SHARED INTELLIGENCE

# MAIDSTONE ECONOMIC PROFILE

## SUPPORTING EVIDENCE FOR THE ECONOMIC DEVELOPMENT STRATEGY 2014-2031

*July 2014*

# Executive summary

## Maidstone

**With around 70,700 people employed in the borough and an economy estimated to be worth £3.3bn a year,** Maidstone is the largest economy in Kent. It offers investors and local entrepreneurs an attractive location for doing business with a high quality of life and superb natural environment. Located in the heart of Kent, Maidstone is the county's administrative capital and an important place for people to live and work.

## Economic Context

**UK GDP increased by 1.8% in 2013 and it is generally agreed that the UK economy is now entering a phase of recovery**. Employment has increased considerably in recent years, and although output growth has been less impressive, the UK economy is expected to grow by 2.9% in 2014 and 2.5% in 2015.

**But the economic recovery remains uneven**, largely led by rising household spending and a revival in the housing market, particularly in London. Sustained output growth has not yet been accompanied by a material pickup in productivity or real wages and UK trade performance remains unexceptional.

**The UK's future prosperity largely depends on increasing productivity and exports**. Growth rates in emerging markets are expected to remain much above those of the advanced economies for the foreseeable future, increasing opportunities for trade and investment, but also increasing competition between companies and countries.

## The Maidstone Economy

**Maidstone has the largest economy in Kent, worth an estimated £3.3bn annually**. At £21,200, the borough has the 2nd highest GVA per head in the county, but this is below the national average (£21,900).

**Since the recession, economic output (measured in GVA) has fallen more in Maidstone than in Kent as a whole and nationally.** In 2012, GVA per head was still below its pre- recession peak and only Dover amongst the districts in Kent has performed worse than Maidstone since 2009.

**Total employment – including both employees and self-employment - in Maidstone was 70,700 in 2012. A high proportion are in the public sector,** reflecting the town's status as Kent's County Town and administrative capital.

**Employment performance has been poor in recent years, with the number of jobs decreasing since 2009.** The economic impact of the recession has been particularly severe in Maidstone compared to elsewhere in Kent and to similar towns in the south east. This was largely due to high job losses in the public sector and this sector continues to be at risk from cuts in public sector spending.

Maidstone has a **low share of employment in knowledge economy jobs**, although there has been relatively strong growth in recent years.

**Forecasts indicate that total employment growth in Maidstone will be between 7,800 and 14,400 jobs t0 2031**. Achieving the higher rate of jobs growth largely depends on maximising the opportunities from the KIMS/MMC developments. The sectors forecast to see the greatest jobs growth are professional services, administrative & support services, education, health, and residential care & social work.

**Maidstone has a high number of businesses and an above average rate of self-employment**. There were 6,760 registered businesses in Maidstone in 2012, equivalent to 43 businesses per 1,000 population, compared to 39 for England. However, **businesses growth has been below the Kent and national averages in recent years**, with subdued levels of business activity (births and deaths).

## Maidstone's Population and Labour force

**Maidstone had an estimated population of 157,300 in 2012 - the largest district in Kent** with 10.6% of the Kent's population. Maidstone's population has grown faster than the national average in the last decade, increasing by 17,000. At the same time, the population is ageing and the proportion of resident's aged 65 and over is above the national average.

These trends are set to continue with future population growth for Maidstone forecast to be above the national and regional level to 2021. Both **the working age (16-64) and retirement age (65+) population is expected to grow more than in Kent overall**.

**Maidstone has a strong labour market with high employment and economic activity rates and relatively low levels of unemployment.** In the year ending December 2013 76.8% of residents were estimated to be in employment, above both the national (71.7%) and Kent (72.6%) averages.

**But the qualifications profile of the adult population is poorer than the county and national average**, with less than a third (32.6%) of residents qualified at NVQ Level 4 or above. While there has been some improvement over recent years, this has been less than for Kent and the nation as a whole.

**Median earnings of Maidstone residents and workers are below the national average according to 2013 figures. Residents generally earn more than workers.**

Commuting patterns show that **Maidstone has changed over the last decade from being a net importer to a net exporter of workers** and is **less important as a place of work for its residents**. Commuters are now predominantly those in higher occupational groups whereas **commuters into Maidstone are in lower status semi skilled and elementary occupations** that are generally less well paid.

## Maidstone's Housing and Property market

Maidstone’s Strategic Housing Market Assessment indicates an annual housing requirement of around 980 homes per year to meet housing demand. **Since 2001 a total of 8,091 homes have been completed in Maidstone, equivalent to around 670 homes per year.**

**At £204,500, median house prices in Maidstone are above the Kent (£195,000) and national (£184,000) averages**. Maidstone has the fourth highest ratio of median house prices to median earnings in Kent in 2013, far exceeding the national average. This ratio has risen in recent years which suggests that housing affordability is an issue.

**Demand for industrial space in Maidstone has declined slightly in the last six months, while the supply of industrial space has increased slightly**. While there seems to be plenty of supply to meet demand, there is some mismatch in terms of the size and quality of industrial space, including some **unmet demand for larger industrial spaces**.

**Demand for office space has also reduced slightly** in the last nine months, while office supply has increased. There appears to be a **surplus of smaller office spaces** available (0 – 5,000 sq. ft.) for which there has been limited demand in 2013.

# Contents

# 1. Maidstone Today - Economic context

1.1 It is important to understand the broader economic context as a backdrop to recent economic changes in Maidstone and for these to be borne in mind when looking to better position the Maidstone economy for the future.

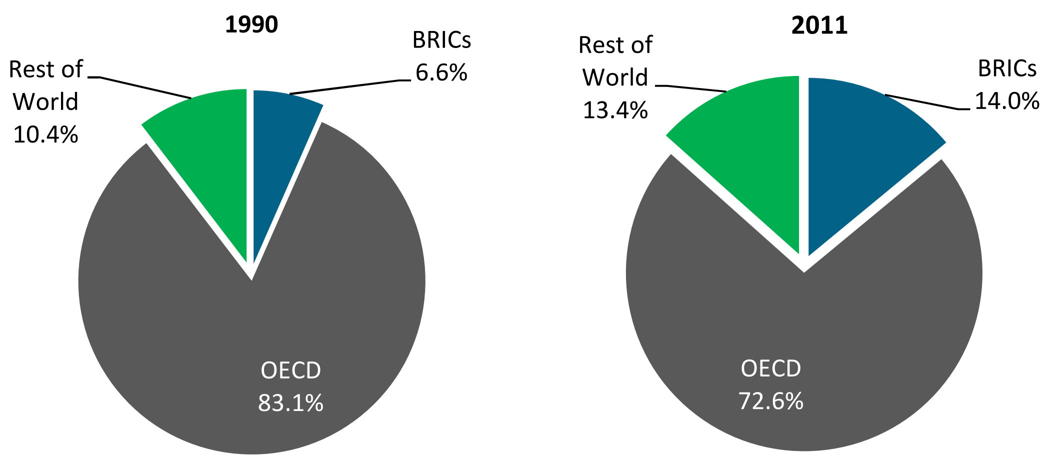
## International context

1.2 The global financial crisis has had a significant impact on growth rates in the advanced economies, with many experiencing periods of recession over the past five years. In recent months, global economic activity has broadly strengthened and is expected to improve further in 2014/15.

1.3 Collectively, advanced economies are expected to grow by around 2.2% in 2014.[1] The United States will be a crucial driver of this growth, with slower economic growth forecast in many euro area economies. At the same time, it is the 'BRIC' nations (Brazil, Russia, India and China) and other emerging economies that are expected to account for the bulk of future economic growth – creating new competition and opportunities for UK companies.

1.4 Emerging market and developing economies are forecast to grow by 4.9% in 2014 and 5.3% in 2015.[2] While a number of these economies are coming off cyclical peaks, their growth rates are expected to remain much above those of the advanced economies for the foreseeable future, albeit below the elevated levels in recent years.

**Figure 1.1 Share of Global GDP by selected country groups**




Source: ONS Economic Review, September 2013

1.5 As shown above, between 1990 and 2011 the collective output of the BRIC countries doubled from 7% to 14% of global GDP.[3] This has contributed to rising levels of cross-border

[1] IMF (2014) World economic outlook – April 2014
[2] IMF (2014) World economic outlook – April 2014
[3] ONS (2013) Economic Review, September 2013

economic activity, up from about $5tn a year in 1990, to $26tn in 2012.[4] This has increased opportunities for trade and investment, with, for example, the total value of UK exports to the BRIC countries rising by 42% between 2008 and 2011 alone.[5]

1.6 However, globalisation is also significantly increasing competition - between companies and countries. In response, the structures of advanced economies are changing rapidly.

1.7 Services industries are growing and becoming more global.[6] Emerging market countries are increasingly moving up the value chain and advanced economies increasingly face greater competition in higher value sectors. Generally, manufacturing employment is declining, but some high value added manufacturing sectors are prospering in Europe and North America. Indeed, estimates suggest that 200,000 UK based jobs could be created from companies bringing back production from overseas over the next ten years.[7]

1.8 At the same time, it is also important to recognise that as wealth grows globally, there will be increasing demand for investment opportunities, including in the UK. This is evident in DP World's recent investment in the London Gateway.

1.9 In the years ahead, domestic and global demand for products and services will change, driven by factors including:

- **globalisation and technological progress** – increased low-wage competition and technological improvements are generally contributing to a decline in manufacturing in the UK and the rise of the services sector. The continuing expansion of digital communication will promote international trade in services, from ecommerce to consultancy – "knowledge intensive flows" account for half of all cross-border flows and are increasing[8].

- **rising incomes globally** – the rise of global middle class, particularly in emerging economies is broadening the UK's export market across services, such as creative industries, professional business services, and manufacturing.

- **growing demand for higher environmental standards** - increased government investment in the green agenda is fostering growth in the low carbon technologies, renewable energy and environmental goods and services, as well as investment in public services and construction.

- demographic and lifestyle changes – in particular, a steadily ageing population is driving rising demand for health and social care (a third of UK health spending is on those aged over 65).[9] Tastes and preferences in emerging economies are also likely to shift towards increased spending on services such as recreation, healthcare, transport and communications, creating opportunities for UK businesses.

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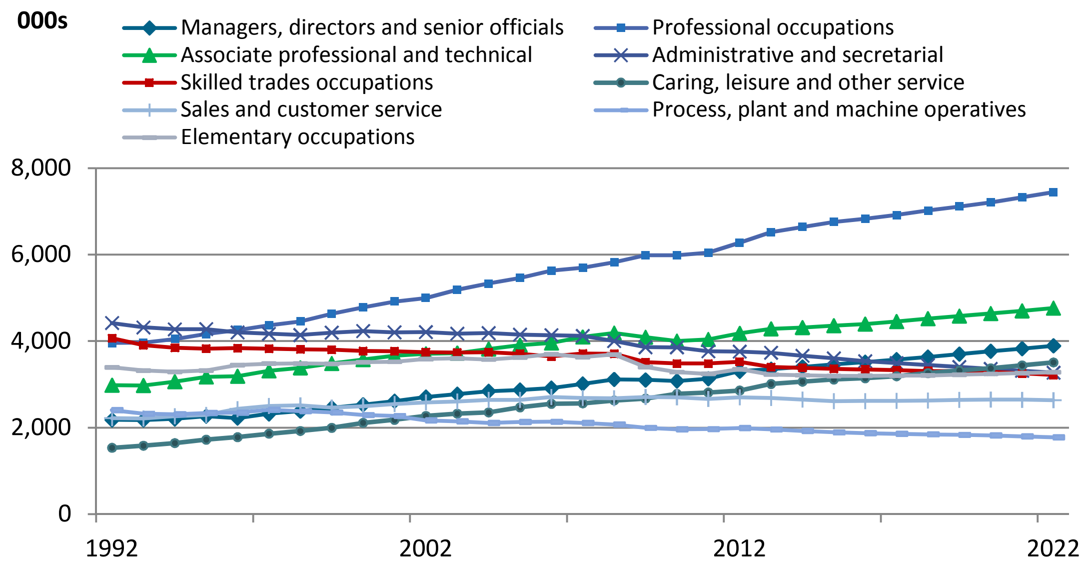
[4] McKinsey Global Institute (2014) Global flow in a digital age
[5] CBI (2013) The only way is exports
[6] McKinsey Global Institute (2014) Global flow in a digital age
[7] RSA (2013) Making at home, owning abroad
[8] McKinsey Global Institute (2014) Global flows in a digital age
[9] BIS (2012) Industrial Strategy: UK Sector Analysis

1.10 Technological change and globalisation are also having a significant impact on labour markets. An overarching trend is the continued and growing demand for high skilled workers, due to the proliferation of increasingly sophisticated production techniques and the increasing importance of "knowledge-based" services. In the workplace, routine tasks are being automated, contributing to a decline in medium skilled jobs.[10] Increasingly, economies demand workers skilled in problem-solving, communications and collaboration and reward those with the ability to recognise and exploit new technologies. We can expect that demand for higher level skills will continue to increase, to the extent that insufficient supply of higher skilled workers might create bottlenecks in some parts of the economy.[11]

1.11 This is demonstrated in the figure below which illustrates rising employment in higher skilled occupations[12] in the UK (past and forecast), with the exception of skilled trades occupations. And, with the exception of caring, leisure and other services, employment in lower skilled occupations[13] are expected to continue to decline in the decade to come.

**Figure 1.2 UK occupational employment, all industries (1992 – 2022)**




Source: UKCES Working Futures

1.12 All of these changes suggest that the places that will be successful are those whose business base and workforce are suitably flexible and skilled and able to respond to and pre-empt significant changes in market demand.

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[10] There is discussion of the 'hollowing out' of the labour market, with more higher skilled and some lower skilled jobs being created, whilst the number of medium skilled jobs declines - University Alliance (2012) The Way We'll Work: Labour market trends and preparing for the hourglass

[11] See, for example, Carnevale, A. & Rose, S. (2011) The Undereducated American, which estimates that the USA needs a further 15 million graduates by 2025

[12] Managers, directors and senior officials; Professionals; Associate professional and technical; and, skilled trades.

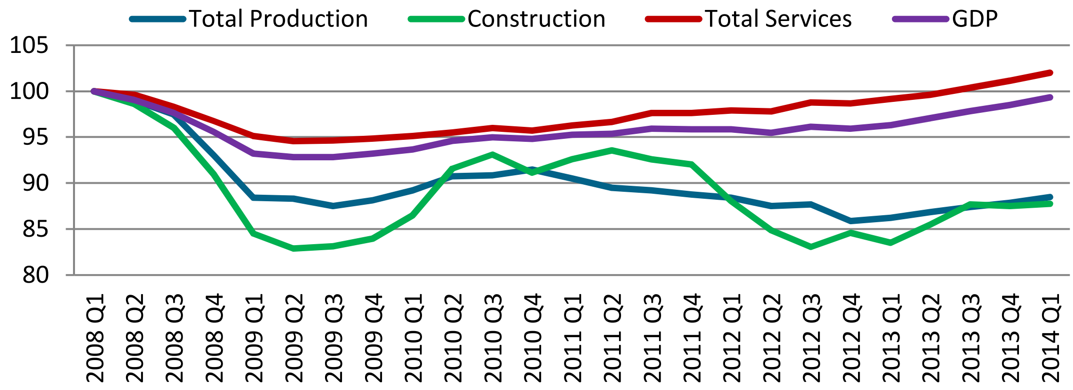
[13] Administrative and secretarial; Caring, leisure and other services; Sales and customer services; Process, plant and machine operatives; and Elementary roles.

## UK economic context

1.13 GDP in the UK grew steadily from 2000 until early 2008 led by growth in the services industries. In 2008, the performance of the UK economy was significantly affected by the financial crisis: from peak (Q1 2008) to trough (Q2-Q3 2009) economic output fell by 7.2%. The impact of the downturn was severe in comparison with previous recessions in the 1980s and early 1990s, particularly in the construction and production industries.

1.14 Economic growth resumed towards the end of 2009, but at a slower rate than the period prior to 2008. By the beginning of 2014, total output was still 0.6% below its 2008 peak.[14] Only the services industry has re-attained its pre-recession level of output; the contribution of the construction and production industries remains far below 2008 levels.

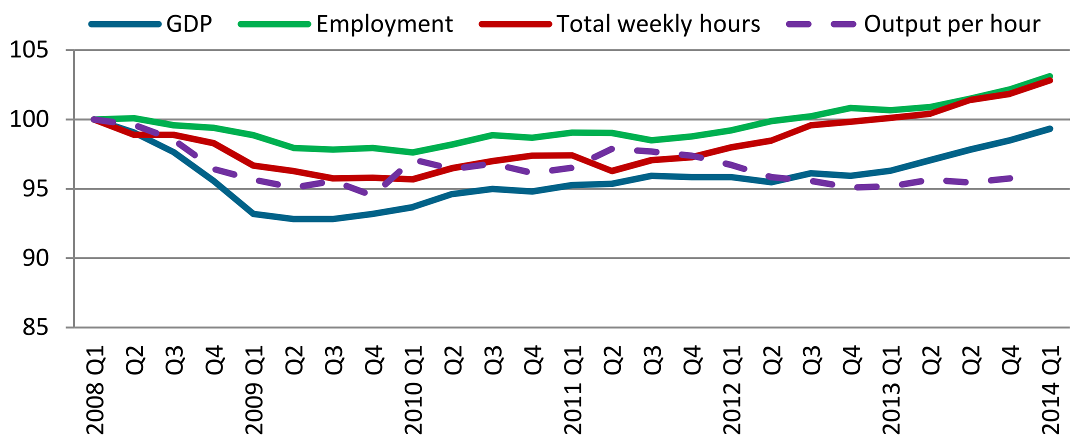
**Figure 1.3 UK output growth, Q1 2008=100, constant prices, seasonally adjusted**




Source: ONS

1.15 Despite the relative weakness in GDP growth, employment amongst those aged 16 and over increased markedly from the end of the recession, growing by more than 1mill over the past two years and exceeding its pre-recession peak in early 2013.[15]

**Figure 1.4 UK index of output, employment and hours since Q1 2008, seasonally adjusted, Q1 2008=100**




Source: ONS

[14] ONS (2014) Economic Review, July 2014

[15] ONS (2013) Labour Market Statistics, October 2013

1.16 As a result, unemployment has declined, from 2.68m in October 2011, to 2.21m in March 2014. However, this remains far above pre-recession levels (there were 1.61 million people unemployed in April 2008) and with almost a fifth (19%) of 16-24 year olds out of work, youth unemployment remains a significant challenge.[16]

1.17 Moreover, about four fifths of the rise in employment since 2008 has come from an increase in self-employment[17] and underemployment (people who are in employment but want to work more hours) now affects almost a tenth of those in work.[18] Along with the increase of underemployment there has been a rise in looser employment arrangements, most notably zero hour contracts. Another by-product of rising employment has been a sharp drop in productivity (output per hour worked).

### Economic growth to pick up in 2014…

1.18 Economic output increased by 1.8% in 2013 and it is generally agreed that the UK economy is now entering a phase of recovery. Households are becoming more optimistic about the future and there are indications that productivity is improving. The IMF expects the UK economy to grow by 2.9% in 2014 and 2.5% in 2015,[19] broadly in line with Bank of England forecasts.

### …but the recovery remains uneven

1.19 However, while growth in total output rebounded more strongly than anticipated in the UK in 2013, the economic recovery remains uneven. Household consumption has been a strong driver of the economic recovery, but business investment and exports have largely remained subdued. Total investment fell sharply during 2008 and 2009. Although in the two most recent quarters growth in fixed investment has picked up, the recovery in economic output has yet to be matched by a significant pickup in productivity.

1.20 Access to credit seems to be improving, particularly the availability of mortgage lending. The terms on which companies can borrow have also improved, but net lending to SMEs is still relatively weak and the cost of loans remains high.[20]

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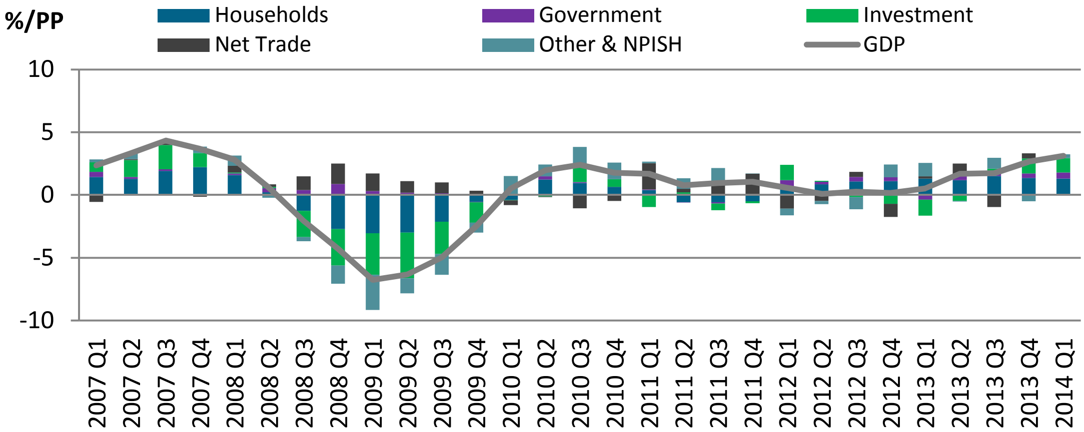
[16] ONS (2014) Labour Market Statistics, January 2014
[17] Bank of England (2014) Inflation Report, May 2014
[18] See: http://bellblanchflowerunderemployment.com/2014/02/10/quarter-3-2014-data/
[19] IMF (2014) World economic outlook – April 2014
[20] Bank of England (2014) Credit Conditions Survey 2013 Q4

**Figure 1.5 Contributions to GDP growth: year on year, constant prices, seasonally adjusted**




Source: ONS

1.21 The performance of UK trade has been modest and erratic despite a sharp fall in the value of sterling. The UK lost export market share during the period since 2008, but has closed some of the gap in the last two years. Exports to the BRIC have grown significantly since 2006[21] and trade activity is expected to pick up as economic growth picks up globally.[22]

1.22 Rising house prices are also an important issue. While wage growth and consumer price inflation have been relatively restrained in recent periods, the rate of house price inflation has been significant, raising questions about the sustainability of the economic recovery. Average UK house prices were around 4.4% higher in March 2014 than in Q1 2008.[23] However, it is also important to note that regional performance is mixed, and much of the increase is accounted for by relatively rapid house price growth in London (up by 24.8% since January 2008).[24] Excluding London, UK house prices remain slightly below their pre-recession peak.

