

Review of Canterbury Futures Study: At a Crossroads

Canterbury City Council
February 2011



Review of Canterbury Futures Study

Canterbury City Council

February 2011

Contents

Executive summary	1
1 Introduction	3
1 Key issues affecting the original scenarios	4
1.1 The context of the original report.....	4
1.2 The economic downturn.....	5
1.3 Public sector cuts	12
1.4 The housing market	20
1.5 Infrastructure	22
1.6 Regeneration.....	24
2 Assessment of validity of scenarios	28
2.1 Changes to the baseline.....	28
2.2 Changes to drivers and issues	32
2.3 The impact on the five original scenarios	37
2.4 The impact on the preferred scenario	42
3 Conclusions & Recommendations	43

Appendix A: About us

Appendix B: Data sources

This output is based on and comprises both your input and information sourced from third parties (which may include public data sources). Whilst we will use all reasonable care and skill in the collection and collation of this output we cannot warrant or guarantee the accuracy of the output. You acknowledge that outputs which use empirical data and/or statistical data and/or data modelling techniques cannot be taken as a guarantee of any particular outcome and are not intended to be the sole basis of your business decisions. Our standard terms of business apply.



Approved by: Heather Carey
Position: Associate Director
Date: February 2011

Executive summary

In April 2006, Experian were commissioned by Canterbury City Council to undertake a futures study for the district which identified possible outcomes for the future of Canterbury over the next 20 years by assessing local, national and global trends and influences. This research enabled stakeholders to identify a preferred scenario which, alongside the accompanying evidence base, has been used for strategic planning; informing GVA Grimley's work on development requirements, and subsequently inputs to the South East Plan.

However, the economic and policy climate has changed dramatically since the publication of the original research. The economic downturn has fundamentally impacted the UK economy and left a sizeable structural deficit in public finances. While we now tread the path to recovery, we also enter a period of fiscal austerity; and these changes have and will continue to impact the Canterbury district.

The Council is reviewing progress on its LDF Core Strategy and as such, to inform this work and provide inputs into other strategic documents, the Council requires a review of the outcomes of the Canterbury District Futures Study, particularly in the light of the recession and the projected slow recovery. This study addresses this need, providing a thorough examination of the changes to the local, regional and national economy that have impacted the scenarios articulated in the original report.

The district weathered the recession well and pre-recession growth exceeded original forecasts...

Canterbury has witnessed considerable change since the publication of the original report. Most notably the recession has had a significant affect. Whilst the district has proven relatively resilient to the impact of the downturn, there have been negative implications for a number of key sectors. Transport and communications, financial and business services, distribution hotel and catering, and manufacturing all saw declines in total employment between 2007 and 2010. This has in turn led to an increase in the number of people claiming benefits.

However, the impacts of the downturn must be viewed against the positive regeneration and investment in the district. The introduction of HS1 has resulted in increased train usage and a reduction in journey times to London, whilst a number of other infrastructure developments are ongoing. The development of the New Marlowe Theatre, the Innovation Centre, and other new University buildings, have all built upon Canterbury's tourism, cultural and knowledge economy offer.

Canterbury's current position with regard to both employment and output is actually better than previously forecast due to stronger than expected growth prior to the recession.

...however, it is likely that Canterbury will be disproportionately impacted by cuts which could undermine the performance of the district in the future

Whilst during the recession the public sector proved resilient, over the coming years Canterbury's high dependence on the public sector (particularly the education sector) will prove challenging – particularly in the City of Canterbury and coastal towns. With the impacts of the Comprehensive Spending Review to take full effect over the next few years, Canterbury is likely to be disproportionately affected and may witness high levels of job losses in the short term - forcing the local economy to undergo a significant 'rebalancing' to alleviate growing claimant rates. Overall we expect future growth to be slower than originally forecast in the futures study and the years ahead, particularly in the short term, will be challenging.

The drivers that underpinned the original study continue to be relevant in today's context and the preferred scenario remains a valid course

The drivers that underpinned the original study each had a long term focus and, as such, all remain relevant in today's context. Some have become less relevant in the short term, given the impacts of the economic downturn on the wider economy. There are also some new important areas of focus, such as the 'rebalancing' of the economy.

Canterbury's preferred scenario remains a valid course for which the local authority can aim. The central conclusion of this review is that the outcomes of the original Canterbury futures study remain relevant and achievable despite the impact of the recession and other factors on the local area during the intervening years.

1 Introduction

In April 2006, Experian were commissioned by Canterbury City Council to undertake a futures study for the district. The aim of the study was to identify possible outcomes for the future of Canterbury over the next 20 years by assessing local, national and global trends and influences.

This research enabled stakeholders to identify a preferred scenario for the future of Canterbury, derived from five different future scenarios. The preferred scenario, alongside the accompanying evidence base has been used for strategic planning; informing GVA Grimley's work on development requirements, and subsequently inputs to the South East Plan.

At the time of publication the national economy had enjoyed over a decade of uninterrupted annual growth in output and employment. Consumer spending was high, unemployment was low, the housing market was booming and tourism was growing both locally and nationally. The economic and policy climate has however changed dramatically since the publication of the original research. The economic downturn has fundamentally impacted the UK economy, with no local area or sector unaffected. The recession has also left a sizeable structural deficit in public finances and the new Coalition Government has outlined a tough deficit reduction plan, the scale of which we have not seen since World War II. While we now tread the path to recovery, we also enter a period of fiscal austerity; and these changes have and will continue to impact the Canterbury district.

It is within this context that the Council now operates. The Council is reviewing progress on its LDF Core Strategy, particularly in the light of the new Coalition Government's proposals for the planning system; and the revocation and subsequent re-instatement of the South East Plan. There is a general aim amongst the new Government to streamline the planning system and to return decisions on housing supply issues to local planning authorities and communities, more closely recognise the links that exist between housing and economic development, and to better incentivise growth (for example, with the New Homes Bonus). As such, there is greater responsibility than ever on local councils to ensure that the evidence base for housing (and other development) requirements is sound.

As such, to inform this work and provide inputs into other strategic documents, the Council requires a review of the outcomes of the Canterbury District Futures Study, particularly in the light of the recession and the projected slow recovery. The Council wishes to carry out a desk-based assessment of whether the scenarios identified in the original study are still valid, as well as an extension of the coverage of the baseline to 2031, to provide useful input into the LDF planning process.

This research assesses the key issues affecting the scenarios since publication, specifically, the impact of the recession, public sector cuts, changes to the housing market, and developments in infrastructure and regeneration. Section one considers each of these issues in turn providing a detailed evidence base of key changes at a local level. Section two builds upon this analysis exploring, in the light of these various changes, whether the assumptions made previously hold true. In doing so, we consider the extent to which changes since 2006 have impacted Canterbury's ability to achieve the different future scenarios articulated in the original study.

The review of the Futures Study will inform policy makers going forward, providing inputs to the Council's Corporate Plan, the LDF Core Strategy and the Canterbury Partnership Strategy.

1 Key issues affecting the original scenarios

This section explores the key issues that have developed since the publication of the 2006 report that may impact the scenarios articulated in the original study. Incorporating national and regional trends where relevant, this section focuses on the local impact of key issues – building upon the evidence presented in the original study and providing a detailed and robust evidence base to inform policy makers. The impacts of the economic downturn, public sector cuts, changes to the housing market, and changes to local infrastructure and regeneration are all considered in detail.

1.1 The context of the original report

When the original research was published in 2006, the national economy had enjoyed over a decade of uninterrupted annual growth in both output and employment. The recession of the early 1990s had led to a decline in output between 1990/91 and 1991/92 and a decline in total employment between 1990/91 and 1992/93, but this was followed by a relatively swift recovery. By 2006 the economy was performing well, underpinned by high employment levels (not least in the public sector) and high output levels driven by the performance of key sectors (particularly financial and business services), growth in tourism, high levels of consumer spending, and a booming housing market.

Canterbury also witnessed positive, though less substantial, growth over this period. In the 1980s and early 1990s, the district's employment growth was less affected by the recession, but over the decade preceding the original study, employment grew at a much slower rate than the rest of the UK as a whole.¹ In general, history suggested the district tends to be more resilient during difficult economic times, but less well placed to capitalise upon the opportunities in a stronger economic climate.²

Key considerations for the district in 2006 were; the relatively low-value, low-skilled, low-income industrial structure, focused on retail, tourism, personal services and the public sector; the expected introduction of the one-hour rail link to London which would bring the Capital closer to the district and vice versa; traffic congestion, particularly on the ring-road; and positive and negative effects of growth in Ashford and the Thames Gateway.

¹ Experian (2006) At a Crossroads: Canterbury Futures Study

² Experian (2006) At a Crossroads: Canterbury Futures Study

Figure 1.1: SWOT Analysis from original report

Strengths	Weaknesses
People, including graduates	Perceived as a place to rest, not work
The Canterbury brand and international profile	Peripherality in the south-east
Cultural and natural assets	Congestion, especially around the A2
Conservation ethic	Over-dependence on the low-skilled low-waged sectors of tourism and retail
Tourism and retail sectors	Inability to retain graduates
Growth in employment	Areas of access to services/housing deprivation and rural isolation
Education, including the further education college and 3 higher education institutions	
Opportunities	Threats
Proximity to Europe	Resistance to change
Ashford growth	Ashford growth
1hr rail link to London	1hr rail link to London
Marlowe Theatre and Beaney Institute development	Impact of ageing population on public services
Regional role as a Higher Education centre, exploiting education/business links	Lack of commercial land availability
The coastal towns of Herne Bay and Whitstable	Water supply and flood consideration
	Housing demand pressure
	Diminishing supply of brown field land
<i>Source: Experian (2006) At a Crossroads: Canterbury Futures Study</i>	

1.2 The economic downturn

The economic downturn has fundamentally affected the UK economy, with no sector or local area immune to its impact. A combination of the credit squeeze, a housing market slump and unsustainable levels of borrowing led to six consecutive quarters of negative growth in the UK economy between Q2 2008 and Q4 2009, according to the Experian Regional Planning Service.

The impacts have been severe – culminating in a significant decline in output levels. In response to reduced output, more stringent borrowing conditions and in reaction to anticipated future difficulties, businesses have been forced to cut jobs. This coupled with increased business insolvency rates has led to considerable declines in employment levels. Headline estimates suggest that 780,000 fewer people are employed in the UK in 2010, compared to 2007 employment levels.

1.2.1 The local impacts of the recession

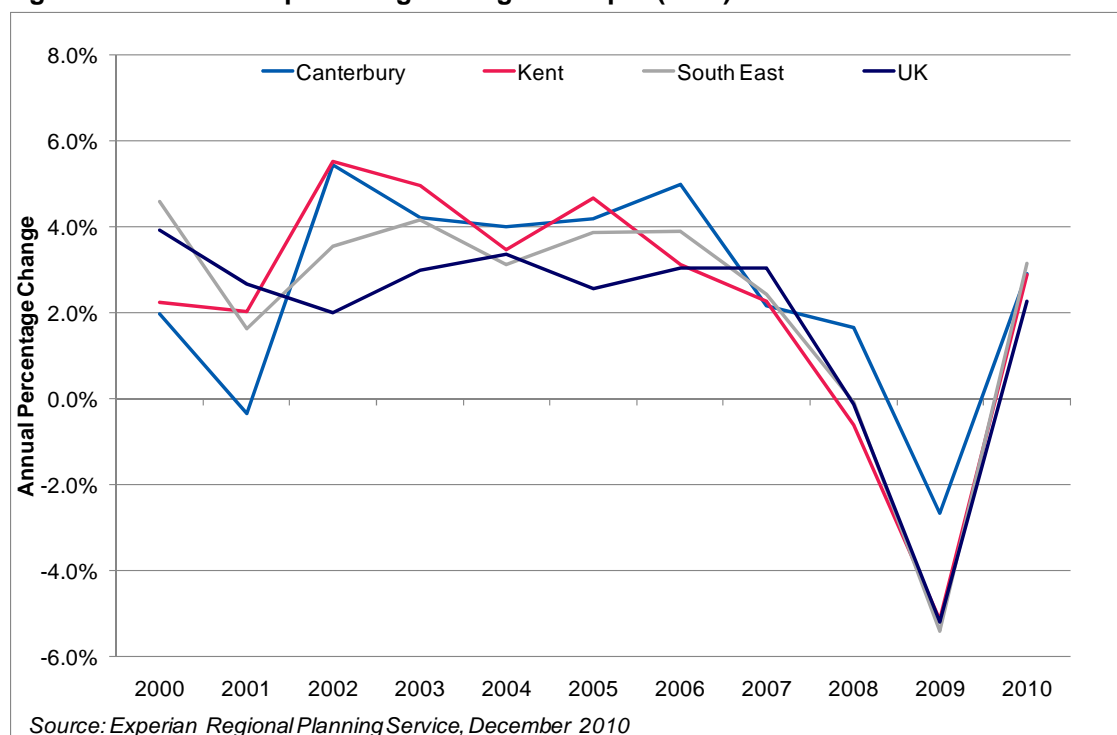
Canterbury has been less affected than other areas in terms of GVA output

Naturally the impacts of recession have been felt differently in different parts of the UK, based upon a number of factors.³ The South East has proved more resilient to the impacts of the recession than the majority of regions.⁴ However, declines in output and employment together with increased levels of worklessness are evident across the region.

Compared to national, regional and county level benchmarks, Canterbury has weathered the economic storm reasonably well with regard to levels of GVA output.⁵ Declines in output were less severe, and recovery was more rapid, than was the case across Kent, the South East and the UK as a whole. The negative annual percentage change in GVA between 2008 and 2009 was less severe in Canterbury (-2.7 per cent) than in Kent (-5.1 per cent), the South East (-5.4 per cent) and the UK (-5.2 per cent).⁶

Recovery was also generally quicker in the South East than in other UK regions. Canterbury is expected to have seen output growth amounting to 2.9 per cent during the course of 2010 as the recovery kicked in. This is in line with the growth witnessed in Kent (2.9 per cent) and despite marginally lagging South East growth (3.2 per cent); it is higher than the UK rate (2.3 per cent).

