



Sevenoaks Business Demand Survey

Final report

October 2013

Prepared for:
Sevenoaks District Council

REVISION SCHEDULE					
Rev	Date	Details	Prepared by	Reviewed by	Approved by
1	September 2013	Draft final report	Victoria Pinoncely Consultant Development Planner Jesse Honey Senior Development Planner	Tony Batten Associate Planner	Tony Batten Associate Planner
2	October 2013	Final Report	Jesse Honey Senior Development Planner	Tony Batten Associate Planner	Tony Batten Associate Planner

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1 INTRODUCTION

This report presents the results of a business demand survey carried out by URS for Sevenoaks District Council. The business sectors surveyed were Use Classes B1 (offices and light industry); B2 (general industry) and B8 (warehousing). The survey took place during September 2013 and involved a telephone survey of businesses within the Sevenoaks District Council area.

At the time that the report was commissioned, the most recent similar survey had taken place in 2005, meaning that the Council needed more up-to-date information on the demand from businesses for premises and land, the composition of the local workforce, and emerging trends such as home working. However, in the intervening period a number of evidence base documents informing Council DPDs have been produced, specifically:

- Employment Land Review (URS, 2007)- directly informed by the results of the 2005 phone survey;
- Employment Land Review Addendum Report (Sevenoaks DC, 2010)- an update to the above study;
- Employment Land Review in Relation to the Powder Mills Site (URS/Scott Wilson, 2011)
- Long Term Employment Space Projections (URS/Scott Wilson, 2011); and
- Employment Land Review in Relation to United House, Swanley, Manor House, New Ash Green, Trading Estate to the rear of Premier Inn, Swanley and West Kingsdown Industrial Estate, West Kingsdown (URS, 2012).

As the telephone survey will provide direct information from local businesses on their requirements, it will, alongside other evidence base documents, help the Council plan the future provision of premises and sites in the District and the way it prioritises its resources in assisting a successful local economy.

Additionally, a particularly long-lasting recession occurred between the previous telephone survey and this one; much may have changed between 2005 and the present day as a result.

The information from the survey will be assessed in the light of URS' extensive knowledge and experience of the Sevenoaks business property market, gained through preparation of some of the employment policy documents set out above.

The remainder of this report comprises the following chapters:

- Chapter 2, providing a brief introduction to the background and context for business needs, location and employment policy generally and within Sevenoaks;
- Chapter 3, setting out the way in which the survey was conducted;
- Chapter 4, setting out in full the results of the telephone survey;
- Chapter 5, providing general and contextual commentary on the survey results; and
- Chapter 6, summing up the findings of this study in a conclusion and recommendations.

2 BACKGROUND AND CONTEXT

2.1 The locational needs of businesses

Modern business requirements are constantly evolving and it is important to have a flexible approach to planning in order to be ready for future trends. However there are some cross-cutting demands that are common across a diverse range of sectors including the need for high quality premises in a high quality environment. Among the most important general locational factors are:

- Being near to customers
- Having a good supply of suitable staff
- Having good transport links
- An attractive local environment
- Having a low incidence of crime

Changes in technology in terms of how businesses communicate with suppliers and customers have increased the choices businesses have for where they can locate. Businesses do not always need to be located near to their target markets, giving them increasing opportunities to seek out better quality locations and premises further afield.

Balanced against these factors is growing evidence that businesses benefit from locating in clusters with strong synergies and supply chain links, meaning that even in the internet age, geographical location in relation to other businesses can play a stronger role than might at first be imagined.

2.2 Sevenoaks as a business location

Sevenoaks is an attractive business location, with good access to the M25 and national motorway network, rail links to London and offering a quality of place and rental level more attractive for many companies than locating within Greater London itself.

It has experienced strong growth in the business services sector in recent years. It has a higher than average level of employment in small firms, and there is no single business sector that dominates. Information from the council suggests that a number of the District's firms were established in Sevenoaks because their founder was already a resident of the District.

However, the District has to compete with a number of other local authorities in a similarly advantageous geographic position on the edge of Greater London and with other local authorities in Kent that offer a similarly strong quality of place. More recently, a number of other locations in Kent, including Ashford and Ebbsfleet, have become relatively more attractive to businesses due to enhanced rail connections to London and Europe.

2.3 Employment policy background and context

2.3.1 *The National Planning Policy Framework*

The National Planning Policy Framework (NPPF) was published in 2012. It places an emphasis on ensuring that the planning system supports economic growth. The NPPF advises that local planning authorities plan 'proactively to meet the development needs of business and support an economy fit for the 21st century.' (paragraph 20). Additionally the NPPF encourages local planning authorities to:

- recognise and seek to address potential barriers to investment, including a poor environment or any lack of infrastructure, services or housing
- set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth
- support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area, and
- plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries.

The NPPF also incorporates a strong emphasis on economic growth in rural areas, specifically through:

- appropriate conversion of existing buildings and the provision of new buildings; and
- the development and diversification of agricultural and other land-based rural businesses.

2.3.2 ***Sevenoaks Core Strategy***

The Core Strategy for Sevenoaks District was adopted in February 2011.

Policy SP8 of the Core Strategy supports the retention, intensification and regeneration of existing business areas, and promotes office development in Sevenoaks and Swanley town centres, as well as through greenfield development at Swanley.

Additionally, the policy gives priority to business uses in the conversion of buildings in the rural area, as well as supporting the development of start-up units for small businesses in suitable locations.

Other Core Strategy policies also make indirect contributions to supporting economic development in Sevenoaks. For example, policies on the rural area and countryside, as well as on green infrastructure and open space, make important contributions towards maintaining the quality of place that Sevenoaks can offer businesses.

2.3.3 ***Exemptions from new Permitted Development Rights***

In 2013, of the eleven sites Sevenoaks DC submitted for exemption from the amendment to the General Permitted Development Order (GPDO), three were accepted by the Government, meaning that the former BT building and land at London Road (both in Sevenoaks) and the Crown in London Road, Westerham, are exempt from permitted development rights for conversion to non-residential uses. All other sites in the district, however, are subject to the new GPDO amendment, meaning that they are at risk of conversion to residential use without the applicant needing to apply for planning permission.

3 SURVEY METHODOLOGY

3.1 Businesses contacted

We selected Experian as the most reliable and reputable provider of business information. Experian were able to provide a list of local businesses with a named contact and telephone number for each one. However, as Experian were only able to provide businesses by postcode area rather than local authority boundary, URS's GIS team filtered the Experian list to ensure that only those businesses within the boundary of Sevenoaks District Council appeared.

As the survey was concentrating on business use classes, we also filtered out retail businesses based on the SIC sector classification for retail. This provided a final list of 1,701 businesses to contact, comparable with 1,673 businesses to contact in the 2005 telephone survey.

The Council specified that the businesses should be classified into seven categories, namely:

- Construction, building
- Financial services
- Heavy engineering/ general industry
- Manufacturing
- Professional services - IT, consultancy, solicitor
- Wholesale/Warehouse
- Other

URS then categorised the 1,701 businesses on the Experian list into these categories, and submitted our draft classification to the Council to review. Following Council review, the 1,701 businesses were classified as set out in Table 1 below

Table 1: Numbers of business in each Council category

Council Category	Number of businesses	Percentage of total
Construction, building	230	13.52
Financial services	70	4.12
Heavy engineering/general industry	4	0.24
Manufacturing	188	11.05
Professional services	497	29.22
Wholesale/warehouse	67	3.94
Other	645	37.92
TOTAL	1,701	100

Source: URS, Sevenoaks DC. Totals may not sum due to rounding.

3.2 The telephone survey

Having classified the businesses in the Council area, the list was then passed to specialist telephone survey company RMG Clarity, who called every company on the list over a period of two weeks in September 2013. The response rate had been estimated at 10-15%, but exceeded our expectations at 16.2%, with 275 companies responding.

4 SURVEY RESULTS

4.1 Introduction

This chapter presents the results of the telephone survey. For each of the nineteen questions specifically relating to business demand, we set out results using tables and charts as appropriate. For clarity, this chapter is limited solely to presentation of results, with analysis of results covered in Chapter 5 below.

Additionally, the charts presented have been selected from all data gathered as those providing the most useful results, as many of the breakdowns by sector were very similar to one another and the value of presenting every chart here would consequently have been limited. However, for the sake of completeness, a spreadsheet itemising the responses to every question by every business sector has been provided to the Council separately.

4.2 Respondents to the survey

Table 2: Respondents to the 2013 Sevenoaks Business Demand Survey

Sector	Number of respondents	Percentage of respondents	Target percentage (as per Table 1)
Construction/building	37	13.4%	13.52%
Financial services	11	4%	4.12%
Heavy engineering/general industry	0	0%	0.24%
Manufacturing	30	10.9%	11.05%
Other	104	37.8%	37.92%
Professional services	81	29.5%	29.22%
Wholesale/warehouse	12	4.36%	3.94%
Total (all sectors)	275	100%	100%

Source: RMG Clarity. Totals may not sum due to rounding.

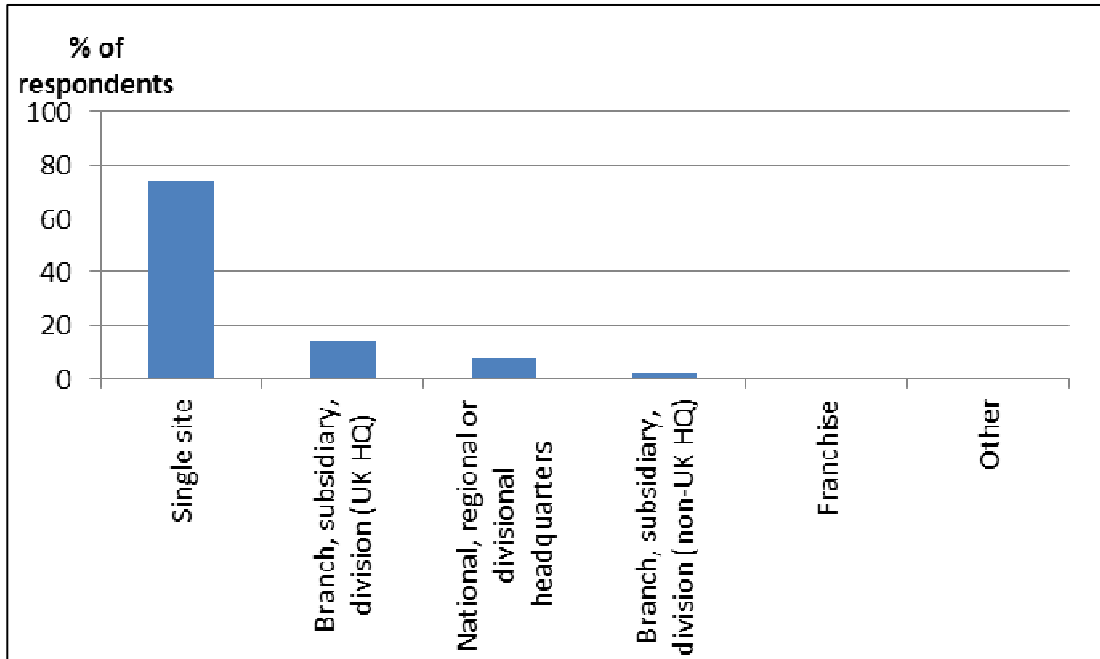
As a comparison of Tables 1 and 2 show, RMG Clarity were careful to ensure that the 275 survey respondents were as representative as possible of the business category split, and broadly were able to achieve this goal.

Due to the small number of respondents for some sectors, sectoral conclusions may be more sensitive. In light of this, the number of respondents rather than percentages is presented. Unfortunately, none of the four companies classified as heavy engineering/general industry responded to the survey, although with a maximum sample size of only four, sectoral conclusions would have been of limited use in any case.

4.3 Nature of site

Most of the respondents (74%) are single-site businesses. A small proportion of respondents were a branch, subsidiary or division of a UK business (15%) and a non UK business (2%) while 8% of the respondents were national, regional or divisional headquarters (see Figure 1).

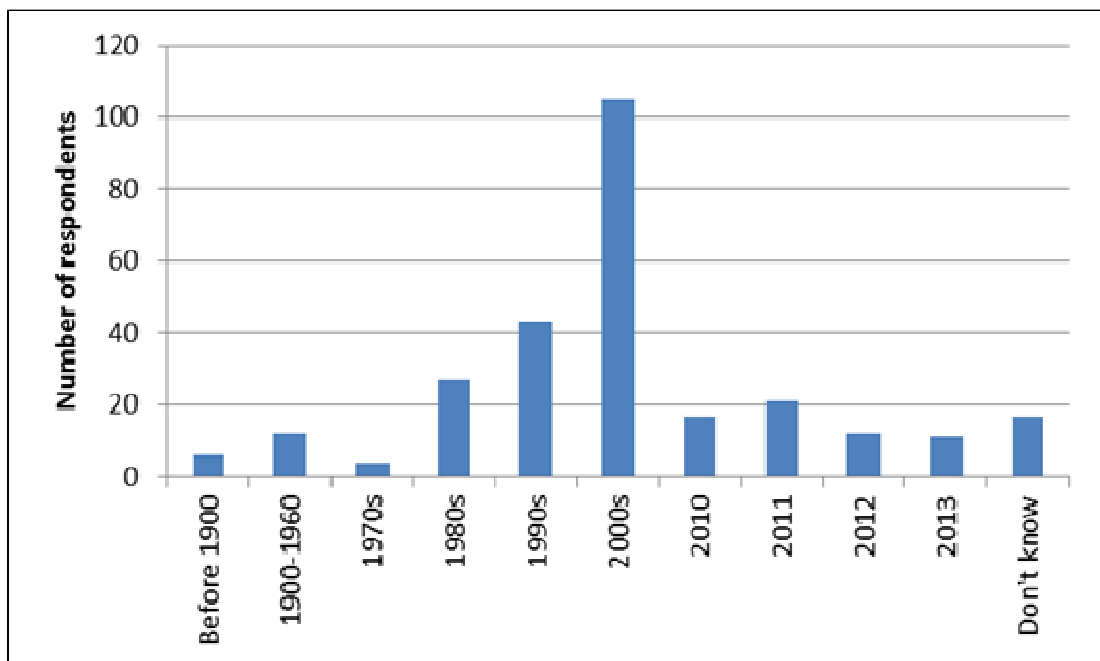
Figure 1. Nature of site: all respondents



4.4 Year business established

Many businesses (105, or 38% of the total) were established during the 2000s (see Figure 2). This trend was witnessed across all sectors, although it should be noted that the manufacturing sector had a significant proportion of businesses established during the 1980s and the 1990s.

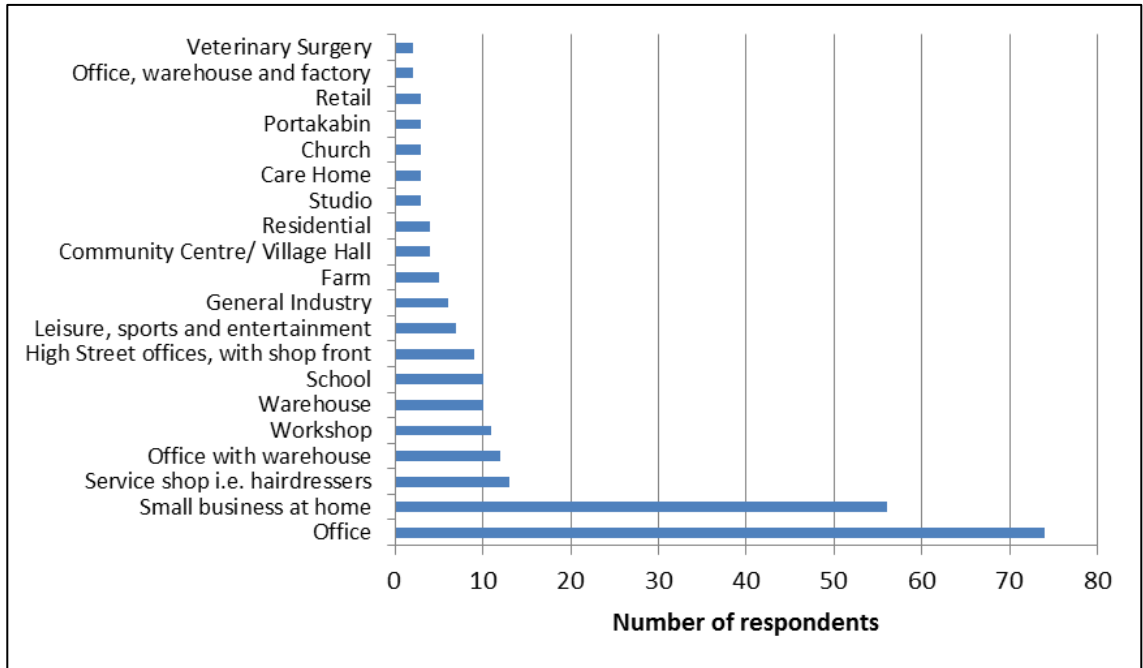
Figure 2. Year business established: all respondents



4.5 Nature of premises

As shown in Figure 3, the respondents occupied a wide variety of premises. The largest proportion of respondents occupied offices (27%), with a sizeable proportion of businesses running a small business at home (20%). Within the different sectors, office occupation was most common among professional services, financial services and manufacturing businesses. Within the construction and building sector, over 40% of businesses were small businesses run from home.