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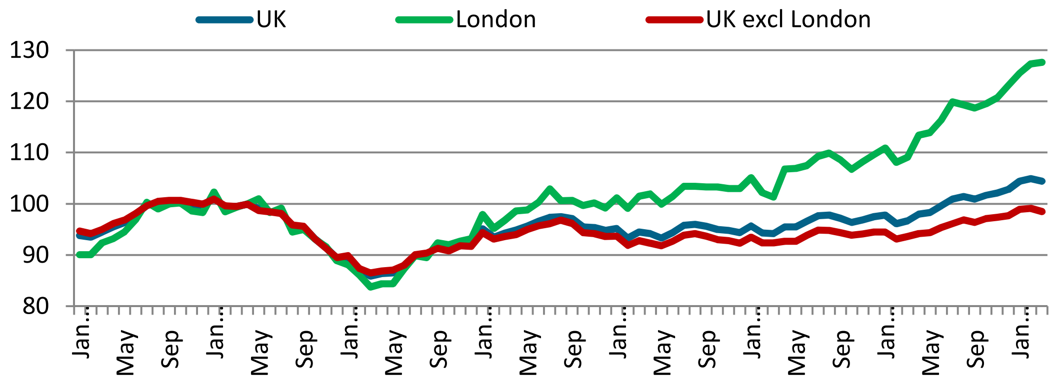
[21] ONS (2013) Economic Review, September 2013

[22] The OBR forecasts world trade to grow by 2.8% in 2013; 5.4% in 2014; 5.8% in 2015; 6.0% in 2016; and 6.1% in 2017 and 2018 – Office for Budget Responsibility (2013) Economic and fiscal outlook, December 2013

[23] ONS (2014) Economic Review June 2014

[24] ONS (2014) Economic Review June 2014

**Figure 1.6 UK house prices, including and excluding London, Index Q1 2008 = 100**




Source: ONS

## Support for key sectors

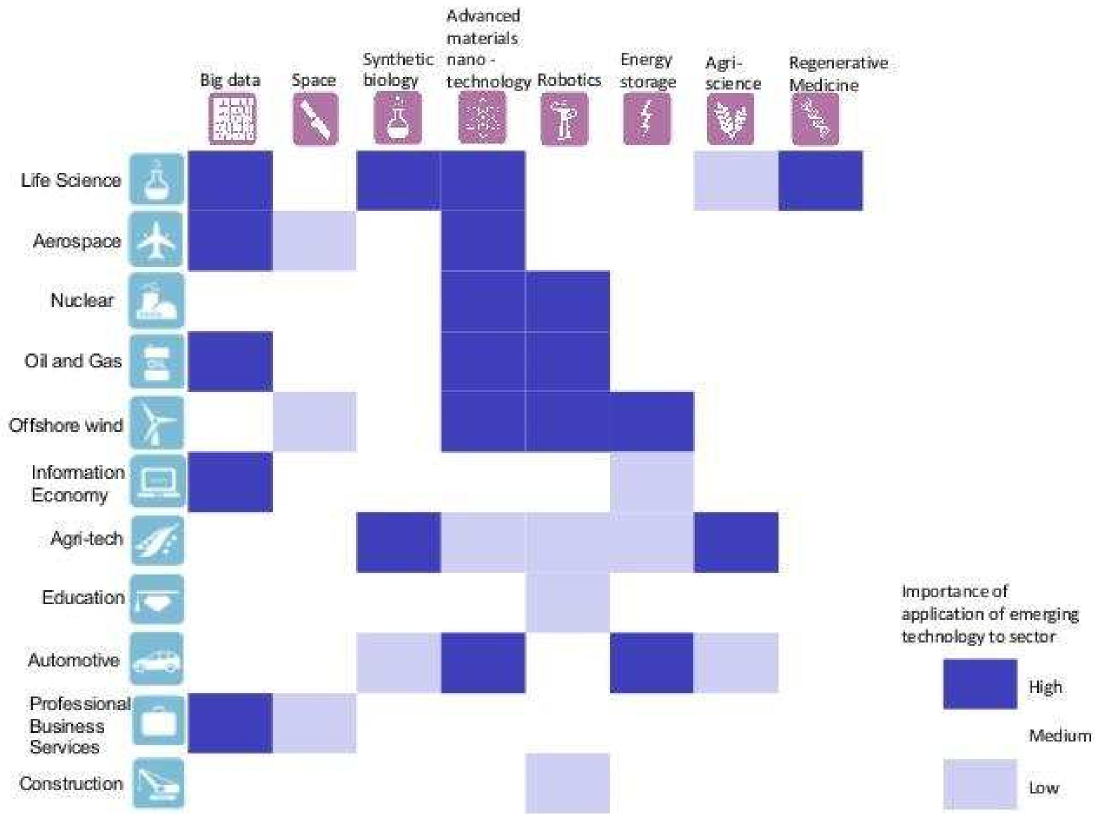
1.23 To achieve the increase in productivity and exports required for long-term, sustainable growth, the government's Industrial Strategy identifies several areas where it has an important role to play in supporting UK businesses to compete and grow. This includes: improving access to finance, creating a pipeline of skilled workers, promoting supply chains through procurement and focussing support on key sectors.

1.24 Industry and government have subsequently developed joint strategies for 11 sectors which are now being implemented and form a central part of the government's growth strategy.[25] Sectors have been identified which can make the greatest contribution of future growth based on: the size and opportunity for future growth and employment; barriers to growth; and scope for government action. These include industries in the advanced manufacturing sector, including the aerospace, automotive and life sciences industries, in knowledge-intensive services, such as business services and the information economy, and in the enabling sectors, including construction, transport and logistics and renewable energy.

1.25 Alongside sector support, the government is also looking to support "8 great" emerging technologies where the UK has a depth of research expertise and business capability. Linkages between industrial strategy sectors and technologies are outlined in the figure below.

[25] Department for Business, Innovation & Skills (2012) Industrial strategy: government and industry in partnership

**Figure 1.7 Industrial strategy sector technology inter-linkages**




Source: BIS

## Summary – key points:

- Global economic activity has broadly strengthened in recent months and is expected to improve further in 2014/15. Advanced economies are expected to grow by around 2.2% in 2014 while emerging market and developing economies are forecast to grow by 4.9%.

- Growth rates in emerging markets are expected to remain much above those of the advanced economies for the foreseeable future, if below the elevated levels seen in recent years.

- Globalisation is significantly increasing the potential opportunities from trade, but also increasing competition between companies and countries.

- UK GDP increased by 1.8% in 2013 and it is generally agreed that the UK economy is now entering a phase of recovery, with employment rising significantly.

- However, the recovery remains uneven, largely led by rising household spending and a revival in the housing market. Sustained output growth has not yet been accompanied by a material pickup in productivity or real wages.

The UK's future prosperity largely depends on increasing productivity and exports: the Government has identified a number of sectors which it sees as offering particular potential for economic growth in the future.

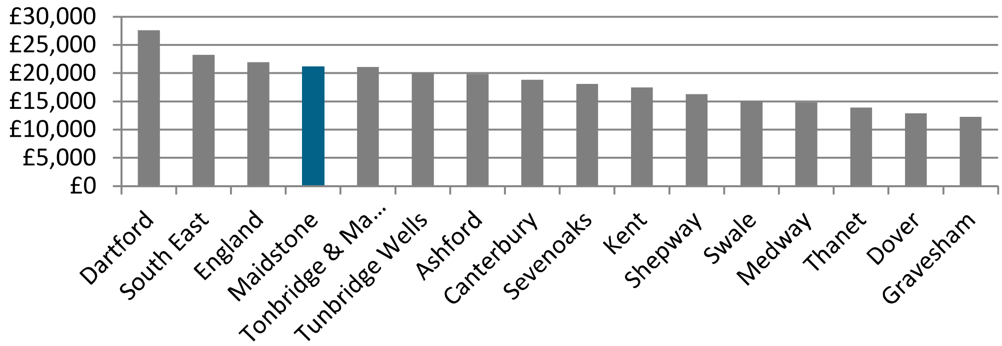
# 2. Economic performance of Maidstone

## Economic output

2.1 Total employment in Maidstone – including both employees and self-employed - was 70,700 in 2012, which represents 12.6% of the total in Kent.[26] In the same year, Maidstone had an economy worth an estimated £3.3bn a year - the largest in the county.[27]

2.2 Maidstone had a GVA per head of population of £21,200 in 2012, the second highest in Kent (behind Dartford), but below the England (£21,900) and South East (£23,200) averages.[28] In 2012, Maidstone's ranking within Kent is slightly better that it was ten years ago, having moved ahead of Tunbridge Wells since then.

**Figure 2.1 GVA per head, Maidstone & selected areas (2012 – estimate)**




Source: ONS & KCC Research & Intelligence

2.3 Long term growth in output (GVA) has been relatively low in Maidstone, with the average annual rate of growth in over the ten years from 2002 to 2012 at 3.8% per annum, which compares with 4.2% for Kent County and 4.4% for England.[29] As the figure below shows, all but four Kent districts saw a higher rate of GVA growth over this period and these were Dover, Tunbridge Wells, Gravesham and Swale.

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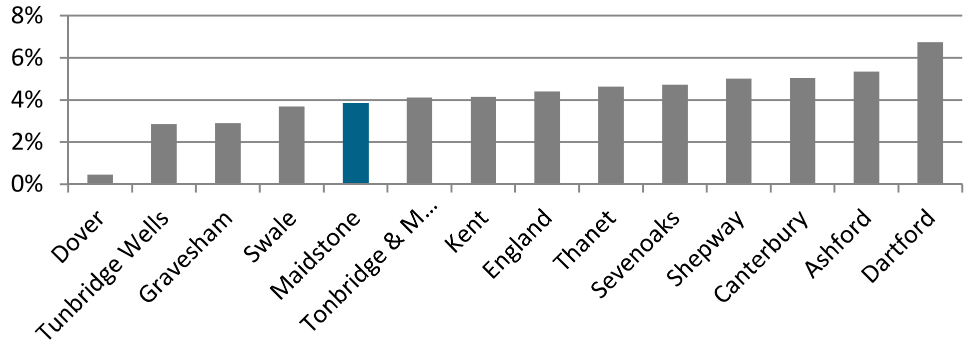
[26] ONS (2013) Business Register and Employment Survey (BRES)

[27] Kent County Council (2014) Business Intelligence Statistical Bulletin
Gross Value Added (GVA) is a measure of the increase in the value of the economy due to the production of goods and services. GVA estimates are in current prices, meaning no adjustment has been made to remove the effects of inflation, and are allocated to the area in which economic activity takes place. District level figures have been estimated by Kent County Council based upon the distribution of employees in Kent and constant levels of productivity. Therefore, they should be treated with some caution.

[28] Kent County Council (2014) Business Intelligence Statistical Bulletin

[29] Kent County Council (2014) Business Intelligence Statistical Bulletin

**Figure 2.2 % Change in GVA per head, Maidstone & selected areas (2002 -2012)**

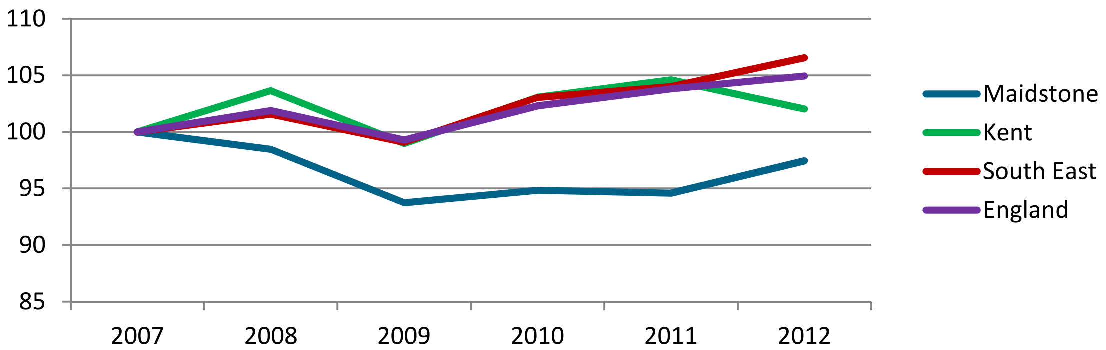



Source: ONS & KCC Research & Intelligence

2.4 The impact of the recent recession has been particularly significant in Maidstone compared to elsewhere in Kent. Maidstone's economic output has fallen from being worth 13.3% of the Kent economy in 2007 to just 12.5% in 2012.[30]

2.5 At £21,800 GVA per head in 2007, this was considerably more than £21,200 in 2012. Dover is the only other Kent district where GVA per head had not reached pre-recession levels by 2012 (see figure below).

**Figure 2.3 Index of GVA per head, Maidstone & selected areas (2007 = 100)**




Source: ONS & KCC Research & Intelligence

### Employment

2.6 Long term employment trends between 2002 and 2012 show that total jobs[31] in Maidstone have increased by 3.8%, which is above that for Kent as a whole (+0.9%), but below the national average (+5.8%). The figure below shows that four Kent districts of Dartford, Shepway, Canterbury and Ashford saw greater growth than Maidstone over this period.

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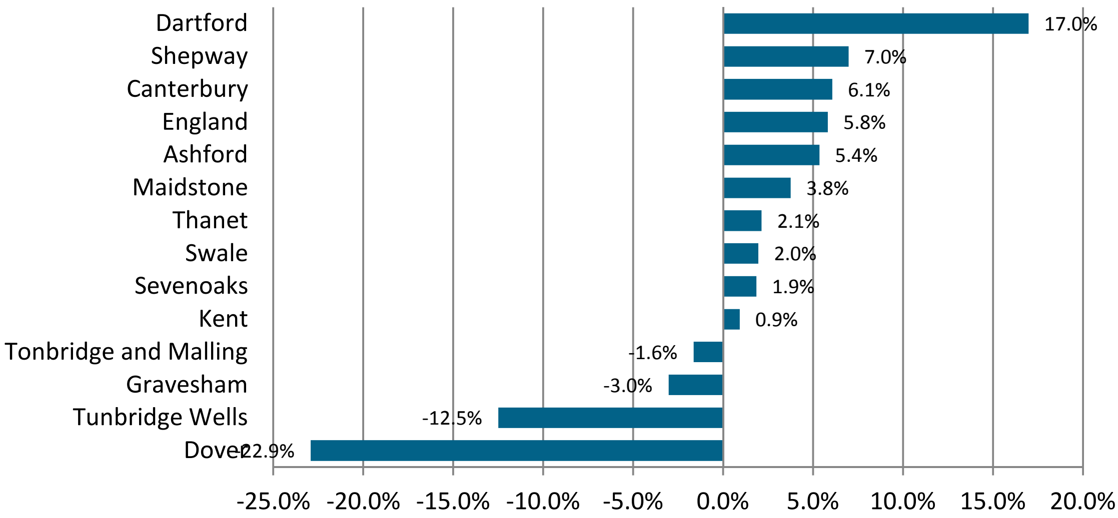
[30] Kent County Council (2014) Business Intelligence Statistical Bulletin

[31] ONS; Total jobs is a workplace-based measure comprising employee jobs, self-employed, government-supported trainees and HM Forces. This is difference from BRES total employment and the figure is larger

**Figure 2.4 % change in total jobs 2002-2012, Maidstone & selected areas**

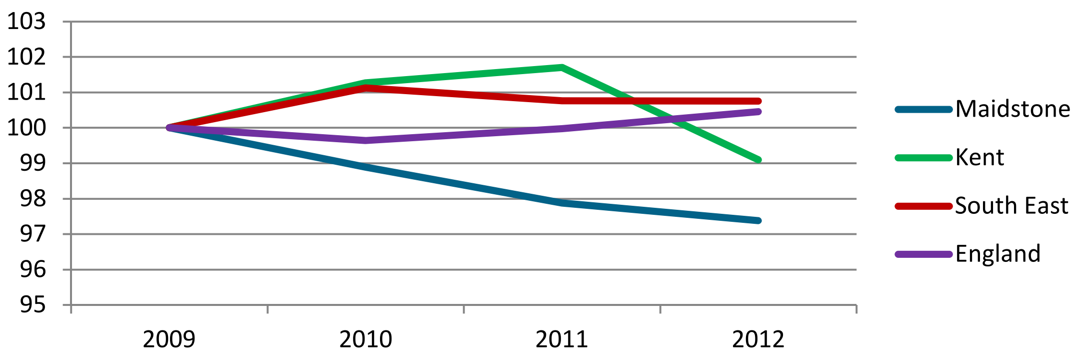



Source: ONS jobs density

2.7 Over more recent times, total employment in Maidstone has fallen from 72,600 in 2009 to 70,700 in 2012 - a fall of 1,900 jobs.[32] Of these, 68,300 were employees in Maidstone and the rest were working proprietors.[33]

2.8 The rate of total employment decline between 2009 and 2012 was higher in Maidstone (-2.6%) than across Kent as a whole (-0.9%) and contrasted with a 0.5% increase nationally[34].

**Figure 2.5 Index of employment, Maidstone & selected areas (2009 = 100)**




Source: ONS BRES

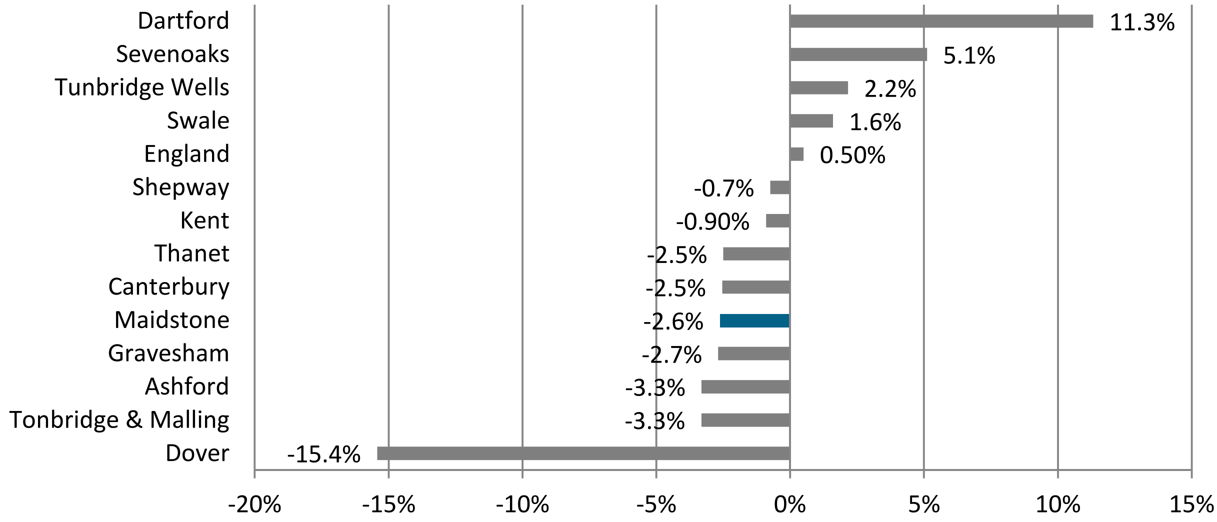
2.9 Although seven of the twelve Kent districts also witnessed a fall in employment between 2009 and 2012, the figure below shows that the rate of decrease was only greater in Dover, Tonbridge & Malling, Ashford and Gravesham.

[32] ONS (2013) Business Register and Employment Survey (BRES)

[33] Working Proprietors are sole traders, sole proprietors, partners and directors. Total employment = employees + working proprietors. Working Proprietors are sole traders, sole proprietors, partners and directors.

[34] ONS (2013) Business Register and Employment Survey

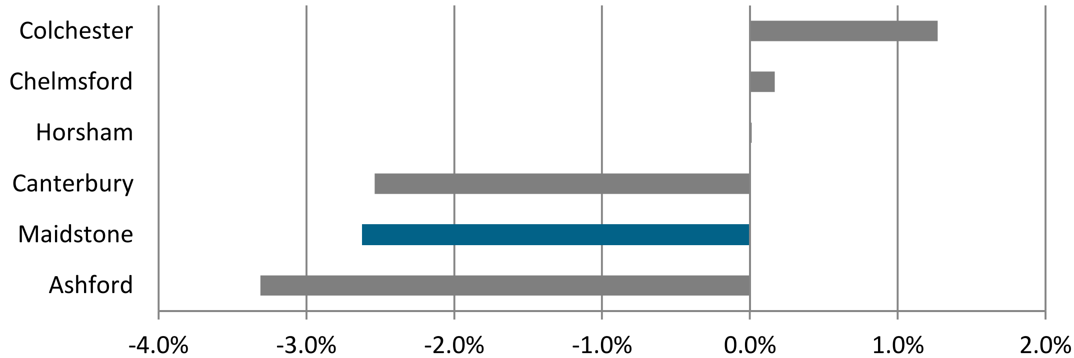
**Figure 2.6 % change in employment 2009-2012, Maidstone & selected areas**




Source: ONS BRES

2.10 Looking at employment change over this period in similar towns, Maidstone also looks to have fared worse compared to places like Colchester, Chelmsford and Horsham, which saw either no change or an increase in employment over the same period.[35]

**Figure 2.7 Employment change 2009-2012, Maidstone & comparator areas (%)**




Source: ONS BRES

2.11 Of the 1,900 jobs lost in Maidstone over this period the vast majority (around 1,500 jobs) were from the public sector. Public sector dependency and the effects of public sector job cuts are key issues for the future prosperity of the area.

### Full-time and part-time work in the Maidstone economy

2.12 The employee jobs lost in Maidstone between 2009 and 2012 were split evenly between full-time (-900) and part-time (-900) jobs, but in percentage terms the decrease in part time employee jobs was more significant (-3.7%) than for full time. This contrasted with an increase in part time employee jobs nationally (+2.9%) and to a fairly static picture for Kent (+0.1%).

[35] ONS (2013) Business Register and Employment Survey (BRES)

2.13 As a result, of these changes, a slightly lower proportion of employee jobs (33.5%) were part time in Maidstone in 2012 compared to the Kent average (34.7%). However, this was above the national average (32.6%) and reflects the predominance of the service sector in Maidstone where part time jobs are more prevalent. In line with national trends, over half of employees worked part-time in the retail (58.4%) and accommodation & food services (58.1%) sectors in Maidstone.[36]

## Summary – key points:

- Maidstone is the largest economy in Kent, providing almost 13% of the jobs and worth an estimated £3.3bn annually.
- At £21,200, Maidstone has the second highest GVA per head amongst the districts in the county, despite this being below the national average (£21,900).
- Long term growth in economic output has been lower in Maidstone than for Kent as a whole and compared to the national trends and the impact of the recent recession has been more severe.
- Although employment in Maidstone increased more than the average for Kent over the long term since 2002, job losses have been significant during the recession with employment decreasing more than in most other districts in Kent and compared to similar towns in the South East. This has been largely due to losses in the public sector and have been split evenly between full-time and part-time work.

[36] ONS (2014) Business register and Employment Survey

# 3. Sector Trends

3.1 This section examines sector strengths and sector changes in employment in Maidstone. The analysis draws on current employment and historic trends from two main data sets: the Annual Business Inquiry (ABI) and the Business Register and Employment Survey (BRES).

3.2 The ABI provides date on employees in employment by broad industrial sector up to 2008, when it was discontinued and replaced by the BRES. The coverage of the BRES is wider than the ABI and provides figures on total employment, which includes working proprietors, as well as employees, since 2009. Unlike the ABI, the BRES however, does not include farm agriculture at local authority level.

