

Small Workspace Study

FOR SHEPWAY DISTRICT COUNCIL

FINAL REPORT

Report by **BBP Regeneration**

For **Shepway District Council**

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Executive Summary

In the context of Shepway's economy being dominated by micro and small enterprises, encouraging new business start-ups, particularly in higher value sectors, and supporting their survival and growth, is important for stimulating economic growth and increasing productivity in the District.

Supporting early stage businesses is an economic development priority for Shepway and in February 2015, the Council commissioned BBP Regeneration to research the workspace needs of micro and small businesses across the District. This work is intended to provide an evidence base for decisions to be taken by the Council on policy and interventions.

With a steadily improving UK economy, there has been a surge in UK business births and a marked drop in the number of business failures. Increasing self-employment has been the key driver of business population growth, which is heavily aided by the advance in telecommunication technologies.

The changes in business demography and the technological evolution in the last decade have had consequential effects on the property market as we see the return of occupier confidence and rising demand for commercial premises. As a result property costs have risen significantly, particularly in Central London and an increasing numbers of occupiers are therefore using relocation and mobile or home working as a catalyst for change in their working practices in order to minimise their operating costs. Contractual flexibility is key for small occupiers who are faced with the uncertainty of developing their business.

Managed workspace solutions, which offer business support and 'easy-in, easy out' terms are becoming increasingly popular with start-ups and micro businesses, through offering innovative workspace products from desk space, sharing floorspace, collaboration and mentoring. With the rate of homeworkers and 'homepreneurs' rising, there is a growing provision for workspace environments, which foster collaboration and act as an 'HQ' for self-employed and freelancers.

This report examines Shepway District's property stock in its three sub-regions, namely Folkestone/Hythe, Romney Marsh and North Downs, which all have different physical characteristics and latent demand. The report examines supply and demand for workshops, light industrial and office space with a size range up to 46 sq m (500 sq ft).

A high proportion of the existing office stock (45%) in the District is in small units of under 46 sq m (500 sq ft), which is largely consistent with Shepway's neighbouring districts of Ashford, Canterbury and Dover. There is a much tighter existing stock of small workshops/light industrial units (only 6% of the total stock).

In terms of current office availability there are a number of small empty units, most of which are in Folkestone, however, these are offered on standard lease terms, where the tenant needs to commit to a lease of 3 years or longer. Such premises are unlikely to attract start-ups due to the lack of flexibility and type of space and the absence of on site management, services and facilities offered by serviced workspace environments. There is no office availability in Hythe and very limited provision in the New Romney and North Downs areas. In terms of light industrial, there are only three small industrial units of under 46 sq m on the market in Shepway. This shows a very limited availability in this size bracket, especially compared with Ashford District, which has twenty-five available small units.

A large number of start-ups and micro businesses are moving into the flexible workspace sector, realising that conventional workspace does not offer the right environment or opportunities for growth. Smaller occupiers are interested in best value for money, rather than cost per square foot, and

emphasis is on the right location, (e.g. a specific motorway junction) and attractive design. Typically travel to work time will be less than 30 minutes.

Business centres and managed workspace centres in Shepway, offering easy in/ easy out terms, shared facilities, meeting space and a professional environment are generally well occupied (80-100%). Flexible workspace centres in Ashford, Canterbury and Dover are also very well occupied with limited availability in most of the locations.

Shepway has a relatively high proportion of self-employed people (16.8%), compared with its neighbouring districts and the national average. The number of registered businesses is currently 3,175, however, it is estimated that there are c. 1,800 additional businesses, operating 'under the radar'. New businesses accounted for 13% of Shepway's active enterprises but despite the encouraging level of self-employment and new start-ups, business survival rates are low. This suggests strongly that more needs to be done to support small, early stage, enterprises in Shepway.

Out-commuting and homeworking are affecting the property requirements. There is net out commuting of 4,000 people who travel to work out of the district daily, with the highest outflow to Ashford. 11% of those in employment in Shepway work mainly at or from home, however, this proportion is much higher in parts of Romney marsh and North Downs. These areas traditionally suffer from very poor mobile and broadband connectivity. It is estimated that around 70% of all new businesses start from home, which translates to roughly 50 home start-ups in Shepway each year.

Figure A – Small workspace supply and demand (summary)

	Existing units (non-serviced)	Available units (non-serviced)	Self employed	Working from home	Out-commuting (net)	New business (average, pa)	Home start-ups (estimated, pa)
B1a (Office)	173	10	13,300	5,431	-4,000	80	50
B1c (industrial)	13	3	13,300	5,431	-4,000	80	50

Source: BBP Regeneration's summary of EGI, VOA and ONS data (2015)

The likely sources of demand for small workspace in Shepway will be from the existing business base within finance and business services, capturing growing value pressures in London (outsourcing and relocations) and new business start-ups. Reduced travel times to London as a result of High Speed 1, coupled with cheaper house prices open up opportunities to attract businesses, commuters and home workers from London.

Our analysis of existing data on the supply of small workspace provisions and potential demand from start-ups and early-stage business, in particular, concludes that there is need for more provisions of the right type of workspace to satisfy the growing demand for managed/workhub space. Gaps in the flexible workspace market have been found in each of the sub-areas in Shepway with a potential for:

- a new business centre in Folkestone and a smaller managed workspace centre in Hythe
- extension to existing provisions in New Romney
- deskpace provisions in community centres in the rural areas of the North Downs
- additional provision around the M20 corridor

Out of these the priority would be to identify and bring forward workspace in Hythe. Given the existing supply in Ashford and Basepoint at Junction 13 of the M20 additional provision in the M20 corridor might be brought forward as a pilot and expanded to meet demand. The same approach might be adopted in the North Downs settlements.

Delivery of small workspace schemes generally requires some form of public sector support as the private sector developers and investors discount values for such management intensive schemes, where the flexible terms attract weak covenant strength. Completed development values tend to be lower than development costs, however, this gap can be bridged by public sector grant support or land offered at nil/low cost. Given the right product in the right location, there should be a viable business case for an operator to run a business centre on a financially sustainable basis if the capital costs do not have to be fully accounted for.

This report, thus, recommends a number of steps which Shepway Council can take to promote an increase in the supply of small workspace across the District, to include policy change, use of public land and assets, direct Council interventions or working as a facilitator or partner as well as other soft forms of support.

1. Introduction

Background and context

- 1.1 In February 2015, BBP Regeneration was commissioned by Shepway District Council to research the workspace needs of micro and small businesses across the District. Part of the brief was to look at the potential opportunities at Stop 24 of the M20. The work is intended to provide an evidence base for decisions to be taken by the council on policy and interventions.
- 1.2 For the purposes of this study, small workspace has been defined as accommodation suitable for the needs of start-up and micro businesses, typically employing up to ten people. This might be in a simple workshop, light industrial or office with a size range up to 46 sq m (500 sq ft). This may also include yard space for businesses requiring open working areas.
- 1.3 A broad definition of workspace has been used throughout the study, namely “*Office facilities, workshop units and flexible workspace, with some on-site support mechanisms.*” We have reviewed four broad types of managed workspace:
- Traditional managed workspace (Urban) - traditional model of managed work space, usually accommodated in large office buildings, business parks and science parks on the edge of city. There is generally less flexibility in the use of space with little collaboration between occupiers. Operators tend to monitor business activity than provide a mentoring service.
 - Traditional managed workspace (Rural) – located in attractive edge of town or rural setting, which promotes high levels of occupation. Generally provided by the public sector in modern buildings, there is some flexibility in the use of space but little collaboration. Business support is limited.
 - Innovation and Incubation Centres – provide intensive business support and significant collaboration with a focus on start-up and early-stage companies in specific industries.
 - Workhubs - located in / close to town centres, re-using existing buildings, and providing very flexible, affordable space / use for businesses, as well as considerable levels of mentoring. These are often home based businesses who need space to work from on an ad hoc basis (but not as a replacement for workspace at home), and micro or small businesses who want small office and grow on space.
- 1.4 The context is that Shepway’s economy is dominated by Small and Medium sized Enterprises (SMEs) with around 88% of businesses micro-sized (0-9 employees). Encouraging new business start-ups, particularly in higher value sectors, and supporting their survival and growth is important for stimulating economic growth and increasing productivity. In particular, support for micro and small business can prove a lifeline and key driver for rural economies.

2. Small Workspace Emerging Trends

Business Demography

- 2.1 The Government classifies Micro-businesses as business employing 0-9 employees. There were 5.0 million micro-businesses in the UK in 2014, accounting for 96% of all businesses. Although the vast majority of businesses in the UK employ fewer than 10 people, this sort of business only accounts for 33% of employment and 19% of turnover¹.

Figure 2.1 – UK private business sector statistics

Business statistics, UK private sector

	Number of Enterprises			Employees	Turnover
	2013 (000s)	2014 (000s)	% change	2014 (000s)	2014 (£ billions)
Micro (0-9 employees)	4,671	5,010	7%	8,276	655
Small (10-49 employees)	186	195	5%	3,807	515
Medium (50-249 employees)	30	31	3%	3,075	477
Total SMEs (0-250 employees)	4,887	5,236	7%	15,158	1,647
Large (250+ employees)	6	7	17%	10,070	1,874
Total (all businesses)	4,895	5,243	7%	25,228	3,521
SMEs as % of total	99.8%	99.9%	-	60%	47%
Micro as % of total	95%	96%	-	33%	19%

Source: BIS, Business Population Estimates 2014

Notes: Numbers rounded to the nearest 1000; Data relates to the start of each year

- 2.2 The UK economy has been steadily improving since the last recession with a 28.5% increase in UK business births between 2012 and 2013. Figures from the Office for National Statistics suggest that as well as the rise in start-ups, there has been a marked drop in the number of business failures, which decreased by 6% in the same period.
- 2.3 Of the 30.2 million people in the UK in work in January to March 2014, 4.2 million were home workers, giving a home worker rate of 13.9% of those in work. This is the highest rate since comparable records began in 1998. The number of home workers has grown by 1.3 million and the rate by 2.8 percentage points since 1998. Home workers tend to work in higher skilled roles than the rest of the population and consequently earn on average a higher hourly wage. Almost two-thirds of home workers were self-employed in 2014. Using the home for work is most prevalent within the agriculture and construction industries. South East has the highest percentage of homeworking (16.4%), compared to all other regions in the UK².
- 2.4 Increasing self-employment has been the key driver of business population growth with an increase of 330,000 new businesses since the start of 2013. Translating that in to types of businesses, the number of sole proprietorships is estimated to have increased by 197,000 over the course of 2013,

¹ BIS (2014) Business Population Estimates

² ONS (2013) Annual Population Survey

while the number of partnerships increased by 17,000. The number of companies increased by 115,000³.

Workspace Trends

- 2.5 The changes in business demography have had consequential effects on the property market as we see the return of occupier confidence and rising demand for commercial premises. As a result property costs have risen significantly, particularly in Central London, where vacancy rates are now as low as 2%. As property costs are typically a business' second largest overhead after staff costs, increasing numbers of occupiers are therefore using relocation as a catalyst for change in their working practices in order to minimise their operating costs.
- 2.6 As a consequence a number of trends are emerging among small workspace occupiers, including⁴:
- Flexible terms – recognising the fast moving nature of business 'easy in' easy out' simple plain English license agreements are becoming increasingly common. Typically these are on a managed basis with all inclusive monthly charges and provision of on-site facilities.
 - Hot desking – the sharing of workstations between staff that are not permanently office based. This office occupancy strategy is particularly relevant to management consultancies and sales organisations that employ high numbers of project/field based staff.
 - Remote working – increasing numbers of organisations are exploiting the freedom to operate remotely from the office made possible by advances in mobile data/telecoms technology, including the use of laptops, smartphones and tablet computers, which has enabled some occupiers to reduce the quantum of floor space needed to operate their business.
 - Smaller desk sizes – ten years ago desks were typically 1600-1800mm wide. Today, advances in computer hardware, including the increased use of mobile technology such as smartphones and tablet computers, coupled with the increasing use of electronic, rather than hard copy, filing means that today's office workforce can work as effectively with smaller desks of 1400-1500mm.
 - Cloud technology – the use of cloud computing technology negates the need to develop dedicated data/telecoms rooms, incorporating expensive supplementary air conditioning systems, and also enables savings to be made in the quantum of floor space to be leased.
- 2.7 There has been a growing emphasis on operational effectiveness (clear floorplates, flexibility) over status in order to drive down occupier costs throughout the downturn. Different working practices have been employed such as homeworking and hot desking in order to make an efficient use of existing floorspace and keep property costs down. Real estate costs are increasingly being compared on a per-workstation basis rather than per square foot, which can make efficient new build compare favourably to renewing existing leases⁵.
- 2.8 The implementation of flexible working patterns is expected to accelerate rapidly over the coming decade, enabled by technological progress. This will result in a lower rate of office development, delivering high quality, flexible, highly sustainable space. A low delivery rate coupled with a growing

³ Department for Business and Innovation (2014) Business Population Estimates

⁴ Carter Jonas (2014) Commercial Edge London

⁵ CBRE (2014) In Business – Spring 2014

number of obsolete buildings and conversions to other uses means that the UK office stock could decrease in the next 10 years⁶.

- 2.9 Regional markets and local hubs are likely to become increasingly attractive to occupiers as a consequence of transport infrastructure development, cost pressures, change in the driving sectors of the economy and public sector relocation policy⁷.
- 2.10 Demand for smaller, lower specification offices, for individuals to work alone or in small groups is under increasing competition from serviced offices and co-working spaces and, as wireless and cloud technology improves, people's homes and other locations such as cafes⁸. In addition to small businesses, employment activity that may take place in smaller workspace might include:
- New branches or expansion space relating to businesses established elsewhere;
 - Small public sector operations, social enterprises or the voluntary and community sector;
 - Storage or distribution activities related to wider logistical operations.
- 2.11 Beyond reducing costs, shared work spaces are becoming increasingly important as small businesses and the self-employed look to participate in networks of entrepreneurship and innovation. By being based in a business community entrepreneurs can benefit from peer support, meet potential partners or clients, and have better access to investors/finance. The role of design will become more important in office buildings as organisations appeal to a younger generation of workers who are increasingly interested in flexibility, choice and variety in the workplace⁹.
- 2.12 Generally, it is estimated that 64% of the knowledge economy is based in out of town locations, with just over 4,000 companies based in the UK's 80 science parks. Science parks tend to be anchored by a corporate research laboratory, university or local authority providing a strong covenant. Outside of science parks, it is often necessary for a partner such as a local authority, university or serviced office operator to take on the status of head tenant to reduce the risk to investors.

