-11%
Education	1.1%	7,709	9,676	1,968	26%
Health	0.7%	11,045	12,938	1,893	17%
Arts, entertainment and recreation	1.1%	3,849	4,801	952	25%
Other services	0.4%	1,882	2,008	171	9%
<b>Total</b>	<b>0.7%</b>	<b>79,311</b>	<b>89,605</b>	<b>10,294</b>	<b>13%</b>

Source: GLA Economics 2017/ Lichfields analysis

## **Appendix 3 Experian Methodology**

# Data Guide

UK Regional Planning Service  
September 2020



Our main subscription website:

<https://www.experian.co.uk/business/business-information/market-intelligence/economic-services/>



# Data Guide

UK Regional Planning Service  
September 2020

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# Executive summary

This document outlines the current variable coverage in the June 2020 version of the UK Regional Planning Service, and the methodology behind the history and forecast.

[Appendix A](#) includes a glossary of terms.

[Appendix B](#) includes our definitions of the sectors.

[Appendix C](#) has the geography definitions.

[Appendix D](#) contains the most common Frequently Asked Questions

## Contact us

### Sadia Sheikh

Head of B2B Economics

T 44 (0) 207 746 8250

E [sadia.sheikh@experian.com](mailto:sadia.sheikh@experian.com)

### Ragini Madan

Senior Econometrician

T 44 (0) 207 746 8219

E [ragini.madan@experian.com](mailto:ragini.madan@experian.com)

### Rebecca Snow

Managing Economist

T 44 (0) 7966 874 720

E [rebecca.snow@experian.com](mailto:rebecca.snow@experian.com)

### Harvir Dhillon

Economist

T 44 (0) 207 742 4608

E [harvir.dhillon@experian.com](mailto:harvir.dhillon@experian.com)

### Hasnath Chowdhury

Economist

T 44 (0) 203 042 4678

E [hasnath.chowdhury@experian.com](mailto:hasnath.chowdhury@experian.com)

### Experian

Cardinal Place

6th Floor

80 Victoria Street

London SW1E 5JL

[www.experian.co.uk/economics](http://www.experian.co.uk/economics)

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# 1 Variable Coverage

To avoid implying spurious accuracy, we now round all county and local series to the nearest tenth of a unit. This means that people or job counts are now to the nearest 100 people or jobs and money counts are to the nearest £100,000, and rates are now to the nearest 0.1 percentage points. Forecasts for series with very small levels may appear to be very volatile when growth rates are considered. We, therefore, recommend viewing series with small values in levels not growth rates or considering growth rates over longer intervals than annually. Very small levels have been set to zero as they are essentially statistical artefacts.

**Figure 1.1: Variable coverage in the RPS**

- ✓ indicates that the variable is available in both the search query tool and the xls files.
- Xls indicates that the variable is available in the xls but not the search query tool.
- UK monthly forecast indicates that the variable is not produced as part of the RPS but can be found in the monthly UK macro forecast on our website.

Variable	UK	Region	County & Local Authority
<b>PRODUCTION</b>			
GDP	UK monthly forecast		
GDP by component of demand	UK monthly forecast		
Gross Value Added	✓	✓	✓
GVA by sectors	✓	✓	✓
<b>LABOUR MARKET</b>			
Employees by sector	✓	✓	✓
Self-employed by sector	✓	✓	✓
Government Trainees by sector	xls	xls	Upon request
Her Majesties Forces Total	xls	xls	Upon request
FTE Employment by sector	✓	✓	✓
Total ILO Employment – Residence based & Workplace based	✓	✓	✓
ILO Unemployment	✓	✓	✓
Unemployment rate	✓	✓	✓
Labour Force	xls	xls	Upon request
Activity Rate	xls	xls	Upon request
Inactivity Rate	xls	xls	Upon request
<b>DEMOGRAPHICS</b>			
Population: Total, Adult (16+)	✓	✓	✓
Age bands: 0-15, State Working age, State retirement 16-64, 65+	✓	✓	✓
Population by single or 5 year age band	Upon request	Upon request	Upon request
<b>HOUSEHOLDS</b>			
Nominal disposable Income	✓	✓	✓
Real disposable income	✓	✓	✓
Nominal income by component	xls	xls	Upon request
Nominal consumer spending	✓	✓	✓
Real consumer spending	✓	✓	✓
Consumer spending by COICOP category	Upon request	Upon request	
Cost of Living Index	✓	✓	
House price Index	✓	✓	Upon request
Hours worked	Upon request	Upon request	Upon request

Please note we are no longer publishing Claimant Count for Regional and Local Areas. This is due to the fact that complete data are no longer available due to the shift to Universal Credit.

## 2 Historical End-points

**Figure 1.2: Last historic data point**

Variable	UK*	Region	County & Local Authority
Gross Value Added	2020q2	2018q4	2018q4
GVA by sectors	2020q2	2018q4	2018q4
Labour market variables	2020q1	2019q3	All 2018q4 except ILO 2019q3
Income	2019q4	2018q4	2017q4
Consumer spending	2020q1	2018q4	2017q4

The historical end-point represents the last period in time for which we apply our processes to collect, calculate or derive data, details of which can be found in chapter 3: Methodology. All time-periods that are in the past but follow the historical end-point are Experian Economics' estimates.

We have not used any regional data published after January 2020 in producing this update of the RPS. It is possible that between this date and the release of the RPS some new history may have been released and/or revised.

### **Population**

The population data provided are the Office for National Statistics (ONS) 2016 mid-year estimates for 1997-2016. For England, Scotland and Wales, the 2016-based national population projections are used while 2016-based sub-national population projections for England and Scotland have been used for the first time. Sub-national projections for Wales remain 2014-based. Further information on population changes is available in [section 4](#).

### **UK forecast**

This forecast is consistent with an Experian Economics' August 2020 macroeconomic forecast which includes GVA for 2020q2. We explore this further in [section 4](#).

### **Geographic boundaries**

As of March 2020, data is published in accordance with Local Authority District Boundaries (April 2019). With the ONS gradually phasing out the publication of data on the pre-2019 local authority boundaries, it had become increasingly less credible for Experian to publish up-to-date historical data on these definitions. The table below shows those local authorities which no longer exist as individual entities (2<sup>nd</sup> column) and the name of the new local authority that has been created by their merger.

Region	Disbanded local authorities	Merged to form:
<i>East of England:</i>	Suffolk Coastal, Waveney	East Suffolk
	Forest Heath, St Edmundsbury	West Suffolk
<i>South West:</i>	Bournemouth, Christchurch, Poole	Bournemouth, Christchurch and Poole
	East Dorset, West Dorset, North Dorset, Purbeck, Weymouth and Portland	Dorset
	West Somerset, Taunton Deane	Somerset West and Taunton

# 3 Methodology

## 3.1 UK Methodology

The approach for the regional planning service takes the UK variables as exogenous, imposed from the monthly UK forecast.

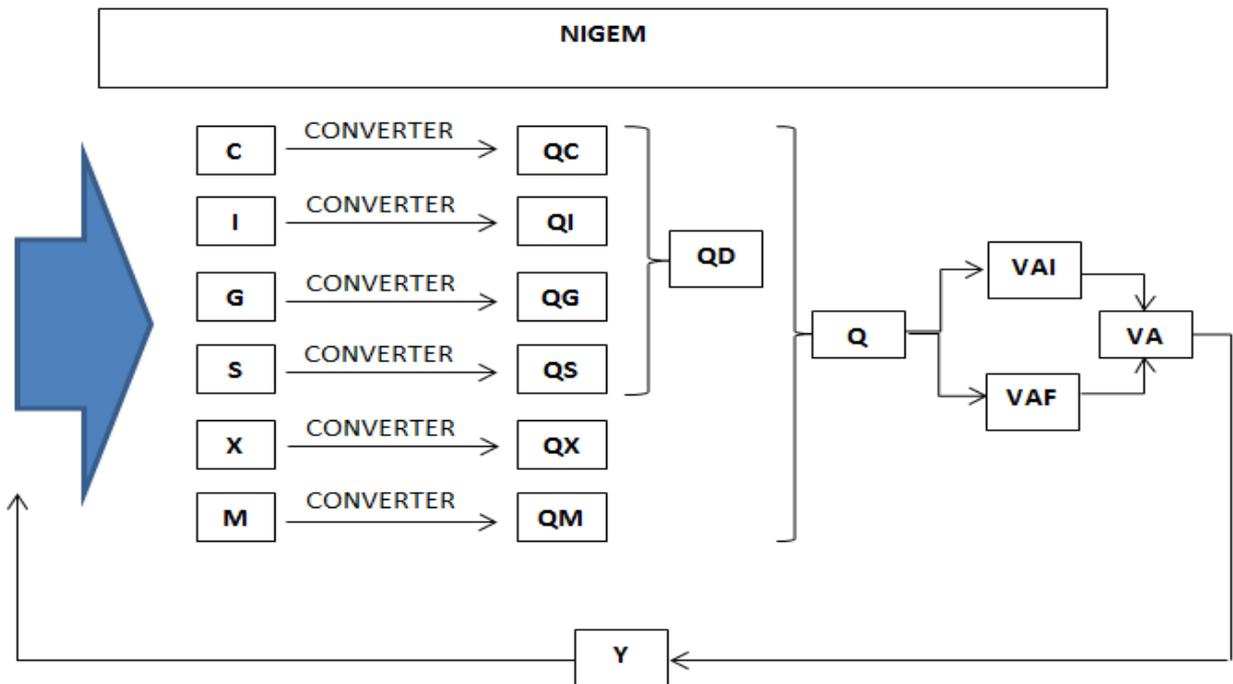
To produce the UK forecast we use a heavily customised version of the National Institute of Social & Economic Research's (NISER) model called NIGEM to provide our core macroeconomic forecast.

NIGEM is a general equilibrium model of the UK and World economy which forecasts, amongst other variables, aggregate GVA, expenditure, income and employment based on the UK National Accounts published by the Office of National Statistics.

To split this core forecast out into industries and sub-sectors we have a Sectoral Model which expands on the forecasts from the core NIGEM model.

We disaggregate total consumption (C), investment (I), government spending (G), stocks (S), exports (X) and imports (M) from NIGEM to a finer level of detail. This provides a highly detailed model of demand (Q) for industry GVA in the UK economy. Using converters derived from the ONS Supply and Use Tables, we convert demand into intermediate (VAI) and final (VAF) value added for each sector. This provides a comprehensive view of how value added is distributed across sectors. The growth rate of total value added (VA) for each industry determines its GVA (Y) growth rate. GVA is constrained in order to forecast total GVA from NIGEM. This Input-Output based model is iterative and captures intra-industry demand.

The industry GVA forecast is used together with wage forecasts to forecast employment by sector (E).



## 3.2 Regional methodology

### 3.2.1 History

All economic history used in the RPS is derived from official statistics published by the UK's Office for National Statistics (ONS). Our approach is to use existing statistics in the form they are published to the greatest extent possible. However, this is subject to the following exceptions:

- where there is a lag between an update of aggregate data and the corresponding disaggregation, the disaggregate data is constrained to match the latest aggregates;
- where ONS data is not published at quarterly frequency (for instance it is only annual data), we use a consistent methodology (described below) to construct quarterly data;
- where ONS data is not published at the geography required or in the detail required, we use a consistent methodology to add the necessary data, ensuring that it constrains to published data at a higher level of geography or detail;
- on occasion, where ONS data is internally inconsistent we apply techniques to remove these inconsistencies.

The most timely and reliable data at the regional level is the workforce jobs series, published on a quarterly frequency by the ONS. There have been revisions to estimates of Workforce Jobs going back several years caused by benchmarking to the latest estimates from the annual Business Register and Employment Survey (BRES), updating seasonal factors and taking on board late information.

Employee jobs, self-employed jobs and government trainees are published at the level of the SIC 2007 Section providing us with 22 sectors.<sup>1</sup> In order to disaggregate this Section-level data to 2-digit sectors from which we can construct the Experian 38 sectors we use official survey data:

- In the case of employee jobs, we use the Annual Business Inquiry (ABI) and Business Register & Employment Survey (BRES). These are annual surveys which are not updated after being published – further the methodology has changed over the lifetime of these surveys. We apply a principled set of rules to derive consistent employee job shares within the Sections from the surveys.
- The March 2020 RPS saw the inclusion of the 2019 BRES, which provides data up to 2018. Pre-2010 we have made a working-owners adjustment, based on an overlapping year published by NOMIS in February 2013, in line with their recommended techniques for dealing with discontinuities.
- In the case of self-employed jobs, we use data from the Labour Force Survey (LFS).

Workforce jobs is the sum of employee jobs, self-employed jobs, government trainees and Her Majesty's Forces (who are assigned at the sector level to Public Administration and Defence).

To estimate full-time equivalent employment (FTE), we use data on hours worked in each sector and region derived from the Annual Survey of Hours and Earnings (ASHE). ASHE is also used to derive wage data for each region and sector.<sup>2</sup> We also use, for this purpose, compensation of employee data from the regional accounts.

Previously, regional gross value added data (GVA), was only measured on an income basis and published annually in current prices. As of March 2020, we have included the ONS balanced estimate

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<sup>1</sup> The ONS has ceased publishing official 2-digit employee jobs data for the regions. The approach we have taken is consistent with the approach recommended by the ONS to derive 2-digit estimates.

<sup>2</sup> We do not routinely publish sector level wage forecasts; however, it is available on request.

of GVA, a new measure derived by balancing the income and production approaches to calculating GVA. The data is published in greater detail than the previous income-based estimates - which were only published at a section level - and so map more directly to Experian's 38 sectors.

Estimates of Chain Volume Measure GVA previously had to be constructed using UK industry deflators, however, official CVM estimates are now produced at a regional level. The data is produced at the same level of disaggregation as the current price data and is made quarterly using workforce jobs data, before being aggregated to produce a regional total.

