

December 2020

Paddock Wood Economic Opportunities Report

On behalf of Tunbridge Wells Borough Council



SQW

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1. Introduction

- 1.1** Tunbridge Wells Borough Council (“TWBC”) has proposed the creation of a new standalone garden village at Tudeley (c. 2,800 new dwellings) and the significant expansion of Paddock Wood including land in east Capel (c. 4,000 new dwellings) to deliver its identified housing need across the period of 2020-2037 of its emerging Draft Local Plan, Regulation 18 stage (“DLP”).
- 1.2** The DLP identifies that this growth will be delivered through a masterplanned approach. As part of progressing the DLP and preparing a Pre-Submission version which will be subject to Regulation 19 consultation, TWBC has commissioned David Lock Associates, supported by Stantec and SQW, to prepare an Infrastructure Delivery Plan (for Tudeley and Paddock Wood) and a Structure Report and Plan (for Paddock Wood – encompassing Land at Capel and Paddock Wood). The principal purpose of the Structure Report is to identify and plan, at a high-level, the capacity of Paddock Wood (including land at east Capel) in terms of the number of dwellings and level of non-residential floorspace, and the location and provision of key infrastructure within the settlement. The Structure Report will be accompanied by high-level masterplans for each allocated development parcel, including indicative locations for land uses, linking back to the recommendations of the Structure Report. In due course, it is anticipated that both the Structure Report, and the masterplan prepared in respect of the Town Centre could be progressed as Supplementary Planning Documents, in more detail.
- 1.3** The DLP identifies that the planned growth of Paddock Wood should unlock additional employment provision *“including expansion of Key Employment Areas (B1/B2/B8 uses). The make-up of this employment provision will be informed by the masterplanning process, and will look to supplement, broaden and significantly increase the employment provision for Paddock Wood and the surrounding area, and will be informed by market information”¹.*
- 1.4** The purpose of this Economic Opportunities Report is therefore to support the preparation of both the Structure Report and the Masterplans. This report provides a review of the strategic and local economic context, property market, site-specific constraints, potential demand and wider economic trends in order to identify potential opportunities and ‘directions of travel’ in respect of the future development and growth of town centre and employment uses for Paddock Wood.
- 1.5** The DLP provides more detail in respect of the aspirations and required land use mix for the town centre of Paddock Wood, but is relatively light-touch in setting out site-specific requirements for the proposed allocated employment sites, these principally being proposed extensions to the two existing allocated Key Employment Areas: (1) Eldon Way and West of Maidstone Road and (2) Transfesa Road East and West.

¹ Tunbridge Wells Borough Council Draft Local Plan (Regulation 18) – Policies AL/PW 1 and AL/CA 3

- 1.6** Recognising the potential breadth and diversity of economic outcomes which could be delivered within the current DLP policy framework, this report outlines potential scenarios in respect of future employment growth associated with the proposed growth and/or intensification of the Key Employment Areas, as well as the town centre.
- 1.7** Consideration is given to these alternative scenarios together with their associated quantified outputs (floorspace, land use mix, employment numbers) and their relative merits.
- 1.8** The paper concludes with discussion around the potential implications for the emerging DLP policy and masterplanning framework, as well as wider recommendations regarding economic development outcomes and priorities.

2. Wider economic context

Key points

- **West Kent is the 'engine room' of the Kent economy.**
- The **wider population base** is relatively **highly skilled**, and Tunbridge Wells has particular strengths in sectors of the **knowledge economy**.
- The **overwhelming focus of the evidence base and policy is on the economy of Royal Tunbridge Wells** and its relationship to other key economic nodes (i.e. Sevenoaks)– **Paddock Wood is not given much explicit focus.**
- The **identified priorities and objectives for the economic development of the borough** are predominantly **focused on Royal Tunbridge Wells**; these priorities align with the wider regional (SELEP) and national policy objectives for **driving innovation, inward investment, connectivity, skills and productivity in the more knowledge-intensive sectors.**
- The **sectoral and locational economic impacts of Covid-19 across the Kent economy have been varied**, but are nonetheless significant. The specific, and cumulative, impacts of Brexit will also need to be considered.
- The proposed Covid-19 economic recovery and resilience plan for Kent and Medway includes a number of key priorities focused around **enhancing productivity, innovation, skills development and moving towards a greener economy.**
- **Any identification of economic opportunities for Paddock Wood will need to be aligned with these wider economic growth and policy agendas.**

Introduction

- 2.1** This section does not seek to update the economic baseline which has been prepared as part of the Economic Needs Study², but instead highlights some of the key information to frame the subsequent detailed analysis of the Paddock Wood economy.
- 2.2** A key point here is that the characteristics and profile of the broader Tunbridge Wells and West Kent economy are quite distinct and, as will be addressed in detail in Section 3, contrast strongly with the specific profile of the Paddock Wood economy. Accordingly, the range of economic strengths/weaknesses/opportunities/threats identified at a sub-regional and regional level are not necessarily aligned with those specific to Paddock Wood. The consequence is that in seeking to promote economic growth in Paddock Wood, attention will need to be paid to identifying opportunities appropriate to the contextual constraints and opportunities bespoke to the town.

National policy context

- 2.3** To ensure that the proposed economic growth of Paddock Wood is resilient and future-proof, regard should be had to over-arching economic trends and policy ‘direction of travel’ at a regional and national level.
- 2.4** At a national level, the UK Government has made the transformation and re-positioning of the economy a fundamental priority. Seeking to position the UK’s economy as a world leader in specific, innovative, high-value sectors has been identified as a priority in the context of the UK’s pending departure from the European Union, and will no doubt continue to be an important priority as the COVID-19 pandemic eases and focus is returned to reinvigorating the economy following this unprecedented economic shock. Specifically, the UK government has identified five over-arching priorities for the economy³:
- i) The world’s most innovative economy
 - ii) Good jobs and greater earning power for all
 - iii) A major upgrade to the UK’s infrastructure
 - iv) The best place to start and grow a business
 - v) Prosperous communities across the UK
- 2.5** At the heart of the UK Government’s Industrial Strategy is the objective of **boosting productivity** at a national-level, which lags behind international competitors, and as part of the roadmap to addressing this productivity-gap, the UK Government has set a series of Grand Challenges focused on AI and the data economy, the future of mobility, clean growth and the ageing society to provide a framework for focusing and driving growth⁴.

² Sevenoaks and Tunbridge Wells Economic Needs Study (Turley, August 2016)

³ Industrial Strategy: Building a Britain fit for the future (HM Government, 2017)

⁴ Industrial Strategy: Building a Britain fit for the future (HM Government, 2017)

- 2.6** The UK's Industrial Strategy recognises the potential supply-chain challenges inherent in the UK leaving the European Union and has placed the **transformation of food production, innovation in high-efficiency precision agriculture, production, distribution and sustainability as a key limb of the drive towards green and clean growth**⁵.
- 2.7** This is not an exhaustive review of the UK's National Industrial Strategy or economic policy, however there are a number of key messages and outputs which are salient in considering the potential future economic growth at Paddock Wood: there is a clear focus on facilitating and **unlocking growth in economic productivity** with the **promotion of innovation** across all sectors being a key strand in supporting this – including in the food and agricultural sectors.

Sub-regional economic context

- 2.8** Together, the administrative areas of Sevenoaks, Tonbridge & Malling and Tunbridge Wells are known as West Kent, a sub-area of the wider county of Kent. **West Kent has been categorised in the DLP evidence base as a Functional Economic Market Area**⁶ and is the basis for the **West Kent Partnership** (the economic partnership between the relevant local authorities which promotes the sub-regional economy and pursues external funding and investment). The identification of the wider FEMA is based on a holistic consideration of wider commuting flows, Travel to Work Areas (TTWAs) and the functional Strategic Housing Market Area⁷. Further detailed analysis is provided later in this paper in order to investigate the more granular flows and economic geography of Paddock Wood within this wider context.
- 2.9** The West Kent economy is characterised as a 'well-functioning economic area' and has historically played a key role in delivering and promoting growth across the Kent economy as a whole; it is **one of the best performing sub-regions of Kent**⁸. The strength of this economic sub-region is acknowledged at a regional level as well. One of the key priorities for the South East Local Enterprise Partnership (SELEP) is addressing the productivity deficit of the region compared with the UK. However West Kent's productivity (GVA per filled job) actually exceeds the UK average⁹, and West Kent is profiled economically as '**punching above its weight**'¹⁰ on the basis that its total GVA generation (£11.6bn) as a proportion of the Kent economy at 31.4%¹¹ exceeds its relative population size of 23.5%¹². It is, however, notable that the total GVA for the borough of Tunbridge Wells slightly declined between 2017 and 2018, although GVA per head for the borough remains one of the highest in Kent¹³.
- 2.10** The West Kent economy as a whole is recognised by SELEP as having **particular strengths in the knowledge economy, a diverse and resilient SME base, high levels of business start-**

⁵ Industrial Strategy: Building a Britain fit for the future (HM Government, 2017)

⁶ Sevenoaks and Tunbridge Wells Economic Needs Study (Turley, August 2016)

⁷ Sevenoaks and Tunbridge Wells Economic Needs Study (Turley, August 2016)

⁸ West Kent Economic Priorities for Growth 2019-2022 (West Kent Partnership, 2019)

⁹ Smarter, Faster, Together: Towards a Local Industrial Strategy (SELEP, 2018)

¹⁰ The Case for West Kent (Wessex Economics, 2015)

¹¹ ONS, 2018

¹² ONS Mid-Year Population Estimates, 2018

¹³ ONS, 2018 – Analysis by Kent County Council (January 2020) – Strategic Commissioning Statistical Bulletin, Gross Value Added (GVA) at 2018

ups and survival, strong connectivity and high potential for innovation and growth¹⁴. Other recognised and acknowledged strengths include a **strong base of highly-skilled labour** and **proximity to London, M25 and Europe**¹⁵.

2.11 The West Kent Partnership has identified opportunities for the sub-region which include around the **development of supported business premises around key sectors**, the **provision of flexible workspace**, possible **Brexit opportunities**, and a **strong entrepreneurial culture**¹⁶.

2.12 Within this context, a number of weaknesses have been identified, including **high-levels of out-commuting, skills retention issues, pockets of deprivation, small numbers of larger employers** and a **shortage of good quality sites and premises for business use and expansion**¹⁷.

2.13 The West Kent Partnership has further identified a number of objectives and priorities for growth, across five key themes, including relating to the West Kent **business environment – delivering an environment that supports start-ups and stimulates growth**. The objectives identified to support this priority include **supporting more high-growth businesses**, **delivering commercial space to allow business growth (including spaces for SMEs, micro-businesses and grow-on space)**, **delivering a support programme for start-ups and established businesses**, and **supporting the rural economy**¹⁸.

2.14 As noted above, this section does not seek to duplicate the extensive economic baseline reporting contained in the Economic Needs Study, however it is worth identifying some of the conclusions reached in relation to the Tunbridge Wells economy which is characterised by:

- i) A **diverse business base** – key business sectors in Tunbridge Wells include the professional, scientific and technical services, information and communication, business administration and support services and construction.
- ii) Key employment **growth sectors** include **finance and insurance, agriculture and property**.
- iii) Compared with the wider SELEP region, Tunbridge Wells has a particularly strong **locational specialism in financial and insurance activities** and an above-average representation of the **professional, scientific and technical services information and communication sectors**.
- iv) A substantial proportion of **recent GVA growth** in Tunbridge Wells has been **driven by the growth in the information and communication sector**.

¹⁴ Growth Deal and Strategic Economic Plan (SELEP, March 2014)

¹⁵ West Kent Economic Priorities for Growth 2019-2022 (West Kent Partnership, 2019)

¹⁶ West Kent Economic Priorities for Growth 2019-2022 (West Kent Partnership, 2019)

¹⁷ West Kent Economic Priorities for Growth 2019-2022 (West Kent Partnership, 2019)

¹⁸ West Kent Economic Priorities for Growth 2019-2022 (West Kent Partnership, 2019)

- v) Tunbridge Wells is a location which **attracts professional, scientific and technical businesses** with significant growth of the business base in this sector.
- vi) A relatively **highly-skilled population with a significant number of residents with Level 4+ qualifications**.
- vii) A **growing population, but an ageing workforce**.¹⁹

Economic impacts of COVID-19

- 2.15** It is important to note that the preceding sections are based a review of data and literature which was all published prior to Covid-19. The economic shock experienced across the United Kingdom, indeed globally, in response to the public health restrictions which have and continue to be imposed to contain the Covid-19 pandemic, has been severe.
- 2.16** The depth, extent and longer-term consequences of the economic shock continue to unfold: after an initial relaxation of public health restrictions over the summer of 2020, containment measures have continued to be applied throughout Q3/Q4 2020 to mitigate the effects of the ‘second wave’ of infections.
- 2.17** The disruption to and contraction of the UK’s economy in response to the public health restrictions required by Covid-19 has been unprecedented. GDP fell by 25 per cent between February and April 2020²⁰. The UK economy then grew rapidly over the summer following a loosening of public health restrictions combined with a comprehensive set of policy and funding support measures from the UK Government to protect employment and income. This growth – 8.7% in June, 6.6% in July, 2.1% in August, 1.1% in September²¹ - was, however, uneven and variable across different sectors²². Even despite the growth, the UK economy by September 2020 remained c. 8% below pre-Covid levels²³.
- 2.18** The cocktail of measures the UK Government has introduced has been wide ranging and unprecedented in its scale. This has included the Coronavirus Job Retention Scheme (CJRS), known as the furlough scheme, which remains in place nationally for the duration of the current lockdown, and is set to remain in force in affected Tiers until at least the Spring.
- 2.19** The Government has also rolled out a range of business support programmes including VAT deferrals, business rate holidays and a series of loan and cash grant schemes for smaller businesses. The Winter Economy Plan announced in September 2020 extended these schemes throughout the winter months²⁴.
- 2.20** Whilst the economy rebounded to an extent over the summer, since September 2020, the UK Government has re-imposed a series of, at first, localised, and then national lockdown-type restrictions in order to manage the public health consequences of a ‘second wave’ of the

¹⁹ Sevenoaks and Tunbridge Wells Economic Needs Study (Turley, August 2016)

²⁰ ONS, GDP April 2020

²¹ ONS Monthly GDP September 2020

²² Bank of England Monetary Policy Committee Minutes ending 16 September 2020

²³ ONS, GDP September 2020

²⁴ HM Treasury (24 September 2020) – Winter Economy Plan

pandemic. It is clear that these restrictions will be in place for some time, in some form, likely until at least Q2/Q3 2021 when it is anticipated a vaccine programme will be gaining traction in its rollout across the UK, and globally.

- 2.21** As a consequence the economic outlook remains challenging. For instance, market commentators are forecasting another economic contraction is likely to have taken place in November 2020 in response to the nationwide lockdown. PwC estimate this contraction to be c. 5.7%²⁵. A ‘double dip’ recession is almost certain, and it is anticipated that the UK’s economy will be c. 11-12% smaller at the end of 2020 compared with pre pandemic levels.²⁶
- 2.22** There are a range of projections for the UK’s GDP in 2021. Much will depend on the progress of the UK’s negotiations with the EU regarding a Trade Deal. At the time of writing, little progress had been announced and the risk of a ‘no-deal’ departure and the UK-EU relationship moving to free trade terms without an agreement remains high. Forecasts for UK GDP growth in 2021 remain variable: the European Commission project 3.3% growth²⁷; the IMF project 5.9% growth²⁸, and the Bank of England are more optimistic in projecting 7.25% growth²⁹. Importantly, whilst growth is projected for 2021, given that the UK’s economy has contracted significantly, this growth is from a much lower baseline and could take several years to recover to pre-pandemic levels.
- 2.23** Unemployment is also rising and set to continue. The unemployment rate rose to 4.8% in Q3 2020 and now stands at c.1.6m people, with 181,000 made redundant in Q3 2020, a new record high³⁰.
- 2.24** Against this backdrop, and in the face of the continued and forecast economic uncertainty, the UK Government has confirmed it will continue to provide significant policy and funding support to mitigate economic impacts, where possible³¹.
- 2.25** The UK Government’s Spending Review in November 2020 confirmed that c. £55bn of funding will be provided to support the response to Covid-19 in 2021-22. This will include investing an £3.7bn to deliver additional labour market support through a 3 year long £2.9bn Restart programme to provide intensive and tailored support to over 1 million unemployed people to help them to find work, together with additional funding for the £2bn Kickstart Scheme to create new, subsidised jobs for young people across the country. Out of the £55bn allocated to supporting the response to Covid-19 in 2020/21, approximately £21bn of this is contingency to reflect the uncertainty of the virus’s trajectory and the importance for the UK Government in being able to adapt through the course of the year³².

²⁵ PwC UK Economic Update November 2020

²⁶ PwC UK Economic Update November 2020

²⁷ Economic Forecast for the United Kingdom (European Commission, 2020)

²⁸ 2020 Article IV Mission (IMF, October 2020)

²⁹ Bank of England Monetary Policy Report November 2020

³⁰ PwC UK Economic Update November 2020 – ONS Source Data

³¹ Spending Review 2020 – Presented to Parliament by the Chancellor of the Exchequer by Command of Her Majesty (November 2020);

³² Spending Review 2020 – Presented to Parliament by the Chancellor of the Exchequer by Command of Her Majesty (November 2020);

- 2.26** Clearly the economic context within which we now find ourselves is both challenging and uncertain – to an unprecedented extent.
- 2.27** This paper draws on the Economic Impacts Evidence Base prepared to support the emerging Kent and Medway Economic Renewal and Resilience Plan, commissioned by the Kent and Medway Economic Partnership to set out the actions that must be taken over the next 12-18 months to support jobs, businesses and a sustainable path to economic growth.
- 2.28** The Economic Impacts Evidence Base estimates that the total loss to the Kent and Medway economy in the three months to May 2020 was c. £2.3bn, or 20% of GVA. This is slightly greater than the reported UK GDP fall of 19%, reflecting the sectoral balance of Kent and Medway’s economy.
- 2.29** The table below illustrates the estimated output change across the Kent economy’s constituent sectors.

Figure 1: Estimated output change, March to May (estimate for Kent and Medway based on UK monthly GDP data)

Sector	Output loss (%)	Kent & Medway output loss, £m
Accommodation and food services	-71.7	-208
Education	-37.8	-292
Other services	-37.6	-171
Construction	-29.8	-350
Transport and storage	-29.5	-180
Administrative & support services	-28.3	-181
Human health & social work	-24.2	-203
Wholesale, retail and motor trades	-23.7	-326
Manufacturing	-18.0	-151
Professional, scientific & technical	-15.5	-100
Information and communication	-10.8	-42
Mining, energy & water supply	-8.0	-35
Agriculture	-6.3	-7
Financial and insurance services	-2.5	-12
Real estate	-2.1	-41
Public administration & defence	0.2	10
Total	-19.9	-2,288

Source: ONS, GDP Monthly Estimate, May 2020*, SQW analysis

Source: Kent and Medway Economic Renewal and Resilience Plan: Economic Impacts Evidence Base

- 2.30** At the time of writing, the Kent and Medway Economic Renewal and Resilience Plan assumed – based on a range of sources’ projections - that over the course of the year the UK economy will contract by between 11 and 14%. The lower figure seems now closer to the reality. Applying this estimate to the Kent and Medway economy results in a loss of economic output

in 2020 amounting to between £5 billion and £6.7 billion . Compared to the 2008/09 financial crash, this is much more substantial.