Case Studies

- 2.13 There are a range of different types of centres, which are designed to meet the needs of start-up and micro businesses. Some specialise in assisting companies from specific sectors and only accept companies from these sectors, while others offer space to any company that can be defined as 'innovative'. Although most centres are separately managed, they are increasingly looking to work together as a network to coordinate and maximise the benefits for their tenants.
- 2.14 All centres offer a variety of working spaces, including hot-desks and virtual offices with easy-in, easy-out terms, inclusive of phone lines and high speed internet connection to offer new businesses more flexibility. Companies are provided with advice and support to foster growth among tenants and act as a 'stepping stone' for companies wanting to take their own independent commercial space.
- 2.15 Typically, there are communal areas such as coffee shops, informal meeting spaces, conference rooms and other facilities for hire are also on offer and many centres run free events to encourage tenants to work together and make new contacts. A number provide larger 'grow-on' spaces so companies do not need to move elsewhere as soon as they are ready to expand.

⁶ GVA (2012) What will influence UK office occupier requirements in the next decade?

⁷ GVA (2012) What will influence UK office occupier requirements in the next decade?

⁸ Building (2013) The future office, 1 February 2013 edition

⁹ Deloitte (2013) UK real estate predictions 2013

Case Study – Westminster Growth Hub, London

Westminster Growth Hub, London

Launched in 2011, Impact Hub Westminster is one of the largest of a global network of locally owned collaborative working spaces. The primary aim is to support organisations with positive social and environmental impact at the heart of their missions.

The environment and services provided are designed to incubate the growth and impact members through collaboration and support.

The operator provides flexible access to workspace and curates a supportive, collaborative environment for impact makers. Impact Hub Westminster also hosts a continuous flow of relevant events and programmes providing a stream of learning and networking opportunities for its members.



Case Study – Workspace Group, London

Workspace Group, London

Workspace serviced offices offer new and growing businesses fully fitted office space to let in London, equipped with all the services for a functioning office; from furniture to telephone and data packages. The serviced business space enables occupiers to grow your business quicker by starting work immediately the day you move in.

As a leading supplier of serviced business space to small and medium-sized enterprises across London, the Workspace Group aims to give tenants the right space and services to enhance their business presence. Each of these environments fosters vibrant communities, encouraging tenants to share ideas with like-minded entrepreneurs and business owners.



3. Programmes and Initiatives

- 3.1 In this section we have reviewed programmes and initiatives taking place nationally and in Kent, which are relevant to considering the needs of micro and small businesses in Shepway.

DEFRA's Rural growth network pilots

- 3.2 Recognising the property needs for small businesses in rural locations, the Government's Department for Environment, Food and Rural Affairs has set up 5 pilot rural growth networks (RGNs) designed to reduce barriers to economic growth in the countryside. These barriers include a shortage of work premises, slow internet connections and business communities spread out over wide areas. By the end of March 2014, the RGN pilots had invested a total of £2.1m of Defra's funding, and levered in a further £4.2m of match funding.



- 3.3 In recognition of the specific issues facing women entrepreneurs in rural areas, as part of the £15m, the Government is targeting up to £2.3m to support rural enterprises led by women, particularly in RGNs.
- 3.4 The scheme is expected to create up to 3,000 jobs and 700 businesses over the 5 pilot RGN areas, which currently are:
- **Cumbria**
- 3.5 The pilot received funding of £3,576,000 to create facilities for rural businesses at 11 hubs, six of which are also key employment sites across the LEP area. Ten growth hubs are now open, offering serviced workspace and training facilities. Two employment sites have been launched at Ambleside and Ulverston, all, with superfast broadband access in a rural area. The RGN-funded Cumbria Business Growth Hub (web portal with online networking and training functionality) now has over 2,000 registered users with business profiles. The Women's Rural Network training and events are well attended.

- 3.6 The focus is on food & drink, digital & creative, agri-business/forestry and adventure/country sports plus support for social and women-led enterprises across an upland area. Early estimates of Growth impacts: 480 new business start-ups, 900 new jobs, 7,000 businesses engaged in networking.
- **Heart of the South West** (covering Devon and Somerset)
- 3.7 The pilot received funding of £2,962,000 to create a “ladder of business accommodation” – incubation units, work hubs and move on space –through investment in eight hubs and several secondary sites across the two counties. Partnership with two universities and multiple private sector research and development agencies have been set up to nurture new businesses and support businesses with high growth potential. A range of women-led enterprises are being supported, such as capital grants to support business expansion.
- 3.8 There is a particular focus on low carbon industries and sustainable business practices. The scheme’s innovative elements include a pilot programme to promote entrepreneurship and masterclasses to foster succession planning in rural family businesses. Early estimates of Growth impacts include 1,359 new jobs and £58.3m increase in GVA.
- **North East** (covering areas of County Durham, Gateshead and Northumberland)
- 3.9 The pilot received funding of £3,201,290 to pilot four different approaches to hub delivery: live-work units, smart-work units, incubation units and a hub that targets creative industries (on a National Trust Estate). Two enterprise hubs have been opened in Wooler and Alnwick and a team of Rural Enterprise Development Officers has been set up. The focus is on developing better links between geographically isolated rural enterprises and urban Enterprise Zones testing the different type of accommodation needed to support enterprises at different stages of growth and development.
- 3.10 ‘Rural connect’ is a new network of more than 20 private, voluntary and public sector operated ‘enterprise hubs’ that has been developed. Female entrepreneurs have been supported through the business support programme. The RGN has also sponsored the ‘Best Rural Business’ category in the 2014 North East Women in the Network awards to be announced in November. Early estimates of Growth impacts: 40 new businesses created, 200 businesses supported, 300 jobs created/safeguarded.
- **Swindon and Wiltshire**
- 3.11 The pilot received funding of £1,990,000 to create incubation units and administrative core at an existing business park with three satellites established initially and a commitment to identify additional opportunities including redundant farm buildings and surplus military sites. The scheme is designed to raise the entrepreneurial confidence and ambition of the rural community, military dependents and those preparing to leave the military. There is a unique focus on the economic growth potential for the area arising from people who have left the armed forces and need support to start up new businesses.
- 3.12 A ‘women in business’ calendar of events has been launched, which will conclude with a large conference in spring 2015. A new specialist business advice grant scheme has also been launched offering up to £1,500 for business to buy-in specialist advice. Three enterprise centres are now open in rural locations across the Local Enterprise Partnership Area.
- 3.13 Web-based services will be developed for rural SMEs including virtual back office/admin support. Early estimates of Growth impacts: up to 200 new jobs at the identified hubs with knock on effect of up to 300 new jobs, support for 150 resident businesses and 300 networked businesses.
- **Warwickshire**
- 3.14 The pilot received funding of £2,402,726 for a new Rural Technology and Innovation Centre at Stoneleigh Park to provide hot desk facilities, advice to rural enterprises and specialist support for female entrepreneurs. Further support is offered for more remote micro-enterprises and home-based businesses provided through links with community hubs currently being established by District & Borough Councils. Links to the Universities and other research establishments in the area

have been created to develop and promote the use and application of technology within rural businesses, with a particular focus on low carbon and environmental technologies

- 3.15 The scheme offered supported nearly 400 small rural businesses, helped 43 people living in rural areas to start a business (half of which are women) and funded over £600,000 of business investments projects that should create or safeguard over 150 jobs. Three new projects designed to help small rural businesses grow through innovation were launched, accessing university expertise, or adopting new technologies. Early estimates of Growth impacts include: 150 new business start-ups, 20 rural/land-based innovative spin-outs, 400 business assisted, 500 new jobs, £50m increase in GVA.

European Growth Programme

- 3.16 The government expects that European Regional Development Fund (ERDF) and the European Social Fund (ESF) Programmes to be agreed by June this year. The ERDF, ESF, together with the European Agricultural Fund for Rural Development (EAFRD) will become part of a single 'EU Structural and Investment Funds (ESIF) Growth Programme', which will be made available to Local Enterprise Partnerships (LEPs) on a competitive basis. The European Structural and Investment Growth Programme has the following priorities:

- innovation and research and development;
- support for small and medium-sized businesses;
- low carbon;
- skills;
- employment and social inclusion;
- the large majority of the funds in the ESIF Growth Programme will be notionally allocated to LEPs areas;
- LEPs will work with local partners, to set out their priorities for the EU Growth Programme Funds in their area in an investment strategy.

- 3.17 The European Growth Programme provides funding to help projects which create jobs and boost the economy in England. These grants are funded by the European Agricultural Fund for Rural Development (EAFRD). The Rural Payments Agency (RPA) manages the grants, working with Local Enterprise Partnerships (LEPs) and local partners.

- 3.18 The RPA has published 'calls for applications' under the Growth Programme in a limited number of LEP areas, as part of an initial phase, before the programme opens fully. From June 2015, calls for applications will open across the country. The grants that are available will reflect the priorities of each local area.

- 3.19 Currently there are Business Support grants in the South East Local Enterprise area available for the following applicants:

- a micro or small-sized business;
- a micro or small-sized social enterprise;
- a farmer wanting to diversify into non-agricultural activities.

- 3.20 Growth programme grants will normally be above £35,000. Applicants can usually apply for a grant to cover up to 40% of the project's eligible costs. Grants will normally be to a maximum of £155,000. The minimum eligible cost of the project would therefore be £87,500 and funding could cover these costs:

- building or improving fixed property;

- buying new equipment and machinery and
- architects, engineer or consultant fees – these can't add up to more than 15% of the project's total eligible costs.

South East Local Enterprise Partnership - Strategic Economic Plan

- 3.21 The SELEP aims to deliver a coordinated approach to business support, focused on backing businesses with the capacity for innovation and expansion, and on those sectors with the greatest capacity for growth and added value. This will include developing the Kent Growth Hub as a central point of information and access to support for business. The East Kent (including Ashford) region of the High Speed One Growth Corridor is prioritised as a one of the places for growth in the SEP.
- 3.22 The South East Growth Deal brings together local, national and private funding to focus on four key priority areas as identified in the Local Enterprise Partnership's Strategic Economic Plan, including Increasing Business Support and Productivity. The SELEP will have a market-driven approach to business support, with a focus on Small and Medium Enterprises (SMEs). Building upon the learning and experience of the Southend-on-Sea Growth Hub funded through its City Deal, the LEP will use this to inform the delivery of signposting services and business engagement. In addition, the Local Enterprise Partnership will support business through proactive engagement with UK Trade and Industry and the Technology Strategy Board. The Local Enterprise Partnership will also support superfast broadband roll-out to businesses.
- 3.23 The secured funding includes:
- SELEP's investment of £3.0m in a Kent and Medway Growth Hub
 - Government's investment of £6.0m in a Kent and Medway Growth Hub, including £1.0m in 2015/16.
 - SELEP's support for the extension of superfast broadband coverage to 90% of UK premises by 2016, via existing broadband projects. The Local Enterprise Partnership will commit to work with local partners and BT to support delivery. To support extension of superfast broadband coverage to 95% of UK premises by 2017, the Local Enterprise Partnership will also work with local partners to help ensure match funding is in place for the next round of projects.
- 3.24 As stated above, funding of £6m has been allocated to Kent and Medway for a 'growth hub'. This amounts to £1m per annum over the next six years. It has now been established that this is a capital allocation and not revenue funding.
- 3.25 The original intention was to use the Growth Hub funding to provide a range of business support programmes but, as a revenue funding requirement, this is now not possible. That said, this new source of capital funding has the potential to provide additional funds to extend the three interest-free business loan funds currently operating within Kent: Expansion East Kent, Tiger (North Kent) and Escalate (West Kent/East Sussex). The Kent and Medway Economic Partnership has recently been asked by the Government to come forward with a proposal about how best this funding could be utilised.

Town, shore and so much more



The Southend-on-Sea City Deal capitalises on opportunities to increase the rates of entrepreneurship and innovation locally, and realise the full potential of this major centre in the South East Local Enterprise Partnership area. The City Deal will deliver incubator space and a one-stop-shop for direct business support to drive jobs growth and increased business start-up and survival rates. This City Deal responds to high levels of demand for such space, and will act as a means for the redevelopment of Victoria Avenue and deprived wards in the centre of Southend - on-Sea. In addition, this project will build on local assets and efforts to increase the skill levels of local residents. Over its lifetime the City Deal will deliver:

- Direct business support for 1,350 businesses, mainly SMEs, across the South Essex area. With at least 375 businesses assisted to improve performance, leading to 555 jobs created or safeguarded over three years from 2013/14.

- Incubator space for up to 10 businesses at any one time, supporting over 110 jobs over ten years from 2014/15.

- Increased levels of business start-up and survival – crucial for the regeneration of the City Centre.

- A model for direct business support and innovation which can be applied across the South East, integrated with proposals for the Strategic Economic Plan.

- A strengthened local planning context to support local development.

Regional Growth Fund

- 3.26 After a successful bid to the Government's £2.4bn Regional Growth Fund (RGF), available between 2012 and 2016, Kent County Council, in association with partners, were awarded £55m to provide business support to SME's as a financial package across Kent, Thurrock and parts of East Sussex. These packages support businesses to expand, create jobs and promote economic development.
- 3.27 The RGF programme affecting Shepway DC is Expansion East Kent - a £35m fund available as repayable finance at 0% interest launched in 2012 for businesses operating/wishing to operate in Ashford, Canterbury, Dover, Shepway and Thanet. Expansion East Kent applicants need to demonstrate job creation, availability of private or other forms of match funding and create employment in the East Kent districts.
- 3.28 From July 2014, an additional package is now included – Small Business Boost. This aims to provide start-ups, small businesses and social enterprises (less than 50 employees) access to 0% interest loan of up to £50,000 to expand their business and create sustained employment. Small Business Boost is funded by the government's Regional Growth Fund scheme and managed by Kent County Council working in partnership other public and private sector partners.

Kent County Council Initiatives

The Marsh Million

- 3.29 The Marsh Million is a £1 million, three year, economic growth fund for Romney Marsh, which is being funded by the Magnox Socio-economic programme, Kent County Council, Ashford Borough Council and Shepway District Council. The scheme will offer 0% interest loan support grants ranging between £10,000-£100,000 for projects seeking to help small, micro businesses and start-ups, voluntary and community groups, charities, social enterprises and education organisations in the Romney Marsh area to grow and diversify the local economy.
- 3.30 Project examples could include:
- training provision
 - business workspace
 - access to transport and potentially some environmental improvements with an economic benefit (for example, through tourism).