Figure 1.2: Annual percentage change in output (GVA)



³ The skills base and sectoral composition of local areas have in particular affected the extent of the impacts of the economic downturn.

⁴ According to Experian Regional Planning Service data, December 2010, the South East enjoyed the second lowest decline in annual average GVA output between 2008 and 2010 (2007 base).

⁵ GVA measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom. GVA is an important measure in the estimation of Gross Domestic Product (GDP) and is the preferred measure of Government in assessing the overall economic well-being of an area. It has been increasingly used as a mechanism to gauge the overall performance of the local areas.

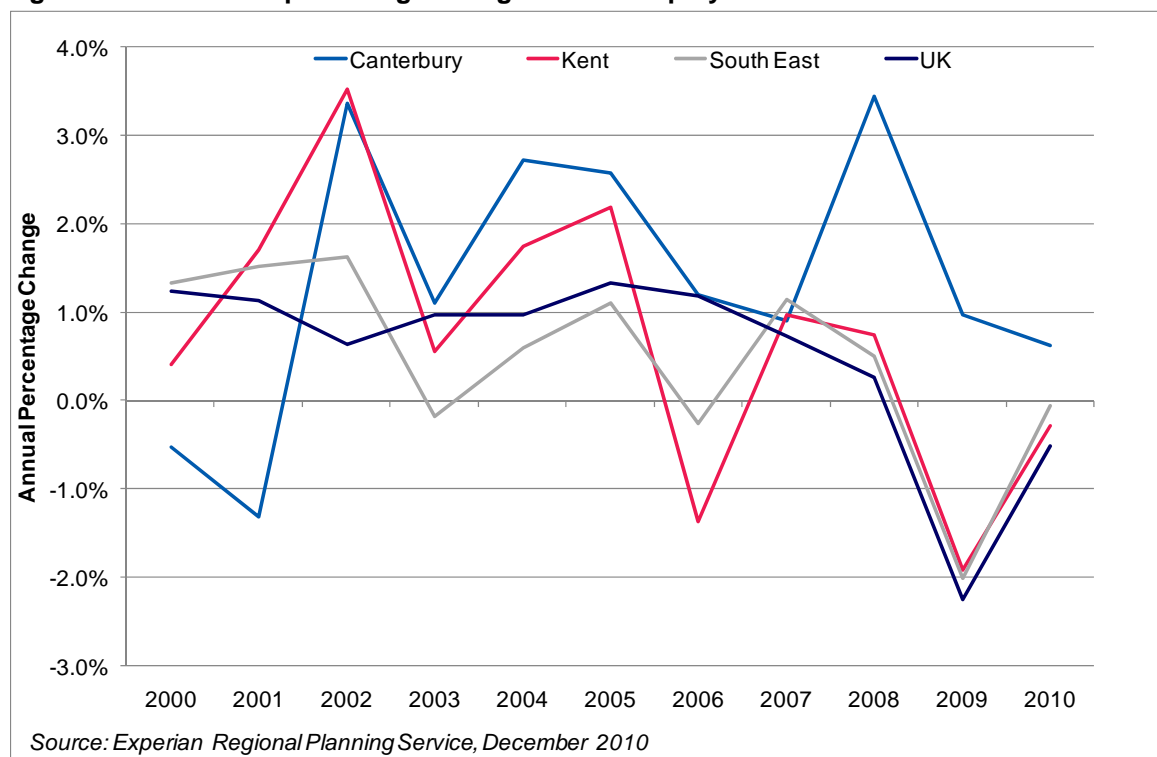
⁶ It is worthy of note that a recent study has shown that in terms of GVA per capita, some parts of Canterbury is particularly low and even on par with areas of the North East. See: SEEDA (2010) Public sector redundancies: potential impact on the South East

The Canterbury labour market has proved resilient through the recessionary period

On a national basis, the impacts of the recession on employment levels will be much longer lasting than the impacts on output. Impacts upon the labour market traditionally lag behind impacts on output levels as employers respond to changes in market conditions by cutting jobs. According to Experian Regional Planning Service forecasts, UK employment levels will not surpass 2008 levels until 2017. Recovery in the South East is expected to be marginally quicker, although 2008 levels will not be exceeded until 2016 across the region.

The recession has had a severe impact upon employment levels across Kent, the South East and the UK. During 2009, there was a 1.9 per cent drop in employment in Kent, a 2.0 per cent decline across the South East and a 2.2 per cent fall across the UK. We expect the decline to have continued into 2010, albeit at a much more marginal rate. Canterbury however has proved resilient throughout the recessionary period, having not witnessed a decline in employment levels in real terms according to Experian Regional Planning Service data. Whilst annual growth in employment slowed during 2009 (1.0 per cent) and is expected to have continued to do so during 2010 (0.6 per cent)⁷, the local authority district ultimately bucked the regional and national trends and enjoyed positive growth.

Figure 1.3: Annual percentage change in total employment

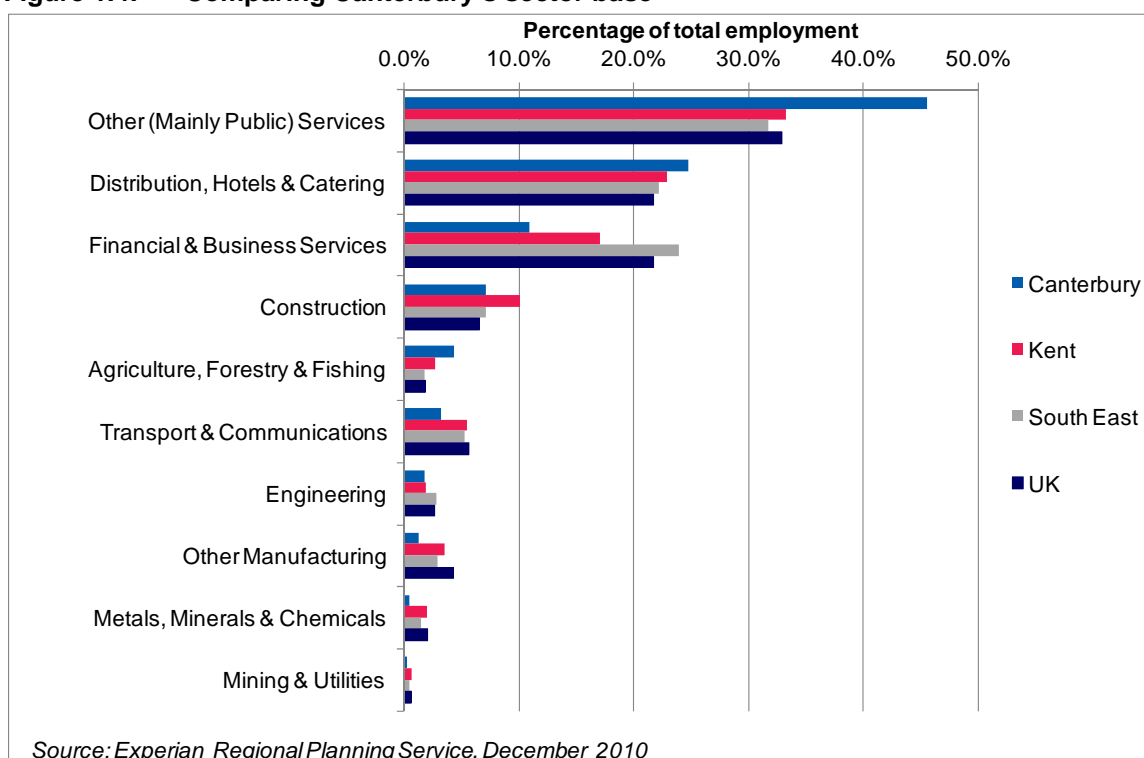


⁷ Business Register and Employment Survey data suggests minor contraction during this period.

Canterbury was less affected by the recession due to its sectoral base. Some sectors in Canterbury have witnessed growth over the recessionary period.

Positive employment growth in Canterbury over the recessionary period was driven by two key factors. Firstly, the local authority district has a low concentration of employment in the sectors most affected by early and latter impacts of the downturn. Canterbury has a lower concentration of employment in financial and business services (10.9 per cent), and manufacturing⁸ (3.8 per cent) than Kent, the South East and the UK as a whole.⁹ Further, the district is less dependent on the construction sector (7.2 per cent) relative to Kent as a whole, similar to the South East average. These relatively low concentrations of the sectors most impacted by the recession have meant that employment losses in Canterbury have not been as severe as elsewhere in the country. In addition, the local authority has a high concentration of businesses in sectors that proved resilient to the recession. Agriculture, forestry and fishing (4.4 per cent) and the public sector (45.5 per cent) were particularly resilient during the course of the downturn.¹⁰

Figure 1.4: Comparing Canterbury's sector base



Secondly, a number of sectors continued to grow through the recession – buoying total employment growth across the local authority. Specifically other public services (2.1 per cent), construction (2.7 per cent) and engineering (3.7 per cent) all enjoyed positive annual average employment growth between 2007 and 2010. This translates into a significant number of jobs created – a total of over 3,000 jobs across these sectors. Of these growth sectors, only other public services, agriculture, forestry and fishing, and construction are of particular significance given the relative size of the sectors in the

⁸ Manufacturing incorporates engineering, metals minerals and chemicals and other manufacturing

⁹ It should be noted that whilst it was badly impacted early on in recession, financial and business services has recovered and is now considered a key resilient growth sector.

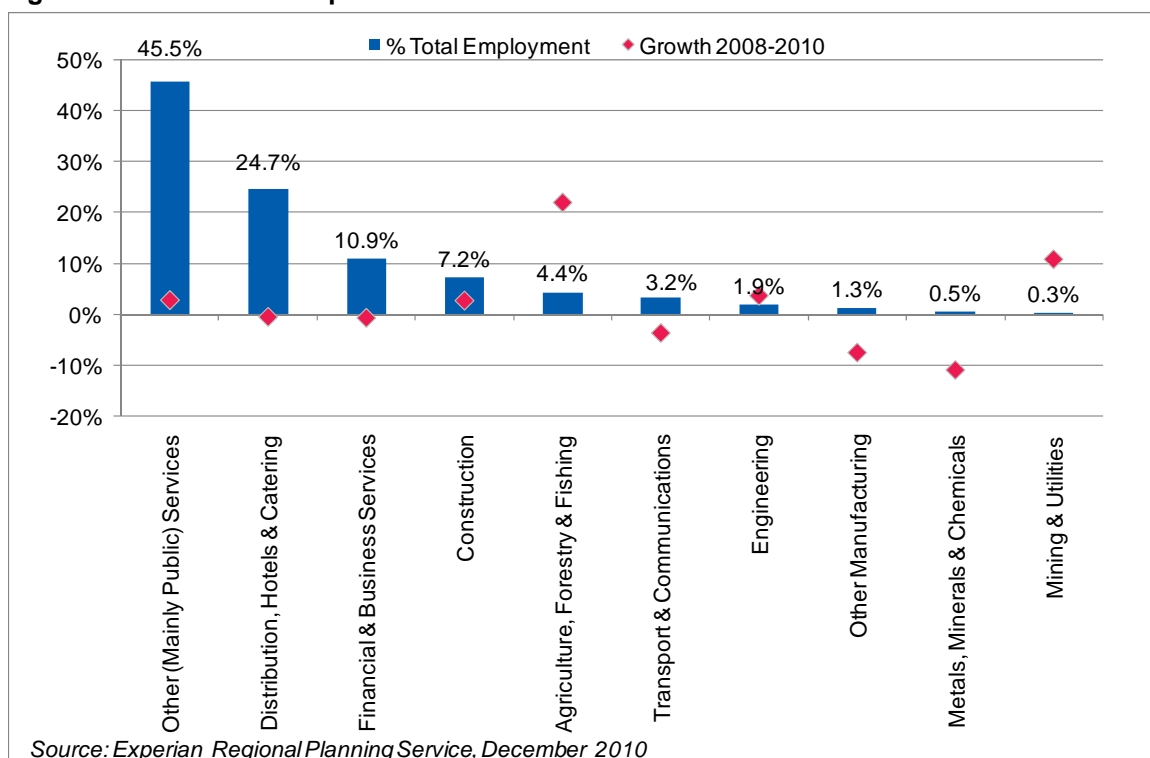
¹⁰ Agriculture, forestry and fishing is still considered a resilient sector. However, whilst the public sector was originally resilient to the impact of the downturn, in the face of looming public sector cuts it is now considered a highly vulnerable sector.

Canterbury economy.¹¹ In these sectors growth in Canterbury has far exceeded regional and national growth rates over this period. Most significantly growth in Canterbury's largest sector, other (mainly public) services, was far greater in Canterbury (2.8 per cent) than in Kent (0.9 per cent), the South East (1.0 per cent) and the UK (0.9 per cent).

However, the recession has taken its toll on a number of key sectors in Canterbury. Transport and communications (-3.7 per cent), financial and business services (-0.7 per cent), distribution hotel and catering (-0.5 per cent), other manufacturing (-7.5 per cent) and metals, minerals and chemicals (-10.9 per cent) all saw declines in total employment between 2007 and 2010 as was the case nationally. This amounts to over 1,100 job losses in Canterbury.¹² These sectors witnessed zero or negative growth, albeit to varying degrees, across Kent the South East and the UK.