- 2.31** In relation to levels of employment, despite the introduction of the UK Government's Coronavirus Job Retention Scheme (CJRS), unemployment had risen across Kent and Medway, doubling from c. 3% pre-Covid to c. 6% as of June 2020. Specifically, in relation to Tunbridge Wells, whilst the borough had low levels of unemployment at c. 1.7% pre-Covid, by June 2020 this had increased to c. 4.1%. Furthermore, c. 28% of Tunbridge Wells employees had been furloughed via the CJRS scheme, along with 74% of those classed as self-employed registering for support through the UK Government's Self Employment Income Support Scheme. Both schemes are set to be wound down over the coming months, so unemployment could well spike further (the OBR assumes c. 10-20% of those currently furloughed will move into unemployment when the subsidy ends)³³. The UK Government announced on 24 September 2020 the introduction of a new Job Support Scheme from 1 November 2020 which will provide a 'top-up' for employers working a minimum of 33% of their usual hours; for every hour not worked the employer and the UK Government will then each pay one third of the usual level of pay, meaning an employee will receive at least 77% of their usual pay. This scheme will run for 6 months³⁴. A extension to the Self Employed Income Support Scheme was also announced.
- 2.32** The analysis undertaken on behalf of KMEP sets out three potential scenarios for the medium-term and applies these to Kent and Medway's major economic sectors. All three scenarios (upside, central and downside) are plausible given the uncertainty about the length and severity of the recession.
- 2.33** In all scenarios, it is anticipated that **unemployment will rise substantially**, in line with the aftermath of previous recessions: employment rates tend to lag behind increases in outputs as firms remain cautious about hiring commitments and workers dislocated from previous activities take longer to absorb into new industries).
- 2.34** The UK Government has also rolled out a range of business support programmes including VAT deferrals, business rate holidays, a series of loan schemes and cash grant schemes for smaller businesses. As of 5 July, the Kent and Medway authorities had allocated c. £373 million to businesses through the cash grants scheme. The Kent and Medway Growth Hub has identified that there is a growing demand from businesses across the region in respect of support to help firms restructure and find new opportunities for growth.
- 2.35** The Economic Impacts Evidence Base includes detailed analysis for each principal economic sectors in the context of the three potentially identified scenarios, summarised in the table below. More detailed consideration is provided later in this paper relating to the specific potential implications for Paddock Wood's economy.

³³ KMEP (August 2020) – Kent and Medway Economic Renewal and Resilience Plan: Economic Impacts Evidence Base

³⁴ HM Treasury (24 September 2020) – Winter Economy Plan

Figure 2: Summary of sectoral impacts

Sector	Summary impacts
Hospitality and tourism	Severely impacted , with most of the sector closed during the lockdown phase and social distancing continuing to affect how businesses are able to operate. An increase in domestic tourism demand could lead to additional activity, although there is still likely to be a substantial fall in output this year, and risks to businesses as Government support measures come to an end.
Creative and cultural	Severely impacted ; the crisis is likely to be protracted for the sector, with the prospect of live events and cultural activities limited for the rest of the year, and significant vulnerabilities associated with freelance employment
Retail	Retail spend has 'bounced back' after a sharp slump – but much of it is online. There has now been a return to mostly 'normal' trading, but the crisis will likely compound longer-term structural challenges facing the sector.
Food production	Generally resilient in terms of demand , but there is a risk of labour supply problems, given reliance on seasonal, and often migrant, workforces
Manufacturing	Manufacturing has been an important driver of the small return to growth. While parts of the sector are experiencing severe difficulties at present (such as aerospace and aviation), Kent and Medway's exposure to these is relatively limited. However, most manufacturers nationally are operating below capacity
Construction	There has been sharp growth in construction activity nationally , largely driven by the residential market. Sustaining this will be important to Kent and Medway, given the relative size of the sector
Transport	Freight volumes have risen again since the depths of the pandemic , and the sector in Kent is nationally vital for imports and exports. But the local demand-driven public transport sector has already faced a collapse in demand, and recovery is likely to be very slow
Education	Higher education faces significant, potentially structural, challenges , as international students are slow to return and other sources of income are more challenging to access
Community & voluntary	While public services will be resilient (in employment terms) in the short term, the crisis has impacted on Kent's substantial – and diverse - voluntary and community sector (for example, through reductions in fundraising events and volunteer capacity).
Life sciences	A small sector in employment terms but strategically important – and likely to see rising demand for accelerated medicines development and digital health

Source: KMEP Economic Renewal and Resilience Plan

2.36 Whilst the economic impacts of Covid-19 continue to play out with significant sectoral and locational variability, the Economic Renewal and Resilience Plan also outlines a number of principles to guide the planned economic recovery. Importantly, emphasis is placed on **building an economy that is stronger in the long term.**

2.37 The three key principles identified are:

- i) **Greener futures** - developing an economy which is more sustainable in the long-term.
- ii) **Open and productive** – building an outward facing, productive economy, promoting skills development, business capacity, technology capabilities and stronger supply chain networks that will support productivity growth in the long-term.
- iii) **Better opportunities, fairer chances** – delivering positive employment outcomes, ensuring access to employment is linked with access to longer-term

prospects and supporting skills development opportunities to ensure that those most disadvantaged in the labour market are not left behind³⁵.

2.38 These principles underpin an action plan identified with actions grouped within five 'channels' of work:

- i) Building **communications, confidence and trust**
- ii) **Open for business**
- iii) **Business** – supporting resilient and innovative businesses to drive future growth
- iv) **People** – enabling people to access work and skills to reach their potential
- v) **Investment** – planning and investing now for a sustainable future³⁶

2.39 These are not elaborated upon in detail here, but will be referenced and expanded upon in further detail in later sections considering the economic opportunities available to Paddock Wood.

Conclusions

2.40 The **sub-regional economic context** for Paddock Wood is one which is **relatively productive and affluent: West Kent is the 'engine room' of the Kent economy.**

2.41 The **wider population base is relatively highly skilled, and Tunbridge Wells has particular strengths in sectors of the knowledge economy.** More generally, the business base of the borough and West more generally is relatively diverse with **strong representation of micro businesses and SMEs.**

2.42 This review of the DLP evidence base and wider economic regeneration literature relevant to the borough and sub-region reveals that the **overwhelming focus of data analysis and policy formulation is on the Tunbridge Wells economy itself** and its relationship to other key economic hubs – including Sevenoaks and Tonbridge and Malling: the **identified priorities and objectives for the economic development of the borough are predominantly focused on the town itself**; these priorities align well with the wider regional (SELEP) and national policy objectives for **driving innovation, inward investment, connectivity, skills and productivity** in the more **knowledge-intensive sectors.**

2.43 The **impacts of Covid-19** on the whole UK economy have been, and will continue to be, profound and long-lasting. The **sectoral and locational impacts across the wider UK and Kent economy have been varied**, but are nonetheless significant. These impacts will also have to be considered in the context of the **potential economic impacts of the UK's pending departure from the European Union** – the terms of which have yet to be confirmed.

³⁵ KMEP (August 2020) – Kent and Medway Economic Renewal and Resilience Plan

³⁶ KMEP (August 2020) – Kent and Medway Economic Renewal and Resilience Plan

- 2.44** Along with the wider economic development policy objectives for the borough of Tunbridge, West Kent and SELEP, the proposed **economic recovery and resilience plan for Kent and Medway** also includes a number of central priorities which are focused around **enhancing productivity, innovation, skills development and moving towards a greener economy**.
- 2.45** Any identification of **economic opportunities for Paddock Wood will need to be aligned with these wider economic growth and policy agendas but also cognisant of the specific character of the Paddock Wood economy**. The following section proceeds with a more forensic analysis of the local Paddock Wood economy, with consideration given to key similarities and points of distinction from the character and profile of its wider economic context, including reflections on the extent of relevance / alignment between the challenges and opportunities inherent in the Paddock Wood economy versus the more strategic challenges and priorities which have been identified. In turn, further consideration is given to the identification of more locally relevant and specific priorities and objectives – including from a spatial planning policy perspective to feed into the emerging DLP – with the **objective of promoting opportunities for growth in Paddock Wood which are strategically aligned with its wider context**.

3. Local context

Key points

- i) Paddock Wood's population has been reducing over-time, and its profile is getting older: the working-age population has been contracting.
- ii) The skills-base of the resident population is significantly lower qualified overall than compared with nearby Royal Tunbridge Wells.
- iii) The number of people employed in Paddock Wood has been reducing over time – key sectors, including manufacturing, have reduced in size.
- iv) The wholesale sector is, disproportionately, the most important employer in Paddock Wood, supporting over 35% of the town's employment; it has grown significantly in size in recent years.
- v) The retail, construction and motor trades sectors are all important in providing consistent levels of employment. The professional, technical and services sector is growing, but relatively limited in size.
- vi) The proportion of small and medium enterprises is notably higher than average
- vii) As of 2011, approximately 30% of residents live and work in Paddock Wood; the rest commute to Tunbridge Wells, Tonbridge and Malling and Maidstone; a further 10% commute to London.
- viii) Paddock Wood's town centre 'offer' is relatively functional and responds to the day-to-day needs of the town's residents along with those of its rural hinterlands.
- ix) Paddock Wood's office market is limited in scale and offer; its industrial property market is significantly more established with a demonstrable lack of available supply of industrial premises relative to historic levels of take-up.

Introduction

- 3.1** This section provides a focused review of the local context of Paddock Wood, with a brief review of its locational context and characteristics before a more detailed analysis of the socio-economic profile of the town and the local commercial property market, to complement

the more over-arching analysis of the wider borough's economy provided elsewhere in the DLP's evidence base³⁷.

Locational context

- 3.2** Paddock Wood is recognised as a '**Small Rural Town**' in the settlement hierarchy of the wider Tunbridge Wells Borough³⁸. It is situated approximately seven miles to the north-east of Royal Tunbridge Wells, six miles to the east of Tonbridge and 11 miles to the south-west of Maidstone.
- 3.3** Paddock Wood is located close to the northern edge of Tunbridge Wells Borough, and is close to the border of the administrative district of Tonbridge & Malling and close proximity to Sevenoaks District (north-west) and Maidstone Borough.
- 3.4** Whilst being a relatively small town, it benefits from **strong transport links** with twice-hourly trains (53 minutes) running to London Charing Cross, stopping at Tonbridge, Sevenoaks and London Bridge. Paddock Wood also has good road links, and is nine miles south of the M26 (Junction 2a), accessed via the A228 and A26 running north-south.
- 3.5** The town, as existing comprises a **range of high-order facilities**, including retail/commercial services, secondary and primary schools, a sports centre and other recreational facilities. It acts as a service and infrastructure hub for its local rural context.
- 3.6** This paper does not provide a 'health check' of the town centre in terms of its retail, leisure or entertainment economy: this is largely addressed elsewhere in the DLP evidence base; however it is noted that whilst the town centre provides a range of convenience and comparison based retail and related professional services (i.e. accountants, solicitors etc), the character of the 'offer' is representative of the need it fulfils: the day-to-day needs of a resident population without providing any significant competition to the surrounding larger towns, most notably Royal Tunbridge Wells, in terms of a more comprehensive comparison retail, entertainment or leisure economy offer. There is minimal provision in the way of evening economy uses such as restaurants, bars or cafes: **the range of town centre occupiers is largely 'functional'**: florists, estate agents, DIY and grocery stores, albeit with a strong representation of independent operators.
- 3.7** It is a **key node in the local rural economy**, reflecting its growth in the mid-nineteenth century as the centre of the local hop picking and fruit distribution trade following the arrival of the railway into the town.
- 3.8** The locational context of Paddock Wood represents both a strength and an opportunity: the close proximity to larger, urban settlements with greater concentrations of employment, retail and leisure uses, together with its strong transport connectivity via road and rail, means that as a town it is well situated both from the perspective of being **able to attract employers which can take advantage of its locational and transport infrastructure advantages** –

³⁷ Sevenoaks and Tunbridge Wells Economic Needs Study (Turley, August 2016)

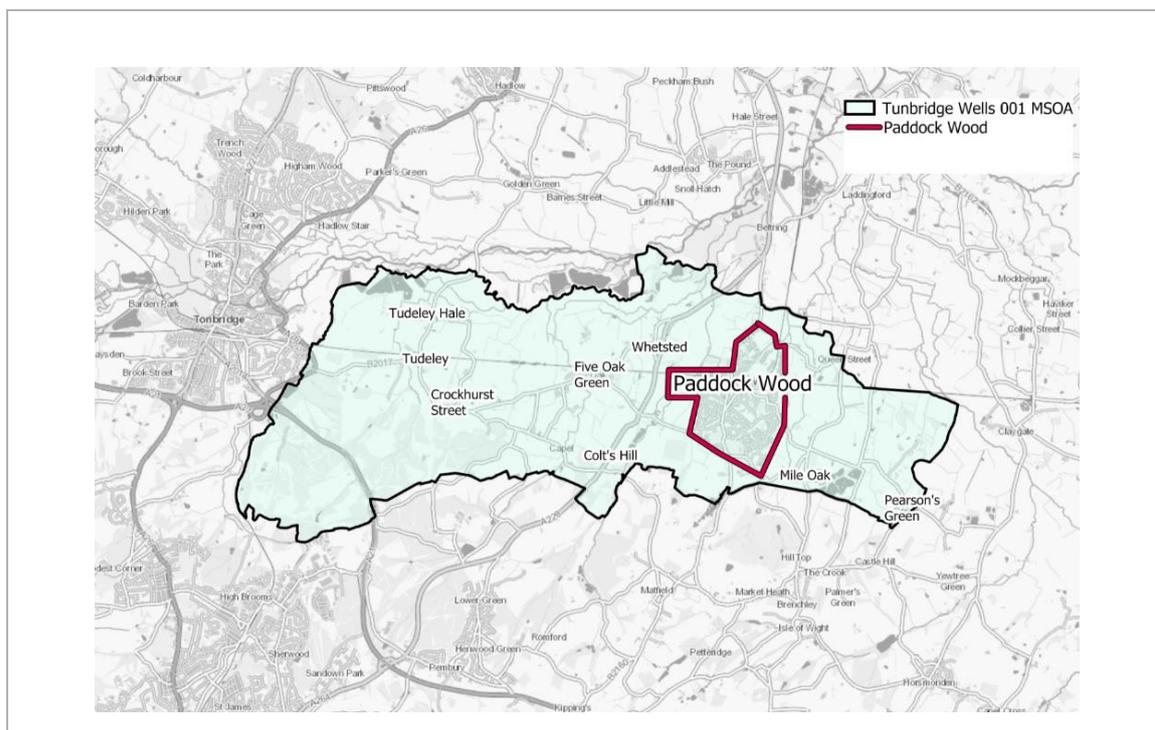
³⁸ Tunbridge Wells Draft Local Plan Evidence Base – Settlement Role and Function Study (February 2017)

particularly those with linkages to the surrounding rural economy - as well as being **attractive to residents wishing to commute** to places of employment further afield. Nevertheless, there are also **potential disadvantages** associated with its locational context in relation to its **ability to compete with larger towns** nearby which have far extensive service and amenity offerings. More detailed, data-driven analysis is provided below regarding these aspects, however it is worth reflecting as an initial observation that Paddock Wood's locational attributes also bring challenges which will need to be factored into account when considering the nature and scope of the potential opportunities.

Local economic context

- 3.9** In reviewing the existing evidence base and background documents relevant to Paddock Wood, it is clear that the lowest resolution of socio-economic data analysis has been at either the borough or sub-regional level (or above).
- 3.10** In order to build a more bespoke understanding of Paddock Wood's demographic and socio-economic profile, this paper instead analyses data at a more granular level, which is then compared against comparator areas including the borough of Tunbridge Wells, Kent and England.
- 3.11** Data has principally been sourced from the Office of National Statistics (ONS). The highest resolution of data possible, with the greatest level of granularity is that of the Lower Layer Super Output Area (LSOA), which typically relates to an area with a population of c. 1500. However, not all required data is collected at this level of granularity, so instead, this paper has focused on the next level of resolution, the Middle Layer Super Output Area (MSOA). The map below identifies the relationship between the settlement of Paddock Wood and the wider MSOA (Tunbridge Wells 001 MSOA). Whilst this wider area encapsulates a number of smaller village settlements surrounding Paddock Wood, including Five Oak Green and Mile Oak, the relative size and role of these settlements compared with Paddock Wood within the overall MSOA boundary is such that it is considered that any observable trends or patterns in the data are broadly representative of the locality, and relevant to the town of Paddock Wood specifically.

Figure 3: Map of the relationship between Tunbridge Wells 001 MSOA and Paddock Wood



Source: Produced by SQW 2020. Licence 100030994

3.12 A snap-shot of the key messages and outcomes of the data analysis is set out below; more comprehensive analysis, including raw data, are provided at Annex A.

Demographics

3.13 Population – the **population has slightly declined over time**, from 10,727 in 2011 to 10,422 in 2018, a reduction of -2.8%; this compares with an increase across the borough of Tunbridge Wells of 2.4% over the same period, from 115,246 to 118,054.

3.14 Age structure – at the same time as the population declining, the age structure of Paddock Wood has been adjusting: Paddock Wood's **population profile is getting older, and the working-age population has shrunk**. The proportion of the population which is 65+ has increased from 2,098 to 2,236 between 2015-2018, with a reduction in the working-age population (16-64 years) declining from 6,408 to 6,263.

3.15 The increasing size and relative proportion of the population which is 65+ reflects a common trend which is apparent at all levels – Tunbridge Wells, Kent and England – however the relative annual growth rate for Paddock Wood is higher than all the comparators. Additionally, the relative decline of both the size and proportion of the working-age population is **counter to the trend experienced across the borough and the county** more generally which have experienced positive annual growth of the working-age population.

3.16 Skills – the data reveals that Paddock Wood has a **relatively low-skilled workforce** contrasting significantly with Tunbridge Wells. For instance, the 2011 ONS data reveals that only 23.7% of the resident population of Paddock Wood has qualifications to Level 4+ compared with 34.6% of the Tunbridge Wells population.

Paddock Wood local economy

3.17 Number of employees and full-time employees – the **number of employees in Paddock Wood has reduced noticeably** in recent years, decreasing from 6,000 in 2015 to 5,000 in 2018; this trend mirrors that experienced in Tunbridge Wells, however the driving factors are likely to be quite different given the contrasting economic profiles (i.e. Tunbridge Wells has seen a significant loss of office floorspace across this period as a result of permitted development conversions of existing office-stock; Paddock Wood does not have a significant office-stock, and the reduction in employment density is more likely a result of reduced employment densities resulting from the continued growth of wholesale/warehousing based employment at the expense of manufacturing type uses).

3.18 The **proportion of jobs in Paddock Wood which are full-time, at 80%, is high, and significantly higher** than the proportions recorded for Tunbridge Wells (64.7%), Kent (64.8%) and nationally (68%).

3.19 Sectoral composition: number of enterprises – UK Business Counts data reveals a picture of the Paddock Wood economy where a number of sectors have shrunk – in terms of numbers of enterprises – between 2016 and 2019. **The enterprise count has reduced across the wholesale, manufacturing, information and communication, accommodation and food services and motor trade sectors.** The **construction sector has grown significantly** in this period, with some **growth also witnessed in the professional, scientific and technical services, business administration and support services and retail sectors.**

3.20 Sectoral composition: number of employees – employee count data obtained from the Business Register and Employment Survey identifies that **the wholesale sector is the largest employer in Paddock Wood**, employing c. 1,750 people in 2018, 35% of all employees. The number employed in **the wholesale sector has increased** from 1,250 in 2015 to 1,750 in 2018, a significant increase in those employed and which contrasts with a reduction in the enterprise count, and is perhaps reflect a consolidation of the number of active enterprises and the significant expansion of existing businesses. **The manufacturing sector, in contrast, is declining in size.** It is still the second largest sector in Paddock Wood, employing c. 500 people in 2018, however this has reduced from 1,500 in 2015.

3.21 It is of note that **the retail sector is one of the largest employers in Paddock Wood**; the number of people employed has been relatively consistent between 2015 and 2018, at c. 500 people.