Growing Spaces, Kent

- 3.31 In January 2011, Kent County Council in partnership with the Kent Economic Board began a series of sector conversations to understand the challenges of businesses within those sectors. To date the sectors covered have included Health and Social Care, Construction, Creative, Green Economy and Rural. One of the common findings from these conversations was that there was a need for flexible accommodation for small and start-up businesses¹⁰.
- 3.32 In response to this need, the County Council, through its Regeneration Fund, have allocated £3m of capital funding to support the development of business incubator units. To complement this funding, in August of 2012 a bid was made to the Growing Places Fund (GPF) for an additional £1.5m.
- 3.33 The rationale for the bid for GPF funding was that small entrepreneurial businesses play a vital role in the health of the Kent economy. ONS data for the size of enterprises in the County from 2013 reaffirms the dependence on micro-business with figures revealing that 76% of all Kent businesses have less than 5 employees. The Survey results also show that the county is underperforming in terms of new business sustainability. The number of Younger enterprises in Kent (up to 3 years old) surviving between 2008 and 2011 have declined faster than the national average.
- 3.34 Specifically, the bid to GPF envisaged that Growing Spaces (formerly known as Workspace Kent) would consist of two key offers, one offering interest-free loans for more commercial schemes that are stalled due to lack of available finance, whilst the KCC funding would enable grant support to be made available to projects that are looking to establish non-profit centres, in particular in areas of greater deprivation. All projects must incorporate the following characteristics:
- Flexible lease terms and a range of different sized units
 - Business support services and advice
 - Entry selection criteria for tenants (start-up/micro business)
 - Maximum period for occupancy (e.g. 3-5years)
- 3.35 The aims and objectives of the Growing Spaces scheme are to:
- Unlock jobs and business opportunities by enabling increased provision of business incubator space and other workspace offered on flexible terms.

¹⁰ Workspace Kent (2013) Scheme Delivery Plan

- Operate a challenge fund to which private developers and organisations in the public and third sectors can apply for loan funding matched with other sources of investment to cover capital costs in order to bring forward business premises that would otherwise not be developed in current economic circumstances.
- 3.36 The key performance indicators for Growing Spaces are the delivery of 210 workspace units, supplying approximately 9,000 sq m of commercial space, which will support the creation of 900 jobs.
- 3.37 SELEP Growing Places Fund allocated £1.5m for Kent County Council back in 2013, of which there is now £700,000 of funding available. These funds are available for 0% interest loans for private sector investment, with particular interest for schemes with planning permission in place.
- 3.38 Applicants will need to show there is clear evidence of demand and that the development will lead to a measurable net increase in employment in the area. The minimum loan available is £250,000 to provide matched funding up to 50% of total eligible costs.
- 3.39 Folkestone Business Hub at Aspen House, West Terrace has been recently granted funding for a community-led workspace scheme (further details are provided in the next sections).

Other Initiatives

- 3.40 Kent Country Council also provides the following support to local businesses:
- ‘Backing Kent Business’ – campaign brought together by business support organisations like Chamber of Commerce, FSM, SEEDA, Business Link etc; KCC reduced invoicing to 20 days in support of local businesses
 - Running an online business support Centre <http://www.kent.gov.uk/business>
 - KCC library offers a wealth of business information
 - Outsourcing services to local business; advertising contracts through the South East Business Portal;
 - Offering support to young entrepreneurs via the Kent Foundation
 - Providing coaching and mentoring for businesses
 - Providing flood risk assessment for businesses
 - Offering support on compliance with trading law through the Kent Trading standards office
 - Offering grants to cover costs of broadband provisions (see below)
 - Providing rural business support grants
 - Partnership with Kent Action for Rural Retailers
 - Lobbying on behalf of Kent businesses
 - Gravesend’s derelict Town Hall refurbished to provide space for small businesses
 - The Old Rectory at Northfleet refurbished to provide business centre for small businesses
 - Promoting Kent as a location to the Film & TV industry
 - Investment in the Quarterhouse art centre with the top floor used for creative start-ups
 - Sponsoring Locate in Kent
 - Producing an annual property report in association with Cluttons and Locate in Kent
 - Publishes month and quarterly economic data

Broadband Infrastructure

- 3.41 Kent County Council is leading a £40m programme to invest in Kent and Medway’s rural broadband infrastructure and make a major difference to access across the County by the end of 2015. The programme covers over 168,000 premises which currently suffer from poor (or non-existent) broadband across the County. The target is to provide superfast broadband (speed at least 24Mbps) to over 91% of premises, a further 4% benefitting from fibre based broadband (with speeds up to superfast) and the final 5% of premises receiving at least 2Mbps.

East Kent Spatial Development Company

- 3.42 The East Kent Spatial Development Company (EKSDC) was established in 2001 as a regeneration initiative, which in essence sought to deliver utility infrastructure and also to deliver finance for prime future projects.
- 3.43 The basic model for the initiative is that finance, which was originally secured from the European Regional Development Fund, Single Regeneration Budget and English Partnerships, was used to invest in infrastructure, which in turn yielded a return which was then again invested in future rounds of infrastructure.
- 3.44 Approval has been given to the first phase of a project to provide employment and training space in Aylesham. This funding is delivered by the Homes and Communities Agency and the East Kent Spatial Development Company is used as the delivery mechanism.
- 3.45 The EKSDC have an allocated budget of c. £3m and are looking for potential projects to develop or invest.

Magnox Funding

- 3.46 Magnox is committed to providing and enabling socio-economic support for the communities in which it operates in-line with the requirements of the Energy Act 2004 to mitigate the effects of decommissioning on the surrounding communities and develop opportunities for socio-economic development.
- 3.47 There is an allocated budget of £1m to be spent on various projects across all sites for 2015/2016. The catchment area for this funding scheme covers New Romney, which has already received support for the Romney Resource Centre's incubation units over 3 years.

Shepway Business Support

- 3.48 Shepway District Council and the Kent Channel Chamber of Commerce have come together to deliver a business advice and support service for start-up and small businesses in Shepway.
- 3.49 The new business advice and support service is funded from the council's recent £1million commitment to supporting the local economy. Kent Channel Chamber of Commerce will deliver the service.
- 3.50 The initiative will see the resurrection of the annual Business to Business event in Shepway, the running of the Enterprise Club for people looking to set up business as well as a series of workshops on business planning, finance and marketing. A team of business advisers will also be on hand to help local businesses with their issues.

Enterprise First

- 3.51 Enterprise First offers support to start ups and existing business in the Shepway area as part of their contract with Shepway District Council to support the local economy. This collaboration with Whitefish Marketing is geared to assist budding new businesses with all their marketing needs.
- 3.52 Whitefish Marketing handle digital activities for businesses of all sizes, the digital agency offer a unique turnkey web design and marketing package specifically for start-ups, which is what prompted the initial conversations with Enterprise First.

Figure 3.1 – Programmes and initiatives summary

Programme	Description	Lead Agency
Rural Growth Network pilots	5 pilot rural growth networks (RGNs) designed to reduce barriers to economic growth in the countryside	Department for Environment, Food & Rural Affairs
The European Growth programme	Business Support grants in the SELEP area are available for micro or small-sized businesses, micro or small-sized social enterprises and diversification into non-agricultural activities.	European Structural and Investment Fund
Kent & Medway Growth Hub	Investment not yet confirmed but the capital funding has the potential to provide additional funds to extend the three interest-free business loan funds currently operating within Kent: Expansion East Kent.	South East Local Enterprise Partnership
Expansion East Kent	£35m fund available as repayable finance at 0% interest launched in 2012 for businesses operating/wishing to operate in Ashford, Canterbury, Dover, Shepway and Thanet.	Regional Growth Fund
Small Business Boost	This aims to provide start-ups, small businesses and social enterprises (less than 50 employees) access to 0% interest loan of up to £50,000 to expand their business and create sustained employment.	Regional Growth Fund
The Marsh Million	£1 million, three year, economic growth fund for Romney Marsh offering 0% interest loan support grants for projects seeking to help small, micro businesses and start-ups, voluntary and community groups, charities, social enterprises and education organisations in the Romney Marsh area to grow and diversify the local economy.	Magnox Socio-economic programme, Kent County Council, Ashford Borough Council and Shepway District Council
Growing Spaces	£3m of capital funding to support the development of business incubator units plus £1.5 Growing Places Fund, offering interest-free loans stalled commercial schemes and grant support to non-profit centre projects, in particular in areas of greater deprivation.	Kent Country Council and Growing Places Fund
East Kent Spatial Development Company	£3m budget to invest or develop. Currently on hold but looking for new projects/schemes.	EKSDC, HCA
Magnox	£1m funding for socio-economic project in areas affected by decommissioning nuclear plants.	Magnox
Broadband Infrastructure	£40m programme to transform Kent and Medway's rural broadband infrastructure and make a major difference to access across the County by the end of 2015.	Kent County Council
Enterprise First	Support to start ups and existing business in Shepway. This is a collaboration with Whitefish Marketing to assist new businesses with all their marketing needs.	Shepway District Council

Source: BBP Regeneration

4. Small Workspace - Supply

Property Market Trends

- 4.1 The significant technological advances in the recent years have impacted directly on the property market resulting in a transformation of the use of workspace. A significant number of start-ups and growing SMEs are moving into the flexible workspace, realising that conventional workspace does not offer the right environment or opportunities for growth. The occupiers' property strategy has also been affected by the rise of mobile working as well as working from alternative locations. Smaller occupiers are interested in best value for money, rather than cost per square foot, and emphasis is on the right location, (i.e. a specific motorway junction) or a certain image or an attractive design¹¹.
- 4.2 This has resulted in an exceptionally strong business centre market in the UK, which provides one third of all global serviced office centres. The UK sector is broken down in to 63% business centres, 22% managed centres and 15% light industrial space¹².
- 4.3 As the economic climate continues to improve, the number of serviced office centres across the country has risen by 3.6%, in addition to an 11.4% increase in workstation rates. According to Instant Offices research there were 355 serviced office schemes in the South East in 2014, with an average workstation rate in the area is £290 per month – an increase of 1.5% since 2013¹³.

Local Supply

- 4.4 The office supply in the South East is now at a five year low, showing an increase in rental levels and take up at the highest level since the beginning of the recession. Although IPD statistics indicate negative rental growth in Kent, the decline is narrowing from 2011/2012. This has seen the return of speculative development in the South East, with one of the first speculative offices in Kent at Hermitage Court, Maidstone now fully let. At the end of June 2014, 90% of the office properties available in Kent were at the smaller end of the range of less than 450 sq m, which was 1% down the availability in June 2013¹⁴.
- 4.5 In Shepway there are 35,600 jobs, of which approximately one third are based in 'B' use class properties (offices, industrial and warehouses) and two thirds in non-'B' use class including accommodation, food and culture, wholesale and retail, education and healthcare¹⁵. Shepway has the highest proportion of Service sector employment, compared to neighbouring districts. The majority of the Service sector jobs are provided in the Folkestone/Hythe area.

Figure 4.1 – Jobs in East Kent

Jobs	Shepway	Dover	Canterbury	Ashford	South East	Great Britain
Total employee (jobs)	35,600	31,300	59,800	49,600	-	-
Full-time (%)	63.9	65.2	58.1	65.5	66.5	67.7
Part-time (%)	36.1	34.8	41.9	34.5	33.5	32.3
Manufacturing (%)	4.3	8.2	3.1	9.4	6.4	8.5

¹¹ Business Centre Association (2013) Summary of BCA 2013 Conference

¹² IPD and Snapdragon Consulting (2014) UK Business Centre Market

¹³ Instant Offices (2015) Serviced Office Review

¹⁴ Kent County Council (2014) Kent Property Market

¹⁵ ONS (2013) Business Register and Employment Survey

Information and communication (%)	1.7	1.4	2.5	6.3	6.3	4
Financial and other business services (%)	21.2	13.1	13.7	17.7	20.8	21.8
Construction (%)	5	4.4	3.8	4.3	4.7	4.4
Wholesale and retail, (%)	15	14.7	18.6	21.3	17.3	15.9
Accommodation and food services(%)	7.9	8.8	8.8	7.1	7.3	7
Public admin, education and health (%)	31.4	33.9	41.2	27	26.6	28

Source: ONS (2013)

- 4.6 Reduced travel times to London as a result of High Speed 1, coupled with cheaper house prices open up opportunities to attract businesses, commuters and homeworkers to Shepway from London. Similarly, sites close to M20 junctions, providing adequate parking, are also likely to prove attractive to occupiers. However, Shepway does not have a 'flagship' office employment area to compete with developments such as Eureka Science and Business Park in Ashford and White Cliffs Business Park in Dover.
- 4.7 Shepway has about 73,000 sq m of office stock according to the latest VOA data. There are 380 units with an average size of 190 sq m. The number of units of under 46 sq m is around 173, or around 45% of the total stock.
- 4.1 There is a much tighter existing stock of small workshops/industrial units, which is a general trend in East Kent. The supply of light industrial units in Shepway is currently at 49,000 sq m in 202 units, with an average unit size of 230 sq m. However, only 13 of these units (6% of the total stock) are under 46 sq m.
- 4.2 In terms of availability there over seventy B-use class units available in Shepway according to EGI data (May, 2015). However, there are only three small workspace units of under 46 sq m on the market. This shows a very limited availability of small units, especially compared with Ashford District, which has twenty-five small units. Canterbury and Dover have five advertised small units each. There are small rural office/light industrial conversions in Canterbury and serviced desk space availability in Discovery Park near Sandwich, which are not formally marketed.

Figure 4.2 – Small workspace availability in Shepway

Address	Town	Unit description	Unit size (sq m)
Basepoint Business Centre, Shearway Business Park, Folkestone, CT19 4RH	Folkestone	Offices	32
Basepoint Business Centre, Shearway Business Park, Folkestone, CT19 4RH	Folkestone	Workshop Unit (light industrial)	37
Sandgate Laundry Estate, Dymchurch Road, Hythe, CT21 6LU	Hythe	Unit 18 (mixed industrial)	33

Source: EGI (May, 2015)

- 4.3 Shepway District has three distinct economic "sub areas" - Folkestone and Hythe, Romney Marsh and the North Downs, each with their own distinct economies and spatial characteristics. These inevitably therefore have their own strengths, weaknesses and opportunities as identified below.

