

Technical Note

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To Gladman Developments
From Lichfields

Subject Sevenoaks Economic Needs Study Critique

1.0 Introduction

- 1.1 This technical note has been prepared by Lichfields with the purpose of providing a critical review of the Sevenoaks Economic Needs Study¹ (henceforth referred to as the ‘Study’), to accompany representations by Gladman Developments to Sevenoaks District Council in relation to its Regulation 18 consultation for the new Local Plan.
- 1.2 This critique looks to understand the demand forecasting scenarios modelled as part of the 2022 Study, the range of land requirements identified, and their validity. The Study identifies an overall need for 5.7 hectares (‘ha’) of employment need to 2040 factoring in the supply position. As part of the Study, only two forecasting approaches have been undertaken to estimate the Council’s employment requirements, including:
- A labour demand scenario using Cambridge Econometrics (‘CE’) forecasts; and
 - A past trends scenario driven by the annual rate of change in employment floorspace.
- 1.3 It is noted that the Study does not consider the implications of a labour supply scenario (i.e. one based on planned housing delivery, a recommended future needs scenario in line with the Housing and Economic Needs Assessment PPG (para 27)).
- 1.4 Therefore, this critique reviews the two scenarios modelled as part of the Study, and considers the merits of including additional demand scenarios (i.e. based on the supply of labour) to provide a more rounded consideration of future needs in Sevenoaks District.

2.0 Sevenoaks Economic Needs Study Critique

- 2.1 The Sevenoaks Economic Needs Study presents its demand forecasts for employment space in the District up to 2040 in Chapter 8, and considers the following two scenarios.

1. Labour Demand Scenario

- 2.2 The labour demand scenario uses CE forecasts for the period of 2020 to 2040. It is noted that the Study does not specify the release date of the CE forecasts which were used. This is important, as forecasting houses consider the regional and national macroeconomic assumptions prevailing at the time of release, which in turn has implications on the

¹ Sevenoaks District Council (2022), *Sevenoaks Economic Needs Study*.

quantum of floorspace identified. For example, forecasts provided during the pandemic period (2020-2021), tended to model a lower rate of growth compared to the output of forecasts released in 2022 or 2023. The Study was published in August 2022, and it is therefore assumed that the CE forecasts used relate to a 2022 release (i.e. considering the aftermath of Covid-19 and the war in Ukraine), however this is not explicit in the Study and should be made clear.

- 2.3 The Study then highlights that the CE forecasts were produced for only 12 employment sectors (i.e. considered to be a high-level breakdown of employment sectors), which does not provide the same level of granularity when using the detailed forecasts (i.e. up to 45 employment sectors) also produced by CE. As such, this makes it especially difficult to discern the nuances of which sectors within a broad sector is responsible for projected employment growth and/or decline. The Study briefly highlights that over the plan period (2020-2040) total employment in Sevenoaks District is projected to increase by 7,200 jobs (or the equivalent of 12.0%) reaching 67,000 jobs by 2040. The majority of growth is associated within the financial & business services (+2,600 jobs), followed by construction (+2,200 jobs) and accommodation and food services (+1,200 jobs). Meanwhile, the Study highlights an overall decline for the manufacturing sector (-800 jobs).
- 2.4 The change in jobs between 2020 and 2040 is then translated to net additional floorspace and land requirements presented in hectares. The Study states that the benchmarks from the Homes and Communities Agency's ('HCA') Employment Density Guide² have been applied to translate jobs into employment floorspace. However, the Study does not state if the employment densities are presented as gross external area ('GEA'), gross internal area ('GIA') or net internal area ('NIA'). Regardless, most employment densities presented in the Study do not match with the HCA's employment densities. The only employment density which does match is for manufacturing (i.e. B2) use classes where a density of 36 sq.m per full-time equivalent ('FTE') is used (i.e. assuming that this is presented in GIA terms as per the HCA guide).
- 2.5 The same employment density of 36 sq.m is also used for "Other Industrial", which (we assume) implies to be light industrial uses (i.e. use class E(g)(iii)), although this is not clarified within the Study. It should be noted that the HCA recommends an employment density of 47 sq.m NIA for light industrial uses (and which is meant to be different to general manufacturing employment density of 36 sq.m GIA). For office uses (i.e. use class E(g)(i)), an employment density of 11.3 sq.m is used, whilst the HCA recommends a density of 12 sq.m (NIA). Finally, an employment density of 60 sq.m is applied for distribution floorspace (i.e. use class B8), meanwhile the HCA recommends a range of 65-95 sq.m GEA depending on the type of distribution uses proposed.
- 2.6 The Study then applies a standard plot ratio of 0.4 for both industrial and office floorspace. It is stated that if demand was for higher density town centre office floorspace, an assumed plot ratio of 1.0 would be applied. However, this is not applied for any of the office land requirements identified in the Study. Typically, the most appropriate approach for office

² HCA (2015), Employment Densities Guide, 3rd Edition. Available online at: https://www.kirklees.gov.uk/beta/planning-policy/pdf/examination/national-evidence/NE48_employment_density_guide_3rd_edition.pdf

space would be to assess the existing stock of office floorspace using the latest data from the Valuation Office Agency³ ('VOA') to understand how much of the stock is located in business parks and/or within town centres. However, in this case a standard plot ratio of 0.4 has been applied to all use classes.