- 3.22** The **transport and storage sector is also a key employer in Paddock Wood**, again with a relatively consistent presence in recent years, employing c. 7% of all Paddock Wood employees.
- 3.23** The **professional, scientific and technical services sector has increased in size** in recent years, from c.225 employees in 2015 to c. 300 employees in 2018, mirroring the growth in enterprises in this sector.
- 3.24** Other **growth sectors** include **business administration and support services, construction and arts, entertainment and recreation.**
- 3.25** The growth of the sectors identified has been more than off-set by the **reduction of employees in the property, financial and insurance, information and communication, accommodation and food services and the health care sectors** which have all reduced in size throughout the period 2015-2018 and have contributed to the overall reduction of employees based in Paddock Wood.
- 3.26** Size of enterprises – in relation to the comparator areas, **Paddock Wood is home to a notably higher proportion of both small and medium size enterprises, with a smaller proportion of micro businesses.**
- 3.27** Further analysis of time series data also reveals that **between 2016 and 2019 the number of small and medium sized enterprises in Paddock Wood increased**, growing at rates of 4.9% per annum and 14.5% per annum respectively, far exceeding the rates recorded for comparator areas.
- 3.28** **Location quotient (employees)** – location quotients tell us how concentrated a particular sector is in any given location relative to a baseline comparator (an LQ of 1 implies a location quotient for a specific location. In this instance, based on the number of employees, the sectors which have a **noticeable concentration of employment** compared with England as a whole include **the wholesale sector (LQ of 8.3)**, the **motor trades (L of 2.2)** and the **transport and storage sector (LQ of 1.4)**.
- 3.29** **Commuting** – the data relating to commuting is relatively outdated (2011 Census), however provides a good indication of the general patterns for both where Paddock residents commute to, and where Paddock Wood employees reside.
- 3.30** Approximately 30% of Paddock Wood commuters live and work in Paddock Wood. A further c. 30% commute to Royal Tunbridge Wells, c. 20% commute to Tonbridge & Malling, c. 10% commute to London, c. 5% commute to Maidstone and c. 5% commute to Sevenoaks.
- 3.31** In terms of in-commuters, c. 30% of Paddock Wood employees commute in from Tonbridge and Malling, c. 25% commute from Royal Tunbridge Wells and c. 15% commute in from Maidstone
- 3.32** **Working from home** – again, the data relating to working from home is relatively dated (ONS, 2011), however it is interesting that the reported figures for homeworking (defined as where

the respondent 'mainly' worked) were **slightly higher at 11.8% than the national average of 10.3%, and lower again than the Tunbridge Wells average of 14.6%**. These figures will have undoubtedly changed over the last ten years (even ignoring the impacts of Covid-19 on working practices) and consideration is given to this trend later in the paper.

3.33 Paddock Wood station usage – figures reported by the Office of Rail and Road show that the **usage of Paddock Wood Station has increased by 10%** between 2013/14 and 2018/19.

Paddock Wood property market overview

3.34 The following paragraphs provide an overview of the localised Paddock Wood commercial property market. The analysis provided below is intended to complement the borough-wide analysis provided in the Economic Needs Study³⁹ by providing a more detailed picture of demand and supply in the localised commercial property market for Paddock Wood. This will, in turn, feed into the identification of potential economic opportunities in Paddock Wood.

3.35 A fuller review of Paddock Wood's property market is provided at Annex C.

Paddock Wood: office market

3.36 Paddock Wood's existing office stock is relatively minimal. There are a small amount of office floorspace clustered at the northern end of Commercial Road both in the Paddock Wood Business Centre (corner of Commercial and Station Road) and also situated at first floor, above ground floor retail, at 15 Commercial Road. The suites are relatively small in size, ranging from c. 500-1,500 sq ft in size, with those in Paddock Wood Business Centre let as serviced office suites. There is little evidence of recent leasing activity.

3.37 Generally speaking, the office market of Paddock Wood is relatively insignificant in the context of the wider sub-regional office market which is dominated by Sevenoaks and Tunbridge Wells. It is notable that Colliers, who contributed to the Economic Needs Study, do not regard either of the Key Employment Areas in Paddock Wood (west and east of Maidstone Road) as appropriate office development locations, and no commentary is provided in respect of the town centre as either an existing or potential office location.

3.38 For the purposes of this analysis, the existing office market in Paddock Wood is summarised as limited in scale, with a small amount of town centre stock.

Paddock Wood: industrial market

3.39 To understand demand for premises in Paddock Wood, we have undertaken analysis of data collected by CoStar over the four years between 2015 and 2019. The overwhelming majority of these were in the two main industrial estates to the north of Paddock Wood station and the railway line, though there were some lettings in the rural area surrounding Paddock Wood.

- 3.40 Historic take-up** - The database records 24 lettings of industrial and light industrial premises during this period, an average of 4.8 deals per year. The sparsity of transactional data makes it difficult to identify meaningful trends in the rate of take-up over the past five years, but the five-year average take-up has been 124,000 sq ft per year with 2019 and 2016 significantly below this level, and peaks in 2015 and 2017 that were significantly above.
- 3.41** The median size of industrial units transacted in this period was 12,345 sq ft reflecting the preponderance of medium-sized units in the area. There is, however some variety in premises sizes with units let in the five-year period ranging in size from a 2,370 sq ft unit leased by Timpsons at Eldon Way Industrial Estate in 2015 up to units of 40,000 sq ft leased by Mack Fruit in May 2015 and by Ann Summers in October 2017.
- 3.42** There are significantly larger units at Paddock Wood, though none of these have been re-let in the five-year period between 2015 and 2019. Re-Go Autoparts Ltd renewed their lease on 125,431 sq ft in 2015 and Restore Ltd renewed a lease on a 116,063 sq ft unit on the Transfesa Road Industrial Estate in 2018.
- 3.43 Rental levels** - Analysis of CoStar data shows that average achieved rents at Paddock Wood have remained consistent, fluctuating around the £5-£6 / sq ft level. There is a slight trend upwards in average achieved rents, but this may reflect the relatively limited number of datapoints on which this analysis is based as well as the variation in unit sizes. The range of rental levels is relatively narrow and points to a rental tone of £6 / sq ft for second-hand premises in good enough condition to appeal to tenants with the national reach and strong covenants found in Paddock Wood.
- 3.44 Supply** - CoStar database lists 7 available industrial and light industrial units which account for a total of 123,412 sq ft of space, equivalent to single year's supply based on historic take-up. The average asking rent is £7.36 which is below the average asking rents in 2018 but 22% above the £6.05 net effective rent achieved in January 2019, the most recent transaction for which we have data. This involved the letting of 23,130 sq ft in the building adjoining Warburtons at Transfesa Road to Rowcliffe & Sons, a wholesaler.
- 3.45** Available units range in size from 4,657 sq ft to 65,777 sq ft with a median unit size of 8,500 sq ft.

Paddock Wood: retail market

- 3.46** Neither CoStar nor EGi databases contain sufficient records from which to examine trends in the retail property market within Paddock Wood. Given the size of the retail overall retail unit stock it is likely that this reflects a limited churn in the market. EGi records a total of six lettings in Paddock Wood between 2012 and 2020 amounting to a total of 6,449 sq ft with an average annual take-up of 806 sq ft over eight years and an average number of 0.75 lettings. Two lettings were recorded in 2013 and none in 2015, 2016 or 2018.

3.47 Data for achieved rents is available for four of the six lettings, all involving units on Commercial Road, showing that these ranged between £9.47 achieved in November 2013 for a 845 sq ft unit at 36 Commercial Road, to £20.39 which was achieved in March the following year on a 441 sq ft unit at 26 Commercial Road. These were both for new three-year leases. The average achieved rent across the four transactions that took place between 2012 and 2019 was £15.60 which is consistent with the most recent letting of the former HSBC branch at 11 Commercial Road, a 1,666 sq ft unit on a ten-year lease at £15 / sq ft.

Conclusions

3.48 This section has revealed a detailed picture of the local Paddock Wood economy and property market which contrasts, in places, significantly with the wider Tunbridge Wells and West Kent context:

- i) Paddock Wood's **population has been reducing over-time**, and its **profile is getting older**: the **working-age population has been contracting**, all in contrast to Tunbridge Wells.
- ii) The **skills-base of the resident population is significantly lower qualified** overall than compared with nearby Tunbridge Wells.
- iii) The **number of people employed in Paddock Wood has been reducing over time** – key sectors, including manufacturing, have reduced in size.
- iv) The **wholesale sector the most important employer** in Paddock Wood, supporting over 35% of the town's employment; it has grown significantly in size in recent years.
- v) The **retail, construction and motor trades sectors are all important** to Paddock Wood providing consistent levels of employment for a significant number of residents. The **professional, technical and services sector is growing, but relatively limited in size**.
- vi) The **proportion of small and medium enterprises is notably higher** in Paddock Wood compared with Tunbridge Wells, or Kent more widely, albeit with fewer micro-businesses present.
- vii) As of 2011, approximately **30% of residents live and work in Paddock Wood**; the rest commute to Tunbridge Wells, Tonbridge and Malling and Maidstone; a further **10% commute to London**.
- viii) **The use of Paddock Wood Station has increased by over 10% since 2013**.
- ix) **The existing office stock of Paddock Wood is negligible in size**;
- x) **The existing retail property market is relatively limited in size**, with **relatively few occupancy transactions** occurring in recent years, **reflecting the observed low**

vacancy rate with rents being relatively consistent albeit characterised by relatively short lease lengths and a relative lack of diversity in available unit sizes.

- xi) **The industrial commercial property market is well-established**, and Paddock Wood has a **diverse and generally good quality range of stock**; it is notable that available supply represents only one year of the average take-up rate, indicating **a lack of available supply relative to demand**.

3.49 These conclusions are particularly salient in the context of both the perception and reality of West Kent, and Tunbridge Wells in particular, being the ‘engine room’ of the Kent economy. There are many strengths to the Paddock Wood economy, not least the size and growth of the wholesale sector and the growth of the number and proportion of small and medium size enterprises in recent years, however these are quite distinct from some of the acknowledged strengths of the wider Tunbridge Wells economy, such as the highly-skilled workforce and the presence and growth of higher-value knowledge economy sectors. Additionally, the overall local economic picture of Paddock Wood in recent years has been one of relative shrinkage given the decline of several key sectors, potential over-reliance on specific sectors and reduced levels of overall employment. Interestingly, the relative lack of available / vacant commercial premises in the context of an overall reduction in employment numbers is **indicative of a trend in Paddock Wood towards lower density employment uses** – exemplified by the growth of the wholesale sector in recent years.

3.50 It is important therefore that this locally-specific profile of the Paddock Wood economy is captured when considering the future direction of travel and opportunities for future growth of the town’s economy.

4. Planning policy context

Key Points

- The emerging policy context for Paddock Wood clearly promotes a comprehensive, masterplanned approach to the regeneration, revitalising and diversification of the town centre.
- The need is even more acute in recognition of the significant level of growth planned for Paddock Wood and land in Capel parish, as well as continuing to support the existing community of the town, and its surrounding rural hinterland.
- Emerging policy encourages a mix of uses in the town centre
- A single, large allocated site to the west of Commercial Road has previously been identified as the focal point for the town centre development aspirations, however it is recognised that this site has been allocated for town centre development for many years and has yet to be delivered.
- The Council will utilise its Compulsory Purchase Order powers, where necessary and appropriate
- In relation to employment uses, these are currently clustered to the north of Paddock Wood railway station in two existing protected Key Employment Areas, both earmarked for protection, potential intensification and expansion.
- The draft policy does not impose any prescriptive requirements on the mix or quantum of employment uses within the draft allocations and concludes that this should be a function of the masterplanning process and market requirements.

Introduction

- 4.1** This Section focuses on the planning policy context, and supporting evidence base, of particular relevance to Paddock Wood.

- 4.2** Specifically, this section focuses on the emerging DLP and supporting evidence identifying the key elements of relevance to both the town centre and the wider employment economy of the town.

Adopted planning policy

- 4.3** The currently adopted Development Plan for the borough of Tunbridge Wells comprises the Saved Local Plan 2006 policies (and accompanying Proposals Maps), the Core Strategy 2010 and the Site Allocations Local Plan 2016.

Adopted planning policy: Paddock Wood town centre

- 4.4** The adopted policy framework recognises that Paddock Wood is a small rural town⁴⁰ with the spatial strategy for the borough promoting sufficient development in Paddock Wood to support and strengthen it as a local service centre for the Borough's rural area⁴¹. The Core Strategy 2011 sets the strategic policy direction for Paddock Wood, in particular Core Policy 11 (Development in Paddock Wood).
- 4.5** Core Policy 11 identifies that c. 900 sqm of additional comparison retail floorspace should be delivered by 2017 in order to increase the vitality and viability of the centre; the provision of activities to strengthen the social economy of the town (community uses, restaurants, meeting spaces) are also encouraged⁴².
- 4.6** This strategic policy relating to the town centre needs to be read alongside the Saved Local Plan 2006 policies.
- 4.7** Of particular relevance to Paddock Wood's town centre is Saved Local Plan Policy CR9 (and accompanying Proposal Map) which defines the Paddock Wood Primary Shopping Area.
- 4.8** Within this allocated Primary Shopping Area, the policy supports the introduction of Class A1-A5 land uses as long as they '*would not result in non-A1 uses exceeding 40% of the ground floor measured frontages*' or '*result in the excessive concentration of non-A1 uses which would cause a significant interruption in the shopping frontage, reducing its attractiveness and thus harming the vitality and viability of the shopping area as a whole*'.⁴³
- 4.9** It is important to note therefore that existing adopted policy has sought to reinforce the town centre as a retail-focused town centre that serves its rural hinterland, albeit with a focus on the intensification and diversification of the use of the town centre with a focus on comparison retail and supporting 'social economy' uses.
- 4.10** This approach was refined and reinforced with the adoption of the Site Allocations Local Plan 2016. Site Allocation Policy AL/PW 1 identified a site in the town centre to be allocated for

⁴⁰ Tunbridge Wells Core Strategy 2010 – Box 4 Settlement Hierarchy

⁴¹ Tunbridge Wells Core Strategy 2010 – Box 3 Spatial Strategy

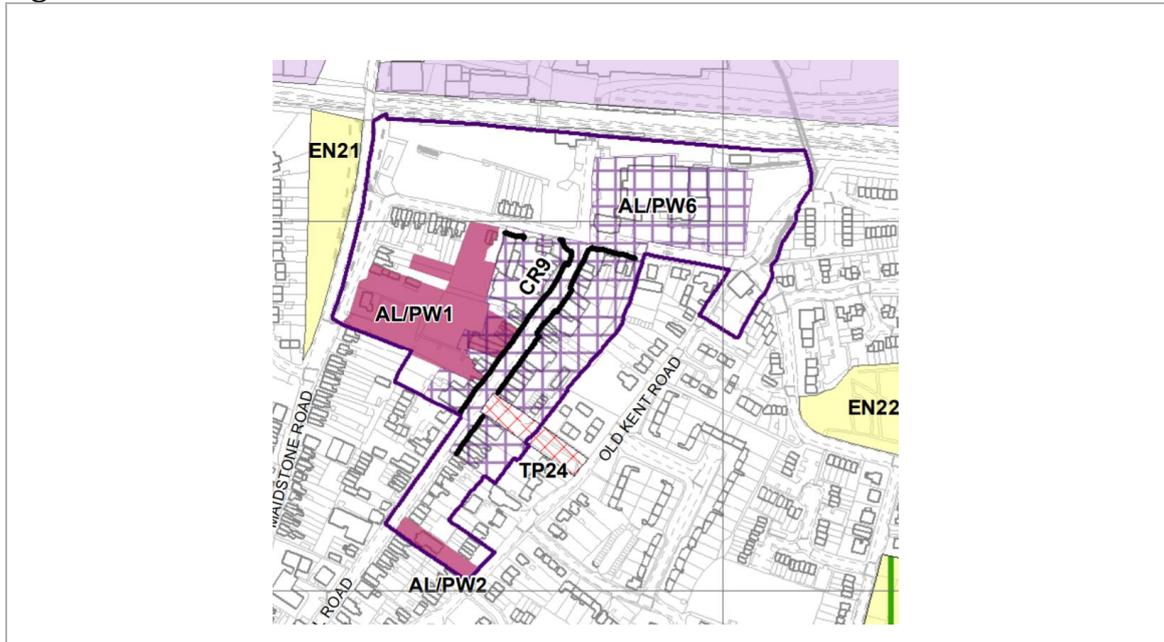
⁴² Tunbridge Wells Core Strategy 2010 – Core Policy 11: Development in Paddock Wood

⁴³ Tunbridge Wells Saved Local Plan Policy 2006 – Policy CR9

mixed-use development (see proposals map extract below). This allocation superseded a previous site allocation in the Local Plan 2006 (Policy CR8). The location of this allocation relative to the town centre and the identified Primary Shopping Area (CR9) is shown in the extracted Proposals Map plan below.

- 4.11** The aspiration of Allocation AL/PW 1 was for a masterplan to be developed which would be expected to deliver retail development (including 4000 sqm of comparison and 200 sqm of convenience retail), restaurants and cafes, drinking establishments and at least the same amount of parking (unless provided elsewhere), with other town centre uses also being considered acceptable including leisure, offices, healthcare and residential.

Figure 4: Site Allocations Local Plan 2016 – Paddock Wood Town Centre



Source: SQW Extract from Site Allocations Local Plan 2016

- 4.12** There is clearly a long-standing aspiration embedded in planning policy for the comprehensive, masterplanned mixed-use redevelopment of the town centre. The focus historically was on promoting retail uses, however the 2016 Site Allocation promotes a more holistic and diverse approach to diversifying the town centre. It is notable that this long-standing aspiration for a comprehensive and masterplanned approach to the development of the town centre has not yet materialised.

Adopted planning policy: Paddock Wood employment sites and uses

- 4.13** The Saved Local Plan 2006 identified two Economic Development Areas in Paddock Wood to the west and east of Maidstone Road, the Eldon Way and Transfesa Road industrial areas, respectively.
- 4.14** Saved Policies ED1 and ED3 directed larger-scale light industrial B1 and general industry (Class B2) and distribution and storage uses (B8) to these Economic Development Areas.

- 4.15** The Core Strategy 2010 changed the name of these Economic Development Areas to Key Employment Areas (KEAs). Core Policy 7 (Employment Provision) included provisions to ‘*maintain the overall net amount of employment floorspace across the Borough for a range of employment generating uses*’ and to ‘*retain existing floorspace and encourage new floorspace in Key Employment Areas*’⁴⁴.
- 4.16** It is notable that the Core Strategy 2010, aside from recommending that current and future business/employment needs will be promoted in the KEAs, also promoted the ‘*provision of smaller, more flexible and higher-quality commercial and industrial units in the defined KEAs*’⁴⁵. The supporting text justifying this policy position noted that the Employment Land Study (2006) identified that there is some evidence that the existing large size and often poor quality of accommodation in Paddock Wood has been a cause of low take-up rates⁴⁶.
- 4.17** The Site Allocations Local Plan 2016 retained the KEA designations without allocating any further land for new employment space: future employment development within Paddock Wood was instead targeted to the existing KEAs⁴⁷.

Emerging planning policy: Draft Local Plan (Regulation 18 Consultation Version)

- 4.18** The DLP includes a number of strategic and detailed development management policies of relevance to Paddock Wood. These are not exhaustively reviewed here, but the most pertinent aspects are highlighted in reference to the purpose of this report which is to focus on identifying economic opportunities for Paddock Wood. Importantly, the step change of the DLP compared with the previous adopted planning policy is the quantum of housing delivery proposed for Paddock Wood (including land in Capel): up to 4,000 new homes are planned to expand the town, which would have the effect of more than doubling the existing residential population.