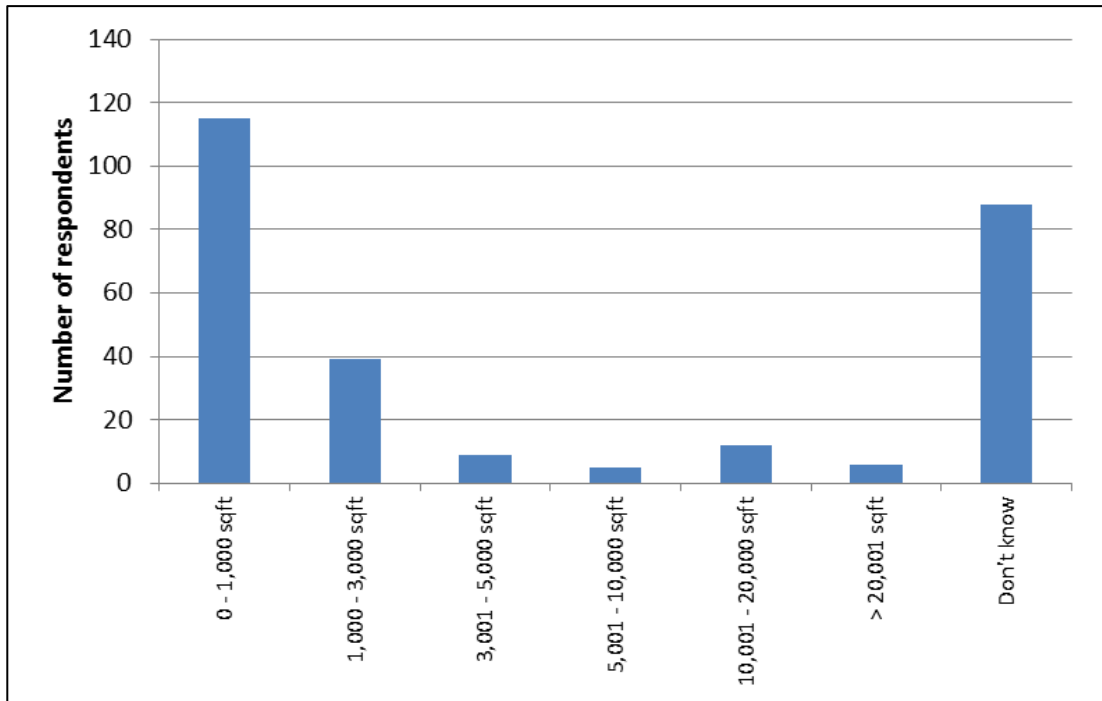
Figure 3. Nature of premises: all sectors



4.6 Size of premises

Approximately 42% of respondents occupied premises that are smaller than 1,000 sq ft (see Figure 4). Within the wholesale and warehouse sector, 25% of respondents occupied premises that are larger than 10,000 sq ft.

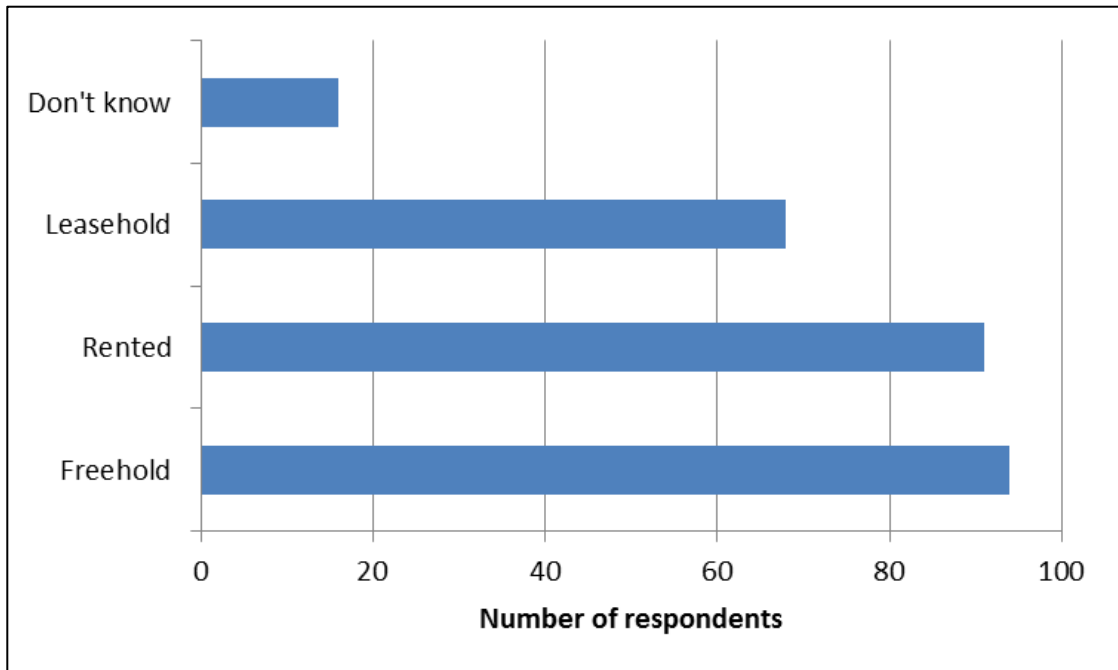
Figure 4. Floorspace of premises: all sectors



4.7 Tenure of premises

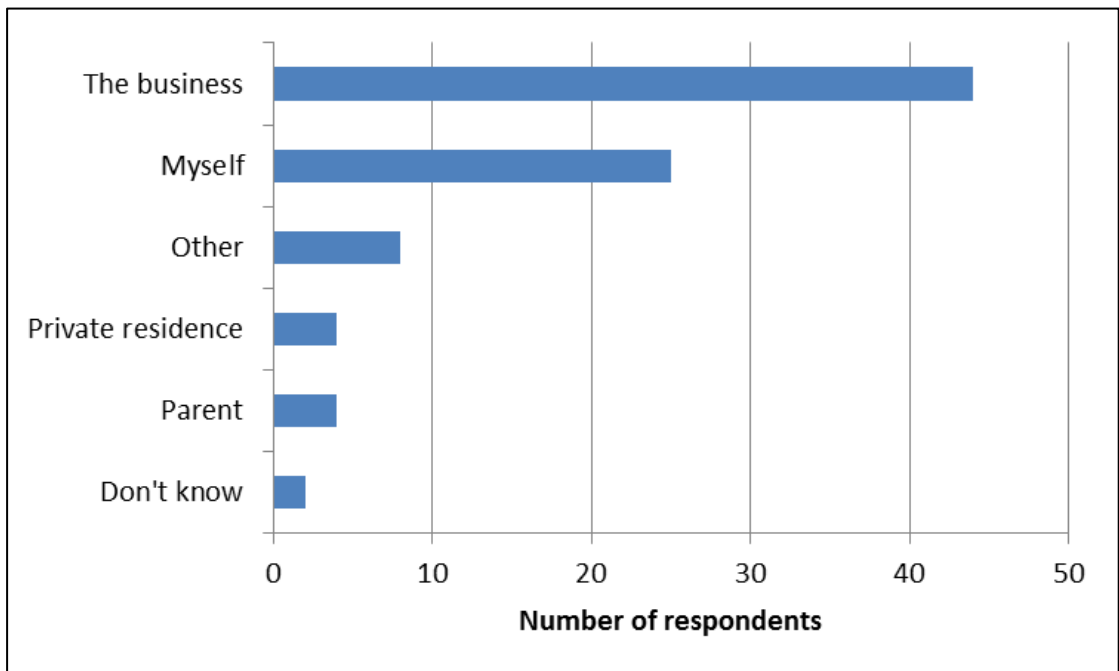
As shown in Figure 5, 35% of the respondents were freeholders, 33% rented their premises and 25% were leaseholders. Manufacturing, wholesale/warehousing and professional services were the only sectors where renting was the most popular tenure.

Figure 5. Tenure of premises: all sectors



Among the respondents who were freeholders across all sectors, in 47% of cases, the business was the freeholder (see Figure 6). For the construction and building sector, 47% of respondents indicated that they were the freeholders for the site.

Figure 6. Identity of freeholder: all sectors



For respondents that were leaseholders, the time left on their lease varied. The majority of respondents had between six and ten years left on their lease (see Figure 7).

Figure 7. Time left on lease: all sectors

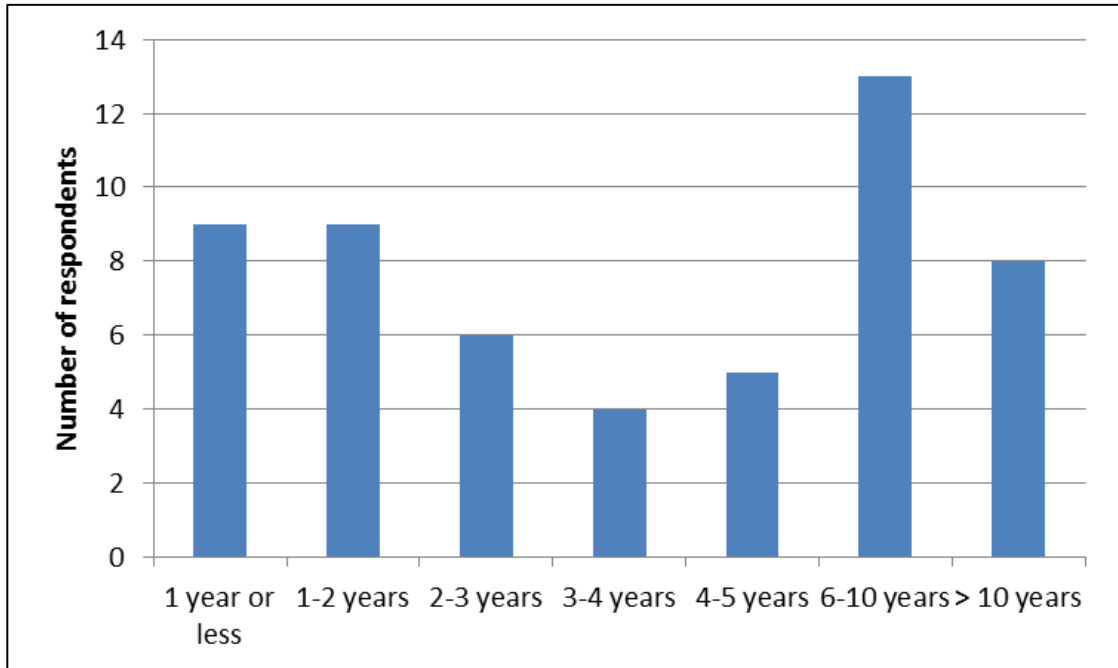
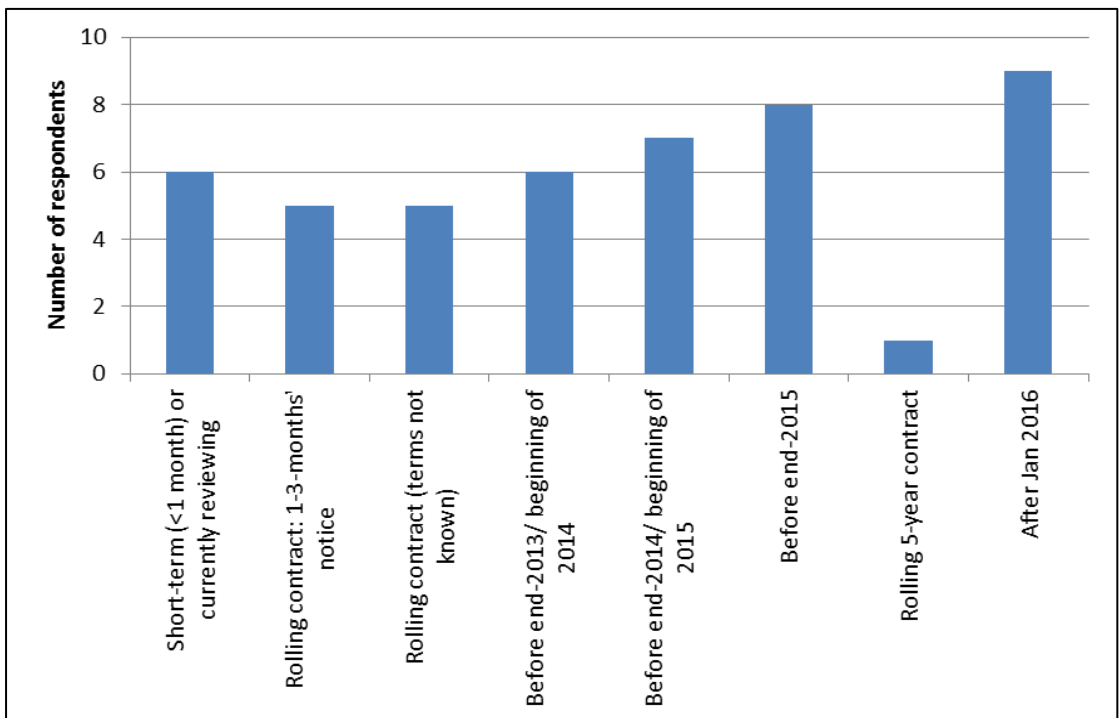


Figure 8 below presents the different nature of contracts among the respondents that were tenants.

Figure 8. Tenants: nature of contract

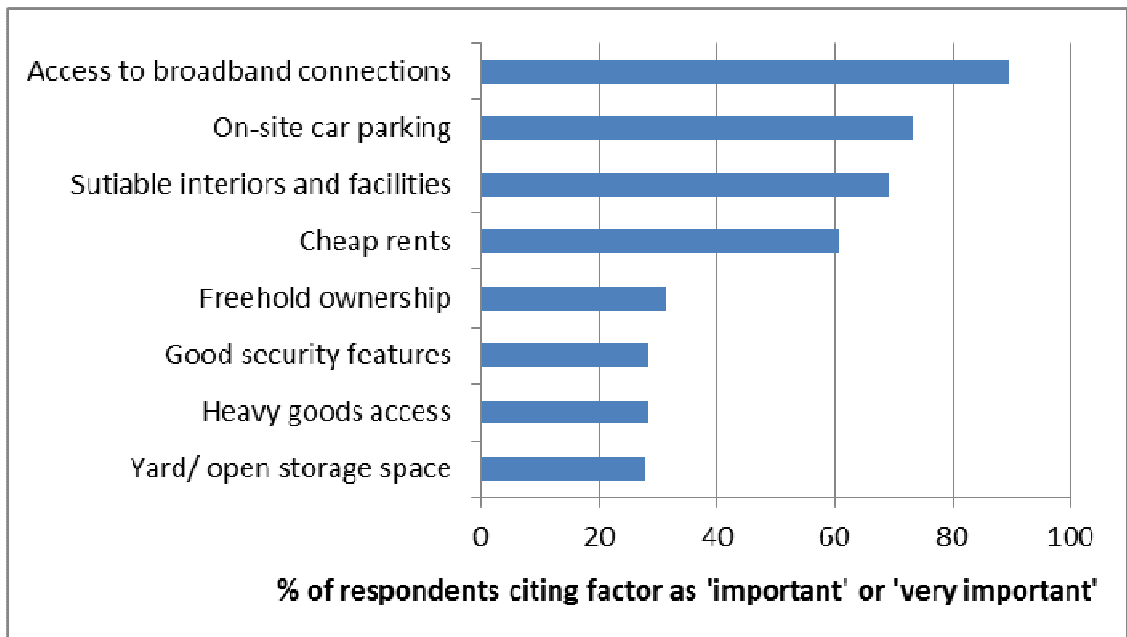


4.8 Importance of general site and building characteristics

Respondents were asked to rate the importance of a number of factors relating to general site and building characteristics.