- 2.7 A review of VOA stock of office floorspace in Sevenoaks suggests that 70% is office floorspace in a town centre and 30% in business park. As such only 30% should be applied with a 0.4 plot ratio and the remaining with a higher plot ratio of 1 or above unless there is an explicit spatial strategy reason for concluding provision is likely outside higher density locations.
- 2.8 Finally, the Study undertakes some sensitivity testing whereby land requirements are tested using either high or low employment densities. Again, it is not clear whether the employment densities presented are GEA, GIA, and/or NIA, making it difficult to understand alignment with HCA standards. Regardless, the employment density benchmarks presented do not clearly match with the HCA assumptions either. The low-density estimates (of 40 sq.m for manufacturing and other industrial, 80 sq.m for distribution and 13.5 sq.m for office) is perhaps most aligned with HCA guidance, although it is hard to assess this as floorspace densities are not disclosed.
- 2.9 In conclusion, the central position (i.e., of the labour demand scenario) identifies a requirement of 10.9 ha (with a range of 8.9-13.2 ha) of employment land need over the plan period (i.e. 2020-2040). However, this is based on a set of assumptions – particularly around employment densities – that are inconsistent with the stated reference.

2. Past Trends Scenario

- 2.10 A second approach based on past trends is also presented comprising the following two scenarios:
 - a Annual rate of growth between 2011 and 2021; and
 - b Annual quantum (of growth) over the same period. It is assumed this is based on VOA data presented in Chapter 6, although this could also be based on the Council's Monitoring data for this period.
- 2.11 The demand for floorspace is then projected forward for both office and industrial both approaches outlined above. A plot ratio of 0.4 is then used for all use classes as per the critique outlined above. Both methods of calculating past trends result in negative land requirements for industrial and office floorspace, as employment floorspace in Sevenoaks District has experienced a decline over the past ten-year period. There is very little variance between the two approaches, which anticipate the loss of 11.6ha and 13.0 ha respectively between 2020-2040.

3. Final Land Requirement

- 2.12 Figure 8.5 in the Study presents an overview of the five scenarios considered within the study (i.e. three labour demand scenarios based on a low/central/high position, in addition

³ Valuation Office Agency

to two take-up scenarios, based on annual rate and quantum of floorspace need in Sevenoaks District between 2011-2021).

- 2.13 Drawing on the analysis, the Study recommends taking an average between the central position (i.e. labour demand) and past trends position. The study fails to explain which of the two past trend position has been selected, but since there is minimal variance between the two the impact is considered to be minimal. The Study then states that based on this average demand to 2040 is anticipated to add up to 0.5 ha of office floorspace and -1.2 ha industrial floorspace.
- 2.14 The approach of using an average to arrive at one recommended scenario is not considered to be appropriate or in line with best practice, especially given that the modelled approaches present two very different outcomes (and notwithstanding the concerns over densities applied). Typically, any negative land requirements identified (as per the past trends scenario) would be discounted, as these do not portray an accurate picture of the future requirements. Furthermore, the market conditions analysis presented in the Study (Chapter 6) states that the industrial market in Sevenoaks has seen recent activity and resilience which is wholly inconsistent with the trends sceanrio. Hence, it is not realistic to assume that the long-term decline will persist, and it thus contaminates the Study's overall conclusions with a negative land requirement.
- 2.15 More importantly, it should be noted that the Study is missing a labour supply scenario which is one of the future needs scenarios identified in the Housing and Economic Needs Assessment PPG (para 27) which states "*Strategic policy making authorities will need to develop an idea of future need based on a range of data which is current and robust such as: demographically derived assessments of current and future local labour supply (labour supply techniques)*"
- 2.16 This would balance the two approaches presented as it would provide a third scenario based on future labour supply from the Council's housing target. The three scenarios could then be compared and assessed against the historical growth trend using BRES⁴ data. This would provide a more rounded view to understand which scenario is most aligned with historic growth and a minimum requirement could be selected which also aligns with the Council's growth aspirations for the Local Plan period. It is particularly important given the divergence of outputs from the two previous approaches.
- 2.17 Figure 8.7 of the Study, also replicated below in Table 1, summarises the demand requirement position, whereby the net requirement is converted to a gross requirement. The Study applies an 8% vacancy allowance (which is a standard approach) and considers a normal vacancy to enable the market to function smoothly. In addition, unplanned losses through permitted development rights ('PDR') are also factored in where an allowance for unplanned loss of 50% of past floorspace is assumed. The gross demand figure is then subtracted against the supply position which is estimated to be 3.3 ha which equates to 5.7 ha of shortfall land. Hence, the Study recommends an additional 5.7 ha of net additional land required over the plan period.