While these fundamental changes to the underlying data have led to noticeable historical revisions across the 38 sectors, the inclusion of more detailed official data provides a more accurate measure of regional GVA across industries.

Income is published in the regional accounts on an annual basis with a full breakdown of income sources and deductions. Previously official sources included income from Non-Profit Institutions Serving Households (NPISH) in the household income data due to lack of credible information to split these. But more recently, the ONS has improved their data accuracy by providing income data that is 'households' only, which we have used, thereby excluding NPISH from our income estimates, in the March 2019 vintage.

Income sources are:

- compensation of employees: wages and salaries *plus* employers' social contributions
- self-employment income
- Net Property Income: made up of property income received *less* income paid
- transfers from the State (i.e. benefits and pensions)
- other Transfers

Income deductions are:

- taxes
- social contributions
- transfers to others

The sum of income sources *less* income deductions constitutes disposable income. To convert this annual data to quarterly jobs we use (depending on the component) employee jobs, self-employee jobs or the UK quarterly pattern. We constrain these quarterly series to the official UK published data. Real disposable income is obtained by deflating disposable income by the consumer price deflator.

Household spending is derived by sharing out UK nominal expenditure using regional shares of expenditure reported in the Living Costs and Food Survey by type of expenditure. Nominal regional spending is deflated by published UK deflators and then aggregated to produce a regional total. This again implicitly creates a regional cost of living measure which we also publish.

Sub-national population projections are obtained from the ONS, based on the 2016 sub-national projections for England and Scotland while Wales remains 2014-based. These are spliced onto the 2016 mid-year estimates and constrained to the latest national 2016-based projections.

Our working-age definition incorporates all announced future changes in the state pension age:

- The state pension age for women is rising from 60 to 65, equal with males. Both will then rise, in step, to 67 in our current forecast period.
- Female state retirement age began to increase from 60 in April 2012, reaching 65 by 2018q4.

- From April 2019, both men and women will see their state retirement age rise from 65 to 66, with men reaching 66 by April 2020, and women a few months later in October 2020.
- The move from 66 to 67 is scheduled from April 2026 until April 2028 for both men and women.

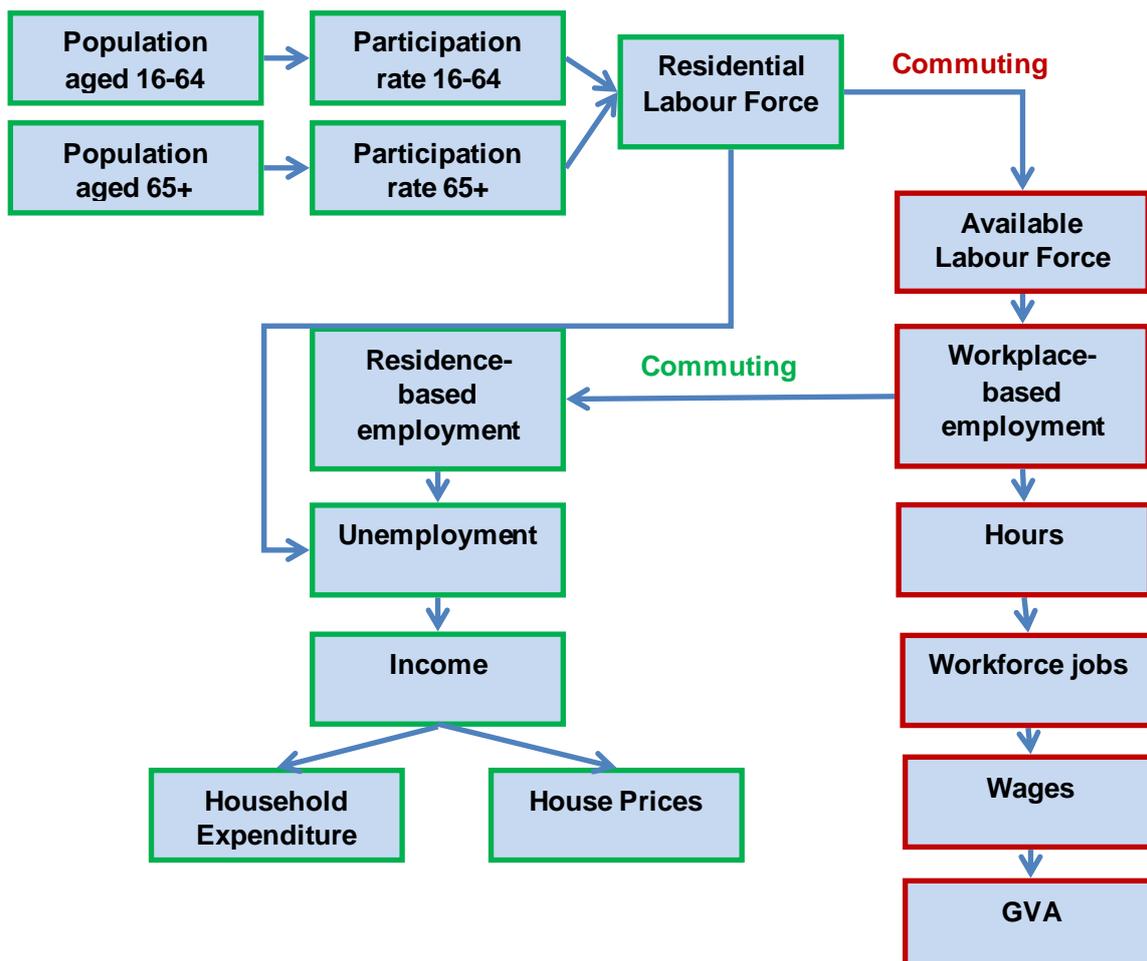
The 2013 Autumn Statement stated that the rise in state pension age to 68 would be moved forward from 2046 to the mid-2030's. However, with no firm date, we have not yet incorporated this into our working age and state retirement age definitions.

Under the current law, the State Pension age is due to increase to 68 between 2044 and 2046. Following a recent review, however, the government announced plans to bring this timetable forward. The State Pension age is now set to increase to 68 between 2037 and 2039. The policy change was announced as of July 2017

We publish the following breakdown of population: school age (ages 0-15), state working age, state retirement age, adult population (16 and over) and total. Beginning in the March 2015 RPS, we also publish both the population aged 16-64 and 65 and over. Although their respective participation rates are not published, they can be derived. Our overall participation rate is based on a ratio of the total labour force to the entire adult population (not only the working age population).

### 3.2.2 Forecast

The regional model is sequential. Each variable is dependent only on variables earlier in the sequence and not variables later in the sequence. Variables are either workplace-based (red outlined boxes) or residence-based (green-outlined boxes.) Workplace-based and residence-based variables are linked by commuting relationships derived from the 2011 Census.



The population – split into two age ranges – is taken from the National and Sub-National Population Projections. We forecast participation rates for these age bands separately as they are subject to different trends. The total residential labour force is the sum of the labour force aged 16-64 and 65-plus. The aggregate participation rate is determined by two factors:

- The participation rate of the two age bands; and
- The share of each of the two age bands in the adult population.

The participation rate for those aged 16-64 is expected to remain relatively stable throughout the forecasting period. However, the rate for those aged 65 and over will grow strongly due to factors such as increasing life expectancy and rising state pension ages.

At the UK level, the share of the adult population aged 65 and over is projected to rise sharply over the next twenty years. There is, however, considerable variation at the regional level. Greater London – the youngest region in the UK – is projected to have a stable share.

These factors combine to produce substantial variation in the labour force forecasts for different regions.

Commuting flows are used to derive the available labour force for a region. This is:

**Workers Resident in the Region – Workers Commuting Out + Workers Commuting In**

In the case of Greater London, the South East and the East of England, these flows lead to a substantial difference between the residential labour force and the available labour force. The effect is still present but less pronounced in other regions.

The available labour force is one of the drivers in forecasting workplace-based employment. The other drivers include the industry mix and the performance of industries at the UK level. If industries with a high share in the region are performing well at the UK level, this will benefit the region.

The workplace-based employment is converted back into residence-based employment. This is:

**Workplace-based Employment – Workers Living Elsewhere + Residents Working Elsewhere**

From this point, residence and workplace-based variables are solved in parallel with residence-based variables dependent on residence-based employment and workplace-based variables dependent on workplace-based employment.

The residential labour force and residence-based employment are used to calculate unemployment. Residential income is driven by employment; and itself drives house price and household expenditure forecasts.

Workplace-based employment drives aggregate hours worked, wages and GVA. These aggregate variables feed into the detailed part of the model, which produces forecasts for each industry:



In each case, we forecast shares of the region within the UK industry. We then share out the UK industry data subject to the constraint of the total that has already been determined and the UK total.

## 3.3 Local methodology

### 3.3.1 History

As at the regional level, all local economic history used in the RPS is derived from official statistics published by the ONS. Our approach to using this data is identical to that given above at 3.2.1. However, data at the local level is more likely to be incomplete<sup>1</sup> or inconsistent<sup>2</sup> than is the case at the regional level. For this reason, there is greater call for the application of techniques to construct missing data and to remove inconsistencies than is the case at the regional level.

In all cases, local area data in a particular region is constrained to match the regional total for the same variable. This has two particular advantages:

- Local data is made consistent with regional data of the same vintage.
- Where local data has been estimated or constructed, the regional data ensure that the estimates together are consistent with more reliable data.

The ONS do not publish a workforce jobs series at the local level. Accordingly, we construct workforce jobs series for each local area using BRES/ABI in the same way that BRES is used at the regional level to disaggregate section estimates. The BRES share for a particular industry of a local area in its parent region is used to disaggregate the regional workforce jobs series for that industry. As BRES is a survey, the figures over time for a particular local area industry combination can be volatile<sup>3</sup>. Further, certain years' results may be withheld to prevent disclosure of confidential data. Accordingly, to obtain sensible data it is necessary for us to smooth out this volatility and to interpolate over the gaps.

At the local level, the most timely and comprehensive data are Annual Population Survey (APS) for residence and workplace-based employment and unemployment data<sup>4</sup>. These data are obtained directly from NOMIS and then constrained to the national numbers.

In September 2015, we re-visited the relationship between local workforce jobs and workplace-based employment. The local workforce jobs (which make use of BRES shares) was benchmarked to the ILO workplace-based employment which itself has first been benchmarked to the Census 2011 point with the pattern in years either side preserved.

As with regional gross value added, the availability of data at the local authority level has been improved with the move to a balanced estimate of GVA. Sub-regional measures of GVA were previously only produced in current prices, at a NUTS2 and NUTS3 level. As of March 2020, the balanced estimate of GVA has been incorporated into the RPS which is now provided at a local authority level, in both current and constant prices.

The level of industrial detail of the data varies across sub-regional geographical levels. NUTS2 data has the greatest level of industry disaggregation with a full breakdown of SIC sections. With each subsequent geographic level, the degree of disaggregation in the official data decreases. In order to provide local area forecasts at the 38-sector level, the data had to be fully disaggregated at each geographical level.

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<sup>1</sup> For some local areas, publication of certain data by the ONS is restricted because to do so would effectively disclose individual responses to ONS data-collection surveys (e.g. if there are only one or two firms in a certain industry in a particular locality.)

<sup>2</sup> In some cases, sample sizes in ONS data-collection surveys at the local level are very small. This leads to data of comparatively poor quality and relatively high volatility.

<sup>3</sup> The volatility represents sampling variability rather than actual volatility in the population data.

<sup>4</sup> In line with ONS guidelines, we use the official model-based estimates of local unemployment that are more accurate than survey data which suffers from volatility.

In the case of NUTS3 current prices, the data is disaggregated using the industry shares in the corresponding NUTS2 and then constrained to that parent region. For local authorities that do not constitute fully a NUTS3, disaggregation takes place using local authority workforce jobs data at the industry level. These estimates are then made quarterly using workforce jobs data and aggregated to produce a nominal local authority total.

In the case of Chain Volume Measure GVA; where data is needed to be further disaggregated, implied deflators of the parent geography - NUTS2 in the case of a NUTS3 and NUTS3 in the case of a local authority - are used to deflate the nominal estimates. Due to excessive volatility in the raw GVA data, it is necessary to smooth the local authority estimates and constrain to the parent region. In some cases, this led to some magnitude of difference from the published ONS figures.

The inclusion of these new official statistics has led to noticeable historical revisions across the 38 sector forecasts, however, as is the case at the regional level, the data now provides a more accurate measure of historical activity in each local authority.

In the case of Income (which is households only<sup>1</sup>), official data is also now produced at a local authority level. This data has been incorporated in the RPS as of March 2020 and, as is the case with regional level data, a full breakdown of income is provided. Prior to this, the lowest level of geography for which the data was available was NUTS3 and this supersedes the need to disaggregate the NUTS3 data to a local level.

No estimates of household spending are provided at the local level. Household spending is, therefore, derived by using the share of local disposable income in regional disposable income.

Since June 2016, we have applied a moving average procedure to smooth the Annual Population Survey data which has resulted in revisions to our historical data.

We have not used any local data published after January 2020 in producing this update of the RPS. It is possible that between this date and the release of the RPS some new history may have been released and/or revised.

### 3.3.2 Forecast

The local authority model is run separately for the local authorities in each region and takes the regional forecast as given. Accordingly, as with local history, local forecasts are constrained to the regional forecasts of the parent region.

Our local model is based on the resolution of demand and supply for labour and it takes into account commuting between local areas within a region and across the regional boundary. The properties of the model are these:

- When unemployment is low, labour supply growth is the key determinant of growth.
- When unemployment is high, growth in demand for labour is the key determinant of growth.
- As unemployment decreases,
  - Labour supply growth becomes relatively more important
  - Growth in demand for labour becomes relatively less important
- An area's workplace employment growth depends on labour supply not only in the area but also

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<sup>1</sup> i.e. excludes NPISH as of the March 2019 vintage as ONS now provides more accurate income data by 'households' only at regional and local level

- Labour supply growth in other local areas in the region from which it has historically drawn inward commuters.
- Its historic share of incoming workers across the regional boundary.
- An area's residence based employment growth depends on demand for labour not only in the area but also
  - Growth in demand for labour in other local areas in the region to which it has historically supplied commuters.
  - Its historic share of outgoing workers commuting across the regional boundary.
- Workplace based employment drives GVA growth.
- Residence based employment drives Income and, accordingly, spending growth.