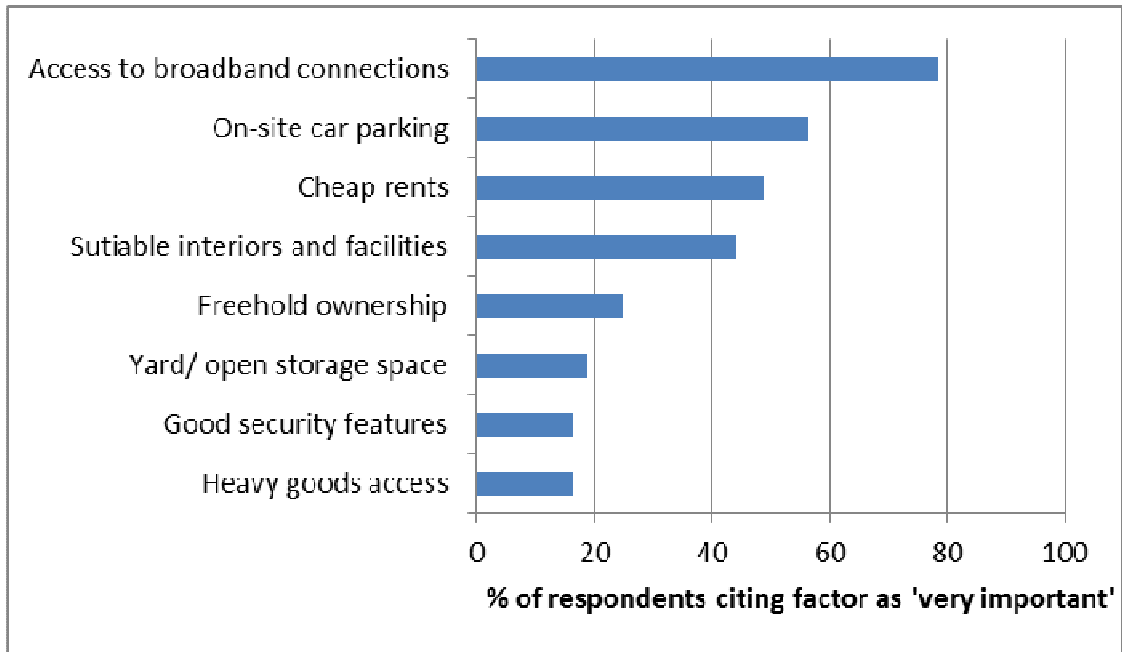
As shown in Figure 9, access to broadband connections was perceived to be the most important factor with over 80% of respondents rating this factor as ‘important’ or ‘very important’. On-site car parking, suitable interiors and facilities and cheap rents also emerged as important factors, with over 60% of respondents citing these factors as ‘important or ‘very important’.

Figure 9. ‘Important’ for business operations: all sectors



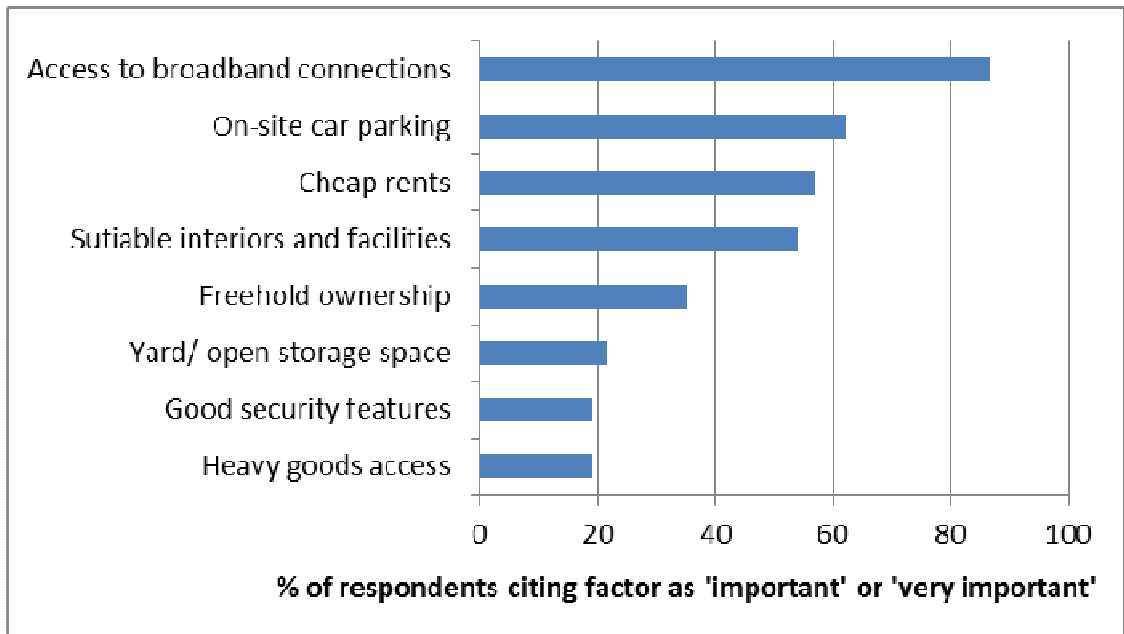
The proportion of respondents citing some factors as ‘very important’ for business operations largely reflects the trend for those factors cited as ‘important’ for business operations (see Figure 10).

Figure 10. 'Very important' for business operations: all sectors



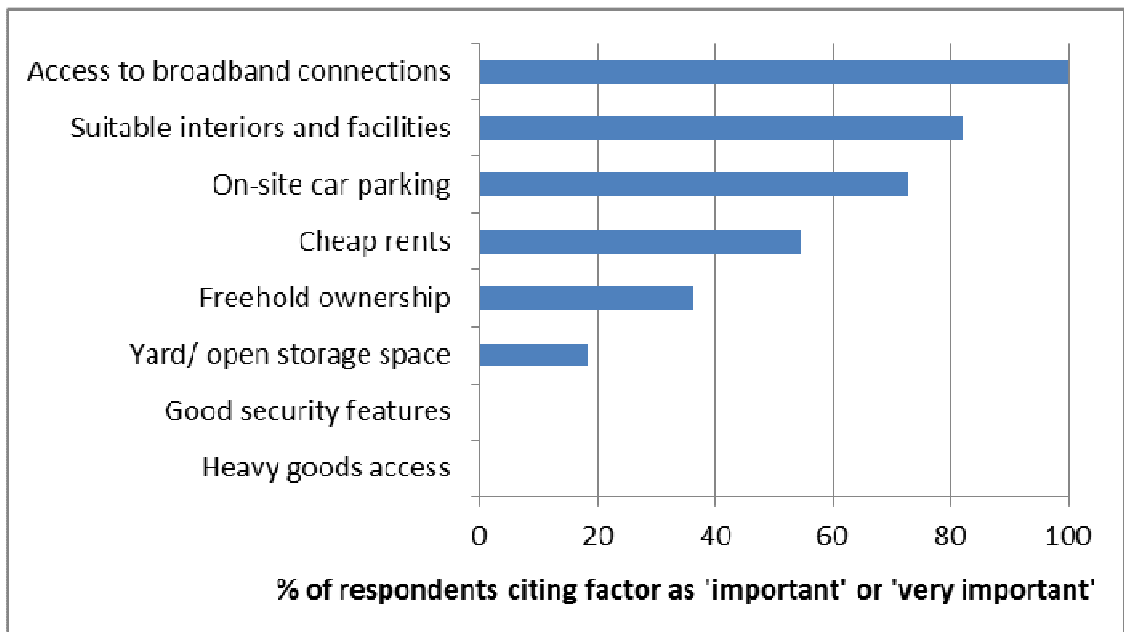
Among the different sectors, the construction sector presents a similar profile to the average across sectors, but with yard/open space storage being comparatively more important (see Figure 11).

Figure 11. 'Important' for business operations: construction



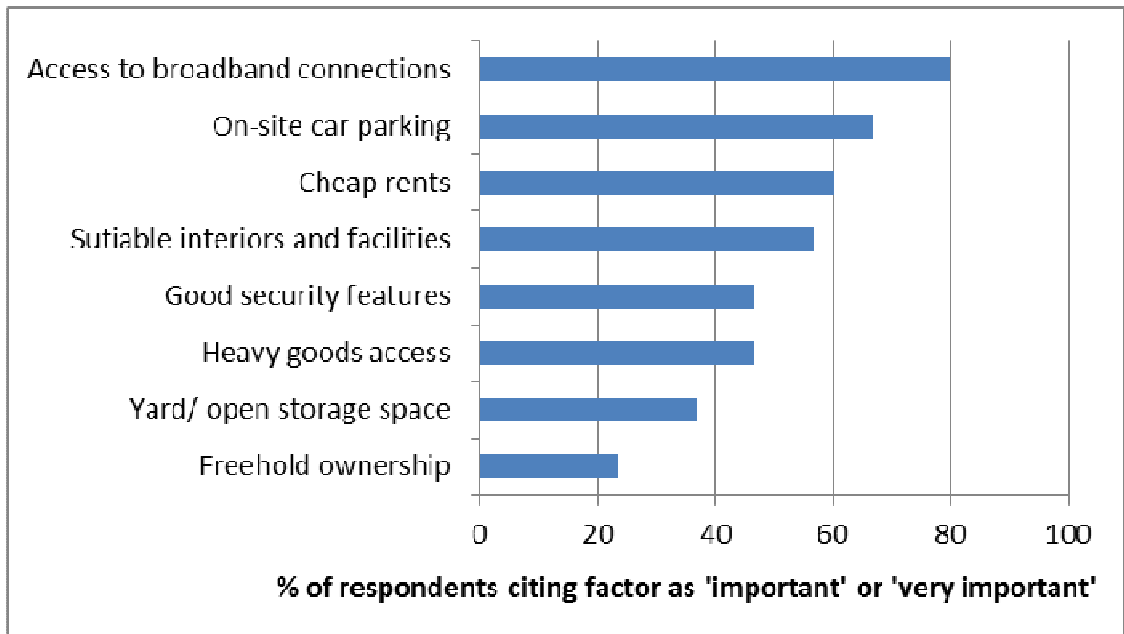
Unsurprisingly, all financial services sector respondents rated the access to broadband connections as 'important' or 'very important'. In comparison to other sectors, suitable interiors and facilities were seen as more important (see Figure 12).

Figure 12. 'Important' for business operations: financial services



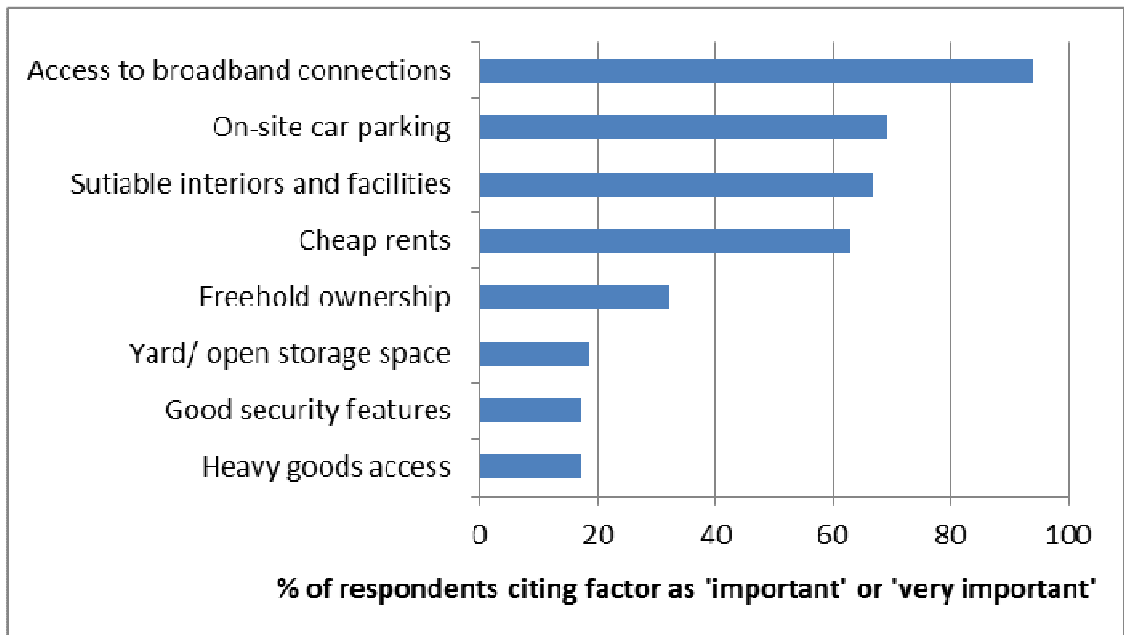
Within the manufacturing sector, heavy goods access and good security features were perceived as 'important' or 'very important' by more than 40% of respondents, which is higher than the average across all sectors (see Figure 13).

Figure 13. 'Important' for business operations: manufacturing



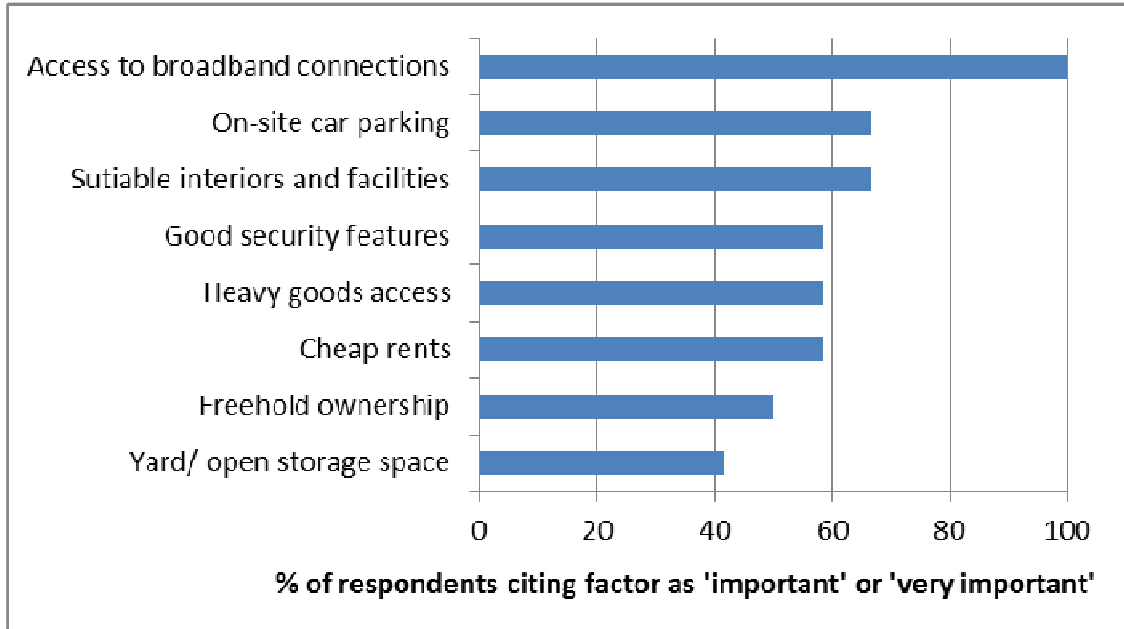
The professional services sector presents a similar profile to the average across all sectors, except for the fact that less than 20% of respondents perceived yard/open storage space, good security features and heavy good access to be important factors (see Figure 14).

Figure 14. 'Important' for business operations: professional services



Respondents within the wholesale and warehouse sector valued factors such as good security features, heavy good access, cheap rents and freehold ownership to a greater extent than other sectors (see Figure 15).

Figure 15. Important for business operations: wholesale/warehouse

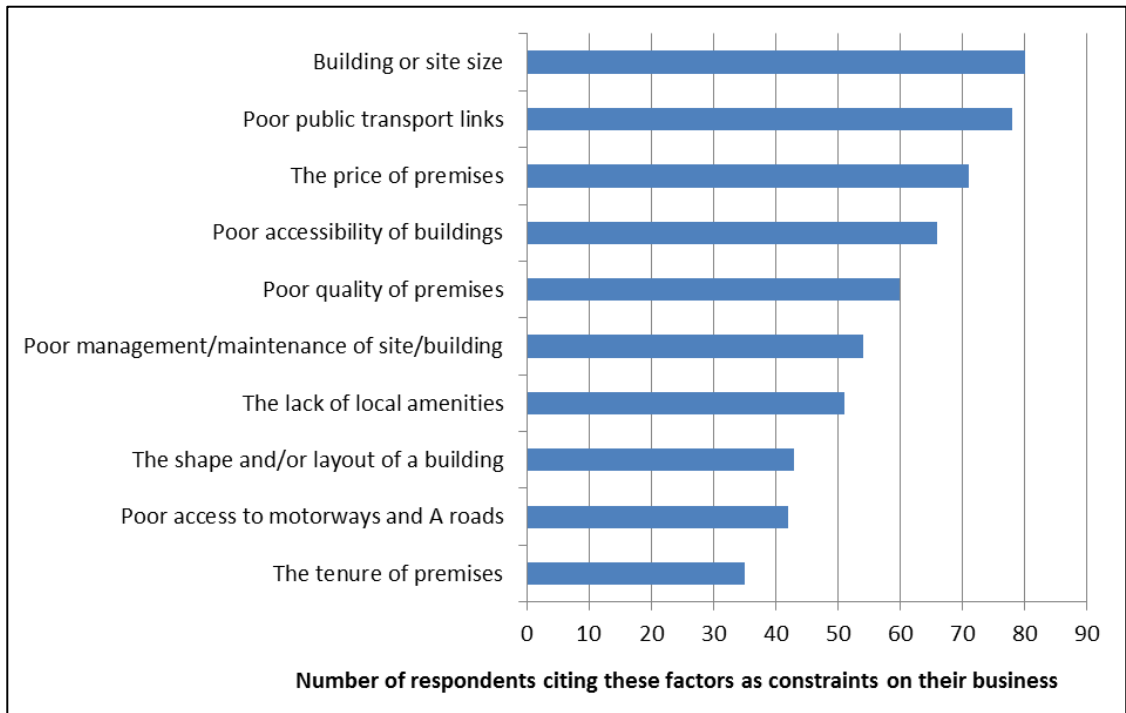


4.9 Top 10 issues affecting businesses

Respondents were asked to identify whether specified site and building constraints affected their business and were able to provide multiple answers.