3.3 As a result of these changes, sector changes in the Maidstone economy are considered over two time periods - 1998 to 2008 and 2009 to 2012.[37]

## Sector trends 1998-2008

3.4 Between 1998 and 2008 there was a 10.4% increase in employees in the Maidstone economy which was greater than the 9.1% national growth rate, but below the 14.5% growth rate for Kent.[38]

3.5 Across broad sector groups the main trends for Maidstone are:[39]

- Public administration, education & health, with growth of 7,400 employees (+44.3%), saw the greater percentage and absolute employee jobs growth in Maidstone between 1998 and 2008. Within Kent, only Ashford (+51.6%) and Swale (+47.3%) saw a higher rate of jobs growth in this sector.
- Distribution, hotels & restaurants (+1,200; 7.7%), other services (+800; 32.6%), banking, finance & insurance (+800: 6.0%) and construction (+500: 11.6%) were the other main contributors to jobs growth in Maidstone over this period, although the rate of growth was below the Kent average in each of these sectors.
- The sector which saw the greatest decrease in employees during this period was manufacturing which shed 3,100 jobs - a 42.5% decrease. This was a greater decrease than nationally (-32.9%) and amongst districts in Kent, Maidstone had the third highest fall in manufacturing jobs.
- Employee jobs also fell in transport and communications (-400; -9.2%) and in the primary industries (-300; -13.3%). Transport and communications jobs declined slightly across Kent during this period (-1.3%), despite strong growth in Ashford

[37] Note: both BRES and the ABI employee estimates are point-in-time snapshots of the economy. Both are subject to discontinuities caused by Standard Industrial Classification change, reference date change and source data change, potentially making time series analysis difficult.

[38] Kent County Council Research & Intelligence (2010) The Annual Business Inquiry: Employee change 1998-2008

[39] Kent County Council Research & Intelligence (2010) The Annual Business Inquiry: Employee change 1998-2008

(+1,700) and Tonbridge and Malling (+2,200). The primary industries declined in Kent (-6.5%) and for Great Britain as a whole (-10.3%).

**Table 3.1 Sector employment change 1998 to 2008 in Maidstone**

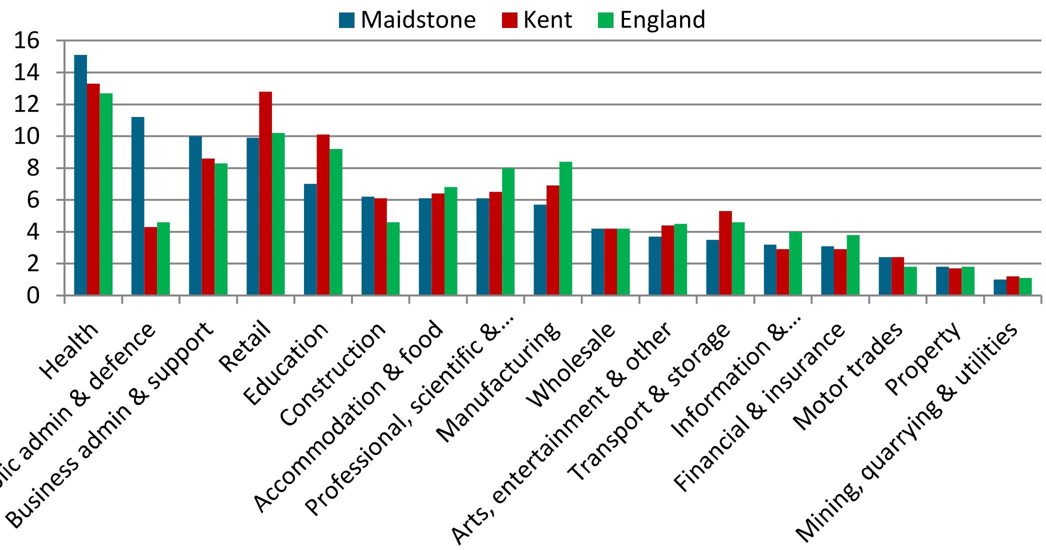
| Sector | No of Employees | | Change in Employees | | % change in employees in Kent |
|---|---|---|---|---|---|
| | 1998 | 2008 | No. | % | |
| Primary Industries | 2,600 | 2,300 | -300 | -13.3% | -8.7% |
| Manufacturing | 7,300 | 4,200 | -3,100 | -42.5% | -33.8% |
| Construction | 3,800 | 4,300 | 500 | 11.6% | 29.5% |
| Distribution, hotels & restaurants | 16,100 | 17,300 | 1,200 | 7.7% | 14.4% |
| Transport & communications | 3,900 | 3,500 | -400 | -9.2% | -1.3% |
| Banking, Finance & Insurance etc. | 12,700 | 13,500 | 800 | 6.0% | 33.1% |
| Public admin, education & health | 16,700 | 24,100 | 7,400 | 44.3% | 31.1% |
| Other services | 2,400 | 3,200 | 800 | 32.6% | 49.2% |
| **Total** | **65,500** | 72,400 | 6,900 | 10.5% | 14.5% |

Source: KCC research & intelligence

## Sector trends 2009-2012

3.6 In 2012 employment[40] in Maidstone was highest in the health, public administration and business support sectors and in each the proportion of jobs was above the Kent and national average. At the same time, employment in the borough is below the national average in a number of areas, notably retail, manufacturing, education and some financial & business services sectors.

**Figure 3.1 % of employment by broad sector, Maidstone & selected areas (2012)**




Source: ONS BRES - excludes agriculture

3.7 Looking in more detail at sector performance since 2009, the table below identifies the particular sector strengths of Maidstone in relation to both Kent and England. These are

[40] Total employment includes employee jobs, self-employed, government-supported trainees and HM Forces

based on location quotients, which compare the proportion of employment in Maidstone with that in both Kent and England. A location quotient (LQ) of 1 indicates that Maidstone has the same proportion of employment in that sector as in Kent or England as a whole, whereas an LQ above 1 shows that Maidstone is over-represented by that sector and an LQ under 1 shows an under-representation compared to the comparator area.

**Table 3.2 Maidstone: sector concentration and employment growth (2012)**

| Sector | LQ vs. England | LQ vs. Kent | Change in employment 2009-2012 | |
|---|---|---|---|---|
| | | | no. | % |
| Accommodation & food | 0.9 | 1 | -100 | -2.2% |
| Arts, entertainment & other | 0.8 | 0.8 | -100 | -4.8% |
| Business admin & support | 1.2 | 1.2 | 900 | 14.2% |
| Construction | 1.3 | 1 | -1,600 | -27.1% |
| Education | 0.8 | 0.7 | -500 | -9.9% |
| Financial & insurance | 0.8 | 1.1 | 300 | 14.4% |
| Health | 1.2 | 1.1 | 0 | -0.3% |
| Information & communication | 0.8 | 1.1 | 500 | 26.0% |
| Manufacturing | 0.7 | 0.8 | 200 | 5.7% |
| Mining, quarrying & utilities | 0.9 | 0.8 | 200 | 38.6% |
| Motor trades | 1.3 | 1 | 0 | 0.9% |
| Professional, scientific & technical | 0.8 | 0.9 | 0 | -0.2% |
| Property | 1 | 1.1 | 300 | 33.5% |
| Public admin & defence | 2.4 | 2.6 | -1,000 | -11.5% |
| Retail | 1 | 0.8 | -300 | -3.8% |
| Transport & storage | 0.8 | 0.7 | -1000 | -28.9% |
| Wholesale | 1 | 1 | 500 | 21.6% |

Source: ONS BRES - Excludes agriculture

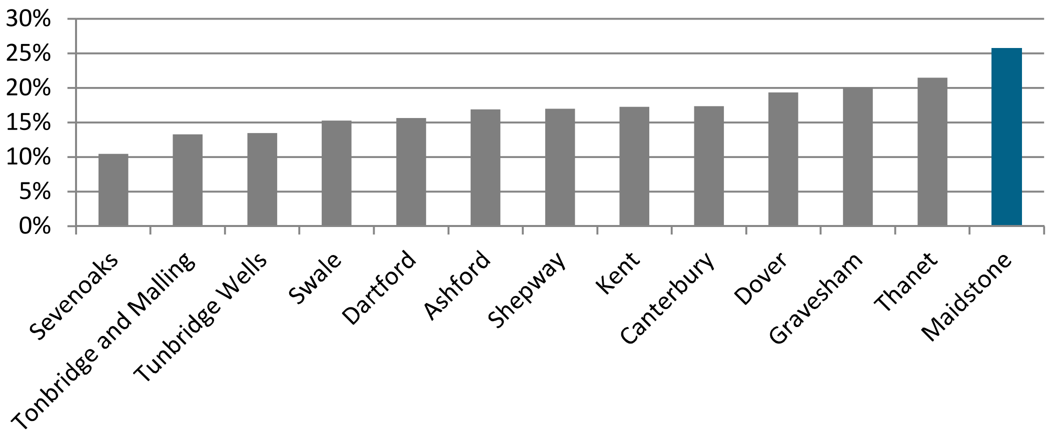
3.8 Key points to note from the table are:

- There is a high concentration of employment in Maidstone in **public administration and defence** and in **construction** and both these sectors saw falls in employment between 2009 and 2012, particularly construction.
- Other important sectors include **business administration and support** which saw the greatest increase absolute growth in employment in recent years.
- Maidstone also has a fairly high concentration of employment in **motor trades** and the **health sector** and both of these sectors saw marginal declines in employment between 2009 and 2012.
- Although Maidstone is not overly represented by the property, financial and insurance, wholesale and information and communications sectors, these all performed relatively well over the period and together added around 1600 jobs to the Maidstone economy.

## Employment in the public sector

3.9 The high proportion of employment in public administration in Maidstone is unsurprising given the town's role as the county's administrative capital.[41] However, even when compared to other county towns in the south east, public sector employment is still relatively important in the Maidstone economy. Some 25.7% of employment was in the public sector in Maidstone in 2012, compared to 21.1% in both Lewes and Winchester and 22% in Oxford.[42]

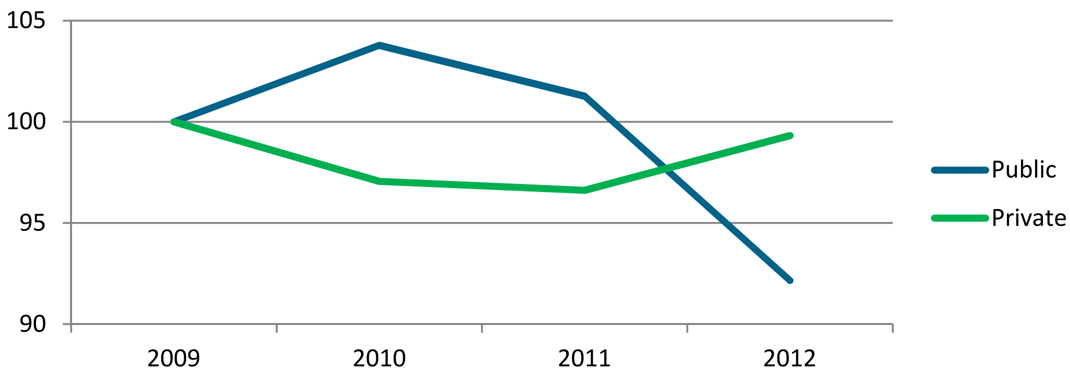
**Figure 3.2 % of employment in the public sector (2012)**




Source: ONS BRES

3.10 Budget cuts arising from government austerity measures have had a significant impact on the scale of employment in the public sector in Maidstone, with employment in public administration falling by 12% between 2009 and 2012.[43] In total, more than four out of every five jobs lost between 2009 and 2012 (81.2%) were from the public sector. While the private sector also saw jobs losses between 2009 and 2011, there has been some recovery since then.

**Figure 3.3 Index of public and private sector employment, Maidstone (2009 = 100)**




Source: ONS BRES

[41] Employment is also found in the prison service, passport office and MOD.
[42] ONS(2014) Business Register and Employment Survey (BRES)
[43] ONS(2014) Business Register and Employment Survey (BRES)

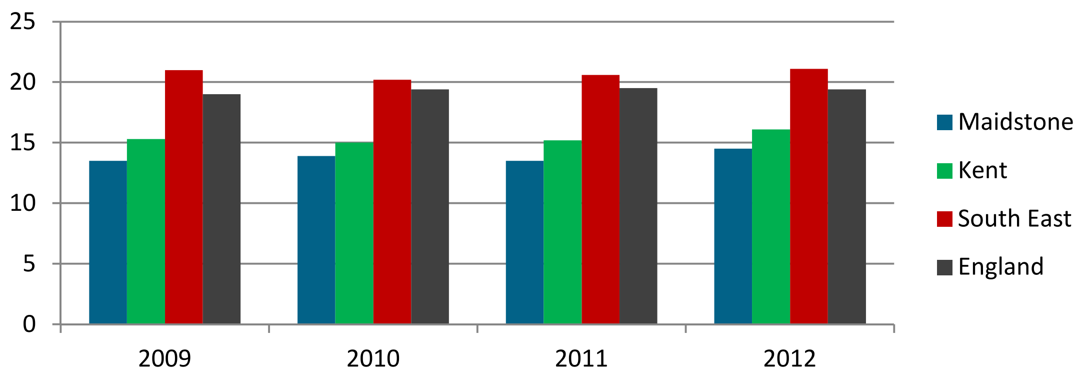
3.11 Public sector dependency and the effects of public sector job cuts are key issues for the future prosperity of Maidstone[44] with forecasts suggesting that over a fifth (21% or 1,825) of public administration jobs are at risk in Maidstone up to 2031.[45] The signs are that the public sector is set to continue to shed further jobs over the next few years, so increasing the opportunities private sector jobs growth will be important for Maidstone.

### Employment in the knowledge economy

3.12 Maidstone has a relatively low share of jobs in higher value "knowledge economy" sectors, such as professional, scientific and technical, information and communication, and financial and insurance. The knowledge economy is of particular interest, as it is seen as a key driver for economic growth nationally. Knowledge economy industries are the ones that deal extensively with the processing, exchange and communication of information and knowledge. They are likely to contribute a higher level of "value added" to the economy (i.e. a higher output per head of employment) and the jobs generally command higher wages.

3.13 Some 14.5% of employment in Maidstone was in knowledge economy sectors[46] in 2012, which is low compared to Kent overall where 16.1% of jobs are in the knowledge economy and nationally (19.4%).[47]

**Figure 3.4 Knowledge economy employment, Maidstone & selected areas (%)**




Source: ONS BRES

3.14 Maidstone ranks fifth amongst the Kent districts for knowledge economy jobs in 2012 to Canterbury (22.2%), Tonbridge Wells (22.0%), Tonbridge and Malling (20.8%) and Shepway (15.8%).[48]

3.15 The share of knowledge economy jobs in Maidstone is also relatively low in comparison with areas like Colchester (21.4%) and Horsham (21.2%).[49] For places such as Canterbury and Colchester, the presence of higher education jobs is of particular significance.

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[44] Research & Intelligence Research & Intelligence (2011) Public sector dependency - January 2011
[45] GVA (2014) Economic Sensitivity Testing & Employment Land Forecast
[46] As defined by KCC Research & Evaluation – see KCC Research & Evaluation (2013) Redefining the Knowledge Economy
[47] ONS (2013) Business register and Employment Survey
[48] ONS (2013) Business register and Employment Survey
[49] ONS (2013) Business register and Employment Survey

3.16 Since 2009 Maidstone has seen relatively strong growth in knowledge economy employment with a 5.1% (+500) increase which was above that for Kent as a whole (4.4%), for the south east (1.2%) and for Great Britain (2.6%).[50] Compared to other similar towns in the south east, however, knowledge intensive employment grew at faster rate in Colchester (8.4%), Ashford (7.0%), and Horsham (6.8%).

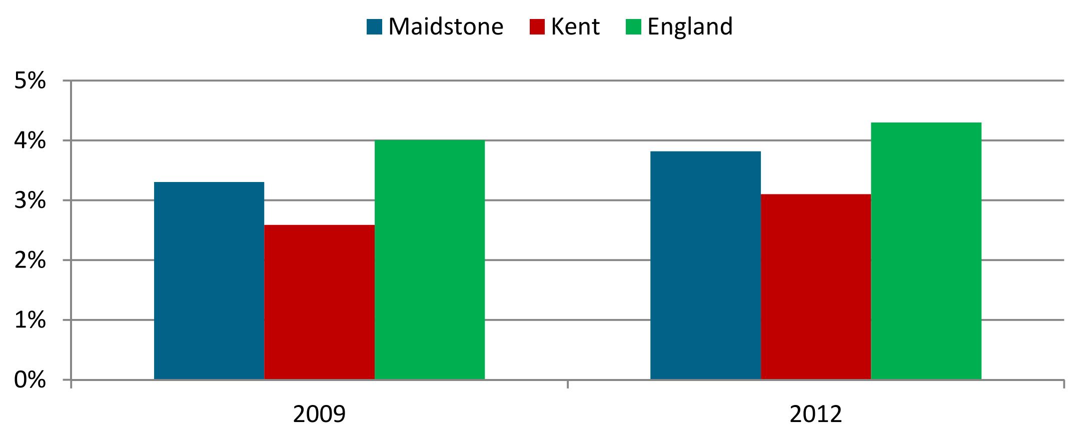
3.17 The sub-sectors that have seen particularly strong growth in Maidstone are:

- architectural and engineering activities, including technical testing and analysis (+380);
- computer programming, consultancy and related activities (+290); and
- publishing activities (245).

### Employment in the creative industries

3.18 The creative industries sector is relatively well represented in the Maidstone economy and it is estimated that some 2,700 jobs were in this sector in Maidstone in 2012. This represents 3.8% of total jobs in Maidstone which compares to a 3.1% average for Kent and 4.3% for England as a whole.[51] IT, software and computer services is the largest creative industry group in Maidstone, accounting for over one third of the jobs in this sector 2012 (36.5%; or 1,000).

**Figure 3.5 % of employment in the Creative Industries (2012)**




Source: ONS

3.19 While total employment in Maidstone fell between 2009 and 2012, employment in the creative industries increased by 300 jobs (+12.5%) and this was a higher rate of growth than for England (7.9%).[52]

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[50] ONS (2013) Business register and Employment Survey
[51] ONS (2013) Business register and Employment Survey – creative industries as defined by the Department for Culture, Media and Sport – see DCMS (2014) Creative Industries Economic Estimates - January 2014
[52] ONS (2013) Business Register and Employment Survey

## Local employment trends

3.20 While employment declined across Maidstone between 2009 and 2012, this did not taken place evenly across the borough. There were significant job losses from employers in the town centre over the period (-2,600; -5.3%) while the number of employees in the rural areas increased Maidstone (+700: +3.3%)[53].

3.21 Employment trends by sector also varied across the borough and as can be seen from the table below, a large share of the losses in the Town Centre (-2,600) were in the transport and storage, public administration, construction and education sectors.

**Table 3.3 Change in employees by local area (2009-2012)**

| Local area | Employees (No.) | change | | Sectors with greatest change (absolute job change) |
|---|---|---|---|---|
| | | No. | % | |
| Maidstone Town | 46,100 | -2,600 | -5.3% | Transport & Storage (-1,200) |
| | | | | Public admin (-700) |
| | | | | Construction (-600) |
| | | | | Education (-500) |
| North M20 | 7,200 | 400 | 5.9% | Manufacturing (+200) |
| | | | | Info & communications (+200) |
| Chart Sutton and Leeds | 6,300 | -400 | -6.0% | Public admin (-200) |
| | | | | Retail (+100) |
| | | | | Manufacturing (+100) |
| Headcorn | 2,700 | 400 | 17.4% | Accommodation & food (+200) |
| | | | | Wholesale (+100) |
| Marden | 2,800 | 300 | 12.0% | Business admin (+200) |
| | | | | Manufacturing (+100) |
| | | | | Wholesale (+100) |
| Staplehurst | 1,500 | 100 | 7.1% | Education (+100) |
| Yalding and Barming Heath | 1,700 | 0 | 0.0% | Construction (+300) |
| | | | | Wholesale (+200) |
| | | | | Business admin (+200) |
| Maidstone borough | 68,300 | -1,800 | -2.6% | - |

Source: ONS BRES. Excludes self-employment.

## Wider employment trends

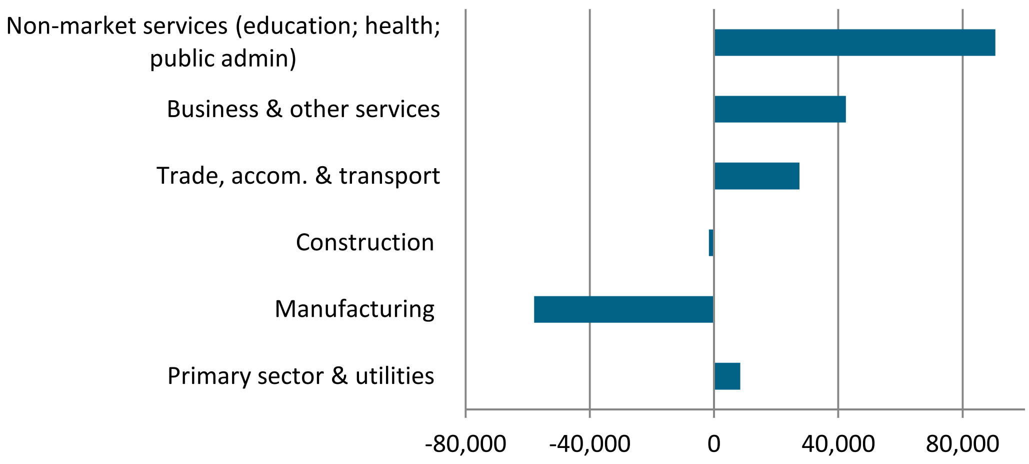
3.22 Looking at employment trends at a the wider South East Local Enterprise Partnership (SE LEP) level, the figure below shows that the most significant employment growth was in non-market services, with particularly strong growth in education (+69,000) and health and social work (+60,000).[54] Non-market services are relatively strong in Maidstone, although it is important to note that, consistent with recent trends locally, employment in public administration and defence fell across the SE LEP area during this time (-21,000).[55] This is unsurprising given government budget reductions and reinforces the relatively bleak outlook for that sector.

[53] Excludes self-employment.

[54] UKCES (2014) Working Futures

[55] UKCES (2014) Working Futures

**Figure 3.6 SE LEP employment change 2002-2012 (%)**




Source: UKCES Working Futures

3.23 Over the last decade, business and other services was the second best performing sector in the SE LEP area, specifically professional (+46,000) and support (+46,000) services.[56] Business administration and support jobs are relatively prominent in Maidstone, but there is a notable lack of higher level professional services jobs in the borough; there may be potential to attract more jobs of this type into Maidstone.

3.24 Employment in the construction sector remained relatively flat across the SE LEP area during this period, while 58,000 manufacturing jobs were lost in the SE LEP area since 2002.[57]

### Employment outlook for Maidstone

3.25 An assessment of the future economic potential of Maidstone was carried out by GVA Grimley in 2014. Based on analysis of three different scenarios, the forecast employment growth was for an additional 7,800 to 14,400 jobs between 2011 and 2031.[58] Employment forecasts at a local level are always changeable and should therefore be treated with some caution.