The starting point is an estimate of the growth in the participation rate of those aged 16-64 and 65-plus in a local area. These are used to derive labour force growth.

In parallel, demand for labour is estimated. This is done at the industry level by linking job growth<sup>1</sup> in a local area to growth in the same industry at the regional level and then constraining demand for jobs by industry to demand for jobs for the same industry at the regional level. The effect of this is:

- Demand for jobs at the local level is fastest in those industries which are performing best at the regional level.
- Total demand for jobs at the local level depends on its industrial structure. Those local areas which have a more than proportionate share of the best performing industries will perform best overall.

The supply and demand for labour is then resolved in the following way:

- Total demand<sup>2</sup> for jobs for each local area is converted into demand for workers according to the historic ratio between jobs and workers into that local area.
- The inflow and outflow of workers across the regional boundary is shared out between local areas according to their historic commuting patterns leading to an adjustment in
  - The remaining demand for labour for a local area (*inflow*)
  - The remaining available labour for a local area (*outflow*)
- Workplace demands for workers are converted into residence-based demands according to historic commuting patterns.
  - If unemployment is sufficiently high, these demands are satisfied out of the growth in the labour supply and the pool of available (unemployed) workers.
  - If unemployment is sufficiently low, these demands can only be satisfied out of the growth in the labour supply.
  - If unemployment is above its lower bound but not too high, a proportion of demands are satisfied out of the pool of available workers and the rest are satisfied out of the growth in the labour supply.
  - The model makes short-term adjustments in the labour supply in response to demand conditions to reflect the economic reality that
    - When demand is high, the participation rate rises as potential workers are drawn into the labour force by the relatively buoyant conditions;
    - When demand is low, the participation rate declines as disillusioned workers leave the labour force because of the poor job market conditions;
  - The unemployment rate, accordingly, behaves as expected.

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<sup>1</sup> Separately for employee jobs, self-employee jobs, government trainee jobs and Her Majesty's Forces.

<sup>2</sup> i.e. all industries and job types aggregated.

- The satisfied residence supply for labour is converted back into workplace demands and workplace-based employment is calculated for each local area. This is then converted back into jobs and used to produce final workforce jobs estimates for each local area.

The consequence of this is that:

- Local areas with high demand may not see all of that demand satisfied if there is insufficient available labour supply to meet those needs. Jobs growth will, accordingly, be slower.
- Local areas with high labour supply may not see higher growth in residence employment if there is insufficient demand for labour to use it up.

GVA growth is then forecast based on growth in workplace-based employment according to equations, which link GVA growth to workplace-based employment. Income is forecast by component based on residence-based employment (in the case of compensation for employees or self-employment), unemployment (in the case of benefits) and population in any other case. Spending depends on income by component.

## 4 Key changes since June 2020 RPS

### 4.1 UK forecast

The September RPS forecast is consistent with the August 2020 UK macro forecast. **These projections reflect the ‘Delayed-V-shape’ scenario, which is our base case. Given the uncertainty surrounding the pandemic and its impact on the economy we have produced a number of scenarios which help illustrate the different channels of impact. For details on the other scenarios please contact us.**

The latest national accounts data confirm that, since lockdown began in March, the economy has suffered an unprecedented contraction, with a record fall of 20.4% on the quarter, in 2020Q2. Early experimental estimates suggest the unemployment rate to have risen close to 5% at the end of July. Over 9 million employees have been furloughed, with close to 3 million of those self-employed receiving income support. The gradual reopening of businesses as well as government measures to stimulate the hospitality sector has seen growth return in the summer months, though new government measures aimed at suppressing the virus (curfews, increased fines) could see growth become muted.

There are signs that pent up demand triggered a surge in consumer spending as shops reopened, with Eat Out to Help Out seeing 60 million meals claimed for, and retail sales surging 16.7% in the three months to August. However, pent up demand is expected to wane, and the hit to consumer incomes as the furlough scheme unwinds will place a constraint on spending as affordability concerns come to the fore. The sustainability of the recovery will depend on the successful implementation of a track and trace scheme, which will be key for both keeping Covid-19 cases controlled and rebuilding confidence, a necessary prerequisite for consumers to return to the high street.

For now, our view is that any emerging recovery will be gradual in the near term but this could quickly unwind with more restrictions in the winter months. The pace of growth will also be curbed by ongoing supply side constraints as businesses implement social distancing measures and operate under restricted trading hours. On the demand side, consumers will remain cautious about venturing out against a backdrop of rising cases, particularly until a reliable track and trace scheme, which has been beset with challenges, is properly established. The squeeze on incomes from the rise in unemployment and furloughing will also dampen confidence and willingness to spend.

*September 2020 RPS forecast. Previous forecast (May 2020 macro = June 2020 RPS) in brackets.*

UK	2017	2018	2019	2020	2021-2027	2028-2040
GDP growth	1.9% (1.9%)	1.3% (1.3%)	1.5% (1.4%)	-11.7% (-15.4%)	3.2% (3.9%)	1.7% (1.7%)
Workforce Jobs growth	1.0% (1%)	0.6% (0.6%)	1.7% (1.7%)	-2.4% (-3.7%)	0.9% (1.1%)	0.5% (0.5%)
Unemployment rate	4.4% (4.4%)	4.1% (4.1%)	3.8% (3.8%)	6.9% (8.3%)	5.3% (5.3%)	4.0% (4.1%)
Real Income growth	1.4% (1.4%)	2.5% (2.5%)	1.3% (1.3%)	-3.2% (-5.3%)	1.9% (2.7%)	1.9% (1.9%)
Spending Volumes growth	2.2% (2.2%)	1.6% (1.6%)	1.0% (1.1%)	-13.0% (-16.3%)	3.1% (4%)	1.8% (1.8%)
House price growth	4.5% (4.5%)	3.2% (3.2%)	1.2% (1.2%)	-2.6% (-3.4%)	3.8% (4%)	4.0% (4%)

## UK Outlook

The following was the outlook in August, consistent with the regional forecast.

Our UK macro view is updated monthly and can be found on our website:

<https://analyticsondemand.experian.co.uk/discover/economics/uk-economic-forecasts/>

The latest data released by the ONS shows that GDP grew by 6.6% in July as coronavirus-related restrictions continued to ease. This follows gains of 1.8% and 8.7% in May and June respectively, but the economy remains 11.7% smaller than it was in February, before the Covid-19 pandemic struck.

Services, manufacturing, construction and agriculture all grew, by 6.1%, 5.2%, 17.6% and 1.1% respectively. Despite the gains, none of the main sectors of the economy are as large as they were in February, and growth slowed relative to June.

With the reopening of a wider number of sectors of the economy in July, including the food and accommodation sectors, it is unsurprising that output rose for a third consecutive month. Further gains are likely to show in the August and September data, supported by a boost to restaurant activity from the government's Eat Out to Help Out scheme, and the reopening of schools.

However, as we move into Autumn these easy economic wins are going to be more difficult to come by. With the number of Covid-19 cases on the rise, public health restrictions are more likely to intensify than relax in the short-term. In addition, unemployment is expected to rise markedly as the furlough scheme comes to an end in October, constraining any recovery in household incomes and spending.

### Key risks

Lockdown measures have been easing in recent months. Since August 1st many leisure settings have reopened. Social distancing has been eased, and where it is not possible to maintain two metres, one metre plus is to be kept instead. However, new restrictions introduced could see suppression measures intensify. Whilst considerably looser than the measures introduced in March, it is yet unclear how much this will drag on growth. UK output could rebound more durably if measures follow a risk-mitigation strategy surrounding Covid-19, and more quickly than in our base case if consumer confidence responds positively, facilitating a greater than projected rise in household spending.

The easing in restrictions has raised the risk of a resurgence in the virus, with local flare-ups leading to a localised form of lockdown. This has delayed the government's plans to ease restriction measures further and led to new rules on gatherings and business trading hours. If such flare-ups manifest nationwide, as government support to businesses and households unwinds, there is a real risk of a renewed recession. This could see the unemployment rate and business insolvencies spike even higher and potentially lead to greater long-term scarring to the economy.

The end of the Brexit transition period at the end of 2020 is fast approaching, and a trade deal between the UK and EU is yet to be agreed. The terms of the final deal will play a significant part in shaping the UK's economic fortunes in the long-term. The impact on external trade, foreign direct investment and migration flows are of particular importance as these influence the UK's long-term economic growth potential via labour supply and productivity. There will be a trade-off between market access and control over EU migration, so there is a real risk that the UK will have to accept significantly less favourable terms of access, which could undermine prospects for trade and investment. No adjustments have been made to the underlying population projections in our base case, but downside risks clearly exist on this front from a potential slowdown in EU migration. There is also now a significant possibility that there will be a no-deal Brexit.

## 4.2 Regional Forecast

This RPS round reflects only changes to the UK history to which our regional data is constrained.

September 2020 RPS forecast. Previous forecast (June 2020 RPS) in brackets.

Regional forecast	SW	SE	GL	ET	EM	WM	NW	NE	YH	SC	WA	NI
2019-40 ave. growth												
GVA growth	1.4% (1.4%)	1.8% (1.8%)	2.1% (2.1%)	1.7% (1.7%)	1.3% (1.4%)	1.3% (1.4%)	1.2% (1.4%)	1.0% (1.1%)	1.1% (1.4%)	1.1% (1.2%)	1.0% (1.3%)	0.9% (1.1%)
Workforce Jobs growth	0.5% (0.6%)	0.8% (0.7%)	0.8% (0.8%)	0.7% (0.6%)	0.5% (0.6%)	0.5% (0.5%)	0.4% (0.5%)	0.1% (0.1%)	0.4% (0.4%)	0.3% (0.3%)	0.3% (0.4%)	0.4% (0.4%)
Unemployment rate	4.0% (4.2%)	3.6% (4%)	5.4% (5.5%)	3.7% (4%)	4.7% (4.8%)	5.1% (5.3%)	5.2% (4.7%)	5.7% (5.8%)	4.9% (5%)	4.4% (4.3%)	4.5% (4.6%)	4.1% (4.2%)
Real income growth	1.6% (1.8%)	2.0% (2%)	1.8% (1.9%)	1.9% (1.9%)	1.5% (1.6%)	1.4% (1.5%)	1.5% (1.6%)	1.2% (1.3%)	1.5% (1.6%)	1.3% (1.4%)	1.3% (1.4%)	1.4% (1.5%)
Spending volumes growth	1.3% (1.5%)	1.8% (1.9%)	2.2% (2.3%)	1.6% (1.7%)	1.3% (1.5%)	1.2% (1.4%)	1.3% (1.5%)	1.0% (1.2%)	1.2% (1.4%)	1.1% (1.3%)	1.0% (1.2%)	1.2% (1.4%)
House price growth	3.4% (3.4%)	3.9% (3.9%)	3.8% (3.8%)	3.5% (3.5%)	3.2% (3.2%)	3.4% (3.4%)	3.5% (3.5%)	2.9% (2.9%)	2.7% (2.7%)	3.2% (3.2%)	3.2% (3.2%)	3.2% (3.2%)

## 4.3 Local Forecast

Changes to the local history are due to revisions at the UK level to which our local data is ultimately constrained.

For more information about how the history is constructed refer to [section 3.2.1](#) for regions and [section 3.3.1](#) for local authorities.

## 4.4 Population

There have been historical revisions for areas within England and Wales for mid-2012 to mid-2016 due to “improved methods for international emigration at the local authority, previously unavailable data for international immigration at the local authority level and improvements to accounting of the dependents of foreign armed forces personnel”.

We continue to include the 2016-based sub-national population projections for England and Scotland and as of the March 2019 RPS, we have accounted for revisions to the population projections. The key points highlighted in the release are:

- The populations of all regions in England are projected to grow by mid-2026; regions in the north of England are projected to grow at a slower rate than those in the south.
- London is projected to be the fastest growing region; the North East is projected to have the slowest rate of growth.
- Nearly all local authorities are projected to grow by mid-2026; the populations of just 15 local authorities are projected to fall.

- Tower Hamlets is projected to be the fastest growing local authority in England; its population is projected to grow by 17.8% between mid-2016 and mid-2026.
- The number of people in older age groups is projected to grow faster than those in younger age groups in all but five local authorities; by mid-2026, a total of 97 local authorities are projected to have a population where at least one-quarter of the population is aged 65 and over.
- Over the 10 years to mid-2026, London is the region with the fastest increase in population of those aged 65 and over; however, it remains the region with the lowest old age dependency ratio.

## 5 A note from the ONS on volatility

A change in methodology behind Office for National Statistics (ONS) employment surveys has produced widespread volatility in the historical data, particularly from 2010.

The following is an explanation directly from the ONS, please see [section 3](#) for more information on how we deal with volatility in the official data:

“A fundamental redevelopment of Workforce Jobs sources, classifications, methods and systems was recently undertaken and is explained clearly in the article ‘Revisions to Workforce Jobs’ (Barford 2010). One of the key changes highlighted in this article was the replacement of a matched-pairs estimator with a point-in-time ratio estimator, ONS’s standard method. This change was aimed at removing the bias caused by the matched-pairs method. A matched-pairs method tends to underestimate change over time, as it excludes the births and deaths of businesses in the sample. In essence, only those businesses sampled in two consecutive periods are used to produce estimates of change. This bias used to cause large revisions when the short-term employment surveys series were benchmarked retrospectively to Business Register Employment Survey (BRES) estimates. BRES is an annual survey which selects a larger sample and also uses a point-in-time ratio estimator. The point-in-time estimator includes all sampled businesses in each and every period, which reduces the bias over-time. The trade-off is an increase in volatility caused by the inclusion of the rotated part of the sample for small and medium sized businesses. Sample rotation spreads the administrative burden; ensuring businesses are selected for a limited number of periods.