Across all sectors, Figure 16 below shows that the building or site size, poor public transport links and the price of premises were identified as the main constraints, with over 70 respondents citing each constraint.

Figure 16. Top 10 issues constraining businesses: all sectors



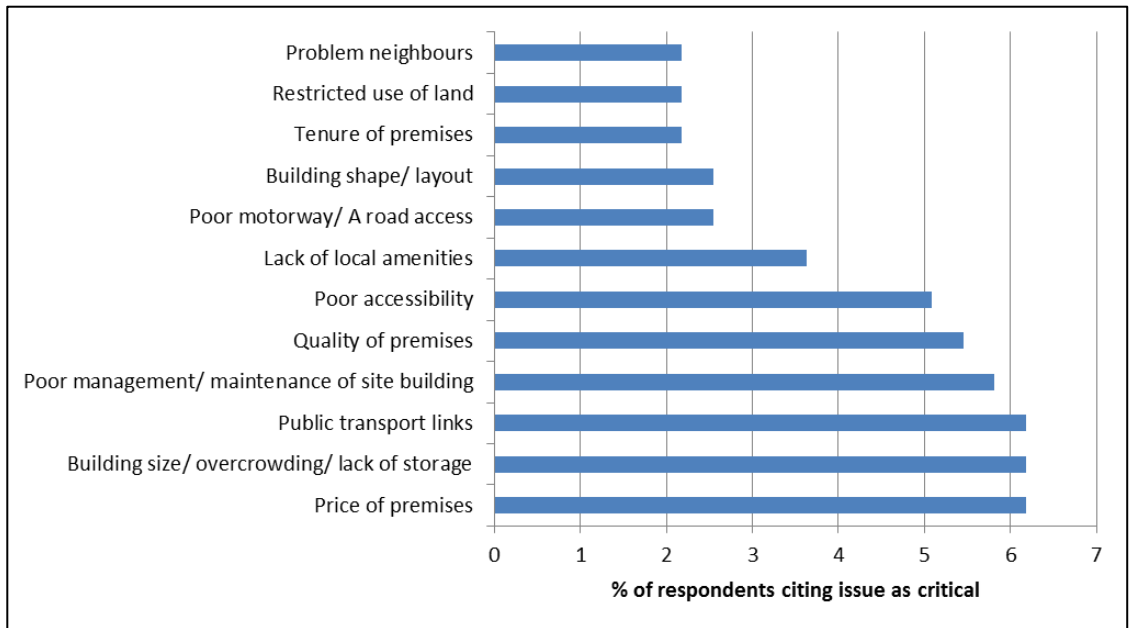
These issues varied slightly across sectors. The financial services and construction services identified accessibility issues as their top constraints (namely poor public transport links, poor access to motorways and A roads and poor accessibility of buildings) while the manufacturing and wholesale/warehousing sectors identified building and premises issues as their top constraints (price of premises, building and site size, and shape and layout of building).

4.10

Critical issues

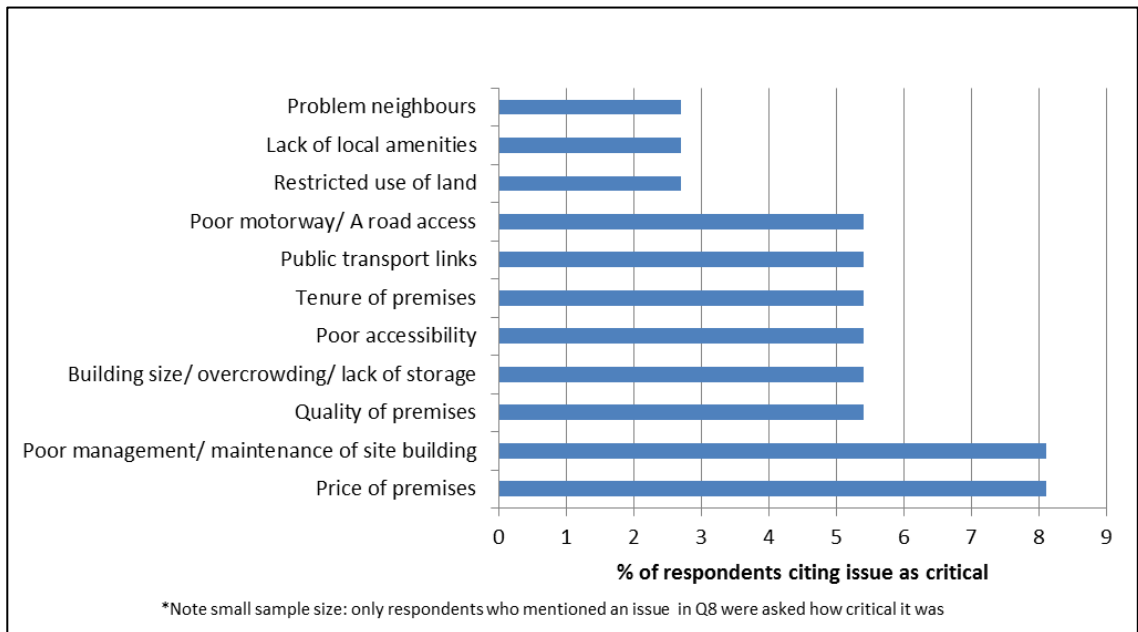
Businesses were asked to rate a number of issues from ‘not a problem’ to ‘critical’. Figure 17 presents the percentage of businesses which identified different issues as ‘critical’ across all sectors. The top three critical issues identified by respondents were the price of premises, building size/overcrowding/lack of storage and lack of public transport links.

Figure 17. Critical issues: all sectors



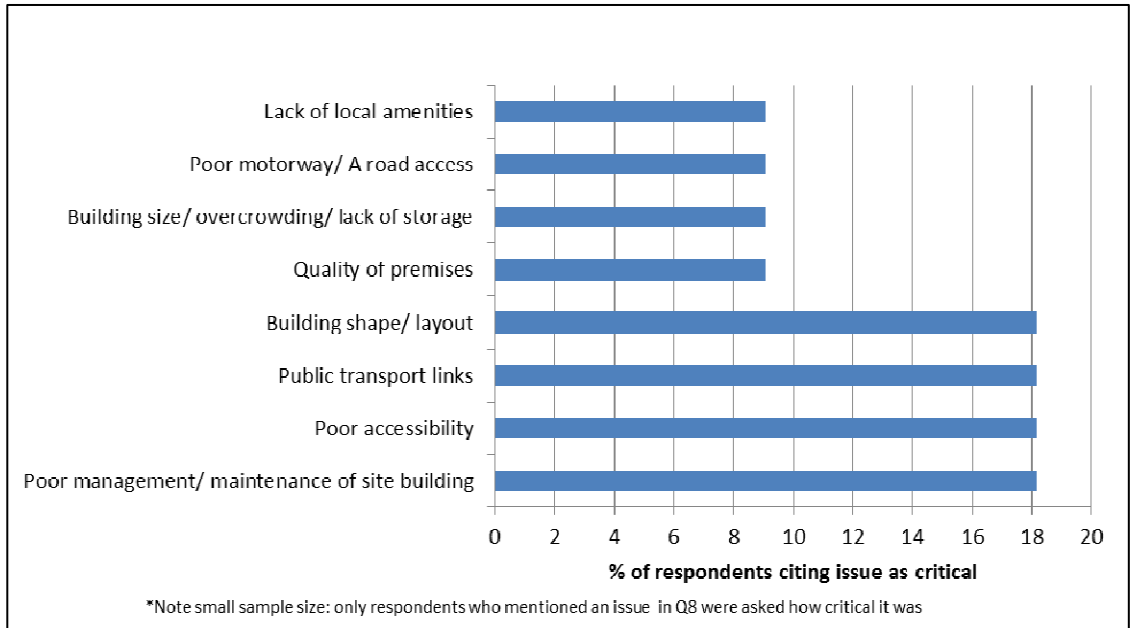
Among the construction sector respondents, the main issues identified were the price of premises and the poor management/maintenance of site buildings (see Figure 18).

Figure 18. Critical issues: construction and building sector*



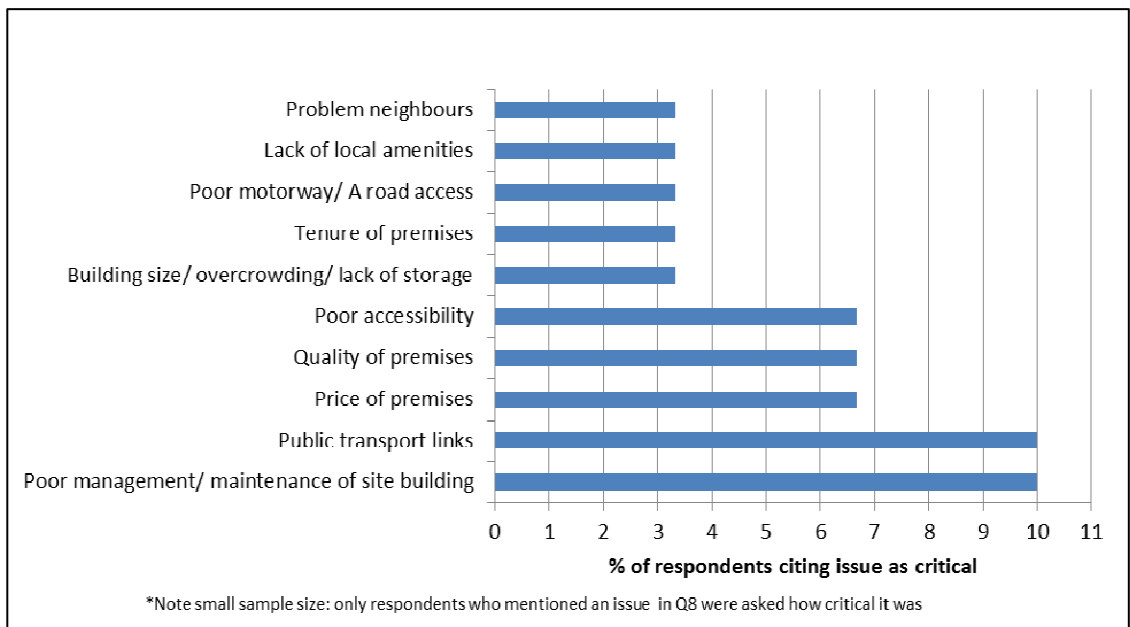
Financial services respondents identified four main critical issues: building shape/layout, lack of public transport links, poor accessibility, and poor management/maintenance of their site buildings (see Figure 19).

Figure 19. Critical issues: financial services*



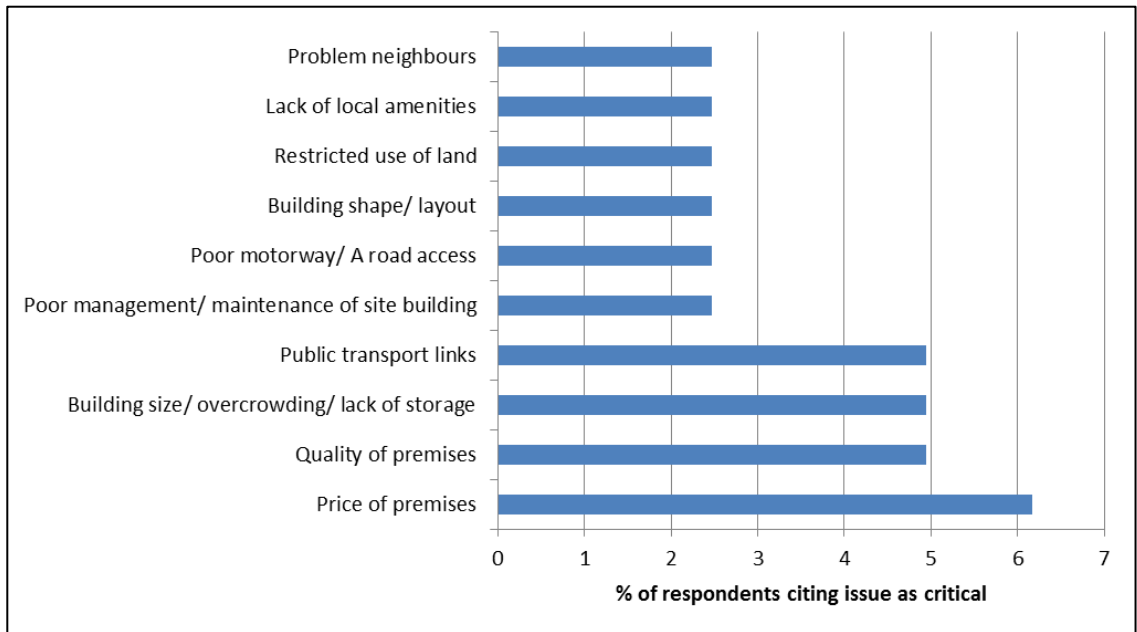
Respondents from the manufacturing sector identified four main critical issues: the building shape/layout, public transport links, poor accessibility, and poor management/maintenance of site buildings (see Figure 20).

Figure 20. Critical issues: manufacturing*



The top critical issue identified by respondents from the professional services sector was the price of premises. The quality of premises, building size/overcrowding/lack of storage and the lack of public transport links were also identified as critical issues (see Figure 21).

Figure 21. Critical issues: professional services



4.11 Nature of market over the next five years

The majority of respondents (122) expected their market to grow gradually over the next five years, while a sizeable proportion (92) expected their market to stay about the same over the next five years (see Figure 22).

Figure 22. Business expectations over market change

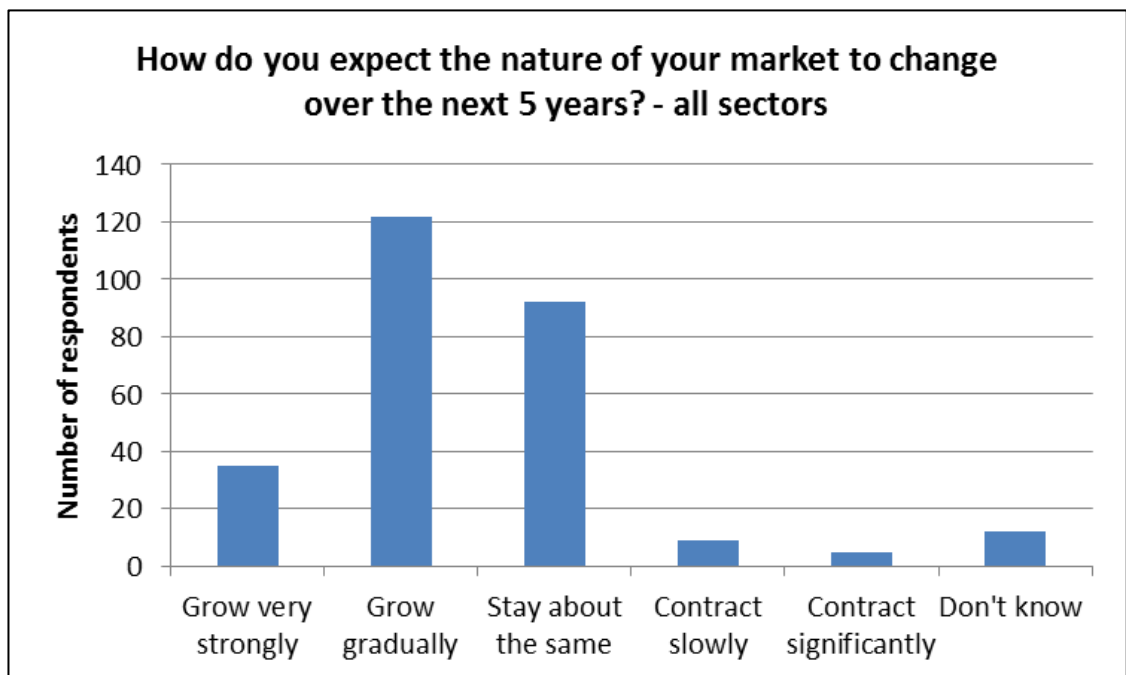
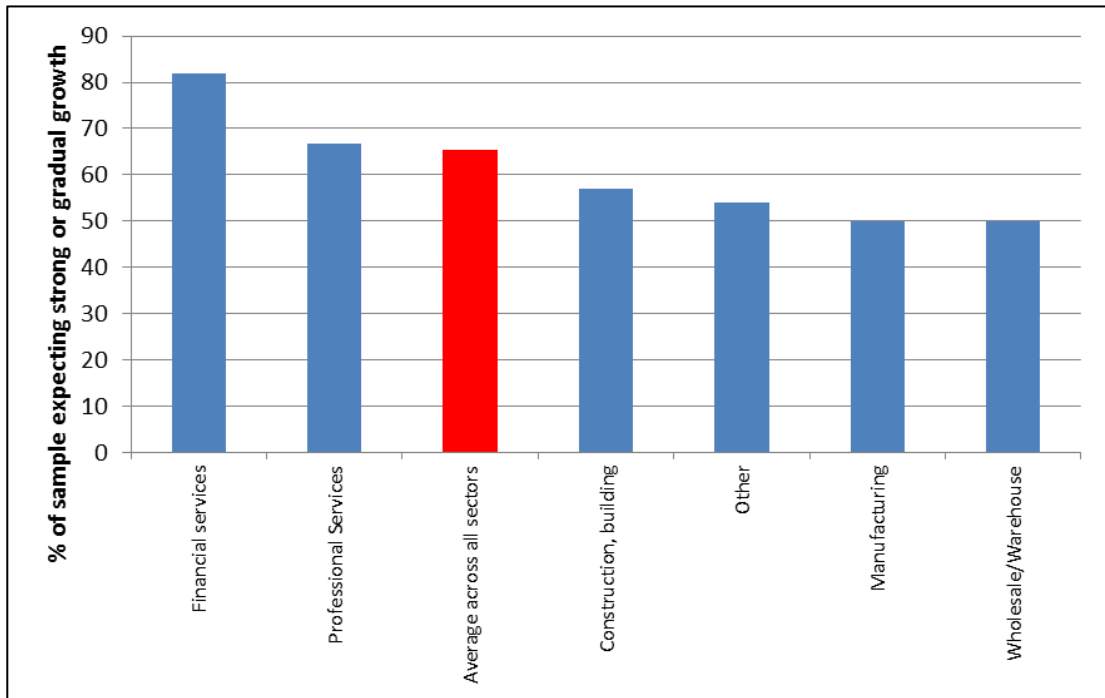


Figure 23 below shows the level of optimism of industry sectors, defined as the percentage of the sample expecting strong or gradual growth over the next five years. The average across all sectors was 65% expecting strong or gradual growth over the next five years. The financial services was the most optimistic sector, with over 80% of the sample expecting strong or gradual growth over the next five years, while 50% of the manufacturing and wholesale/warehouse respondents expected strong or gradual growth.