⁴ Business Register Employment Survey

Table 1 Demand and Supply Balance from the Study

Component	Office	Industrial	Total
Demand			
Forecast demand	0.5	-1.2	-0.7
Vacancy allowance (8%)	1.2	3.8	5.0
Unplanned PDR Loss	2.4	2.3	4.7
Total Demand	4.1	4.9	9.0
Supply			
Available	1.5	5.4	6.9
Planned Loss	-1.5	-2.1	-3.6
Total Supply	0	3.3	3.3
Demand-Supply Balance	4.1	1.6	5.7

Source: Sevenoaks Council (2022)

- 2.18 Overall, there are various assumptions within the Study that need to be further clarified and – in our view - amended. The approach used to identify need (i.e. taking an average of two very different approaches) is also not standard practice and should be reviewed against other alternative demand scenarios.

3.0 Updated Market Conditions

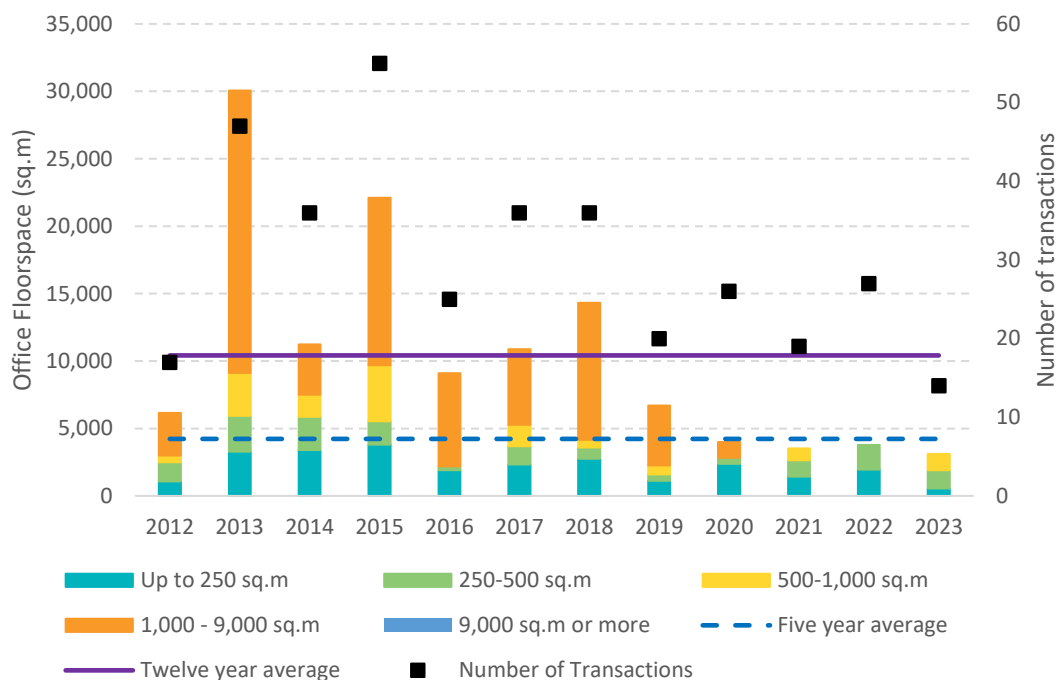
- 3.1 Building on the critique provided in Section 2.0, this part of the note provides an update of the market conditions analysis for office and industrial market in Sevenoaks District, using CoStar data from December 2023.

Office Market

- 3.2 The Sevenoaks office submarket in Kent is mid-sized and contains around 130,000 sq.m (or 1.4 million sq.ft) of office space. The vacancy rate has risen significantly over the past 12 months, and at 6.1% it is well above the long-term average of 5.0% between 2012-2022. Notwithstanding this, office rents have increased by 1.5% over the past year, reaching £22 per sq.ft, which is 22.2% higher than the average market rate in Kent (i.e. of £18 per sq.ft).
- 3.3 Based on CoStar, over the last two years, Sevenoaks has seen the delivery of 1,889 sq.m (or 20,337 sq.ft) and according to CoStar another 2,332 sq.m (or 25,111 sq.ft). Data on the current availability of office floorspace in Sevenoaks, indicates that there is currently 6,800 sq.m available across 24 premises, or the equivalent to 5.1% total stock of office floorspace in the District. The majority of this is across small office premises of less than 250 sq.m.
- 3.4 The total office take-up (including both sales and leases) in Sevenoaks over the 2012-2023 period amounted to 125,000 sq.m. Over half (55%) of the floorspace take-up was attributed to large premises of 1,000-9,000 sq.m with a further 21% falling in the smallest size bracket of less than 250 sq.m. As highlighted in Figure 1 below, office take-up in 2023 remains

below pre-pandemic levels, and below the twelve-year average, highlighting an overall slow recovery from the office market in Sevenoaks.

Figure 1 Office Take-up by Size in Sevenoaks, 2012-2023



Source: CoStar (2023)/Lichfield analysis

- 3.5 CoStar data puts the total number of transactions in Sevenoaks District over the period between 2012-2023 at 344 transactions. In 2023, only 14 transactions were accounted for which is below the twelve-year average of 30 transactions per annum across the submarket.
- 3.6 In terms of the age and quality of the existing stock of office premises, CoStar data suggests that over two thirds (66%) of office properties were built before the 1980s with only 13% built post 2000, highlighting an ageing stock of office floorspace in Sevenoaks.
- 3.7 As for the quality, the majority of office premises in Sevenoaks are rated as one or two stars⁵ (out of five), with very few premises (i.e. 33, or the equivalent of 13% of all premises) considered to be of high quality (i.e. equivalent to 4-5 stars).