Unfortunately, the volatility of regional estimates at an industry level has been far greater than anyone anticipated and in general has been met unfavourably by users, particularly those that are interested in regional data. There are a number of instances, for example, whereby businesses have been ‘rotated in’ to a particular region and served to distort the level of jobs for a particular industry, usually for a period of 5 quarters, which is the time a rotated business remains in the sample of the STES.”

Regional employment is the most timely and only source of quarterly data at this level of geography and is used to derive the quarterly profile of other variables in our regional models. Therefore, this volatility is reflected in output as well as employment. Please see [section 3](#) for more information on how we deal with volatility in the official data.

# Appendix A....Glossary of terms

## Glossary of terms

**Gross Domestic Product (GDP)** Total work done in an economy in a period measured in one of three ways:

- Output Measure: Output of all goods and services less inputs
- Income Measure: Income earned by all parts of the economy
- Demand Measure: Demand for goods and services comprised of
  - Expenditure by Households, NPISH and Government
  - Investment (Gross Fixed Capital Formation) by business and Government
  - Changes in Inventories and Acquisitions less disposals of valuables
  - Exports less imports

GDP is measured in market prices: this means that the prices used to convert output of goods and services into money include taxes and subsidies by the government. Distributors' margins are credited to the industry producing the goods and services not to the distribution industry.

**Gross Value Added (GVA)** GVA is identical to GDP except that it is measured in basic prices. These prices do not include taxes and subsidies imposed by the government. Distributors' margins are credited to the distribution industry. GVA for an industry is described by either of the following identities:

- GVA is identical to output of the industry less inputs of the industry
- GVA is identical to the sum of
  - Compensation of Employees in the industry
  - Gross Operating Surplus (i.e. profit) earned by capital in the industry

When looking at GVA for an industry, it is important to realise that it only includes the output of that industry (i.e. the value added by that industry.) For example retailing GVA only includes the value added by retailers (e.g. customer service etc).

GVA in the RPS is measured by the place where the work is done (workplace based) and not where the worker resides.

**Current Price / Chain Volume Measure (CVM)** Data where the unit of measurement is money are available either in Current Price (or Nominal) terms or CVM (or Real) terms. The distinction is important because the buying power of money changes over time. For current price data, no adjustment is made for this fact. CVM data adjusts all figures in a time series to be consistent with the buying power of money in a given year (the reference year). Current Price data, thus, measures values while CVM data measures volumes. For example, Current Price GDP is the money value of production in a given period while CVM GDP is the amount of production. For years before the reference year, CVM data is not additive (thus the sum of GVA for all sectors will not equal total GVA.) In all other years, CVM data is additive.

**Productivity** A measure of efficiency calculated by estimating output per unit of input

**Workforce Jobs** A count of the total number of jobs in the UK, a region or industry. It is comprised of

- Employee Jobs: The number of jobs where the occupant is an employee.
- Self-employee Jobs: The number of jobs where the occupant is self-employed
- Government-Sponsored Trainees: The number of jobs where the occupant is on a government training scheme.
- Her Majesty's Forces: The number of jobs in the armed forces (part of Public Administration & Defence).

Workforce jobs and all its components count jobs and not people. This means that where a person has two or more jobs they are counted once for each job that they have. This can be contrasted with the ILO employment measures. Another consequence of counting jobs is that Workforce Jobs is based on the place of work not the residence of the worker

**Full Time Equivalent Employment:** Our definition is based on total hours worked and is as follows:

FTE = (HOURS) divided by (37.8\*13)

Here a constant yard-stick of full-time employment for all industries, regions and industry-region based on thirteen working weeks in a quarter at 37.8 hours a week. 37.8 hours is the average hours worked by a full-time worker in the UK between 1990 and 2009.

**ILO Employment** The International Labour Organisation (ILO) provides an international standard method of measuring employment. In the UK this is implemented by means of a survey known as the Labour Force Survey (LFS) or Annual Population Survey (APS). It is a people count based on the main job that a person has. Employment comprises:

- Employees: People whose main job is as an employee.
- Self-employed: People whose main job is as a self-employed person.
- Government-Sponsored Trainees: People whose main job is on a government training scheme.
- Unpaid Family Workers: People whose main job is as an unpaid worker in a business owned by their own family.

There are two measures:

- Residence based, which depends on the place of residence of the worker (irrespective of where they work.)
- Workplace based, which depends on the place of work of the worker (irrespective of where they reside.)

The ILO Employment reported is based on the entire population in work ages 16+.

**ILO Unemployment** The International Labour Organisation (ILO) definition of unemployment covers people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or out of work and have accepted a job that they are waiting to start in the next fortnight.

ILO unemployment is only available on a place of residence basis and is based on the entire unemployed population ages 16+.

**Labour Force / Economically Active** The sum of ILO Unemployment and ILO Employment. That is all people who are in work or who are looking for a work. A person who is in the labour force is said to be Economically Active.

The Labour Force includes the entire Economically Active population ages 16+.

**Economically Inactive** A person who is not economically active. The principle categories are retirees, students, children, long-term sick or disabled, homemakers and carers. This does not include school-aged people.

**Claimant Count Unemployment** Measures the number of people who are claiming Jobseekers' Allowance (JSA). This is always less than ILO Unemployment because not everyone who is ILO unemployed is eligible to claim JSA and not all who are eligible claim. Particular important cases are:

- People whose partners work more than 16 hours a week – they cannot claim JSA but may be ILO unemployed.
- People who are past state retirement age – they cannot claim JSA but may be ILO unemployed.

**Extra Region** In addition to the 9 English regions and the nations of Scotland, Wales and Northern Ireland, the UK's economic boundary includes the continental shelf and UK government operations abroad (i.e. embassies and HMF abroad). The ONS does not assign income or GVA attributable to these sources to any region or nation. Therefore, the sum of regional Income or GVA does not equal the UK. This also impacts on two industries Extraction & Mining and Public Administration & Defence.

**School Age Population** Population aged 0-15.

**Working Age Population** Population above the age of 15 but below the current state retirement age for their gender.

**Retirement Age Population** The population above state retirement age. The precise retirement date depends on date of birth and, for those born before 6<sup>th</sup> November 1953, on gender. At present, there is a phased equalisation in progress. After 6<sup>th</sup> November 2018, both men and women will retire at 65. This will rise to 66 between 6<sup>th</sup> March 2019 and 6<sup>th</sup> September 2020 and 67 between 6<sup>th</sup> April 2026 and 6<sup>th</sup> March 2027. Our forecasts take account of these changes to retirement legislation.

**Adult (16+) Population** Number of all people aged 16 and above.

**Household Consumer Spending** The accounts relate to consumption expenditure by UK resident households, either in the UK or the rest of the world. Spending by non-residents in the UK is excluded from the total

Household consumption includes goods and services received by households as income in kind, in lieu of cash, imputed rent for the provision of owner-occupied housing services and consumption of own production

For national accounting purposes, households are individuals or groups of people sharing living accommodation

**Household Disposable Income** Household disposable income is the total payment to households (from wages, interest, property income and dividends) less taxes, social security, council payments and interest

**Cost of living index** Regional consumer spending deflator. Gives an indication of how the value of consumer spending has grown in comparison to the volume.

**NUTS (Nomenclature des Unités Territoriales Statistiques – Nomenclature of Territorial Units for Statistics)** A European Union standard for classifying the subdivisions of member states. In the case of the UK, the English regions and the three nations are classified as NUTS1. The next level – NUTS2 – typically consists of aggregations of local authorities in the same region. The level below that, NUTS3 consists either of single local authorities or a small aggregation of local authorities in the same NUTS2. In Scotland, some local authorities are divided between NUTS3. NUTS4 and NUTS5 also exist but are not used in the RPS.

# Appendix B...Sector definitions

## Sector definitions

Experian 38-sector	SIC-2007 division	Falls within Experian 12-sector
Agriculture, Forestry & Fishing	01 Crop and animal production, hunting and related service activities	Agriculture, Forestry & Fishing
	02 Forestry and logging	
	03 Fishing and aquaculture	
Extraction & Mining	06 Extraction of crude petroleum and natural gas	Extraction & Mining
	05 Mining of coal and lignite	
	07 Mining of metal ores	
	08 Other mining and quarrying	
	09 Mining support service activities	
Food, Drink & Tobacco	10 Manufacture of food products	Manufacturing
	11 Manufacture of beverages	
	12 Manufacture of tobacco products	
Textiles & Clothing	13 Manufacture of textiles	
	14 Manufacture of wearing apparel	
	15 Manufacture of leather and related products	
Wood & Paper	16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	
	17 Manufacture of paper and paper products	
Printing and Reproduction of Recorded Media	18 Printing and reproduction of recorded media	
Fuel Refining	19 Manufacture of coke and refined petroleum products	
Chemicals	20 Manufacture of chemicals and chemical products	
Pharmaceuticals	21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	
Rubber, Plastic and Other Non-Metallic Mineral Products	22 Manufacture of rubber and plastic products	
	23 Manufacture of other non-metallic mineral products	
Metal Products	24 Manufacture of basic metals	
	25 Manufacture of fabricated metal products, except machinery and equipment	
Computer & Electronic Products	26 Manufacture of computer, electronic and optical products	

	27 Manufacture of electrical equipment	
Machinery & Equipment	28 Manufacture of machinery and equipment n.e.c.	
Machinery & Equipment	29 Manufacture of motor vehicles, trailers and semi-trailers	
	30 Manufacture of other transport equipment	
Other Manufacturing	31 Manufacture of furniture	
	32 Other manufacturing	
	33 Repair and installation of machinery and equipment	
Utilities	35 Electricity, gas, steam and air conditioning supply	Utilities
	36 Water collection, treatment and supply	
	37 Sewerage	
	38 Waste collection, treatment and disposal activities; materials recovery	
	39 Remediation activities and other waste management services. This division includes the provision of remediation services, i.e. the cleanup of contaminated buildings and sites, soil, surface or ground water.	
Construction of Buildings	41 Construction of buildings	Construction
Civil Engineering	42 Civil engineering	
Specialised Construction Activities	43 Specialised construction activities	
Wholesale	45 Wholesale and retail trade and repair of motor vehicles and motorcycles	Wholesale & Retail
	46 Wholesale trade, except of motor vehicles and motorcycles	
Retail	47 Retail trade, except of motor vehicles and motorcycles	
Land Transport, Storage & Post	49 Land transport and transport via pipelines	Transport & Storage
	52 Warehousing and support activities for transportation	
	53 Postal and courier activities	
Air & Water Transport	50 Water transport	
	51 Air transport	
Accommodation & Food Services	55 Accommodation	Accommodation, Food Services & Recreation
	56 Food and beverage service activities	
Recreation	90 Creative, arts and entertainment activities	
	91 Libraries, archives, museums and other cultural activities	
	92 Gambling and betting activities	
	93 Sports activities and amusement and	

	recreation activities	
Media Activities	58 Publishing activities	Information & communication
	59 Motion picture, video and television programme production, sound recording and music publishing activities	
	60 Programming and broadcasting activities	
Telecoms	61 Telecommunications	
Computing & Information Services	62 Computer programming, consultancy and related activities	
	63 Information service activities	
Finance	64 Financial service activities, except insurance and pension funding	Finance & Insurance
	66 Activities auxiliary to financial services and insurance activities	
Insurance & Pensions	65 Insurance, reinsurance and pension funding, except compulsory social security	
Real Estate	68 Real estate activities	Professional & Other Private Services
Professional Services	69 Legal and accounting activities	
	70 Activities of head offices; management consultancy activities	
	71 Architectural and engineering activities; technical testing and analysis	
	72 Scientific research and development	
	73 Advertising and market research	
	74 Other professional, scientific and technical activities	
	75 Veterinary activities	
Administrative & Supportive Activities	77 Rental and leasing activities	Service
	78 Employment activities	
	79 Travel agency, tour operator and other reservation service and related activities	
	80 Security and investigation activities	
	81 Services to buildings and landscape activities	
	82 Office administrative, office support and other business support activities	
Other Private Services	94 Activities of membership organisations	
	95 Repair of computers and personal and household goods	
	96 Other personal service activities	
	97 Activities of households as employers of domestic personnel	
	98 Undifferentiated goods- and services-producing activities of private households for	

	own use
Public Administration & Defence	84 Public administration and defence; compulsory social security
	99 Activities of extraterritorial organisations and bodies
Education	85 Education
Health	86 Human health activities
Residential Care & Social Work	87 Residential care activities
	88 Social work activities without accommodation

# Appendix C... Geography definitions

We forecast at the following geographic breakdowns:

- UK
- Regions (12)
- Counties (64)
- Local authorities...post-2019 boundaries (338+33 London boroughs)

# Appendix D...FAQ's

- Why does Experian's history for variable x differ from another source / raw survey data?
  - There are several possible reasons.
  - The first is a vintage mismatch. The ONS frequently revises its economic data in order to take account of new information or improved methodology. The date at which Experian has taken data for the current RPS is given in the body of this guide. Another source may have used earlier or later data.
  - The second relates to data processing. As explained in the body of this guide, it is sometimes necessary at the regional level and (particularly) at the local level to process or construct data. Our approach to doing this is explained in the body of this guide. We apply consistent methodologies to process the data. Other sources may carry this out in different ways. When compared against the raw source, our data may differ because, for example:
    - It has been constrained to other sources.
    - It has been converted into CVM data or quarterly data.
    - It has been made consistent with other data or a later vintage of data.
  - The third relates to raw survey data. Raw survey data is often volatile and does not take into account information outside the survey. Official statistics and our data are constructed from the raw survey data to take into account volatility, sampling issues and all available data sources.
- Why does Experian's job history differ from the *ABI* or *BRES*?
  - The *ABI/BRES* are surveys taken from a particular year; they are not updated.
  - *ABI/BRES* is a source for ONS' workforce jobs but it is not the only source.
  - *BRES* does not include government supported trainees, HM forces jobs and every self-employed small business. As a result, *BRES*'s employment numbers (mainly consisting of total employees and working owners e.g sole traders) would be lower than the ONS's workforce jobs.
  - Experian's workforce job history is designed to be consistent with the latest available ONS workforce jobs estimates, which includes a broad range of jobs (i.e. employee jobs, self-employment jobs, government supported trainees and HM forces).
  - Raw survey is often incomplete and suffers from sampling variability, which does not represent true volatility in the underlying population data. This must be removed to ensure high quality data.
- How often are data updated?
  - We always use the latest available data at the cut-off date for history.
  - New GVA data is available from the ONS
    - At the UK Level, three times a quarter.
    - At the Regional and Local level, annually (normally in December.)
  - New Expenditure data is available from the ONS at the UK level twice a quarter.
  - New LFS Employment data is available from the ONS once a quarter.
  - New Workforce Jobs data is available from the ONS once a quarter.
  - New *BRES* is published once a year (normally in December.)
  - New Income data is available from the ONS
    - At the UK level, once a quarter.
    - At the Regional and Local level, once a year (normally in April.)
  - Population projections are published once every two years.
  - New mid-year population estimates are published annually.
  - New LCFS is published annually.
- How do revisions to historical data affect your history and forecasts?
  - As explained above, we always take into account the latest historical data.
  - The monthly UK macro forecast is updated after each ONS revision of GDP for a quarter.
  - The RPS is based on a particular UK macro forecast and includes the latest available regional and local data.