Figure 23. Optimism of industry sectors



4.12 Plans for moving premises/ relocation

Respondents were asked whether they anticipated their business would move some or all of its operations away from their current premises in the next 5 years.

Figure 24 below shows the percentage of respondents that will definitely move all or some of their operations among different sectors (red bar indicates all sectors).

It appears that the manufacturing, wholesale/warehousing, and construction sectors' proportion of respondents that will definitely move some or all of their operations is higher than the average across all sectors.

Figure 24. Firms planning to move some or all operations in the next five years

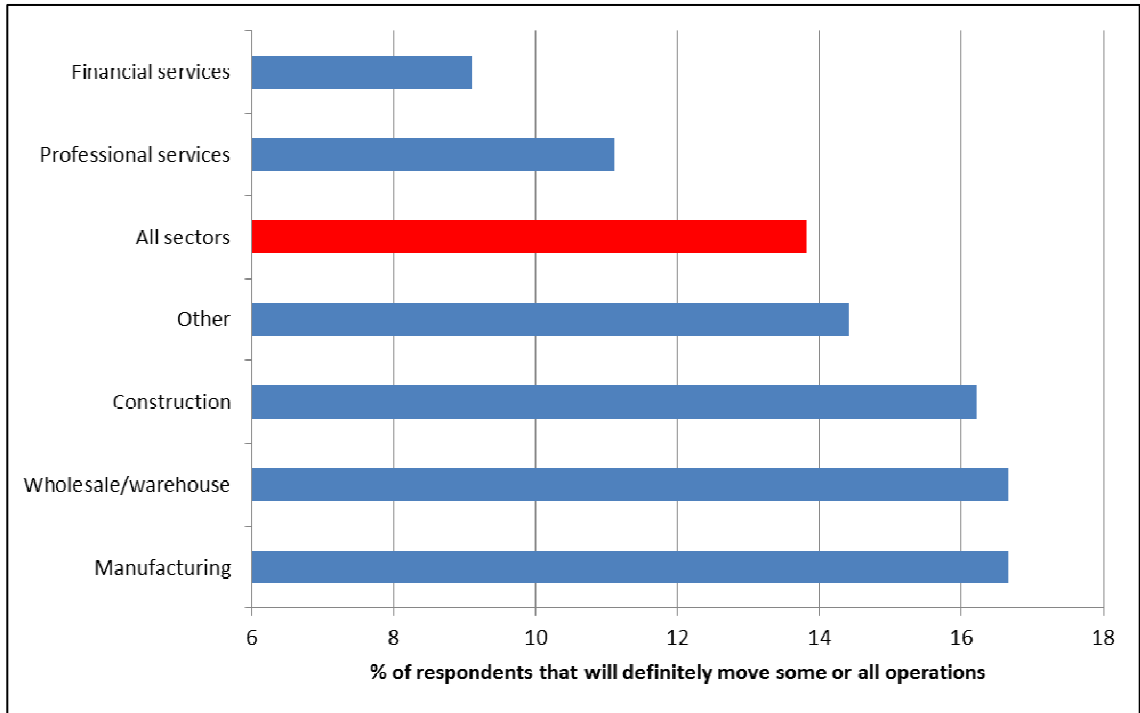


Figure 25 shows the percentage of respondents that will not move all or some of their operations among the different sectors. The construction sector is above the average for all sectors with over 70% of respondents not planning to move any operations in the next five years.

Figure 25. Firms not planning to move some or all operations in the next five years

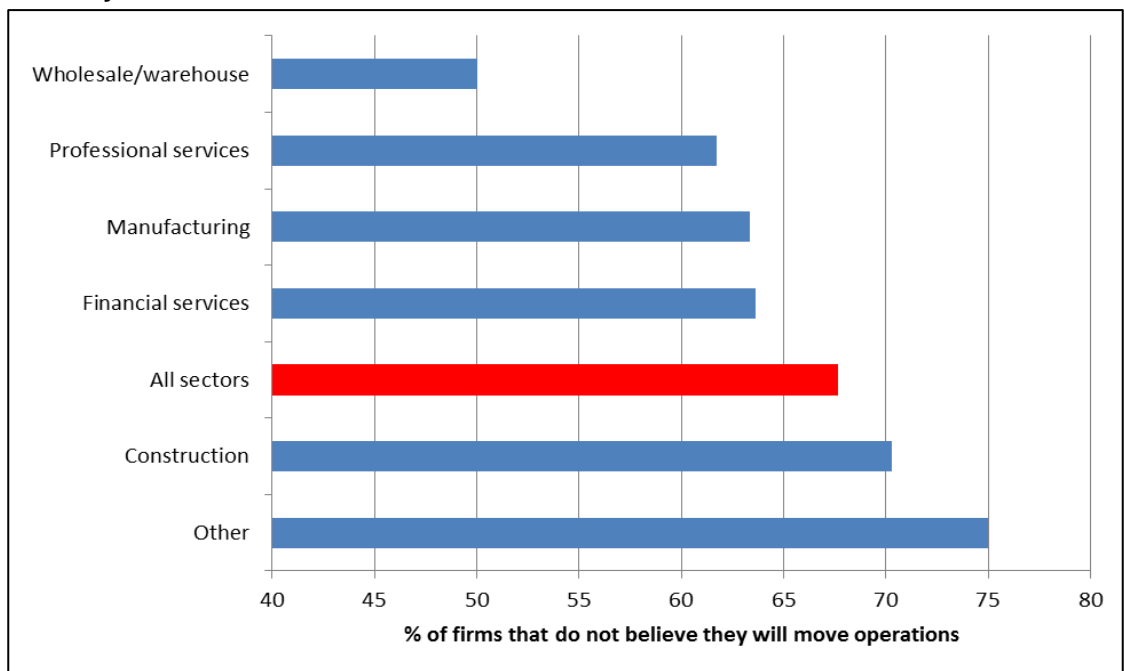
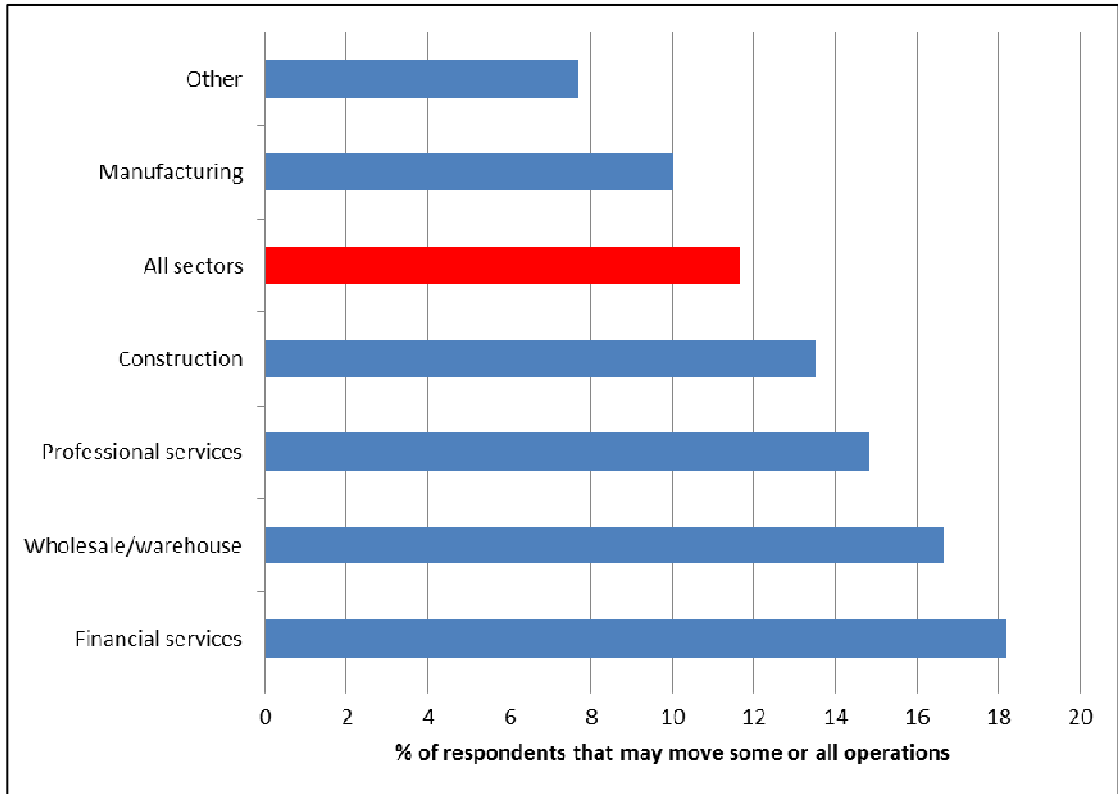


Figure 26 shows the percentage of respondents that may move all or some of their operations among the different sectors. For most sectors, the proportion of respondents that may move some or all operations in the next five years is over 10%.

Figure 26. Firms that may move some or all operations in the next five years

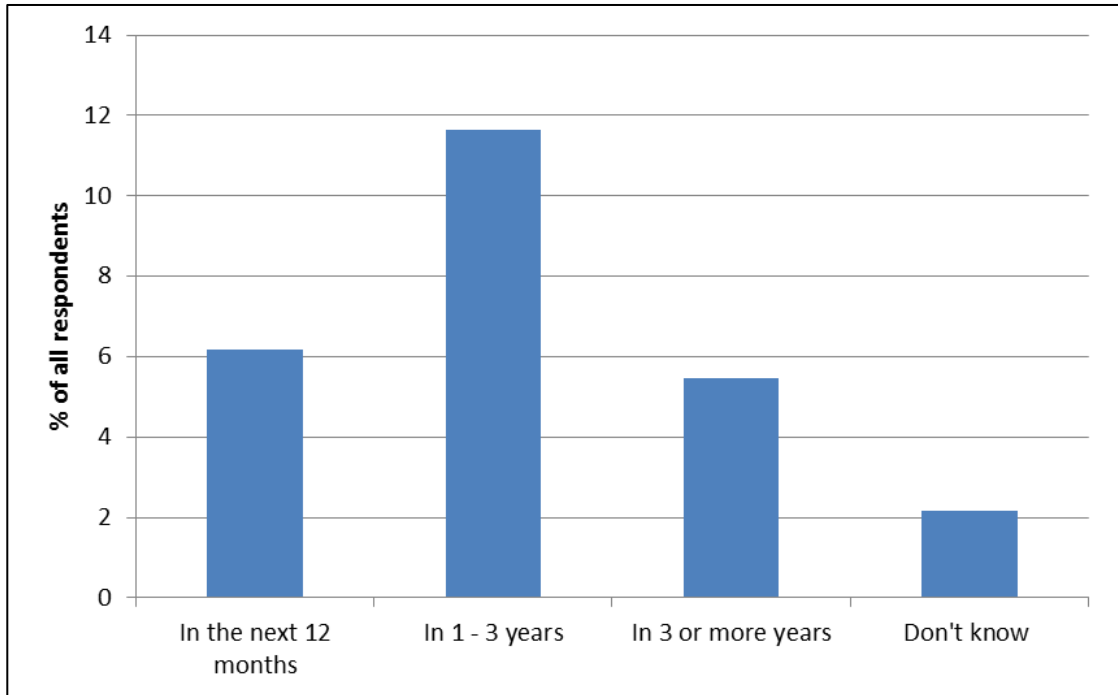


Overall, 70 respondents (25%) were planning to move or may move some or all of their operations in the next five years. These respondents only were then asked to answer a series of questions about their plans for relocation.

4.13 Relocation: timeframe

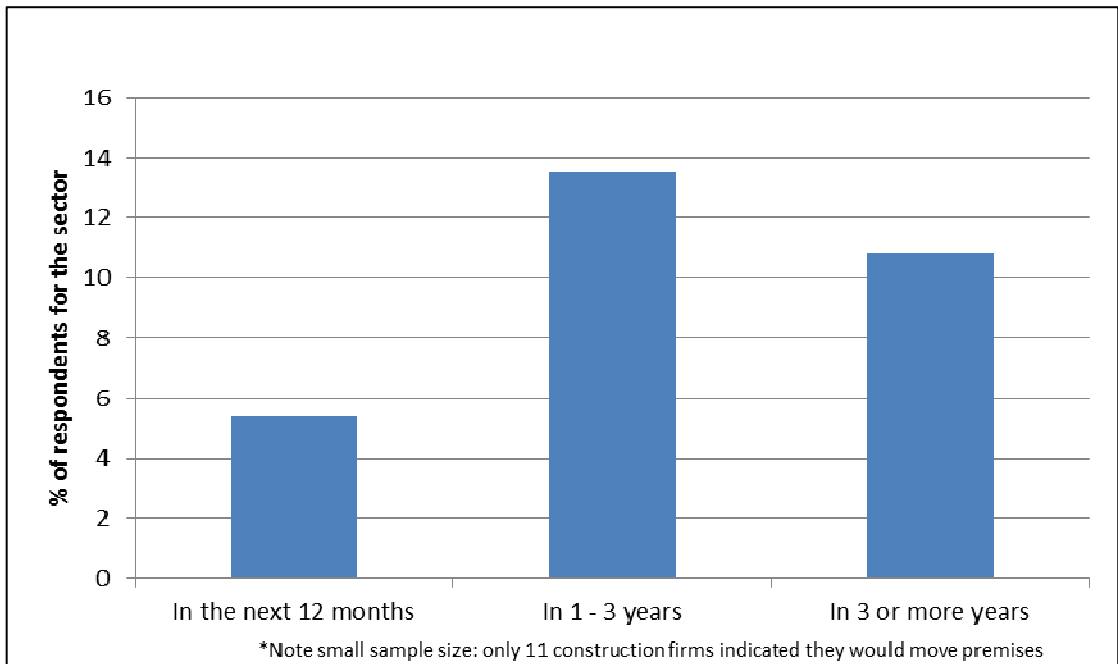
Within the companies that indicated that they will move or may move some or all of their operations, the respondents were asked to provide a timeframe for relocation. The results are presented in **Figure 27**. Among all respondents to the survey, 12% were planning to do so in the next 1 to 3 years, 6% in the next 12 months and 5% in three or more years.

Figure 27. Plans for moving premises: all sectors



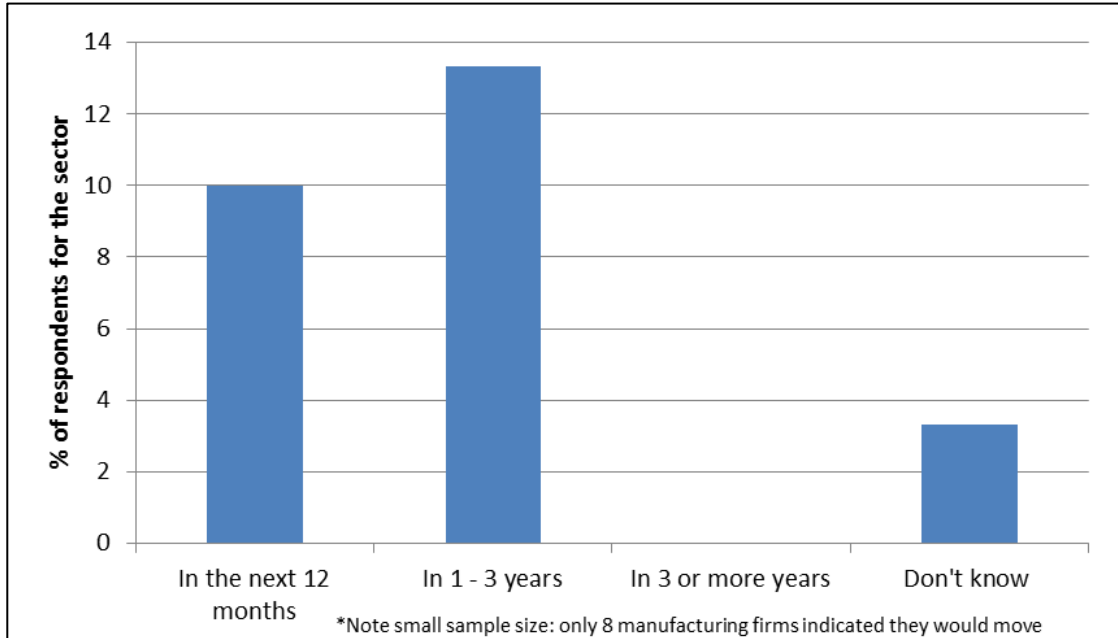
Within the construction/building sector, 5% of all respondents were planning to move in the next 12 months, 14% in between 1 and 3 years and 11% in three or more years (see Figure 28).