Rates of employment decline can however mask the scale of impact in terms of absolute job losses. The financial and business services sector (10.9 per cent of total employment) and the distribution hotels and catering sector (24.7 per cent) are two of the largest three sectors in the Canterbury economy. Approximately 450 jobs were lost in these two sectors between 2007 and 2010. These job losses are in part a symptom of a number of businesses being forced into closure by challenging market conditions. Whilst employment growth has continued throughout the recession in Canterbury, the insolvency rate in the area is still above the regional average. As such, a number of local businesses have become insolvent as a result of the downturn. The rate is higher in Canterbury (1.2 per cent) than across the South East as a whole (1.0 per cent).¹³ A high number of SMEs have fallen victim to the recession.

Figure 1.5: Sectoral impact of the recession



¹¹ Mining and utilities (0.3 per cent) and engineering (1.9 per cent) represent only a small proportion of the local employment base. For more information refer to figure 1.5

¹² Notably given the losses to in business Services and manufacturing, some of these job losses are in important knowledge sub sectors.

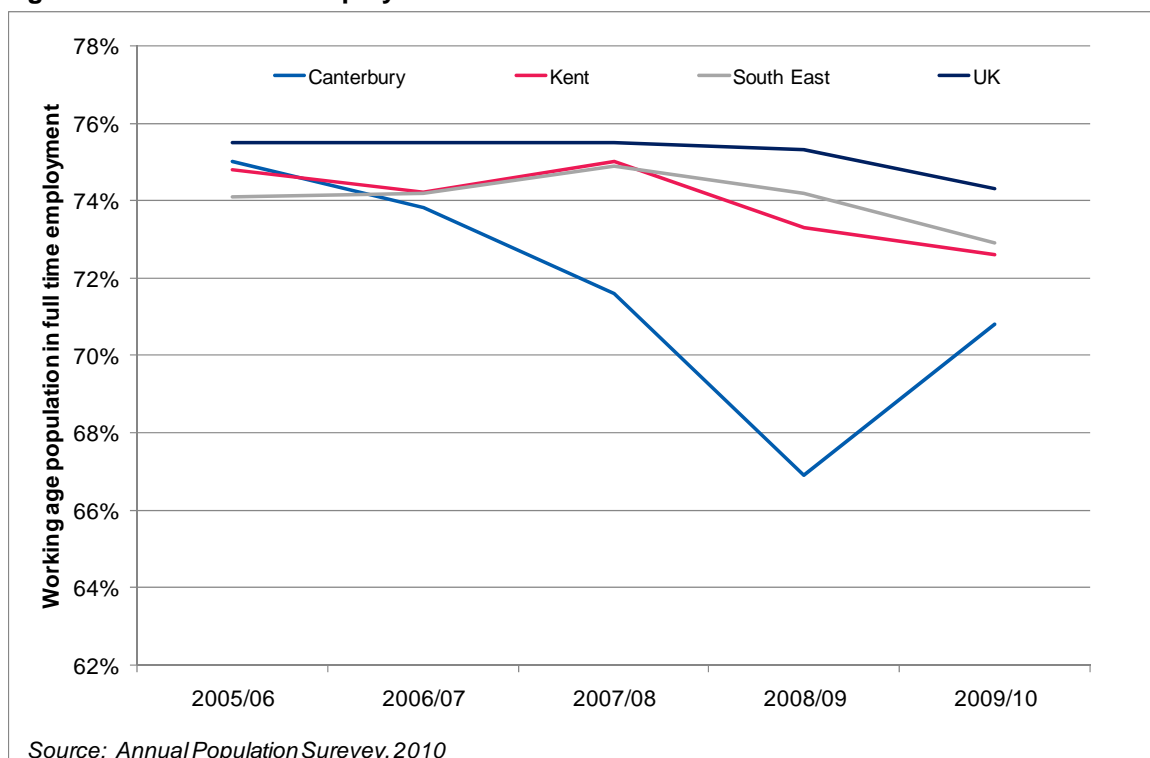
¹³ Rates refer to the percentage of the business base to have become insolvent in the last nine months. Data based upon Q3 2010 Experian pH Group Business data.

The impact of recession in Canterbury can be seen in changes to employment patterns

Whilst total employment has continued to grow at a moderate rate over the recessionary period, the impact of the downturn on employment in Canterbury is visible. It is still difficult to confirm the extent to which the recession has led to excess capacity in the labour market. However, local employment patterns suggest that the local authority was affected by the downturn with a notable decline in full time employment visible.¹⁴

The total proportion of the working age population in full time employment fell from 73.8 per cent in 2006/07 to 66.9 per cent in 2008/09 – a drop of 6.9 per cent. Whilst declines are also visible across Kent (0.9 per cent), and the UK (0.2 per cent), these are far less severe. Naturally as a result of the dip in full time employment, there was a relative proportional increase in working age people engaged in part time employment.¹⁵ Employment in Canterbury has therefore enjoyed continued growth in terms of total employment, although the accommodation of this growth in challenging market conditions has been through a shift in the balance of full time and part time employment towards the latter. This trend has been reversed between 2008/09 and 2009/10 suggesting movement towards pre recession full time/part time employment rates, albeit some excess capacity in the labour market may remain.

Figure 1.6: Full-time employment over time



¹⁴ Whilst confidence rates make this data suitable for analysis, it should be remembered that these figures still represent only a sample of the local population.

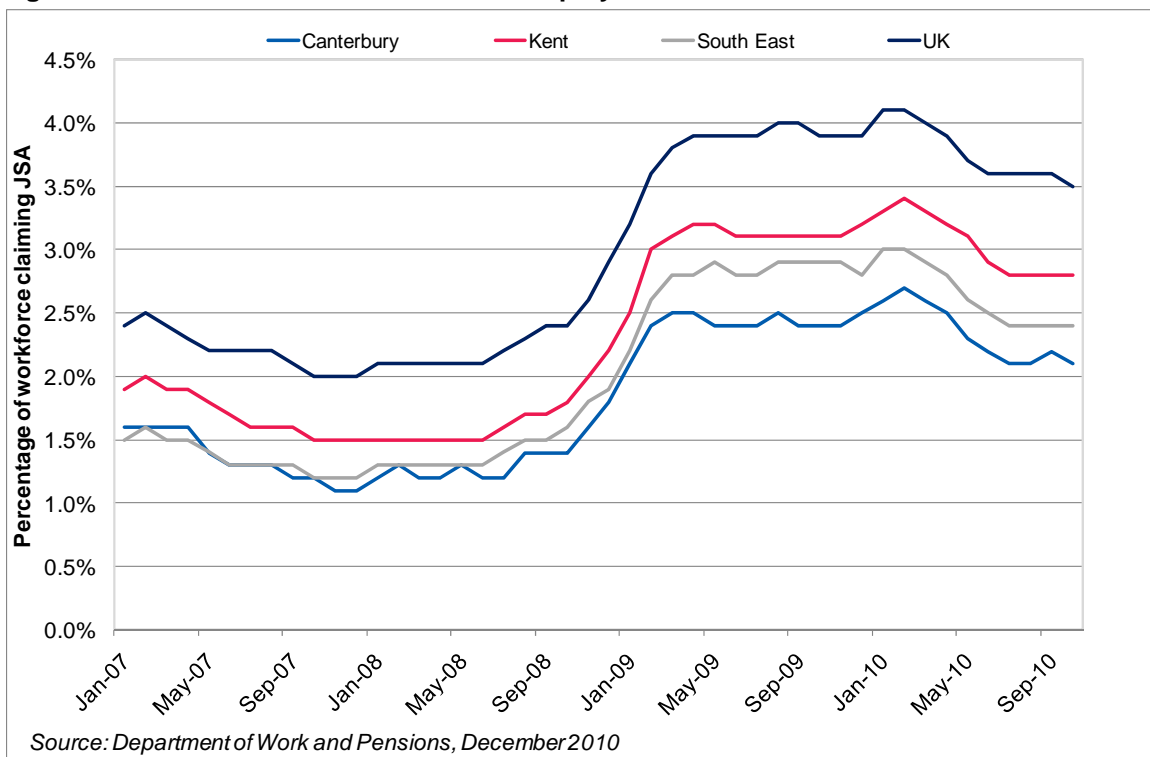
¹⁵ The increase in part time employment coincides with increases in public sector employment cited on page 8, whilst declines in full time employment coincide with declines in key private sectors. This is perhaps in part a reflection of the fact that part-time employment is common in the public sector. According to 2008 Annual Business Inquiry data, the Distribution, Hotels and Catering Sector (44 per cent part-time employment) and the Public admin, education and health sector (42 per cent) have the highest part-time employment concentrations of all broad sectors.

The impact of the recession has caused an increase in the number of people claiming benefits

In line with the severe declines in employment felt across the UK, the claimant count rate began to grow sharply towards the end of 2008 as many businesses adjusted to restricted access to credit and expectations of the future path of the economy by scaling back the number of employment opportunities and cutting jobs. Across Canterbury, Kent, the South East and the UK, the claimant count rate increased at very similar rates, reaching their highest points in February 2010 before marginal month-on-month declines ensued.

The claimant count rate in Canterbury remains lower than county, regional and national rates. Notably, the rate was historically similar to that of the South East, but the recession has affected regional employment more severely than in Canterbury, leading to a considerably lower claimant rate currently in the district than regionally – (2.1 per cent in Canterbury compared to 2.8 per cent across the South East in October 2010).

Figure 1.7: Claimant Count Rate of Unemployment



1.3 Public sector cuts

In reaction to the effects of the downturn on public finances, the Coalition Government has undertaken a programme of cuts and efficiency savings aimed at reducing the deficit. On the 20th October 2010, the Chancellor George Osborne presented the Government's Spending Review (CSR). This document fixes spending budgets for each Government department up to 2014-15 and sets out how the Coalition Government will carry out Britain's deficit reduction plan which they have identified as a priority to secure economic stability at a time of continuing uncertainty in the global economy, and put Britain's public services and welfare system on a sustainable long term footing.

The headline announcement was that £81 billion of savings will be required by 2014-15. In order to implement these savings, there will be a number of structural changes. In total, the Office of Budget Responsibility (OBR) estimated that approximately 490,000 public sector jobs are likely to be lost by 2014/15. This was subsequently revised down to 330,000.¹⁶ In addition, there will be £7 billion worth of additional welfare cuts on top of the £11bn announced in the Emergency Budget. Further, the retirement age will rise from 65 to 66 by 2020, regulated rail fares will rise 3 per cent above inflation and the bank levy will be made permanent.

However, against the backdrop of these sweeping cuts there are some areas in which money is being injected. There have been pledges to invest in areas including infrastructure, school spending, and international aid. Some headline investment plans include; £10bn spent on new road schemes and £14bn spent on rail improvements; £15.8 billion of capital funding into the education sector over the Spending Review period; the creation of a UK-wide Green Investment Bank that will be funded by a £1 billion spending allocation and additional proceeds from the sale of Government-owned assets; and £530m of investment in broadband, benefiting a total of around 2 million households, including in some of the most remote areas of the UK.

1.3.1 The local impacts of public sector cuts

Canterbury is significantly dependent on public sector employment, particularly in the education sector.

The public sector is vital to economic prosperity in the UK. Across the UK as a whole it accounts for 26.0 per cent of total output. As such it is the second largest sector behind the financial and business services sector. In Canterbury, the proportional value of the public sector is even higher. The sector will contribute an estimated 38.9 per cent of Canterbury's total GVA output in 2010. As such, public sector cuts are likely to disproportionately impact local prosperity in the short term.

Figure 1.8: Public Sector Output

	2010 Public Sector GVA (forecast) £ million	Percentage of total GVA output
Canterbury	£851	39.1%
Kent	£6,514	25.2%
South East	£35,656	23.3%
UK	£279,330	26.0%

Source: Experian Regional Planning Service, December 2010

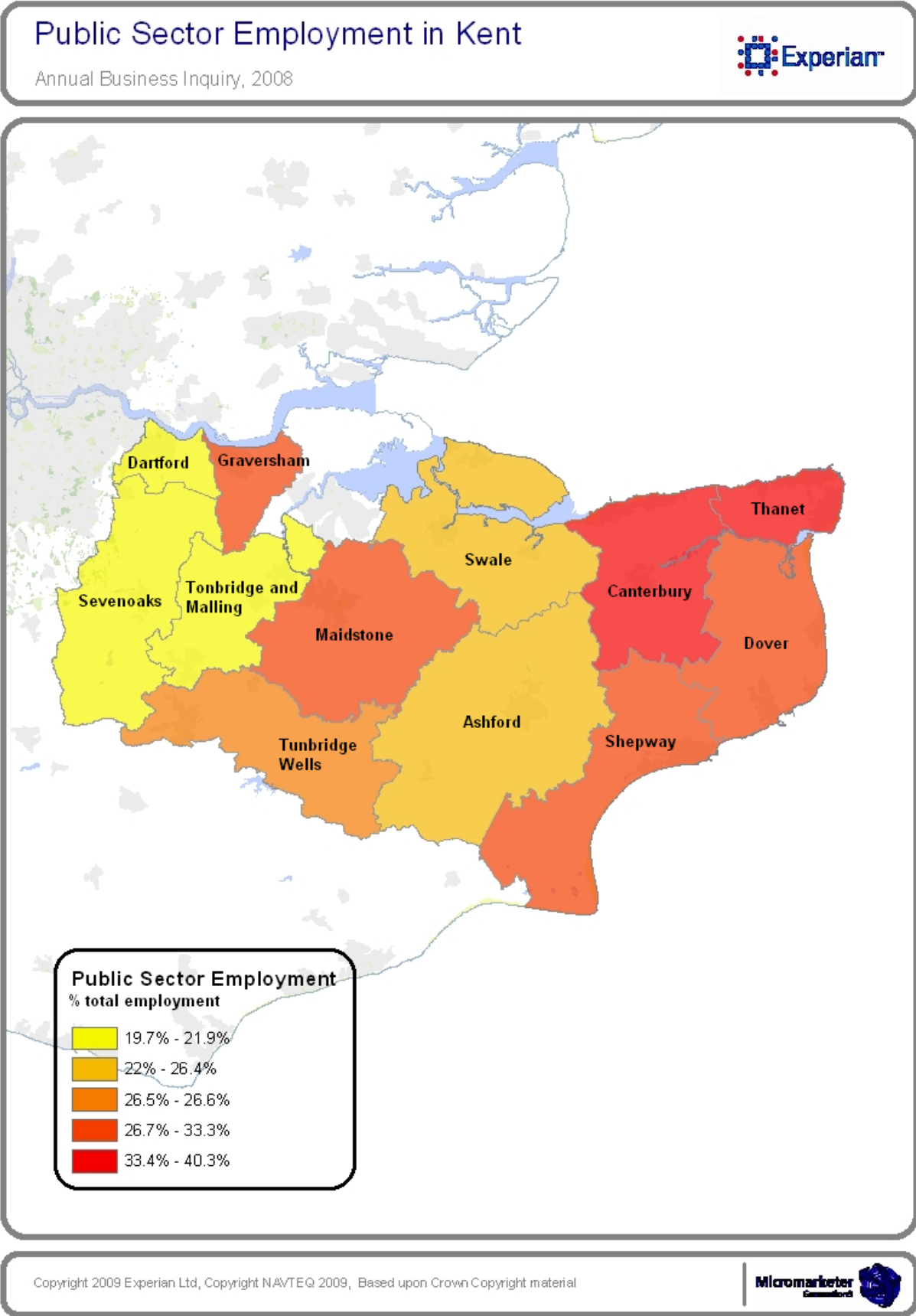
¹⁶ Office for Budgetary Responsibility (November 2010), Economic and Fiscal Outlook