- Forecasts are updated to be consistent with the latest historical data. While this will typically only affect the short-to-medium term, there are times when the long-run is necessarily affected. This will usually be when there has been a substantial revision to history.
- How are past growth trends captured in the forecasts?
  - All our models are econometric models.
  - An econometric model is a model estimated on historical data.
  - The coefficients (i.e. interactions) in the model embed historical relationships between variables and historical growth rates in a variable.
  - Where we believe that the forecast relationships may differ from history, we make appropriate adjustments to the forecast. This may be the case, for example, where an area has been substantially redeveloped in recent years.
- How are industry/regional/local developments and policies reflected in forecasts?
  - If past developments and policies are reflected in model inputs (for example population) or in history then they will be automatically captured by the model.
  - Our forecasts are policy-neutral in the sense that in our baseline assumes that sufficient projects, infrastructure, jobs etc. will be provided in order to meet the needs of the population in the long term. Thus although the project may not be explicitly included, an assumption that a project of its nature may have been included in the baseline.
  - It is important to realise that many developments or policies may not be sufficiently large enough to affect growth rates or may be implicitly included in the forecast from a higher level of aggregation.
  - We are able to make appropriate adjustments to the forecast to take into account certain large projects.
  - At the industry level we can take into account announced developments in that industry which are large enough to affect the growth in the industry at the national, regional or local level (as the case may be).
  - At the regional and local, we taken into account announced developments or policies which are large enough to affect growth at the regional or local level. The local model, in particular, has the facility to take into account the impact of additional population or jobs in a particular area.
  - The final forecast will show the net effect of the adjustment, after the effects of population constraints, job cannibalisation, commuting patterns etc.
- How does population relate to the employment forecasts?
  - This is discussed in detail in the methodology section above for the regions and the locals.
  - It is important to remember that employment is forecast on both a residence and workplace basis.
  - Residence based employment depends on local population (labour supply) growth but also on demand for work throughout the region and across the regional boundary.
  - Workplace based employment depends on labour supply throughout the region and across the regional boundary.
- What is working age?
  - The definition of working age used based on the state pension age.
  - As the state pension age for men and women changes in line with announced policy, the working age population will change to take this into account.
  - The key changes to the state pension age that have been announced are:
    - A gradual equality in state pension age for men and women.
    - A gradual rise in state pension age for both men and women to 67 (and 68 after the forecast horizon.)
- What is the participation rate / economic activity rate?
  - The participation rate or economic activity rate is the proportion of the population who are either employed or seeking employment (i.e. unemployed.)
  - The participation rate used in our models is based on the entire adult population (16+). This differs from earlier versions of our models which used only the working age population.
  - The participation rate is an endogenous variable in all our models. It is not a fixed assumption.
- What assumptions have been made regarding commuting in the local model?
  - Commuting in the local model is based on estimates given by the ONS.

- These are based on the Census 2011.
- Commuting assumptions are fixed over the forecast.
- However, the outcome for commuting may differ from the assumption because (for example) there is insufficient demand or supply for labour to provide as many workers across a particular commuting relationship.
- How is Full-Time Equivalent employment derived?
  - This is based on the total hours worked (please see the glossary.)
  - The relationship between FTEs and hours is fixed by definition.
  - In different industries, the hours worked per job will differ.
  - Historical data for this is taken from ASHE (please see the body of the guide.)
  - The forecast takes into account changing trends in hours per job. This will necessarily alter the relationship between Full-Time Equivalent employment and jobs.
- How does the weighting of different factors change over the forecast period?
  - There is no fixed rule about the changes in this time.
  - The coefficients of the econometric equations are fixed over time
  - However, at the local level population growth becomes more important as unemployment decreases.

# Appendix E...About us



## Our economic forecasting expertise

Experian's team of 18 economists is a leading provider of global, national, regional and local economic forecasts and analysis to the commercial and public sectors. Our foresight helps organisations predict the future of their markets, identify new business opportunities, quantify risk and make informed decisions.

Experian's economics team is part of a 140-strong analytics division, which provides an understanding of consumers, markets and economies in the UK and around the world, past, present and future. As part of the Experian group, the analytics division has access to a wealth of research data and innovative software solutions. Its statisticians, econometricians, sociologists, geographers, market researchers and economists carry out extensive research into the underlying drivers of social, economic and market change.

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## Experian

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For consumers, Experian delivers critical information that enables them to make financial and purchasing decisions with greater control and confidence.

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# Appendix 4 Designated Employment Sites Assessment

Site Ref.	Site Name	Site Overview							Scoring (Site Overview)
		Total Area (Ha)	Floorspace (Footprint) (sq.m)	No of Units (VOA)	Site designation	Current/Recent Planning Applications	Accessibility		
							Accessibility to strategic and local road network, pedestrian accessibility, cycling accessibility	PT AL	
1	Chessington Industrial Area	34.91	137,900 sq.m (footprint) 140,200 sq.m (VOA)	172	SIL	- 19/00991/FUL (the newly built out B8 unit) - Unit 7, 129-133 Roebuck Road Chessington KT9 1EU - 20/02359/FUL	- Access to A3, A240 - Chessington North train station - South Western Railway - Three bus stops across Cox Lane - Cycling and pedestrian access provided	1b	3
2	Barwell Business Park	7.58	30,090 sq.m (footprint) 56,400 sq.m (VOA)	83	SIL	- 19/02315/FUL (Change of use of unit 4 from B1/B8 to B2 and amalgamation of units 1-4) - 20/00180/FUL (change of use from D2 to B1b, B1c, B2, B8) - 20/00993/FUL change of use from B2/B8 to B1b, b1c, B2, B8	- Access to A243 - Chessington South train station - South Western Railway - Two bus stops across A243 - Cycling and pedestrian access provided	2	3
3	St George's Industrial Estate	2.02	9,430 sq.m (footprint) 11,040 sq.m (VOA)	29	LSIS	- 19/03090/FUL (Redevelopment of Nikon building to B8 - existing site 2-storey office building)	- Access via A307 Richmond Road - Bus service across A307 - cycling and pedestrian Access is provided	2	3
4	Canbury Park	1.8	9,100 sq.m (footprint) 19,730 sq.m (VOA)	58	LSIS	- 15/13013/FUL (demolition and redevelopment of the site to provide office at ground/1st floor and 10 apartments above) - 15/12280/FUL (redevelopment of building for 26 resi units) - 15/12353/FUL - extensions to provide resi flats. - 17/12877/FUL (Comprehensive redevelopment of the office blocks - WITHDRAWN) - 19/02847/PAO2R (Change of use from Office to Resi)	-Well-accessed central area with high PTAL - Access to strategic network A308 and A2043 (congested local network)	6a	4
5	London Road	1.9	9,543 sq.m (footprint) 24,512 sq.m (VOA)	46	LSIS	- 18/00158/FUL - extant (new office extensions to existing office) - 16/12234/FUL, 15/13171/LDP, 18/12010/FUL - 13/12528/PNO, 14/12664/PNO completed prior approvals from B1a to residential completed in 2015 and 2016	-Well-accessed central area with high PTAL - Access to strategic network A308 and A2043 (congested local network)	6a	4
6	Red Lion Road Business Park	3.77	14,240 sq.m (footprint) 48,480 sq.m (VOA)	60	LSIS	None.	Limited access through residential road (Red Lion Road/Fullers Way)	1a	2
7	Silverglade Business Park	2.15	5,610 sq.m (footprint) 7,280 sq.m (VOA)	10	LSIS	None.	- Access to A243 - One bus stop across A243 - Cycling and pedestrian access available	1a	2
8	Cambridge Road and Hampden Road	0.71	3,244 sq.m (footprint) 3,307 sq.m (VOA)	16	LSIS	16/12847/LDP - Erection of hip to gable roof extension, rear dormer roof extension and installation of two rooflights 16/13179/HOU - Erection of single storey rear and side extension with flat roof and roof lights (Adjacent to the site: 19/00020/FUL (Demolition of existing industrial buildings and erection of replacement residential accommodation containing 79 flats)	-Access via Kingston Road and Hampden Road -one bus stop across Kingston Road - Cycling and walking access available	1b	2
9	Fairfield Trade Park, Kingsmill Business Park and Villiers Road Waste Transfer Facility	5.08	13,300 sq.m (footprint) 4,067 sq.m (VOA)	30	LSIS	None.	-Access via Villiers Avenue -One bus stop across Kingston Road - Cycling and walking access available	1b	2
10	St John's Industrial Area	9.09	36,875 sq.m (Footprint) 34,366 sq.m (VOA)	102	LSIS	-18/14633/FUL - Former Roselands Clinic 163 Kingston Road New Malden KT3 3NN- Demolition of the existing building and redevelopment of the site to provide 37 residential units in a part 5 and part 7 storey building with associated plant, car parking and landscaping -18/14097/FUL - Change of use to a minicab office with call taking/admin facilities only -18/14723/PNO, 16/15091/FUL, 15/14987/FUL (All Refused) - Phillippe House 49-50 Wellington Crescent New Malden KT3 3NE - Change of Use of first floor from Office (Use Class B1) to Residential (Use Class C3) -16/15030/FUL - 1-10 Wellington Crescent New Malden KT3 3PG-Change of use of part of motor vehicle sales yard and erection of single storey building for restaurant (A3 Use Class) and associated parking. -15/15331/FUL (Completed) - Site At 171-173 Kingston Road New Malden KT3 3SS- (Demolition of existing office buildings and public house, and erection of four to six storey building with 310 bedspace student accommodation, incorporating 146 cycle parking spaces and new landscaping. (14/14459/FUL ) -18/14228/FUL - 183 Kingston Road New Malden KT3 3SS -Change of use of ground floor to Cafe and Delicatessen (Class A3) and alterations to shopfront (17/15155/FUL) -17/14555/PNO - Park House 87 Burlington Road New Malden KT3 4LP- (Change of use from B1 Offices into C3 (Dwellings) comprising of 28 Flats.) (Granted) -16/12458/FUL - Adams Industrial Estate St Johns Road New Malden KT3 3SQ - Demolition of office building, three commercial buildings, toilet block & portacabin and construction of five new buildings (B1a, B1C, B2 and B8) and associated works. (Granted) -20/01966/FUL - Adams House And 5-8 Discourage Lane New Malden KT3 3SF - erection of part-four and part-eight storey mixed use building comprising 641 sq.m commercial floorspace (Use Class B1(c)) and 40 self-contained residential units above (15 x one-bedroom, 16 x two-bedroom and 9 x three-bedroom), with associated amenity space, landscaping, car parking, refuse and cycle enclosures (following the demolition of existing buildings on site) (Pending Consideration)	-Access via Kingston Road -Sites at the rear with access via Wellington Crescent has very limited accessibility	1b	2