3.26 The sectors identified with the highest potential for employment growth in Maidstone between 2011 and 2031 are:

- **Professional services** (1,600 - 5,275 jobs; 32% - 106% growth) – includes a wide range of services jobs (from legal services and consultancy through to scientific R&D) which are likely to grow as the economic recovery strengthens and the economy moves towards a more service-based offer.

- **Residential Care & Social Work** (1,550 jobs; 29% growth) – influenced by long-term demographic trends. Caring for the elderly is driving new forms of sheltered and supported housing as well as traditional ‘care homes’.

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[56] UKCES (2014) Working Futures
[57] UKCES (2014) Working Futures
[58] GVA (2014) Economic Sensitivity Testing & Employment Land Forecast for Maidstone Borough Council

- **Education** (1,570 jobs; 25% growth) – employment is expected to increase to meet population growth, with two new primary schools expected. Although, cost pressures from government and technology changes may reduce job opportunities in the sector.

- **Health** (1,460 - 1,540 jobs; 20% - 21% growth) – a combination of population ageing, rapid innovation, and increased private sector engagement are increasing employment growth in the sector.

- **Administrative and Support Services** (1,640 jobs; 24% growth) – these services are required to support growth expected in the wider economy. There is potential for increased start-up opportunities as individuals seek more flexible working and technology enables greater independent and remote working.

- **Construction** (770 jobs; 11% growth) – while construction employment is largely reliant on a wide range of external factors, employment is expected to increase as the economy continues to recover from downturn and to meet demand for long-term housing development and private sector demand for development.

3.27 The lower growth figures reflect a baseline forecast from Experian. With the majority of Maidstone's future employment growth likely to arise from changing demographics and/or economic growth in the wider economy (rather than from technological or other innovation), these are thought to provide "a reasonable and robust assessment of the economic potential of the borough".[59]

3.28 However, there is the potential for local employment to grow at a more significant scale, particularly where specific interventions could introduce new economic drivers to the borough. The main examples of this are professional services and health sector jobs which could be generated from the Kent Institute of Medicine and Surgery (KIMS) development and the co-location of the Maidstone Medical Campus (MMC).

3.29 The KIMS/MMC developments are vital to achieving the higher level of jobs growth and are seen by GVA as the most likely catalysts for improving economic performance within Maidstone.[60]

## Employment Forecasts for the SE LEP area

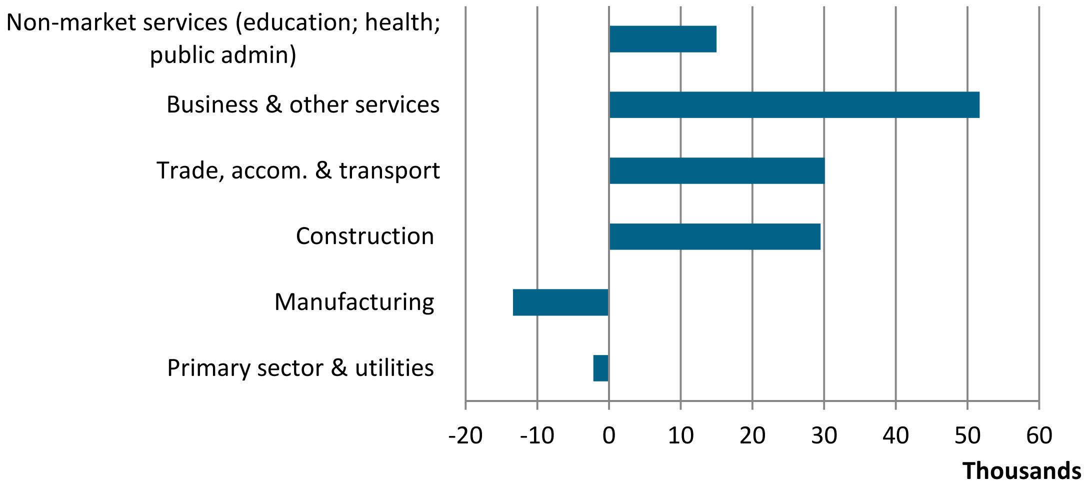
3.30 The employment forecasts for Maidstone appear to be broadly consistent with UKCES Working Futures employment trends for the SE LEP economy from 2012-2022. In particular, non-market services are expected to continue to grow in employment terms to 2022, led by growth in the health and social work sector (+21,000).[61] Employment in business and other

[59] GVA (2014) Economic Sensitivity Testing & Employment Land Forecast for Maidstone Borough Council
[60] According to GVA, the maximum growth scenario can only realistically be achieved with the delivery of the KIMS/MMC proposals in a manner that includes either a high proportion of employment generating space or B class floorspace that achieves high employment densities – GVA (2014) Economic Sensitivity Testing & Employment Land Forecast for Maidstone Borough Council
[61] UKCES (2014) Working Futures

services are also set to rise during this time, with further increases in professional (+18,000) and support (+13,000) services jobs.[62]

3.31 Employment in the construction sector is also expected to return to growth in the years ahead: supported by housing market activity in the short-to-medium term, and also by a longer term revival in government demand and major infrastructure projects.

**Figure 3.7 SE LEP employment forecast 2012-2022 (%)**




Source: UKCES Working Futures

## Growth prospects for key sectors

3.32 The Maidstone Economic Development Strategy to 2031 should be guided by an informed view of the sectors with good prospects for growth in Maidstone. Changes in the international economy mean an increase in both competition and opportunities from global markets. At the same time public sector jobs cuts are key issues for the future prosperity of the area. Therefore, it is increasingly important for policymakers to work together to support the growth of the private sector jobs and sectors which have the potential to create high value jobs with above average wages.

3.33 A key part of the UK government's Industrial Strategy, as discussed in Chapter 1, is a long term objective is to achieve increased productivity and exports for sustainable economic growth. Sectors that can make the greatest contribution to future growth have been identified.

3.34 An assessment of the future economic potential of Maidstone was carried out by GVA Grimley in 2014 as part of the supporting work for the Local Plan. The sectors identified with highest potential for employment growth in Maidstone between 2011 and 2031 are:

- Business & professional services
- Health & social care
- Construction

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[62] UKCES (2014) Working Futures

### Professional & business services

3.35 Business and professional services includes a wide range of service sector jobs, from legal and consultancy through to scientific R&D. These are likely to grow as economic recovery strengthens and the economy moves more towards a more service-based offer. Maidstone has many of the attributes that appeal to business and professional services companies. It is close to London – one of the world's business and financial centres – and is well served by road rail links to the capital. Maidstone's proximity to the M20 is particularly attractive to companies needing access to markets in Kent and the wider South East. There is also s a pool of residents in managerial and professional and associate professional occupations and a competitively priced office rental market.

3.36 The government's industrial strategy for professional and business services, published in July 2013, highlights the importance of the sector. Exports of high-value services are a key UK strength, with professional and business services contributing over a third of the UK's total trade surplus in services.[63] The value added to the UK economy by the sector has also increased by over 50% since 2000.[64]

3.37 Based on the government's industrial strategy definition,[65] some 7,900 people were employed in professional and business services in Maidstone in 2012, which constitutes 11.2% of total employment. This is a higher proportion than in Kent (9.9%) as a whole and in-line with the national average (11.4%). Within the sector, Maidstone has a significant number of jobs in employment activities (3,100 jobs), legal and accounting activities (1,300) and architectural and engineering activities (1,200).[66]

3.38 Employment in the sector increased by almost 600 between 2009 and 2012 (+8.0%), with particularly strong growth in architectural and engineering activities (+44.5%). Overall the sector grew at a faster rate than seen across England (6.2%), while professional and business services employment shrunk in Kent during this period (-3.4%).

3.39 And significant jobs growth is expected in the years ahead. GVA Grimley forecasts the professional services sector to have the highest potential for growth in Maidstone between 2011 and 2031 (+1,600-5,275 jobs; 32%-106% growth).[67] The Maidstone Medical Campus offers considerable opportunities for growth in relatively high value scientific research and development jobs, providing the key driver for future growth locally (reflected in the higher jobs forecast figures).

3.40 There is also significant employment in business support services in Maidstone (6,200 jobs; 8.5% of employment). This sector is also forecast to grow in the next two decades, with

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[63] UK PBS exports were valued at more than £50bn in 2012-2013 – HM Government (2014) Industrial strategy progress report
[64] ONS data and BIS calculations – HM Government (2013) Growth is Our Business: A Strategy for Professional and Business Services
[65] SIC2007 codes: 69-74, 77-78
[66] ONS (2014) Business Register and Employment Survey
[67] GVA (2014) Economic Scenario Testing & Employment Land Forecast

additional 1,640 jobs expected by 2031 compared to 2011 levels.[68] These services are required to support growth expected in the wider economy.

3.41 Across the SE LEP, the professional services is expected to see an increase of 18,000 jobs across the SE LEP area between 2012 and 2022, with an additional 13,000 jobs in support services.[69]

## Health & social care

3.42 Health and social care involves a wide range of activities in Maidstone and covers both the health and residential and social care sectors. There are 10,700 people employed in the sector locally which equates to 15.1% of jobs in the borough compared to just 12.7% nationally. Employee jobs increased by 5,000 between 1998 and 2008 and total employment remained steady between 2009 and 2012, despite the economic downturn. Looking ahead to 2031, employment in the health sector in Maidstone is forecast to increase by between 1,460 and 1,540 jobs, while employment in residential and social care is forecast to increase by 1,550 jobs.[70]

3.43 A key driver of future demand in the health and social care sector is demographic change - a growing and ageing workforce, and the associated rise in long term health conditions and the need for care for older people. Across the SE LEP, employment in the health and social work sector is also forecast to increase and the 21,000 jobs additional jobs between 2012 and 2022 make it the expected second highest growth sector.[71] Increases in the elderly population are expected to be particularly significant in the Maidstone area, with the number of residents aged 65 and over forecast to increase by almost a quarter (24.4%) by 2021, compared to 19.1% nationally.[72]

3.44 This increasing demand has recently been coupled with the impact of the financial downturn and subsequent public sector spending constraints. However, health and social care still accounts for a sizeable proportion of public sector spending and the National Health Service (NHS) remains one of the world’s largest purchasers of goods and services (£5.3bn), offering significant opportunities for suppliers.[73] While the overall outlook across both health and social care is one of financial stringency, equipment to the value of £460 million will need to be replaced within 3 years and a further £330 million will need to be invested within six years.[74]

3.45 Rapid innovation and increased private sector engagement are also driving growth in the sector, particularly in life sciences and medical technologies. The European bio-pharmaceuticals market is the second largest in the world and, in 2011, the UK was responsible for approximately one fifth of total drug products in development in Europe.

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[68] GVA (2014) Economic Scenario Testing & Employment Land Forecast
[69] UKCEs (2014) Working Futures 2012-2022
[70] GVA (2014) Economic Scenario Testing & Employment Land Forecast
[71] UKCES (2014) Working Futures 2012-2022
[72] ONS (2013) Mid-year population estimates & ONS (2012) Subnational population projections for England
[73] Locate in Kent, Life Sciences - The Kent proposition
[74] Locate in Kent, Life Sciences - The Kent proposition

3.46 Kent and the wider South East is a hub for life sciences activity.[75] In Maidstone, there is the recently opened Kent Institute of Medicine & Surgery (KIMS) which is a £95m state-of-the-art hospital that aims to transform acute and specialist health provision. This together with the proposal to establish a Maidstone Medical campus provides opportunities to expand this sector in Maidstone. Around 300 people were employed in the life sciences sector in Maidstone in 2012, which was a 20% from 2009, albeit from a relatively low base.[76]

3.47 According to GVA Grimley, the KIMS/MMC development is the most realistic catalyst to achieve greater levels of economic performance within Maidstone in the future, with the potential to deliver up to 4,200 new jobs in the borough[77]. While there is a lack of major research orientated HE provision within Maidstone to support cluster activity at present, KIMS/MMC is also seeking to establish links to key institutions, supporting both clinical and business activity to co-exist and work closely together. The growth of this medical sector specialism has the potential to support the development of new health-related technologies.[78]

## Construction

3.48 Some 4,400 people are employed in the construction sector in Maidstone and this represents 6.2% of employment which is similar to in Kent (6.1%) but more than the national average (4.6%). Maidstone has particular strengths in civil engineering and specialised construction activities79.

Although employment in the construction sector has declined sharply in recent years, falling by 1,600 jobs in Maidstone between 2009 and 2012, this was largely an indication of the severity of, what was to a large extent, a property led downturn (and the sensitivity of the construction sector to broader economic conditions). Construction employment also fell by 13.1% nationally during this period; limited access to finance, stalling values, and increasing material costs all stalled activity. However, prior to the recession construction was a growing sector in Maidstone: the number of employee jobs increased by 500 between 1998 and 2008 (+11.6%).

And looking forward there continues to be strong demand for development in Maidstone, led principally by the private sector. Maidstone's Strategic Housing Market Assessment indicates an annual housing requirement of around 980 homes per year to meet housing demand. Delivering residential development will drive the sector, with key opportunities (particularly in more specialised trades) within major commercial opportunities. Long term housing development requirements in the local area are likely to ensure that a significant proportion of these jobs are permanent. As a result, GVA estimates indicate that local construction employment will increase by over 770 jobs (+11%) between 2011 and 2031.

[75] Kent and the wider south east of England is the most successful biomedical cluster outside the US - Locate in Kent, Life Sciences - The Kent proposition
[76] ONS (2013) Business Register and Employment Survey
[77] GVA (2014) Economic Scenario Testing & Employment Land Forecast
[78] GVA (2014) Economic Scenario Testing & Employment Land Forecast
[79] GVA (2014) Economic Scenario Testing & Employment Land Forecast

More broadly, across the SE LEP area, employment in the construction sector is expected to return to growth in the years ahead. With growth of 29,000 jobs anticipated between 2012 and 2022, the construction sector is set to see the highest sector employment increase, supported by housing market activity in the short-to-medium term, and also by a longer term revival in government demand and major infrastructure projects.

Moreover, construction is a sector where Britain has a strong competitive edge. The global construction industry is set to see growth of 4.3% p.a. until 2025, concentrated primarily in emerging economies, which creates opportunities for UK companies to expand their exports, both in products and high value services.[80] Low carbon construction also offers substantial opportunities. The low carbon and environmental goods and services (LCEGS) sector is worth some £6bn to the SE LEP economy, employing 46,000 people in 2011/2012.[81] Nationally, the building technologies sub-sector is set for average growth per annum of 5.2% between 2012/12 and 2015/16.[82]

## Summary – key points

- A quarter of employment in Maidstone is in the public sector, reflecting the, town's role as Kent's administrative capital. Many of the jobs lost over recent years have been from the public sector while there has been recent jobs growth in the private sector. These will need to be encouraged in the future to counterbalance the expected continuation of public sector job losses and to help diversify the economy.

- Maidstone has a relatively low share of employment in knowledge economy jobs, although there has been relatively strong growth in recent years. Growth in the high value added sectors in the knowledge economy would bring higher average wages and would help to close the gap between the higher average wages of residents and workers in Maidstone

- Forecasts indicate that total employment growth in Maidstone will be between 7,800 and 14,400 jobs up to 2031. Achieving a higher rate of jobs growth will largely depends on maximising the opportunities from the KIMS/MMC developments.

- The sectors forecast to see the greatest jobs growth are professional services, administrative & support services, education, health, and residential care & social work.

[80] HM Government (2013) Construction 2025

[81] BIS, DEFRA and DECC (2013) Low carbon and environmental goods and services 2011 to 2012: data

[82] BIS, DEFRA and DECC (2013) Low carbon and environmental goods and services 2011 to 2012: data

# 4. Enterprise, industries & innovation

## Enterprise

4.1 There were 6,760 registered businesses in Maidstone in 2012, almost the same as before the downturn. This equates to 68 businesses per 1,000 population aged 16-64, compared to 60 for England.[83]

### Size profile of active enterprises

4.2 The size profile of businesses in Maidstone is similar to the national picture. The vast majority (88.5%) of businesses employ fewer than 10 people and at the start of 2013 99.7% of the local business base was made up of small and medium sized enterprises (SMEs)[84] (99.6% nationally). There are around 20 businesses with 250 or more employees in Maidstone.[85]

4.3 Maidstone has an above average proportion of employment in SMEs which provided 47.7% of jobs in Maidstone in 2012. A similar number of people are employed in micro (10,800), small (11,800), and medium-sized (11,200) enterprises.[86] This was above the national average (44.3%), highlighting the importance of SMEs in the Maidstone economy, although there is considerable variation by sector.

4.4 National evidence suggests that SMEs accounted for over 60% of UK job creation in the period between 2001 and 2011.[87] Young SMEs, in particular, create a disproportionate number of jobs.

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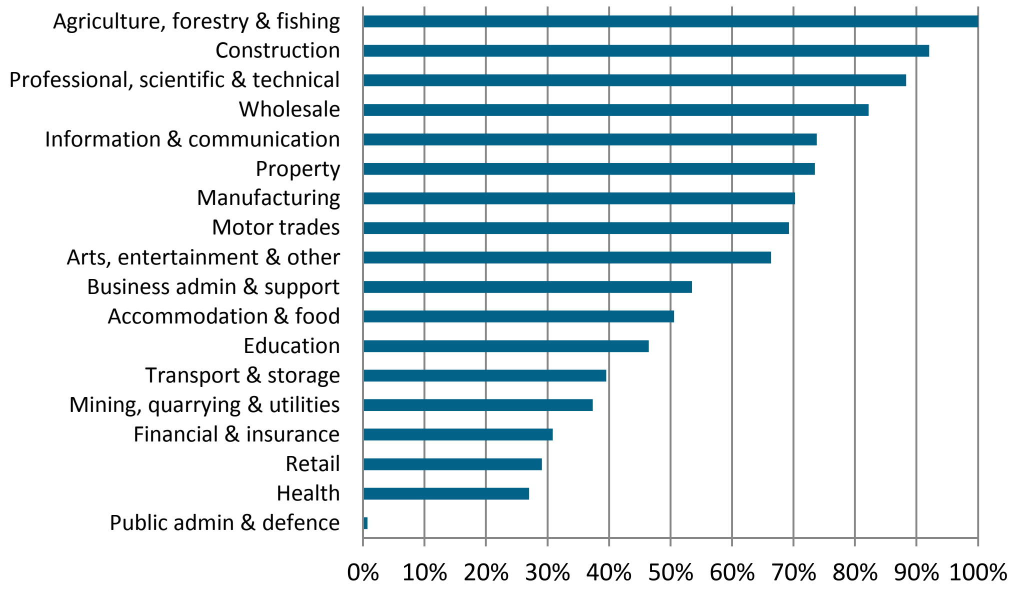
[83] ONS (2013) Business Demography & Mid-year population estimates
[84] Businesses employing fewer than 250 people
[85] ONS (2013) Business Activity Size and Location
[86] ONS (2013) Business Register and Employment Survey
[87] OECD (2014) Young SMEs, growth and job creation

**Figure 4.1 Maidstone: % of employment in SMEs, by broad sector (2012)**




Source: ONS BRES

4.5 At the same time, large enterprises accounted for over half (52.3%) of total employment in Maidstone. This is a higher proportion than for Kent as a whole (49.8%), but below the national average (55.7%).[88] This partly reflects falling employment in the public administration and defence sector in Maidstone, which is mainly in large organisations.[89]

## Business growth

4.6 The number of businesses in Maidstone has generally increased in recent years, albeit at a fairly modest rate, but this has been setback by the economic downturn. There were estimated to be 350 more registered enterprises in Maidstone in 2012 than in 2004.[90] However, the rate of growth in businesses was generally lower than the national average over this period with Maidstone's business stock increasing by 5.5% between 2004 and 2012, compared with 7.8% for Kent and 9.8% for England.[91]

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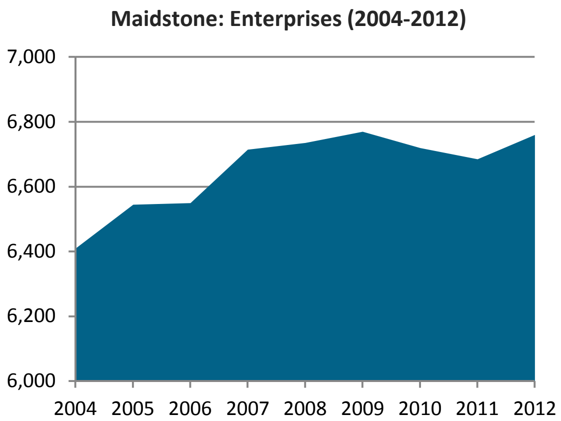
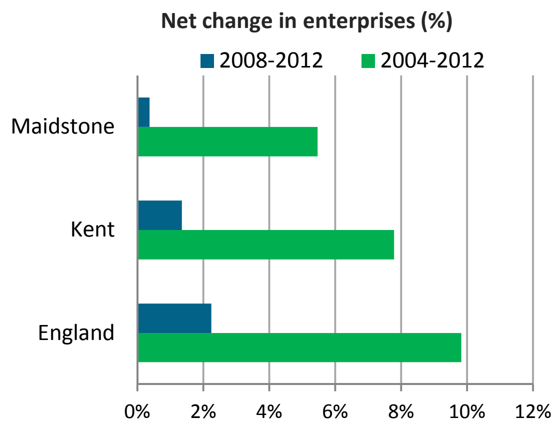
[88] ONS (2013) Business Register and Employment Survey
[89] ONS (2013) Business Register and Employment Survey
[90] ONS (2013) Business Demography
[91] ONS (2013) Business Demography

**Figure 4.1 Maidstone: business stock**




Source: ONS Business Demography

4.7 Indeed, the rate of business start-ups as a proportion of active enterprises has tended to fall in recent years but has remained above the national average. In 2004, 13.9% of Maidstone's businesses were start-ups, which compared with 11.5% nationally. By 2012, this had fallen to 11.2% which was only slightly above the national average (10.8%).