A number of local authority districts in Kent are heavily dependent on public sector employment. In eight LADs the concentration of employment in the public sector is higher than the England average (26.4 per cent). Of these areas, Canterbury has the highest concentration of employment in this sector, according to the Annual Business Inquiry.¹⁷ Employment in this sector totals 40.3 per cent of total employment.¹⁸ This is much higher than the average concentration across Kent (29.0 per cent), the South East (25.6 per cent) and Great Britain (27.0 per cent).

¹⁷ Based on 2008 data

¹⁸ This figure differs from the 45.5 per cent reported by Experian Regional Planning Services. The ABI figure represents a 2008 figure, whilst the RPS figure is reflective of December 2010. In addition there are minor definitional differences.

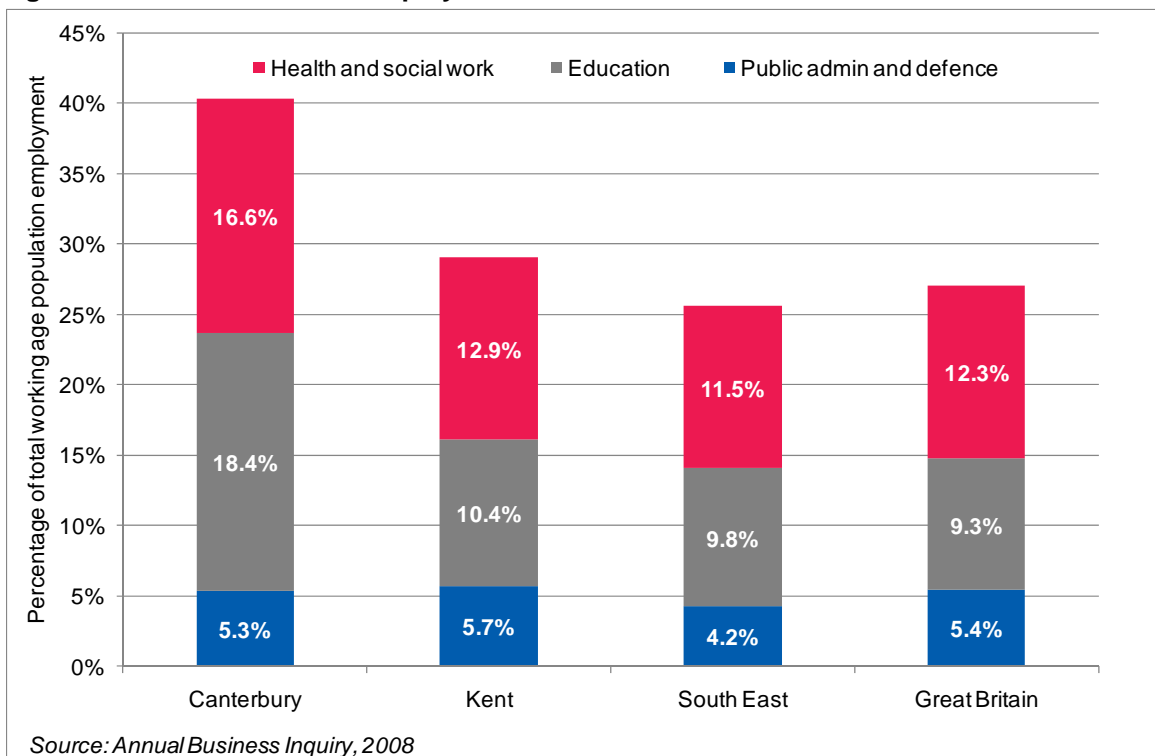
Figure 1.9: Spatial Concentration of Public Sector Employment



Using location quotients, it is possible to determine the extent to which public sector employment is over represented compared to Great Britain as a whole. In total the public sector is over represented in Canterbury (Location Quotient of 1.49). Most significantly, the education sector is highly concentrated in Canterbury (Location Quotient of 1.97) reflecting the significance of the city's universities and suggesting there is nearly double the concentration of education workers in Canterbury than is typical across the UK. This is illustrative of a wider national pattern, with other major university cities such as Oxford and Cambridge having similarly high levels of public sector employment.¹⁹ The health and social work sector is also highly concentrated in the local authority compared to Great Britain as a whole (Location Quotient of 1.35).

As such, given the importance of the public sector to local employment, the estimated 330,000 public sector job cuts could severely impact Canterbury in the future. Based on the OBR forecast, it is estimated that 74,000 public sector job losses could be seen in the South East between now and the end of the 2015/16 financial year.²⁰ It is not yet known in which areas jobs are expected to be lost. However there are a number of Government departments in Canterbury that are significant employers and may see a reduction in employment levels. According to Office for National Statistics data, Jobcentre Plus, the National Offender Management System and HM Revenue and Customs are significant Government employers in the area.²¹

Figure 1.10: Public Sector Employment



¹⁹ KCC Research and Intelligence (2010) Rebalancing Kent? Public sector dependency and the cost of cuts

²⁰ This research was based on the original 490,000 estimate. SEEDA (2011) Public sector redundancies: potential impact on the South East

²¹ Based on ONS data - Civil Service Employment; Government Department by LAD (2009)

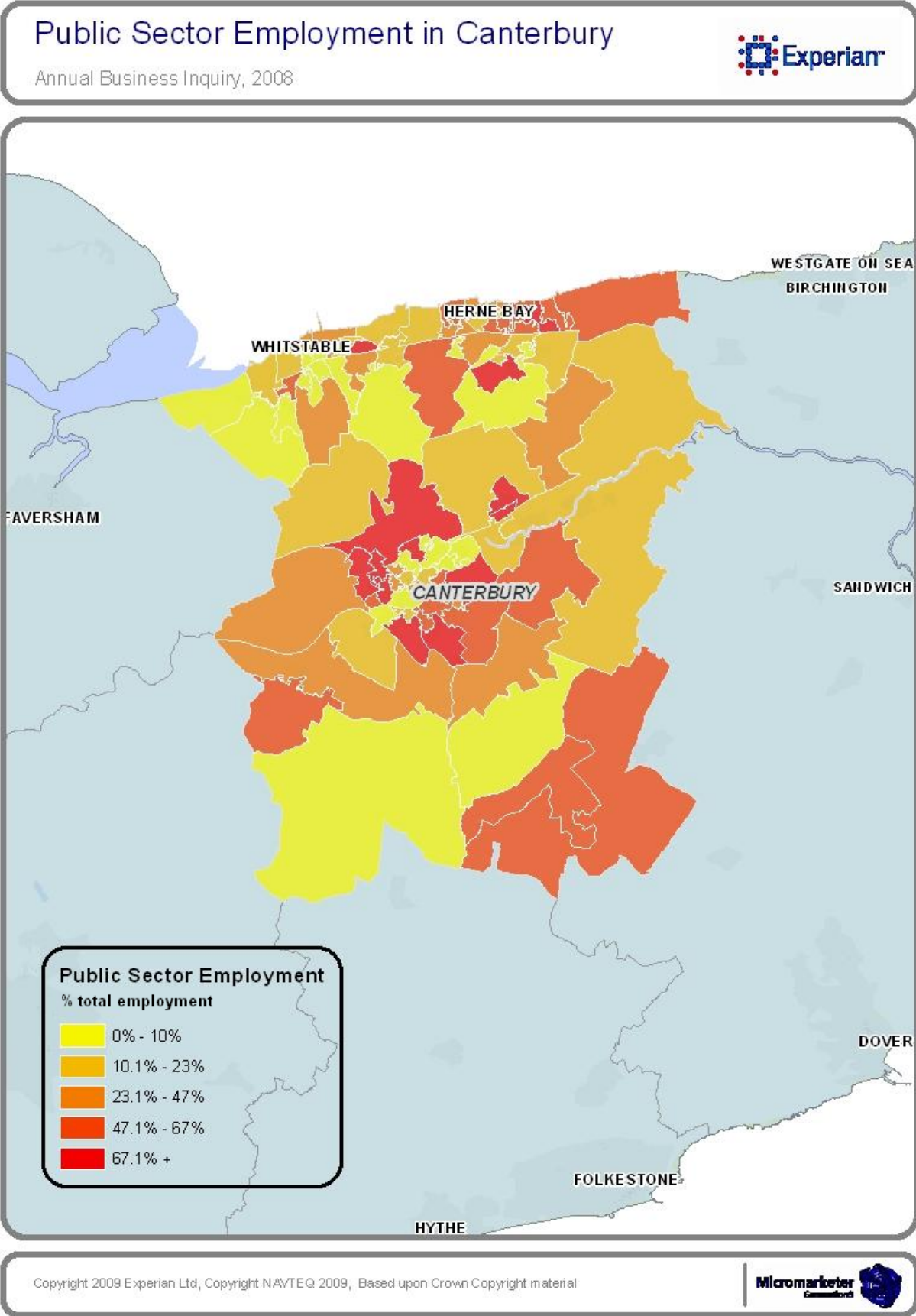
Spatially the highest concentrations of public sector employment are in the city of Canterbury and towards the northern coastal towns of Herne Bay and Whitstable. The high concentrations of public sector employment in coastal areas in part reflects a wider trend where, in common with coastal towns such as Hastings, Eastbourne and Worthing, the district has a high demand for public services from elderly populations requiring increased health and social care services. Also to a lesser extent there may be a need for more public sector resources here to mitigate the consequences of greater overall deprivation and social dependency in some coastal areas.^{22 23}

There are also significant concentrations of employment in the public sector towards the south west of the local authority. These areas will be the most severely impacted by public sector job cuts. In addition other sectors in these areas may suffer, as many other sectors rely on public sector procurement.

²² KCC Research and Intelligence (2010) Rebalancing Kent? Public sector dependency and the cost of cuts and SEEDA (2010) 'Public sector redundancies: potential impact on the South East'

²³ Generally levels of unemployment, social and economic deprivation are greater in the coastal towns than other areas. This issue also correlates with limited local private sector employment opportunities, a factor identified in research looking at cities across England. See for example: Webber C and Swinney P (2010), Private Sector Cities: A new geography of opportunity: Centre for Cities Agenda for Growth research paper

Figure 1.11: Spatial Concentration of Public Sector Employment



The education sector is likely to be affected by the spending review and changes to the policy environment in the wake of the Browne Review

Given its prominence in Canterbury, the impacts of the CSR on the education sector will undoubtedly impact the local authority district. The education sector employs over 11,500 people in Canterbury (18.4 per cent of all employment) and therefore changes to this sector will affect the local authority. There are a number of universities in Canterbury. The University of Kent, Christ Church University, the University for the Creative Arts and Girne American University are the four most prominent academic centres. In addition, Chaucer College Canterbury is an independent college catering to Japanese students from Shumei University. There is also has one further education institution, Canterbury College.²⁴

The CSR outlined a number of key changes to the sector:

- Real term increases of 0.1 per cent in each year of the Spending Review for the 5 to 16s school budget, including a £2.5 billion pupil premium. Underlying per pupil funding will be maintained in cash terms;
- Extending 15 hours a week of early years education and care to all disadvantaged two year olds from 2012-13, and maintaining the universal entitlement to 15 hours for all three and four year olds implemented by the Coalition Government;
- Sure Start services will be maintained in cash terms, including new investment in Sure Start health visitors, and Sure Start will be refocused on its original purpose of improving the life chances of disadvantaged children;
- £15.8 billion of capital funding over the Spending Review period;
- Overall resource savings in Department for Education's non-schools budget of 12 per cent in real terms by 2014-15, contributing to overall Department for Education savings of 3 per cent in real terms.

Significantly for many local areas, the CSR announced that the multimillion pound Building Schools for the Future (BSF) fund was to be discontinued. As a result, schools that were entitled to money for regeneration are no longer able to acquire the money. There are three schools (Whitstable Community College, Spires Academy, and Herne Bay High School) in Canterbury which were a part of the BSF scheme. Fortunately, unlike many other schools in the country, the aforementioned are now open (in the case of the former) and unaffected (in the case of the latter two).²⁵ As such, Canterbury schools have been fortunate to avoid the impacts of the cessation of BSF.