Site Reference	Current Characteristics and Attractiveness														Scoring (Current Characteristics and Attractiveness)	
	Occupancy					Employment Capacity (IDBR, 2019)			Existing Site/Building Features							Market Attractiveness
	Occupied	Vacant cleared site	Vacant land with derelict buildings	Vacant land with vacant floorspace capable of being occupied?	Commentary	Registered Businesses (IDBR)	Sectors/Profile split (IDBR)	No of Jobs (IDBR 2019)	Building Uses	No. storeys	Condition	Age	Loading and yards	Availability of on site parking?		
1	Occupancy Rate: 96.4 % Vacancy Rate: 3.6% Vacant Area (footprints) sq.m: 5,010 sq.m Vacant units: 7 units + 2 units partially vacant	N	N	Yes, the car parking site at the east edge (across Cox Lane)	Major location for a variety of industrial uses.	222	28% office-based sectors 20% industrial-based sectors 32% distribution-based sectors 20% non-employment based sectors	4,620	- Light industrial - Small industrial - Medium industrial - Large industrial - Warehouses	1 - 5	Mixed - Poor, Fair, Good	Mixed: There are both older industrial and more dilapidated premises together with more modern units.	Available on various sites	Varies across the sites depending on unit size - but most units have lorry access	Agents confirm that the area is attractive to industrial and warehousing occupiers. This is a well-established location for employment uses.	4
2	Occupancy Rate: 92% Vacancy Rate: 8% Vacant Area: 4,230 sq.m Vacant Units: 6	N	N	N	Mix of light industrial units and offices.	42	15% office-based sectors 27% industrial-based sectors 39% distribution-based sectors 19% non-employment based sectors	1,160	- Office - Light industrial - Warehouses	1 - 2	Fair to good	Mainly modern units.	Y	- All (varies across the sites depending on unit size - but most units have lorry access)	Agents confirm that the area is attractive to industrial and warehousing occupiers. This is a highly attractive industrial area according to the market that operates well.	4
3	Occupancy Rate: 83% Vacancy Rate: 17% Vacant Area: 930 sq.m Vacant Units: 2	N	Yes (subject to planning permission)	Y	Group of mixed retailers, merchants, and an office block. All units mainly in occupation.	13	12% office-based sectors 7% industrial-based sectors 48% distribution based sectors 32% non-employment based sectors	100	- Distribution - Light industrial	2 - 3	Fair	Fairly modern purpose built industrial units.	Y	- All (but differs by units)	Good industrial location, well-occupied with limited commercial property activity.	3
4	Occupancy Rate: 89% Vacancy Rate: 11% Vacant Area: 1,018 sq.m Vacant Units: 7	N	N	Y	Group of primarily office buildings and smaller industrial units providing small office units. Some conversion to housing.	36	87% office-based sectors 12% industrial-based sectors 0% distribution based sectors 2% non-employment based sectors	860	- Office - Light industrial	2 - 3	Fair	Mixed. Older converted buildings and purpose built more modern offices and light industrial units.	Y - for Industrial units.	- No lorry parking. - Van and car parking on site including under croft - Some cycle parking	Kingston Town Centre is a prime office location and the site should be protected for office provision mainly.	3
5	Occupancy Rate: 97% Vacancy Rate: 3% Vacant Area: 250 sq.m Vacant Units: 4	Y	N	Y	Urban employment area. Group of mixed industrial and office buildings fronting London Road with residential on the upper floors.	30	67% office-based sectors 1% industrial-based sectors 10% distribution based sectors 22% non-employment based sectors	1,272	- Office - Light industrial	2 - 6	Fair	Mixed. Buildings from 18th Century to late 20th Century offices	Partly - Only for car repair garages.	- No lorry parking. - Some units have van and car parking to front or rear. - Cycle parking to rear of Building 10 (office)	Good employment location particularly for offices, albeit large office requirements are expected within the town centre boundary mainly.	3
6	Occupancy Rate: 95% Vacancy Rate: 5% Vacant Area: 760 sq.m Vacant Units: 4	N	N	Y	Group of mixed industrial buildings with large areas used for car storage / sales.	44	24% office-based sectors 36% industrial-based sectors 12% distribution-based sectors 28% non-employment based sectors	500	- Light Industrial Workshops and small industrial units	1 - 3	Mixed - Good to Poor	Mixed. Some older industrial space with more modern purpose build light and small industrial workspaces.	Y	- Car and Van parking - Limited lorry access - No specific cycle parking.	Good employment location with healthy demand and activity	4

Site Reference	Current Characteristics and Attractiveness															Scoring (Current Characteristics and Attractiveness)
	Occupancy					Employment Capacity (IDBR, 2019)			Existing Site/Building Features						Market Attractiveness	
	Occupied	Vacant cleared site	Vacant land with derelict buildings	Vacant land with vacant floorspace capable of being occupied?	Commentary	Registered Businesses (IDBR)	Sectors/Profile split (IDBR)	No of Jobs (IDBR 2019)	Building Uses	No. storeys	Condition	Age	Loading and yards	Availability of on site parking?		
7	Occupancy Rate: 92% Vacancy Rate: 8% Vacant Area: 570 sq.m Vacant Units: 1	N	N	Y	Small group of light industrial units that appear to be mainly in storage or office use.	n/a	n/a	343	- Light industrial	2	Fair	Mainly modern purpose built light industrial space.	Y	- Car and Van parking - No lorry access - No specific external cycle parking	Good employment location with healthy demand and activity	3
8	Occupancy Rate: 84% Vacancy Rate: 16% Vacant Area: 528 sq.m Vacant Units: 2	N	N	N	Small group of light industrial and motor repair activities, including also a microbrewery and taste centre and a specialist cab repair centre	11	15% office-based sectors 27% industrial-based sectors 39% distribution-based sectors 19% non-employment based sectors	52	- Light industrial	1-2	Mixed - Good to Poor	Old stock	Some limited provision	- Car and Van parking - Limited lorry access - No specific cycle parking.	Not very active site with limited recent commercial activity.	2
9	Occupancy Rate: 97% Vacancy Rate: 3% Vacant Area: 460 sq.m Vacant Units: 5	N	N	N	Fairfield Trade Park occupied by warehouses, Kingsmill Business Park occupied by offices and Villers Road Waste Transfer Facility. There is also an ambulance First Aid Training Unit on-site	28	33% offices (Kingsmill Business Park) 42% distribution 7% industrial 18% other (health)	512	- Warehouses - Offices and light industrial - Waste facility	1-2	Mixed - Good to Poor	old but functional stock	Y	- Car and Van parking - lorry access available	Good location. The business park is vibrant with healthy activity,	3
10	Occupancy Rate: 96.5% Vacancy Rate: 3.5% Vacant Area: 1,300 sq.m Vacant Units: 7	N	N	N	60% of GEA floorspace (estimation) occupied by employment uses	117	29% office-based sectors 7% industrial-based sectors 5% distribution-based sectors 59% non-employment based sectors	1,150		Varies	Mixed - Good to Poor, but employment stock of poor condition	Employment stock - old	Partly - Only for car repair garages.	Varies across the sites depending on unit size - but most units have lorry access	Not that attractive business location due to pressures from other uses, albeit existing uses need to be protected according to the market's feedback. The location could offer small industrial units to accommodate SMEs and start-ups requirements.	2

Site Reference	Constraints				Overall Site Scoring (1 to 5)	Opportunities including potential for intensification/more efficient use of land and improvements to access etc.
	Proximity to incompatible uses	Development constraints including access, utilities, contamination and other	Other development Constraints	Scoring		
1	None on site or nearby.	- Potentially high volumes of car, lorry and van movements - Potential noise amenity issues	Segmented land ownership	4	4	There is scope for longer term redevelopment of parts of this employment area including the car parking at Cox Lane which is owned by the Council and those buildings enclosed by Davis Road. There is also potential for limited development on an individual basis for the old buildings across Cox Lane.
2	None on site or nearby.	- Potentially high volumes of car, lorry and van movements - Site fronts main road	No land available for development	4	4	The site is well designed with no potential for further intensification, apart from options for units' amalgamation. All the units are in a fair condition.
3	None on site or nearby.	- Nearby residential uses - Larger vehicle movements from the site cause amenity issues (noise, pollution etc).	n/a	3	3	The only site with potential for intensification, former Nikon, is subject to planning permission.
4	Y: - Adjacent GII Cinema (being redeveloped) - Adjacent GII former aviation factory - Adjacent GII Former Hawker Aircraft Experimental Shop	- Does not appear to cause significant adverse environmental impacts - Potentially high volumes of car movements	n/a	3	3	Apart from the site that is currently under construction, there are limited opportunities to further intensify the area.
5	Y: - GII Vine House within site - Adjacent GII Church of St Peter	- Site fronts main road - Does not appear to cause significant adverse environmental impacts	n/a	3	3	There is limited scope for intensification mainly related to a few old buildings that could be further intensified and redeveloped, albeit it is not expected to yield significant additional employment space.
6	None on site or nearby.	- Site surrounded by residential uses and school. - Potentially high volumes of car movements.	The sites with potential for intensification are not currently available.	3	3	There is some scope to further intensified the area, particularly the sites that are currently occupied by car storage and sales. There is limited accessibility, however, that could be a constraint.
7	None on site or nearby.	- Does not appear to cause significant adverse environmental impacts	n/a	3	3	No scope for further employment development on-site.
8	N/a	The site is bounded by residential uses. Soon the adjacent employment units will be redeveloped to residential as well. There are access constraints.	Segmented land ownership	2	2	There is opportunity to re-develop and further utilised the site through a comprehensive approach to provide modern SMEs accommodation and to contribute to housing requirements with residential accommodation on the upper floors.
9	N/a	Contaminated land but compatible with employment uses. Congested network due to Waste Transfer Facility		2	2	Potential for re-development, if the Waste Facility is re-located but this could potentially exceed the Plan period. Small opportunities to intensify Kingsmill Business Park and the adjacent Ambulance and First Aid Training Unit site.
10	N/a	Current design and road network constraints employment development	Segmented land ownership	1	2	The boundary of the designations should be amended to reflect the loss of employment space to residential as a result of implemented permissions over the recent years. Scope for either a further intensification of the Council-owned sites or comprehensive re-development across the site to yield more commercial space.

## Appendix 5 Non-designated Employment Sites Review

Site Name	Total Area (Ha)	PTA L	Occupancy Commentary	Existing Site/Building Features										Summary
				Building Typologies	No. storeys	Condition	Age	Loading and yards	24-hour access / operational requirements	Availability of on-site parking?	Heritage Assets	Environmental impacts (visual amenity, noise etc)	Key planning history	
<b>Kingsgate Road</b>	0.29	6a	Single occupier (Thomas Davies Kitchen) studio and manufacturing workshop. Main area of the site is cleared for development.	- Light Industrial Workshops (B2)	1 - 2	Fair	Remaining Building appears old.	Y	Unknown.	- Potentially cycling - No car/van/lorry parking	None on site or nearby.	- Site fronts main road - Does not appear to cause significant adverse environmental impacts	- 19/02323/FUL (resi, office, nursery, gym) THIS WILL REDEVELOP WHOLE SITE	The site is being redeveloped as part of a major housing scheme. The remaining single employment unit will also be redeveloped.
<b>Old London Road</b>	0.81	6a	Primarily a retail and leisure street with some services (including hotel) leading to the retail core. Some office buildings towards the eastern side of the street that appeared occupied. Residential uses also above shops.	- Office (E) - Retail /Café etc (E) - Hotel (C1) - Residential (C3)	2 - 4	Good	Mixed. Some buildings from the 1600s to more modern high-quality development.	N	N	- 1 unit with off-street car parking. - On street parking	Y. Multiple listed buildings along the road.	- Nearby residential uses	- 18/12901/FUL (Office to residential)	The site mainly provides retail uses. The overall condition of the buildings is poor and old. There is limited access to HGVs via London Road with Fairfield Road to the south and A307 (to which there is no car access) being the major thoroughfares. There is no scope for employment provision on site.
<b>All Saints Church</b>	0.31	6a	All Saints Church with town centre units surrounding it. Mainly in retail use. Appears to be some office and residential uses above.	- Office (E) - Retail /Café etc (E) - Residential (C3)	3 - 4	Good	Mixed. Primarily older buildings including some from 1600s. Parts of the church are from the 1300s.	N	Unknown.	- cycle parking - nearby town centre car parking and street parking	Y. Multiple listed buildings including the Church which is G1	- Town centre location	None.	The site comprises mainly from Church and grounds. There is limited provision of offices above shops but there is no scope for intensification of any employment uses.
<b>Market Place</b>	1.08	6a	Town centre square surrounded mainly by retail uses with a semi-permanent market.	- Office (E) - Retail /Café etc (E)	1 - 4	Fair to good	Primarily historical buildings. The Market House dates from the 1800s.	N	Unknown.	- cycle parking - nearby town centre car parking and nearby street parking	Y. Multiple listed buildings surrounding market place.	- Town centre location	None.	This is a well-used pedestrianised retail area with listed buildings. There is no scope for employment uses on-site.
<b>St James Road</b>	0.14	6a	Single occupier office building.	- Office (E)	7	Good	Late 20th century.	Y	Unknown.	- nearby town centre parking.	None on site or nearby.	- Town centre location - Fronts major road and roundabout.	- 20/02499/OUT (outline application for wholesale redevelopment of the site. - 20/02495/FUL (Phase 1 development of the development above applied for separately. This includes development of two office buildings)	The site provides a single office building which is currently subject to redevelopment to two office buildings. No scope for further intensification on-site
<b>Guildhall Complex</b>	1.11	6a	Council offices, register office, guildhall, and County Court.	- Office (E) - Courts and public halls (F1)	2 - 4	Good	Mixed. The Guildhall dates from the 1930s with surrounding public buildings late 20th century.	Y	Y	- No lorry parking. - Van and car parking on site. - Cycle parking	Y. Guildhall is listed (GII) and a G1 scheduled ancient monument bridge nearby	- Town centre location	None.  - already plans to redevelop, <a href="https://www.kingston.gov.uk/news/article/1175/investing_in_kingston_s_town_centre">https://www.kingston.gov.uk/news/article/1175/investing_in_kingston_s_town_centre</a>	The site comprises Council's office buildings. The Guildhall is subject to potential repurposing. Guildhall 2 is subject to potential redevelopment
<b>High Street</b>	1.94	6a	Shops, restaurants, pubs; some with offices above. Some units also fronting the river.	- Office (E) - Retail /Café etc € - SG	2 - 4	Good	Mixed. Range of historical buildings from 1800s to late 20th century office buildings.	Y - Some buildings.	Unknown.	- Some buildings have rear car parking / van spaces. - Cycle parking.	Y. Multiple Listed buildings across site.	- Town centre location	- 16/13245/FUL (new school plus resi)	This is a nice and active urban location next to Kingston Town Centre. Office premises found within the site range from small first floor units to large office blocks, mostly of a reasonable quality. Despite a relatively prime location both next to the town centre and