Emerging planning policy: Paddock Wood town centre

- 4.19** The development strategy for Paddock Wood identifies in relation to Paddock Wood that the town centre will be regenerated ‘*to provide a vibrant and viable new centre for the communities it will serve.*’⁴⁸
- 4.20** The development strategy for Paddock Wood further requires that proposals will ‘*provide for the regeneration and revitalisation of the town centre*’, with references to ‘*recognising the role of railway heritage and hop and fruit picking to the area*’. This policy also requires that the town centre should provide for c. 400-700 sqm of comparison retail floorspace, one medium-

⁴⁴ Tunbridge Wells Core Strategy 2010 – Core Policy 7: Employment Provision

⁴⁵ Tunbridge Wells Core Strategy 2010 – Core Policy 10: Development in Paddock Wood

⁴⁶ Tunbridge Wells Core Strategy 2010 – Core Policy 10: Development in Paddock Wood supporting text Para 5.248

⁴⁷ Tunbridge Wells Site Allocation Local Plan 2016 – Paragraph 5.23

⁴⁸ Tunbridge Wells Draft Local Plan (Regulation 18) – Policy STR 1: The Development Strategy

sized foodstore by the end of the plan period (convenience retail) and a mix of Class A2-A5, B1, D2 and appropriate sui generis uses⁴⁹.

- 4.21** The policy further reinforces the requirement for a masterplan-led approach to be taken to the development of the town centre, and that the Council *'will if necessary, use its Compulsory Purchase Order powers to ensure the delivery of the appropriate masterplanned approach'*.
- 4.22** The Site Allocation for the town centre replicates all of these key points, also emphasising that there should be no net loss of car parking, with provision made for additional car parking⁵⁰.
- 4.23** In terms of settlement hierarchy, Paddock Wood is identified as a Town Centre, subservient to the Primary Regional Town Centre of Royal Tunbridge Wells⁵¹. The town centre serves both the town and its rural hinterland, and is largely comprised of independent retail traders occupying small units. However, the importance of the expansion and revitalisation of the centre of Paddock Wood to support the level of proposed development is emphasised.
- 4.24** The more detailed development management policies define a 'town centres first' approach to the proposed location of uses, in line with national policy and guidance⁵², with additional policy emphasising that the Council will seek to *'enhance the established character and diversity of centre uses, and may resist the over-concentration of particular uses that would be detrimental to the character and function of an area or to the vitality or viability of the centre'*⁵³. The more detailed policy relating to development management guidance for Primary Shopping Areas and Retail Frontages emphasises the importance of maintaining active frontages and a mix of town centre uses without adopting overly mechanistic requirements as per previous adopted policy (i.e. minimum percentages of Class A1 uses).
- 4.25** The overall policy direction for the town centre of Paddock Wood, and more generally, is one which recognises both the future proposed step change in the size and function of the town and the need for the quantum and mix of town centre uses to diversify and adapt to this.

Emerging planning policy: Paddock Wood employment sites and uses

- 4.26** The DLP makes reference to the proposed safeguarding and expansion of the existing Key Employment Areas in Paddock Wood to provide additional B1/B2/B8 floorspace with the precise quantum to be determined through the masterplanning process⁵⁴. The strategic policy for Paddock Wood makes no reference to any specific requirements in terms of mix or quantum of this proposed additional employment floorspace⁵⁵.
- 4.27** The over-arching site allocation provides some more detail in respect of expectations regarding employment provision, but the policy still strikes a very flexible and permissive

⁴⁹ Tunbridge Wells Draft Local Plan (Regulation 18) – Policy STR/PW 1: The Strategy for Paddock Wood

⁵⁰ Tunbridge Wells Draft Local Plan (Regulation 18) – Policy AL/PW 2: Paddock Wood Town Centre

⁵¹ Tunbridge Wells Draft Local Plan (Regulation 18) – Policy ED 8: Town, Rural, Neighbourhood and Village Centres Hierarchy

⁵² Tunbridge Wells Draft Local Plan (Regulation 18) – Policy ED 10: Sequential Test and Local Impact Test

⁵³ Tunbridge Wells Draft Local Plan (Regulation 18) – Policy ED 9: Defined Town and Rural Service Centres

⁵⁴ Tunbridge Wells Draft Local Plan (Regulation 18) – Policy STR 1: The Development Strategy (Table 3)

⁵⁵ Tunbridge Wells Draft Local Plan (Regulation 18) – Policy STR/PW 1: The Strategy for Paddock Wood

tone: *'Additional employment provision, including expansion of Key Employment Areas (B1/B2/B8 uses). The make-up of this employment provision will be informed by the masterplanning process, and will look to supplement, broaden and significantly increase the employment provision for Paddock Wood and the surrounding area, and will be informed by market information'*⁵⁶.

- 4.28** The site allocation AL/PW 1 includes three potential sites allocated for employment use: PW 1_4 which is earmarked potentially for either residential or employment use, and PW_5 and PW_6 which are both earmarked for proposed employment uses. PW 1_4 could lead to the extension of the Paddock Wood Eldon Way and West of Maidstone Road Key Employment Area; PW_5 and PW_6 would both entail the expansion of the Paddock Wood Transfesa Road East and West Key Employment Area to the north and east, respectively.
- 4.29** Table 4 identifies the range of constraints associated with these proposed allocated sites, including flood risk, landscape/visual impact, biodiversity, land contamination and highways access.
- 4.30** Draft policies relating to employment uses emphasise the presumption in favour of retaining existing floorspace and encouraging the intensification of and encouragement of new floorspace in the KEAs⁵⁷.
- 4.31** Further policy is also proposed which imposes a whole series of tests to be satisfied in the event that an applicant sought to change the use of a building currently in an employment use. The justifying rationale is articulated in response to the identified and pronounced trend for the conversion of town centre office buildings in Royal Tunbridge Wells to residential uses via Permitted Development rights, as identified, which had resulted in significant losses in office stock over time, and is in line with the recommendations of the Economic Needs Study and the Town Centre Office Market Review prepared as part of the evidence base for the DLP. However, the effect of this draft policy would have the same effect for all commercial uses – a significantly high bar has been set in terms of demonstrating marketing evidence to show that the site is not viable or attractive as either an employment use in its current land use, or other alternative employment land uses. Some flexibility is allowed for in terms of potentially allowing for mixed-use development where it might facilitate the regeneration of a site to meet the needs of modern business and/or where employment floorspace/capacity is still maintained⁵⁸.
- 4.32** These draft policies are set in the context of the findings of the Economic Needs Study (2016) and its conclusions in respect of the objectively assessed need for employment land, as identified below:

⁵⁶ Tunbridge Wells Draft Local Plan (Regulation 18) – Policy AL/PW 1: Land at Capel and Paddock Wood

⁵⁷ Tunbridge Wells Draft Local Plan (Regulation 18) – Policy ED 1: Key Employment Areas

⁵⁸ Tunbridge Wells Draft Local Plan (Regulation 18) – Policy ED 2: Retention of existing employment sites and buildings

Figure 5: Recommended Land Requirements 2013-2033/35

Table 10.1: Recommended Land Requirements 2013-2033/35

	OAN/ Employment Land Requirement
Land required 2013 – 2033 (ha)	
B1a/b Office	5.9ha
B1c/B2 Industrial	-1.4ha
B8 Warehouse	9.5ha
Total B	14.0ha
Land required 2013 – 2035 (ha)	
B1a/b Office	6.3ha
B1c/B2 Industrial	-1.8ha
B8 Warehouse	9.5ha
Total B	14.0ha

Source: Turley

Source: SQW extract from the Economic Needs Study (2016)

- 4.33** It is relevant to Paddock Wood that whilst the identified Employment Land Requirement (ELR) for the borough of Tunbridge Wells includes a *reduction* of B1c/B2 floorspace, the overall requirement for an additional 14ha of employment land can only be met through the expansion of the two existing KEAs at Paddock Wood; on the basis that Paddock Wood is not identified either as an existing or an appropriate location for significant Class B1 office development (with the exception of potentially small-scale town centre office uses), the inference is that the expansion of the KEAs is anticipated to likely cater for B8 type uses – unless the loss of B1c/B2 land elsewhere is anticipated to be offset by some expansion of these uses in Paddock Wood.
- 4.34** It is noted that the Economic Needs Study does acknowledge the importance of these expanded KEAs in potentially meeting the ELR and helping to create *‘a balanced portfolio of employment land, ensuring the needs of businesses in the north and in rural areas are being catered for. It would also help to ensure new job opportunities are being created alongside new housing provision – over time helping to mitigate out-commuting from the borough.’*⁵⁹
- 4.35** The draft policy relating to employment uses, specifically in relation to Paddock Wood, is relatively high-level and permissive: existing employment uses are largely protected – at a minimum the employment capacity in terms of floorspace/jobs is protected – the expansion of these employment sites is encouraged, and the proposed mix of uses will be left both to the masterplanning process and the requirements of the market.
- 4.36** It is noted that the previous adopted Core Strategy policy objectives regarding the promotion of a diverse range of employment floorspace types and sizes has been omitted.
- 4.37** It is further noted that representations were submitted in response to the Regulation 18 consultation on behalf of BarthHaas UK, which occupies significant premises to the north of

⁵⁹ Sevenoaks and Tunbridge Wells Economic Needs Study (Turley, August 2016)

Paddock Wood Station in the Transfesa Road West KEA. Their representations indicate that BaarthHaas propose to relocate their premises, and that their site could and should be considered appropriate for incorporating a range of complementary uses, not just employment focused uses but also including town centre uses (i.e. retail and leisure). The potential implications of this are considered further in Section 6.

Conclusions

- 4.38** The emerging policy context for Paddock Wood clearly **promotes a comprehensive, masterplanned approach to the regeneration, revitalising and diversification of the town centre**. This has always been a long-standing aspiration for Paddock Wood, but the need is even more acute in recognition of the significant level of growth planned for Paddock Wood as well as continuing to support the existing community of the town, and its surrounding rural hinterland.
- 4.39** Emerging policy **encourages a mix of uses in the town centre** including retail, restaurants, services, drinking establishments, takeaways, offices, community, leisure uses and residential uses. A single, large allocated site to the west of Commercial Road has been identified as the focal point for the town centre development aspirations, however **it is recognised that this site has been allocated for town centre development for a number of years and has yet to be delivered**. Further commentary is provided in respect of this site in Section 6, with consideration given to land assembly challenges. The draft policy wording also emphasises that **the Council will utilise its Compulsory Purchase Order powers, where necessary and appropriate**: this is potentially a key point.
- 4.40** In relation to **employment uses, these are currently clustered to the north of Paddock Wood railway station in two protected KEAs**. The **existing employment uses are earmarked for protection**; the two KEAs are **also identified for expansion** with three principal land allocations identified.
- 4.41** The **supporting policy is relatively flexible** in relation to the mix of employment uses considered appropriate for these proposed allocated sites, although the ELR for the borough identifies a likely reduction in the need for B1c/B2 land across the life of the plan, with the inference being that B8 land use is most likely in this location given the lack of an existing, or likely potential, future office market in these KEAs.
- 4.42** The **draft policy does not impose and prescriptive requirements on the mix or quantum of employment uses** within the draft allocations and concludes that **this should be a function of the masterplanning process and market requirements**.
- 4.43** The combination of a relatively ambitious policy context for the town centre and a relatively permissive policy framework for the proposed intensification and expansion of the KEAs will be considered in Section 6, in relation to potential opportunities arising, in light of the preceding analysis of the economic context (both sub-regional and local) and the following

Section 5 which seeks to explore potential future trends affecting working practices and town centres in particular, primarily in response to the economic shock caused by Covid-19.

5. Emerging trends: workspaces and town centres

Key points

- Covid-19 has driven an increase in flexible and home-working in many office-based sectors.
- The shift to flexible and blended forms of working practices is likely here to stay in many sectors, driven by a mix of employee and employer priorities, albeit contingent upon context.
- Increasing demand is emerging and anticipated to grow for flexible workspaces in locations previously considered as either suburban or satellite residential locations to support blended ways of more localised working closer to employees' homes.
- The outlook for town and city centres / high streets is challenging. The resilience of high streets will be contingent upon a range of contextual and locational factors.
- The increasing shift towards more localised working – typically in higher-value knowledge and service economy related sectors - could both demand and catalyse the further diversification and offer of local town centres.

Introduction

- 5.1** This section considers the potential future implications for working practices arising both as a result of the economic response to Covid-19, and wider macro trends, many of which have been amplified in the context of the Covid-19 response.
- 5.2** The nationwide lockdown imposed by the UK Government in response to the Covid-19 pandemic began in earnest on 23 March 2020. The most stringent lockdown measures were imposed for c. 6 weeks, with relaxation of the rules and guidance gradually occurring since the beginning of May 2020. Aside from the broader economic impacts on supply and demand the effects of lockdown on working practices were immediate, dramatic and unprecedented. Some sectors were, of course, unable to continue working: retail, hospitality, aviation and travel, construction and the arts were all heavily affected, with many being unable to work remotely. In response to the imposition of restrictions on economic activity, the UK Government introduced a suite of policy and funding support measures. This included the Coronavirus Job Retention Scheme: at its peak, over 9.6 million people had been 'furloughed' as part of this scheme⁶⁰. However, other sectors, including many of those based in offices, were forced to transition to remote working, with this transition being forced to take place within an unprecedentedly short space of time.

⁶⁰ HM Revenue & Customs – Coronavirus Job Retention Scheme Statistics: August 2020 (21 August 2020)

- 5.3 The public health crisis remains ongoing and as a result of the November 2020 lockdown, the majority number of people have still not returned to the office.
- 5.4 It is too early for a clear picture to have emerged regarding the ‘new normal’ in terms of working practices. However, there are clear indicators regarding potential directions of travel and key emergent themes relating to working practices, the role of the office, potential implications for workplace design, along with differential impacts and emerging trends across different sectors and locations.
- 5.5 This Section outlines some of the key emerging trends and thinking of potential relevance to Paddock Wood, and to set the context for consideration later in this paper for the consideration of potential economic opportunities for the town.

Emerging implications of COVID-19 for office working practices

- 5.6 As the UK economy experienced a significant shock in March 2020 with the imposition of lockdown, office-based employers and employees were forced to rapidly adapt remote working practices, where possible. The relocation of office-based activities to the homes of millions across the country is increasingly being recognised not just as a short-term emergency adaptation to extraordinary circumstances, but essentially as an existential challenge to ‘old’ ways of working. It is widely considered that the experiences of the last six months will be a catalyst for change and will have long-term consequences on working practices.
- 5.7 In April 2020, approximately 46.6% of the UK’s working population worked solely from home; 86% of those working from home were doing so as a result of the pandemic. For comparison, the ONS reported that on average 5.1% of the UK’s workforce principally worked from home in 2019 (i.e. excluding those using home as a base but working from other locations)⁶¹. Excluding London, in April 2020 the South East region had the highest proportion of people working from home at 49.4%⁶². By August, the proportion of home-working across the UK had only reduced to 39%⁶³. UK workers have been demonstrably slower to return back to their previous workplaces than other European countries. The flip-side of increased home-working is that of reduced commuting and reduced footfall traffic in locations where employees previously commuted to – i.e. town and city centres. Research from the Centre for Cities suggests that office workers across the UK are, overall, continuing to work from home. The Centre for Cities Workers Index tracks footfall in town centres in the daytime on weekdays, as a proxy for tracking the presence of office workers who would typically be based in town centres and contribute to generating footfall. In September 2020, the Worker Index demonstrates that daytime weekday footfall in London remains very low, at 13, compared to a pre-lockdown baseline figure of 100. The profile of the reduced population of office workers

⁶¹ ONS, 2020, Homeworking in the UK labour market (Jan-Dec 2019)

⁶² ONS, 2020, Coronavirus and homeworking in the UK: April 2020

⁶³ Office for National Statistics – Business Impact of Coronavirus (COVID-19) Survey (27 August 2020)

has also changed: pre-lockdown, the proportion of workers commuting into the city centre of London from outside the city was 48%; this has reduced to 23%⁶⁴.

- 5.8 The emerging picture is one of a significant portion of economically active employees now working from home and not returning very quickly back to their pre-Covid-19 office working environments. There is a significant amount of research, analysis and insight indicating that **many home workers are reluctant to return to the workplace** for a variety of reasons. Grant Thornton reports that the three principal factors reported by surveyed CEOs following feedback from their employees are concerns regarding **public transport safety, childcare arrangements** and a **reluctance to concede their newly found work-life balance/flexibility**⁶⁵. For many, enforced full time working from home has been considered a positive experience. For example, in a survey of financial services employees, over 70% stated that they had found working from home to be a positive experience, with 38% perceiving they were more productive compared with being in an office; set against 24% who perceived they were less productive⁶⁶. For many, home-working has meant less time and money spent commuting, more time spent with family and friends, and overall improvements in wellbeing.
- 5.9 However, working from home has not been a positive experience for all: not everyone has a space at home set-up for home working – particularly the case with younger employees, often living in shared accommodation – there can be challenges delineating home-life from work-life, particularly around child-care, and there are a range of activities and processes which have been challenging to adapt to a fully remote-working environment. For example, facilitating and delivering **training, professional development** and **promoting/instilling corporate cultural values** and ethos are all undoubted challenges when working remotely⁶⁷. **Collaborating, innovating** and **communicating** have also been identified as key aspects of office-based working which are more challenging to facilitate via remote-working⁶⁸.
- 5.10 It is too simplistic to draw conclusions regarding whether or not homeworking has had overall positive or negative implications for productivity: much will depend on the sector of work and factors relating to the individual (i.e. the quality of their home-working environment, their age and/or seniority and the degree to which the individual is able to *choose* to work from home)⁶⁹. However, whilst the effects and experiences of homeworking have been unequal, it is clear that **increasingly flexible approaches to working in many sectors are here to stay**⁷⁰.
- 5.11 Any predictions of the complete ‘death of the office’ are clearly misplaced⁷¹, indeed the trend towards more flexible approaches to working is not new: an extensive survey of 15,000 business people across 80 nations undertaken by IWG in 2019 identified that flexible working

⁶⁴ Centre for Cities, High Streets Recovery Tracker (10 September 2020)

⁶⁵ Grant Thornton (July 2020) – The future of work: 10 leaders share their views

⁶⁶ Deloitte (May 2020) – The future of the City: financial services after the lockdown

⁶⁷ Grant Thornton (July 2020) – The future of work: 10 leaders share their views

⁶⁸ McKinsey & Company (June 2020) – Reimagining the office and work life after COVID-19

⁶⁹ PWC (September 2020) – The economic impact of returning to the office

⁷⁰ Financial Times (23 August 2020) – City employers plan for lasting switch to remote working

⁷¹ Financial Times, (1 July 2020) – ‘Death of the office’ exaggerated despite homeworking boom

is becoming 'the new norm'⁷². Covid-19 has amplified and accelerated this trend to a significant extent.

5.12 It is clear that longer-term structural changes to working practices are likely to materialise, catalysed by the Covid-19 pandemic whilst also amplifying trends which were already having an effect.

5.13 The shift to remote working demonstrated that supporting and facilitating technologies – including video conferencing - have progressed to the extent that for many companies it has been possible to sustain productivity seamlessly. The rapid and widespread utilisation of these technologies and software stimulated product development and innovation. Companies which might have otherwise been reluctant or slow to embrace these methods of communication and remote working have now got demonstrable proof that remote working can work well and efficiently, at least in some sectors.

5.14 Whilst in the first instance many companies developed approaches and ways of working to quickly respond to and manage the enforced home-working transition, the relative success of home-working in some sectors will lead many companies to re-appraise their operational models, including considering some of the following questions:

- i) Which roles / processes **need to be undertaken face-to-face** and in a physical office environment?
- ii) How can flexible / agile working be accommodated in a way which will encourage effective working practices both considering **productivity and employee wellbeing**?
- iii) In what ways can and should **technology be embedded** in existing processes or job roles to facilitate flexible / agile working?⁷³
- iv) How can workspaces be best designed **to accommodate and promote the activities which work best face-to-face** (i.e. collaboration, innovation, training)?
- v) How can **employee wellbeing and safety** be accommodated into **workspace design** and set-up – an increasingly recognised priority of office workers⁷⁴; in a world of flexible working this means considering both the home-office, the traditional office and in-between spaces?
- vi) How can new ways of working continue to generate and foster a positive, unique company culture and **build social capital** amongst employees, particularly new starters?⁷⁵

5.15 These sorts of questions are being considered at a strategic, operational level by businesses across all sectors and of all sizes. It is likely that at least some sectors will consider these

⁷² IWG (March 2019) – The IWG Global Workspace Survey: Welcome to Generation Flex – the employee power shift

⁷³ Deloitte (June 2020)- Workspace Strategy for a Post-Covid-19 Recovery

⁷⁴ The Adecco Group (June 2020) – Resetting Normal: defining the new era of work

⁷⁵ McKinsey & Company (June 2020) – Reimagining the office and work life after COVID-19

questions and as a consequence will **shift towards more flexible / agile working**, facilitated by more **innovative use of digital technologies** and **generating new physical occupational requirements**.