Figure 28. Plans for moving premises: construction/building*



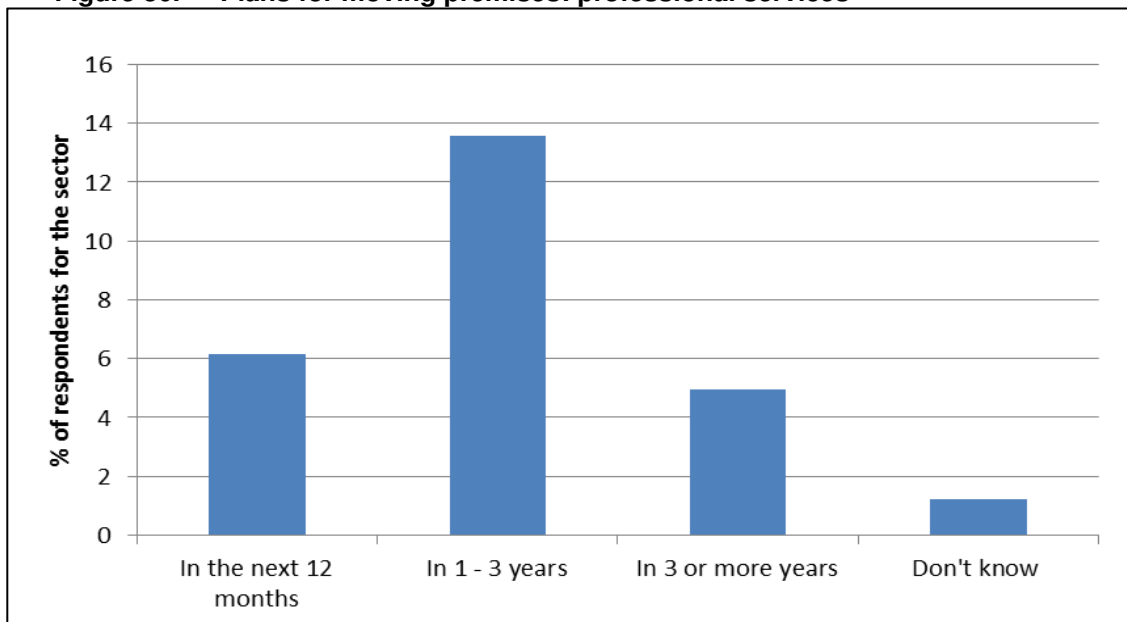
Within the manufacturing sector, 10% of all respondents were planning to move in the next 12 months and 13% in between 1 and 3 years' time (see 0).

Figure 29. Plans for moving premises: manufacturing*



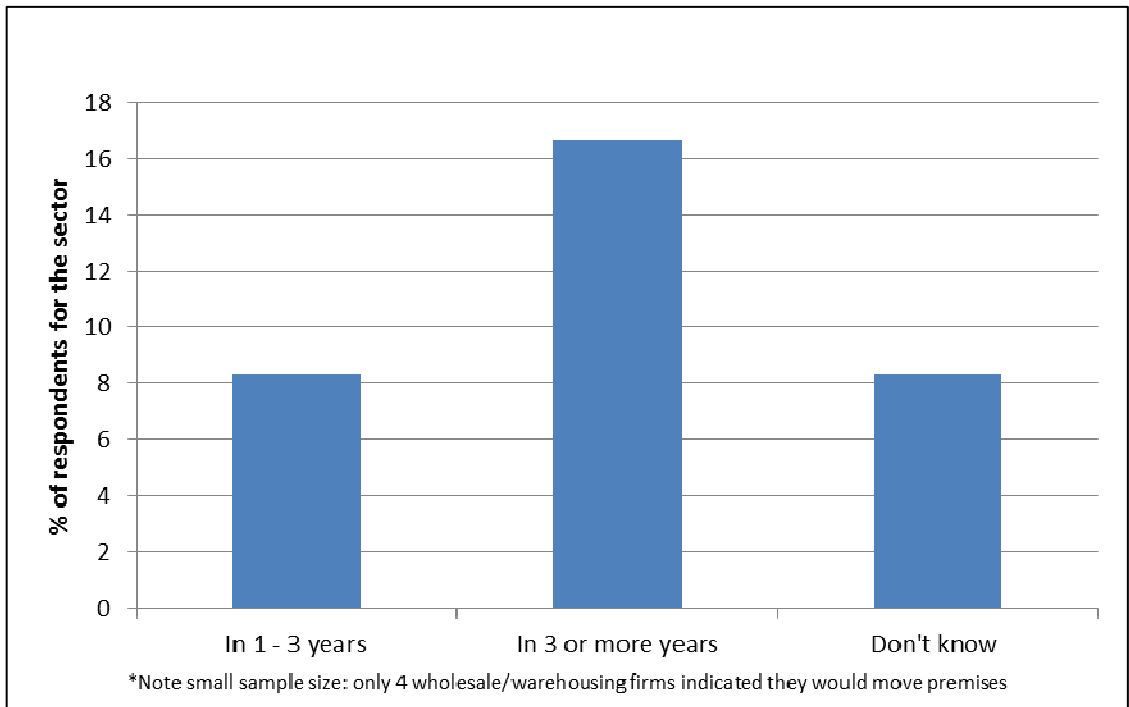
Within the professional services sector, 6% of all respondents were planning to move in the next 12 months, 14% in between 1 and 3 years and 5% in three years' time or more (see Figure 30).

Figure 30. Plans for moving premises: professional services



Within the wholesale/warehousing sector, 8% of all respondents were planning to move in between 1 and 3 years' time and 17% in three years' time or more (see Figure 31).

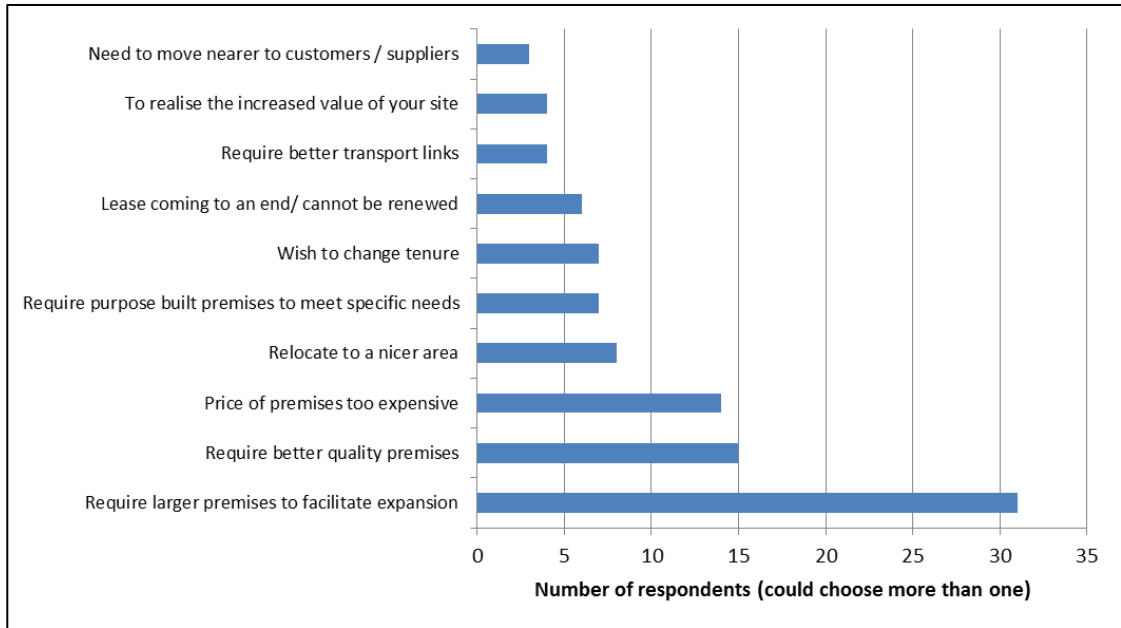
Figure 31. Plans for moving premises: wholesale/warehousing*



4.14 Reasons for relocation

Figure 32 lists the most popular reasons given for moving. The most cited reason, with over 30 respondents, was the need for larger premises to facilitate expansion. The price of premises and the need for better quality premises were two other popular reasons.

Figure 32. Most popular reasons given for moving: all sectors



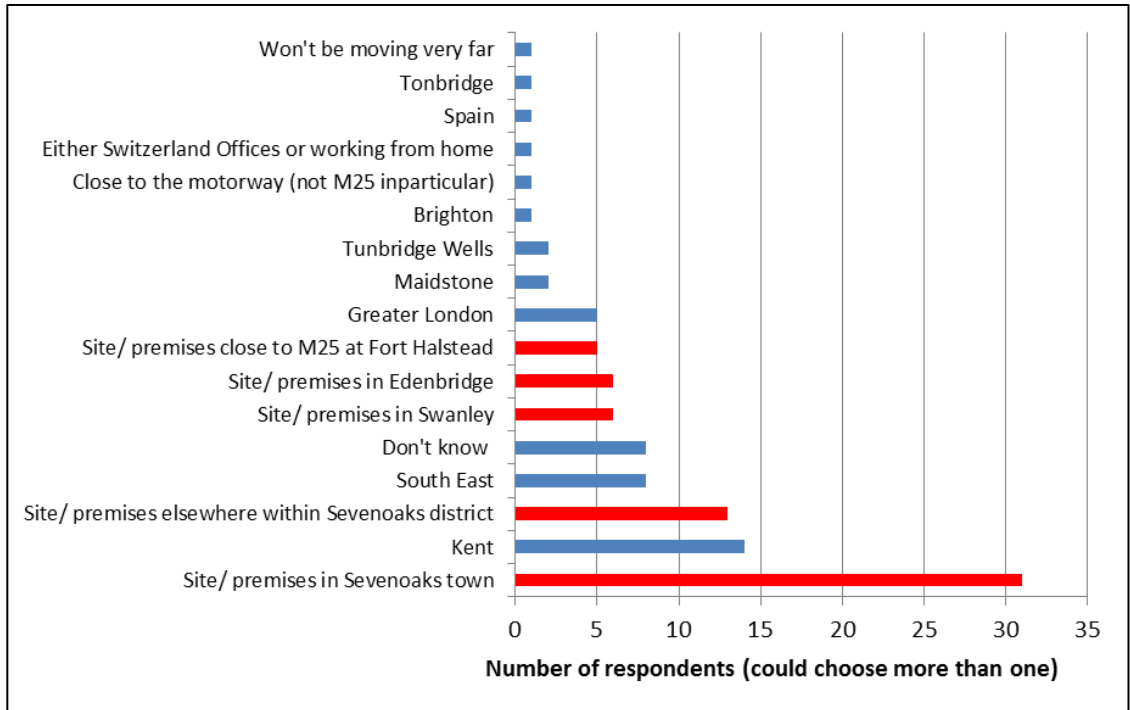
The need for larger premises was the most cited reason for all sectors, except for the wholesale/warehousing sector, for which the most cited reason was premises being too expensive.

4.15 Relocation options

The firms planning to move were asked where they would consider relocating to, with a number of options being presented. The questionnaire presented these options as mutually exclusive, so respondents gave a single answer of the options available. In Figure 33, the red fill represents locations within Sevenoaks District Council's area.

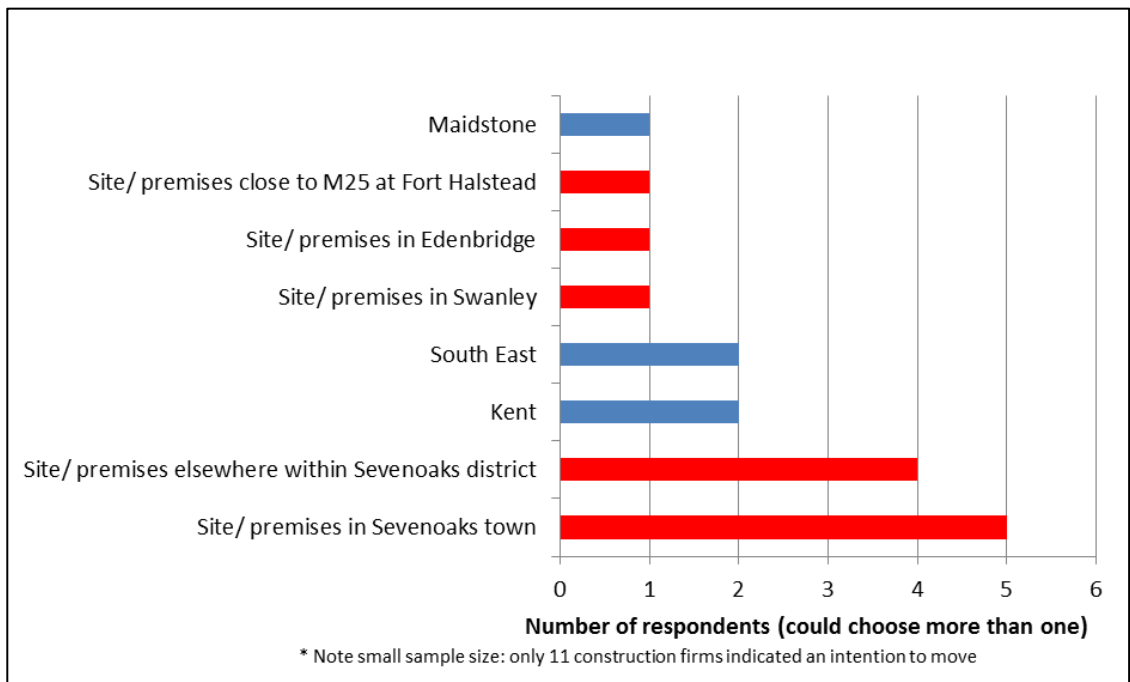
The majority of respondents (31) indicated they would consider relocating to premises in Sevenoaks Town. Other popular options were Kent with 14 respondents, site/premises elsewhere in the Sevenoaks District with 13 respondents, and the wider South East with 8 respondents.

Figure 33. Most popular relocation options: all sectors



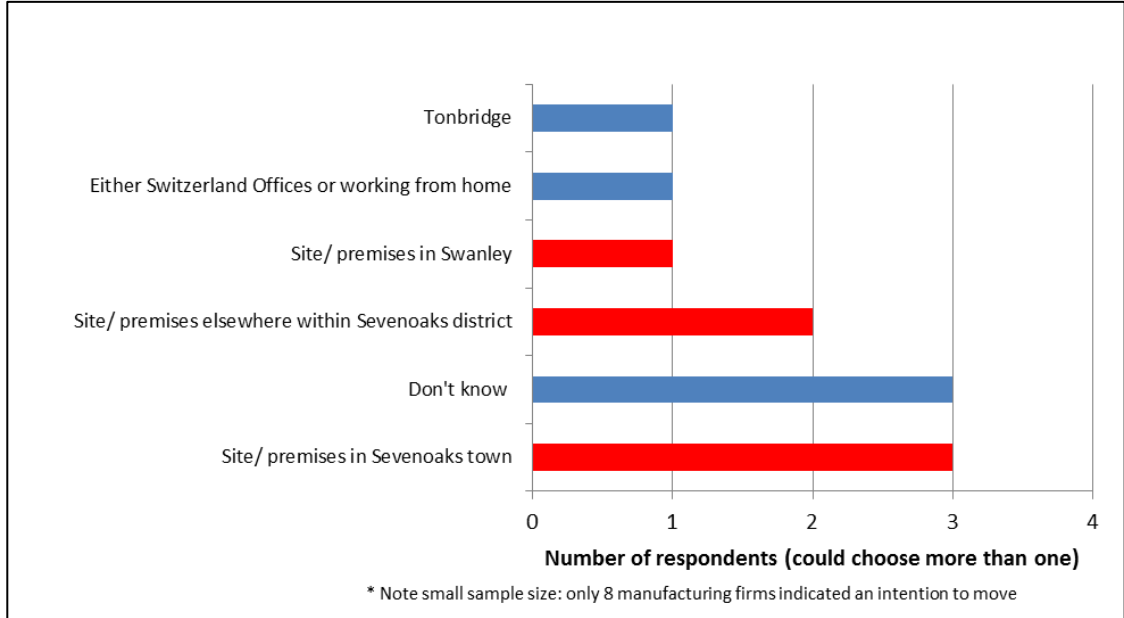
Among the construction/building sector, the top two most popular options for relocation were Sevenoaks town or elsewhere in Sevenoaks District (see Figure 34).