Folkestone and Hythe

- 4.4 The area is the main focus of economic activity in the district with a population of around 65,000 people and excellent connectivity with two HS1 railway stations, three M20 junctions, the Channel Tunnel, and proximity to the UK's largest and busiest sea Port.
- 4.5 The area contains the two main retail centres in the district - Folkestone and Hythe, and several business and commercial estates. It is also where the majority of growth will take place for the period up to 2026, with the Shepway Local Plan indicating that around 75% (6,000) of the 8,000 new homes built in the district over this period are likely to come forward in this urban area.
- 4.6 There is strong business representation in the financial, insurance and business services sectors, an existing internationally renowned tourism reputation, and growing creative and media sectors. The area is characterised by a low overall unemployment level but with small pockets of high unemployment in East and Central Folkestone. This clearly provides the opportunity for businesses to expand and recruit locally, subject to appropriate skill levels. There are plans to improve the low levels of educational attainment through new investment by East Kent College and the performance of Folkestone's two grammar schools.
- 4.7 The sub area clearly has a function as an 'economic entity' within Shepway, with the main employment locations serving both Folkestone and Hythe, as well as retail provision in Folkestone's town centre, education facilities (particularly FE), a common coastline and other direct communication routes.
- 4.8 Analysis of VOA Business Rates data shows that Folkestone and Hythe have approximately 11,000 sq m of office and light industrial floorspace in over 500 units, with an average unit size of 215 sq m. The majority of the units (350) are offices, 160 of which (45%) are under 46 sq m. There are only 12 light industrial units of under 46 sq m in this sub-area.
- 4.9 The majority of the commercial property stock is located within Folkestone – there are 350 office and light industrial/workshop units with a total of c.86,000 sq m and an average unit size of c. 244 sq m. 240 of these units, or approx. 58,300 sq m, are used by office occupiers, and 115 units with a total area of c. 27,800 sq m are occupied by light industrial uses. More than one third (121) of these units are under 46 sq m in size. The majority of these units are offices with only 8 of these small workspaces being light industrial.
- 4.10 Whilst the overall quantum of office floorspace in Folkestone/Hythe compares favourably with neighbouring districts, this picture is skewed as 22% of the space is occupied by SAGA. Half of the office space within the Folkestone / Hythe urban area is located in and around Folkestone town centre, with a further one-fifth located in the M20 corridor. This includes the serviced workspace at the Basepoint Enterprise Centre, Shearway and premises occupied by SAGA at Cheriton Parc House¹⁶.
- 4.11 There are currently various office units of different sizes available in Folkestone. However, it is important to note that these are all available on standard lease terms, whereby the occupier needs to commit to a longer period of time without the option to break the lease within short notice. This is an important feature for start-ups and micro businesses, which are very reliant on their cashflow.

Figure X – Office availability in Folkestone

Address	Unit description	Unit size (sq m)	Asking rent (£ psm)	Lease
Europa House, 49 Sandgate Road, Folkestone, CT20 1TD	5th (part)	153	£34.55	Standard terms
Europa House, 49 Sandgate Road, Folkestone, CT20 1TD	7th (part)	167	£31.75	Standard terms

¹⁶ BBP Regeneration (2014) Shepway in Context

Europa House, 49 Sandgate Road, Folkestone, CT20 1TD	8th (part)	169	£31.43	Standard terms
Europa House, 49 Sandgate Road, Folkestone, CT20 1TD	4th (part)	291	£18.19	Standard terms
Castle House, Castle Hill Avenue, Folkestone, CT20 2TF	Ground	382	Not quoted	Standard terms
Europa House, 49 Sandgate Road, Folkestone, CT20 1TD	3rd	506	£10.44	Standard terms
33 Earls Avenue, Folkestone	Over a few floors	129	£74.42	15 years lease
12 Cheriton Place, Folkestone	Over a few floors	187	£72.19	New FRI lease
16 Bouverie Place, Folkestone	Over a few floors	793	£163.93	18 years lease
Ingles Cottage, Jinton Rd, Folkestone	Ground/1st	59	£136.00	Flexible lease
35 Bouvarie Road, Folkestone	Ground floor	43	£147.00	Lease for 4 to 10 years only
The Workshop, 32-40 Tontine Street, Folkestone, CT20 1JU	1st (part)	290	£47.00	Not quoted

Source: EGI (2015)

- 4.12 Hythe has a modest office stock of approx. 11,300 sq m in 106 units with an average size of 110 sq m. Whilst a high proportion of this stock is located on the High Street in Hythe, there are about 25 units at Lympne Industrial Park as well as a number of office units in local farms. Around 45% of the office stock (48 units) is of 46 sq m or smaller. There is currently no office availability in Hythe according to EGI data from May 2015.
- 4.13 Industrial (manufacture and assembly) activity in Folkestone and Hythe is limited relative to logistics (warehousing and distribution), and is typically light in nature. Units typically range from 350 to 2,000 sq m with a small number of larger units between 3,000 and 8,500 sq m, primarily providing flexible space suitable for use as a workshop or warehousing (B1c\B2\B8).
- 4.14 Smaller-scale industrial estates in east Folkestone such as the Highfield Industrial Estate and Bowles Well Gardens account for 15% of developed employment land within the economic area. Whilst varying greatly in quality of accommodation and access, they are well-occupied suggesting that they cater well for local demand¹⁷. Highfield Industrial Estate has 4 light industrial units ranging from 110 sq m to 350 sq m, whereas Bowles Well Gardens has 3 units of c. 185 sq m each.
- 4.15 In Hythe, local industrial estates such as the Pennypot, Kengate and Boundary Road estates provide a range of light industrial and logistics accommodation of varying quality, and typically modest in size. The majority of the existing units exceeds 46 sq m with only 3 small light industrial spaces on the Kengate Estate.

Romney Marsh

- 4.16 The Romney Marsh sub area has a distinct identity – there are some very remote parts to this predominantly agricultural area, which also supports tourism related activities. Approximately 20,000 people live in the sub area and housing growth is likely to be relatively modest of around 800 new homes (10% of the total for the district) in the period up to 2026¹⁸.
- 4.17 The local economy is primarily rural, with both agriculture and tourism playing an important role, and there are a large number of unqualified / poor qualified and low-skilled jobs. Unemployment rates tend to be low largely due to an older and economically inactive population.
- 4.18 The west of the area has been dominated by two nuclear power stations at Dungeness since the 1950s. Site A is forecast to see a sharp decline in jobs as it decommissions, but EDF's B station is expected to receive a lifetime extension until 2028 and so presents future opportunities around nuclear energy. The new Marsh Academy and the work of the Romney Resource Centre are both supporting the creation of a strong workforce.

¹⁷ BBP Regeneration (2014) Shepway in Context

¹⁸ Shepway Local Plan

- 4.19 This sub area also contains Lydd Airport, which has recently received approval for the construction of a new terminal building and the extension of its runway to accommodate larger passenger planes. There is an aspiration by the owner over the next few years to achieve 500,000 passengers per annum using the airport facilities, which will have the potential to attract new support and other service based businesses into the area.
- 4.20 The Mountfield Road Industrial Estate is the largest employment site in the Romney Marsh area (57% of the area's 28 hectares of employment land). Phases 1 and 2, to the north of the site, total 10 hectares of land that is now almost entirely built out. Phases 3 and 4, most of which is under Shepway District Council ownership currently used for agricultural purposes (total six hectares). The estate is generally well occupied; however, as is the case across the District, quoting rents are rarely achieved and are not high enough to induce speculative development.
- 4.21 There are currently three employment areas within Lydd: Station Yard (0.9 hectares of currently brownfield vacant land), Harden Road (2.2 hectares comprising some modern 'nursery' light industrial and logistics units and two larger units, one of which is vacant) and Kitewell Lane (one hectare comprising 'nursery' light industrial and logistics uses, situated close to residential uses, with capacity for further development on-site and expansion to neighbouring sites).
- 4.22 The New Romney Business Incubation Centre, which opened in 2014, provides 7 incubator units, hot desking as well as a conference facilities for start-up businesses on Romney Marsh, funded by Shepway District Council, Kent County Council and Magnox. At present all incubator units are fully occupied.
- 4.23 VOA Business Rates data shows that Romney Marsh has approximately 2,800 sq m of office floorspace in 28 units, with an average unit size of 940 sq m. Yet, only 9 of these office units are under 46 sq m. By contrast, there are over 80 workshop units with a total floor area of c.20,000 sq m, most of these available on the local industrial estates. Similarly, the number of small light industrial units is limited – currently only 9 units are under 46 sq m in the Romney Marsh area.

North Downs

- 4.24 The area has a highly dispersed population of 23,000 with no significant settlements. The "focal point" for growth is at Hawkinge with its ready access to the M20. The Shepway Local Plan indicates that around 15% (1,200) of housing growth for the period up to 2026 will be built in this sub area and there is demand for high quality executive housing in key villages.
- 4.25 The area is characterised by the predominance of agricultural activities, its quality natural landscape, its vibrant and varied villages, and a variety of recreational activities in the Kent Downs Area of Outstanding Natural Beauty. There is poor connectivity in some places with some mobile telephony 'not-spots'.
- 4.26 This area performs well economically, with unemployment rates being relatively low. There are also some key development opportunities to be driven forward in Hawkinge, with its ready access to the M20. Commuting and shopping patterns suggest that people in this area are linked economically with Canterbury and Ashford, as much as they are with Folkestone and Hythe.
- 4.27 According to VOA Business Rates data, there are only 5 office units in the area – in Hawkinge and Lyminge, none of which comprises less than 46 sq m. VOA has not indicated any light industrial units in the area.

Rural Provisions

- 4.28 There appears to be limited provision of employment space in the rural part of the District, with relatively few examples such as Benham Business Park, which offers commercial units from 90 sq m, and small units in converted farm buildings, at Newingreen near Hythe. The rural area of the

M20 is characterised by a number of small villages, set within attractive countryside which forms part of the Kent Downs Area of Outstanding Natural Beauty.

- 4.29 The figure below provides details of small workspace units in converted farm buildings and rural locations.

Figure 4.3 – Commercial floor space in rural areas

Address	Use	Size (Sq m)
Unit 6a, Spring Farm, Ivychurch, Romney Marsh, Kent, TN29 0AY	Workshop And Premises	34.73
Unit 6, Spring Farm, Ivychurch, Romney Marsh, Kent, TN29 0AY	Workshop And Premises	35.95
Office 3 At Hillhurst Farm, Saltwood, Hythe, Kent, CT21 4HU	Office And Premises	38.3
Workshop R/O The Sawmill, Wills Farm, Newchurch, Romney Marsh, Kent, TN29 0DT	Workshop And Premises	39.9

Source: VOA (2015)

- 4.30 There is potential for conversions of redundant agricultural buildings for small-scale, high-quality office or workshop developments, as is common in other parts of rural Kent. These could serve to meet the needs of rural businesses which operate in this area, but also could attract new start-up businesses or relocations from more constrained locations nearby, for example Canterbury¹⁹.
- 4.31 The figure below shows a summary of the most recent planning applications, which include a commercial element. There has been only one conversion from a farm use to commercial B1 use in the last year and a small number commercial units in Hawkinge and Folkestone.

Figure 4.4 – Recent planning proposals including a commercial element

Ref	Date	Location	Description	Status
Y14/0544/SH	April 2014	9A & 9B Defiant Close, Hawkinge, CT18 7SU	Mixed used development with 8 ground floor commercial units (Classes A1, A2, A3, B1 uses) and 48 two-bedroom apartments and a D1 unit.	Approved Aug 2014
Y14/0696/SH	June 2014	Holly Tree Farm Green Lane, Rhodes Minnis, CT4 6XU	Change of Use and conversion of barn into commercial use (Class B1).	Approved June 2014
Y14/0928/SH	Aug 2014	East Station Goods Yard, Southern Way, Folkestone, Kent	Mixed use development 41 dwellings and 1,000 sq m commercial space (Class B1/B8)	Registered Sep 2014 but Status not available
Y14/1102/SH	Sep 2014	The Thorn Stone Street, Stelling Minnis, CT4 6DA	Mixed use development of 1,720 sq. metres of Business (Class B1) commercial floorspace and 14 dwellings.	Refused Sep 2014
Y15/0072/SH	Jan 2015	11 Tontine Street Folkestone CT20 1JT	Erection of a four and five storeys with 415 sq. metres of commercial floor space with a flexible use spanning use classes A1/A2/A3/A4, B1 and D2, together with 8 dwellings above.	Approved Feb 2015

Source: Shepway District Council

Neighbouring Centres

¹⁹ Nathaniel Lichfield and Partners (2011) Shepway District Council: Employment Land Review

- 4.32 The three neighbouring districts – Ashford, Canterbury and Dover have been identified as competitor areas to Shepway.
- 4.33 Commercial floorspace availability is tight across all uses and sizes in Shepway and its neighbouring districts. Discussions with Locate in Kent and other local agents suggest that there is a particular lack of small workspace solutions available on flexible terms throughout East Kent.
- 4.34 Whilst EGi does not provide a comprehensive database of all available commercial property on the market, in May 2015, there were only 38 small B-class units of under 46 sq m available in East Kent, including Shepway, Dover, Ashford and Canterbury with total availability of 1,200 sq m. Most of these available suites are located around Ashford (26 units), including most of the serviced office accommodation offered in Newbury House, Court Lodge Farm, Ashford.
- 4.35 The growth agenda in Ashford, which has a number of ‘flagship’ employment sites, a generally better range of employment space as well as good and improving transport links, has the potential to attract or divert some businesses from Shepway, both industrial and office investment.
- 4.36 In terms of office stock in the neighbouring districts, Dover has 121 small office units (39% of the total stock), Canterbury – 245 small units (45%), and Ashford – 345 small units (44%). Similarly to Shepway, these figures indicate that the local property market is relying heavily on demand from small office occupiers.
- 4.37 As is the case in Shepway, there is a much tighter supply of small workshops/industrial units in the other districts in East Kent. There are 15 units of under 46 sq m in Dover (14% of the total stock), Canterbury has 26 units (11%), and Ashford has 36 units (7%).

Figure 4.5 – Small commercial units stock in East Kent

District	Small office units (% of total office stock)	Small Industrial units (% of total industrial stock)
Shepway	45%	6%
Dover	39%	14%
Canterbury	45%	11%
Ashford	44%	7%

Source: VOA (2015)

- 4.38 In terms of service/managed accommodation, Ashford has the best offer of flexible workspace solutions and tiers of space. Canterbury also benefits from various serviced/managed workspaces as well as innovation and incubator centres. Dover has fewer flexible workspace options including the newly created serviced desk space at Discovery Park as well as the Dover Innovation Centre outside the town centre. Further details of some of these schemes are included in the next section.