5.16 At a high-level, businesses will be considering **how much office space** they will require in the future and **where this space is located**.

5.17 Given the unprecedented economic impacts of COVID-19, there will almost certainly be a contraction in demand in some sectors and locations for office space as a result of job cuts and business failures; this will be highly locationally and sectorally specific. There is a limit to be gained from analysis of the office market over the last 6 months as it has been so significantly affected by lockdown, with the effects still unfolding. However, the implications of potential working practice changes are beginning to be considered in the context of the potential future office typologies and spatial geography of the office market:

- i) On the basis of the evidence to date, office workers have been reluctant to return to city centre offices full-time; but whilst homeworking has its benefits, there are also limitations for many. In this context, market commentators have suggested that there could be **increased demand for local, flexible work hubs**⁷⁶: work spaces in locations perhaps previously where most residents commuted into a nearby town or city, where there might be demand for locally based workspace close to home, eliminating the need for a long commute but offering the advantages of a physical office (meeting space, high-speed broadband/wifi, delineation between work and home etc). These spaces could be shared workspaces (i.e. coworking / flexible space / space-on-demand type models), or even regional hubs of major employers. PWC identify this potential trend as leading to '**reverse urbanisation**'⁷⁷. Furthermore, in a survey of real estate executives, KPMG report that 88% surveyed anticipate that investments by occupiers and investors in flexible office concepts are likely to increase in order to accommodate the anticipated **innovation in business models**⁷⁸.
- ii) Office developers and landlords will be expected by potential and existing occupiers to demonstrate and prioritise **COVID-safe office spaces** – reducing occupational densities, addressing circulation inefficiencies (i.e. implications of COVID on lift capacity/building circulation – consideration of staggered arrival times⁷⁹), allowing for natural ventilation and contactless access/egress/circulation will all increase in importance.
- iii) Occupiers are expected to require **more flexible lease terms**⁸⁰ in order for more conventional office space to still be appealing in the context of the likely rise of

⁷⁶ JLL (July, 2020) – The impact of COVID-19 on flexible space: what the future holds in a fast-paced world affected by the pandemic

⁷⁷ PWC (May 2020) – Where next for real estate?

⁷⁸ KPMG (July 2020) – Real estate in the new reality

⁷⁹ Arup, July 2020 – Getting from A to C via B: transitioning back to the workspace

⁸⁰ KPMG (July 2020) – Real estate in the new reality

shared workspaces (albeit those shared workspaces which can accommodate lower-density, Covid-safe occupancy).

5.18 A recent report from PwC has sought to estimate the potential economic impacts of working from home on the UK economy in a scenario where office workers are universally advised to work from home in perpetuity. Some of the key estimated headlines indicate potentially dramatic economic impacts at a national level: an overall reduction in the UK's GDP of £15.3bn per annum due to reductions in direct spending, supply chain effects, induced reductions in incomes for those in affected sectors, and the loss of clustering effects between businesses and workers⁸¹.

5.19 However, within this aggregated UK scenario is a picture of unevenly distributed effects, and there is a strong argument that if flexible / home working is here to stay there could potentially significant benefits arising in locations where previously a significant proportion of the population had commuted to office-based employment in larger towns or cities:



there are potential benefits from the increased dispersion of economic activity away from cities to suburban and rural areas due to WFH. For example, increased spending in local shops, increased collaboration at the local level and increased transfer of knowledge and skills between local residents, producers and businesses could have significant positive wins for local economies⁸².



Impacts of COVID-19 on town and city centres

5.20 The section above has touched on some of the potential implications for towns and city centres on the basis that the potential longer-lasting implications for office-working. Town and city centres with significant clusters of office-based employment are seeing significant reductions in (a) office-occupancy (b) in-commuting and (c) office-worker related footfall and use of related amenities and services, including retail, entertainment, leisure and cultural uses. These impacts have been most acutely felt by larger towns and cities with more pronounced reliance on in-commuting by public transport: London, Manchester,

⁸¹ PWC (September 2020) - The economic impact of returning to the office

⁸² PWC (September 2020) - The economic impact of returning to the office

Birmingham, Oxford and Leeds have seen the slowest recovery in city centre footfall of all UK cities⁸³.

5.21 The outlook for larger city and town centres is, on one level, potentially challenging: a significant drop in occupier demand for office-space is anticipated as businesses will, overall, likely look to consolidate and/or reduce their occupancy footprints, with downward movement expected in terms of office rents and capital values, with similar trends anticipated in the retail sector⁸⁴.

5.22 However, these sentiments mask more localised discrepancies and differences in outlook. For instance, the latest RICS Commercial Property Market Survey reported that 64% survey respondents anticipated increased office demand in suburban locations compared with major town and city centres⁸⁵.

5.23 Shifting office working practices have had a corresponding impact on the retail and leisure sectors. Clearly lockdown had an immediate and detrimental effect on the high-street across the country in respect of forcing the closure of all shops, restaurants, bars, leisure and entertainment uses. However, even since lockdown has eased, the imposition of Covid-19 restrictions on public gatherings and social distancing, and indeed public reluctance in some instances to return to pre-Covid patterns and forms of consumption, has challenged the economic viability of many of these uses, made more challenging by the numbers of office workers who have not returned to their previous places of work. In locations where high-street trade is reliant to a significant extent on office-workers, in particular, it is reasonable to anticipate significant challenges for the future viability of many existing retail, leisure and entertainment based businesses if footfall fails to recover.

5.24 The challenges of the high street resulting from Covid-19 need to also be considered in the context of pre-existing challenges to the retail sector. The Housing, Communities and Local Government Select Committee reported in 2019 on the future for high streets and town centres, looking ahead to 2030, and they identified four systemic issues:

- i) In many locations there is **too much retail space**, not just in quantity (i.e. size of retail units etc), but that the balance of retail uses in town and city centres is too disproportionately focused on retail;
- ii) High streets and town centres are too often split into **fragmented land ownership**;
- iii) Retailers have **very high fixed costs** resulting from business rates and rent; and
- iv) The **business rates regime disproportionately and adversely impacts on the viability** of retail uses⁸⁶.

⁸³ Centre for Cities, High Streets Recovery Tracker (10 September 2020)

⁸⁴ Royal Institute of Chartered Surveyors (July 2020) – Q2 2020: UK Commercial Property Market Survey

⁸⁵ Royal Institute of Chartered Surveyors (July 2020) – Q2 2020: UK Commercial Property Market Survey

⁸⁶ Housing, Communities and Local Government Committee (Eleventh Report of Session 2017-19, February 2019) – High streets and town centres in 2030.

- 5.25** The **growth of online retailing** has been widely reported for many years now as a key contributory factor challenging physical, high-street retailers. The reality is more complex and the importance of physical store presence for many retailers is paramount: for some retailers the experience of the store for the consumer, and the locational presence, is at the core of their business model and is a key attractor for the consumer; for some retailers, whilst online retailing is the core sales platform, having a physical presence on high-streets is an important ‘show room’ and contributor to brand building. **Shopping demands of consumers pre-lockdown were increasingly ‘hybrid’, with significant variation across the country**⁸⁷.
- 5.26** Wider trends also identified (pre-Covid) as being likely to shape the retail sector in the future also included (a) the sustainability paradigm shift – consumers demanding more sustainable options, (b) the re-invention of retail to generate unique experiences for consumers both in-store and online and (c) the perceived importance for consumers of brands with an ‘authentic purpose’⁸⁸.
- 5.27** Pre-Covid, a strong argument was made to contend that the success of high streets and city centres was down, to a significant extent, by the **investment generated by the presence of knowledge-based industries** such as marketing, finance and law; successful cities and towns often featured fewer shops, but in turn, the well-paid employment and corresponding footfall often generated a consumer market for restaurants, bars and other leisure activities⁸⁹. Whilst there are clear potential challenges associated with this model for larger towns and cities as covered above, the flip-side of this adversity is that the previously city-centre focus to the knowledge-economy, and the expenditure benefits, could potentially be relocated to suburban and rural locations as these same employees work remotely with a greater frequency, resulting in an increase in local expenditure (albeit overall expenditure of disposable income is anticipated to decrease moving to this model, the economic impacts for suburban and rural locations could well be positive)⁹⁰.
- 5.28** Against this background context, one of the notable impacts of Covid-19 has been the re-discovery for many of their local high streets: workers formerly commuting into town and city centres are now more likely to shop locally, and the health of many local suburban and smaller town high-streets have been reported as relatively strong since emerging from lockdown. This should not be taken to mean that retailers and other town centre uses are not struggling even in these locations: the challenges of Covid-19 are clearly apparent, and set to continue throughout 2020/21. However, there is an over-arching theme of a shift towards more localised patterns of living, working and consuming and a potential opportunity for town centres to re-position themselves and adapt to this change in circumstance.
- 5.29** The shift towards more localised use of high streets is set against some of the earlier trends identified: the consumer preference for individual, authentic experiences, and the role in

⁸⁷ Savills (2018) – Retail Revolutions: exploring the impact of E-Commerce on local physical retailing

⁸⁸ Deloitte (2020) – Retail Industry Trends

⁸⁹ Centre for Cities(2019) – City centres – past, present and future

⁹⁰ PWC (September 2020) – The economic impact of returning to the office

particular of independent brands in meeting this need. High streets with a higher proportion of independent, locally based retailers will likely be a key attractor for local expenditure and future resilience, notwithstanding the acute challenges being felt across the sector by smaller retailers given the extent and duration of the economic shock.

Conclusions and potential implications for Paddock Wood

5.30 Distilling these wider trends into potential key implications for Paddock Wood, there are several pertinent key points:

- i) **Flexible working practices are likely here to stay**, with the most notable implications for those sectors / employees which had previously commuted to office premises in major city or town centres, particularly reliant on public transport, and those sectors, typically the professional services, which can be undertaken remotely at least in part, without adverse implications for productivity or employee wellbeing.
- ii) To support this shift towards more flexible modes of working for those sectors which were previously office-based, there is likely to be **increased demand for flexible working spaces in suburban and commuter-town locations**. These spaces will allow for blended ways of working – i.e. an office-space away from home for some or all of the week, but without requiring the commute into the city centre.
- iii) The increased demand for flexible working spaces in ‘satellite’ locations, will lead to **innovation in potential operational models** to reflect the needs and demands of both employees and employers: ranging from regional ‘hubs’ for major corporates, bringing together locally based employees without requiring a commute to a city centre head-office, through to **flexible co-working/hot-desking workspaces** to accommodate full-time, part-time and ad-hoc remote working.
- iv) **There will likely be demand for these uses in towns like Paddock Wood which had previously been home to a significant number of out-commuters**, notwithstanding the existing absence of any significant office market.
- v) Increasing – or indeed establishing – a flexible workspace sector in Paddock Wood, even if only limited in scale, could **increase town centre footfall** and increase the **level of local expenditure on convenience and comparison goods**.
- vi) The introduction of a flexible workspace offer in Paddock Wood, combined with the wider shift towards home-working could both **demand and catalyse the diversification of the town centre economy**, particularly in respect of food and beverage and leisure uses.

5.31 These identified implications are developed in further detail in Section 6 in relation to Paddock Wood and the identification of specific potential economic opportunities, considered in the context of the previous analysis regarding the economic and planning context.

6. Economic opportunities for Paddock Wood

Introduction

- 6.1** The preceding sections have reviewed the strategic economic and policy context, the local socio-economic and demographic profile of Paddock Wood, the existing and emerging planning policy framework and ‘direction of travel’, and looked more widely at potential, emerging trends and factors which could influence future working practices and the role of town centres.
- 6.2** At each stage, a series of key conclusions have been drawn out. What is clear is that the settlement role and character of Paddock Wood is set to change considerably given the level of planned housing growth. This growth is being planned in the context of considerable economic shock(s) and structural shifts which have materialised in the short-term, and in all likelihood are set to continue for the longer-term.
- 6.3** The economy and employment base of Paddock Wood will need to adapt to proactively support this growth and to adjust and thrive, in these changing circumstances. Despite long-standing aspirations for a masterplanned, comprehensive approach to town centre regeneration, this has not materialised. Alongside this, despite strong occupancy and relative success of the town’s more industrial employment areas to the north of the station, over time total employment numbers and density have reduced and the economic profile has shifted towards lower skilled, wholesale and distribution related employment, set against a context of a locally ageing, and shrinking population with relatively low qualification and skills level. This picture contrasts with the wider economic trajectory, in particular for Royal Tunbridge Wells and West Kent.
- 6.4** Having comprehensively reviewed the adopted and emerging policy context – relating to planning but also to wider economic development and regeneration priorities – and also consulted widely with relevant stakeholders, it is clear that the Paddock Wood economy to date has not been a primary focus either for analysis, policy development or intervention.
- 6.5** Against this background, this section considers potential economic opportunities for Paddock Wood which could be delivered as part of the proposed masterplanned growth of the town, with additional opportunities also identified which could potentially enhance the strategic alignment of Paddock Wood’s economic growth with the wider economic development policy and growth priorities for the borough and sub-region.
- 6.6** This section is split into two principal elements, with separate focus given to Paddock Wood’s town centre and the proposed expansion of its key employment areas in recognition of the distinct opportunities and challenges inherent in both areas, although reference is also made to potential areas of overlap and integration.

Paddock Wood town centre: potential opportunities

Paddock Wood: Key Economic Opportunity 1

A flexible workspace 'hub' in the centre of Paddock Wood should form a central part of the proposed masterplan for Paddock Wood town centre (as per DLP Policy AL/PW 2).

For the purposes of masterplanning, a flexible workspace of c. 150 – 200 sq m should be planned for, as a minimum, to ensure sufficient critical mass and floorspace, assuming a flexible/co-working type model.

The proposed flexible workspace will generate demand for, and catalyse the introduction of, related, supporting uses (cafés, restaurants, drinking establishments, leisure) at the heart of the proposed masterplan, diversifying the current mix of town centre uses to provide an enhanced overall 'experience'. The location of this flexible workspace hub in the town centre will promote the use of the town centre by both the existing and future, increased population of Paddock Wood.

A range of potential operational models could potentially be appropriate for this context, including a blended model of flexible workspace integrated with other uses (i.e. café and/or community uses) to potentially facilitate a diverse, resilient model, recognising this is an untested market.

The provision of a flexible workspace hub will respond to the structural economic shift towards more flexible homeworking, providing an alternative flexible working environment for Paddock Wood's existing, sizeable out-commuting population which is set to increase significantly.

- 6.7** The first key economic opportunity identified for Paddock Wood is the proposed incorporation of a flexible workspace hub. The evidence and literature reviewed in Section 5 clearly identified that office-based sectors are highly likely to shift towards more flexible ways of working, with a far greater emphasis on home-working in the future. Whilst the relative productivity and wellbeing benefits of home-working differ depending on both the employer, the sector and the employee's individual preference/circumstances, overall it is reasonable to assume that there are benefits to many of increasing the time spent working remotely, at least in part.
- 6.8** For a town such as Paddock Wood which has a significant out-commuting population, which is only set to grow given the planned housing growth, it is clear that there is a 'pool' of home-workers, which is only set to increase – noting that this pool will comprise those working from home both part-time and full-time.

- 6.9** Whilst Paddock Wood does not have any materially significant office market as existing, and it is not considered appropriate to promote the town as an office destination for a number of reasons, it is considered that there could be latent demand, which will likely increase, for providing a facility to provide an alternative option for home-workers of Paddock Wood to work for at least some of the week.
- 6.10** It is therefore proposed that flexible workspace could be provided in Paddock Wood to cater for this latent demand.

Proposed location of the flexible working space

- 6.11** Two options have been considered for the proposed introduction of flexible workspace into Paddock Wood: a distributed model of co-locating small, flexible workspaces as part of planned new local/neighbourhood centres associated with the planned housing growth; and a single hub approach focused in the town centre. The relative merits and drawbacks are summarised below.

Table 6-1: Comparative analysis of distributed vs town centre location

Flexible workspace locational approach	Merits	Drawbacks
Distributed – co-location of small-scale flexible workspaces in planned new local/neighbourhood centres	<ul style="list-style-type: none"> - Enhances footfall to local centres - Potential to increase viability of other retail uses in local centre - Easily accessible for pedestrians/cyclists 	<ul style="list-style-type: none"> - Limited scale of catchment and potential size of workspace could be challenging to create a viable business model - Would almost certainly rely on co-location with other uses, limiting the potential pool of occupiers - Potential to discourage residents from visiting the town centre - Potentially exclusionary to the existing residents of Paddock Wood
Town-centre focused – single town centre hub	<ul style="list-style-type: none"> - Greater potential to create a workspace of sufficient critical mass to be viable - Wider user catchment – town-wide – which is positive given the untested market - Increased proximity to a greater range of complementary uses (existing and planned) i.e. cafes/restaurants/bars - Generate increased footfall for the town centre, potential increased spend in the rest of the town centre 	<ul style="list-style-type: none"> - Consideration would need to be given to accessibility – how to facilitate and support pedestrian and cycle access with new residents in particular having to travel more significant distances to access the facility

Flexible workspace locational approach	Merits	Drawbacks
	<ul style="list-style-type: none"> - Potential to integrate planned growth with the existing town centre by increasing its appeal 	

Source: SQW analysis

6.12 On the basis of this high-level review, it is considered that the emerging policy and masterplan framework should prioritise the proposed location of a flexible working space in the town centre. Given the scarcity of available land and the predominance of existing retail units at <100 sq m, it is recommended that the site allocation of AL/PW 2 would be the most appropriate location for this flexible workspace, or any other location proximate to the Station south of the railway track to ensure optimal integration and proximity to complementary uses.

6.13 Flexible workspaces tend to operate more successfully where they are located in close proximity to a range of supporting and complementary uses such as cafes, restaurants, bars and convenience retail (i.e. small supermarkets or delis selling food for lunch etc).

6.14 On this basis it is recommended that a flexible workspace should be located, a priority, in the town centre rather than north of Paddock Wood station in the Key Employment Areas due to the severing effect the railway line has for pedestrian permeability in terms of potential workers accessing the town centre amenities to the south of the station.

Potential operational model

6.15 A selection of examples is provided below of coworking spaces in towns across Kent demonstrating a range of potential operational models.