Figure 34. Most popular relocation options: construction/building*



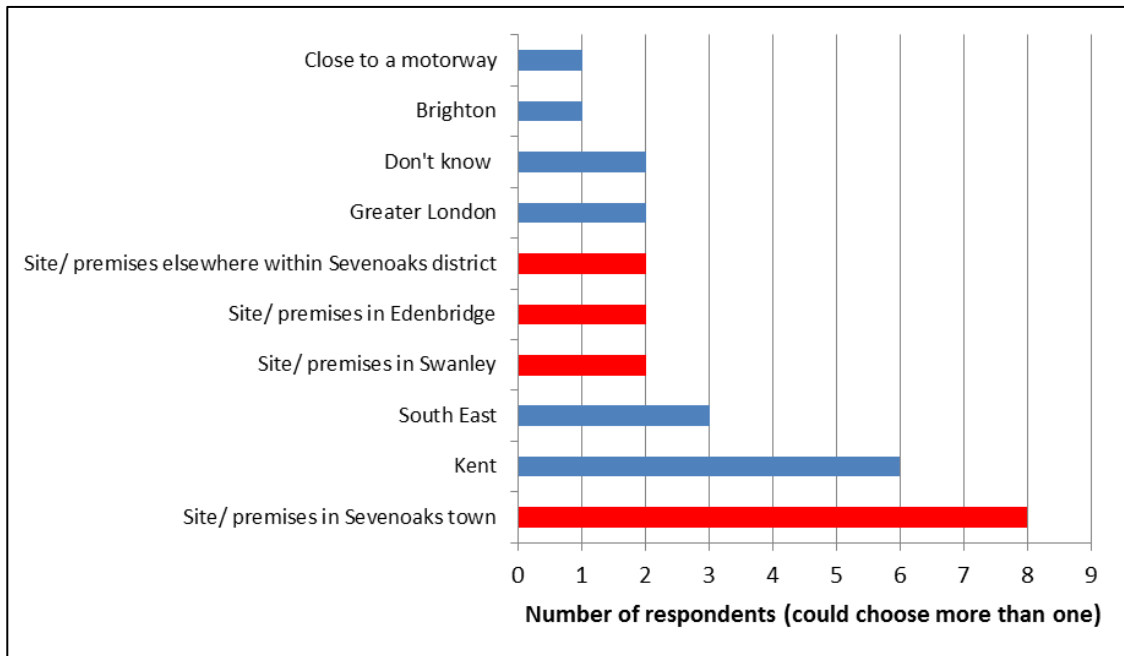
Likewise, among the manufacturing sector, the two most popular options for relocation were Sevenoaks town or elsewhere in Sevenoaks District (see Figure 35).

Figure 35. Most popular relocation options: manufacturing*



Among the professional services sector, the two most popular options for relocation were Sevenoaks town or elsewhere in Kent (see Figure 36).

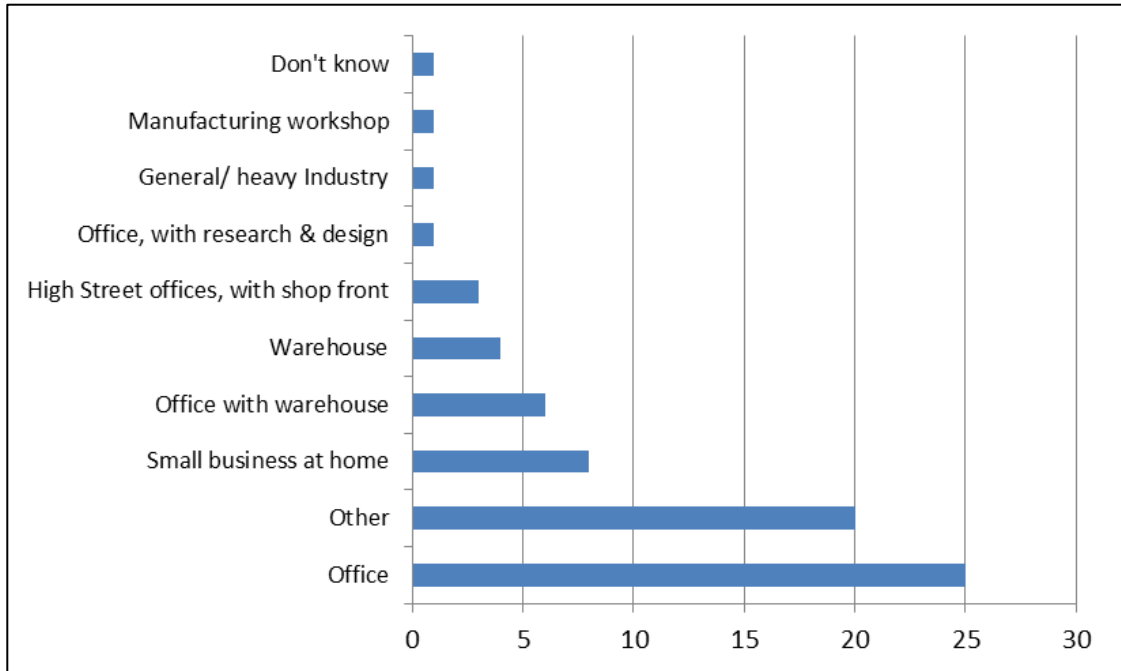
Figure 36. Most popular relocation options: professional services



4.16 Relocation: types of premises required

The firms planning to move were asked which types of premises they would require. The majority of firms across all sectors (25) indicated they would require office premises (see Figure 37).

Figure 37. Types of premises that would be required: all sectors

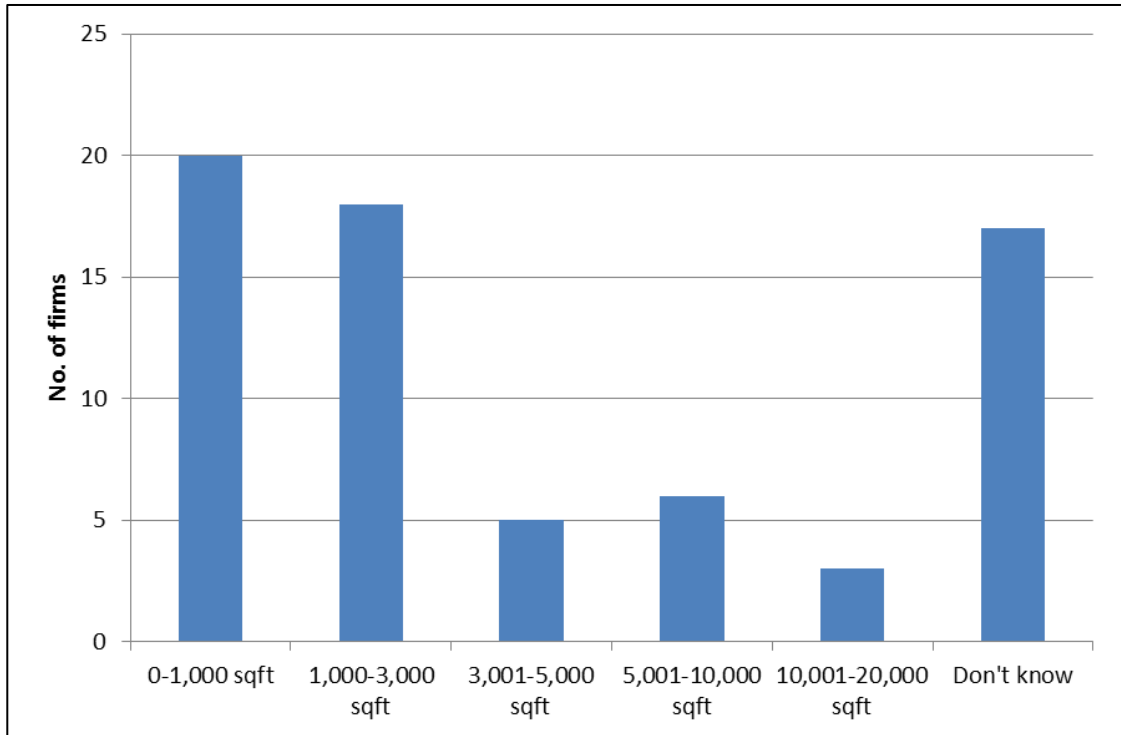


Among the construction/building and manufacturing sectors, firms indicated they would mostly require office with warehouse premises, office premises and small businesses run at home.

4.17 Relocation: floor space required

The firms planning to move were asked which types of floor space they would require. Most respondents indicated they would require smaller premises, with 20 respondents citing 0 to 1,000 sq ft (0 to 93 square metres) premises and 18 respondents citing 1,000 to 3,000 sq ft premises (93 to 279 square metres) (see Figure 38).

Figure 38. Floor space required by firms potentially relocating: all sectors

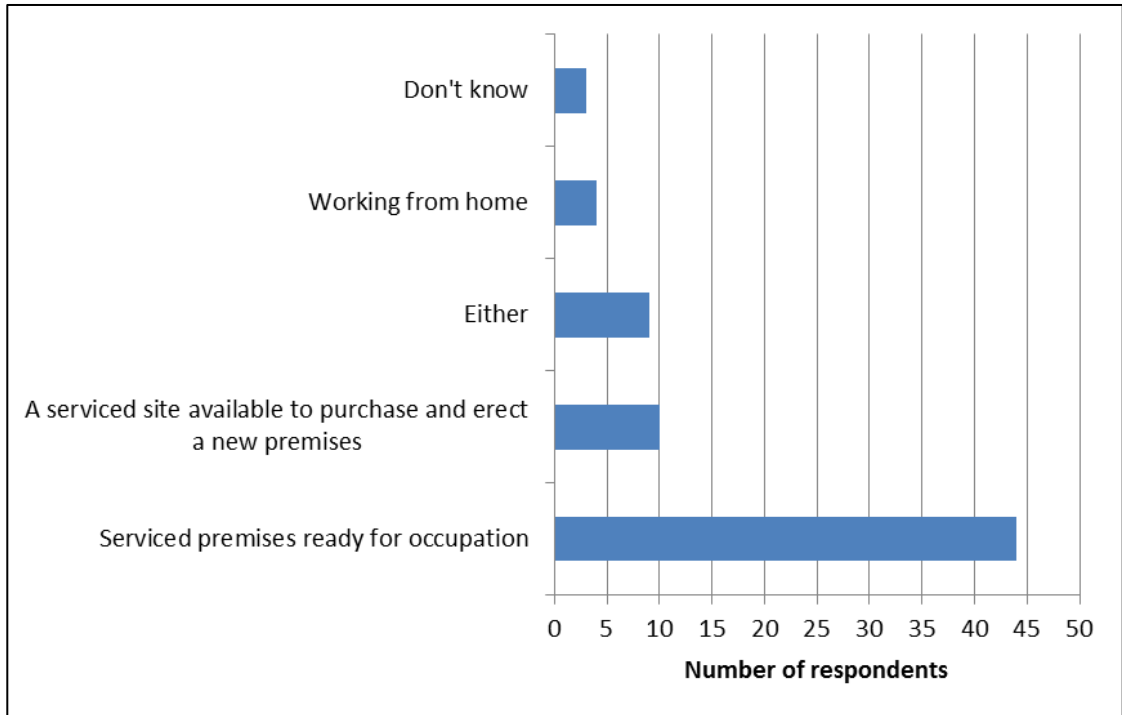


Within the construction/building and the wholesale warehousing sectors, most respondents indicated they would require 0 to 3,000 sq ft (0 to 279 square metres) premises, while within the professional services sector, the majority of respondents indicated they would require premises between 1,000 and 3,000 sq ft (93 to 279 square metres). The majority of respondents from the manufacturing sector indicated they would require premises between 0 and 5,000 sq ft (0 to 465 square metres), while the financial services sector respondents indicated that they would require larger premises (5,001 to 10,000 sq ft, or 465 to 929 square metres).

4.18 Relocation: type of land/building required

The firms planning to move were asked which types of land/building they would require. Most of the respondents indicated they would require serviced premises ready for occupation (44 respondents) (see Figure 39).

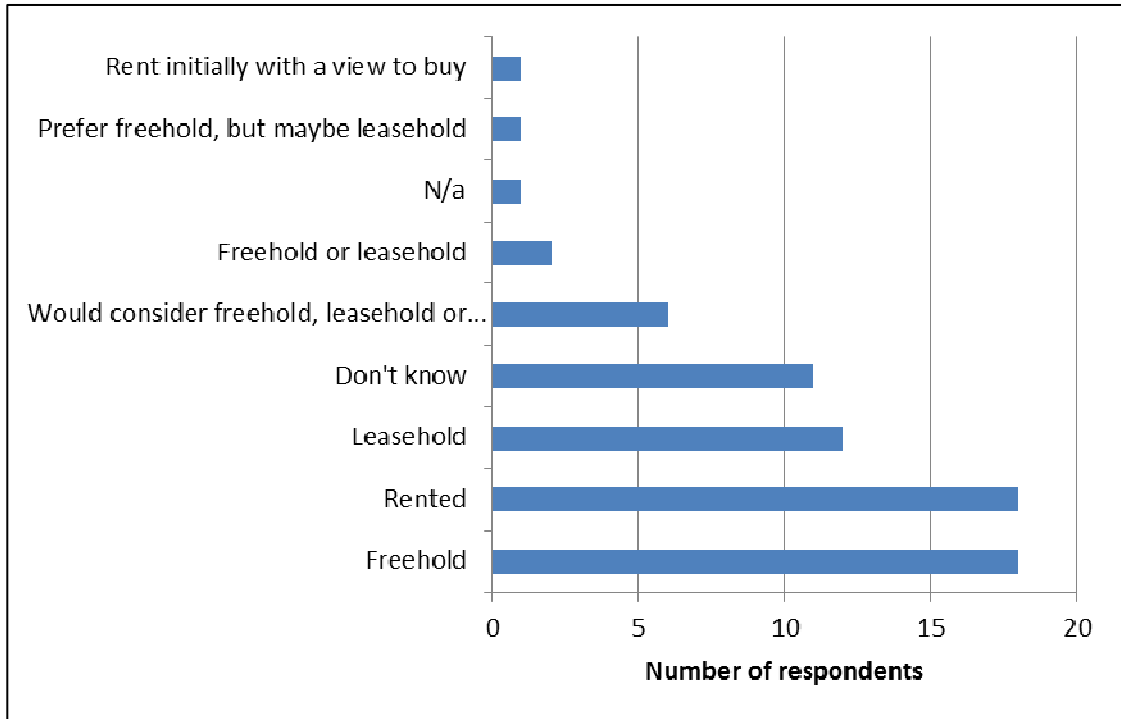
Figure 39. Type of land/building required: all sectors



4.19 Relocation: tenure required

The firms planning to move were asked which types of tenure they would require. Most of the respondents indicated they would require either rented or freehold tenure (18 respondents for each category) (see Figure 40).

Figure 40. Tenure required by relocating firms: all sectors



Construction firm respondents indicated that they would mostly require freehold (36%) or leasehold (27%) premises, while professional services respondents indicated that they would mostly require freehold (24%) and rented (24%) premises.

5 ANALYSIS OF SURVEY RESULTS

5.1 General analysis of results

Most of the respondents were single site businesses and fairly recently established businesses. One fifth of the businesses were small businesses run from home, with this proportion rising to two fifths of respondents within the construction/building sector.

The financial services and construction services identified accessibility issues as their top constraints (namely poor public transport links, poor access to motorways and A roads and poor accessibility of buildings) while the manufacturing and wholesale/warehousing sectors identified building and premises issues as their top constraints (price of premises, building and site size, and shape and layout of building). The top three critical issues identified by respondents were the price of premises, building size/overcrowding/lack of storage and lack of public transport links.

Table 3 below summarises the findings across sectors.