However, the recent announcements regarding higher education are likely to affect the LAD. The CSR confirmed that university teaching budget was to be cut by 40 per cent and the further education budget was to fall by 25 per cent. In part as a way to ensure that higher education finances are sustained in light of budget cuts, in November 2010 universities minister David Willetts announced proposals to raise the tuition fee cap to £6,000, with institutions able to charge up to £9,000 in exceptional circumstances. This decision followed the publication of *Securing a Sustainable Future for Higher Education*, commonly referred to as the Browne Review, which proposed the abolition of the tuition fee cap.²⁶ This announcement has met with animosity from many student groups, resulting in a

²⁴ For more information on HEIs in Canterbury please refer to: Canterbury City Council (2008) Student Impact Scrutiny Review

²⁵ School buildings project scrapped by constituency: full list, The Guardian, Available [Online] at <http://www.guardian.co.uk/news/datablog/2010/jul/08/school-building-projects-constituency-list#zoomed-picture>

²⁶ Lord Browne (2010) *Securing a Sustainable Future for Higher Education*

series of protests. The NUS president Aaron Porter believes that the abolition of the cap will lead to able students being priced out of education.²⁷

As a result of the spending cuts and the proposed increase in tuition fees, there is evidence to suggest that a third of universities could be at risk of mergers with other universities or possible closures. A study by the University and College Union found that 49 universities faced a *serious impact* as a result of fee increases. Four universities were at *very high risk*.²⁸ The impact of the cuts on Canterbury Christ Church will be *high* according to the UCU study. The reason for the high impact rating is due to a low proportion of fee paying non-EU students (2.2 per cent) in addition to a large percentage of total income resulting from recurrent fund body grants (40 per cent). In comparison, the impact will be *medium* on the University of Kent and *high medium* the University of the Creative Arts.²⁹ Another study, reported by the Telegraph suggested that higher education institutions offering arts and humanities courses will be facing the largest cuts, based on analysis of government plans (commissioned by Labour).

The potential *high to medium* impact of the spending review is likely to have serious implications, both in terms of employment and output for the district. As well as accounting for a significant proportion of local employment, local universities are significant in terms of their gross output. An estimated £127 million was collectively contributed to the local economy by the four institutions and their students in 2001/2002.³⁰ The University of Kent alone is a substantial business, with total revenue of £98.76 million (2004/05).³¹ It alone provided 1,960 full time equivalent jobs across a range of occupations with total spend totalling £95.49 million in 2004/05. It also attracted over 3,055 Non-UK students, who spent a further £14.94 million off-campus. When multiplier effects are considered, the university's activities generated over £245.92 million of output in the UK, with around £221.85 million of this in the South East and £24.07 million in the rest of the UK.³²

As such, detrimental impacts to Canterbury's Higher Education Institutions could have severe implications for the local authority. In terms of output and employment, as well as the potential impact on the wider knowledge base, university cuts will make the local authority district worse off.

²⁷ Student tuition fees: Browne review urges no limits (2010) BBC Online, Available [Online] at <http://www.bbc.co.uk/news/education-11519642>

²⁸ UCU (2010) Universities at Risk, Available [Online] at http://www.ucu.org.uk/media/pdf/t/a/ucu_universitiesatrisk_dec10.pdf

²⁹ Girne American University and Chaucer College were not listed.

³⁰ See: Canterbury City Council (2003), The Economic Impact of Four Large Educational Institutions on the Canterbury District Economy

³¹ University of Kent (2008) The Economic Impact of the University of Kent

³² Based on 2004/05 data. See: University of Kent (2008) The Economic Impact of the University of Kent

1.4 The housing market

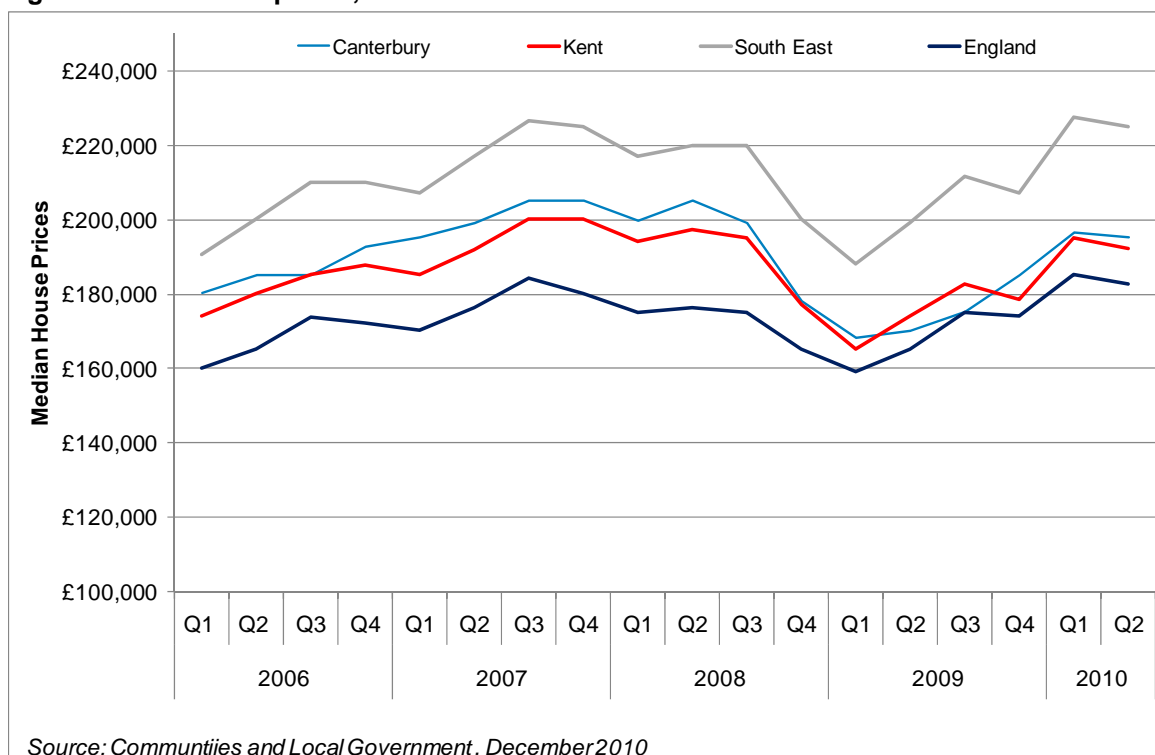
Canterbury enjoys higher house prices than County and national averages.

The South East, Kent and Canterbury all have higher median house prices than the English average. In Canterbury the average house price is £194,995 compared to £192,000 in Kent. This is significantly lower than the South East average (£225,000) but higher than the English average (£182,500).

House prices fell considerably in the third and fourth quarters of 2008, in response to falling demand brought about by low consumer confidence and stringent lending rates. Canterbury saw sharp declines in the average price of property. Between Q3 2008 and Q1 2009 the average quarterly rate of decline was -4.9 per cent in Canterbury – higher than county (-4.3 per cent), regional (-3.9 per cent) and national (-2.5 per cent) averages. This can be attributed to severe declines in house prices in Canterbury in Q4 2009 when house prices fell by 10.6 per cent – from an average of £199,000 to £178,000.

Canterbury has seen sustained growth in house prices since prices reached their lowest point in Q1 2009 (£168,000). Between Q1 2009 and Q1 2010 house prices have risen on average by 17.0 per cent across the LAD. This growth is broadly in line with county (18.2 per cent), regional (21.0 per cent) and national (16.4 per cent) averages. Notably Canterbury is the only area of these four geographies to have enjoyed continued quarter on quarter growth between Q1 2009 and Q1 2010.³³ However, recent data suggests local areas will see marginal decline between 2009 and 2010.

Figure 1.12: House prices, 2007 - 2010



³³ Kent, the South East and England all saw decline in house prices between Q3 and Q4 2009. During this period Canterbury enjoyed a Q on Q increase of 5.7 per cent.

The future of the housing market is uncertain with marginal declines expected in the first half of 2011 followed by marginal growth

Given the volatility of the housing market over the past two years, and current economic conditions, predicting the future trajectory of property prices is an inherently difficult task. A plethora of factors affect house prices. Interest rates, consumer confidence, the availability of mortgage finance, and availability of housing are all significant factors. Historically in the UK, it is argued that a significant shortage of housing explains why house prices have risen above inflation and earnings. However, as shown through recession, house prices can still fall, even if there is a shortage of supply.

A number of research institutes and think tanks have produced forecasts for the housing market. However, many have differing and contrasting predictions for the future of the housing market. The majority suggest that given the likelihood of continuing low interest rates and a shortage of housing supply, there is likely to be stability in house prices over the coming months across the UK market.

According to the Royal Institute of Chartered Surveyors (RICS), although house prices are likely to continue to slip over the coming months, falling supply should provide a platform for the market to stabilise at some stage in the first half of 2011. By the latter part of the year, prices could be edging up again, with the result that by the end of 2011, they may not be very different from where they currently stand.³⁴ However, RICS note that a key risk to this view is that the fallout from public spending cuts will have a bigger impact on the jobless total than envisaged, which will depress buyer interest by more than anticipated. However, even in these circumstances, the lack of supply will prevent the decline in prices amounting to more than five percent.

The future growth rates of Canterbury house prices are likely to be broadly consistent with those of Kent, as has been the case historically (see figure 1.12). It is unlikely that, in terms of average value, either will deviate dramatically, remaining between those of the South East and UK. Local factors may influence house prices in Canterbury going forward, with the district having relatively high numbers of student houses centred around the city and second homes, particularly in coastal areas such as Whitstable. Canterbury is well placed to enjoy long term stability in its housing market given the high concentration of students needing accommodation and its position as the local centre.³⁵ In addition, evidence suggests that the completion of the high-speed rail link, making Canterbury a viable commuter destination to London, has increased the desirability of property in Canterbury.^{36 37} It is possible that this will have a continued positive effect on house prices in the long term.³⁸

³⁴ Royal Institute of Chartered Surveyors (2010) House prices to fall slightly in 2011 but repossessions to drop off, Available [Online] at http://www.rics.org/site/scripts/press_article.aspx?categoryID=509&pressReleaseID=363

³⁵ Lloyds TSB (2010), New students boost house prices in University Towns, Available [Online] at http://www.mediacentre.lloydstsb.com/media/pdf_irmc/mc/press_releases/2010/August/8710pressrelease.pdf

³⁶ Commuter property: new high speed train brings buyers to Kent (2009) The Telegraph, Available [Online] at <http://www.telegraph.co.uk/property/5577713/Commuter-property-new-high-speed-train-brings-buyers-to-Kent.html>

³⁷ Homes for sale on the High Speed Rail Link to the Kent Coast (2009), The Times, Available [Online] at http://property.timesonline.co.uk/tol/life_and_style/property/buying_and_selling/article6379247.ece

³⁸ The impact of the recession has masked the impact of the rail link on property prices.

1.5 Infrastructure

1.5.1 High speed rail

The high speed rail link between London St. Pancras and Kent, also known as the Javelin and HS1, became fully operational on the 11th December 2009. It began as a 140 miles per hour link between the London station and the continent; however it was always intended as a commuter route between Kent and the capital.

The introduction of high speed rail has developed Canterbury's offer as a commuter destination

As a result of the high speed rail link, commuting times have been vastly reduced. Canterbury to St. Pancras, which previously took 102 minutes, now only takes 61 minutes.³⁹ These changes increase Canterbury's viability as a residential location for workers based in London.⁴⁰ Canterbury is relatively close to London, but as a result of previously slow rail links to the capital, it has been overlooked as a commuter location in favour of the Home Counties which have long been the areas most associated with commuting to the capital, in part due to their rail networks.

Findings from the scrutiny sub-committee review in August 2010 and January 2011 provide some information on the impact of HS1. To consider the overall impact on rail journeys to and from London from the main stations in the district since the introduction of HS1, a summary of passenger numbers between November 2009 and November 2010 was collected. The combined passenger numbers from all four of these stations in the LAD show that since the introduction of HS1, usage to and from London has increased by approximately 10 per cent.

The greatest impact has been at Canterbury West Station where passenger numbers to and from London have increased by 71 per cent.⁴¹ Whitstable Station has seen some passengers switch from the Mainline Services to HS1, but passenger numbers overall are broadly the same. Herne Bay Station has seen some passengers switch to HS1 but more passengers have stopped using Mainline Services and overall there has been a 6 per cent decrease.

³⁹ Homes for sale on the high-speed rail link to the Kent coast, The Times Online, Available [Online] at http://property.timesonline.co.uk/tol/life_and_style/property/buying_and_selling/article6379247.ece

⁴⁰ This was articulated in the original report in Open to commuters

⁴¹ Some of this increase is the result of displaced passengers from Canterbury East Station where numbers have decreased by 41 per cent

Figure 1.13: Journey numbers (HS1 and non HS1), November 2008-2009 and 2009-2010

Journeys to/ from London	365 day period ending Nov 09	365 day period ending Nov 10	Difference in journey numbers	Combined HS1/NonHS1
Canterbury West (HS1)	7,048	213,253	+206,205	+125,340
Canterbury West (Non HS1)	169,130	88,265	-80,865	(71% increase)
Canterbury East (HS1)	328	5,500	+5,172	-32,022
Canterbury East (Non HS1)	78,450	41,256	-37,194	(41% decrease)
Whitstable (HS1)	717	55,389	+54,672	+99,16
Whitstable (Non HS1)	362,649	317,893	-44,756	(3% increase)
Herne Bay (HS1)	891	29,985	+29,094	-17,656
Herne Bay (Non HS1)	281,193	234,443	-46,750	(6% decrease)
Total	900,406	985,984		+85,578 (9.5% increase)

Source: Scrutiny sub-committee review of HS1, January 2011

The East Kent Local Strategic Partnership (EKLSP) commissioned an on-line survey of train services and one of the main objectives was to find out the detailed views of both HS1 users and Mainline Service users, since the introduction the High Speed Service. The consultation ran between September and October 2010 and attracted a very high response rate (668 replies). The on-line survey results indicate that despite the cost of HS1, the majority of users (69 per cent) felt that the service was meeting their expectations as a fast and efficient service. However the survey results do substantiate the views of the North Kent Train Users Group that the Mainline Services to Victoria and Cannon Street have been adversely affected since the introduction of HS1, principally because of the longer journey times.