Industrial Market

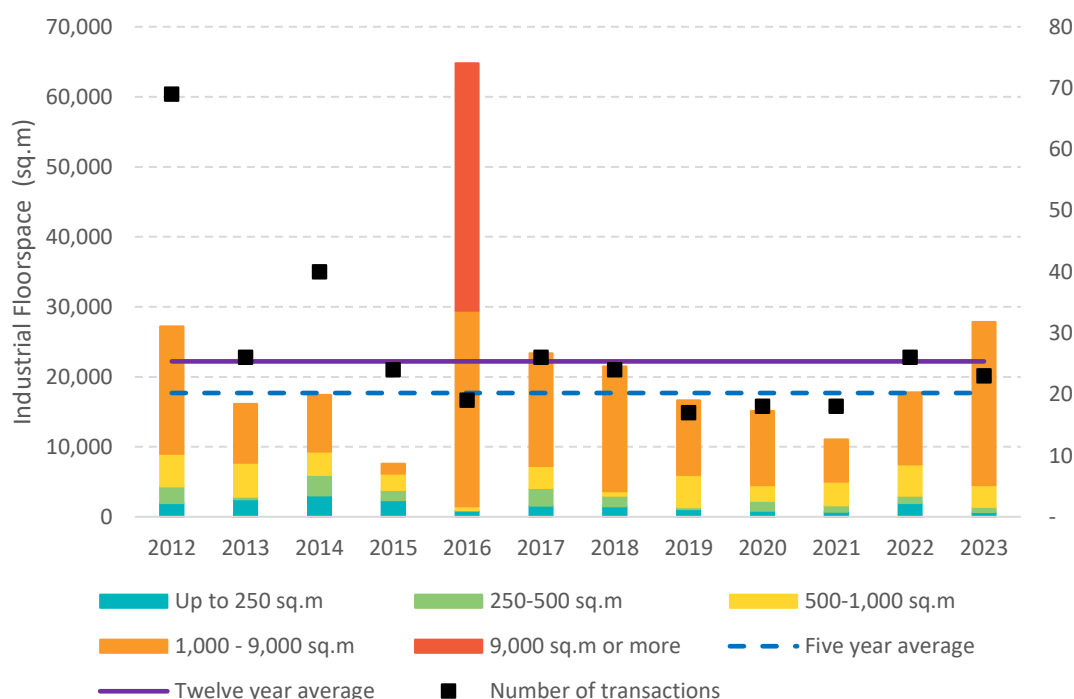
- 3.8 Sevenoaks is a mid-sized submarket containing around 297,300 sq.m (or 3.2 million sq.ft) of industrial space. In comparison to the office market, the industrial market in Sevenoaks has remained resilient throughout the pandemic and recent economic turmoil, which has had very little impact on the vacancy rate (4.5%). Additionally, market rents have grown by 6.1%

⁵ Based on CoStar ratings which provide a benchmark for rating and categorisation of buildings. More information on the CoStar Rating can be found here: <https://www.costar.co.uk/docs/librariesprovider5/knowledge-centre-documents/ratingsystem.pdf>.

over the past 12 months to £13 per sq.ft, which is slightly higher (18.2%) than the Kent average of £11 per sq.ft.

- 3.9 There are currently no industrial or distribution developments underway in terms of construction. The submarket has seen recent development, of roughly 630 sq.m (or 6,800 sq.ft) of industrial floorspace delivered at Sevenoaks Business Centre in Crampton's Road over the past three years.
- 3.10 CoStar data indicates that there are currently only 10,187 sq.m of industrial floorspace available across Sevenoaks District (representing the equivalent of 3.4% of total industrial stock). CoStar data indicates that all of the available floorspace across Sevenoaks District relates to distribution (i.e. use class B8) floorspace across 12 premises.
- 3.11 Total industrial take-up (i.e. including both sales and leases) in Sevenoaks between 2012-2023 amounted to 266,000 sq.m. Over half (i.e. 60%) of take-up was attributed to large premises of 1,000-9,000 sq.m with a further 14% falling in the medium size bracket of 500-1,000 sq.m. As highlighted in Figure 2 below, industrial take-up in 2023 was above both five-year and twelve-year average highlighting a strong year for the industrial market in Sevenoaks.

Figure 2 Industrial Take-up by Size in Sevenoaks, 2012-2023



Source: CoStar (2023)/Lichfields analysis

- 3.12 CoStar data puts the total number of transactions over the twelve-year period at 307 transactions, of which almost half (43%) relate to small-sized industrial units of less than 250 sq.m and a further 28% for large premises of 1,000-9,000 sq.m. In 2023, 23 transactions have been recorded.