Local Business and Small Workspace Centres

- 4.39 **Folkestone Enterprise Centre, Shearway Business Park, Folkestone** - the serviced office scheme at Junction 13, operated by Basepoint, comprises 3,200 sq m is generally well occupied (typically 80-85% and sometimes fully let) space, set around a landscaped courtyard car park. Accommodation ranges from small units for one to two people, through to larger units for more established businesses. There are spacious fully functioning workshops along with a whole range of units in between. Facilities include free parking, high speed internet access and an on-site cafe/restaurant. Currently about 40% of the existing occupiers are start-ups.
- 4.40 **Basepoint’s** local variances in occupancy levels tend to be more dynamic than virtually any other centre. The current issue is an inability to retain certain existing occupiers who require larger space than their current 40 sq m modules they provide. The operator is intending to expand over the next 5 to 7 years with an aspiration for another 40 new centres. They have an on-going discussion with Pentland Homes to investigate constructing a further local centre of larger grow-on accommodation of c. 90 sq m at Hawkinge West.

Figure 4.6 – Shearway Business Park images



Source: Basepoint

- 4.41 **Channel Business Centre, Ingles Manor, Folkestone** - traditional office space for up to 15 small businesses in a Grade II listed former manor house set in its own gardens. The property is well maintained and offers refurbished offices of varying sizes with free parking. There is potential for grow-on space as part of the wider Ingles Manor redevelopment.

Figure 4.7 – Ingles Manor business centre image



Source: Channel Business Centre

- 4.42 **The Workshop Folkestone, Tontine Street, Folkestone** – modern building with a range of office accommodation from serviced desk space for one person separate units and self-contained floor space for established businesses. The building also provides an ‘incubator’ to assist start-up businesses with additional wider support services and subsidised rates. Facilities include reception, postal, photocopying, admin services, meeting rooms and parking options. The building also benefits from high speed internet and state-of-the-art digital telecoms system for unified communication. Regular business support is offered by Enterprise First. Their occupancy rate is currently at 85%.

Figure 4.8 – Tontine Street images



Source: *The Workshop Folkestone*

- 4.43 **The New Romney Business Incubation Centre, Mountfield Road Industrial Estate, Romney Marsh** was established in 2014 as a three-year pilot funded by Shepway District Council, Kent County Council and Magnox. At present all incubator units are fully occupied with some of the existing start-ups starting to generate a positive cashflow and hence being able to contribute to their property costs. The centre also provides hot desking as well as a conference facilities, café as well as providing a range of national vocational qualifications, short courses and bespoke training in partnership with a number of national and regional organisations.
- 4.44 **Folkestone Business Hub, West Terrace, Folkestone** – this new community-led scheme comprises 840 sq m of commercial space, offering workspace and businesses services to start-ups and new businesses. The centre is set up as a community interest group and has received funding from Workspace Kent. The hub is expected to open in June 2015 and it will offer three tiers of workspace:
- Free desks, mentoring, internet and printing for up to 6 months for start-ups and self-employed people.
 - After the initial period, tenants will be able to move to ‘desk pod’, let at a minimum rent of c. £50pcm.
 - There will also be self-contained units for when businesses become more established, hire staff etc.
- 4.45 **Evegate Business Park, Ashford** is set in the countryside but is still well connected being less than four miles to junction 10 of the M20, and just over five miles to Ashford International Station for travel to Central London in less than 40 minutes. There are a number of successful businesses, which are selected to promote networking and collaboration. Rural office units from 20 sq m are available on a flexible short term lease, with the option to give three month notice at any point. All units under 37.2 sq m are exempt from business rates until 31 March 2016. Tenants also benefit from facilities such as shared kitchen, inclusive electricity and heating, fibre optic 100mb leased line, shower facilities and cycle storage. Free conference room usage and free parking are also offered to the local occupiers.

Figure 4.9 – Evegate Business Park



Source: Evegate Business Park

4.46 Kent has developed a network of innovation centres which, together, form the ‘Kent Innovation Corridor’ running from the Nucleus at Dartford in the west through to the Kent Innovation Centre in Margate in the east:

- **Canterbury Innovation Centre, Canterbury** - variety of space available, including workshops, studios and virtual offices, which provide start-ups and SMEs with an address and redirected telephone numbers. It offers companies attractive monthly easy in/out licences and incubator space which includes furniture, broadband connection and a digital phone line to allow instant start-up. All tenants benefit from the use of meeting rooms, central atrium and coffee shop, breakout area and a decked veranda. The centre is run by Basepoint and is currently fully occupied.
- **Kent Innovation Centre, Broadstairs** – the centre is owned by Thanet District Council and offers affordable, flexible and professional office space units from 10m² to 100m² on flexible agreement terms (easy in/out 28 day licences); welcoming reception, attractive breakout area with refreshment facilities. There is a 'Desk space' scheme for start-up companies, providing own mini office in a shared office. The centre is currently 82% occupied with the most popular unit size being between 34-40 sq m. The units are let to innovative businesses at £174 per sq m per year all-inclusive.

- **Margate Media Centre, Margate** – offers 8 offices ranging from 2 to 8 persons. The centre is based in the cultural quarter of ‘Margate’s Old Town’. There is a 100 person conferencing suite in the old banking hall and tenants are all based on the upper levels with lift access available.
- **Lakesview Enterprise Centre, Canterbury** - provides 12 offices ranging from 15 sq m to 25 sq m with two meeting rooms for client presentations, training and seminars. In addition, it offers business advice, signposting to support organisations and opportunities to attend networking events with commercial partners that allow for a “plug and play” environment.

4.47 The **University of Kent’s Business Incubation and Support** unit in Canterbury is devoted to helping current student, graduate (up to five years) and staff start-up ventures and early stage companies to increase survival rates. The physical hub tenancy provides businesses with high quality, affordable office space, as well as access to the business support, training, networks and resources they need to grow and thrive. The Kent Enterprise Hub combines a professional working environment with the appropriate infrastructure to support new businesses. 78 companies have been created and developed at the Kent Enterprise Hub since 2010. As a result 138 jobs have been created in the local community. The Kent Enterprise Hub has run 701 business advice sessions since 2010.

Figure 4.10 – University of Kent Business Incubation and Support unit



Source: University of Kent

4.48 **The Dover Innovation Centre, Dover** provides 8,000 sq m of newly refurbished, quiet offices and workshop facilities. The centre offers fully-serviced offices, telecommunication services including high speed broadband and free parking as well as meeting, training and board rooms. The centre also offers additional services such as virtual offices, shared office space and short term rental. All suites are now fully occupied. Room rates vary depending on size, for instance, a 2 person office is offered at £400 per month + VAT and includes most occupier’s costs.

Figure 4.11 – Dover innovation Centre



Source: Dover Innovation Centre

Rent, All-inclusive Rates and Consultation Feedback

- 4.49 Local agents in Folkestone comment that there is currently very low demand for traditional commercial B class space in town centres. Most occupiers' requirements are for serviced or managed schemes in out-of-town locations, where they can get competitive all-inclusive rates.
- 4.50 Office rental values in Folkestone town centre are typically offered at £65-£70 psm for second hand units. Newly refurbished office premises with parking in the town centre are typically offered at £97 psm, whilst values close to M20 junctions can reach £151 psm.
- 4.51 In comparison, office rental values for second hand assets in Ashford are c. £161-£172 psm whereas better quality space in Eureka Business Park on Junction 11 has achieved £204.5-£215 psm.

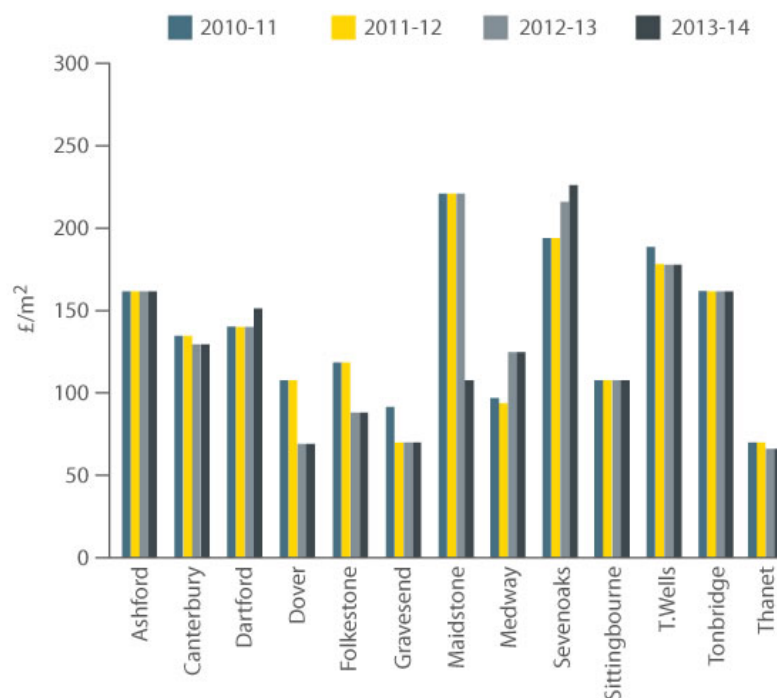
Figure 4.12 – Office rental values (traditional space)

Area	Rental (pa / sq m)
Shepway	
Folkestone town centre	£27-97
Wider urban area	£51-129
Dover	
Dover town centre	£27-75
Discovery park (all inclusive)	£215-£269
White Cliff Business Park	£91.50
Canterbury	
Canterbury town centre	£120-130
Rural offices/Conversions	£65-86
Ashford	
Ashford town centre	£161-172
Eureka Business Park	£204-215

Source: BBP Regeneration

- 4.52 In East Kent office rental values are historically highest in Ashford, followed by Canterbury. Dover and Shepway (Folkestone) have seen some reduction in achieved rents over the last three years as shown in the figure below. This is mostly due to occupiers' uncertain perceptions of the economic background but also change in their special requirements and working practices.
- 4.53 Although reliable information is hard to find, discussions with local agents and managed spaced operators suggest that, similarly to the traditional office values, serviced/managed space rates have been static for the last three years.

Figure 4.13 – Office rental values in Kent



Source: Caxton (2014)

- 4.54 In Dover rental values vary from £26.90 psm for poor quality second hand stock to £91.50 psm for good quality air-conditioned office space in Whitfield. There is a growing number of requirements for serviced office space and demand for space is predominantly out-of-town with Discovery Park attracting a number of occupiers from town centre locations by offering good transport connections and excellent on-site facilities.
- 4.55 There is a general trend for office occupiers to reduce their property requirement or remain in their current premises due to expectations for future market volatility and economic uncertainty. It is perceived that occupiers prefer out-of-town locations, where they get better value for money. In particular, many occupiers opt for serviced office space in out-of-town locations, which is currently offered at an all-inclusive rate of c. £215-237 psm.
- 4.56 Rental values for office space in Canterbury town centre are c. £130 psm. Local agents comment that there is a chronic shortage of good workspace across all size brackets. Industrial space currently transacts at £65-75 psm depending on size.
- 4.57 The serviced office scheme at Junction 13, operated by Basepoint has quoting license fees equivalent to £194 psm per annum, although effective rents are around £161-172 psm pa after incentives. All-inclusive fees equate to £269 psm.
- 4.58 The self-contained office space at the modern scheme at Tontine Street in Folkestone is offered at £118 psm. They also offer desks space on a standard rate of £180 per desk pcm or at a subsidised rate of £109 per desk psm.

- 4.59 The Channel Business Centre in Folkestone offers an average suite size of approx. 19 sq m, suitable for a 2 person occupancy, at circa £350 per month, including a fully managed reception service. Electricity, telephone and broadband are not included and add approximately £75 per person to the occupational costs. On above basis total monthly occupational cost per suite-circa £475-500 per month.
- 4.60 Discovery Park at Sandwich, now 60% occupied, offers both traditional office space at £215-270 psm and managed workspace accommodation, specifically designed for start-ups. Hot desks for new companies start are offered at £150 psm per desk and smaller self-contained units are offered at £300 pcm. They currently have 8 start-up businesses in occupation and generally good level of interest as the managed space is a new feature, which they are not formally marketing.

Figure 4.14 – Managed/ Serviced space/workstation rates

Centre	Rental	Occupancy
Shepway		
Workhub, Tontine Street	£180 per desk per month/ £109 subsidised	85%
Folkestone Business Hub	Free - Minimal	Not operational
Channel Business Centre	£475-500 per small suite (2 person)	100%
Basepoint, Shearway	£269 psm all inclusive	80-85%
New Romney Business Centre	Free incubator space	100%
Other areas		
Discovery park, Dover	£215-269 psm; £150 per desk; £300 self-contained unit	New scheme - 70%
Dover Innovation Centre	£400 + VAT per month for 2 person office	100%
Canterbury Innovation Centre, Basepoint	£385 pcm for 1 person office	100%
Kent Innovation Centre, Broadstairs, Thanet	£174 psm, all incl	82%
Rural Workshops, Canterbury	£32-37 psm	90%
Evegate Business Park, Ashford	£225 psm pa all inclusive	90%

Source: BBP Regeneration

- 4.61 Folkestone's rental values for smaller industrial units of less than 930 sq m is around £50-75 psm in Park Farm Industrial Estate and c. £75 psm for Shorncliff Business Park. High-profile employment developments in Dover such as White Cliffs Business Park also offer competition in the industrial and distribution sector.