It is too early to assess the wider economic benefits of HS1 although the improved journey times, increase in journey numbers and the positive views expressed through the survey in terms of Canterbury as a short stay tourist destination, and for business relocation are very positive indicators for the future. House-builders and estate agents are hopeful that shorter journey times to the capital will prompt more commuters to buy homes near train routes. However, significant price increases could be detrimental to people employed in the local economy, who cannot compete with those earning London wages. The impacts have so far been difficult to quantify with the factors surrounding the recession clouding the new rail service's effect on the housing market. The City now offers not only a picturesque place to live, but also a fast connection to London and there is some evidence to suggest that house prices in Canterbury may be higher due to the installation of the new rail link.⁴²

⁴² Refer to section 1.3

1.5.2 Developments to the road network

Developments to roads should ease congestion and benefit commuters

A number of ongoing developments have sought to improve road travel across Kent.⁴³ One notable development is currently underway in Canterbury – the A2 Northbound on-slip road at Wincheap. The aim of the scheme is to make better use of the A2 dual carriageway and to assist in relieving problems associated with traffic congestion in the Canterbury area. The new on-slip road will allow drivers to get on to the A2 London-bound carriageway from Wincheap. Currently motorists can only travel east to Dover from the Wincheap junction and so have to drive through Wincheap and Canterbury's congested ring road to join the A2 London-bound carriageway.

1.6 Regeneration

A number of regeneration projects have been undertaken in Canterbury since the completion of the 2006 report. These are significant, as they impact the scenarios through improving the infrastructure, residential and tourist offer of the local authority district. A number of key developments are outlined below.⁴⁴

Herne Bay central development area

Herne Bay Central Development is part of a wider set of ideas being pursued in the Herne Bay Area Action Plan, which is part of the Local Development Framework. The purpose of the Herne Bay development is to create an updated town centre as part of a wider Herne Bay regeneration. The development area will include retail outlets, housing, food stores and leisure facilities. The proposed site is the Market and Hanover square vicinities.

Phase one of the project encompasses the building of a new supermarket, the relocation of Beach House residents and the temporary repositioning of the Saturday Market. Phase two will create a new market square, new retail units, healthcare and hotel facilities, and cafe/restaurants with residences above. Phase one is due to start in early 2012, with phase two set to start 15 months later. Overall completion is forecast to be mid-2014.

Wincheap regeneration (delayed)

Canterbury City Council had commissioned Capital and Counties to work in partnership towards a master plan for the redevelopment of Wincheap Estate. The objectives of the Wincheap regeneration were to create a more diverse and attractive place to work and live, a destination for visitors and shoppers, and an effective and sustainable workplace with improved connectivity to the city.⁴⁵ The council chose not to accept the Wincheap development brief in April 2008 instead wishing to conduct further consultations on the proposal as at the time of submission, the overall development scheme was not considered viable by the Council's development partners. One of the issues was the lack of scope to locate a new park and ride site inside the Estate boundaries. This situation needs re-evaluation following the commencement of the A2 Northbound on-slip road at Wincheap. The overall

⁴³ For more information please refer to:

http://www.kent.gov.uk/roads_and_transport/highway_improvements/major_transport_schemes/current_schemes.aspx

⁴⁴ As is a planned development included in the Regional Growth Fund bid document

⁴⁵ Canterbury City Council (2010) Wincheap Regeneration Project – Current Situation, Available [Online] at <http://www.canterbury.gov.uk/main.cfm?objectid=1394>

scheme is currently under review by the Council, and who are seeking valuation and other advice on the scheme.

Canterbury Innovation Centre

The Canterbury Innovation Centre, opened in 2009, is a centre for innovative business and high technology companies based at the University of Kent. The Centre completes the first phase for the University of Kent's new Technology Park. The centre provides high-tech incubation space and support for entrepreneurs in almost 25,000 sq ft of offices, studios and workshops. Take up has been encouraging and currently the centre is 68 per cent of capacity. The Centre is part of the University's strategy to encourage innovation and enterprise within the University and to make it more attractive for graduates to stay and work locally.

Proposed developments for the land adjoining this site have the potential to add further value to the innovation centre as well as the local economy.⁴⁶ The proposed development of a Park comprised of five new business premises (a mix of single tenant and multi tenant occupation each of which will also be exemplary in low energy use and sustainable design), will further enhance the offer of the existing Innovation Centre and the University, further positioning the site as a centre of excellence, thought leadership and innovation.

Building upon an already successful initiative, the proposed development will aim to attract businesses engaged in the developing Green economy. This will deliver higher level green skills training within the area through the establishment of a Green Skills Academy, provide a pipeline for knowledge transfer/knowledge exchange with the University and attract further companies and research establishments from outside the area to enter into new ventures in East Kent.

Furthermore, the impacts on the wider local economy would be significant. Estimates suggest that if the project goes ahead it would create 1,821 jobs and contribute an additional £46m in GVA to the economy every year.

Construction of the New Marlowe

Due to be completed in September 2011, the Marlowe Theatre has undergone significant redevelopment since 2008. Developments include the installation of a larger 1,200 seat auditorium, a second auditorium for innovative shows, community and educational productions, exhibition space and regeneration of the forecourt piazza. This development will enhance the already significant cultural offer of Canterbury.

Beane Institute development (ongoing)

The Canterbury Beane is an art museum and library in the heart of the city. The building is undergoing a £12 million redevelopment. This will include repair and conservation of this historic building, construction of a new extension, improvement of access, a purpose-built new space for national and international exhibitions and the addition of new activity and education spaces. It will boast a range of new exhibits, paintings and workshops when it reopens in 2012. This development will further enhance the local cultural offer.

⁴⁶ Regional Growth Fund Bid – Application Form Part 1

Investment in university buildings

There has been heavy investment in new academic facilities and student accommodation at the two major universities, the University of Kent (UKC) and Christ Church University (CCCU). There have been a number of changes to CCCU's property portfolio - including three major development projects. Augustine House - a new Library and Student Services Centre, Christ Church Sports Centre - a facility featuring a fully equipped sports hall, and St Gregory's Music Centre all serve to enhance the cultural offer of the university and local area. In addition at UKC a new centre for music performance on the Canterbury campus adds to the educational and cultural offer of the university.

Girne American University

A fourth university has opened in Canterbury, further enhancing the academic offer of the local authority. Girne American University opened in 2009 and are currently looking for a large site for development and new student accommodation.

1.6.1 Other regeneration in Kent

There have been considerable developments elsewhere in East Kent. Notably, retail developments have been completed in the area. Morrison's supermarket have opened a new 920,000 square foot distribution centre in Sittingbourne generating a number employment opportunities. In addition Westwood Cross shopping centre situated between Broadstairs, Ramsgate and Margate, has enjoyed significant development and now includes an entertainment park.

Ashford has enjoyed the most considerable development. There has been significant development in Ashford, set to continue given the publication in 2010 of the Ashford Town Centre Area Action Plan.⁴⁷ Recent developments include:

- **Brisley Farm (under construction)** 74 residential units with associated landscaping, access, parking and open space.
- **Eureka Leisure Park Hotel & Restaurant (completed)** a hotel with 74 bedrooms, a Beefeater restaurant/bar and a McDonald's drive-through restaurant.
- **Former Rail Yard off, Hunter Avenue, Ashford (under construction)** 47 units are now under construction on this residential development comprising 350 dwellings, the provision of public open space, play area and associated facilities, new vehicular and pedestrian access to Hunter Avenue.
- **Park (under construction)** All 288 dwellings on the Taylor Woodrow site joining the Hamstreet bypass (05/02149/AS) are now complete, with occupation of 274 dwellings. Construction still continues on the Second Phase at Park Farm East.
- **Templer and Rowcroft Barracks (completed)** Work has completed on the Waitrose food store on the Repton Park Site, which also includes the provision of 23 apartments in two storeys above. The food store opened for business on 5th November 2009.

Such development in Ashford is complemented by high levels of pre-recession employment growth. Between 2003 and 2008 Ashford enjoyed the highest annual average employment growth in Kent (2.4 per cent) followed by Canterbury (2.0 per cent).

⁴⁷ Ashford District Council (2010) Ashford Town Centre Area Action Plan, Available [Online] at <http://www.ashford.gov.uk/pdf/ADOPTED%20ATCAAP.pdf>

The growth of neighbouring Ashford naturally has implications for Canterbury. However, it is unlikely that Ashford's prosperity will infringe on Canterbury significantly, given that the latter has also enjoyed significant growth and regeneration over the past few years.

Figure 1.14: Employment growth in surrounding LADs

LAD	Annual Average Employment Growth 2003-2008 (2002 base)
Ashford	2.4%
Canterbury	2.0%
Dover	-1.2%
Shepway	0.4%
Swale	0.4%
Thanet	1.5%

Source: Experian Regional Planning Service, December 2010

2 Assessment of validity of scenarios

This section analyses the changes to the baseline brought about by the changing economic conditions. In addition, it addresses key issues identified in section one within the context of the scenarios articulated in the original futures study. The section establishes the extent to which these key issues have fundamentally impacted Canterbury's ability to achieve the different future scenarios presented in the original study, including the preferred scenario identified by stakeholders.

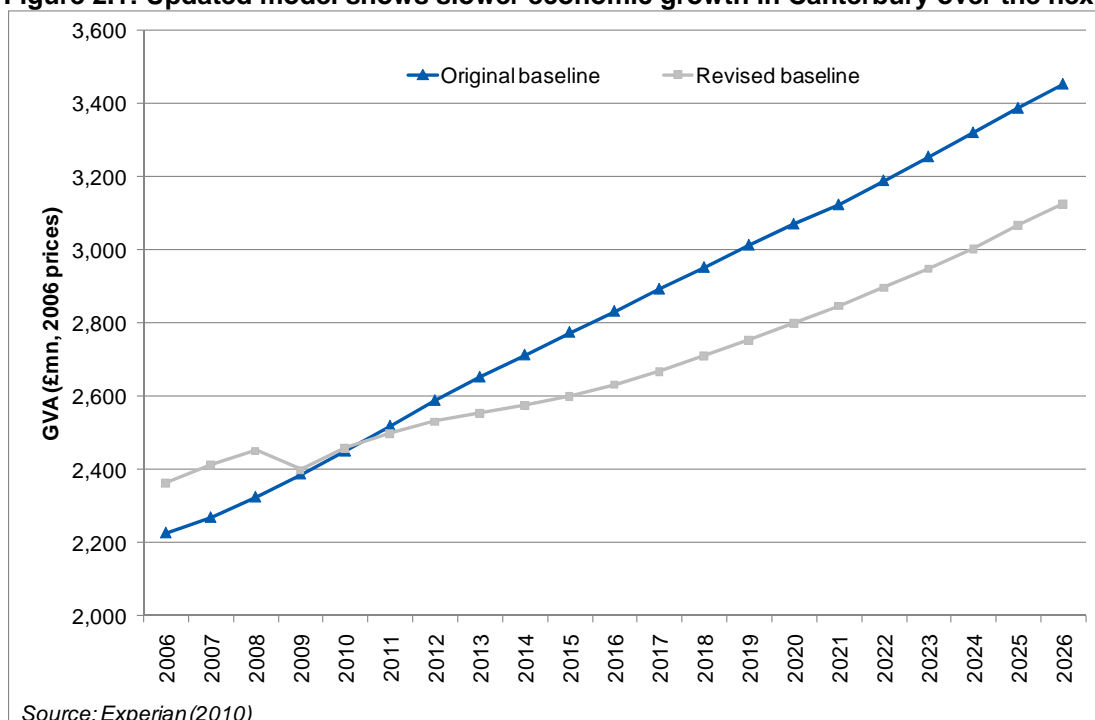
2.1 Changes to the baseline

As detailed in section one, the past few years have seen an almost unprecedented level of economic turmoil both in the UK and across the globe. Consequently we have remodelled the baseline forecast produced in 2006 to better understand the situation in Canterbury both today and in the future. Experian's economic modelling team have undertaken a review of the original baseline incorporating up-to-date Kent County Council housing figures and population projections. In addition, the baseline has been extended to 2031 thus extending the scope of the Futures study and making the baseline more useful for the ongoing LDF process.

Pre-recession growth outstripped the original forecast, but post-recession the economy is likely to expand more slowly than estimated previously

There are two key differences in the new baseline: Firstly, the economic performance of Canterbury pre-recession outstripped the forecast with the local economy growing at a far higher rate than originally expected. GVA in 2008 was estimated at £2.33bn in the original baseline, compared with £2.45bn in the revised baseline. Secondly, Canterbury is expected to grow more slowly in the revised baseline than in the original. GVA in 2026 is now expected to be £3.13bn compared with the £3.45bn forecast previously. This translates to a drop in the average annual growth rates in GVA over the next 15 years. Under the original baseline, Canterbury was expected to grow by 2.3 per cent per annum on average between 2010 and 2026; this has been revised down to 1.7 per cent.