- 3.13 Data on the age and quality of the existing stock of industrial premises, according to CoStar almost half (49%) of industrial properties were built before the 1980s with only 13% of properties-built post 2000, highlighting an ageing stock of industrial floorspace in Sevenoaks. Furthermore, the majority of industrial premises are rated as 3 star⁶ or less (out of 5), with very few premises (just 2) considered to be of high quality (i.e. equivalent to 4-5 stars).

Summary of Market Conditions

- Similar to the Study, the latest CoStar data does highlight an overall decline of office activity which continues in 2023. Albeit the vacancy levels for office floorspace remain low despite the increase of vacancy over the last years at a vacancy level of 6.1%. A vacancy rate of around 8% is typically considered to represent a 'normal' market equilibrium whereby supply and demand are broadly in balance. The vacancy rate in Sevenoaks is below 8% which suggest there is more demand in the market than what is currently on supply.
- The industrial market has performed better in comparison which is also highlighted in the Study and remains true in 2023. In fact, the last 12 months has shown above average activity in the industrial market in Sevenoaks. There is also considerably low availability of industrial premises across Sevenoaks and no foreseeable pipeline of industrial premises which highlights a constrained market in terms of supply.
- Both markets have old and ageing stock which requires refurbishment or updating, especially in the office market where there is a rising demand for smaller but higher quality (Grade A) office specification. Therefore, despite the Study's Past Trends Scenario which highlights negative land requirements, both markets indicate resilience and continued demand for high quality employment floorspace, once one digs beneath the headline statistics.

4.0 Alternative Demand Forecasting Scenarios

- 4.1 A review of the Sevenoaks Economic Needs Study highlights various limitations in the forecasting approaches presented. As such, alternative demand forecasting scenarios have been undertaken to provide a more rounded representation of future needs across Sevenoaks District. This includes an alternative forecast of job growth (i.e. labour demand) scenario using the latest Experian forecasts (September 2023 release), as well as a future labour supply scenario which assesses the demand arising from the Council's housing delivery target.

1. Forecast of Job Growth (Labour Demand)

- 4.2 Employment growth forecasts for Sevenoaks District were obtained from Experian (September 2023 release). These take account of regional and national macroeconomic assumptions prevailing at the time including the cost-of-living crisis as presented below.

⁶ CoStar Rating provides a benchmark for rating and categorisation of buildings. More information on the CoStar Rating can be found here: <https://www.costar.co.uk/docs/librariesprovider5/knowledge-centre-documnets/ratingsytem.pdf>

Experian Forecast Assumptions: September 2023

GDP grew by 0.2% in the three months to May – July 2023 with the production sector serving as the main contributor with 0.6% growth, while services and construction output also grew by 0.1% in the three months to July. However, on a quarterly basis GDP remains below the pre-coronavirus (Covid-19) level, by 0.2%.

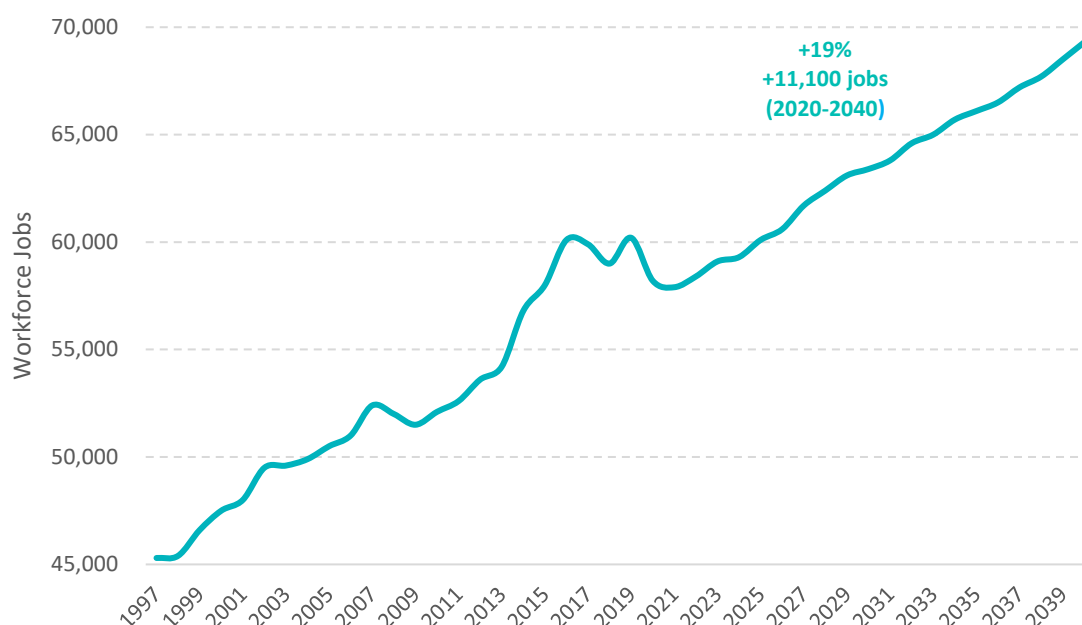
More timely survey data for September also paints a mixed picture. The S&P/CIPS global flash UK composite purchasing managers' index fell once again, to 46.8 from 48.6 in August, a 32-month low. The services sector also fell to a 32-month low and manufacturing continues to decline as new work dries up due to borrowing costs and rate pressures. Conversely, the consumer confidence index rose by a further 4 points to -21, the highest since January 2022, with improving optimism regarding both personal finances and the economy, though remains in negative territory.