Figure 4.15 – Industrial rental value (traditional space)

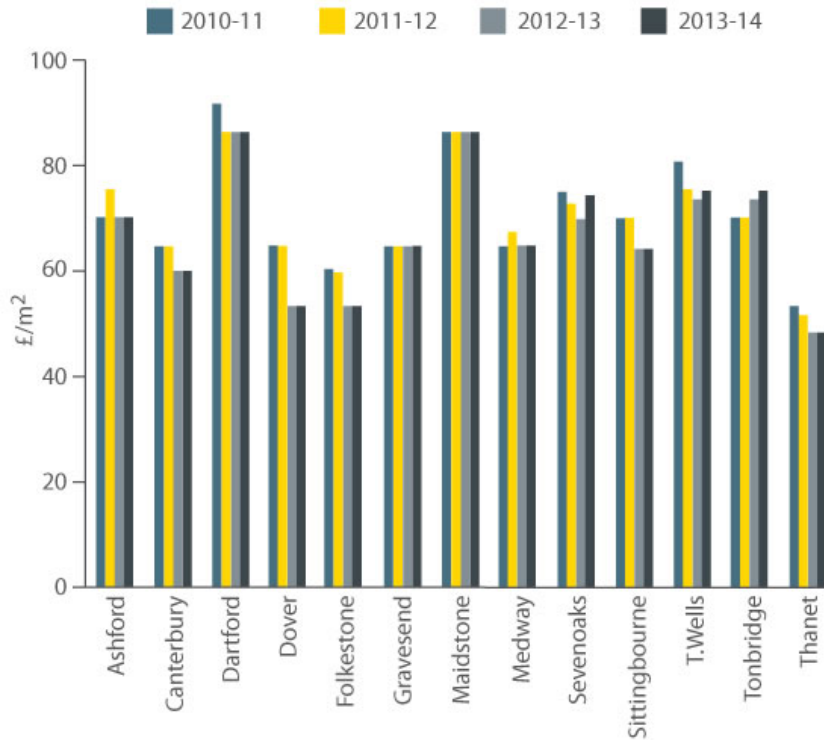
Area	Rental (pa / sq m)
Shepway	
Business Parks (<450 sq m)	£45-75
Lympne Industrial Estate	£39-43
Dover	
White Cliff Business Park	£45-£65
Discovery park	£37.70-£55
Canterbury	
Canterbury	£65-75
Lakesview Business Centre	£45-50
Rural Workshops	£32
Ashford	

Ashford	£70-£75
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Source: EGI, agent consultation (2015)

4.62 Similarly to the office rental market, the highest industrial values are historically achieved in Ashford and Canterbury, whereas rentals in Dover and Shepway (Folkestone) are roughly at the same level.

Figure 4.16 – Industrial rental levels in Kent



Source: Caxtons (2014)

4.63 Whilst low rental values relative to neighbouring locations make Shepway attractive to occupiers, they limit opportunities for speculative development, especially on a larger scale where slow take-up rates would lead to high levels of vacancy in initial years.

5. Small Workspace - Demand

Business Demography

- 5.1 Shepway is significantly a rural area, with a population density of three persons per hectare. Most of the population lives in the coastal towns of Folkestone and Hythe. The district has a population of approximately 108,800, 59.9% of which are of working age²⁰. This is slightly lower than in the South East and England in general, but higher than other comparator areas. This means that in terms of the productive potential of residents, Shepway is at a slight advantage compared to other districts in East Kent (Dover 60.3%, Ashford 61.1%, Canterbury 63.9%²¹).
- 5.2 There were about 13,300 self-employed people (16.8%) in Shepway in 2013, which is substantially higher in comparison to the South East (11.3%) and Great Britain (10%)²². Shepway had a higher percentage of self-employed than the three comparable districts – Dover (13.3%), Canterbury (10%) and Ashford (10%).
- 5.3 Relatively high percentage of self-employment and homeworking patterns can represent a strong culture of entrepreneurship and enterprise. On the other, elevated levels of self-employment can be an indicator of economic stress and represent a lack of other employment opportunities.
- 5.4 The level of unemployment in Shepway was 5.8% in 2013, which compared favourably with Dover (7%) and Canterbury (6%) as well as Great Britain (6.5%). The rate of unemployment in Ashford was 5.2%, which was largely in line with the average for the South East of 4.8% in 2013.
- 5.5 The most recent data on the number of VAT and/or PAYE registered businesses in Shepway indicates that there were 3,175 in 2014²³.
- 5.6 Comparing the ONS data on registered VAT and/or PAYE based enterprises and BIS data on business population estimates for the whole of UK and the South East region reveals that there is a 40% variance between the two data sets. This shows that there is a large proportion of businesses, which remain largely 'under the radar'. Applying the same ratio to the number of VAT/PAYE registered businesses in Shepway, gives a potential total number of c. 5,000 businesses in the district.
- 5.7 In terms of business composition the majority of the existing businesses in Shepway are regarded as micro businesses with 0-9 employees (87.9%). This is lower than the South East (89%) and the UK (95%). In comparison with neighbouring districts, Ashford and Canterbury have a higher number of businesses in most size bands, whereas Dover has largely the same business composition as shown in the figure below.

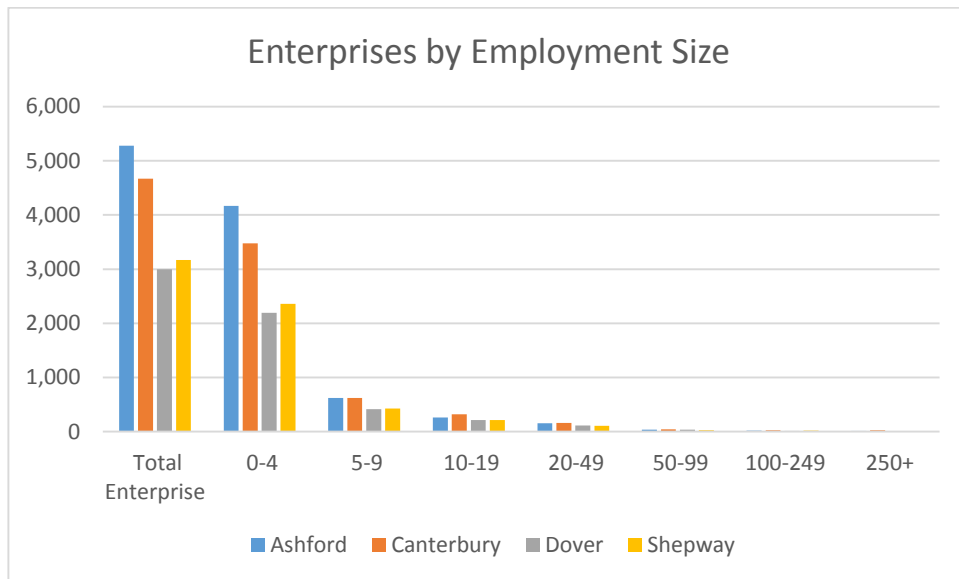
²⁰ ONS (2013) Mid-year population estimates

²¹ ONS (2013) Mid-year population estimates

²² ONS (2013) Mid-year population estimates

²³ Inter Departmental Business Register (2014)

Figure 5.1 – Enterprises by employment size



Source: Inter Departmental Business Register (ONS) 2014

- 5.8 Business formation is another important indicator in establishing a healthy business environment. There were 470 ‘births’ of new enterprises in 2013 and Shepway, which was 11% down from 2012. However, the number of business failures had also reduced by the same percentage from 445 in 2012 to 400 in 2013²⁴.
- 5.9 As the figure below shows, new businesses accounted for 13% of Shepway’s active enterprises in 2013; this was in line with the other districts in Kent but slightly lower than both England (14%) and the UK (14%).

Figure 5.2 – Count of deaths and births of enterprises for 2009 - 2013

		2009	2010	2011	2012	2013	Birth/Deaths as % of Active Enterprises, 2013
Births	Ashford	515	510	580	565	705	13%
	Canterbury	460	515	525	535	690	13%
	Dover	290	260	345	340	440	13%
	Shepway	375	335	440	530	470	13%
Deaths	Ashford	635	635	610	595	605	11%
	Canterbury	550	485	505	505	525	10%
	Dover	360	300	285	320	345	10%
	Shepway	430	390	360	445	400	11%

Source: ONS (2013) Business Demography

- 5.10 Despite the encouraging level of self-employment and new start-ups, business survival rates are low. Both the 3 year and 4 year business survival rates were lower at 55.7% and 46.8% respectively, than in the comparator districts and in comparison with the South East and England averages. This suggests strongly that more needs to be done to support small, early stage, enterprises in Shepway²⁵.

²⁴ ONS (2013) Count of Business Births and Deaths

²⁵ BBP Regeneration (2014) Shepway in Context

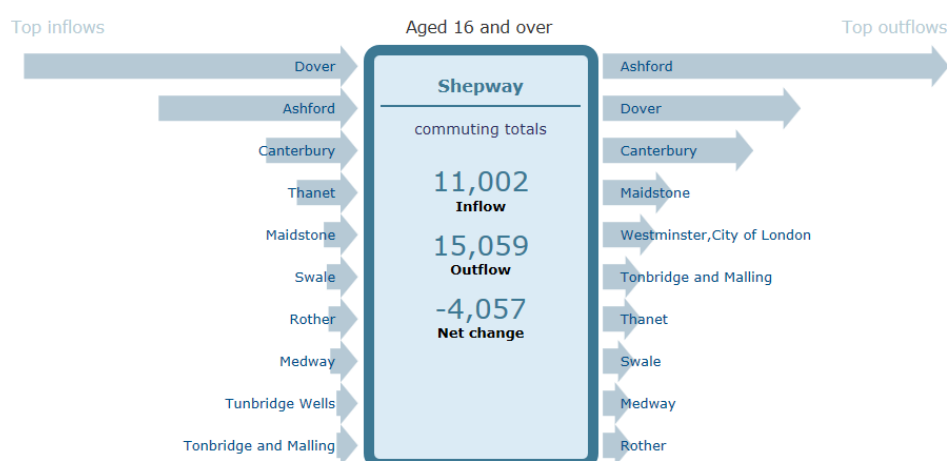
Figure 5.3 - Survival of newly born enterprises

	Births 2008	1 Year %	2 Year %	3 Year %	4 Year %	5 Year %
Ashford	640	93.8	72.7	57.0	48.4	42.2
Canterbury	545	96.3	78.9	64.2	51.4	42.2
Dover	330	93.9	77.3	59.1	51.5	42.4
Shepway	395	93.7	73.4	55.7	46.8	39.2

Source: ONS (2013) Business Demography

- 5.11 The Census of Population provides information on district level commuting flows, although the data needs to be treated with some caution as the figures do not include those that work at or mainly from home or individuals with no fixed place of work and are also subject to disclosure suppression where confidentiality issues apply.
- 5.12 The 2011 Census indicates that some 23,600 people both lived and worked in Shepway, which was 61% of the total residents in employment in the district. This percentage was considerably higher in 2001, when it was 70%.
- 5.13 The latest Census shows that an additional 11,000 people commuted into the district to work and 15,000 residents commuted out to work elsewhere. Overall Shepway is therefore a net exporter of labour, with some 4,000 more people travelling to work outside the district than travelling in to work²⁶.

Figure 5.4 – Commuting patterns in Shepway



Source: ONS Census 2011

- 5.14 The principal district that people commuted into Shepway to work from in 2011 was Dover (which accounts for 42% of in-commuters), which was similar to the situation in 2001 when 43% of in-commuters came from Dover.
- 5.15 For the Shepway residents commuting out of the district to work, the destination for the highest percentage of out-commuter was Ashford (32% of out-commuters) in 2011, followed by Dover (18% of out-commuters) and Canterbury (13% of out-commuters). Only 12% of out-commuters travelled to the London boroughs to work, which represented only around 5% of the working residents in Shepway.
- 5.16 Another factor affecting the land and property requirements are the changing patterns and levels of homeworking. ONS Census data on methods of travel to work reveals that 11% of those in employment in Shepway work mainly at or from home, which is in line with the general trend in Kent

²⁶ BBP Regeneration (2014) Shepway in Context

and slightly higher than the average for England (10.3%) but lower than two of the comparable areas. (Ashford 13%; Canterbury 12%; Dover 10%).

- 5.17 The North Downs and Romney Marsh areas have some of the highest rates of home working in Shepway, with the highest being 21% in the Elham and Stelling Minnis ward and 20% in Romney Marsh, followed by North Down West and Tolsford, both at 18%²⁷. Despite relatively high levels of home working, some parts of the North Downs area continue to suffer from very poor mobile and broadband connectivity.
- 5.18 The consistent increase in self-employment figures in the UK re-affirms the existence of an upward trend in home-based business since the late 1990s. According to ONS data (2014) 4.6 million people indicated self-employment as their main job occupation, which is more than 15% of the total working population.
- 5.19 Home-based businesses are usually not captured in survey data or administrative data. Enterprise Nation (2014) estimates that over half of all UK small businesses operate from home, and their number is increasing year-on-year. Taking into account those businesses, which start from home and then move into commercial premises, this estimate rises to around 70% according to Enterprise Nation²⁸.
- 5.20 This percentage, applied to the number of new businesses in Shepway, gives roughly 50 new home-based business starts in Shepway for 2013. The existing stock of small workspace units is inadequate to provide workspace for these new companies with currently only 170 existing units under 46 sq m, which are occupied, and very limited availability of suitable units, offered on flexible terms.
- 5.21 According to the Labour Force Survey (2013), 57% of the self-employed in the UK work from home²⁹. Although improving, the uncertainties associated with running a business from home – particularly relating to planning permission, business rates and tenure regulations – means that there are likely to be many more home-based businesses that operate ‘under the radar’ and hence do not appear in economic statistics.
- 5.22 The regions with the highest concentration of home-based businesses in the UK are the South East (19.3%) and Greater London (17.1%). According to the ONS, the predominant occupations amongst the self-employed in the UK are construction and the service industries. However, the Homeworking Business Report shows the top sectors for ‘homepreneurs’ as creative, business services and professional consulting including law, science and engineering³⁰.

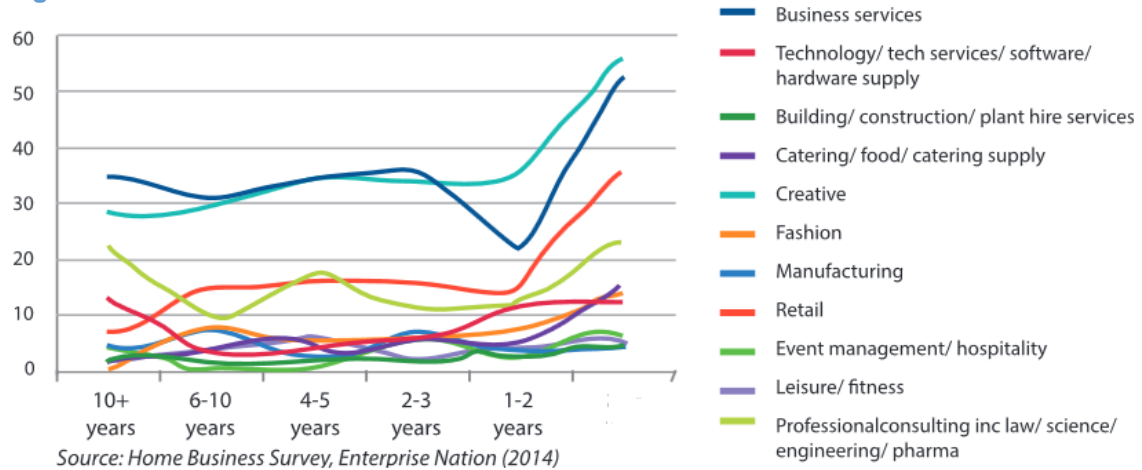
²⁷ ONS (2011) Data Explorer: Method of travel to Work

²⁸ Enterprise Nation (2014) Home Business Report

²⁹ Federation of Small Businesses (2015) Home Truths: The true value of home-based businesses

³⁰ Enterprise Nation (2014) Home Business Report

Figure 5.5 – Home-Based Businesses establishment over the last decade



- 5.23 While males still dominate the self-employed population (ONS, 2014), women represent two thirds (64%) of the home entrepreneurs in the UK. Furthermore, according to the data survey, over half of those women (54%) work in their enterprise full time. Interestingly, about 28% of the female home business owners fall within the group of mothers with children under the age of 10. These findings suggest that home based businesses are common for mothers, who run hobby businesses³¹.
- 5.24 Generally, many freelancers, micro and small businesses, based at home, need to collaborate to ensure business success. Some homeworkers need an ‘HQ’ that itself supports home working and collaboration in order to support their activities from the onset through to the growing of the business.