Table 6-2: Selected case study examples of flexible workspaces in Kent towns

Location	Business	Operational model
Tunbridge Wells	The House – managed by Workplace Collaborations Ltd in partnership with Deskreter Ltd	<ul style="list-style-type: none"> - A mix of fixed desk spaces (53) and hot-desking (10) options, meeting and venue spaces - Focus on the creative industries sector - Dedicated offices from £675-£1350 pm - Dedicated desks £225 p/m - Hot desk £99-£145 p/m - Peer mentoring, links to creative networks, workshop/meetup hosting all provided - Utilises a TWBC owned asset, using a KCC grant to refurbish/repurpose the building - Approximately 200 sqm of dedicated office space
Whitstable	Hive Coworking (at the Umbrella Centre)	<ul style="list-style-type: none"> - Coworking space only, with a range of packages for users: occasional (2 whole or 4 half days p/w - £80 p/m); occasional half (one whole day or 2 half days; £50 p/m);

Location	Business	Operational model
		<ul style="list-style-type: none"> occasional plus (3 days p/w - £110 pm); options for full time membership - Meeting room and phone booths available - Regular networking evenings
Cranbrook	The Hive	<ul style="list-style-type: none"> - High-street location in an old shop unit - A blend of uses within a single space: a coworking room for 10 hot desks; a drop-in lounge available for working (and coffee), meeting space, café/bar, break-out spaces - A range of flexible coworking membership options with discounts available for bulk-buying in advance – ranging from £10.50-£25 per day depending on the package - Regular networking and social events - Approximately 175 sqm of blended uses

Source: SQW Analysis

- 6.16** It is of note that The Hive (Cranbrook) is planning to open a further facility, offering a broader range of flexible office suites and coworking opportunities at Flimwell Park, East Sussex.
- 6.17** It is also understood, based on anecdotal stakeholder conversations, that there is demand from existing flexible office and coworking operators in towns elsewhere in Kent looking to expand their operations.
- 6.18** There are also new operators looking to enter the rural coworking space, for example ‘**Hatchery**’ is set to open its first workspaces on the outskirts of London in 2021, seeking to embrace the **hub and spoke model**, whereby central London corporate occupiers will keep their HQ offices but reduce their physical footprint, giving staff access to a digital platform (i.e. the sort of **workspace brokers** which already exist, such as **Desana**, or **WorkClub**) that grants them the use of a hot-desk or private office space across a number of other locations.
- 6.19** In reference to Paddock Wood, aside from recommending a minimum floorspace requirement, the comparative benefits of a town centre location, and the range of potential operational models, this paper does not go further in terms of specifying the ‘definitive’ model/typology for Paddock Wood, recognising that it is not the purpose of the proposed masterplan and planning policy framework to be overly restrictive. Consideration is also not given to potential pricing structures or entry criteria: clearly this is an untested location so flexibility and competitive pricing will be key operational requirements for any potential operator.
- 6.20** It is, however, worth emphasising that there are wide range of potential operational models/typologies which could be appropriate for Paddock Wood, ranging from the provision of dedicated small office suites and fixed desks, to a more exclusive shared coworking space with a higher proportion of hot-desking. Given that the existing basis for demand is likely to be from home-workers, it is considered that a shared coworking type space will likely be more appropriate in this location; however, as the town grows and the market matures, there could

be increased potential to broaden this offer and provide more in the way of small, dedicated office suites.

Delivery

6.21 In order to promote the delivery of this proposed flexible workspace there are a range of potential policy and delivery mechanisms, some of which could inter-related.

6.22 These have been proposed for wider discussion and should be considered in the context of wider economic development priorities as well as the Local Plan preparation.

Table 6-1: Potential approaches to promoting the delivery of a flexible workspace

Mechanism	Summary
Local plan policy – site allocation, masterplan and SPD	<ul style="list-style-type: none"> - Revised draft Town Centre Site Allocation to increase the centrality of the delivery of a flexible workspace - Supporting masterplan and SPD guidance to guide location and quantum of space - Delivery left entirely to the market OR possibility of Council direct delivery - If left to the market, given the lack of available sites, consideration should be given to the strength/specificity of policy and guidance to encourage / shape delivery
Potential planning obligation (Section 106)	<ul style="list-style-type: none"> - To support the viability of the proposed plan-led approach to delivering a flexible workspace, with the objective of supporting the vitality and viability of Paddock Wood the use of a Section 106 planning obligation related to the proposed new growth (4,000+ new homes) could be used to generate funds to deliver a flexible workspace facility - This obligation could operate in a similar way to how Car Club memberships can be secured via a S106 Obligation. Applicants for allocated residential sites could be required to commit to funding a certain number of workspace memberships; the financial contributions could be used to fund the delivery of a workspace and/or subsidise memberships for existing Paddock Wood residents (with consideration to be given to eligibility for these memberships) - Relies on a public body (either TWBC or the Town Council) taking on the delivery/ownership of this workspace - Justification would need to be made on the basis of clearly identified economic / regeneration objectives
Direct Council delivery, ownership and potentially management	<ul style="list-style-type: none"> - Potential for either TWBC or Paddock Wood Town Council to directly deliver this workspace, although no requirement to manage, necessarily – a lease/management contract could be entered into with an appropriate operator (precedent for this – The House, Tunbridge Wells) - Given the lack of available sites this would potentially rely on either negotiated land assembly/site acquisition or use of Compulsory Purchase powers rather than use of Council-owned assets. - Delivery options – direct delivery/fund using PWLB borrowing; conditional disposal to development partner/JV; income strip model of financing

Mechanism	Summary
	<ul style="list-style-type: none"> - Potential for TWBC to make direct use of the space to address economic development priorities and deliver economic development outcomes (i.e. skills programmes, business support etc).

Source: SQW analysis

Strategic alignment with economic development policy and priorities

- 6.23** This particular opportunity would align well with the wider economic development objectives for Tunbridge Wells and West Kent as a whole. The nature of the type of employment potentially supported in this form/typology of workspace will diversify the existing Paddock Wood economy.
- 6.24** A coworking/flexible working space in this location would likely host residents of Paddock Wood already in employment elsewhere, such as London, so would not necessarily generate significant job creation directly, but the key effect would be to promote the vitality of the town centre, drive footfall and retain expenditure in the town to reinforce other uses.
- 6.25** Additionally, there will be an element of the user base which will comprise local freelance workers/start-ups. Flexible/coworking spaces provide an invaluable space to promote collaborations and ideas-exchange where otherwise this might not occur in a rural location such as Paddock Wood.

Paddock Wood employment sites: potential opportunities

Paddock Wood: Key Economic Opportunity 2 – Site Allocation wording for KEA expansion locations to promote diversification of employment typologies

Refine the supporting text to the draft Site Allocation wording to promote the delivery of a **mix of employment types and sizes** to support the balanced economic and employment growth of Paddock Wood and avoid the potential continued over-concentration and development of the wholesale/distribution sectors

Paddock Wood: Key Economic Opportunity 3 – Site Allocation wording for Baarth Haas site to acknowledge potential economic/employment implications of site release (i.e. promote mix of uses)

Refine the draft Site Allocation and/or Key Employment Area policy wording – and also address via the masterplanning process – to consider the potentially significant implications of the potential release of the Baarth Haas UK site given its existing substantial concentration of floorspace and jobs.

Explicit guidance should be provided regarding both (a) the most appropriate mix of uses for Baarth Haas site and (b) the potential implications for the identified and allocated KEA expansion locations in terms of desired mix/intensity of uses.

Paddock Wood: Key Economic Opportunity 4 – Retain the Eldon Way industrial estate for employment use

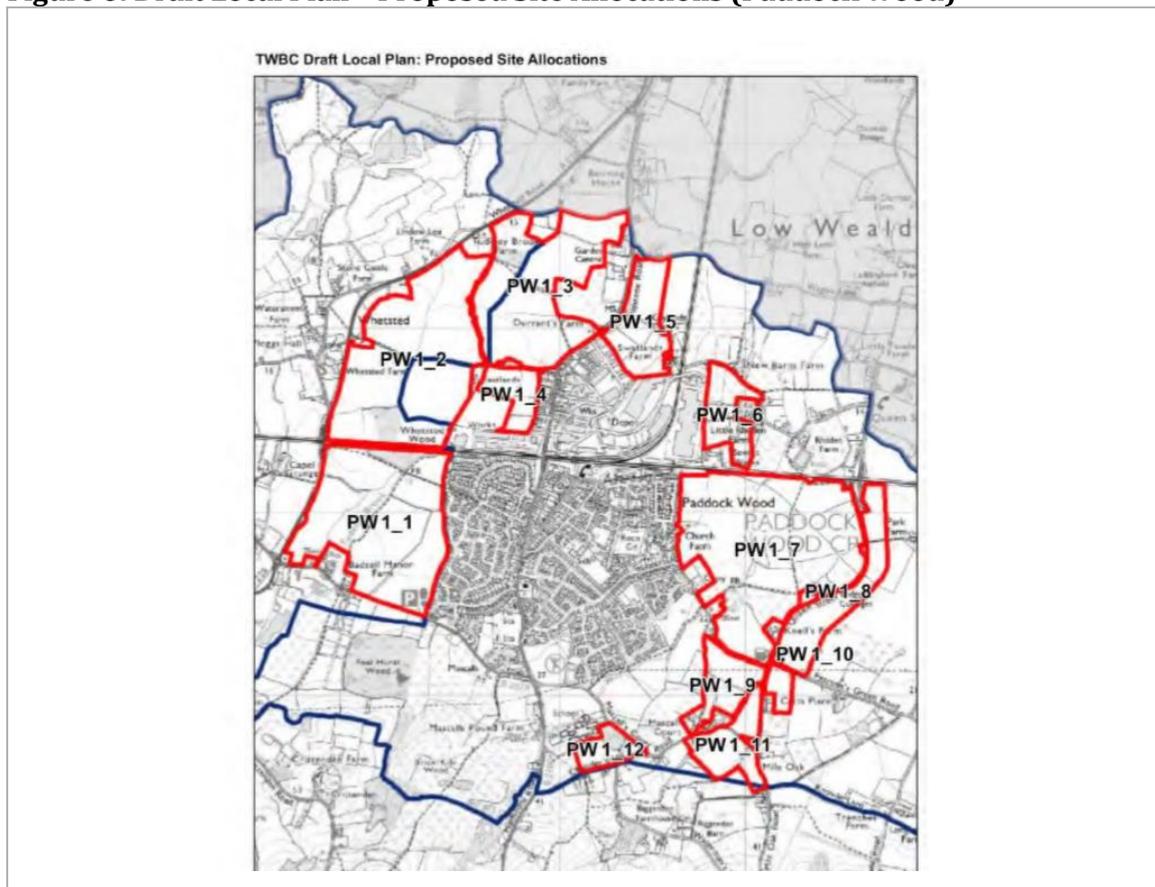
Retain the Eldon Way KEA in employment/commercial land use recognising its valuable contribution to the Paddock Wood economy

Paddock Wood: Key Economic Opportunity 5 – Develop a bespoke economic development strategy and action plan for Paddock Wood

- **Formulation of an economic development strategy and deliverable action plan for Paddock Wood with a focus on aligning and refining the strategic economic development objectives for West Kent and the borough of Tunbridge Wells** with the distinct economic and demographic profile, characteristics, challenges and growth objectives for the town and its existing, distinct employment base.

6.26 Three principal proposed Site allocations have been identified for Paddock Wood which could potentially expand the existing KEAs: PW 1_4, PW 1_5 and PW 1_6. These are identified on the plan below.

Figure 6: Draft Local Plan – Proposed Site Allocations (Paddock Wood)



Source: SQW extract from TWBC Draft Local Plan (Regulation 18)

6.27 The DLP employment policy and Site Allocations are flexible and permissive in relation to the proposed mix of employment uses, indicating that a range of Class B1 / B2 / B8 uses would be acceptable. Given that the existing KEAs are not existing office locations, and are unlikely to become key office employment locations, the analysis of the potential capacity of these sites is therefore focused on their potential for B1c/B2/B8 type land uses, notwithstanding that these land uses have now been subsumed within Class E of the Use Classes Order from October 2020⁹¹.

6.28 It is understood from discussions with DLA as part of the Structure Plan preparation process that PW 1_4 is likely to come forward for residential land use purposes so has been excluded from this analysis.

6.29 The following assumptions have been made:

- i) Employment areas – calculated and provided by DLA based on indicative masterplanning
- ii) Employment densities – applying HCA guidance regarding typical employment densities, also consistent with those considered in the Economic Needs Study

⁹¹ Further to the introduction of the Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020,

(2016) which applied appropriate conversion ratios to regularise between GEA/GIA/NIA metrics.

- iii) References to previous land uses (B1 / B2 / B8) are still applied as a categories for differentiating between employment typologies. The implication of their being subsumed into Use Class E is, of course, noted from a practical perspective.

Table 6-2: Estimated Paddock Wood Employment Site Allocation Capacities

Allocation	Allocation area	Assumed developable area	Approximate proposed floorspace (GEA)	Potential employment – Class B1c/B2	Potential employment – Class B8
PW 1_4	Excluded – assumed will be delivered for residential uses as per DLA Structure Plan				
PW 1_5	15.02ha	7.26ha	72,600	1621	985
PW 1_6	11.1ha	4.57ha	45,700	1020	620
TOTAL	33.63ha	11.83ha	118,300	2641	1605

Source: SQW Analysis

- 6.30** It is important to note that these capacity estimates are not based on any site-specific studies of physical site capacity, and given that are significant site constraints – not least flood risk and highways access – these estimates are potentially at the upper end of potential capacity. Equally, these job estimates do not capture potential leakage, displacement or multiplier effects. They are headline estimates for comparative purposes only.
- 6.31** These estimates indicate the scale of the potential employment growth for Paddock Wood. There are currently an estimated 5,000 employees in Paddock Wood; should all of the allocated expansion of the KEAs materialise, this could be increased anywhere from between an additional c. 1,600-2,600 jobs.
- 6.32** It is worth considering that the existing wholesale sector employs c. 1,750 people and has grown significantly in recent years. If all sites were delivered for B8 type land use, this could effectively double the size of the sector in Paddock Wood in terms of employees, and result in over 50% of employees in the town working in wholesale/distribution.
- 6.33** It is understood from stakeholder consultations that PW 1_6 has significant potential for distribution / wholesale type development, not unsurprising given its location adjacent to the Paddock Wood Distribution Centre and the Transfesa Estate road network.
- 6.34** It is understood that the PW 1_5 is being considered for a potential range of industrial unit types and sizes, including potentially rehoming an existing major occupier of the Transfesa KEA with requirements to expand and be located in more efficient, better quality premises.
- 6.35** What we could see materialise therefore is a hybrid scenario somewhere between the two employment capacity extremes identified.

- 6.36** It is recognised as well that the scale of these allocated sites is also close to satisfying the Objectively Assessed Need for employment land across the borough up to 2035 identified by Turley⁹² for B1c/B2/B8 uses combined as **only c. 7.8ha** (noted that this is the recommended minimum requirement). However, this is set against the projected overall reduction in B1c/B2 land uses but increase in B8 floorspace.
- 6.37** Typically, B8 type land uses support lower employment density and lower paid, lower skilled employment. Whilst an important sector of the economy, given the planned housing growth of Paddock Wood it is recommended that seeking to diversify the typologies of the planned employment growth of Paddock Wood should be an important consideration.
- 6.38** The relatively low proportion of existing resident workers in Paddock Wood, high concentration of workers in wholesale / distribution employment, and the relative unaffordability of housing in Paddock Wood compared to average workplace earnings compared with the rest of the UK (a ratio of 9.8 across all property types in 2018 compared with a UK average affordability ratio of 8⁹³) supports the conclusion that two principal interventions are required to potentially address workplace earnings / housing affordability issues:
- i) Increasing housing supply and delivering affordable housing to address housing demand and supply-side issues: this is being addressed via the DLP
 - ii) Diversifying the proposed additional employment stock to provide typologies/spaces that will attract productive, higher-output sectors (i.e. advanced manufacturing/engineering) with increased prospects for supporting jobs for new residents to Paddock Wood.

Potential implications for the release of the Barth Haas site

- 6.39** Representations were submitted at the Regulation 18 consultation stage indicating that BaarthHaas UK, a leading producer and distributor of hop-related products, were seeking to expand their operation and relocate, preferably close to Paddock Wood. It is understood, based on Valuation Office Agency business rates valuation records (2017), that BarthHaas currently occupy a c. **17,337 sqm building** to the north of Paddock Wood station. This is approximately split between **warehousing (c. 73%), production (c. 17%) and office based (10%)** uses, including a research and development facility.
- 6.40** Applying generic HCA Guidance (2015)⁹⁴ assumptions regarding employment density to the VOA measurements, it is estimate that this site **could potentially employ c. 350 people**⁹⁵ (this is has not been verified with BarthHaas UK and is an estimate only).

⁹² Sevenoaks and Tunbridge Wells Economic Needs Study (Turley, August 2016)

⁹³ ONS, Housing affordability ratios for middle layer super output areas, England and Wales, year ending March 2018

⁹⁴ HCA (2015) Employment Density Guidance, 3rd Edition

⁹⁵ SQW Analysis and assumptions

6.41 Assuming that BarthHaas UK would wish to locate themselves in a facility operating predominantly over a single floor (potentially with mezzanine offices) to optimise operational efficiency, applying the assumptions used earlier, this facility **could require a space-take of c. 4.3ha.**

6.42 The submitted representations indicated that the existing site could potentially accommodate a range of other town centre land uses, particularly given the scarcity of available sites to the south of the station closer to the existing town centre.

6.43 Whilst there could be merit in exploring this further as part of the town centre masterplanning process, consideration should be given to the following potential employment/economic implications (leaving aside wider masterplanning and design considerations):

- i) Existing and emerging policy places a strong protection on existing employment land, particularly in KEAs, in relation to employment floorspace capacity. The redevelopment of the existing site would need to retain/re-provide at least a significant proportion of this existing floorspace to satisfy this policy condition and given the needs for industrial/warehousing occupiers for space over one or two floors.
- ii) It is noted that the existing building is not appropriate for modern business needs from the perspective of BarthHaas UK, but it is still clearly a currently usable facility so to argue it is obsolete and should be released entirely, could be challenging.
- iii) If the site were to be entirely released from its employment use to include town centre uses (including residential), the implication is that the lost floorspace would be the equivalent to over 4ha of employment land.
- iv) Consideration would need to be given to the potential implications for the supply of employment land across the borough if this land were to be released, although the overall quantum of land that is proposed to be allocated in the DLP is clearly in excess of the Objectively Assessed Need.

6.44 Whilst recognising these potential constraints and important considerations, it is acknowledged that the Baarth Haas site represents a strategically important opportunity in terms of the masterplanning of the town centre and recalibrating the balance of uses and intensification around Paddock Wood Station.

6.45 In this context, given the contribution of Baarth Haas as an employer which supports some higher-value R&D / manufacturing processes, consideration should be given to actively supporting/promoting the retention/relocation of Baarth Haas within Paddock Wood and promoting the delivery of built typologies which will support its occupier requirements.

Potential release / change of use of the Eldon Way industrial Estate

- 6.46** As part of this process, we have reviewed the potential for the change of use of the Eldon Way industrial estate given its position between proposed residential site allocations to the north and west of Paddock Wood and the town centre.
- 6.47** Whilst from a strategic placemaking perspective this makes sense, we would advise against this for a number of reasons:
- i) The industrial estate is well occupied by a diverse range of tenants (see occupier audit – Annex A) with a wide range of spaces/typologies available. This makes a significant contribution to the Paddock Wood economy both in terms of supporting jobs but also a number of higher-value uses (i.e. manufacturing, publishing etc).
 - ii) In order to release this site, it would be necessary to provide alternative accommodation elsewhere; given the high-levels of existing occupancy and relative success as a commercial location there would be a significant cost involved in land assembly / compensation etc to achieve this, potentially requiring the use of CPO powers if a negotiated position couldn't be reached with the existing land owner(s).

Planning policy recommendations

- 6.48** Having considered the potential scenarios arising in respect of both the future delivery of the allocated employment sites, the potential release of the BarthHaas UK and Eldon Way sites, we have suggested the following planning policy recommendations in respect of the DLP.
- 6.49** In the context of the wider challenges associated with the existing Paddock Wood economy: a reduction in employment numbers and growth in lower-skilled and lower-density employment uses and a relatively low-skilled resident workforce, combined with existing high-levels of occupancy of industrial premises (of all unit types and sizes) with minimal available supply, **it is recommended that the proposed Site Allocations policy should promote the delivery of a mix of floorspace types and sizes.**
- 6.50** It is not contended that the DLP should promote an overly restrictive approach to policy (noting that the amalgamation of Class B1, B2 and B8 uses within Class E potentially precludes this approach in policy terms, in any event), but instead **encouraging proposed development to deliver an appropriate and justified mix of floorspace types and sizes.** This would provide a lever for TWBC to shape the direction and form of any employment growth but provide scope for the mix to be defined on a site-by-site basis.
- 6.51** This would need to be grounded in a **solid economic development rationale in seeking to ensure the future growth of Paddock Wood delivers balanced outcomes in terms of facilitating a mix of industrial sectors and uses rather than catalysing a further over-concentration of the low-density, low-skilled distribution / wholesale sectors.**

Consideration regarding the strategic alignment of this approach with wider economic development aspirations is provided below.