Projections continue for the UK to experience a muted growth of 0.2% this year. Given lingering above target inflation, high interest rates, income tax band freezes and a challenging outlook for the public finances a meaningful recovery does not emerge until 2025, and growth remains below the pre-Covid trend over a five-year horizon.

4.3

The Experian forecast implies a scale of growth for Sevenoaks District over the period 2020-2040 equivalent to an additional 11,100 workforce jobs or an average of 555 jobs per annum. Figure 3 highlights that by 2026 employment levels will have recovered to pre-pandemic levels. Following recovery, the number of total workforce jobs (i.e. people employed in Sevenoaks) is expected to increase by 19%, reaching 69,300 jobs by 2040. This is higher than the equivalent increase implied in the Study over the same period (i.e. estimated to be 12%, or the equivalent of 7,200 jobs).

Figure 3 Employment Growth in Sevenoaks implied by Experian Forecast to 2040



Source: Experian (2023)/Lichfields analysis

4.4

The Experian forecast is broken down by 38 sectors providing a detailed breakdown of sectors performance. Table 2 highlights the Experian sectors which are expected to see the highest growth as well as the fastest declining sectors. These sectors are mostly aligned with those identified in the Study using CE forecasts. However, the following analysis provides further detail (i.e. based on a 38 sector breakdown) of the types of manufacturing which are anticipated to decline in Sevenoaks District by 2040.

Table 2 Fastest Growing and Declining employment Sectors in Sevenoaks, 2020-2040

Sector	Forecast Change in Workforce Jobs	
	No	%
FASTEST GROWING EMPLOYMENT SECTORS		
Professional Services	+2,200	+33%
Administrative & Supportive Services	+1,900	+35%
Specialised Construction Activities	+1,400	+34%
Accommodation and Food services	+1,100	+31%
Construction of Buildings	+1,100	+33%
Residential Care and Social Work	+900	+24%
Education	+800	+17%
FASTEST DECLINING EMPLOYMENT SECTORS		
Civil Engineering	-200	-12%
Recreation	-200	-9%
Manufacturing of Computer & Electronic Products	-100	-13%

Sector	Forecast Change in Workforce Jobs	
	No	%
FASTEST GROWING EMPLOYMENT SECTORS		
Manufacturing of Metal Products	-100	-33%
Manufacturing of Machinery & Equipment	-100	-25%
Manufacturing of Wood & Paper	-100	-25%

Source: Experian (2023)/Lichfields analysis

- 4.5 Table 3 provides a comparison of the office-, industrial- and distribution-based jobs between the two forecasting houses and compares these against historic growth as recorded by Business Register and Employment Survey⁷ ('BRES'). CE forecasts from the Study implies a growth of 147 jobs per annum within office-, industrial-, and distribution- based sectors, while Experian implies a more positive outlook of 222 jobs per annum.

⁷ Office for National Statistics (2023), *Business Register Employment Survey, 2022*.

Table 3 Total and Annual Employment Change in Sevenoaks (office-, industrial- and distribution- based jobs)

Source	Change (2020-2040)	
	No	p.a.
Cambridge Econometrics ⁸	2,937	147
Experian (September 2023 release)	4,436	222
Source	Change (2009-2020)	
	No	p.a.
BRES	3,500	318

Source: CE/ Experian/ BRES

4.6 Against what has been reported historically, the future outlook of both forecasting houses appears less positive compared to the trend growth seen in Sevenoaks between 2009 and 2020. However, the Experian forecasts are better aligned with what has been reported historically in terms of jobs typically found within office-, industrial- and distribution-based sectors.

4.7 The office, industrial and warehousing component of these employment growth forecasts are converted to future employment space requirements by applying the latest published job density figures⁹ for employment space, which take account of trends in occupancy for the different employment uses. The following employment density ratios have been applied:

- Offices (E(g)(i)/(ii)): one workforce job per 12.5 GEA sq.m and a plot ratio¹⁰ of 2 for town centre uses¹¹ and 0.4 for business park office space;
- Light industrial (E(g)(iii)): one workforce job per 47 (GEA) sq.m and a plot ratio of 0.4;
- General industrial (B2): one workforce job per 37.8 (GEA) sq.m and a plot ratio of 0.4; and
- Warehousing (B8): one workforce job per 65 GEA sq.m for smaller scale warehousing units which based on VOA analysis account for 80% of the stock, 1 workforce job per 71 sq.m for medium scale accounting for 10% of the stock and 1 workforce job per 87.5 sq.m for the very large units that account for 10% of the stock. A plot ratio of 0.4 is applied to estimate the floorspace of warehousing units.