Figure 2.1: Updated model shows slower economic growth in Canterbury over the next 15 years

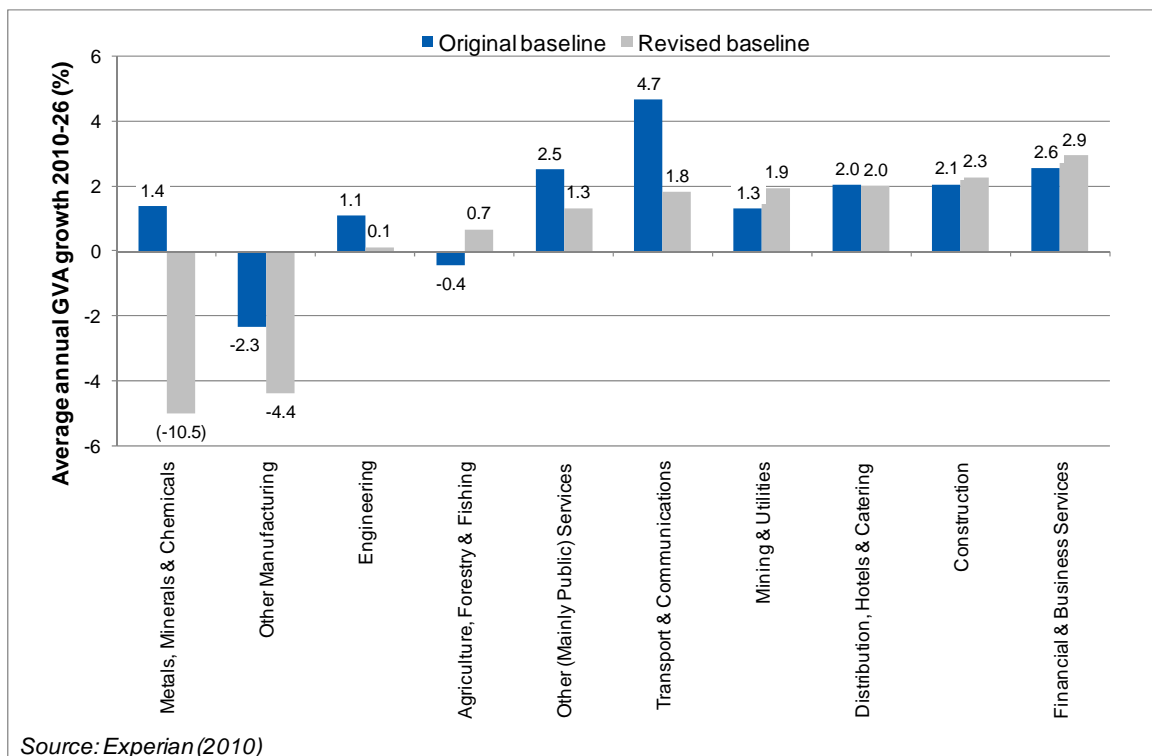


Slower growth in the public sector is the principal driver behind the weaker output figures in the revised forecast

Looking at the reasons for this decline in performance we can see that the scaling back of the public sector has a large role to play. As shown in section one, the other (mainly public) services sector is the most significant sector in Canterbury, employing almost half the workforce. Given the impacts of recession and the subsequent measures to be taken in the wake of the Comprehensive Spending Review, growth forecasts for this sector have been revised down. This sector is now expected to grow by just 1.1 per cent per annum on average over the next five years, down from 2.5 per cent originally.

Whilst other important sectors have either maintained (distribution, hotels and catering) or increased (financial and business services) growth rates, this large expected fall in public sector output coupled with other large declines in comparatively smaller sectors – including other manufacturing, metals minerals & chemicals and transport & communications sectors – means that growth in the medium-term is likely to be weaker than originally estimated.

Figure 2.2: Forecast growth rates have declined in many sectors under the revised baseline



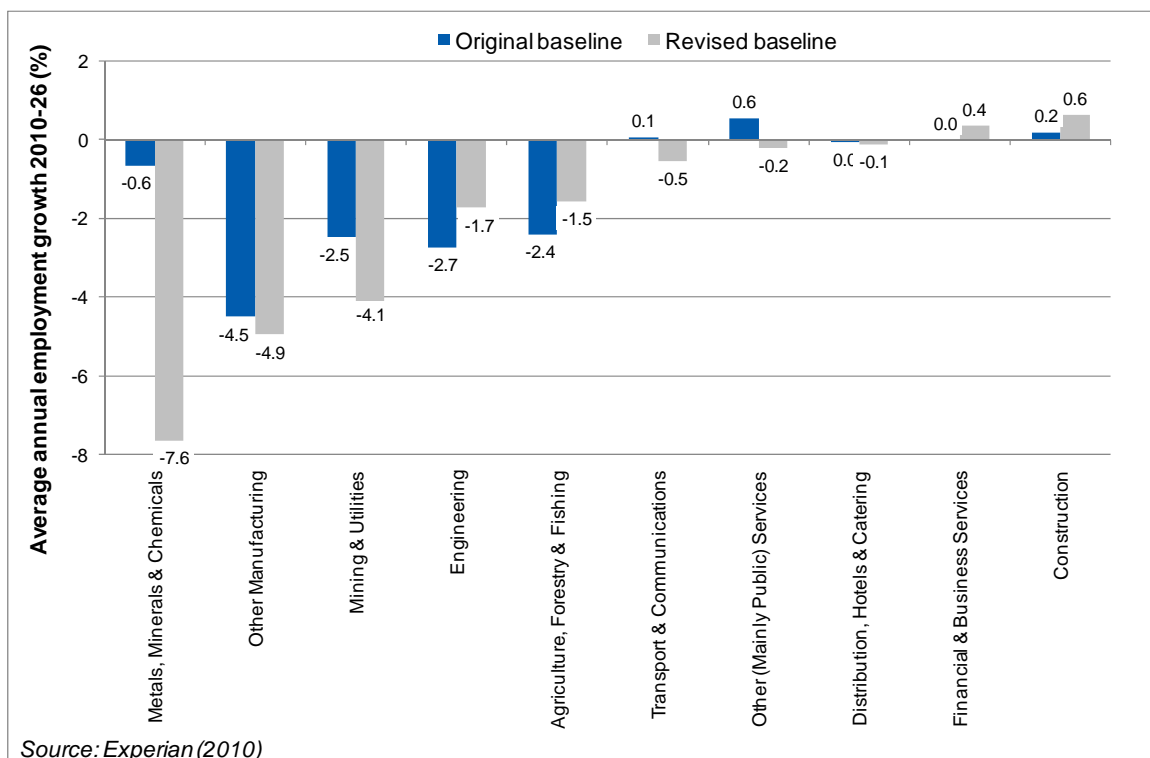
Job opportunities are expected to decline over the short to medium term in the revised forecast, led by the scaling back of the public sector

Because of strong pre-recession growth included in the revised forecasts, which estimated employment in Canterbury at 58,300 in 2009 – as opposed to 53,600 under the original forecasts – the total number of people forecast to be in employment in 2026 is expected to rise compared with the original forecasts.

However, stripping out this pre-recessionary effect by considering the position of Canterbury moving forward we observe that average annual job growth over the next five years has been revised down from 0.2 per cent originally to -0.4 per cent. Up until 2026, this translates to a contraction in the number of jobs in Canterbury of 0.2 per cent per annum on average.

In the revised forecasts, jobs are expected to be created fastest in construction (at an average annual growth rate of 0.6 per cent) and financial and business services sector (0.4 per cent) up until 2026. However, in the short term a lack of viable construction projects and sites could impact this positive forecast. All other sectors show a contraction over the same period; jobs in the important other (mainly public) services sector are now expected to decline by 0.2 per cent per annum on average, set against growth of 0.5 per cent forecast originally.

Figure 2.3: Jobs in Canterbury are expected to increase more rapidly under the revised baseline

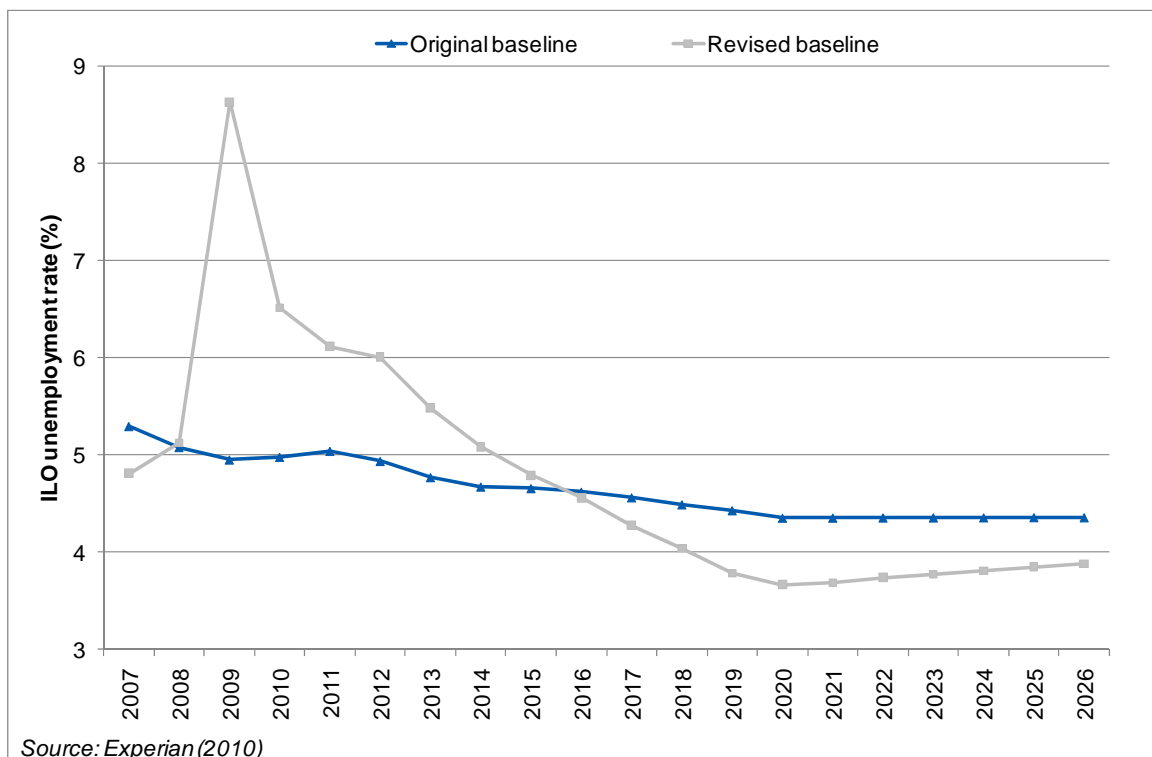


Unemployment is now forecast to remain high in the short to medium term, but is expected to fall to below four per cent in the long term

As a result of the recession, the ILO unemployment rate⁴⁸ in Canterbury soared to more than eight per cent in 2009 - well above the level forecast in the original baseline.⁴⁹ The revised forecasts suggest that unemployment will remain above 6 per cent in 2012, and above the level estimated by the original forecasts in the medium term.

Total unemployment is expected to fall to 3,000 in 2016 under the revised forecasts, slightly above the 2,900 forecast originally. However, because of the larger total employment figures suggested by the revised forecasts, this translates to the unemployment rate dropping slightly below the original forecast at this point, and it is expected to remain at below four per cent of the workforce from 2019.

Figure 2.4: The unemployment rate is forecast to fall below four per cent in the revised baseline



⁴⁸ This is a more comprehensive definition of those not in employment compared with those claiming JSA (section 1.2.1)

⁴⁹ This correlates with the Job Seeker’s Allowance analysis identified in Section one

2.2 Changes to drivers and issues

The original study assessed external influences through a future proofing process and a series of workshops. This process enabled the identification of key global and national drivers relevant and applicable to Canterbury. In total, twelve trends and drivers relevant to the district were short listed.

Figure 2.5: 12 trends and drivers of relevance to the district

- The rising economic power of the East
- Global tourism growth
- Climate change (including water and attitudes towards it)
- Economy and employment trends and related consumer spending
- Educated Britain (and new patterns of youth)
- Counter-urbanisation/second homes/housing pressures
- Transport infrastructure/planning issues
- Longevity and ageing society (including the baby boomer explosion)
- Leisure society/experience economy (including shopping as leisure)
- Building cultural capital (including the increasing interest in heritage)
- Collective individualism/new activism/localism
- Technology revolution/network society/tele-working growth

Source: Experian (2006) At a Crossroads: Canterbury Futures Study

For the most part, the significance of these drivers remains applicable to Canterbury. A fundamental element of these trends was the fact that for the most part they represented long term patterns and as such the majority remain relevant and important to the District. However, the unprecedented impact of the recession and subsequent changes to the international, national and local policy context has led to somewhat of a short-term focus, meaning some of these longer term trends has received less attention in recent years.

Economy, employment trends and related consumer spending have been impacted by the economic downturn.

As detailed in section one, at the time of the publication of the original report, the UK economy was booming, underpinned by a decade of continuous growth in output and employment. Economic trends, employment trends and related consumer spending have been altered dramatically as a result of recession. As shown above, across the UK there have been significant declines in output leading to declines in employment levels across the UK as a whole. Most significantly, employment trends have changed with visible declines in a number of key sectors. Low consumer confidence and consumer spending have reflected the turbulence of the economic situation.

Reflective of the booming economy, consumer spending and confidence rates were high in 2006. Compared to these levels both, and in particular consumer confidence, are considerably lower in 2010. Instability in the economy and increasing levels of job losses have led consumers to be less optimistic and so more cautious and selective with their spending, with many choosing to deleverage existing household debts rather than purchase luxury items. Confidence levels were at their lowest in early 2009 and whilst they have recovered to some extent they remain far below 2006 levels.