Site Name	Total Area (Ha)	PTA L	Occupancy Commentary	Existing Site/Building Features										Summary	
				Building Typologies	No. storeys	Condition	Age	Loading and yards	24-hour access / operational requirements	Availability of on-site parking?	Heritage Assets	Environmental impacts (visual amenity, noise etc)	Key planning history		
															rejuvenated riverside, a high proportion of premises are vacant.
<b>Surrey County Council Buildings</b>	1.92	4	Surrey county council office buildings.	- Office (E) - Courts and public halls (F1)	3	Fair	Built in 1892 - 1893	Y	Y	- All. (Lorry's up to 4m high).AH9	Y. The building is listed (GII)	- Fronts main road. - Nearby residential uses.	- 20/02462/EIASCO (Scoping for redevelopment residential masterplan)  BUILDING FOR SALE AT TIME OF SITE VISIT	This is a small site containing the Grade II listed Surrey County Halls and the adjoining office buildings. The site is advertised for sale. Recent planning activity shows that there is scope for the site's redevelopment to provide a residential-led scheme.	
<b>Shortlands Road Area</b>	29.54	2	Primarily a residential area that has some employment uses dotted within. Most concentrated adjacent to Canbury Park LSIS.	- Office (E) - Residential (C3) - Light Industrial Workshops (B2)	2 - 3	Fair	Mainly Victorian buildings and those from early 1900s.	N	Unknown.	- On street parking - No lorry parking.	Y. Two listed buildings (including serviced office block) listed. Both GII.	- residential area	None.	Residential area with limited office provision. No scope for additional employment provision.	
<b>Norbiton Area</b>	17.63	4	Group of mixed retailers, offices, and some storage uses alongside residential flats and homes split by the railway line.	- Office (E) - Retail (E) - Residential (C3) - Storage (B8)	2 - 4	Fair	North of railway is more historical Victorian properties. To the south is more modern development	Y -(wicks Unit)	Unknown.	- All. (Wicks retail unit has lorry access)	None on site or nearby.	- residential area - Fronts a busy main road - railway line cuts through the site	None.	This is mainly a residential area with some employment and mainly retail provision on the ground floor across the main road network. Notable office premises are situated along the A308 but with prevailing vacancy rates. Traffic is congested across this area. It seems that the area could serve the secondary office demand however the vacancy rates imply that the stock is not currently commercially attractive.	
<b>Victoria Road Area</b>	11.77	5	Small group of office and workshop buildings near London Road LSIS. Also a larger supermarket, a church, and some other retail uses.	- Office (E) - Residential (C3) - Light Industrial Workshops (B2)	2 - 4	Poor to Fair	Mixed. Victorian buildings to late 20th century to more modern. The Church was built in the 1840s.	Y - Asda	Unknown.	- Asda has lorry access. - other units have off street parking to rear.	Y. Church is GII listed.	- residential area - Fronts a busy main road	None.	Residential area with limited office and light industrial provision. No scope for additional employment provision.	
<b>Southsea Road</b>	1.72	3	Mix of light industrial units and workshops. Shops fronting the Surbiton Road.	- Office (E) - Residential (C3) - Light Industrial Workshops (B2)	2 - 3	Poor to Fair	Mixed. Victorian buildings to late 20th century to more modern.	Y - Asda	Unknown.	- Rear car/van access to shops along Southsea road. - front on-street car parking.	None on site or nearby.	- residential area - Fronts a busy main road	None.	Small centre with some employment uses behind the main road with retail and residential across A240. The area is well-occupied fulfilling the lower end of the market accommodation. The stock condition however is poor.	
<b>Horace Road Area</b>	7.17	2	Mainly university buildings with some adjacent office and workshop uses in a residential area.	- Office (E) - Resi (C3) - Workshops (B2) - University (F1)	2 - 3	Fair to good	Mixed. Victorian buildings to late 20th century to more modern.	Y - Some buildings.	Unknown.	- Car, cycle, lorry parking.	None on site or nearby.	- residential area	None.	This is mainly a residential area with some secondary office provision across Horace Road offer a more affordable office accommodation. The quality of the stock is relatively good, but vacancies are prevailing.	

## Appendix 6 Evidence Review

This section provides a review of national, regional and local policy and strategy documents, together with the current legislative context for planning for employment land. These documents comprise:

### England

- 1 The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020);
- 2 The National Planning Policy Framework (NPPF) (July 2021); and,
- 3 Planning Practice Guidance (PPG).

### UK

- 4 Industrial Strategy: Building a Britain Fit for the Future (November 2017).

### London

- 5 Publication London Plan
- 6 London Plan 2011: Land for Industry and Transport Supplementary Planning Guidance (SPG) (September 2012);
- 7 Greater London Authority (GLA): Industrial Intensification and Co-location through Planned and Masterplan Approaches: Practice Note (November 2018); and,
- 8 The Mayor's Economic Development Strategy for London (December 2018).

### South London

- 9 The South London Partnership Growth Proposition (2017); and,
- 10 Ramidus and CAG Industrial and Business Land Study (February 2018).

### RBK

- 11 Emerging Kingston Local Plan: Reg. 18 consultation (May 2019); and,
- 12 Economic Growth and Development Strategy 2018-2025.

### England

The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020

From 1 September 2020, the former A1, A3, B1, D1 and D2 use classes are merged into a new Class E "Commercial, Business and Services" Use Class in England. Hence, changes are permitted between any of these uses without requiring planning consent. B2 and B8 Use Classes remain unaffected<sup>15</sup>.

The Government's stated rationale for the change is to better reflect the diversity of uses found on high streets and town centres, and to provide the flexibility for businesses to adapt and diversify. Notwithstanding this, the effect of the changes is not limited to town centre locations. This means that Class E affects any buildings within the relevant uses, including those within the former B1 Use Class in designated employment areas.

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<sup>15</sup> See summary of changes at [https://lichfields.uk/media/6020/guide-to-changes-to-the-use-classes-order-in-england\\_july-2020.pdf](https://lichfields.uk/media/6020/guide-to-changes-to-the-use-classes-order-in-england_july-2020.pdf)

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Hence, this the report takes account of the following changes to “B1 uses”:

- Former Class B1(a) to E(g)(i);
- Former Class B1(b) to E(g)(ii); and,
- Former Class B1(c) to E(g)(iii).

These changes will influence how RBK plans for future employment needs and should inform the preparation of policies to ensure the Borough retains an appropriate level of employment land.

### **National Planning Policy Framework (July 2021)**

The National Planning Policy Framework (NPPF) states that the purpose of the planning system is to contribute to the achievement of sustainable development (paragraph 7). Paragraph 8 explains that achieving sustainable development means pursuing the three interdependent overarching objectives, economic, social and environmental, in mutually supportive ways.

The economic objective consists of helping to build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity, and by identifying and coordinating the provision of infrastructure.

Section 6 of the Framework summarises how the planning system should help build a strong, competitive economy:

*“Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential.”* (paragraph 81)

It states at paragraph 82 that planning policies should set out a clear economic vision and strategy, promote sustainable economic growth, support investment and provide flexibility to respond to changes in need.

There is also a requirement at paragraph 83 to recognise and address the specific locational requirements of different sectors, including providing for clusters or networks of knowledge and data-drive, creative or high technology industries, and for storage and distribution operators.

In order to be considered sound at Examination, a Local Plan must meet the “justified” test of soundness, which includes having a basis in proportionate evidence (paragraph 35b).

### **Planning Practice Guidance**

The National Planning Practice Guidance (PPG) emphasises that, when determining the type of employment land that is needed, strategic policy-making authorities need to prepare a robust evidence base to understand business needs (Reference ID: 2a-025-20190220).

This evidence will need to include close liaison with the business community and take account of the Local Industrial Strategy. It will assess factors including the definition of the best fit

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functional economic market area, the existing stock of employment uses, evidence of market demand, wider market signals and any evidence of market failure (Reference ID: 2a-026-20190220).

The consideration of market signals will include analysis of future needs, such as sectoral and employment forecasts and projections (labour demand), demographically derived assessment of labour supply (labour supply), past take-up of employment land and/or future property market requirements and a consultation with relevant organisations Reference ID: (2a-027-20190220).

The assessment of existing stock and losses of employment land should include a simple typology of employment land by market segment. This assessment can be supplemented by information on permissions for other uses that have been granted on sites that were formerly in employment use (Reference ID: 2a-028-20190220).

Analysis of market demand should include consideration of quantitative and qualitative supply and demand for employment sites, including in relation to office, general business and distribution space (Reference ID: 2a-029-20190220).

In assessing the availability of employment space, the PPG states that a complete audit of available land should be provided in order to enable identification of the most suitable sites for the level of development identified (Reference ID: 3-008-20190722). Sites of a range of sizes should be assessed (Reference ID: 3-009-20190722).

The estimation of the development potential of each site should be guided by existing or emerging plan policy and should seek to make the most efficient use of land in accordance with the NPPF (Reference ID: 3-016-20190722). A key part of this assessment is considering the suitability, availability and achievability of sites, including whether they are economically viable (Reference ID: 3-017-20190722).

## UK

### **Industrial Strategy: Building a Britain Fit for the Future (November 2017)**

The Government's Industrial Strategy (November 2017) sets out a vision and strategy to invest in skills, industries and infrastructure in order to build a Britain "fit for the future".

The Strategy sets out five foundations of productivity to create a transformed economy across the UK:

- 1 Ideas – the world's most innovative economy;
- 2 People – good jobs and greater earning power for all;
- 3 Infrastructure – a major upgrade to the UK's infrastructure;
- 4 Business environment – the best place to start and grow a business; and,
- 5 Places – prosperous communities across the UK.

The Strategy identifies four Grand Challenges for the UK:

- 1 AI and data economy: Put the UK at the forefront of the artificial intelligence and data revolution;
  - 2 Clean growth: Maximise the advantages for UK industrial from the global shift to clean growth;
  - 3 Future of mobility: Become a world leader in the way people, goods and services move; and,
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- 4 Ageing society: Harness the power of innovation to help meet the needs of an ageing society.

The Strategy details a series of approaches to meet these challenges, including the need to invest in and support R&D, including the creation of innovation clusters around universities and research organisations.

This ELR takes into account the need to support businesses that will contribute to meeting the challenges identified by the Industrial Strategy.

## London

### Publication London Plan (December 2020)

The emerging London Plan is at an advanced stage, and its policies are awarded significant weight in the planning process. On 21 December 2020 the Mayor of London issued the Publication London Plan to the Secretary of State. This revised version of the Plan takes into account the 11 directions issued by Secretary of State in March 2020 and the further 2 directions issued on 10 December 2020 (one of which relates to Policy E4, which is considered below).

On 24 December 2020 the Secretary of State responded to the Mayor, stating that the government will now need to consider whether the Supreme Court ruling in relation to the Airports National Policy Statement has any implications for the emerging London Plan. Aside from this, the Secretary of State's letter notes that he will not raise any further issues and expects to formally respond by 1 February 2021.

Relevant draft policy in the Publication London Plan includes the following requirements:

- 1 **Policy E1 Offices:** Improved quality, flexibility and adaptability of office space; consolidation and, where viable, extension of office markets; exploring the scope for reuse of large office space for smaller units; and provides support in principle for the redevelopment, intensification and change of use of surplus office space.  
  
In RBK, Kingston town centre is identified as having "mixed-use office potential" (category B), having the capacity demand and viability to accommodate new office development, generally as part of mixed-use development. For New Malden, Surbiton and Tolworth town centres the identified approach is to "protect small office capacity" (category C).
- 2 **Policy E2 Providing suitable business space:** A range of business space should be provided, and where required, protected, including to meet the needs of micro and SMEs.
- 3 **Policy E3 Affordable workspace:** The need for affordable workspace policies should be considered.
- 4 **Policy E4 Land for industry, logistics and services to support London's economic function:** This supply of land should provide for uses including:
  - a Light and general industry (Use Class B1c and B2);
  - b Storage and logistics/distribution (Use Class B8);
  - c Flexible (B1c/B2/B8) hybrid space;
  - d Low-cost industrial and related space for micro businesses and SMEs; and,
  - e R&D development of industrial and related products or processes (Use Class B1b).

London's land and premises for industry, logistics and services falls into three categories: Strategic Industrial Locations (SIL), Locally Significant Industrial Sites (LSIS) and Non-

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Designated Industrial Sites. In RBK, Barwell Business Park and Chessington Industrial Estate are designated as SIL (Table 6.3). LSIS should be defined by RBK in its development plan.

The retention, enhancement and provision of additional industrial capacity should be prioritised in locations including those that are accessible via the strategic road network and/or by rail or water transport, provide capacity for micro businesses and SMEs, are suitable for “last mile” distribution services, and/or support access to supply chains and local employment in industrial and related activities.

Amended Policy E4 Land for Industry (paragraph 6.4.8), under Direction DR4, states that, in exceptional circumstances, boroughs considering the release of Green Belt or Metropolitan Open Land to accommodate housing need may release industrial land, even when this land is in active employment uses. However, a substitution approach is encouraged, whereby industrial land would be provided in alternative locations.

- 5 **Policy E7 Industrial intensification, co-location and substitution:** Industrial and distribution uses should be intensified, including within selected parts of SIL or LSIS, to support the delivery of residential and other uses. Mixed-use or residential development on Non-Designated Industrial Sites should only be supported where certain criteria are met, including there being no reasonable prospect of the site being used for industrial and related purposes, the site has been allocated for mixed-use or residential development, or industrial, storage or distribution floorspace is provided as part of mixed-use intensification.
- 6 **Policy E8 Sector growth opportunities and clusters:** Employment opportunities should be provided across a diverse range of sectors, including supporting London’s global leadership in tech; and Strategic Outer London Development Centres (SOLDC) should be identified and promoted.

#### **Greater London Authority: Industrial Intensification and Co-location through Plan-led and Masterplan Approaches: Practice Note (November 2018)**

The Greater London Authority (GLA) Industrial Intensification and Co-location through Plan-led and Masterplan Approaches Practice Note (November 2018) sets out good practice principles for plan-led or masterplan approaches to industrial intensification and co-location in the context of Policy E7 in the emerging London Plan.