Key Sectors

- 5.25 The occupation profile of Shepway residents in 2011 shows that three occupation groups are the most significant - Professional, Associated Professionals and Technical and Skilled Trades. These three groups together account for one third of Shepway residents in employment.

Figure 5.6 - Occupational profile of the resident and workplace based populations

	Workplace population	Resident population	Balance	Workplace %	Resident %
1. Managers, directors and senior officials	4,500	5,290	- 790	10%	11%
2. Professional occupations	5,240	6,400	- 1,160	12%	13%
3. Associate professional and technical occupations	6,000	6,200	- 200	14%	13%
4. Administrative and secretarial occupations	4,720	5,120	- 400	11%	11%
5. Skilled trades occupations	5,720	6,150	- 420	13%	13%
6. Caring, leisure and other service occupations	5,460	5,710	- 250	12%	12%
7. Sales and customer service occupations	4,630	4,680	- 50	10%	10%
8. Process plant and machine operatives	2,770	3,340	- 570	6%	7%

³¹ Enterprise Nation (2014) Home Business Report

9. Elementary occupations	5,210	5,390	- 180	12%	11%
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Note: Numbers rounded to nearest 10.

Source: ONS Census, 2011

- 5.26 Sectors demonstrating an increased demand for flexible workspace include IT, media, retail support and insurance. Centres reporting a significant increase in enquiries were those operating in a 'niche' environment, those nurturing specific sectors in particular: technology or design or those offering lifestyle facilities such as gyms, bars, restaurants and break-out facilities³².
- 5.27 The 'knowledge economy' is seen as a key driver for the economic growth in the UK. It spans subsectors within computing, telecoms, media, research and development, business services, higher education and cultural and recreational services. One increasingly recognised subset of the knowledge economy is the 'creative and cultural' sector, also known as the 'creative sector' (the term Technology, Media and Telecoms, abbreviated to TMT, is also broadly interchangeable).
- 5.28 The Department of Culture, Media and Sport defines the creative sector as nine subsectors: advertising and marketing; architecture; crafts; design: product, graphic and fashion design; film, TV, video, radio and photography; IT, software and computer services; museums, galleries and libraries; music, performing and visual arts. The sector accounts for 5.2% of the UK economy by GVA and 5.6% by employment, and grew by 15.6% throughout the period of economic downturn 2008-2012. Almost half of the sector's GVA comes from the IT, software and computer services subsector (43% in 2012)³³.
- 5.29 In 2012, there are 87,000 knowledge economy employees in Kent (15.9% of all employees), compared to 18.9% in Great Britain and 21.3% in the South East. Even though the Knowledge Economy sector in Kent is still behind the South East, the sector has grown faster in Kent (+9.8%) than in the South East region (+4.5%) and Great Britain (+0.7%). Shepway district has seen the biggest growth in the knowledge economy with 2,400 more employees over the period 2008-2012 (+60.0%)³⁴. The knowledge economy sector accommodated 17.6% of all jobs in Shepway in 2012³⁵.
- 5.30 A cluster of creative and cultural activities, ranging from individual artists' studios and media start-ups to cultural performance areas has been emerging in Folkestone's 'Creative Quarter'. The area now constitutes around 2 ha of land at the Old High Street and Tontine Street, most of which is owned and managed by The Creative Foundation.
- Accommodation is relatively low-cost with flexible terms, and extremely varied including:
 - Studios/ workshops housing over 40 artists and creative students totalling around 930 sq m
 - Around 25 business units totalling around 2,900 sq m
 - Around 30 retail and leisure units
 - Around a dozen community and education uses
 - The Quarterhouse performance venue
- 5.31 The Creative Quarter is located within a historic street pattern with fairly dense employment and a broad mixture of uses. These factors may lead to clashes between timing of noisy activity, congestion associated with loading for light industrial and workshop units, and pressure on parking facilities as activity increases.

³² Business Centre Association (2009) National Business Survey

³³ DCMS (2014) Creative Industries Economic Estimates

³⁴ Kent Country Council (2013) Redefining the Knowledge Economy

³⁵ BRES data (2012)

- 5.32 The economic strategy for Shepway has identified the following sectors, which will contribute to job growth over the next 15 years³⁶:

Figure 5.7 - Sector priorities for Shepway Economic Development Strategy

Broad Sectors providing 1,000+ jobs by 2030 AND growth over next 15 years
FINANCIAL SERVICES (including insurance and pensions)
BUSINESS & PROFESSIONAL SERVICES (including engineering-related scientific consultancy and R&D)
TRANSPORT AND LOGISTICS
TOURISM, CULTURE, RETAIL & RECREATION
Sectors where strong investment has occurred or is likely in the future
CREATIVE INDUSTRIES (including media & IT)
Sectors where Shepway has key market advantage to exploit
ENERGY AND WASTE
Knowledge Economy high value sectors
ADVANCED MANUFACTURING -
Cross cutting Support Sectors - which will respond to general growth in economic activities
CONSTRUCTION

Source: BBP Regeneration (2014) *Shepway in Context*

Property Demand

- 5.33 The significant technological advances in the recent years have impacted directly the property market causing transformation of the traditional workspace. Homeworking has become an attractive and affordable options to run a business, however, it limits the business operations and collaborations in the absence of a shared workspace environment.
- 5.34 A large number of start-ups and growing SMEs are moving into the flexible workspace sector, realising that conventional workspace does not offer the right environment or opportunities for growth. The occupiers' property strategy has also affected by the rise of mobile working as well as working from alternative locations. Smaller occupiers are interested in best value for money, rather than cost per square foot, and emphasis is on the right location, (i.e. a specific motorway junction) or a certain image or an attractive design³⁷.
- 5.35 Based on the information available in the above section, sources of demand for small workspace in Shepway will be from the existing business base within finance and business services, growing local businesses, capturing growing value pressures in London (outsourcing and relocations) and new business start-ups. Reduced travel times to London as a result of High Speed 1, coupled with cheaper house prices open up opportunities to attract businesses, commuters and home workers from London³⁸.
- 5.36 As in 2013, smaller office properties continued to be the most sought after throughout Kent and Medway³⁹. The highest demand, 43% of area enquiries were for East Kent, with Thames Gateway 24%, Maidstone/ Ashford 20% and West Kent 13% of area enquiries.
- 5.37 Most enquiries for commercial space are for requirements under 90 sq m (1,000 sq ft), which reflects the relative lack of larger office space with modern features such as air conditioning

³⁶ BBP Regeneration (2014) *Shepway in Context*

³⁷ Business Centre Association (2013) Summary of BCA 2013 Conference

³⁸ BBP Regeneration (2014) *Shepway In Context*

³⁹ Kent County Council (2014) *Kent Property Market*

compared to neighbouring locations such as Ashford, Dover and Tonbridge. Vacancy rates are currently below desirable frictional vacancy levels, to ensure that businesses are able to 'right-size' in space that is appropriate to their current needs.

- 5.38 There has been an increase of 13% of new businesses in the last year and an average net increase of 80 new businesses every year over the last 3 years in Shepway. If this trend continues to persist in the future, the limited supply of small workspace will diminish with a current stock of only 130 units of under 46 sq m. Current small workspace availability is also very tight with most business centres and work hubs being almost fully occupied and provisions of self-contained office and industrial units in Shepway being limited to only 9 units.
- 5.39 Whilst EGI does not provide a comprehensive record of all commercial transactions on the market, the property database has documented 51 office, light industrial and workshop transactions of under 950 sq m in East Kent since the beginning of 2013. It is important to note that EGI does not record take-up in managed/serviced business centres. Although the average unit size transacted was around 55 sq m, only 16 deals were completed for units under 46 sq m. The number of small unit transactions in Shepway was only 6, most of which were industrial units.
- 5.40 This lack of transactional evidence shows low take-up, which is a result of persistent occupiers' cautiousness to the fluctuating economic climate but also a lack of decent quality workspace, available on flexible terms to cater for the evolving needs of start-ups and small businesses.
- 5.41 Shepway, along with other east Kent districts, suffers from poor occupier and investor perceptions. Locate in Kent's 2014 perception study reveals that only 11% of key business figures (ranging across businesses that have and have not considered locating in Kent, developers and investors, and advisors) consider East Kent to be the most favourable sub-region of Kent, compared to 33% for Thames Gateway and 29% for Maidstone/Ashford. Negative perceptions about Folkestone from the previous (2010) survey included its remoteness and a perception of it being 'run-down' as well as having a poor stock of commercial premises and workforce skills.
- 5.42 There is a good potential to re-brand the District as a location of choice outside London with low residential property values and excellent transport links to the capital. Although local agents have not yet noted an obvious trend towards business relocations from London, there have been various instances of self-employed and micro companies as well as creative businesses, which are moving to the area to take advantage of the relatively low cost of living and running a business, compared with alternative locations in the South East.
- 5.43 High levels of self-employment and homeworking in the District contribute to the increasing levels on entrepreneurship in Shepway. With a 13% increase in business formation, the existing property stock is not sufficient to provide for the potential demand for commercial floorspace. The existing stock does not cater for the changing occupiers' requirements, including flexible accommodation and flexible leasing terms as well as opportunities for collaboration.

6. Key Findings

Based on our research and analysis in the above sections, we have identified the following trends and findings. In summary:

- The UK's business demography is predominantly driven by micro businesses with 0-9 employees.
- There has been an increase in entrepreneurship and self-employment since the start of the last decade with a 28.5% increase in business births between 2012 and 2013.
- Self-employment has been consistently increasing with the highest level of self-employment in the South East – 19.3%.
- It is estimated that 70% of the new businesses start from home.
- Occupiers are looking at number of strategies to reduce their property costs – flexible working, hot desking, relocation etc.
- Local hubs and managed workspaces are becoming increasingly more attractive to tenants who are looking an easy 'in' and 'out' options.
- New flexible workspace packages are now available to cater for different occupier's needs.
- Advance technologies and excellent digital infrastructure are key elements to success of small businesses.
- The changing working patterns and surge in entrepreneurship has been recognised by the Government in their Rural Growth Network scheme. There is special focus on female business owners, who currently represent 64% of all home-based businesses.
- Kent Country Council has also been very active to create the right environment and support local start-ups and small businesses.
- There is net out-commuting of 4,000 people in Shepway, who predominately commute to Ashford, Dover and Canterbury.
- Currently a high proportion (over 40%) of the existing commercial stock is in small units of under 46 sq m.
- Self-employment is relatively high in Shepway.
- Homeworking is also high with some areas of Shepway experiencing around 20% of home-working.
- There is evidence for strong demand, and given the current trend, this is likely to result in a shortfall in supply in the future.
- Sources of demand for small workspace in Shepway will be from the existing business base within finance and business services, growing local businesses, capturing growing value pressures in London (outsourcing and relocations) and new business start-ups.
- There has been an average net increase of 80 new businesses every year over the last 3 years in Shepway. If this trend continues to persist in the future, the limited supply of small workspace will be insufficient.

The above findings create a clear message as to the gap between the existing stock and latent demand for small workspace in Shepway. We see that there is further potential for the following:

- Additional small workspace provision in Folkestone and Hythe.
- Workspace in out-of-town location with good connectivity. This may be accommodated in a potential scheme at the Junction 11.
- Additional workspace provision in the North Downs and Romney Marsh, potentially through the expansion of the New Romney Business Centre.

- Additional small light industrial/workshop units in the main employment areas across the District.

7. Site Opportunities

7.1 Following the analysis in the previous sections we estimate that there is demand for additional business or managed space centres and small workspace schemes in all of the sub-areas of Shepway. Given the range and quality of the data sources, the 'under the radar' nature of the supply, and the dynamic nature of changes in the use of workspace, it is not possible to quantify accurately future needs. Our assessment is therefore based on a combination of analysing current supply and demand and a qualitative overlay of future requirements. Adopting this approach our judgement is that:

- In Folkestone, we suggest there is latent demand for an additional typical business centre of up to 1,900 sq m.
- In Hythe, we estimate a need for a smaller business centre of 450 to 930 sq m.
- There is potential for new small industrial units on the industrial estates around Hythe.
- There is potential for extension of the existing provisions of small workspaces in the Romney Marsh area or a new facility at Mountfield Road.
- Very limited availability of suitable premises and the high proportion of self-employment and homeworking in the North Downs create opportunities for new facilities in the Hawkinge area as well as provisions of desk space in community centres/ Parish Councils in the North Downs.

7.2 We have, therefore, considered the following opportunity sites, which can provide the required space within the sub-areas of Folkestone/Hythe, Romney Marsh and North Downs:

Folkestone

- **The Civic Centre** site presents opportunities for small workspace within existing surplus accommodation or as part of a redevelopment scheme.
- **East Kent College** – potential to include a business centre as part of the expansion plans.
- **Ingles Manor** – potential for grow-on space as part of the wider Ingles Manor redevelopment. Folkestone Estate have a planning permission for a new business village on the land adjoining Ingles Manor, comprising 1,500 sq m.
- **Shorncliffe Garrison, Church Road, Shorncliffe** – potential for small workspace provision as part of the employment allocation for this site.
- **Park Farm** – a number of locations including on land owned by Sterling Build and as part of proposals by Pentland Homes for the Folkestone Primary Academy site.
- **Biggins Wood/Shearway 2** can be acquired by Shepway District Council to construct an additional facility in close proximity to existing Basepoint centre.
- **Junction 11, Stop 24** - potential to use the available space in Stop 24 for a Business Centre, offering excellent transport links and good on-site facilities.