**Table 4.1 Business birth and death rates in Maidstone 2004-2012**

| Year | Births | Birth rate | Deaths | Death rate |
|---|---|---|---|---|
| 2004 | 890 | 13.9% | 655 | 10.2% |
| 2005 | 820 | 12.5% | 690 | 10.5% |
| 2006 | 705 | 10.8% | 660 | 10.1% |
| 2007 | 835 | 12.4% | 665 | 9.9% |
| 2008 | 705 | 10.5% | 650 | 9.7% |
| 2009 | 610 | 9.0% | 785 | 11.6% |
| 2010 | 640 | 9.5% | 660 | 9.8% |
| 2011 | 650 | 9.7% | 660 | 9.9% |
| 2012 | 760 | 11.2% | 695 | 10.3% |

Source: ONS Business Demography

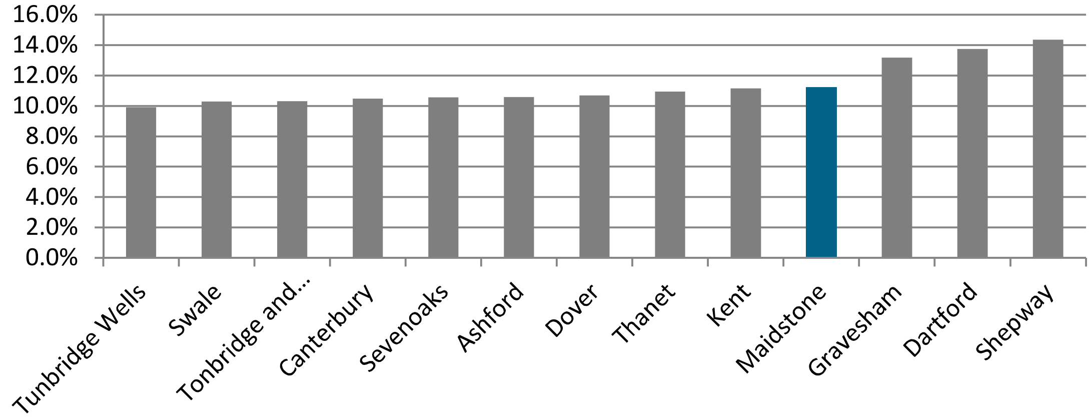
4.8 Since the recession there has been some rallying of the birth rate in Maidstone, particularly from 2011. The table below shows that in comparison to Kent as a whole and the national average, Maidstone has seen considerable improvement since 2009. Within Kent only three districts now have a higher the percentage of new enterprises in 2012 - Gravesham, Dartford and Shepway, and since 2009 only Shepway and Gravesham have improved more than Maidstone.

**Table 4.1 Business birth rate 2009-2012 (% of active enterprises) in Maidstone & selected areas**

| Area | 2009 | 2010 | 2011 | 2012 | % point change 2009-2012 |
|---|---|---|---|---|---|
| Ashford | 9.5% | 9.4% | 10.8% | 10.6% | 1.0% |
| Canterbury | 9.1% | 10.1% | 10.3% | 10.5% | 1.3% |
| Dartford | 11.4% | 11.5% | 12.8% | 13.7% | 2.3% |
| Dover | 9.2% | 8.4% | 11.1% | 10.7% | 1.5% |
| Gravesham | 10.6% | 9.7% | 12.9% | 13.2% | 2.5% |
| Maidstone | 9.0% | 9.5% | 9.7% | 11.2% | 2.2% |
| Sevenoaks | 9.0% | 9.2% | 11.0% | 10.6% | 1.5% |
| Shepway | 10.5% | 9.5% | 12.3% | 14.4% | 3.8% |

| | | | | | |
|---|---|---|---|---|---|
| Swale | 10.0% | 8.8% | 10.9% | 10.3% | 0.3% |
| Thanet | 9.9% | 10.5% | 11.2% | 10.9% | 1.0% |
| Tonbridge and Malling | 9.9% | 9.4% | 10.5% | 10.3% | 0.4% |
| Tunbridge Wells | 9.7% | 9.3% | 10.7% | 9.9% | 0.2% |
| Kent | 9.7% | 9.6% | 11.0% | 11.1% | 1.4% |
| England | 10.2% | 10.1% | 11.4% | 11.6% | 1.3% |

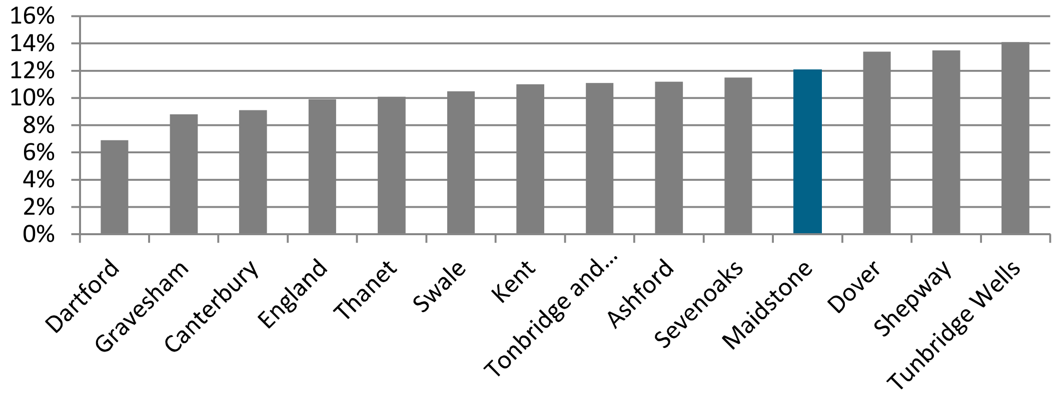
**Figure 4.2 Business birth rate 2012 (% of active enterprises), Maidstone & selected areas**




Source: ONS Business Demography

4.9 In terms of self-employment Maidstone appears to be relatively entrepreneurial: around 12% of residents were self-employed in 2013, compared to 9.9% nationally.[92] At 7.7 new enterprises per 1,000 working age[93] residents, the rate of business starts was also above the national average (7.0) in 2012.[94]

**Figure 4.3 % of working age residents self-employed in Maidstone & selected areas (2013)**

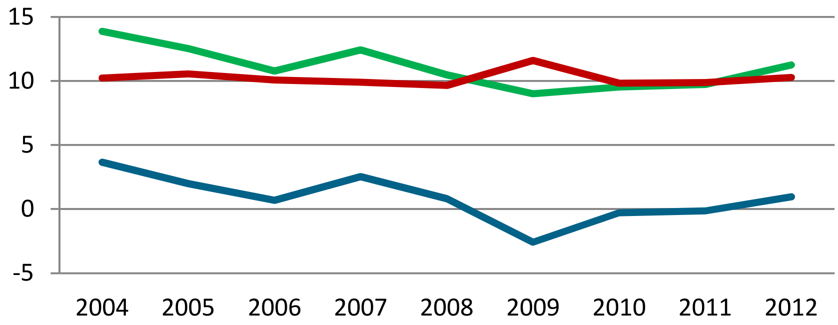



Source: ONS APS

[92] ONS (2014) annual population survey
[93] Working age residents are aged 16 to 64 years
[94] ONS (2013) Business Demography

4.10 Between 2004 and 2008 business births exceeded deaths in Maidstone in every year. However, declining business births, combined with a sharp increase in the rate of business closures meant that business creation was negative from 2009 to 2011, but in 2012 there was a rallying with more business births than business deaths.

**Figure 4.5 Maidstone: business birth rate, death rate and net creation (2004-2012)**




Source: ONS Business Demography

### Impact of the recession on local businesses survival

4.11 Business survival rates generally deteriorated during the recession, but these have improved since 2011. In 2007, 94% of Maidstone businesses survived their first year of business. This dropped to 89.1% in 2010, but recovered to 94.6% in 2011. A similar pattern can be observed nationally, although Maidstone has performed relatively better, with business survival rates above the national average in 2011.

**Figure 4.6 Survival rates of businesses born since 2007, Maidstone and England (%)**

| Years of birth / age in years | Maidstone | | | | | England | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2007 | 2008 | 2009 | 2010 | 2011 |
| 1 year | 94.0 | 95.7 | 92.6 | 89.1 | 94.6 | 95.4 | 92.1 | 90.9 | 86.8 | 93.1 |
| 2 year | 80.2 | 80.1 | 77.0 | 76.6 | - | 81.3 | 73.9 | 73.9 | 72.5 | - |
| 3 year | 62.3 | 62.4 | 65.6 | - | - | 62.9 | 57.9 | 59.7 | - | - |
| 4 year | 50.9 | 51.8 | - | - | - | 51.9 | 48.8 | - | - | - |
| 5 year | 43.7 | - | - | - | - | 44.4 | - | - | - | - |

Source: ONS Business Demography

4.12 Likewise, 2 year survival rates also declined between 2007 and 2010 in Maidstone, but the 3 and 4 year survival rates appear to have held up well compared to the national picture.

## Summary – key points

- The size profile of businesses in Maidstone is similar to the national profile, although there is an above average proportion of employment in SMEs.
- Maidstone is relatively entrepreneurial with an above average rate of self-employment .
- Although the recession has impacted on both business birth and death rates in Maidstone, there has been considerable improvement recently.

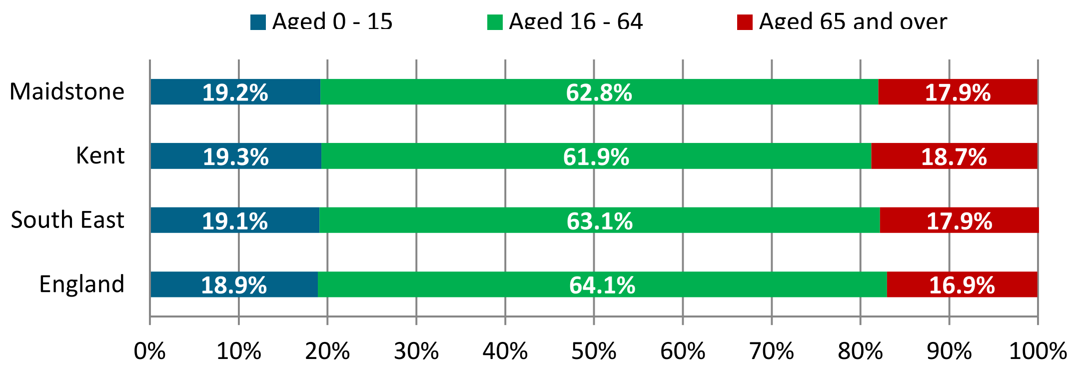
# 5. Population, labour market & skills

## Demographic trends

5.1 Maidstone had an estimated population of 157,300 in 2012, making it the largest district in Kent with 10.6% of the county's population.[95]

5.2 Maidstone has a greater proportion of elderly people (17.9%) than the national average (16.9%), but a lower proportion than for Kent (18.7%). However, while the percentage of Maidstone's population of working age (62.8%) is below the national (64.1%) and regional average (63.1%), it is above that for Kent (61.9%) as a whole Kent.

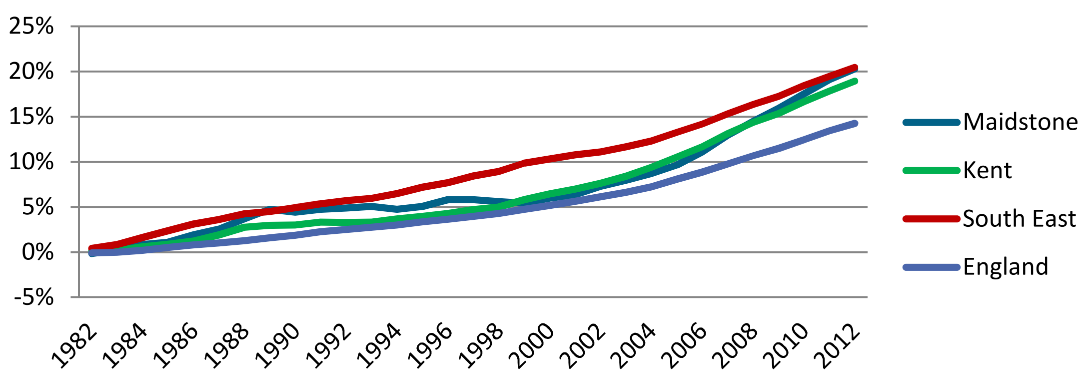
**Figure 5.1 Population profile by age group, Maidstone & selected areas (2012)**




Source: ONS MYPE

5.3 Maidstone's population has grown at a quicker rate than the national average over the past few decades. Since 1981 Maidstone's population has increased by over a fifth (26,500 people, or 20.3%)[96] which is slightly above the population growth rate for Kent (18.9%) and considerably above the national average (14.3%).

**Figure 5.2 Population growth from 1981, Maidstone & selected areas (%)**

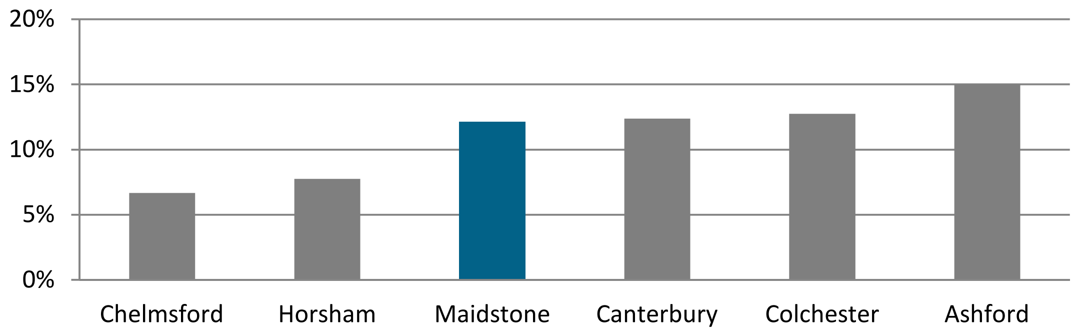



Source: ONS MYPE

[95] ONS (2013) Mid-year population estimates
[96] ONS (2013) Mid-year population estimates

5.4 Population growth in Maidstone has been particularly strong in the last decade. Between 2002 and 2012, Maidstone's population increased by 17,000 people, or by 12.1%, which was higher than the growth across Kent (10.5%) or England as a whole (7.7%).[97] However, during the same period, population growth was higher in places such as Ashford, Colchester and Canterbury.

**Figure 5.3 Population growth from 2002 to 2012, Maidstone & comparator areas (%)**




Source: ONS MYPE

5.5 Growth in those above retirement age has contributed significantly to overall population growth in Maidstone in the last decade. At 28.8%, the increase in the population aged 65 and over was considerably above the national average (+14.9%) between 2002 and 2012.[98] While less pronounced, the growth in young people (+9.8%) and the working age population (+8.8%) has also been above the national average (+2.7% and 7.4% respectively) since 2002.

## Maidstone's workplace population

5.6 Looking specifically at the Maidstone workplace population,[99] there were 76,800 people aged 16 to 74 in employment in the area in 2011. While this was 7,000 more than in 2001, this 10.1% increase was below the national average (12.1%).[100]

## Population projections

5.7 Looking ahead, ONS projections indicate that Maidstone's population will increase by 19,300 people between 2012 and 2021. As the figure below shows, the population growth rate forecast is above the national and regional averages and this is the case across all age groups, except those aged 0-15 years, where a slightly lower rate of growth is expected.

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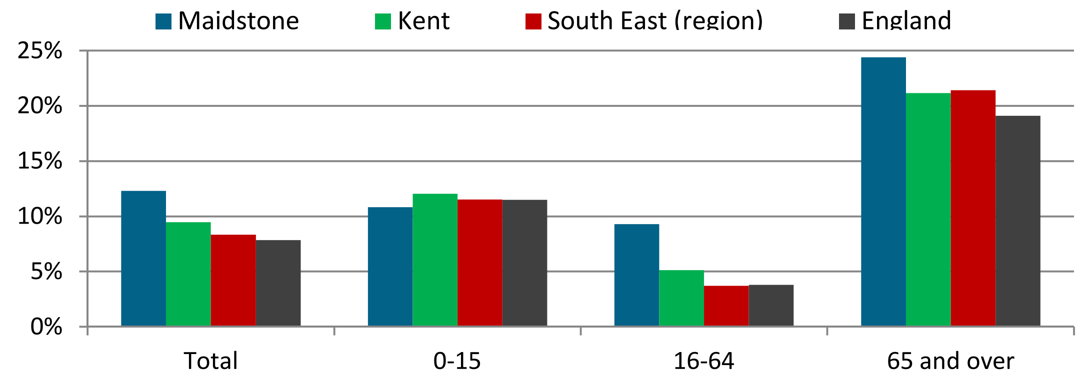
[97] ONS (2013) Mid-year population estimates
[98] ONS (2013) Mid-year population estimates
[99] The workplace population of an area is defined as "all usual residents aged 16 and above who are in employment and whose workplace is in the area". People who work mainly at or from home or do not have a fixed place of work are included in the area of their usual residence
[100] ONS (2014) Census 2011

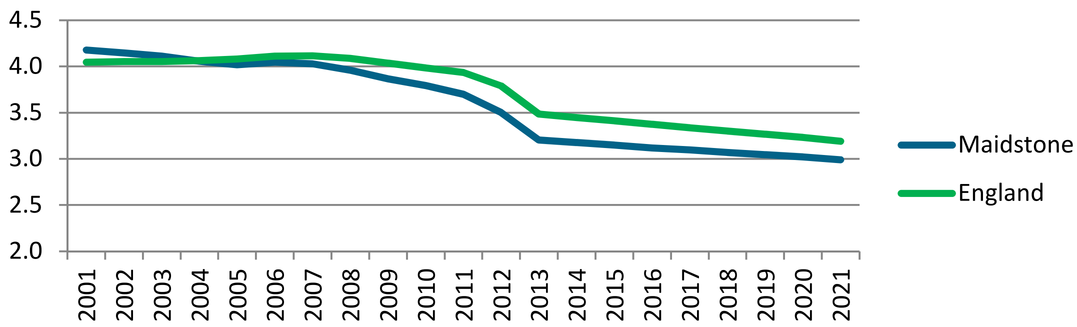
**Figure 5.4 Population growth projections 2012-2021, Maidstone & selected areas (%)**




Source: ONS

5.8 The number of residents aged 16-64 is set to increase by around 9,200 by 2021.[101] At 9.3%, the increase in the working population is expected to grow more in Maidstone than in Kent (5.1%) and nationally (3.8%). At the same time, increases in the retirement age population will continue to be significant, rising by almost a quarter (24.4%) between 2012 and 2021. By 2021, there are expected to be 3.0 working age people in Maidstone for every resident aged 65 and over, down from 3.5 in 2012 and 4.2 in 2001.[102]

**Figure 5.5 Ratio of working age population to those over retirement age (65+), Maidstone and England**




Source: ONS

## Participation in the labour market

5.9 Maidstone has a strong labour market. Its employment rate has been above the national average in the past 5 years and during the economic downturn, the employment rate increased, having previously decreased between 2004 and 2008.

5.10 In the year ending December 2013 76.8% of residents were estimated to be in employment in Maidstone which is above both the national (71.7%) and Kent (72.6%) averages.[103] Within

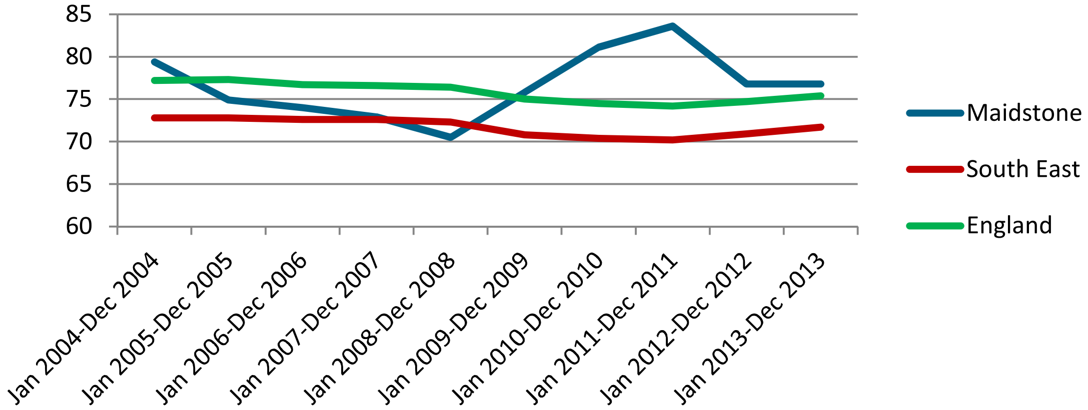
[101] ONS (2012) Subnational population projections for England

[102] ONS (2013) Mid-year population estimates & ONS (2012) Subnational population projections for England

[103] ONS (2014) Annual Population Survey

Kent, Maidstone had the third highest employment rate, behind only Ashford (78.9%), Dartford (77.0%) and Tunbridge Wells (78.3%)[104].

**Figure 5.6 Employment rate (% aged 16-64), Maidstone & selected areas**




Source: ONS APS

5.11 A significant factor in the increased employment rate is a rising number of women in employment. There were estimated to be around 6,000 more women of working age in employment in Maidstone in 2013 than in 2008.[105] At 71.1%, the female employment rate is considerably above the national average (66.4%) in 2013.

**Figure 5.7 Employment rate by gender (% aged 16-64), Maidstone and England**


Source: ONS APS

## Working patterns

5.12 The increase in employment in the last five years has also been influenced by changes in working patterns among Maidstone's residents. In particular, the proportion of residents employed in part-time work increased significantly between 2008 and 2012 (before falling

[104] ONS (2014) Annual Population Survey

[105] ONS (2014) Annual Population Survey

again in 2013). The share of self-employed residents has also increased in Maidstone in recent years and was above the national average in 2013.[106]

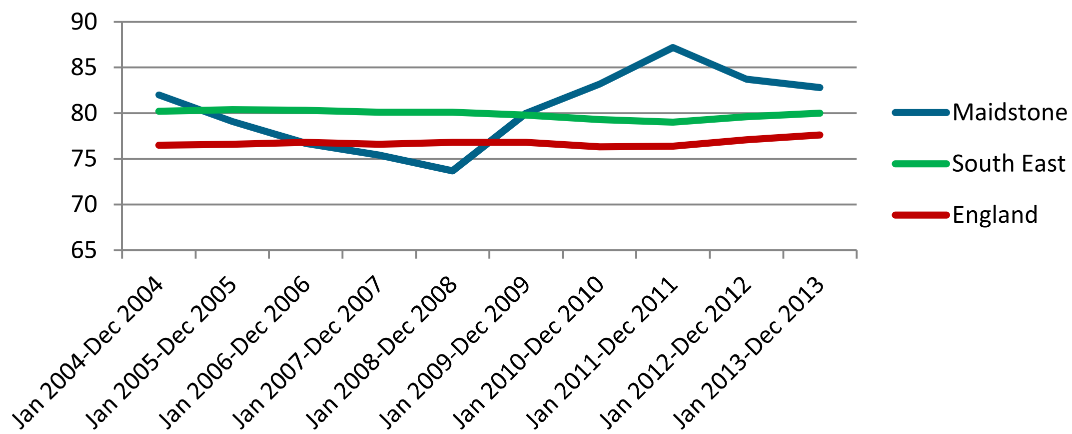
**Figure 5.8 Rate of part-time and self-employment (% aged 16-64), Maidstone and England**


Source: ONS APS

## Economic activity

5.13 Maidstone also has high rates of economic activity which is another indication of the area's strong labour market. In the year ending December 2013, 84,500 residents were economically active, including 82.8% of residents aged 16-64.[107] As the figure below shows, economic activity had been declining between 2004 and 2008, but increased sharply between 2008 and 2011. Since then there has been some decline but still stands above the national average.

**Figure 5.9 Economic activity rate (% aged 16-64), Maidstone & selected areas**




Source: ONS APS

5.14 There are around 16,500 working age people in Maidstone who are economically inactive in 2013 and at 17.2% of working aged residents, this is below the national average (21.6%).