6.52 It is further recommended that **consideration should be explicitly built into DLP policy (either ED1 – KEAs or AL/PW1 – Paddock Wood) relating to the future direction for the BarthHaas UK site** given the potential significant implications for the scale of floorspace and employment loss (or relocation). **Further consideration should be given to this during the ongoing town centre masterplanning process.**

7. Conclusions

- 7.1** This paper has reviewed Paddock Wood's economy and its wider context, including emerging trends and changes to working practices, with consideration of how this could affect Paddock Wood itself.
- 7.2** The strategic context and rationale for this paper is that the DLP plans for the significant growth of Paddock Wood in terms of housing and population: the town will nearly double in size. The clear focus of all of TWBC's adopted and emerging planning and economic development policy is on Tunbridge Wells itself, and its relationship with the wider functional economic area, including Tonbridge and Sevenoaks. The target sectors and economic priorities / objectives do not align well with the Paddock Wood economy: one that is principally and increasingly dominated by large-scale wholesale/distribution and logistics employers, growing at the expense of other economic sectors; housing unaffordability for those who live and work in Paddock Wood is growing; outward commuting is increasing as well.
- 7.3** Sat within this context, there is a risk that a consequence of the planned growth of Paddock Wood could be a significant increase in out-commuting with a mis-match between the future population and the employment base/sectors.
- 7.4** The key opportunities which have been identified are therefore proposed to attempt to encourage and promote economic development and employment growth which will best contribute to the diversification, intensification and resilience of the Paddock Wood economy: encouraging a mix and blend of employment floorspace types within Class E across a range of sizes/typologies in the proposed expansion to the existing (and retained) KEAs to support increased GVA output and provide space for smaller companies to establish and grow; the promotion of some flexible office floorspace in the town centre to respond to the growth in homeworking; the potential planned release of the Baarth Haas site but retention of the Eldon Way industrial estate.
- 7.5** It is recommended that these proposed opportunities should sit within the context of a proposed bespoke economic development strategy for Paddock Wood – or at the very least proactive and explicit acknowledgement of the unique dynamics of the Paddock Wood economy in relation to the wider borough.
- 7.6** The Key Economic Opportunities identified below therefore represent a **menu of options** which can be implemented by TWBC through both its planning and economic development activities, some of which can be taken account of during the DLP drafting process, some during the subsequent masterplanning/SPD development process and others as part of its wider economic development strategy preparation.

The Key Economic Opportunities

Paddock Wood: Key Economic Opportunity 1 – Proposed Town Centre Flexible Workspace

A flexible workspace ‘hub’ in the centre of Paddock Wood could form a central part of the proposed masterplan for Paddock Wood town centre (as per DLP Policy AL/PW 2).

For the purposes of masterplanning, a flexible workspace of c. 150 – 200 sq m should be planned for, as a minimum, to ensure sufficient critical mass and floorspace, assuming a flexible/co-working type model.

The proposed flexible workspace will generate demand for, and catalyse the introduction of, related, supporting uses (cafés, restaurants, drinking establishments, leisure) at the heart of the proposed masterplan, diversifying the current mix of town centre uses to provide an enhanced overall ‘experience’. The location of this flexible workspace hub in the town centre will promote the use of the town centre by both the existing and future, increased population of Paddock Wood.

A range of potential operational models could potentially be appropriate for this context, including a blended model of flexible workspace integrated with other uses (i.e. café and/or community uses) to potentially facilitate a diverse, resilient model, recognising this is an untested market.

The provision of a flexible workspace hub will respond to the structural economic shift towards more flexible homeworking, providing an alternative flexible working environment for Paddock Wood’s existing, sizeable out-commuting population which is set to increase significantly.

Paddock Wood: Key Economic Opportunity 2 – Site Allocation wording for KEA expansion locations to promote diversification of employment typologies

Refine the supporting text to the draft Site Allocation wording to promote the delivery of a **mix of employment types and sizes** to support the balanced economic and employment growth of Paddock Wood and avoid the potential continued over-concentration and development of the wholesale/distribution sectors

Paddock Wood: Key Economic Opportunity 3 – Site Allocation wording for Baarth Haas site to acknowledge potential economic/employment implications of site release

Refine the draft Site Allocation and/or Key Employment Area policy wording – and also address via the masterplanning process – to consider the potentially significant implications of the potential release of the Baarth Haas UK site given its existing substantial concentration of floorspace and jobs.

Explicit guidance should be provided regarding both (a) the most appropriate mix of uses for Baarth Haas site and (b) the potential implications for the identified and allocated KEA expansion locations in terms of desired mix/intensity of uses.

Paddock Wood: Key Economic Opportunity 4 – Retain the Eldon Way industrial estate for employment use

Retain the Eldon Way KEA in employment/commercial land use recognising its valuable contribution to the Paddock Wood economy

Paddock Wood: Key Economic Opportunity 5 – Develop a bespoke economic development strategy and action plan for Paddock Wood

Formulation of an economic development strategy and deliverable action plan for Paddock Wood with a focus on aligning and refining the strategic economic development objectives for West Kent and the borough of Tunbridge Wells with the distinct economic and demographic profile, characteristics, challenges and growth objectives for the town and its existing, distinct employment base.

Annex A: Socio-Economic Baseline Analysis

Introduction

This report presents a socio-economic baseline of the town of Paddock Wood in the Borough of Tunbridge Wells, Kent.

There are two distinct sections to the baseline:

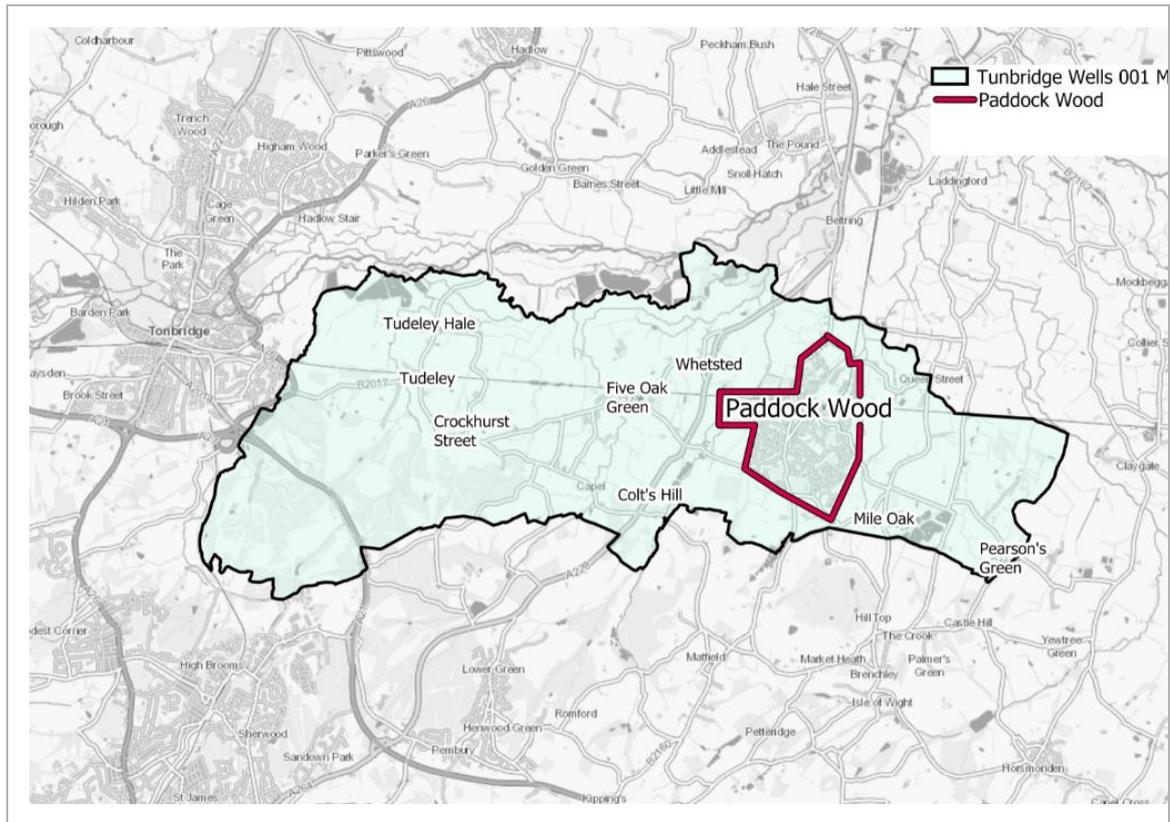
- **Demographics** - which covers population estimates, population age structure and skills
- **The Paddock Wood Local Economy** - which encompasses analysis of employee numbers, sectoral composition and commuting patterns.

Raw data pertaining to the variables analysed in these sections can be found in the Annex of this paper.

Study area and comparators

Throughout this baselining report, the area referred to as Paddock Wood relates to the Tunbridge Wells 001 Middle Layer Super Output Area (MSOA). As visible in Figure 1 this MSOA captures Paddock Wood as well as its immediate surroundings. A significant amount of the data required to conduct this baseline was only available at the scale of MSOA – it was not available for higher resolutions such as Lower Layer Super Output Areas - and therefore the MSOA that captures Paddock Wood was deemed to be the most appropriate geographical area to use in the analysis. Where possible, the data retrieved for Paddock Wood is compared to data from three comparator areas: Tunbridge Wells (local authority), Kent and England.

Figure 1: Map of the relationship between Tunbridge Wells 001 MSOA and Paddock Wood



Source: Produced by SQW 2020. Licence 100030994

Data sources used

The data sources used in this baseline include:

- Office for National Statistics population estimates (2018)
- UK Business Counts data (2019)
- 2011 Census data (specifically questions relating to the highest level of qualification gained; usual place of residence; usual place of work; distanced travelled to work).
- Business Register and Employment Survey data (2018)
- Train Station Usage data, Office of Rail and Road (2020)

It is important to note that some of the data used in this baseline – notably data derived from the 2011 Census – is quite dated, in instances where Census data is used the analysis should be treated with caution and interpreted as a snapshot in time as opposed to a reflection of the current situation.

Summary

Key findings

- In recent years the population of Paddock Wood has both declined and aged, at the expense of the size of the working age population.
- Paddock Wood has a relatively low-skilled local resident workforce, particularly in comparison to Tunbridge Wells.
- Paddock Wood has a higher proportion of full-time employees compared to Tunbridge Wells, Kent and England.
- The local economy is dominated by SMEs; the proportion of SMEs in Paddock Wood is notably higher than in comparator areas.
- Construction, Wholesale and Manufacturing are Paddock Wood's principle sectors; Construction and Wholesale have experienced substantial growth in recent years whilst Manufacturing has experienced a significant decline.
- Paddock Wood suffers from considerable out-commuting, with popular destinations for work being Royal Tunbridge Wells and Tonbridge and Malling.
- Since 2013 usage of Paddock Wood Station has increased, indicating an increase in commuting overall.

Demographics

Population

Population estimates retrieved from the Office for National Statistics (ONS) reveal that the population of Paddock Wood has been slightly decreasing over time. In 2011 the population was 10,72; by 2015 this had fallen to 10,554 and by 2018 this had declined further to 10,422 resulting in a Compound Annual Growth Rate (CAGR) for the 2011-2018 period of -0.41%.

Over the same time frame, both comparator areas (Tunbridge Wells and Kent) recorded positive CAGRs: between 2011 and 2018 the population of Tunbridge Wells grew at a rate of 0.34% per annum, whilst the population of Kent increased at a rate of just under 1% per annum (0.97%). The national average for this time period was 0.75% growth per annum.

Age structure

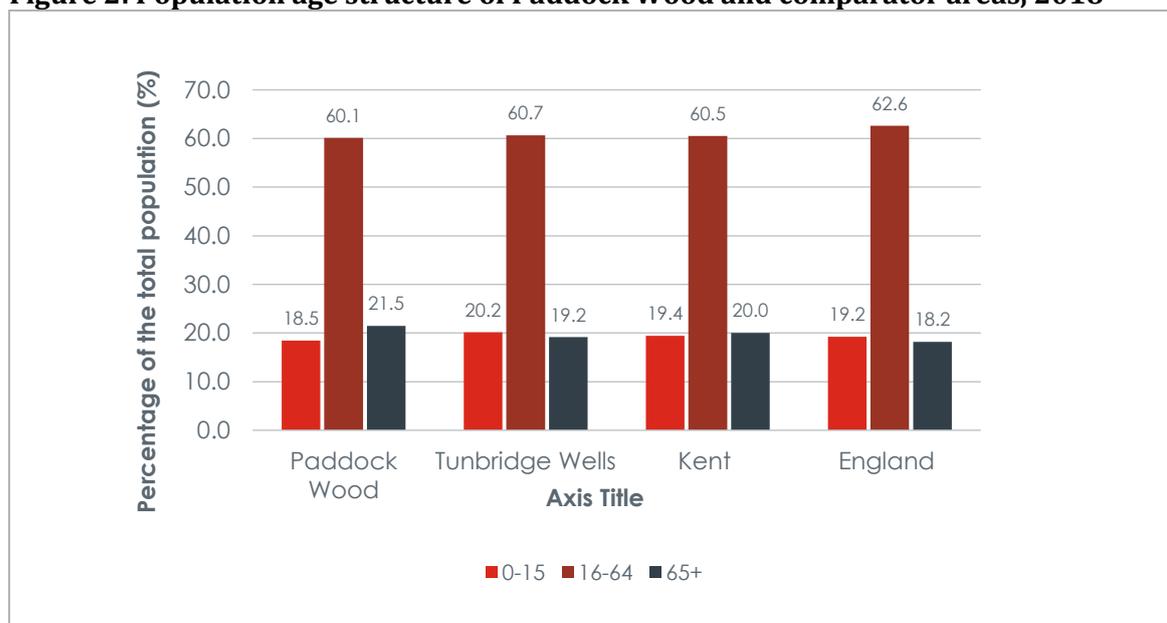
The ONS population estimates broken down by age groups reveal that the population of Paddock Wood has aged in recent years, at the expense of the size of the working age population (16-64 years). Between 2015 and 2018 the size of the 65+ years population

increased from 2,098 to 2,236 resulting in a CAGR for the period of 2.1%, whilst the size of the working age population declined from 6,408 to 6263, representing a CAGR of -0.8%.

In relation to the comparator areas, the observed increase in the 65+ population in Paddock Wood was substantial higher than the increases recorded for Tunbridge Wells and Kent over the same time period: between 2015 and 2018 the 65+ population in Tunbridge Wells grew at a rate of 1.2% per annum, whilst the CAGR observed for Kent was 1.6%. The CAGR for England was also 1.6%. With regards to the working age population, positive CAGRs were recorded for Tunbridge Wells, Kent and England between 2015 and 2018, weighing in at 0.1%, 0.7% and 0.4% respectively.

The population age structures for Paddock Wood and each of the comparator areas are displayed in Figure 2 below. The chart shows that in 2018, Paddock Wood had the lowest proportion of 0-15-year olds and 16-64 year olds (18.5% and 60.1% respectively) and the highest proportion of people aged 65+: 21.5% in relation to 19.2%, 20% and 18.2% for Tunbridge Wells, Kent and England respectively.

Figure 2: Population age structure of Paddock Wood and comparator areas, 2018



Source: SQW analysis of 2018 ONS population estimates

Skills

Data pertaining to skills is retrieved from the 2011 Census, specifically the question which asked respondents what the highest level of qualification they had received to date was.

The data reveals that Paddock Wood has a relatively low-skilled local resident workforce, particularly in comparison to Tunbridge Wells. In 2011, Paddock Wood recorded the highest percentages for Level 1, Level 2 and Level 3 qualifications across the comparator areas, but also recorded the lowest proportion of individuals with level 4 and above qualifications:

23.7% of the usual resident population (aged 16 and over) at the time of the census in comparison to 34.6% for Tunbridge Wells and 24.7% for Kent. The proportion recorded for Tunbridge Wells was substantially above the average for England which was 27.4% at the time.

Paddock Wood local economy

Number of employees and full time employees

Overall, the number of employees in Paddock Wood has decreased in recent years: from 2015 to 2018 the number of employees fell from 6,000 to 5,000 resulting in a CAGR for the period of -5.9%. With regards to the comparator areas, Tunbridge Wells also experienced a decline in the number of employees at a rate of -6.3% per annum, a more pronounced fall than observed in Paddock Wood. Kent also saw a fall in the number of employees however this was much smaller at about -0.4% per annum. Each of the comparators buck the national trend for the period: between 2015 and 2018 the number of employees in England increased at a rate of 0.7% per annum.

Looking specifically at the type of employees, Paddock Wood has consistently had a substantially higher proportion of full-time employees in relation to each of the comparator areas. In 2015 and 2016 the data – derived from the Business Register and Employment Survey- shows that about 83.3% of employees in Paddock Wood were employed on a full-time basis, in 2017 and 2018 this fell to around 80% which remained much higher than the proportions recorded for Tunbridge Wells (64.7%), Kent (64.8%) and nationally (68%).

Sectoral composition

Enterprises by sector

UK Business Counts data presented in Table 3 reveals that in 2019, the three largest sectors in Paddock Wood by the number of enterprises were “Professional, scientific and technical”, Construction and Wholesale, accounting for 18.6%, 15% and 8.8% of total enterprises respectively. Other sizeable sectors included Retail (8%) and Manufacturing (6.2%).

From 2016 to 2019, Construction was the fastest growing sector in Paddock Wood: during this period the number of enterprises in the sector increased from 70 to 85, resulting in a CAGR of 6.7%. “Business, administration and support services” and Retail also experienced growth during this period of roughly 4% per annum.

The three fastest declining sectors in Paddock Wood between 2016 and 2019 were Motor Trades, “Accommodation and food services” and “Information and communication”. These sectors recorded CAGRs for the period of -7.2% (for Motor Trades and “Accommodation and food services”) and -5% (for “Information and Communication”). A fall in the number of

enterprises in the Manufacturing sector was also recorded for this period: from 2016 to 2019 the number of enterprises in this sector fell from 40 to 35, resulting in a CAGR for the period of -4.4%.

Table 3: Enterprises by sector (% of total enterprises in 2019, number of enterprises 2016-2019, CAGR 2016-2019)

	% total enterprises (2019)	2016	2017	2018	2019	CAGR 2016-2019
Professional, scientific & technical	18.6	100	105	105	105	1.6%
Construction	15.0	70	70	70	85	6.7%
Wholesale	8.8	55	50	50	50	-3.1%
Business administration & support services	8.0	40	45	50	45	4.0%
Retail	8.0	40	45	45	45	4.0%
Manufacturing	6.2	40	40	35	35	-4.4%
Arts, entertainment, recreation & other services	5.3	30	30	30	30	0.0%
Information & communication	5.3	35	35	35	30	-5.0%
Accommodation & food services	3.5	25	25	20	20	-7.2%
Motor trades	3.5	25	20	20	20	-7.2%
Property	3.5	20	15	15	20	0.0%
Transport & storage (inc postal)	3.5	20	20	20	20	0.0%
Agriculture, forestry & fishing	2.7	15	15	15	15	0.0%
Financial & insurance	2.7	15	20	15	15	0.0%
Education	1.8	10	10	5	10	0.0%
Health	1.8	10	10	10	10	0.0%
Mining, quarrying & utilities	0.9	5	5	5	5	0.0%
Public administration & defence	0.9	5	5	5	5	0.0%

Source: SQW analysis of UK Business Counts data, 2019

Employees by sector

Business Register and Employment Survey data pertaining to the number of employees per sector is displayed in Table 4. The data reveals that in 2018 the largest sector by the number of employees was Wholesale; this sector accounted for 35% of total employees in Paddock Wood. Manufacturing and Retail were the second largest sectors, both accounting for 10% of total employees.