The Note provides guidelines for London boroughs when preparing industrial land demand/supply studies as part of ELRs. These guidelines include the consideration of planning policy, economic development objectives and an overview of the existing evidence base for London and relevant property market areas.

In terms of supply, the Note encourages boroughs to consider:

- 1 Industrial sites/clusters;
- 2 Quantitative and qualitative assessments of supply;
- 3 Development trends; and,
- 4 Employment and business profile of industrial areas.

In relation to demand, the Note encourages boroughs to consider:

- 1 Industrial land market demand analysis;
  - 2 Industrial occupier requirements; and,
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### 3 Industrial land and floorspace demand forecasts.

The Note encourages boroughs to consider the relationship between supply and demand, in terms of:

- 1 Balance between supply and demand for the range of industrial uses and functions; and,
- 2 Spatial scenarios and sensitivity testing, to include alternative spatial development scenarios where these are being considered in Local Plan preparation.

In terms of the potential for industrial intensification and co-location, the Note states that boroughs should consider:

- 1 Scope for intensifying industrial sites to improve the efficiency of industrial areas;
- 2 Scope for intensifying industrial sites to free up land for other uses; and,
- 3 Scope for co-location of industrial, residential and other uses outside of areas to be retained as SIL.

The Note recommends that boroughs undertake an industrial land audit to provide a detailed assessment of the existing conditions, assets, opportunities and constraints for specific industrial areas.

### **The Mayor's Economic Development Strategy for London (December 2018)**

The Mayor's Economic Development Strategy for London (December 2018) sets out the Mayor's ambitions to create a fairer, more inclusive economy that works for all Londoners and businesses.

The Strategy includes a focus on creating the conditions for growth, including through the provision of space for business and work. Beyond central London, the Strategy identifies the need to support viable office clusters in town centres as part of creating diverse local economies, including the use of Article 4 directions where office space is at risk. It also states that there is a need to ensure that London retains sufficient industrial land and provides a range of different types of workspace, including affordable workspace. The Strategy also identifies the need to explore opportunities for more co-working spaces in London's outer boroughs.

## **South London**

### **South London Partnership Growth Proposition (2017)**

The South London Partnership covers the five outer London boroughs in South London of Merton, Croydon, Kingston upon Thames, Richmond upon Thames and Sutton.

The South London Partnership Growth Proposition (2017) identifies four main constraints on economic growth in this area:

- 1 Lack of recognition of and investment in its strategic economic potential for London and the south east;
- 2 Poor connectivity and lack of infrastructure to support sustainable growth;
- 3 Skills gaps; and,
- 4 Limited land for development, particularly at scale.

The document sets out five priorities for collective action to address these constraints and to enhance the economic potential of South London, including:

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- 1 A programme for economic growth, including a focus on tech, life sciences and sports sciences; and,
- 2 Making best use of our space, including protecting and enhancing land for jobs.

### **Ramidus and CAG Industrial and Business Land Study for the South London Partnership (February 2018)**

The Industrial and Business Land Study (February 2018) prepared by Ramidus and CAG provides a strategic review of land and businesses across the five South London boroughs of Merton, Croydon, Kingston upon Thames, Richmond upon Thames and Sutton. The document considers the sub-region's strategic industrial and business land supply to identify strengths and gaps in future provision of business premises for start-ups, established SMEs, and larger enterprises for different sectors.

The Study concludes that, across the sub-region, needs for industrial and business land are being driven by strong population growth, jobs growth and the changing demands of business. It states that there is a need to prevent the sub-region from becoming a dormitory location but that demographic pressures mean that it is becoming increasingly challenging to meet the demand for employment space.

The document states that the growth of service-based industrial activities and the growth of SMEs and technology-enabled work, in particular, are driving demand for new types of space provision. It also notes that the sub-region is facing demand from distribution activities, airport-related activities and the potential cancer research hub in Sutton.

In common with Outer London generally, the Study notes that the sub-region has lost a considerable amount of office and industrial space since the turn of the century. For the office sector, the extension of permitted development rights has had a significant impact. The Study highlights that there is evidence that the loss of commercial stock in Outer London is having a negative impact on the wider London economy, including in terms of falling vacancy levels pushing rents upwards and squeezing the viability of SMEs.

The Study provides the following recommendations for each of the broad types of commercial property, which are summarised below:

- 3 **Offices:** Encourage the appropriate development of space for professional services, creative and digi-tech firms. Further loss of office space (especially to PDR) should be monitored and, where appropriate, resisted. In particular, office space in town centres and around rail stations should be nurtured.
  - 4 **Hybrid space and smaller units:** Much activity on most industrial estates is now service-based. It is 'clean', neighbour-friendly and occupied by skilled and semi-skilled workers. As such, much of this activity could be integrated into a mixed-use environment with thoughtful planning and design. There is a need to encourage the development of hybrid space which allows a range of occupiers to adapt their space to their specific needs.
  - 5 **Industrial and employment premises:** There is an acute shortage of small (100-200 sq.m) light industrial units, which has led to recent sharp rises in rents. This is a problem in the short- to medium-term that will need to be addressed by strong protection from changes of use, and mechanisms for affordable rents.
  - 6 **Logistics:** There is a chronic shortage of good logistics and distribution space. First, there is active demand for large sites (over 2-3 acres) on which to build multi-building facilities for large distribution firms. Secondly, there is growing demand (as elsewhere) for local last-mile distribution and collection facilities in residential areas to cope with the growth in
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internet shopping. These should be incorporated into new residential and mixed use developments.

- 7 **Sui generis uses:** There is a range of uses such as gyms, places of worship and self-storage which are increasingly found on employment areas and SILs. These should be planned and incorporated in new residential and mixed use developments to reduce pressure for change of use of industrial/employment premises in established areas, backed by more prescriptive and detailed local policies on the types of use that are appropriate within SILs and other protected employment areas.

In the RBK area, the Study identifies and considers eight key industrial and business sites:

- 1 Kingston Town Centre;
- 2 Canbury Road;
- 3 London Road Estate;
- 4 St. John's Industrial Estate;
- 5 Tolworth;
- 6 New Malden Town Centre;
- 7 Chessington/Davis Road Industrial Estate; and,
- 8 Barwell Business Park.

It considers the constraints and potential for these sites, together with the number of jobs supported, and assesses their relative strengths and weaknesses.

Based on this analysis, the Study concludes that Kingston Town Centre could be re-invented as a major office centre in the sub-region but that this would require investment in strategic transport infrastructure connectivity (which could be provided by Crossrail 2) and quality of the public realm. It also states that Kingston should be acknowledged as a secondary DigiTech centre in the sub-region (with Croydon as the sub-region's focus for this sector).

## **RBK**

### **Emerging Kingston Local Plan: Reg. 18 consultation (May 2019)**

RBK Council published its "Early Engagement" Reg. 18 Local Plan consultation document in May 2019.

Section 7 of the consultation document, which focuses on businesses and jobs, highlights the Council's aim to reduce out-commuting from the Borough by encouraging more businesses and jobs to be located in RBK.

The document states at page 36 that most of the 80,000 jobs located in RBK are in the following sectors:

- 1 Financial and other business services (29.6%);
- 2 Public administration, education and health (28.7%); and,
- 3 Wholesale and retail (17.5%).

The document notes that most jobs in the Borough are in small businesses and identifies a need to provide the right types of work spaces for small businesses to start up and grow.

The document identifies the existing protected employment locations in RBK under Question 18 which then are listed under Question 21, as below:

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- 1 Strategic Industrial Locations (Barwell Business Park (Tolworth) and Chessington Industrial Estate), which are identified by the London Plan;
- 2 Locally Significant Industrial Sites (Canbury Park, Fairfield Trade Park/Kingsmill Business Park/Villiers Road Waste Transfer Facility, St. George's Industrial Estate, London Road (Nos. 117-147 and 100-122, Cambridge Road/Hampden Road, St. John's Industrial Area, Silverglade Business Park and Red Lion Road); and,
- 3 Town centres (Kingston, Tolworth, Surbiton and New Malden).

The document asks at Question 19 whether the Council should make any changes to these locations, such as changes to boundaries of deletion of these locations.

It also states under Question 19 that, currently, when sites in these protected areas are redeveloped, they must re-provide the employment floorspace or enough space for the same number of jobs to be delivered on site. It notes that between 2012/13 to 2017/18 a total of 40,000sq.m of employment space has been lost in the Borough and asks whether the Council should try to increase the amount of employment floorspace in protected areas.

### **Economic Growth and Development Strategy 2018-2025**

RBK Council's Economic Growth and Development Strategy 2018-2025 seeks to enable the Borough to establish the Borough as a 21<sup>st</sup> century university town and to build a balanced and diverse economy.

The Strategy recognises and seeks to build on RBK's existing economic strengths:

- 1 Rich business base, including a large and growing health sector;
- 2 Unique culture and heritage offer;
- 3 Net contribution to the London economy;
- 4 Riverside town centre with a high-quality retail offer and medieval street pattern;
- 5 Locational advantages, including its proximity to Gatwick and Heathrow and the potential impact of Crossrail 2; and,
- 6 Highly qualified residents.

It also identifies and seeks to address the following challenges:

- 1 The daily talent drain as highly skilled residents commute out of the borough;
- 2 A lack of space for business start-ups and growing companies;
- 3 Under exploited relationships with, for example, Kingston University;
- 4 The absence of an effective business-led infrastructure to enable growth; and,
- 5 Enabling the town centre to continue to prosper in a rapidly changing retail market.

The Strategy sets out six strategic priorities to build on the strengths of the Borough and address its challenges at Section 1 and also identifies interventions to deliver these priorities at Section 10. These priorities and relevant interventions are summarised in Table A7.1 below.

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Table A7.1 Economic Growth and Development Strategy: Strategic priorities and interventions

Strategic priorities	Summary	Relevant interventions
Excellent spaces to grow	To bring forward a varied portfolio of quality sites and premises to meet the growth ambition of Kingston businesses and developers.	Creation of business hubs in satellite locations such as Tolworth and Chessington South (to support growth in creative and professional sectors) to bring forward start-ups and promote touch down space for overseas businesses exploring new markets (reversing significant losses in business administration and support services in the town centre); Develop incentives to bring forward new or refurbished premises (business rate relief, supportive planning policy); Review planning policy and conditions for developers to promote and protect mixed development sites; Consider a new set of delivery principles to generate a programme of “affordable office space” akin to principles used to deliver affordable homes; and, Review the borough’s relationship with Metropolitan Open Land and any Brownfield sites that can be brought forward.
Diversify: Business and people	To further diversify its business base and address the need to create higher levels of productivity and business diversity.	Enable growth in high productivity sectors such as manufacturing and finance by protecting employment and industrial accommodation; and, Reduce the risk of overly dominant sectors through a strategy of diversification, promotion of new markets and an international programme to develop supply chains.
Innovation in partnership	To maximise the benefits from RBK’s assets, including Kingston University and its generation of significant start-up numbers.	Explore new delivery vehicles to bring forward growth in business accommodation and housing that will attract the new generation of companies and their workforce.
Talent in Kingston	To rebalance resident and workplace earnings and reduce pressure on transport networks caused by high levels of out-commuting, through providing work opportunities for highly skilled and older residents in the Borough.	Require greater local supply chain activity in new developments through Section 106 agreements to highlight opportunities for local companies to deliver new jobs to retain local people.
Developing resilience and ensuring accessibility	To manage business continuity, including involving the business community in designing solutions to support growth and development in the Borough.	Develop a mini masterplan for each proposed Crossrail 2 station with appropriate consultation programme involving businesses to understand area growth potential and requirements.
Strategic place promotion	To build on the assets of Kingston and develop a new marketing offer and USP to attract inward investment, with a focus on Kingston Town Centre, Tolworth, Chessington and New Malden.	Align greater focus on parts of the borough with high deprivation and stagnant business growth (such as those in the north) to promote employment opportunities.

Source: RBK Economic Growth and Development Strategy (2018-2025)

## Appendix 7 Types of Employment Space

Indicative typologies of employment space (and use class) include:

- **Warehouse (Class B8):** Large and efficient unit with HGV access and potential for loading bays. Suitable for general manufacturing, industrial (subject to central location), storage, logistics and 'last-mile' distribution, wholesale and, for the purpose of the Spatial Scenarios, retail in box format.
  - **Workshop (Class B2):** Flexible units in a range of sizes (from small to medium) and good access for light goods vehicles (LGVs or vans) and 2-axle lorries. Suitable for general manufacturing, light industries and small production, larger research facilities, larger maker spaces. Typically Land Use Class B2.
  - **Workspace (Class E(g) or B2):** Smaller unit, typically in multi-floor building suitable for labs, research facilities, processes that do not require movement of bulky goods, start-up and early stage business accommodation, smaller maker-spaces, studios, creative space, rehearsal, ancillary offices to nearby workshops and warehousing, and all categories of Affordable Workspace indicated in London Plan Policy E3.
  - **Communal Facilities (Class E(c) or E(g)):** Centrally or prominently located shared facilities aimed at supporting business activities: it could host cafés, meeting rooms, flexible desk space, virtual lobby services, training facilities, etc.
  - **Flexible Accommodation (Class E):** These are typically 'blended' land use spaces, sometimes combining retail and production, or living and production, live/work, creative studios, artisanal production with a retail element, etc.
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**Birmingham**  
0121 713 1530  
birmingham@lichfields.uk

**Edinburgh**  
0131 285 0670  
edinburgh@lichfields.uk

**Manchester**  
0161 837 6130  
manchester@lichfields.uk

**Bristol**  
0117 403 1980  
bristol@lichfields.uk

**Leeds**  
0113 397 1397  
leeds@lichfields.uk

**Newcastle**  
0191 261 5685  
newcastle@lichfields.uk

**Cardiff**  
029 2043 5880  
cardiff@lichfields.uk

**London**  
020 7837 4477  
london@lichfields.uk

**Thames Valley**  
0118 334 1920  
thamesvalley@lichfields.uk