4.8 These assumptions draw on the latest HCA guidance, and take account of trends such as changing utilisation of employment space, including more efficient use of office floorspace due to a higher frequency of flexible working and hot-desking.

⁸ Forecasts from the Sevenoaks Economic Needs Study (2022)

⁹ Based on HCA benchmarks.

¹⁰ A ratio representing the density of building in a specified area of land.

¹¹ Applied to 70% of office space and the remaining 30% is associated with a plot ratio of 0.4 for business park.

- 4.9 An allowance of 8% is added to all positive floorspace requirements to reflect normal levels of market vacancy in employment space. Where a reduction in jobs is forecast (i.e. as in the case of industrial jobs / use class B2), the associated negative floorspace is halved. This reflects that while there may be ongoing manufacturing job losses (e.g. as firms make greater use of automation), it does not automatically follow that all of the existing employment floorspace will be lost. On this basis, Table 4 presents the net employment requirements in relation to the alternative labour demand scenario.

Table 4 Net Employment Space Requirements: Labour Demand, 2020 to 2040

Type of Space/Use Class	Employment 2020	Employment 2040	Employment Change	Net Employment Floorspace Requirements (GEA sq.m)	Net Employment Land Requirements (ha)
Office E(g)(i)/(ii)	13,685	16,676	2,991	40,382	4.44
Light Industrial E(g)(iii)	4,754	6,137	1,383	70,178	17.54
Industrial B2	3,237	2,950	-288	-5,331	-1.33
Distribution B8	2,747	3,097	350	25,662	6.42
Total	24,423	28,860	4,436	130,890	27.1

Source: Experian (2023)/Lichfields analysis

2. Future Labour Supply

- 4.10 The labour supply scenario considers demand for employment floorspace based on change in the resident workforce across Sevenoaks as a result of anticipated housing growth in the District. In contrast to the labour demand approach, this approach focuses on the future *supply* of labour, and estimates the quantum of jobs needed to match the future supply of working-age residents. Ultimately, this approach considers the quantum of employment floorspace that would be needed to accommodate this growth.
- 4.11 For the purposes of this study, three labour supply scenarios have been considered based on the following housing targets:
- the Reg 18 Draft Local Plan housing target of 10,680 homes by 2040;
 - the Reg 18 Draft Local Plan identifies an ‘Option 2’ of for housing which also looks at including standalone settlements in area of outstanding natural beauty (‘AONB’) and Green Belt (i.e. Pedham Place) to deliver 11,000 homes by 2040; and
 - ‘Option 3’ of the available supply for housing which also includes AONB and Green Belt sites on the edge of higher-tier settlements to deliver 12,000 homes by 2040.
- 4.12 The following assumptions and data sources are used for the labour supply scenarios:
- The current number of housing units in Sevenoaks is 51,605 units according to Census 2021 number of dwellings dataset. The forecasted number of dwellings is the current number of housing units plus the housing target across the 20-year plan period.

- The average household size for Sevenoaks is 2.4 according to the 2014-based Subnational Household Projections (SNHP)¹² which is applied to the housing target to estimate population change. The 2014-based SNPP and SNHP have been used instead of the latest 2018-based SNPP data to remain in line with the standard method for assessing housing needs. The vacancy level was estimated using the latest Census 2021 data on number of vacant dwellings which estimated 4.8% of dwellings in Sevenoaks are vacant.
- Population aged 16-64 projections over the Local Plan period draw on the 2014-based Sub-National Population Projections ('SNPP') and equivalent Sub National Household Projections (SNHP). This has been applied to provide consistency with the basis for the standard methodology for calculation of local housing need as set out in the PPG.
- Economic activity rates were obtained from latest data from Annual Population Survey, which states 76.4% of residents from the ages of 16-64 are economically active.
- The Labour Force Ratio (LF) is calculated based on the total number of jobs¹³ in Sevenoaks divided by the economically active population¹⁴ : a job density of 1.24.

4.13 Using the above assumptions, the population change over the plan period is estimated by applying the average household size and the vacancy rate of dwellings to the housing target figure to estimate the change in population projection. To convert the population, change to economically active population in employment, the 2014 SNPP population aged 16-64 is applied, as well as the economic activity rate and the in-employment rate. Finally, the labour force ratio is then applied to the economically active population in order to arrive at the total number of jobs.

4.14 The proportion of jobs within office, industrial and distribution sectors assume the same shares as the Labour Demand Scenario forecast analysis (as above). These jobs are then translated into employment floorspace (GEA sq.m) and land requirements using the same assumptions on employment densities and plot ratios as presented in Scenario 1 above.