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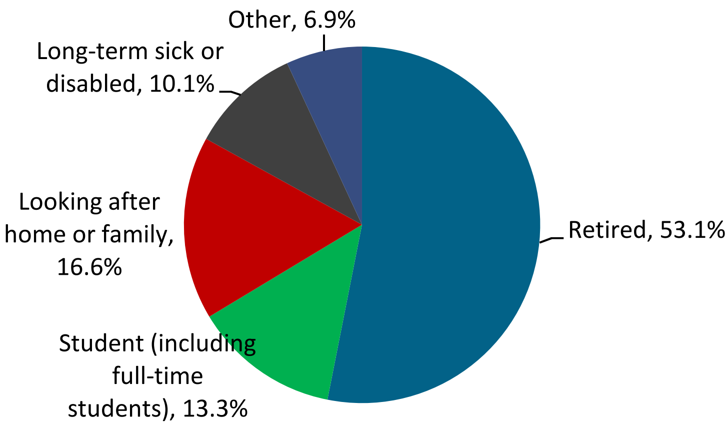
[106] ONS (2014) Annual Population Survey
[107] ONS (2014) Annual Population Survey

There are many reasons for being economically inactive, including being retired or looking after the family or home. The figure below outlines the main reasons for Maidstone residents to be economically inactive from the 2011 census.

**Figure 5.10 Maidstone: reasons for economic activity (% of economically inactive residents aged 16-74 - 2011)**




Source: ONS Census 2011

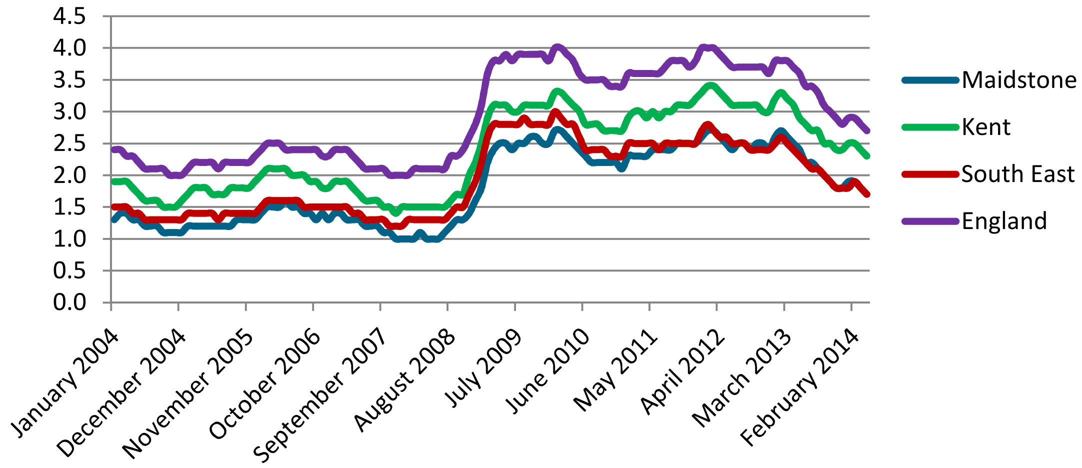
## Unemployment

5.15 Maidstone has a relatively low unemployment rate. In 2013 7.2% of economically active residents aged 16-64 were unemployed, compared to 7.6% for both Kent and England.[108] Unemployment increased as a result of the recession, from around 4.3% in 2008 to 8.2% in 2012, but has come down in the last year.

5.16 Maidstone's claimant count (the share of working age people claiming Jobseekers Allowance) shows a similar pattern to overall unemployment. The claimant count rate rose sharply in 2008, from 1.0% of 16-64 year olds in January 2008 to 2.7% in January 2012, but has come down in the last year or so. In April 2014, 1.7% of working age residents were claiming JSA, compared with 2.3% for Kent and 2.7% for England as a whole. Maidstone's claimant count rate was the fifth lowest in Kent in April 2014.

[108] ONS (2014) Annual Population Survey

**Figure 5.11 JSA claimants (% aged 16-64), Maidstone & selected areas**




Source: ONS claimant count

5.17 Young people aged 18-24 make up more than a quarter (26.3%) of claimants in Maidstone[109] and this age group has seen the biggest increase in claimants between 2008 and 2013 (increasing by 165).

5.18 Long-term unemployment has increased as a result of the economic downturn. In April 2014, 0.7% of 16-64 year olds had been claiming JSA for more than 6 months, up from just 0.2% in January 2008. However, this proportion was below the national average (1.2%).[110] Almost 4 in 10 claimants (38.3%) have been claiming unemployment benefits for more than 6 months, compared to a fifth in 2008.

### Unemployment benefit claimants

5.19 Maidstone also has a relatively low percentage of out-of-work benefits claimants. In November 2013 9.9% of the working age population was claiming out-of-work benefits[111], compared to 12.1% across Kent and 12.9% in England.[112]

5.20 The percentage of out-of-work benefits claimants has increased in Maidstone over the last five years, which is counter to the national trend. Between November 2008 and November 2013 the percentage of out-of-work benefits claimants rose by 1.1 percentage points in Maidstone, which was similar to the increase in Kent as a whole (+0.4pp), while the rate of benefit claimants across England fell during this time (-0.5 pp).[113]

## Qualifications and skills

5.21 Maidstone's working age population is not well qualified compared to the national average. In 2013 only 32.6% of working aged residents were qualified to NVQ Level 4 or above, which

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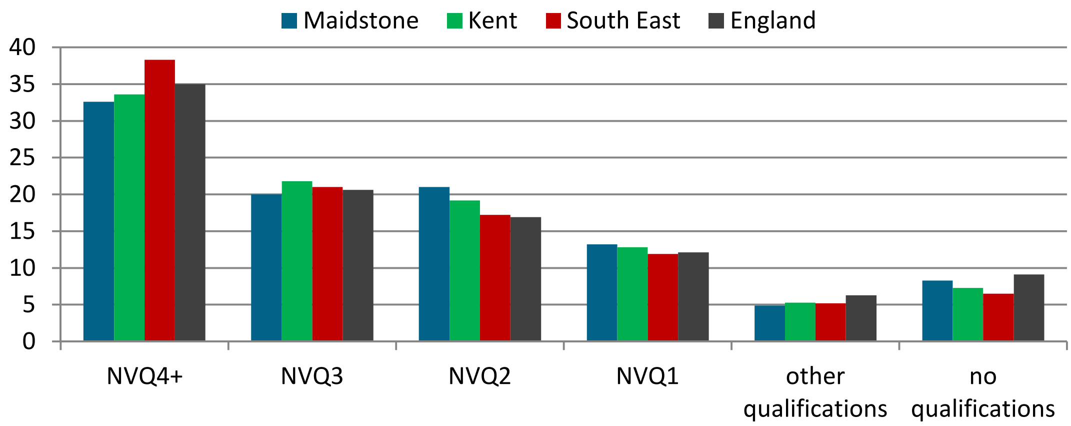
[109] ONS (2014) claimant count
[110] ONS (2014) claimant count
[111] Out-of-work benefit claimants are recipients of Jobseekers Allowance, Employment and Support Allowance (ESA), Incapacity Benefit (IB) and Severe Disablement Allowance (SDA), lone parents (recipients of Income Support with a child under qualifying age) and other recipients of Income Support and Pension Credit
[112] ONS (2014) Annual Population Survey
[113] ONS (2014) Annual Population Survey

is lower than for Kent (33.6%) and the national average for England (35%).[114] For a relatively high proportion of the adult population (21%), their highest level of qualification attainment was at NVQ Level 2.

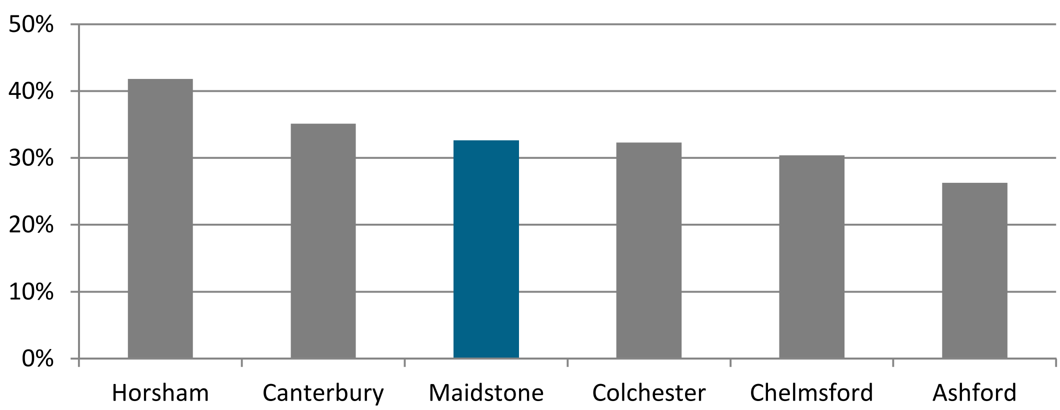
**Figure 5.12 Highest level of qualification attainment (% of residents aged 16-64 - 2013), Maidstone & selected areas**




Source: ONS APS

5.22 Amongst the Kent districts, Maidstone ranks fifth in terms of the proportion of residents qualified at NVQ Level 4 in 2013.[115] However, the figure below shows that percentage in Maidstone is on a par with other similar areas, such as Colchester and Chelmsford.

**Figure 5.13 % of residents aged 16-64 with NVQ4+ qualifications (2013), Maidstone & comparator areas**




Source: ONS APS

5.23 Qualification attainment in Maidstone's working age population has generally improved in recent years: only 28% of residents were qualified at NVQ4+ in 2004, and the share of the adult population without qualifications dropped from 10.2% to 8.3% between 2004 and 2013. However, higher level qualification attainment is improving at a faster rate in Kent overall and nationally.

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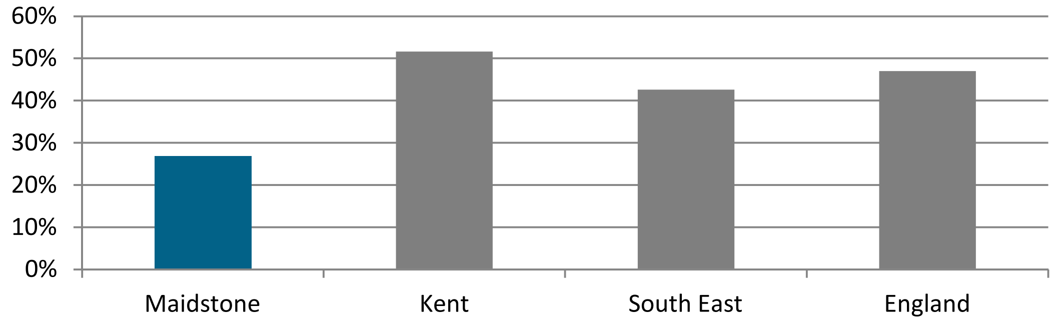
[114] ONS (2014) Annual Population Survey

[115] In both Tonbridge and Malling (48.5%) and Sevenoaks (49.4%) almost half of the adult population were qualified at this level - ONS (2014) Annual Population Survey

**Figure 5.14 Percentage point change in proportion of residents qualified at NVQ4+ (2004-2013), Maidstone & selected areas**




Source: ONS APS

## Skill shortages and mismatch

5.24 Although the UKCES Employer Skills Survey does not provide data at borough level, it is worth noting the recent evidence of significant skills challenges in the Kent as a whole (see box below).

### Evidence of skills shortages in the Kent area

According to the most recent UKCES Employer Skills Survey (ESS), over a quarter (25.4%) of vacancies were hard-to-fill in Kent due to skills shortages in 2013 (SSVs[116]), which is above the national average for England (22.3%).[117] Overall, one in twenty Kent businesses faced challenges with SSVs, with a relatively high proportion in administrative and clerical (31.3%), machine operative (39.1%) and skilled trades (40.8%) occupations.

Skills that Kent employers found difficult to obtain from applicants include problem solving skills (50% of businesses with SSVs), technical, practical or job specific skills (46%) and numeracy skills (46%). The main impact of SSVs is to increase the workload for other staff. However, half (49%) of Kent businesses lose business or orders to competitors because of SSVs, compared to just 42% nationally, and more (47%) delay developing new products or services (43% nationally).

In addition, around a fifth (19%) of Kent businesses reported skills gaps in their existing workforce (15% nationally). But, despite these challenges, less than half (49%) of businesses funded or arranged training for staff over the past 12 months.[118]

5.29 It is not possible to analyse total vacancies in the Maidstone economy using official statistics. However, it is possible to analyse vacancies registered with Jobcentre Plus as a proxy.[119] Data shows there were 961 Jobcentre Plus (JCP) vacancies in Maidstone in November 2012[120] while at the same time, 2,470 people were claiming JSA.[121] At 2.6 claimants per

[116] Skills Shortage Vacancies

[117] Note: data is not available below county level - UKCES (2014) Employer Skills Survey 2013

[118] UKCES (2014) Employer Skills Survey 2013

[119] The final update of jobcentre vacancies took place in November 2012. Jobcentre Plus vacancies are both highly seasonal and subject to random shocks, so interpretation requires some care.

[120] DWP (2012) Jobcentre Vacancy Statistics

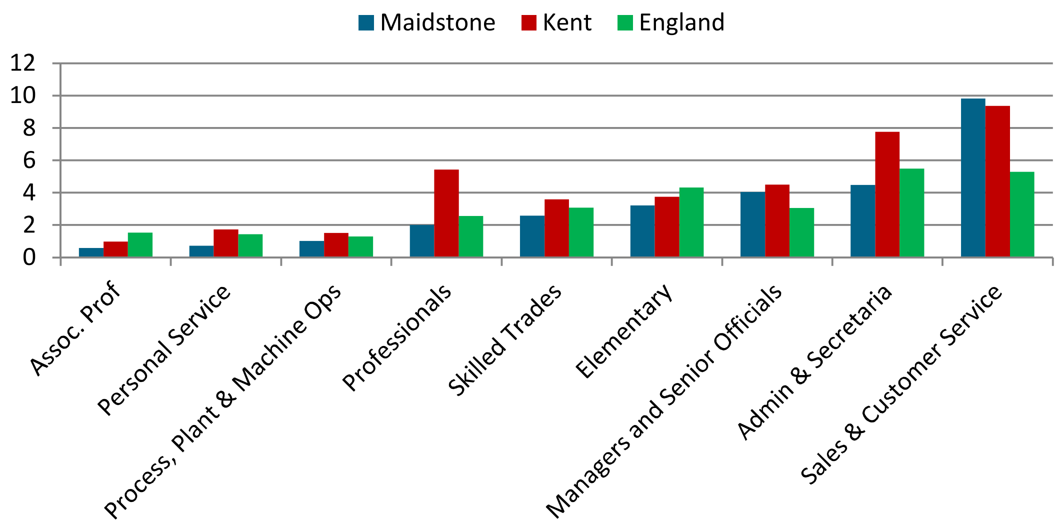
[121] ONS (2014) claimant count

vacancy, the claimant to vacancy ratio was lower than for Kent (3.5) or England as a whole (3.2) which suggests that there was relatively less competition amongst claimants for jobs locally.

5.30 JCP groups vacancies into occupations in order to match jobseekers to suitable jobs. Looking at the breakdown of vacancies in Maidstone by occupation, it is evident that while most vacancies were in entry level and intermediate roles (employers mainly use JCP vacancy services for jobs requiring low-mid skill levels), the proportion is lower than elsewhere. Some 65.9% of vacancies in Maidstone were in entry level and intermediate roles[122] in 2012 compared to 70.5% in Kent and 74.4% nationally. Conversely, a much higher proportion - over a quarter (25.3%) - of vacancies were in professional, managerial and technical roles which was higher than for Kent (20.1%) and for Kent and England as a whole (17.1%).

5.31 In 2012, the highest claimant to vacancy ratio was in sales and customer service jobs (9.8 claimants per vacancy), followed by administrative and secretarial roles (4.5). As the figure below shows, the ratio of claimants to vacancies in sales and customer services was particularly high in Maidstone compared to the national average (5.3) and slightly above that for Kent as a whole (9.4).

**Figure 5.15 Claimant to vacancy ratio, by occupation, Maidstone and England (Nov 2012)**




Source: DWP Vacancies / ONS Claimant Count

5.32 The lowest claimant to vacancy ratios were in associate professional (0.6 claimants per vacancy) and personal services (0.7), which suggests a shortage of claimants looking for these kinds of jobs.

5.33 Although the overall vacancy to claimant ratio is low in Maidstone, the profile of vacancies and claimants suggests that there is some mismatch. There are relatively more claimants looking for entry level and intermediate level jobs, particularly in sales and customer service

[122] Defined as administrative and secretarial, personal service, sales and customer service, process, plant and machine operatives, or elementary occupations.

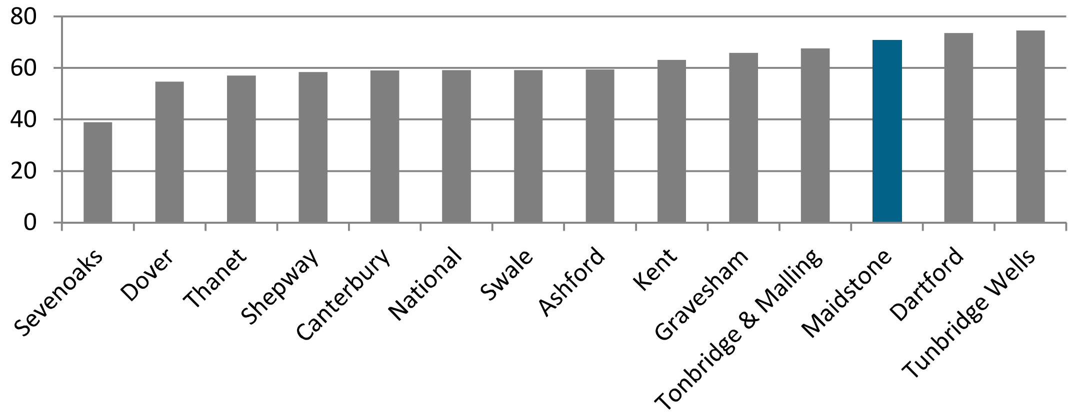
roles than vacancies, while for associate professional and personal services there are relatively more vacancies than claimants .

### Educational attainment

5.34 Young people's participation is relatively strong in Maidstone. Some 92.1% of Key Stage 4 (KS4) students[123] progressed to education, employment or training destinations in 2010/11, which is above the Kent (89.3%) and England (88.8%) averages.[124]

5.35 Pupil performance is also above the national average in Maidstone at KS4. In 2013, 70.8% of Key Stage 4 pupils achieved 5+ A*-C grades including English and mathematics[125] compared to 63.1% across Kent and 59.2% nationally.[126]

**Figure 5.16 KS4 Attainment (% Achieving 5+ A*-C Grades incl. English and Maths - 2013), Maidstone & selected areas**




Source: Kent County Council

5.36 In line with the performance at GCSE level, post-16 educational attainment is also relatively strong in Maidstone. In 2013, 87.8% of pupils achieved 3 or more A*-E Grades in Level 3 exams (compared to 86.1% across Kent), with over half (54.1%) of pupils achieving A*-A grades (44.1% across Kent). At 841.6, the average points score per student was also above the national (724.3) and Kent (745.3) averages that year.

## Occupations

5.37 Maidstone's poorer than average qualification profile among its adult population is reflected in the lower skills level of jobs accessed by residents. In 2013 the figure below shows that a lower than average proportion of Maidstone's residents were employed in higher-skilled occupations – particularly in professional occupations, while considerably more are employed in elementary occupations.

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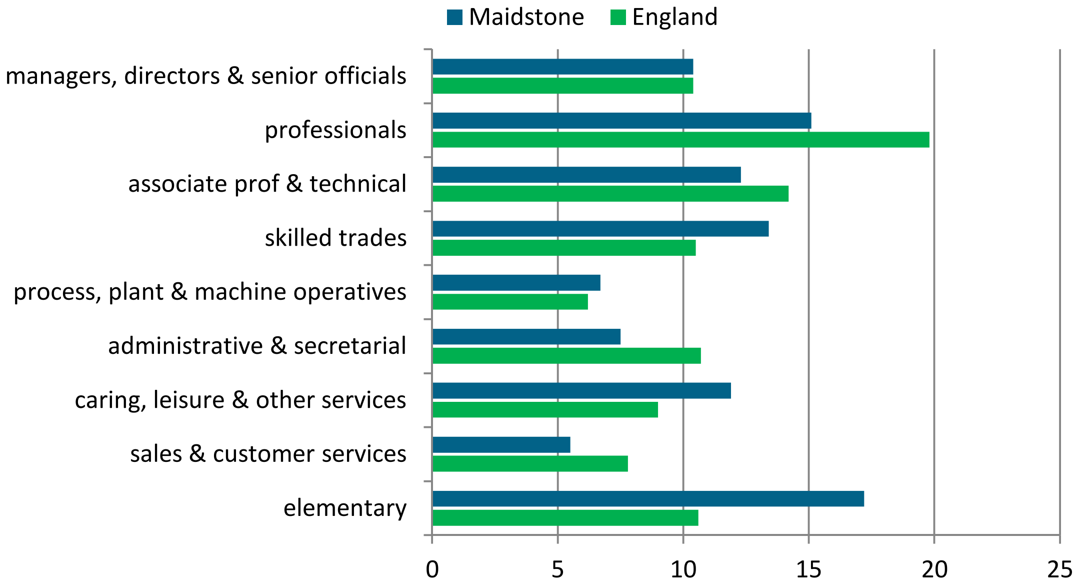
[123] Key Stage 4 is the term for the two years of school education which incorporate GCSEs, normally known as Year 10 and Year 11, when pupils are aged between 14 and 16.

[124] Research & Evaluation, Kent County Council (2013) Key Stage 4 & 5 Student Destinations, 2010-11

[125] Kent County Council (2014) District profiles

[126] Kent County Council, Education and Young People's Services (2014) Facts and Figures 2014

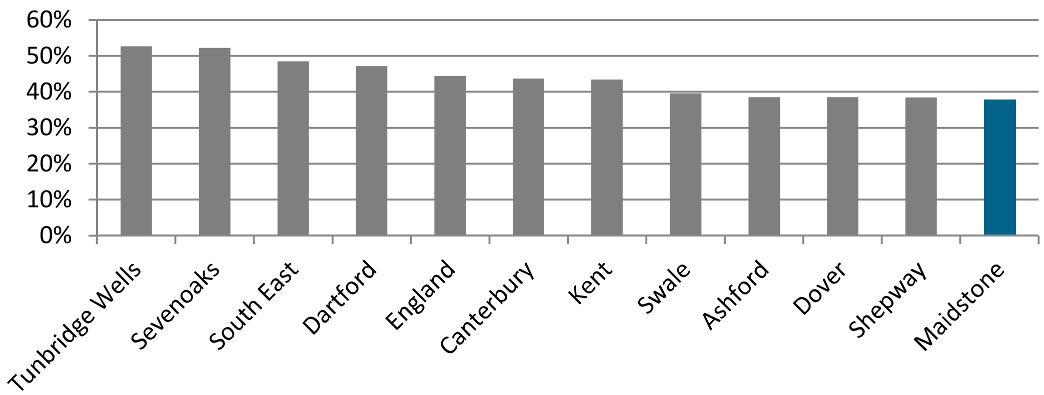
**Figure 5.17 Occupational profile of employed residents (2013), Maidstone and England**




Source: ONS APS

5.38 In total some 37.8% of Maidstone residents were employed the top three highest paying occupations (managers/directors/senior officials, professionals and associate professionals) in 2013, compared with 43.4% for Kent as a whole, and 44.4% nationally.[127] Among districts in Kent, Maidstone has the lowest share of residents employed in these occupations. In comparison, in both Tunbridge Wells and Sevenoaks more than half of residents are employed these types of jobs.