Hythe

- **Martello Lakes, Nickolls Quarry** – 6ha of employment land have been allocated to deliver 15,000 sq m of commercial floorspace, which can potentially include a business centre.
- **Pennypot, Kengate and Boundary Road Industrial sites** - potential opportunity to provide new units to cater for the demand for small industrial accommodation.

Romney Marsh

- **Romney Marsh Resource Centre** – potential to relocate the Resource Centre from its existing site on the northern part of Mountfield Road Industrial Estate to the Marsh Academy and expand its incubation unit/flexible workspace facilities. Alternatively, there is potential for expansion through Phase 4 of Mountfield Road Industrial Estate development.
- **Mountfield Road Estate** - this industrial estate is of strategic importance and offers opportunities for commercial development or extension of the existing premises through Phases 3 and 4, most of the land for which is under Shepway District Council ownership (total six hectares).
- **Kitewell Road, Lydd** - there is an opportunity for a comprehensive mixed-use redevelopment of this site in Lydd. While there are land assembly issues a present, this site could potentially provide space for a business centre in the long-term.

North Downs

- **Hawkinge West** – the site has the potential to provide 30,000 sq m of quality space for new and expanding local companies and inward investors and to accommodate 900 jobs. The site is owned by Pentland Homes Ltd, which have submitted plans for a retirement village with a community centre and B use class employment provisions on the site, including three office blocks and 5,800 sq m of business units.
- **Community Buildings in the North Downs** - despite the relatively high levels of home working in this sub-area, some parts of the North Downs continue to suffer from very poor mobile and broadband connectivity. As a result, a community led scheme or flexible workspace/deskpace solutions could be offered in local community buildings with good connections.

8. Delivery and Next Steps

- 8.1 Delivery of small workspace schemes generally has required some form of public sector support. Completed development values tend to be lower than development costs. Investors discount values for schemes which traditionally are management intensive and where the strength of covenant is weak. In many cases grant support is provided or land offered at nil/low cost to overcome a viability gap.
- 8.2 There is however a viable business for an operator to run a sustainable business centre if the capital costs do not to have to be fully accounted for.
- 8.3 There are a number of steps which Shepway Council can take to promote an increase in the supply of small workspace across the District:
- **Policy** – planning policy can be formulated which promotes the provision of small workspace. This may form part of employment land policies or for larger mixed use sites. S106 agreements may be used to secure contractual obligations. Policy might also be formulated to allow ‘enabling development’ – this might be higher value retail or residential uses, as a trade-off for delivering small workspace provision.
 - **Public land/assets** – surplus Council property may be made available for the purposes of refurbishment or new development. Any receipts or value foregone would need to be considered in the context of the economic benefits which would flow.
 - **Facilitator** – there is a role to broker and signpost potential developers towards the range of support which is available for small workspace provision, in particular sources of finance.
 - **Direct interventions** – direct development and management by the Council and/or its regeneration company, Opportunitas should be considered in cases where there is a compelling case to meet the Council’s corporate objectives.
 - **Other forms of support** – targeted financial support might be made available by the Council supported by a business case – this might take the form of relief from business rates, or other forms of support to finance capital investment.
 - **Partnership with East Kent Spacial Development Company** to invest and/or develop new schemes
 - **Other sources of funding** – looking for different sources of funding, which could potentially include Magnox funding in the Romney Marsh area.
- 8.4 We have suggested a number of next steps to take forward the findings from this report:
- i) Consider the opportunities to use planning policy to support the provision of small workspace.
 - ii) Consider the potential to incorporate small workspace as part of the employment allocations on the larger strategic sites, including Shorncliffe Garrison, Martello Lakes.
 - iii) Assess the availability and suitability of any surplus public sector sites/premises.
 - iv) Signpost developers to available external funding e.g. Growing Spaces programme.
 - v) Engage with stakeholders to formulate ‘projects’ in the following descending order of priority locations:
 - Additional provision in Hythe town centre
 - Additional provision in Folkestone town centre
 - An extension to Mountfield Road in New Romney
 - A business centre in Stop 24 at Junction 11 of the M20 as examined in Annex A.

- A programme to support rural areas including the communities within the North Downs – applying best practise from the RGN programme, using community existing assets and supporting the delivery of high speed broadband to these areas. Consider also support for the conversion of agricultural buildings for workspace provision.

Annex A - Stop 24, Junction 11, M20 - Workspace Potential

Context

- 1.1 In February 2015, BBP Regeneration was commissioned by Shepway District Council to research the workspace needs of micro and small businesses across the District. The work is intended to provide an evidence base for decisions to be taken by the council on policy and interventions.
- 1.2 The context is that Shepway's economy is dominated by Small and Medium sized Enterprises (SMEs) with around 88% of businesses micro-sized (0-9 employees). Encouraging new business start-ups, particularly in higher value sectors, and supporting their survival and growth is important for stimulating economic growth and increasing productivity.
- 1.3 Although largely improving, the office market has been affected by significant technological changes, which have resulted in occupiers' growing emphasis on operational effectiveness over status, as organisations had to drive down occupier costs throughout the downturn. Different work practices have been employed such as homeworking and hot desking in order to make an efficient use of existing floorspace and keep property costs down. Real estate costs are increasingly being compared on a per-workstation basis rather than per square foot, which can make efficient new build space compare favourably to renewing existing leases.
- 1.4 There are identifiable trends towards new working practises for the self-employed, freelancers, start-ups and micro businesses both in urban and rural areas which require more flexible ways of working. Areas which can supply this accommodation are likely to compete well in terms of helping new enterprise and promoting entrepreneurship more generally.
- 1.5 Our analysis of the supply and demand for small workspace in Shepway District concluded that looking forward there will be a growing need for flexible space solutions and a shortfall in the supply. The priority locations are:
 - Hythe town centre
 - Folkestone town centre
 - M20 corridor locations
 - New Romney
 - North Downs rural communities
- 1.6 The M20 motorway corridor offers excellent transport links, which is a key requirement for mobile working and businesses requiring a convenient location for meetings and travel. However, there are already a number of business centres with good access to the M20 and the rail connections, notably Basepoint, at Shearway off Junction 13 and International House and Evegat Business Park near Junction 10.
- 1.7 Given this competition, and also the relative isolation from surrounding business areas, we are doubtful that there will be demand in the short term for a large workspace facility at Stop 24 (typically business centres need to be in the range of 1,500 to 2,000 sq m to be financially self-sustaining). In the longer term the potential would be much greater for a business centre to form part of the development mix of a larger employment area developed on land around Junction 11.

Stop 24

- 1.8 The motorway services at Stop 24 has excellent transport connections, being just off Junction 11 of the M20, which provides quick links to the Channel Tunnel (about 5 minutes' drive) and the Port of Dover (about 15 minutes' drive). Westenhanger railway station is also within close proximity, running services on the South Eastern Main Line, and connecting to the High Speed services from Ashford or Folkestone to London. London's main airports Heathrow, Gatwick, Luton and Stansted are all accessed via the M20 and M25 motorways.

Figure A1 – Stop 24 location



- 1.9 The service station was developed in 2008 as an early stop for the Channel Tunnel and the Port of Dover. However, the first few years of the new development proved difficult with very low footfall due to its close proximity to Dover. In the more recent years, following the new developments in Dover and change of demographics, Stop24 is becoming more attractive and popular, particularly with lorry drivers. The current provisions, including the recent planning consent for additional lorry parking, makes Stop24 one of the largest lorry parks in the country with over 200 spaces. The station becomes particularly busy during Operation Stack or during holidays, when it is also used for coach journey interchanges.
- 1.10 The service station currently offers a range of food and drink kiosks as well as a variety of retail stores to serve business travellers, families, an HGV or coach drivers or passengers. There is a 2 hour free parking or only £5 for the day.

Figure A2 – Internal and external images of Stop 24



Source: www.stop24.co.uk

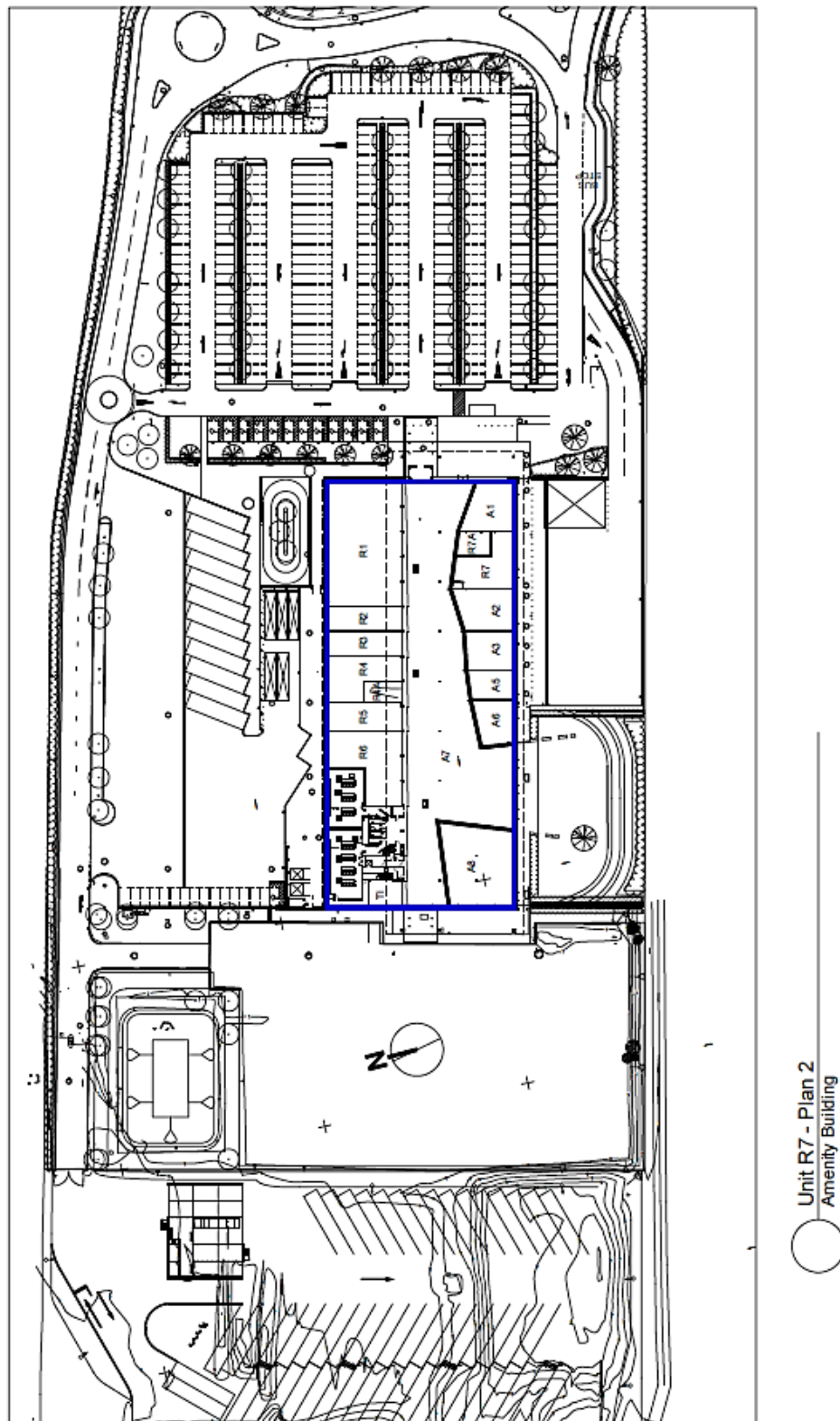
- 1.11 The service station is owned by Henry Boot PLC Group, who have recently received a planning consent to expand their lorry car park. The developer also owns the land around Stop24 and the land next to the Shell garage nearby, which they are interested in developing to incorporate other uses to the site. Their original idea for a hotel development on the site could also be considered in more detail in the future. Following discussions with Henry Boot, the owners are keen to explore the opportunity for increasing the business offer at the station, subject to financial viability.
- 1.12 There are currently 4 available units at Stop 24's building, which can be split or sub-divided into smaller units. The large concourse of the building allows for additional levels to be added and other uses accommodated separately to the retail uses on the ground floor. The figures below show current availability according to the the floor plan of the amenity building.

Figure A3 – Availability at Stop 24

Unit	Size (sq m)
A5	76
R1A	229
B1B/R2	426
R4a	45

Source: Henry Boot PLC Group

Figure A4 – Stop 24 amenities building floor plan



Source: Henry Boot PLC Group

- 1.13 Henry Boot have taken some steps to encourage business travellers providing a free wifi network. Anecdotal evidence based on a number of site visits is that it is used for informal meetings and as

a touch down facility for mobile workers. Informal seating areas within the atrium and the coffee shop tend to be used as there is no dedicated space for business users or space for meetings.

- 1.14 Our view is that there is scope to improve this offer by introducing dedicated areas for touching down by mobile workers and informal meeting areas. This should be considered as a pilot. Initially a modest pump priming investment in desk space with power outlets, secure fast internet connection and informal meeting areas should be considered. Dependent upon demand this could be expanded in the future to include further private meeting areas and work areas. A longer term plan might involve investment in fitting out a larger area with private business suites and reception facilities, given the headroom within Stop 24 this could be on 2 or 3 stories.
- 1.15 Initially, the touch down space may be offered on a free of charge basis, but with a requirement for users to enter e-mail addresses, providing a means to monitor use and establish a contact data base for further marketing initiatives.
- 1.16 It is understood the Council has allocated a modest budget for capital spend. We suggest that discussions are held with Henry Boot to explore:
 - Whether they are willing to consider making a dedicated business area available
 - If so, consider the options for example within one of the vacant units or within the atrium
 - Discuss the terms for a pilot, for example the Council funding some initial capital spend, Henry Boot making available space free of charge, and Henry Boot providing on site management including cleaning and security services
 - The proposal could be further supported by the Council through offering business rates relief area for an initial period.
 - Discuss how marketing should take place and a record of users can be maintained for monitoring and future marketing activities
- 1.17 Alongside this approach we would suggest the Council should explore whether there is scope to involve a local business centre manager to perform a site management and marketing role. As part of this work we consulted with Basepoint who suggested that they would be interested in managing a facility at Stop 24 with the view to eventually expanding the operations into a larger space or even a purpose build centre, subject to demand and viability. Basepoint indicated that they were willing to have further discussions with the Council regarding this opportunity.
- 1.18 Such facility could be expanded to provide a ladder of accommodation over time, subject to the initial take-up. More formal meeting rooms can be created and if demand proves to be substantial enough, there is scope to designate self-contained office units in the available space.