Table 3 Findings from survey summarised by sector

	All sectors	Construction/building	Financial services	Manufacturing	Professional services	Wholesale/warehouse
Tenure	<ul style="list-style-type: none"> • 35% freeholders • 33% rented • 25% leaseholders 	<ul style="list-style-type: none"> • 47% freeholders • 17% rented • 33% leaseholders 	Equally divided between freeholders, leaseholders and rented premises*	<ul style="list-style-type: none"> • 30% freeholders • 40% rented • 27% leaseholders 	<ul style="list-style-type: none"> • 33% freeholders • 36% rented • 26% leaseholders 	<ul style="list-style-type: none"> • 25% freeholders • 58% rented • 17% leaseholders
Size	<ul style="list-style-type: none"> • 56% between 0 and 3,000 sq ft (0-279 sq m) • 6.5% over 10,000 sq ft (929 sq m) 	69% between 0 and 3,000 sq ft (0 and 279 sq m)	64% between 0 and 3,000 sq ft (0 and 279 sq m)	57% between 0 and 3,000 sq ft (0 and 279 sq m)	67% between 0 and 3,000 sq ft (0 and 279 sq m)	58% between 0 and 3,000 sq ft (0 and 279 sq m)
Plans to relocate (will or may move)	70 respondents (25%)	11 respondents (30%)	3 respondents (27%)	8 respondents (27%)	21 respondents (26%)	4 respondents (33%)
When (% of all respondents)	<ul style="list-style-type: none"> • 6% in the next 12 months • 12% in 1-3 years • 5% in 3 or more years 	<ul style="list-style-type: none"> • 5% in the next 12 months • 14% in 1-3 years • 11% in 3 or more years 	<ul style="list-style-type: none"> • 9% in the next 12 months • 9% in 1-3 years • 9% in 3 or more years 	<ul style="list-style-type: none"> • 10% in the next 12 months • 13% in 1-3 years 	<ul style="list-style-type: none"> • 6% in the next 12 months • 14% in 1-3 years • 5% in 3 or more years 	<ul style="list-style-type: none"> • 8% in 1-3 years • 17% in 3 or more years
Where: most popular relocation options	<ul style="list-style-type: none"> • Site/ premises in Sevenoaks town • Kent • Site elsewhere in Sevenoaks District 	<ul style="list-style-type: none"> • Site/premises in Sevenoaks town • Site elsewhere in Sevenoaks District 	<ul style="list-style-type: none"> • Site/ premises in Sevenoaks town • Kent • South East 	<ul style="list-style-type: none"> • Site/premises in Sevenoaks town • Site elsewhere in Sevenoaks District 	<ul style="list-style-type: none"> • Site/ premises in Sevenoaks town • Kent • South East 	<ul style="list-style-type: none"> • Site/premises in Sevenoaks town • Kent

5.2 Survey results in context

This section places the survey results in context by assessing results against a) the 2005 telephone survey, b) up-to-date assessments of the wider office and industrial markets and c) local planning policy.

5.2.1 *The 2005 telephone survey*

Perhaps the most useful previous document providing context for the 2013 phone survey is the 2005 phone survey. A direct comparison of the two is, however, only possible on selected questions, as the questionnaire differed between the two surveys. However, where direct comparison is available, useful information can be gleaned. The following headings are those where findings are comparable across the two surveys. It should be noted that both surveys were carried out by the same firm and that the total number of respondents was highly comparable (273 businesses in 2005 versus 275 businesses in 2013).

Nature of site

In the 2013 survey, there is a slight decrease in the number of single sites (down to 74% from 80% in the 2005 survey) and a slight increase in number of sites that are branches, subsidiaries or divisions of a UK business (up to 15% from 10%).

Type of premises

Compared with the 2005 survey, the 2013 survey appears to show a more fragmented picture of premises type. Whereas in 2005 33% of respondents worked in an office, in 2013 the proportion was down to 27%. Much of the decrease may be attributable to the growth of small businesses from home, which rose from 12% in 2005 to 20% in 2013. Additionally, 11% of respondents in 2005 reported that they worked in a workshop, but in 2013, that proportion was down to 4%.

Size of premises

Of those who answered with a floorspace figure, the proportion with floorspace of under 1,000 square feet appears to have increased significantly since 2005- 61% versus 50%. Likewise, there appear to be fewer businesses occupying space in the 1,000-3,000 square foot size band (formerly 28%, now 21%). This may be linked to the greater number of people working from home.

Tenure

Direct comparison between the two surveys is difficult on this measure, as the 2005 survey does not record the proportion of respondents who answered 'don't know', which was 6% in the 2013 survey. However, the proportions of freehold versus rental are much closer in the 2013 survey; in 2005, 45% of respondents were freehold and 34% rented. In 2013, the proportions were 34% and 33% respectively.

Years trading at current location

By definition, this measure is not comparable between the 2005 and 2013 survey, as many businesses in the 2005 survey had not yet started trading at their current location. However, it is interesting to note the relatively dynamic pattern of business movement. In 2005, 55% of businesses had started trading at their current location between 1980 and 1999. In 2013, only 25% fell into this category. By 2005, 20% of businesses had moved to their current location in

the 2000s, but in 2013, the figure was 38%- and that 38% excludes those businesses that have moved even more recently.

Premises/site requirements

This is one of the measures that has changed most between the 2005 and 2013 surveys. Whereas in 2005, 90% of respondents saw good security features as important or very important, and 70% saw on-site parking in the same terms, by 2013 access to broadband connections had risen to 90% (from 60% in the 2005 survey). In the same way, by 2013, good security features were seen as important or very important by only 30% of respondents. The perceived importance of on-site car parking remained remarkably stable at just over 70% in 2013, as did the proportion seeing suitable interiors and facilities and cheap rents as important.

Site/building constraints

Although the 2005 survey did not grade responses by severity of the problem, by aggregating the three categories of 'a problem', 'a severe problem' and 'a critical problem' in the 2013 survey, a like-for-like comparison became possible. In the 2005 survey, the price of premises was most often cited as a site constraint, with poor public transport links and poor maintenance of the site/building coming in second and third place respectively. In 2013, by contrast, it was building size/overcrowding and lack of storage that was most frequently cited as a problem, with public transport links remaining in second place and price of premises down to third place.

Expected changes to market

It was particularly interesting to note the changes in this measure between 2005 and 2013. On paper, given that an unusually severe period of economic recession occurred between the two surveys, and that the 2005 survey was carried out at the time of an economic boom, we were expecting confidence to be higher in the 2005 survey. However, the reverse is the case. In 2005, 8% of respondents envisaged the market growing very strongly and 41% saw it growing gradually. However, in 2013, the proportion envisaging very strong growth had risen to 13% and the proportion seeing gradual growth had risen slightly to 44%. This may, of course, reflect the changes at the other end of the table; after such a protracted recession, many respondents may be deciding that the only way is up, with only 5% forecasting any type of market contraction in the 2013 survey versus (a prescient) 10% in 2005.

Moving away from current premises

Direct comparison on this measure between the 2005 and 2013 surveys shows that whereas in 2005 10% said they would move some or all of their business within the next five years and 11% said they may move their business, in 2013 14% said they would move and 12% said they may move.

Plans to relocate

The base of respondents saying they were planning to move was therefore higher in the 2013 survey (70 respondents) than in 2005 (59). In 2005, 44% of these respondents stated they would be remaining in Sevenoaks district and 20% wanted a 'site close to current location' (there may, of course, be some overlap between these choices).

The 2013 survey was more specific in terms of geography and eliminated the 'site close to current location' option. It indicated that 87% of those planning to move would stay within the Sevenoaks District Council area. Even if we assume the 'site close to current location' option in the 2005 survey means 'within Sevenoaks DC area', this still represents a large increase of

23% in those planning to stay within the DC area between 2005 and 2013, indicating that Sevenoaks is becoming a 'stickier' location for business and/or that those planning to leave the DC area may already have done so.

The increased demand to remain local is welcome and indicates the extent to which local businesses value Sevenoaks District as a location. However, an important caveat to bear in mind is the small sample size of businesses planning to relocate, meaning that more detailed work on demand is likely to be required. Additional assessment of demand could complement this survey by assessing demand for business space across the District from businesses outside its boundaries. Until this more complete assessment of demand, it would be premature to draw any conclusions about demand levels across different locations within the District due to small sample size.

Reasons for relocation

In the 2005 survey, of those who were looking to move, 53% required larger premises in order for their business to expand and 15% required better quality premises. Only 44% of those planning to move in 2013 cited the need for larger premises as the reason for the move. This is interesting, given that previously, it was noted that size and overcrowding had risen up the agenda between the two surveys when businesses were asked about site constraints. This suggests that of those businesses citing size and overcrowding as an issue, only a proportion are able to do anything about it. In the 2013 survey, 21% gave the requirement for better quality premises as their reason for planning a move, an increase of 6% from 2005.

5.2.2

The wider office and industrial market

Data from commercial property companies paints a relatively optimistic picture. Both Colliers¹ and Knight Frank² report that in the second quarter of 2013 (the most recent for which data is available), the M25 office market has returned to healthy levels, with Colliers reporting that it is 29% ahead of the 2012 midpoint. More locally, Colliers report that the southern M25 market, of which Sevenoaks is a part, performed particularly well, accounting for 47% of transactions across the M25 market as a whole. Additionally, vacancy fell modestly but still remains above the 10-year quarterly average.

Knight Frank report that occupier confidence across the M25 office market as a whole has improved and that 2013 is set to be the strongest year for the office market since 2008. They expect that the biggest challenge for occupiers by mid-2014 will be the lack of choice, with new and grade-A availability shrinking to less than 5% of vacancy in the M25 market overall, with a consequent raising of rents.

In the industrial and warehousing market, agents are also cautiously optimistic. BNP Paribas report that the national market has risen in the first half of 2013 compared with 2012. As with the office market, supply has not kept up with demand, and the agents suggest that as a result, it may be time for new, large-scale speculative development³. This may be good news for some of the land allocated for warehousing/logistics use in the District with good access to the M25, for example in the 2007 Employment Land Review.

This wider market picture is useful when it is applied as a 'sense-check' of our survey results, and indeed demonstrates in this case that our survey respondents have clearly reflected market trends. Business confidence in the next five years is strong and demand outstripping supply across the wider market appears to be reflected in respondents' worries about the cost of premises and the perceived small/crowded size of many premises. In this sense, the survey

¹ 'Colliers: Q2 South M25 take-up plugs Thames Valley falls', CoStar Group, 9 July 2013.

² Q2 2013- M25 Offices: Investment, Development and Occupier Markets, Knight Frank.

³ 'Midlands continues to lead way for industrial property take up', BNP Paribas, 29 July 2013.

responses do appear to provide an accurate, robust picture of wider market attitudes, and indicate growing confidence compared with the flat forecast of demand for additional office floorspace highlighted during the recession in the Long Term Employment Space Projections.

However, as this report comprises a business survey rather than a fully-fledged projection of demand, more detailed work will be required in order to understand the extent to which this return in confidence may underpin any rise in demand from the figure projected in 2011.

Notwithstanding the return in confidence following the recession, it should be noted that the number of businesses planning to move (70) is not a large change from the number (59) who said they were planning to move in the 2005 survey. Compared with the 2005 survey, more businesses wish to move within the District; as the District wishes to retain existing businesses, this is welcome. However, churn within the district, especially in the current context of high residential land values, means that planners will have to remain vigilant that the space vacated by those businesses planning to move is not lost to other uses.

5.2.3 *Local planning policy*

The survey highlighted a number of points useful in the context of the local plan and other relevant planning policy. These include the following:

Businesses in small units

The survey shows that Sevenoaks District is characterised by businesses in small premises—under 1000 square feet (93 square metres), which would indicate a correlation with the larger number of people working from home. This is also backed up by the fact that the top issue affecting business was given as building or site size. These smaller business units (assuming that not all respondents in this category work from home) could be some of the most vulnerable to conversion to residential with the residential market strong across Sevenoaks District.

Policy EMP5 of the Allocations and Development Plan seeks to prevent the loss of non-allocated employment sites, which tend to be occupied by smaller units. Unfortunately, in the short term in most areas the District Council has no control over the conversion of office to residential use resulting from a temporary change to permitted development rights. This suggests that maintaining and enhancing protection for employment land remains appropriate (see Recommendation 1 in the final chapter).

The importance of broadband

Access to broadband connections is now perceived as the most important factor for business operations within Sevenoaks across all business sectors. This has already been anticipated in planning policy and is referenced in the Core Strategy:

5.4.9 The development of “start up” units to support the establishment and early development of small businesses will be supported in suitable locations. Improvements in information and communications technology that enables more flexible working practices will be supported. A flexible approach will be adopted to home-based businesses and the development of “live work” units where these can take place in an environmentally acceptable way.

Policy SP8 (f) supporting the development of start up units for small businesses in suitable locations and improvements in information and communications technology to facilitate more flexible working practices.

Parking and public transport

Both on-site parking and the availability of public transport scored consistently highly in the list of business concerns. Core Strategy Policy SP 2 - Sustainable Development – states that the Council will: *(1) Support improvements to enhance the safety and convenience of public and community transport.*

These business concerns could be useful to bear in mind when assessing Travel Plans and negotiating section 106 or CIL contributions on sites within or near employment areas (see Recommendation 3).

Affordability of premises

Likewise, with many businesses citing the price of premises as a critical issue, consideration could be given to the possibility of providing affordable workspace through planning agreements as appropriate (see Recommendation 4).

Relocation to larger premises

Of those businesses that plan to move, the most popular reason cited across most sectors was the need to move to larger premises. This, together with the fact that most businesses moving seem to want to relocate within the District, suggests that undeveloped employment allocations identified through the Employment Land Review, particularly the largest ones, should be retained (see Recommendation 5).

6 CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusions

This Business Demand Survey carried out on behalf of Sevenoaks District Council during September 2013 was a success in terms of response rate, representativeness of sample and clarity of response and has provided an up-to-date analysis of a number of business aspirations, trends and constraints across the District Council area across six of the seven business categories specified by the Council.

The overall picture is of a business community relatively satisfied with their location, with 87% of those companies planning to move stating that they wish to remain within the District over the next five years and with Sevenoaks town in particular remaining popular as a locational choice.

Additionally, the majority of businesses are confident on business prospects over the next five years as they recover from the recession. The wider market also shows recovery, which may have positive implications for local take-up of employment allocations, even to the extent that speculative development may soon return.

However, there is strong pressure for residential development across South-East England, and Sevenoaks District is no exception. Careful monitoring of the effectiveness of policies protecting employment land will be necessary.

Additionally, as supply is constrained, the affordability and size of employment units is an emerging concern, but has the potential to be addressed through planning agreements and other relevant mechanisms.

6.2 Recommendations

These recommendations emerge from the results of the phone survey as a whole and have been written with our audience in mind; specifically the Council's planning policy, economic development and development control functions as they consider proposals for the future provision of premises and sites in the District.

6.2.1 *Recommendation One: Continue Protecting Employment Land*

Retaining existing policy protecting land for employment (as per Core Strategy Policy SP8 and Allocations and Development Management Policies EMP 1 - 5) is important given the number of small employment units and recent Government policy changes. The key indicator for monitoring the effectiveness of such policies is on-going assessment of planning permissions to determine rates of conversion of employment land to residential use.

Given improving confidence in the market, as measured independently by commercial agencies and survey respondents, existing employment allocations should be retained for the foreseeable future so that developers are able to provide a range of premises sizes across the District. Demand for new office space appears to be strongest. Applications for alternative uses on these existing employment allocation sites and non-allocated sites should therefore be resisted.

The main conclusions and recommendations of the 2007 Employment Land Review and the 2012 Employment Land Review for four sites therefore remain valid, including the 2012 Review's conclusion that *'where B use class floorspace is lost to non employment uses, this should be in the context of the Council continuing to monitor the overall supply of employment*

land in the District over the plan period to ensure the appropriate recommended balance between loss, gain and retention is struck’.

6.2.2 ***Recommendation Two: Improve Transport through Planning Obligations***

Within CIL and/or Section 106, contributions could be sought towards parking or transport infrastructure to support local businesses. However, specific issues will vary by area, so although this could be worth bearing in mind as a general principle, the circumstances pertaining to each planning agreement differ on a case-by-case basis. Currently, Core Strategy Policy SP 2 supports improvements to enhance the safety and convenience of public transport but there is no policy in the Core Strategy specifically protecting parking for business users. The Sevenoaks District Strategy for Transport seeks to improve public transport interchange facilities and manage parking issues in the town centre.

6.2.3 ***Recommendation Three: Provide Affordable Workspace through Planning Obligations***

Planning obligations may also be useful as a means to provide small, affordable space for SMEs and other micro-businesses. In terms of location, it would appear from the results of the survey that there may be more scope for such development within Sevenoaks town compared with other locations in the district, although much will depend on taking the opportunities in association with employment development as it comes forward.

6.2.4 ***Recommendation Four: Gather Further Information for Spatial Differentiation***

The Council may wish to understand demand at different District locations. Although this survey is able to tentatively conclude that Sevenoaks town is the most in-demand location among respondents, small sample size suggests that a detailed analysis of demand by settlement and by sector may be helpful. This could be assisted by a more in-depth assessment of the market perspective of agents and other relevant stakeholders, For example, a commercial property agent could use postcode data from a reputable database such as CoStar to determine historic patterns of take up and location based enquiries.

Such an assessment should also take into account demand from businesses currently outside the District boundaries who may be looking to expand or relocate in Sevenoaks District.

6.2.5 ***Recommendation Five: Continue to Facilitate Intensification of Existing Areas***

The relatively high number of businesses stating that their premises are constrained in size suggests that the Council should continue to support and facilitate the physical expansion of business premises as required and where there are no significant negative impacts on surrounding land uses. Within existing areas allocated for business, this amounts to continuing the policy of intensification.

6.2.6 ***Recommendation Six: Support Businesses Affected by Permitted Development Rights***

The phone survey highlighted that almost 58% of respondents either rent space or have a leasehold agreement. As another party owns the freehold to their space, some may be at risk of having their premises converted to residential use under the Government’s new temporary permitted development rights (with the exception of those businesses located within the exemption areas). We recommend that the Council monitor conversions made under the new rights and offer support and assistance as appropriate to any businesses affected, including helping them find new premises elsewhere in the District.

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