**Figure 5.18 % of residents in employment who work in the top three highest paid occupations (2013), Maidstone & selected areas**




Source: ONS APS

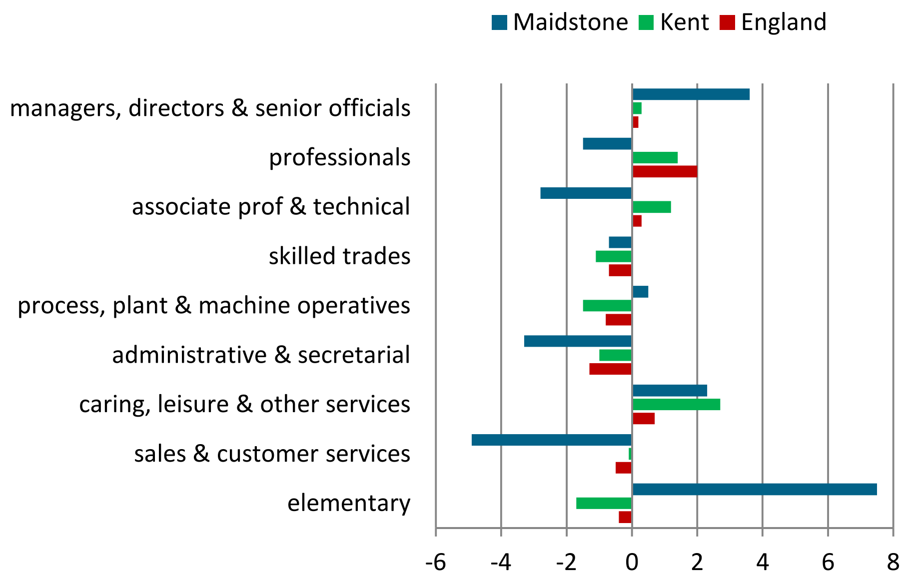
5.39 Maidstone has an above average proportion of residents employed in skilled trades, caring, leisure & other services, and, in particular, elementary occupations. At 17.2%, Maidstone also had the highest percentage of residents in employment in elementary roles amongst

[127] ONS (2014) Annual Population Survey

Kent districts in 2013.[128] Across Kent and England as a whole, these represent only around one in ten of those in employment (10.1% and 10.6% respectively).

5.40 Despite the predominance of low status occupations amongst Maidstone residents, there have been significant changes since 2008, as the figure below shows.

**Figure 5.19 Percentage point change in employment by occupation (2008-2013), Maidstone & selected areas**




5.41 The most significant changes are:

- an above average increase in the proportion of residents employed as managers, directors & senior officials, compared to the increase in the overall profile for Kent and nationally;
- a decline in the share employed in sales and customer services roles which is more significant than for Kent and nationally; and
- a relatively sharp increase in the importance of employment in elementary occupations which is counter to a decrease in Kent and nationally.

5.42 These changes to the occupation profile of Maidstone suggests a complex pattern with the most significant changes happening at the top and bottom end of the profile. While the increase in managers, directors and senior officials may be due to an increase in higher skill jobs in the Maidstone area, this could also be due to more residents establishing their own businesses or an increase in residents seeking homes in the area and commuting out of the borough to work.

## Earnings

5.43 Median earnings for those working in Maidstone are also below the national average. Workplace earnings are an indicator of the productivity level of jobs in the local economy. In

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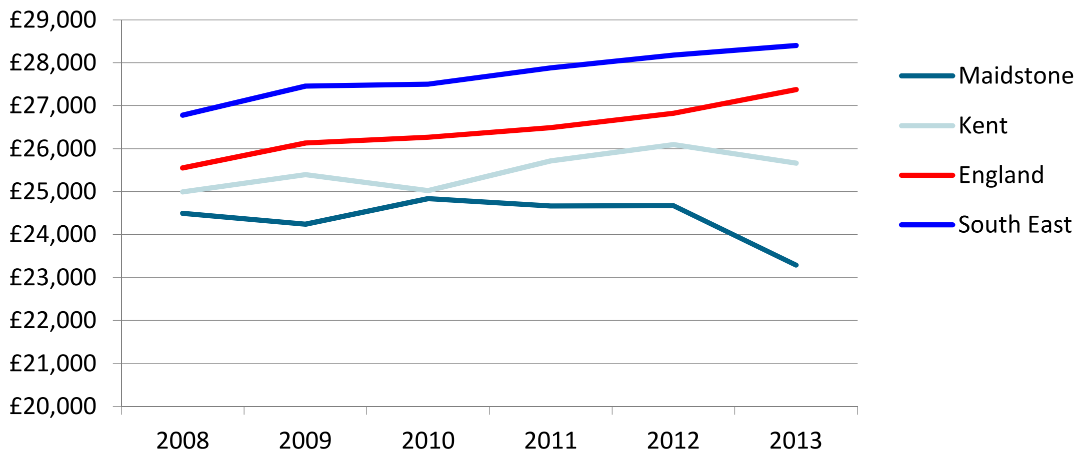
128 ONS (2014) Annual Population Survey

2013, median full-time workplace earnings were £23,290, compared to £25,670 for Kent and £27,380 nationally.[129] As the figure below shows, median earnings for full-time workers in Maidstone have largely stagnated since 2008 with a recent drop recorded in 2013.

**Figure 5.20 Median annual pay – workplace (gross, full-time workers), Maidstone & selected areas**




Source: ONS ASHE

5.44 Resident wages in Maidstone have historically been relatively high, above both the national and Kent averages. However, in 2013, ONS recorded a considerably lower average resident wage of £26,800 compared to the previous year of £29,600. Based on this latest figure, resident wages are some of the lowest in Kent. At £26,800 in 2013,[130] median earnings for Maidstone residents were below both the Kent (£28,700) and national (£27,400) averages in 2013.[131]

5.45 These figures need to be treated with caution. The 2013 figures for both workplace and resident earnings show a marked fall on the previous years. There is little qualitative evidence to suggest such a significant decline and the figures could therefore simply be an error in the data. On the other hand, they could represent a more profound shift in earnings in Maidstone for the worse, and therefore need to be monitored closely.

5.46 One consistent trend over the last decade or more is that resident earnings in Maidstone exceed workplace earnings. In 2013, average annual salaries of residents were around £3,500 more than those of workers.

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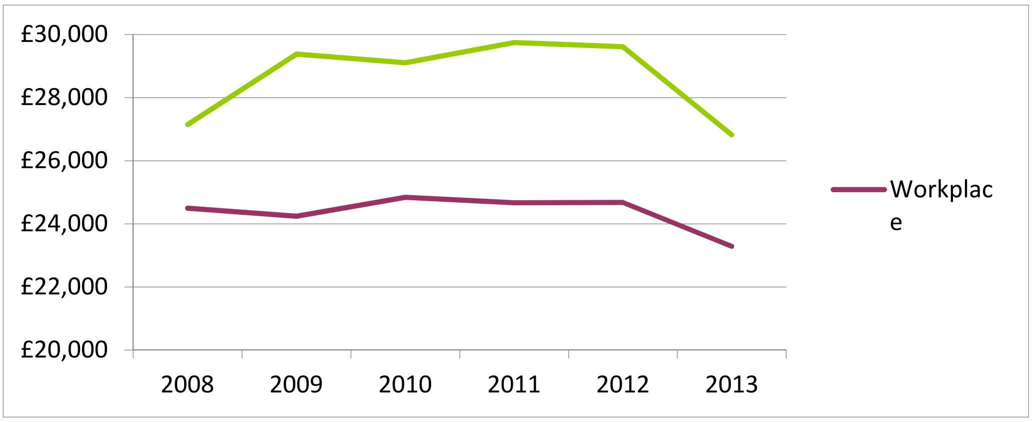
[129] ONS (2014) annual survey of hours and earnings - workplace analysis

[130] ONS (2013) Annual Survey of Hours and Earnings

[131] ONS (2013) Annual Survey of Hours and Earnings

**Figure 5.21 Maidstone: median annual pay – workplace vs. resident (gross, FT workers)**




Source: ONS ASHE

## Commuting

5.47 At the time of the 2001 Census, Maidstone was a net importer of labour, with 245 more workers travelling into the borough to work than left the borough every day.[132] However, the 2011 Census shows that over the last decade Maidstone has become a net exporter of labour, with 1,096 more people commuting out of the borough to work than commuting in.

**Table 5.1 Maidstone: commuting flows from the 2011 Census**

| Area of origin | **In-commuting** | **Out-commuting** |
|---|---|---|
| Maidstone | 30,693 | 30,693 |
| Elsewhere | 29,999 | 31,095 |
| **Total** | **60,692** | **61,788** |
| Maidstone | 50.6% | 49.7% |
| Elsewhere | 49.4% | 50.3% |

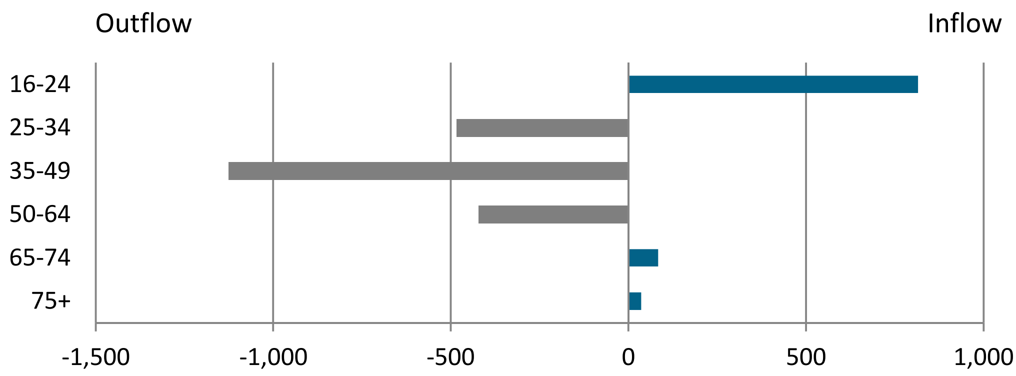
Source: ONS Census 2011

5.48 Origin-destination data from the 2011 Census shows that there were 29,999 people commuting to work in Maidstone borough from other local authority areas in 2011 (inflow). At the same time, there were 31,095 residents commuting out of the borough to work in other local authority areas or elsewhere (outflow). The commuting flows resulted in net out-commuting of 1,096 people in Maidstone in 2011 which was a reversal from an net inflow in 2001.

5.49 The age profile of commuters shows that the net-outflow was highest amongst residents of prime working age between 25 and 49 years in 2011, while there was a net-inflow of the youngest age group aged 16-24.

[132] ONS (2001) Census 2001

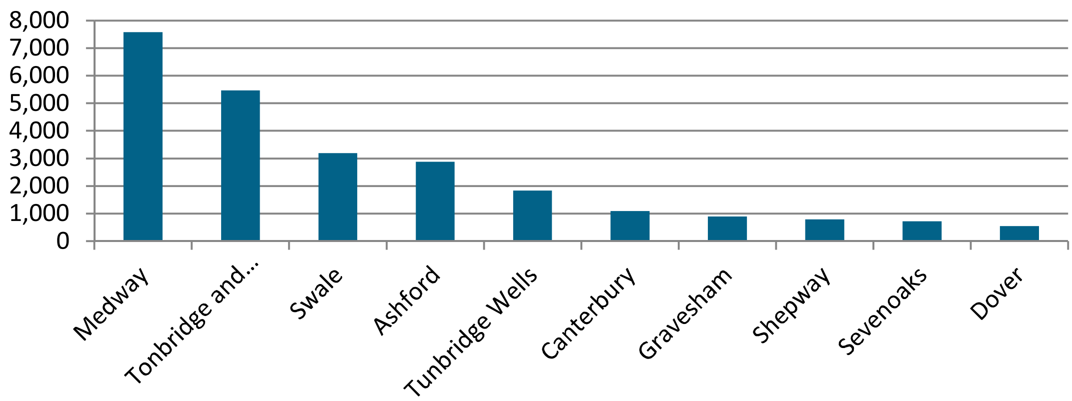
**Figure 5.22 Maidstone commuting patterns by age group (2011)**




Source: ONS Census 2011

5.50 Of the 60,692 people who commuted to work in Maidstone in 2011, these were split equally between those who were residents of Maidstone (50.6%) and those resident elsewhere (49.6%).[133] The main origins for people commuting to work in Maidstone were Medway (7,578 people; 25.3% of in-commuters) and Tonbridge and Malling (5,471 people; 18.2%). Overall, more than nine out of ten (92.5%) commuters working in Maidstone lived in the Kent and Medway area in 2011.

**Figure 5.23 Top origins for in-commuting to Maidstone from other LAs (2011)**



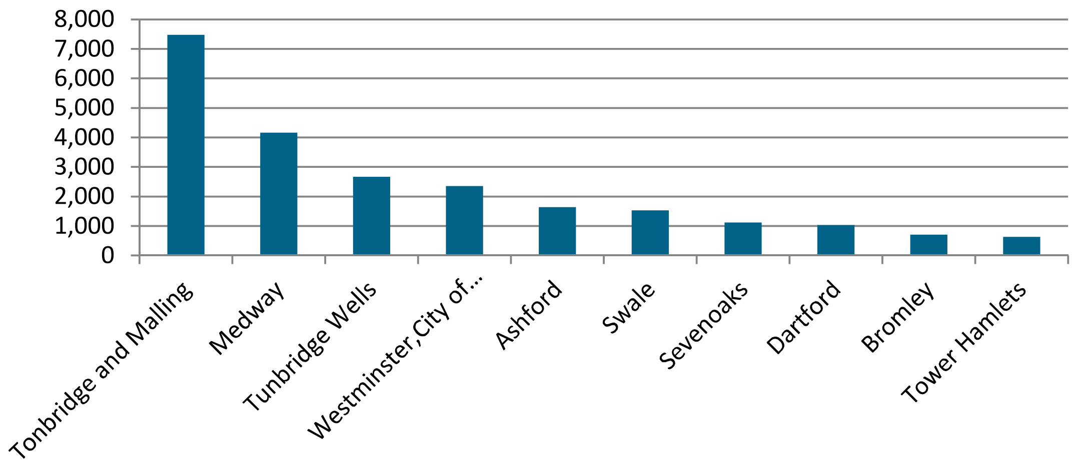

Source: ONS Census 2011

5.51 Of the 61,778 Maidstone residents that commuted to work in 2011, half (49.7%) worked in Maidstone and half (50.3%) worked outside the borough.[134] In 2001 60% of Maidstone residents worked in the borough which indicates that Maidstone has become less important as a place of work for its residents over the last decade.

5.52 As the figure below shows the main destinations for out-commuting residents were also Tonbridge and Malling (7,479; 24.1% of out-commuters) and Medway (4,165; 13.4%). Almost a quarter of residents commuting from Maidstone work in London, and around one third commute to Westminster and the City of London alone.

[133] ONS (2014) Census 2011
[134] ONS (2014) Census 2011

**Figure 5.24 Top destinations for out-commuting from Maidstone to other LAs (2011)**




Source: ONS Census 2011

5.53 Comparing the occupational profile of residents in employment[135] with that of the workplace population[136] provides an indication of the type of jobs people are commuting to. Where there is a higher proportion of residents in an occupation group than amongst the workplace population, this suggests there is net out-commuting (outflow). Conversely, where there is a higher proportion of the workplace population in an occupation group, this suggests a net in–commuting (inflow). The data used for this analysis is different from the origin-destination commuting flow data and indicates an overall net out-commuting outflow of 1,716 people from Maidstone in 2011, which is around 700 higher than the outflow indicated by the origin-destination data.

5.54 As the figure below shows, the greatest outflow amongst the occupation groups was for managers, directors and senior officials (-1,400) and those in professional occupations (-1,100), while at the same time, the greatest inflow was for lower status occupational groups, particularly those in sales and customer service (+600), caring, leisure and other (+300 occupations.

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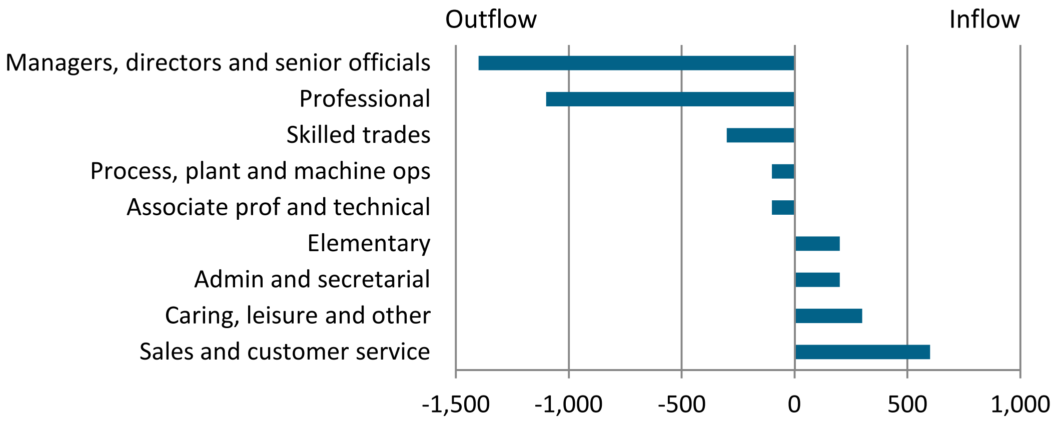
[135] All usual residents aged 16 and over in employment the week before the census

[136] The workplace population are those whose usual place of work is in that local authority. This will include both individuals who live and work in the local authority and those who work in the local authority but commute from a home elsewhere

and individuals who work in the local authority but commute from a home elsewhere

**Figure 5.25 Net differences between the resident and workplace occupational profiles in Maidstone (2011)**



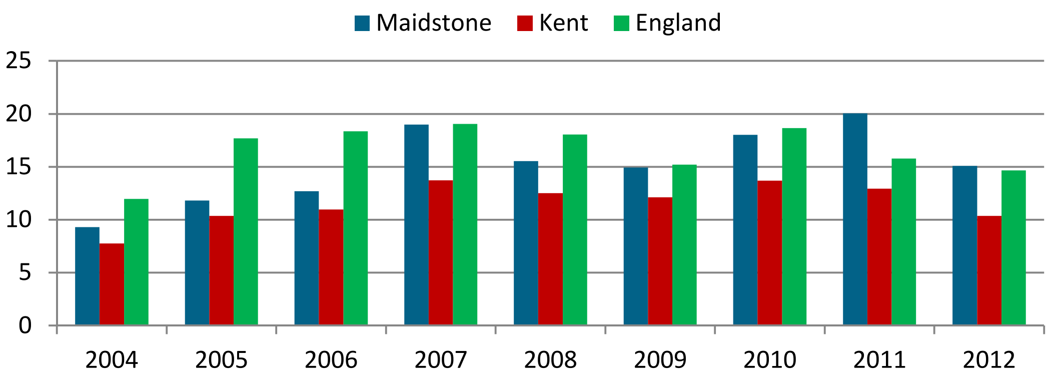

Source: ONS Census 2011

5.55 This pattern is consistent with the fact that the average earnings of residents is significantly higher than workplace earnings (see paragraph 5.44) and that those who are commuting out of the borough to work are accessing higher paying jobs elsewhere, while those commuting into Maidstone are generally working in lower occupational status lower waged jobs.

## Migration and ethnicity

5.56 Between 2004 and 2012, around 13,200 overseas nationals registered for National Insurance numbers (NINO) in Maidstone, showing their intention to work in the area[137]. The number of NINO registrations declined from 2007 to 2009, but peaked at 1,990 in 2011[138]. On average, there were 15.2 allocations per 1,000 working age residents per year in the Maidstone from 2004 to 2012, which was above the average for Kent (11.6) but below the national average (16.6).

**Figure 5.26 Migrant NINo Registrations per 1,000 resident population aged 16 to 64, Maidstone and selected areas**




Source: KCC

[137] Department for Work and Pensions (2014) National Insurance number allocations to adult overseas nationals entering the UK to December 2013

[138] Department for Work and Pensions (2014) National Insurance number allocations to adult overseas nationals entering the UK to December 2013

5.57 In 2012/13, 1,601 overseas nationals registered for National Insurance numbers in Maidstone, which as 16.1% of the registrations in Kent. Of these, 70.9% of NINo allocations were for people from EU ascension states (principally Bulgaria, Poland and Lithuania) which was almost double the rate nationally (36.4%).[139]

5.58 At the time of the 2011 Census, 13.5% of people aged 16 to 49 years in Maidstone were born outside the UK which was lower than the England average (18.9%). Of the non-UK population, the largest group (29%) were from the Middle East and Asia, followed by EU Accession Countries (27%).[140]

5.59 The ethnicity of workers by industry, as shown in the table below, indicates that the vast majority of workers in Maidstone were 'White British' in 2011 and at 88.4% this is higher than the national average (80.8%), but similar to the proportion in Kent (88.7%). The percentage of those in employment reporting themselves as 'White British' was highest in the construction sector in Maidstone, followed by other industries (arts, entertainment and recreation, and other services).

[139] Kent County Council (2013) Migrant Workers in Kent
[140] ONS (2011) Census 2011

**Table 5.2 Maidstone workforce by ethnic group (2011)**

| Industry | White British | White Irish | White Other | Mixed/ multiple | Asian/ Asian British | Black/ African/ Caribbean/ Black British | Other ethnic group |
|---|---|---|---|---|---|---|---|
| Agriculture, energy & water | 82.3% | 0.6% | 14.1% | 0.9% | 1.2% | 0.4% | 0.4% |
| Manufacturing | 89.6% | 0.7% | 5.8% | 0.9% | 2.3% | 0.5% | 0.2% |
| Construction | 93.7% | 0.9% | 3.3% | 0.7% | 0.8% | 0.3% | 0.2% |
| Distribution, hotels & restaurants | 87.0% | 0.5% | 6.2% | 1.1% | 4.3% | 0.5% | 0.5% |
| Transport & communication | 87.6% | 0.7% | 7.3% | 1.0% | 2.4% | 0.8% | 0.2% |
| Financial, Real Estate, Professional & Admin activities | 89.7% | 0.6% | 5.2% | 1.1% | 2.4% | 0.8% | 0.3% |
| Public admin, education & health | 86.7% | 1.0% | 4.3% | 1.2% | 5.2% | 1.3% | 0.4% |
| Other | 91.6% | 0.4% | 4.2% | 1.1% | 1.6% | 0.7% | 0.5% |
| **Total** | **88.4%** | **0.7%** | **5.4%** | **1.0%** | **3.3%** | **0.8%** | **0.3%** |

Source: ONS Census 2011

5.60 The next largest ethnic group in the workforce was 'White Other', which constitutes 5.4% of the Maidstone workforce in 2011. This group largely includes people born in EU ascension countries (40.5%), the UK (21.4%), and EU member countries (17.1%).[141] Employment of 'White Other' workers was particularly significant in the agriculture, energy and water sector (14.1%) and transport and communication jobs (7.3%) in 2011. Employment was above the national average in both of these industries (4.8% and 6.5% respectively) and reflects the large number of casual workers in agriculture (1,023 in 2010, 5th highest among local authorities in England),[142] many of whom are from Eastern Europe.