Baseline Labour Supply (10,680 homes)

Table 5 Net Employment, Floorspace and Land required from Labour Supply Growth- 534 dpa, 2020-2040

Type of Space/ Use Class	Employment (No. of Jobs)	Employment Floorspace (GEA sq.m)	Land Requirements (ha)
Office E(g)(i)/(ii)	3,660	49,423	5.4
Light Industrial Eg(iii)	1,692	85,892	21.5
Industrial B2	-351	-7,047	-1.8
Distribution B8	428	31,408	7.9
Total	5,430	159,676	33.0

Source: Lichfields analysis

Totals rounded

¹² ONS (2014), SNHP

¹³ ONS (2021), Jobs Density. Total jobs include employees, self-employed, government supported trainees and HM Forces

¹⁴ ONS (2023), Annual Population Survey (Jul 2022- Jun 2023)

Option 2 Potential Housing Target (11,000 homes)

Table 6 Net Employment, Floorspace and Land required from Labour Supply Growth- 550 dpa, 2020-2040

Type of Space/ Use Class	Employment (No. of Jobs)	Employment Floorspace (GEA sq.m)	Land Requirements (ha)
Office E(g)(i)/(ii)	3,770	50,904	5.6
Light Industrial Eg(iii)	1,742	88,465	22.1
Industrial B2	-362	-7,258	-1.8
Distribution B8	441	32,349	9.1
Total	5,592	164,460	33.9

Source: Lichfields analysis

Totals rounded

Option 3 Potential Housing Target (12,000 homes)

Table 7 Net Employment, Floorspace and Land required from Labour Supply Growth- 550 dpa, 2020-2040

Type of Space/ Use Class	Employment (No. of Jobs)	Employment Floorspace (GEA sq.m)	Land Requirements (ha)
Office E(g)(i)/(ii)	4,113	55,530	6.1
Light Industrial Eg(iii)	1,901	96,508	24.1
Industrial B2	-395	-7,918	-1.98
Distribution B8	481	35,289	8.8
Total	6,100	179,410	37.1

Source: Lichfields analysis

Totals rounded

- 4.15 As highlighted above, the future labour supply scenario sets out the land requirements needed depending on the Council's housing target. The baseline housing target of 10,680 homes would result in a rise of 5,430 economically active residents in Sevenoaks. When translated to employment floorspace this equals 159,676 sq.m or a land requirement of 33.0 ha. Option 2 and Option 3 provide a higher housing supply target, resulting in more economically active residents and more land needed, of 33.9 ha and 37.1 ha, respectively.

5.0 Findings and Conclusions

- 5.1 A review of the methodology of the 2022 published Study on Sevenoaks highlights limitations to how the demand for future employment floorspace in Sevenoaks District to 2040 has been assessed. This includes an overall lack of clarity as to the assumptions used, for instance the type of floorspaces used for the employment densities, the type of use classes (i.e. "Other Industrial") or the data source utilised for the past trends scenario.
- 5.2 The Study also fails to consider the needs arising from the Council's housing target, which could add a more well-rounded perspective on the need requirements. Instead, the Study takes an average of two very different scenarios (10.9 ha from the Labour Demand Scenario

and -12.3 ha¹⁵ from the Past Trends scenarios) to reach a final estimate of the demand for employment land need in Sevenoaks up to 2040. This is not considered a best practice approach, especially given that the past trends scenario results in a significantly negative requirement for both office and industrial requirements.

- 5.3 As a result, we have conducted alternative demand scenarios using the same plan period to explore the level of need requirements across Sevenoaks. This included an alternative Labour Demand Scenario using the latest available Experian Forecasts (September 2023 release) for 38 detailed sectors which equates to a need requirement of 27.1 ha of employment land compared to the 8.9 ha from the Study's labour demand approach.
- 5.4 The employment land needs requirement using a Labour Supply Scenario is even higher than the Labour Demand approach which estimates a need requirement of between 33.0-37.1ha employment land depending on the Council's housing target. Option 2 presents a housing supply target which also includes standalone settlements such as Pedham Place, should these be delivered, additional population in these settlements would translate to a need requirement of 33.9ha of employment land over the plan period.
- 5.5 Table 8 summarises the demand and supply balance of the alternative demand scenarios against the available supply position for employment land estimated in the Sevenoaks Economic Needs Study (2022). This highlights that against all alternative demand scenarios, there is a significant shortfall of between 23.8-33.8 ha of available supply of employment land to meet the need requirements across the plan period.

Table 8 Demand and Supply balance, 2020-2040

	Scenario 1: Labour Demand (Experian)	Scenario 2: Labour Supply- Baseline (10,680 homes)	Scenario 2: Labour Supply- Option 2 (11,000 homes)	Scenario 2: Labour Supply- Option 3 (12,000 homes)
Total demand (ha)	27.1	33.0	33.9	37.1
Total supply* (ha)	3.3			
Balance	-23.8	-29.7	-30.6	-33.8

Source: Lichfields/analysis/ Sevenoaks District Council (2022)

*The supply position has been taken from the Sevenoaks Economic Needs Study (2022) stated in pg 121 (Figure 8.7).

- 5.6 Therefore, all of the alternative demand scenarios presented in Table 7 demonstrate there is in fact a credibly higher needs requirement for employment land in Sevenoaks above the 5.7 ha identified in the Study over the same plan period. In fact, considering the same supply position from the Study, this shows a significant shortfall of between **23.8-33.8 ha of employment land**.

¹⁵ A review of the calculations of the final need requirement set in the Study shows that it is likely that an average from the two past trend scenarios needs -11.6ha and -13 ha was used to then take an average with the central Labour Demand scenario.