From 2015 to 2018 the three fastest growing sectors by the number of employees were “Arts, entertainment, recreation and other services”, which recorded a CAGR for the period of 14.5%, Wholesale (CAGR of 11.9%), and “Professional, scientific and technical” (10.1%). Construction, “Business administration and support services” and “Transport and storage” were also sectors that experienced growth during the period.

On the other hand, Manufacturing experienced a considerable decline in employee numbers from 2015 to 2018: in 2015 three times more employees worked in the manufacturing sector compared to 2018 (1500 vs 500). The corresponding CAGR of -30.7% was the second highest recorded for Paddock Wood behind “Agriculture, forestry and fishing” which ceased to have any employees on record from 2016 onwards. Other sectors in Paddock Wood that experienced considerable declines in the number of employees between 2015 and 2018 included Property (-20.6%), “Accommodation and food services” (-17%) and “Financial and insurance” (-15.7%).

Table 4: Employees by sector (% of total employees in 2018, number of employees 2015-2018, CAGR 2015-2018)

Industry	% of total employees (2018)	2015	2016	2017	2018	CAGR 2015-2018
Wholesale	35.0	1250	1500	1500	1750	11.9%
Manufacturing	10.0	1500	1250	700	500	-30.7%
Retail	10.0	500	450	450	500	0.0%
Education	8.0	500	450	500	400	-7.2%
Transport & storage	7.0	300	450	300	350	5.3%
Professional, scientific & technical	6.0	225	250	250	300	10.1%
Business administration & support services	6.0	250	300	225	300	6.3%
Construction	5.0	200	250	300	250	7.7%
Health	5.0	400	300	350	250	-14.5%
Motor trades	4.0	200	225	225	200	0.0%
Arts, entertainment, recreation & other services	3.0	100	100	125	150	14.5%
Accommodation & food services	2.0	175	175	175	100	-17.0%
Information & communication	2.0	150	150	100	100	-12.6%

Industry	% of total employees (2018)	2015	2016	2017	2018	CAGR 2015-2018
Financial & insurance	1.5	125	50	50	75	-15.7%
Property	1.0	100	100	75	50	-20.6%
Public administration & defence	0.5	25	20	25	25	0.0%
Agriculture, forestry & fishing	0.0	10	0	0	0	-100.0%

Source: SQW analysis of BRES data, 2018

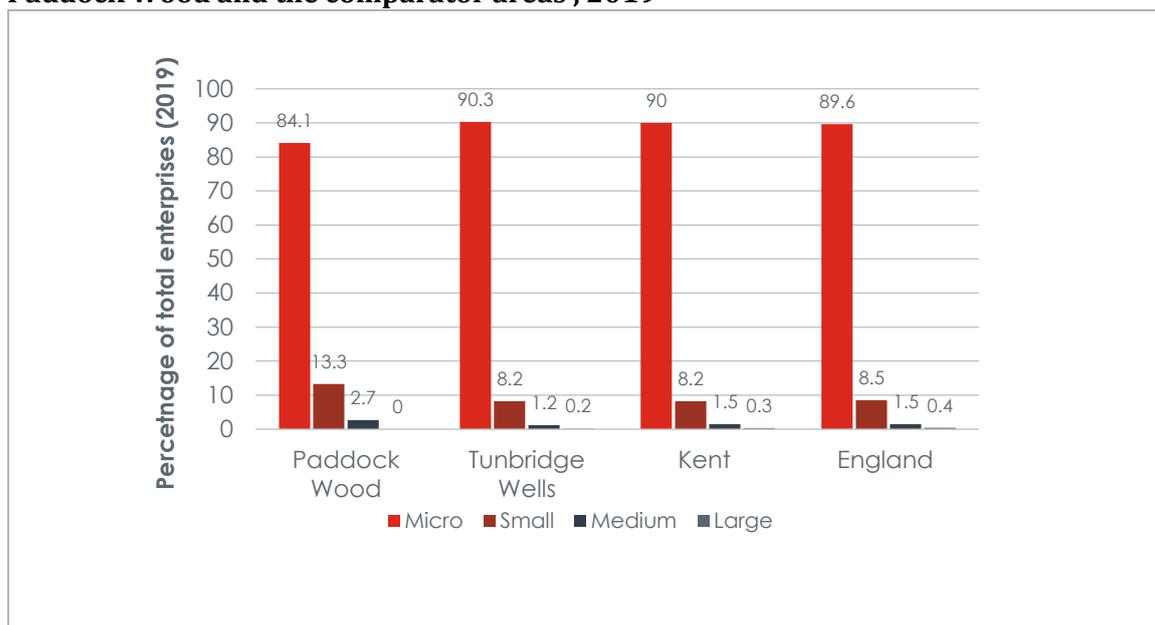
Size of enterprises

According to UK Business Counts data there were 565 enterprises in Paddock Wood in 2019. 84.1% of these were classified as micro (0-9 employees), 13.3% were classified as small (10-49 employees) and 2.7% were classified as medium (50-249 employees); there were no enterprises classified as large (250+ employees).

In relation to the comparator areas, the proportion of small and medium sized enterprises in Paddock Wood is notably higher: Figure 3 shows that across Tunbridge Wells, Kent and nationally the proportion of small enterprises falls within the range of 8.2-8.5%, whilst the proportion of medium enterprises ranges from 1.2-1.5%.

Analysis of time series detail additionally reveals that between 2016 and 2019 the number of small and medium sized enterprises in Paddock Wood increased, growing at rates of 4.9% per annum and 14.5% per annum respectively. These CAGRs were considerably higher than those recorded for the comparator areas, in fact between 2016 and 2019 the number of medium sized enterprises in Tunbridge Wells actually declined at a rate of -2% per annum.

Figure 3: Relative proportion of micro, small, medium and large enterprises in Paddock Wood and the comparator areas , 2019



Source: SQW analysis of UK Business Counts data, 2019

Location quotients – employee counts

Analysis of location quotients (LQ) shows that six sectors are relatively more concentrated in Paddock Wood compared to nationally. Each of Construction, Manufacturing, Motor Trades, Retail, Transport and Storage and Wholesale record LQs of greater than 1, indicating that there are relatively more employees in these sectors compared to the average for England. In particular, Motor Trades is over twice as concentrated (LQ 2.2) and Wholesale is more than eight times as concentrated (LQ 8.3) in Paddock Wood as observed nationally.

Commuting Patterns

In-commuting and out-commuting

Data pertaining to commuting patterns is derived from the 2011 Census, specifically the questions which asked individuals where their usual place of residence and usual place of work was.

In 2011, 887 people lived and worked in the MSOA that encompasses Paddock Wood.

Analysis of out-commuting data reveals that the 10 most popular MSOAs where individuals who resided in Paddock Wood travelled to for work in 2011 fell within five groups (see Table 5). The most popular out commuting location was Royal Tunbridge Wells which accounted for 919 of Paddock Wood's residents. This was followed by Tonbridge and Malling (612), London (236), Maidstone (136) and Sevenoaks. (77).

Table 5: Out commuting (individuals residing in Paddock Wood)

Place of work (MSOAs within)	Number of people
Paddock Wood	887
Royal Tunbridge Wells	919
Tonbridge and Malling	612
London	236
Maidstone	136
Sevenoaks	77

Source: SQW analysis of 2011 Census data

With regards to in-commuting, the Census data reveals that the 10 most popular MSOAs to reside in in 2011 for individual travelling to Paddock Wood for work fell within three groups (see Table 6). Tonbridge and Malling was the most popular location with 637 individuals working in Paddock Wood living in the area, this was followed by Royal Tunbridge Wells with 545 and Maidstone with 257.

Table 6: In commuting (individuals working in Paddock Wood)

Place of residence (MSOAs within)	Number of people
Paddock Wood	887
Tonbridge and Malling	637
Royal Tunbridge Wells	545
Maidstone	257

Source: SQW analysis of 2011 Census data

Working from home

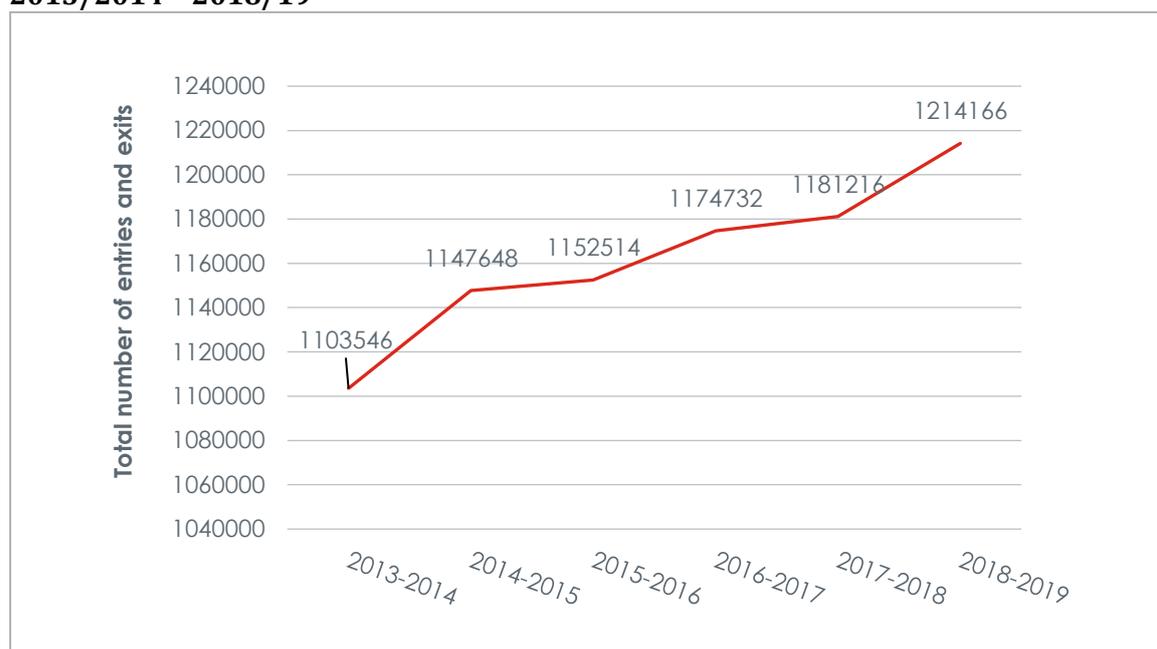
Data pertaining to home working is derived from the 2011 Census, specifically the question which asked individuals how far they travel to work.

In 2011, 639 individuals in Paddock Wood worked from home. This amounted to 11.8% of the total residents aged 16 to 74 in employment in Paddock Wood. In comparison to Tunbridge Wells, where 14.6% of the population worked from home in 2011, this proportion was slightly lower, however it was higher than the national average of 10.3% at the time.

Paddock Wood Station

Train station usage data derived from the Office of Rail and Road shows that the usage of Paddock Wood Station has increased over time: in 2013/14 financial year there were 1,103,546 entries and exits recorded at Paddock Wood Station, by 2018/19 this had increased to 1,214,166. This amounted to a 10% increase in train station usage from 2013/14 to 2018/19, which equates to a CAGR of just under 2% (1.9).

**Figure 4: Paddock Wood Train Station usage: total number of entries and exits
2013/2014 – 2018/19**



Source: Train Station Usage Data, Office of Rail and Road (2020)

Annex

Table 7: Population estimates 2011-2018

	2011	2012	2013	2014	2015	2016	2017	2018	CAGR 2011-2018
Paddock Wood	10,727	10,805	10,881	10,743	10,534	10,554	10,518	10,422	-0.41%
Tunbridge Wells	11,524	11,579	11,609	11,652	11,661	11,735	11,806	11,805	0.34%
Kent	14,664	14,801	14,931	15,093	15,231	15,404	15,546	15,686	0.97%
England	53,107	53,493	53,865	54,316	54,786	55,268	55,619	55,977	0.75%

Source: SQW analysis of ONS Population Estimates, 2018

Table 8: Population age structure – 0-15 years old

	2015	2016	2017	2018	CAGR 2015-2018
Paddock Wood	2028	1993	1971	1923	-1.8%
Tunbridge Wells	23,403	23,570	23,736	23,819	0.6%
Kent	291,868	295,605	299,914	304,505	1.4%
England	10,405,114	10,529,100	10,637,971	10,748,458	1.1%

Source: SQW analysis of ONS Population Estimates, 2018

Table 9: Population age structure – 16-64 years old

	2015	2016	2017	2018	CAGR 2015-2018
Paddock Wood	6408	6405	6348	6263	-0.8%
Tunbridge Wells	71371	71659	71973	71626	0.1%
Kent	930996	938984	944725	949627	0.7%
England	34669641	34856126	34950948	35049467	0.4%

Source: SQW analysis of ONS Population Estimates, 2018

Table 10: Population age structure – 65+ years old

	2015	2016	2017	2018	CAGR 2015-2018
Paddock Wood	2098	2156	2199	2236	2.1%
Tunbridge Wells	21836	22128	22352	22609	1.2%
Kent	300236	305849	309997	314491	1.6%
England	9711572	9882841	10030511	10179253	1.6%

Source: SQW analysis of ONS Population Estimates, 2018

Table 11: Highest level of qualification

	No qualifications	Level 1	Level 2	Level 3	Level 4 and above
Paddock Wood	21.8	15.8	17.6	12.6	23.7
Tunbridge Wells	17.1	12.4	16.6	12.1	34.6
Kent	22.5	14.7	16.9	12.3	24.7
England	22.5	13.3	15.2	12.4	27.4

Source: Highest level of qualification, Census 2011

Table 12: Number of employees (overall)

	2015	2016	2017	2018	CAGR 2015-2018
Paddock Wood	6000	6000	5000	5000	-5.9%
Tunbridge Wells	62000	54000	52000	51000	-6.3%
Kent	618000	615000	614000	610000	-0.4%
England	25044000	25477000	25829000	25976000	1.2%

Source: SQW analysis of BRES data, 2018

Table 13: Number of full-time employees

	2015	2016	2017	2018	CAGR 2015-2018
Paddock Wood	5000	5000	4000	4000	-7.2%
Tunbridge Wells	44000	35000	33000	33000	-9.1%
Kent	415000	405000	397000	395000	-1.6%

	2015	2016	2017	2018	CAGR 2015-2018
England	17267000	17376000	17516000	17658000	0.7%

Source: SQW analysis of BRES data, 2018

Table 14: Full time employees as a percentage of total employees, 2015-2018

	2015	2016	2017	2018
Paddock Wood	83.3	83.3	80.0	80.0
Tunbridge Wells	71.0	64.8	63.5	64.7
Kent	67.2	65.9	64.7	64.8
England	68.9	68.2	67.8	68.0

Source: SQW analysis of BRES data, 2018

Table 15: Growth in the number of micro (0-9 employees) enterprises, 2016-2019

	2016	2017	2018	2019	CAGR 2016-2019
Paddock Wood	465	470	465	475	0.7%
Tunbridge Wells	5620	5700	5735	5800	1.1%
Kent	52740	54700	54955	56650	2.4%
England	1975950	2078900	2073890	2114965	2.3%

Source: SQW analysis of UK Business Counts data, 2019

Table 16: Growth in the number of small (10-49 employees) enterprises, 2016-2019

	2016	2017	2018	2019	CAGR 2016-2019
Paddock Wood	65	75	70	75	4.9%
Tunbridge Wells	510	545	535	530	1.3%
Kent	5110	5155	5195	5140	0.2%
England	194495	198030	199135	200070	0.9%

Source: SQW analysis of UK Business Counts data, 2019

Table 17: Growth in the number of medium (50-249 employees) enterprises, 2016-2019

	2016	2017	2018	2019	CAGR 2016-2019
Paddock Wood	10	15	10	15	14.5%
Tunbridge Wells	85	80	85	80	-2.0%
Kent	890	885	905	920	1.1%
England	34705	35330	36050	36500	1.7%

Source: SQW analysis of UK Business Counts data, 2019

Table 18: Growth in the number of large (250+ employees) enterprises, 2016-2019

	2016	2017	2018	2019	CAGR 2010-2015
Paddock Wood	0	0	0	0	0.0%
Tunbridge Wells	15	10	10	15	0.0%
Kent	195	195	200	205	1.7%
England	8500	8620	8985	9250	2.9%

Source: SQW analysis of UK Business Counts data, 2019

Table 19: LQs for the relative concentration of employees by industry, 2019

Industry	Paddock Wood % of total employees	England % of total employees	LQ (% PW/% England)
Accommodation & food services	2.0	7.5	0.3
Agriculture, forestry & fishing	0.0	0.6	0
Arts, entertainment, recreation & other services	3.0	4.5	0.7
Business administration & support services	6.0	9.2	0.7
Construction	5.0	4.6	1.1
Education	8.0	8.9	0.9
Financial & insurance	1.5	3.5	0.4
Health	5.0	12.7	0.4
Information & communication	2.0	4.4	0.5
Manufacturing	10.0	8.0	1.3
Mining, quarrying & utilities	0.2	1.2	0.2
Motor trades	4.0	1.8	2.2
Professional, scientific & technical	6.0	9.0	0.7
Property	1.0	1.7	0.6
Public administration & defence	0.5	4.0	0.1
Retail	10.0	9.4	1.1
Transport & storage	7.0	4.9	1.4
Wholesale	35.0	4.2	8.3

Source: SQW analysis of UK Business Counts data, 2019

Annex B: Eldon Way Industrial Estate – Occupier Audit

Name of business	Services provided	Sector
Simmonds and Son Ltd	Uniform Store	Retail / Wholesale
Timpson Ltd	Locksmith	Retail / Wholesale
Paddock Wood MOT Service and Repairs Ltd	MOTs and car repairs	Motor Vehicle Sales / Hire / Maintenance / Manufacturing
Ton Hire	Van rental agency	Motor Vehicle Sales / Hire / Maintenance / Manufacturing
CK Office Furniture	Office furniture store	Retail / Wholesale
Hendley Removals and Storage	Moving and storage service	Logistics / Storage / Distribution
M&P Recycling	Scrap metal dealers	Materials and Manufacturing
Ling Design Ltd	Greeting cards publisher	Printing / Publishers
Alpha Logistics (Europe) Ltd	Trucking company	Logistics / Storage / Distribution
Vital Nut Co Ltd	Wholesale distribution of edible nuts and dried fruits	Food Related Manufacturing / Processing / Wholesale / Distribution
Breeze Southern Ltd	Cleaning products supplier	Retail / Wholesale
Ernest West & Beynon Ltd	Air conditioning and commercial refrigeration specialists	Utilities
The Franconian Sausage Co Ltd	Meat processor	Food Related Manufacturing / Processing / Wholesale / Distribution
BOA	Bolt manufacturer	Materials and Manufacturing
Union Ink Company Ltd	Screen printing inks	Printing / Publishers
SECAMB NHS Foundational Trust	Make Ready Ambulance Centre	Healthcare Related Services
Identity Press Ltd	Commercial printer	Printing / Publishers
Maidstone & Tunbridge Wells NHS	Health care trust offices	Healthcare Related Services
PKP Optics Ltd	Glasses lens and frame manufacturer	Healthcare Related Services
Timberflor Ltd	Wood supplier	Materials and Manufacturing
RJ Turner Car Trimming	Vehicle interior upholstery and seat repairs	Motor Vehicle Sales / Hire / Maintenance / Manufacturing
The Lift Interior Company Ltd	Interior Designer	Design Services
C&H Auto Services	Autorepair shop	Motor Vehicle Sales / Hire / Maintenance / Manufacturing
G&J (CNC) Services Ltd	Precision mechanical engineers	Materials and Manufacturing
E Elvis & Co Ltd	Electrical installation service	Utilities
All Chilled	Air conditioning and commercial refrigeration specialists	Utilities
AD Series Displays Manufacturing Ltd	Display manufacturing	Materials and Manufacturing
Zone Graphics Ltd	Printing company	Printing / Publishers



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About us

SQW Group

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SQW

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