## Summary – key points:

- Maidstone had an estimated population of 157,300 in 2012 and is the largest district in Kent with 10.6% of the county's population.
- Maidstone's population has grown faster than the average for Kent and England in the last decade, increasing by 17,000 between 2002 and 2012.
- At the same time, the population is ageing and the proportion of resident's aged 65 and over is above the national average.
- These trends are set to continue, with future population growth for Maidstone forecast to be above the Kent and national level to 2021. Both the working age (16-74) and retirement age (65+) population are expected to increase more in Maidstone than overall in Kent.

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[141] ONS (2014) Census 2011
[142] ONS / DEFRA (2010) Agricultural workforce

- Maidstone has a strong labour market with high employment and economic activity rates, and relatively low levels of unemployment.
- But the qualifications profile of the adult population is poorer than the county and national average, with less than a third (32.6%) of residents qualified at NVQ Level 4 or above. While there has been some improvement over recent years, this has been better at the Kent and national level.
- Median earnings are above average for Maidstone residents, but relatively low for those who work in the borough, and the gap has been widening.
- Maidstone was a net importer of labour in 2001, but is now a net exporter with the 2011 Census indicating a net outflow of just over 1000 people. Almost a quarter of out-commuting residents work in London, mainly in Westminster and the City of London.
- Maidstone has become less important as a place of work for residents over the last decade, with the percentage living and working in the borough falling from 60% to 50% between 2001 and 2011.
- Commuting outflows from Maidstone in 2011 are predominantly for those in professional, managerial and technical occupations, while inflows are for skilled / semi-skilled and elementary occupations.

# 6. Housing and the property market

## Housing demand

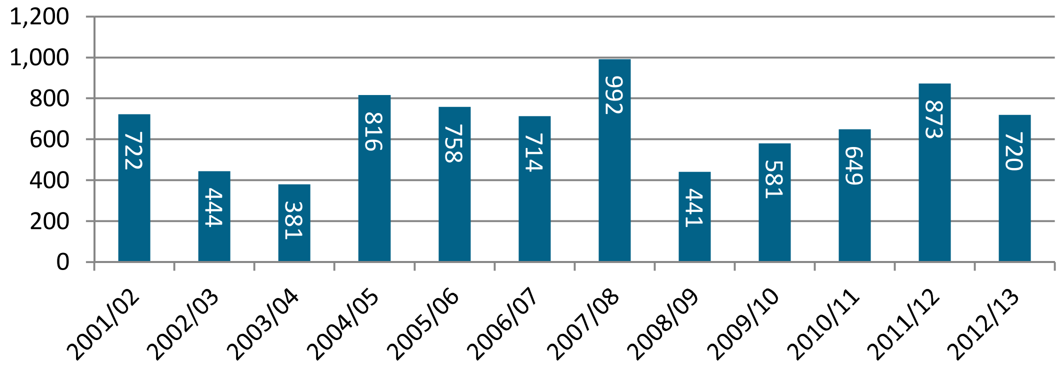
6.1 Between 2011 and 2021 the number of households in Maidstone is projected to grow by 16.3% (based on past trends), which is above the average growth expected in the South East (10.8%) and nationally (10.0%).[143]

6.2 Drawing a range of evidence, Maidstone's Strategic Housing Market Assessment indicates an annual housing requirement of around 980 homes per year between 2011 and 2031 to meet housing demand.[144] Meeting the housing needs of older people will be a particular issue in Maidstone due to the projected growth in the over 65 population.

## Housing supply

6.3 Since 2001, a total of 8,091 homes have been completed in Maidstone which was equivalent to around 670 homes per annum.[145] Annual housing completions have varied considerably over this time frame with delivery generally increasing in the early part of the decade, from 444 homes in 2002/03 to 992 home completions in 2007/08. At this point, the impact of the recession can be seen, with completions falling to 441 homes in 2008/09 and since then there has been some recovery with house building rising to 873 in 2011/12, but falling back to 720 in 2012/13.

**Figure 6.1 Net housing completions in Maidstone 2001/02 to 2012/13**




Source: Strategic Housing Market Assessment (2014)

[143] Department for Communities and Local Government (2013) 2011-based household projections

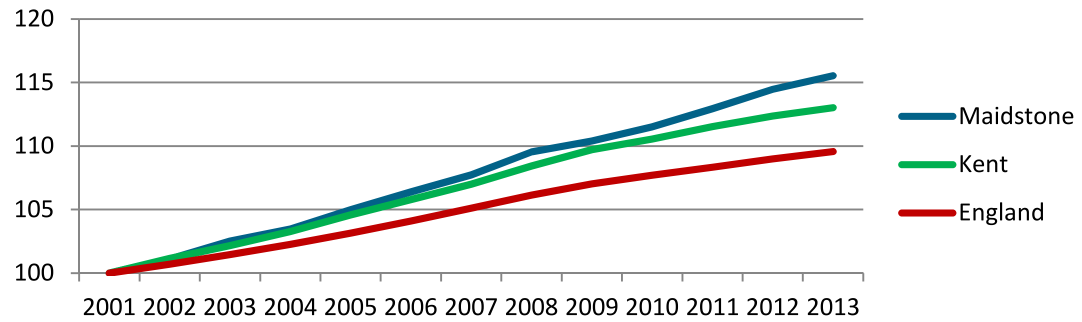
[144] GL Hearn (2014) Maidstone Borough Council - Strategic Housing Market Assessment (2014)

[145] GL Hearn (2014) Maidstone Borough Council - Strategic Housing Market Assessment (2014)

6.4 Maidstone has had housing completions significantly above planned levels as set out in the South East Plan over the period. Planned supply for 2001-2013 is estimated at 6,178, with actual completions therefore being about 1,913 over the original target.[146]

6.5 The borough's housing stock has grown at roughly 1.2% a year between 2001 and 2013.[147] While this is above the Kent (1.0%) and national (0.7%) averages during this time, areas like Ashford (1.4%) and Tonbridge and Malling (1.2%) saw greater levels of housing completions.

**Figure 6.2 Index of housing stock (2001=100), Maidstone & selected areas**



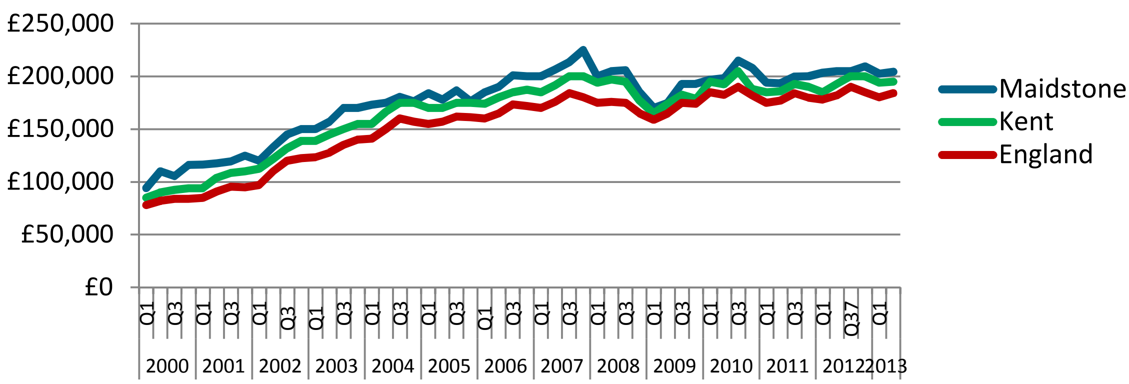

Source: Department for Communities and Local Government

## House prices

6.6 In Q2 2013, the median price for a house in Maidstone was £204,500. This is slightly above the median price for Kent as a whole (£195,000), but above the median house price nationally (£184,000).[148]

6.7 Maidstone experienced a significantly sharper drop in prices as a result of the recession, with median prices falling by 24% from peak to trough compared to 17.5% across Kent and about 13.6% nationally. Current median prices in Maidstone remain around 9.1% below peak levels whilst, both across Kent and nationally, prices have broadly recovered to peak levels.

**Figure 6.3 Median house prices, Maidstone & selected areas**




Source: ONS/Land Registry

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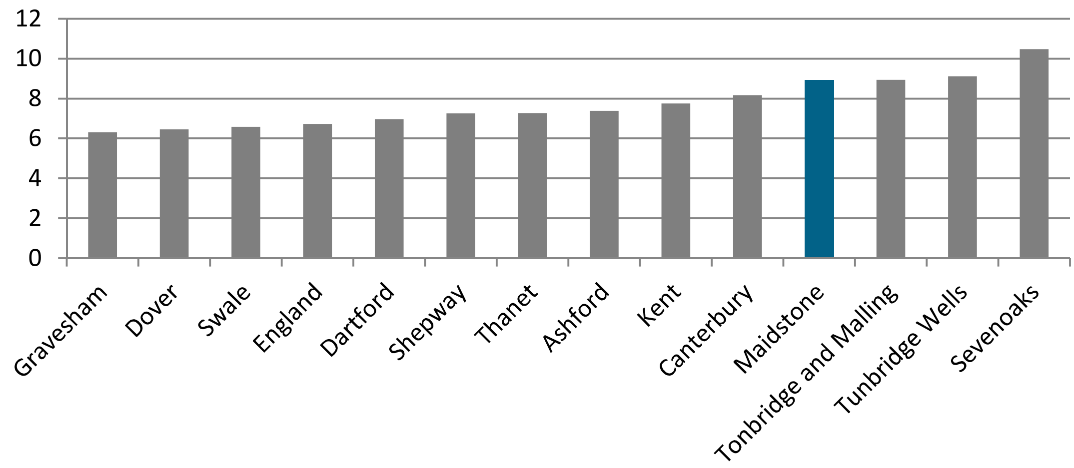
[146] GL Hearn (2014) Maidstone Borough Council - Strategic Housing Market Assessment (2014)

[147] Department for Communities and Local Government (2014) Dwelling stock estimates by local authority district

[148] ONS(2014) Land Registry data

6.8 The ratio of median house prices to median earnings provides a measure of affordability. In Maidstone this ratio was 8.9 in 2013[149] which means that the average house would have cost 8.9 times average earnings. This was the fourth highest ratio amongst districts across Kent, and is above the county average (7.7). It also far exceeds the average for England (6.7).

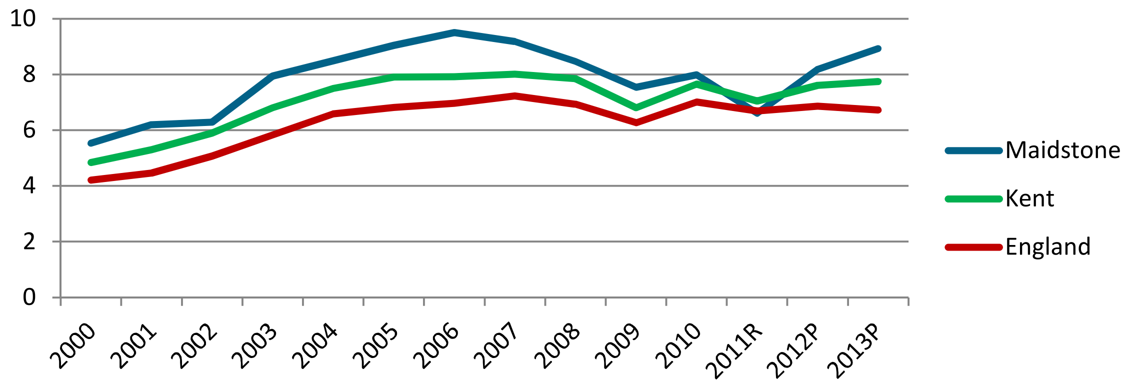
**Figure 6.4 Ratio of median house price to median earnings, Maidstone & selected areas (2013)**




Source: ONS/Land Registry

6.9 Although the median house price to earnings ratio has decreased from its pre-recession peak (9.51) in 2006 in Maidstone, it has been rising sharply in the last few years which suggests that houses in Maidstone are becoming less affordable.

**Figure 6.5 Ratio of median house price to median earnings, Maidstone & selected areas**




Source: ONS/Land Registry

## Property market

### Industrial market

6.10 Demand for industrial space in Maidstone has been relatively steady since April 2013, although it has declined slightly in the last six months. At the same time, the figure below shows that the supply of industrial space has increased slightly.

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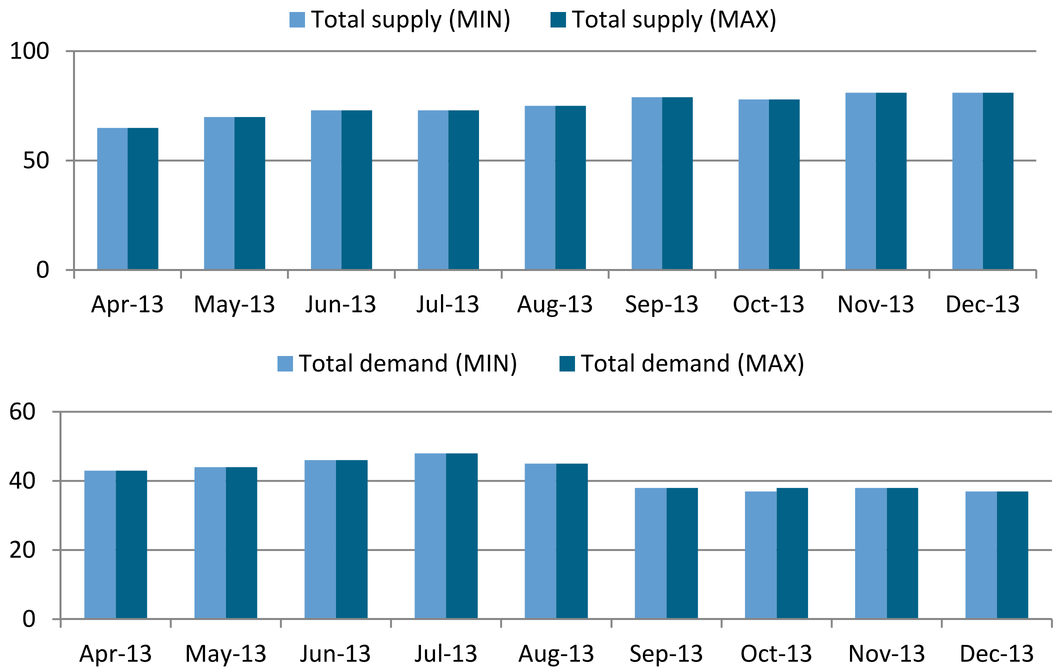
[149] ONS (2014) Annual Survey of Hours and Earnings and HM Land Registry

**Figure 6.6 Supply and demand of marketed industrial spaces in Maidstone**

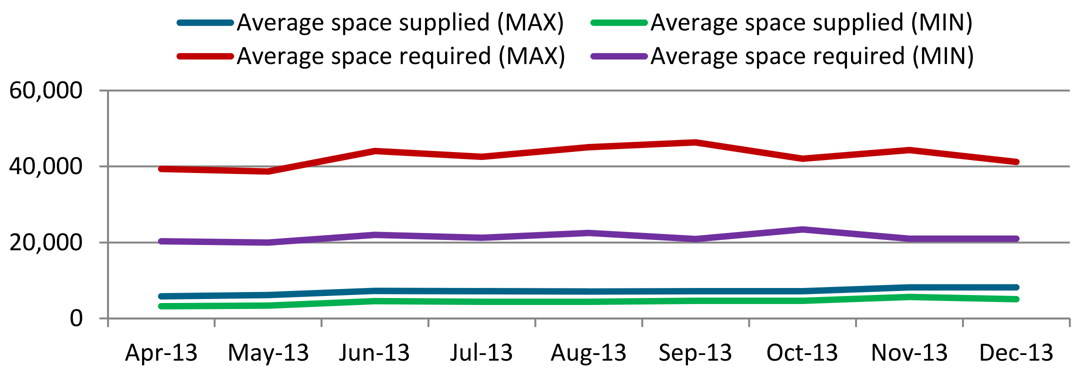



Source: Locate in Kent (2014) Maidstone Report – January 2014

6.11 While on face value there is plenty of supply to meet demand, there is some mismatch in terms of the size and quality of industrial space. Demand is largely at the smaller unit end, though there are up to seven clients looking for space over 50,000 sq. ft. Supply has increased mainly at the smaller end of the market and the average size of space available is significantly below the average size sought.

6.12 In December 2013 there was only 4 properties available of over 30,000 sq. ft. in comparison with a demand for up to 13 properties over this size, leading to unmet demand.[150] Also, most of the demand recorded for larger (as well as small) units is in the northern end of the borough where there are no properties this size available.

**Figure 6.7 Average industrial space supply and demand in Maidstone ($ft^2$)**



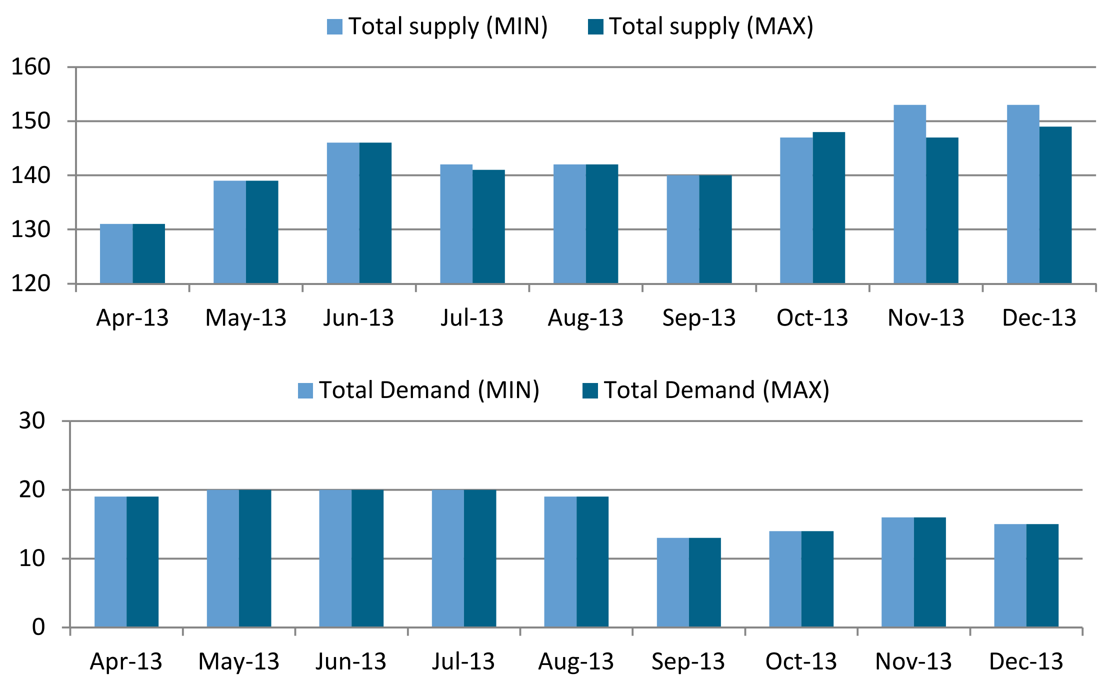

Source: Locate in Kent (2014) Maidstone Report – January 2014

[150] Locate in Kent (2014) Maidstone Report – January 2014

## Office market

6.13 Looking at the Maidstone office market, demand has fallen slightly over the last nine months, while office supply has increased (see figure below). There is also a far greater stock of available offices than is being sought which suggests that current supply meets demand.

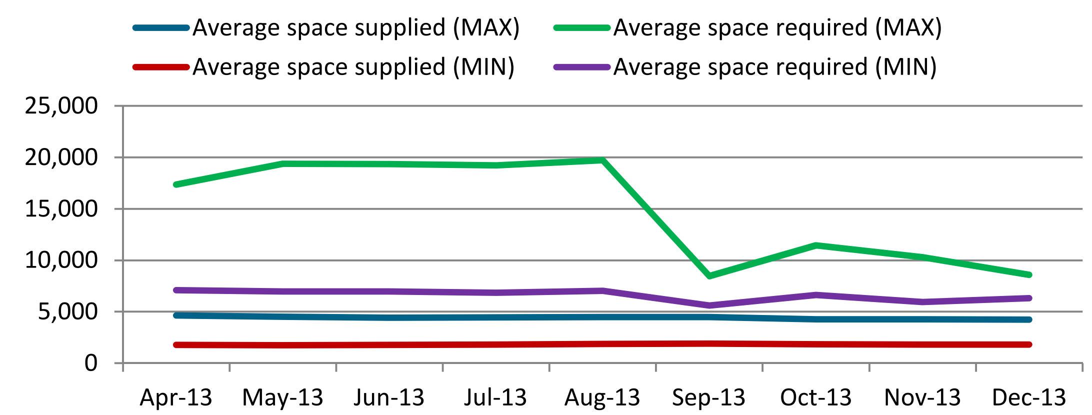
**Figure 6.8 Supply and demand of marketed office spaces in Maidstone**




Source: Locate in Kent (2014) Maidstone Report – January 2014

6.14 However, looking more closely at the size of office space required, there is a disparity between the average size of space available and the average size of space being sought. In particular, there is a significant surplus of smaller office spaces available (0 – 5,000 sq. ft.) for which there has been limited demand in 2013.[151]

**Figure 6.9 Average office space supply and demand in Maidstone (ft$^2$)**




Source: Locate in Kent (2014) Maidstone Report – January 2014

[151] Locate in Kent (2014) Maidstone Report – January 2014

## Summary – key points:

- Maidstone's Strategic Housing Market Assessment indicates an annual housing requirement of around 980 homes per year to meet housing demand. Since 2001 a total of 8,091 homes have been completed in Maidstone, equivalent to around 670 homes per annum.

- At £204,500, median house prices in Maidstone are above the Kent (£195,000) and national (£184,000) averages.

- Maidstone has the fourth highest ratio of median house prices to median earnings in Kent in 2013, far exceeding the national average and rising in recent years and suggests that there is a housing affordability issue.

- Demand for industrial space in Maidstone has declined slightly in the last six months, while the supply of industrial space has slightly increased. Although on face value there is industrial supply to meet demand, there is some mismatch in terms of the size and quality of industrial space available, including some unmet demand for larger industrial spaces.

- Demand for office space has also fallen slightly in the last nine months, while office supply has increased. Although there appears to be plenty of office stock to meet demand, there is a mismatch in the size of units being sought and those available. In particular, there is a significant surplus of smaller office spaces available (0 – 5,000 sq. ft.), for which there has been limited demand in 2013.[152]

[152] Locate in Kent (2014) Maidstone Report – January 2014

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