Despite a decline in overall consumer spending between 2006 and 2009, levels have now recovered to pre recession levels. It is likely that consumer confidence and spending will continue to improve as the UK recovers from recession, although continued caution is likely in the short term. In particular,

increases to the level of Value Added Tax (VAT) from 17.5 per cent to 20.0 per cent may affect consumer spending and confidence levels.⁵⁰

Figure 2.6: Nationwide consumer confidence and spending indexes, UK



Global tourism growth has also been impacted by the economic downturn. This has led to changes to the leisure society/experience economy trend

At the time of publication of the original report, global tourism was forecast to grow steadily over the coming decades as new markets opened up and incomes improved, increasing the flow of people and ideas across countries. Naturally, the global downturn, together with other factors, has interrupted some of this growth. International tourist arrivals for business, leisure and other purposes are estimated to have declined worldwide by 4 per cent in 2009 to 880 million.⁵¹ The global economic crisis aggravated by the uncertainty around the H1N1 pandemic turned 2009 into one of the toughest years for the tourism sector.⁵² However, the results of recent months suggest that recovery is underway, and even somewhat earlier and at a stronger pace than initially expected. Against the backdrop of both the upturn in international tourism figures and overall economic indicators in recent months, UNWTO forecasts a growth in international tourist arrivals of between 3 per cent and 4 per cent in 2010.⁵³ During the 12 months to November 2010, the number of visits by overseas residents to the UK remained broadly the same when compared with the 12 months to November 2009, at 29.8 million. Total visitor numbers are however still low compared to 2007 levels. There is no sign of a recovery in visits abroad by UK residents, with a further fall in the period September to November 2010.⁵⁴

⁵⁰ HMRC (2010), Increase in the standard rate of VAT to 20 per cent, Available [Online] at <http://www.hmrc.gov.uk/vat/forms-rates/rates/rate-increase.htm>

⁵¹ UNWTO (2010) International Tourism on Track for a Rebound after an Exceptionally Challenging 2009, Available [Online] at http://www.unwto.org/media/news/en/press_det.php?id=5361

⁵² *ibid*

⁵³ *ibid*

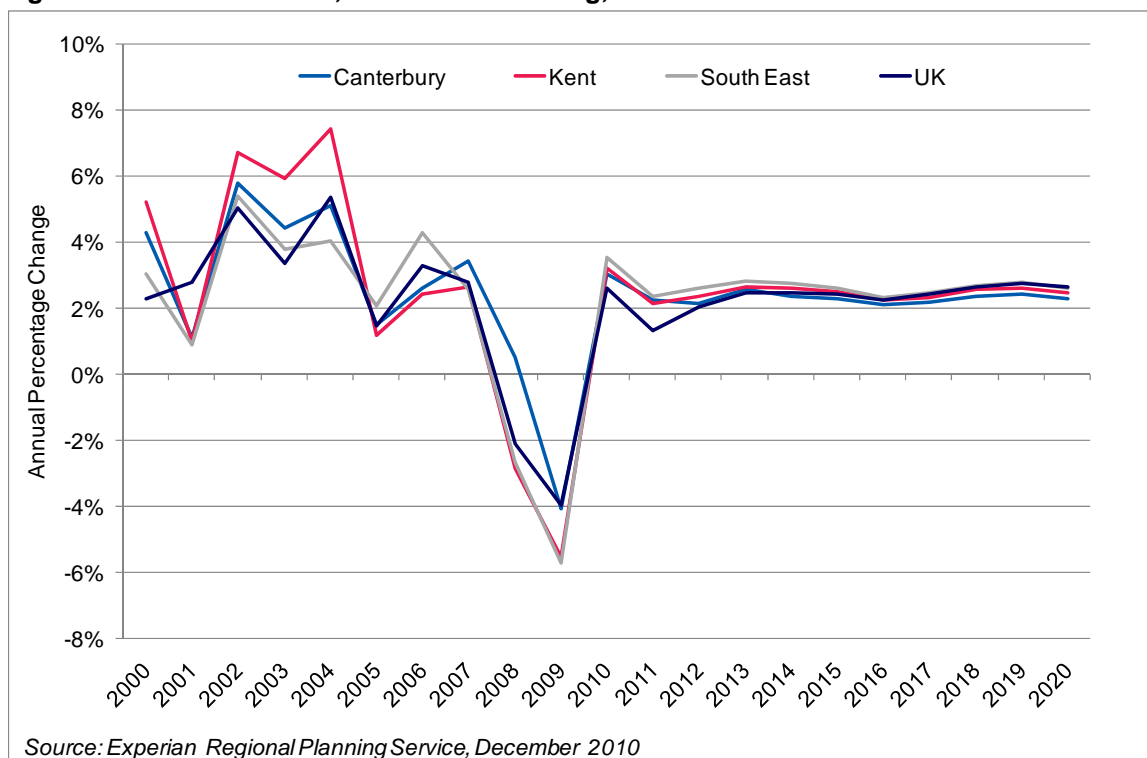
⁵⁴ For more information please refer to: National Statistics Online (2010) Travel and Tourism, Available [Online] at: <http://www.statistics.gov.uk/cci/nugget.asp?id=352>

Tourism is of vital importance to the Canterbury economy. Canterbury, a UNESCO world heritage site, is a popular location of local and international tourists and the wider local authority has a number of rural and coastal tourist locations. The distribution, hotels and catering sector employs over 17,900 people across the local authority (24.7 per cent of the local workforce). This sector is comprised of hotels and catering, retailing and wholesaling, and as such is an important sectoral indicator of visitor spending.

Given the importance of tourism to employment in Canterbury, the global decline in tourism growth is significant for the local authority. In line with international trends, declines in the sector are evident as a result of recession. Canterbury was however less affected than Kent and the South East as a whole. It is worthy of note that these impacts are not only a reflection of tourism, but of domestic spending (as the broad sector includes retail and hospitality and so is also significantly impacted by the reduced spending of the local population).

As a result of job losses caused by the downturn, employment in this sector will not return to 2008 levels until 2015.⁵⁵ It is, however, difficult to isolate whether these trends are attributable to lower rates of tourism to the district or lower consumer spending by its residents. In fact, many suggest that the weak Sterling provides a greater incentive for international visitors to come to the UK and also for an increase in ‘staycations’ by those resident here.

Figure 2.7: Distribution, Hotels and Catering, GVA over time



Climate change remains a key global trend, although media attention has shifted of late

Climate change was a particularly prevalent issue at the time of the publication of the first report. Whilst climate change continues to be a important global issue, the recession has dominated global media coverage to the extent that issues such as climate change have received less exposure. In addition, the

⁵⁵ Experian Regional Planning Service, December 2010

Copenhagen Climate Summit in 2009 was widely viewed as a failure, setting back progress for an internationally accepted climate change agenda.⁵⁶ It is highly likely that this subject will receive increased coverage in the years ahead.

Localism and collective individualism have been brought to the fore

Localism was identified as a key driver at the time of the original report. This term has become central to the rhetoric of the Coalition Government and synonymous with their Big Society agenda.⁵⁷ The Coalition Government have laid a bill before parliament containing a package of reforms that will ‘...devolve greater power and freedoms to councils and neighbourhoods, establish powerful new rights for communities, revolutionise the planning system, and give communities control over housing decisions’.⁵⁸ This will have a significant impact upon the planning powers and responsibilities of Canterbury City Council.

New Driver – austerity & inequality

As identified in section one, the Spending Review contained a raft of measures to reduce government spending, many of which will inevitably impact on the lives of the people living and working in Canterbury. Ultimately this is a short term driver in comparison to those articulated in the original study, although the legacy of the recession and associated cuts will continue well into the next decade.

There are fears that the so-called ‘age of austerity’ may hit certain areas disproportionately hard. The retrenchment of public sector spending will mean that those areas that gain most from, for example, discretionary government grants (usually the more deprived communities) will have reduced access to such grant related services which could, in turn, further marginalise their communities. More significantly for Canterbury, public sector job cuts will hit those areas of the Country with a greater dependence on it for employment. Forecasts suggest that over 1,700 jobs are likely to be lost in Canterbury over the medium term (2010-2015). Alternative sources place this figure at 940 jobs for the same period with the additional loss of 320 indirect jobs.⁵⁹

Figure 2.8: Public Sector Employment Decline⁶⁰

	2010	2015	Average Annual Growth Rate (2009 base)
Canterbury	33,216	31,463	-0.7%
Kent	248,719	238,183	-0.6%
South East	1,360,914	1,309,698	-0.5%
UK	10,065,235	9,626,107	-0.6%

Source: Experian Regional Planning Service, December 2010

⁵⁶ Low targets, goals dropped: Copenhagen ends in failure. The Telegraph, Available [online] at <http://www.guardian.co.uk/environment/2009/dec/18/copenhagen-deal>

⁵⁷ For more information please refer to: The Prime Minister (2010) Big Society Speech, Number10.gov.uk, Available [Online] at <http://www.number10.gov.uk/news/speeches-and-transcripts/2010/07/big-society-speech-53572>

⁵⁸ CLG (2010), Localism Bill starts a new era of people power, Available [Online] <http://www.communities.gov.uk/news/newsroom/1794971>

⁵⁹ KCC Research and Intelligence (2011) Public sector dependency and an assessment of the effects of public sector job cuts in Kent

⁶⁰ Defined as public admin and defence, education, health and other

New Driver - Rebalancing the economy

The Coalition Government has pledged to rebalance the UK economy both in terms of sectors and in terms of geography. It has highlighted an over-reliance on both London and certain sectors as being wasteful and unstable.⁶¹ It has promised a new industrial policy, focused on growing industries such as aerospace, pharmaceuticals, high-value manufacturing and engineering, low carbon technology, creative and knowledge-based industries.

Clearly the public sector spending cuts associated with this economic rebalancing will impact on the Canterbury, but a renewed focus on areas outside of the M25 could be of benefit to local areas if those sectors the coalition government has targeted can grow and new ones can be attracted to the local area. However, as recent large scale closures demonstrate, such moves will be challenging.

Pfizer Closure

Although due to a reorganisation of its research and development across the world as opposed to the impacts of the downturn, the recent closure of the Pfizer research and development facility in Kent serves as a stark reminder that plans to focus on rebalancing and attracting growth industries will be challenging for local areas.⁶²

The closure, which is expected to lead to 2,400 job losses, will have a direct negative impact on Canterbury as a significant proportion of Pfizer workers live within the district. The likely impacts upon supply chains and wider employment will doubtless impact the local economy in the short and medium term. Moreover, the closure of the facility may also negatively impact the area's ability to attract similar businesses, as it will be unable to advertise the benefits of locating near to such a significant pharmaceutical enterprise (and reaping the benefits associated with clusters).

⁶¹ Number10.gov.uk (2010) Transforming the British economy, The coalition government has emphasised the overreliance on public sector as well as specific industries within the private sector – namely financial and business services,

⁶² BBC (Feb 1st 2011), Pfizer to close UK research site, Available [Online] <http://www.bbc.co.uk/news/business-12335801>

2.3 The impact on the five original scenarios

2.3.1 Canterbury Experience

Developments since 2006 have not impacted Canterbury's ability to achieve this scenario although short term impacts are visible.

Canterbury Experience

- *Canterbury Experience* is about the district as “the place to visit”. Its focus is to build on the district's tourism and leisure strengths, and particularly its role as a primary retail centre for much of East Kent.
- Exploiting recent and planned investments in its cultural offer, the objective would be to create a reputation for the district as a location for a wide range of high quality consumer and leisure activities. This would include high quality retail and eateries, enhanced leisure options and attractive premises for businesses.
- By doing this, the district would aim to increase prosperity by attracting more visitors, and by increasing the time and amount that each visitor spends.

Source: Experian (2006) At a Crossroads: Canterbury Futures Study

As shown in section one, the recession has impacted global tourism reducing growth in this key industry in the short term. The economic downturn has led to declines in consumer confidence and consumer spending, ultimately impacting on the distribution, hotels and catering sector. At a local level, this sector has seen a significant reduction in employment levels with 2008 levels not expected to be exceeded until 2018.

Naturally this driver significantly underpins the *Canterbury Experience* scenario. However, the impacts of recession are likely only to hinder Canterbury's progress towards achieving this scenario in the short term, with the likelihood of achieving this vision in the long term remaining unaffected. As the economy recovers and global tourism continues to grow, visitors will be able to take advantage of the recent development of the cultural offer of the local authority. Such projects as the New Marlowe Theatre, St Gregory's Music Centre and development of the Herne Bay area all enhance Canterbury's offer to visitors.

Figure 2.9: Canterbury Experience



2.3.2 Knowledge Economy

Developments have improved Canterbury's ability to achieve this scenario although the impacts of the CSR and changes to university funding may impact this scenario in the future.

Knowledge Economy

- *Knowledge Economy* is about the district as “the place to work”. Its focus is to encourage the development of new enterprises, producing high value-added output, based on the specialist knowledge of their owners and employees.
- Exploiting its educational strengths and its cultural and heritage assets, the objective would be to develop, attract and retain knowledge-intensive people and businesses. These would be in a range of sectors, initially linked to the strengths of its higher education institutions, in areas such as the creative and cultural industries (e.g. digital design and animation), specialist legal, financial and accountancy advice, biotechnology, geographical and life sciences.

Source: Experian (2006) At a Crossroads: Canterbury Futures Study

The introduction of a fourth university in the local authority will further contribute to the educational strength of the locality and will serve to help foster innovation and the development of new ideas and enterprises. In addition, the investment and development of existing universities (particularly CCCU and UKC) have enhanced the already significant academic offer of the local authority. Notably the Canterbury Innovation Centre, opened in 2009, completes the first phase for the University of Kent's new Technology Park. The introduction of a high speed rail link to London further improves Canterbury's standing as a place to work. High value added knowledge intensive sectors enjoyed steady growth before the downturn and furthermore were resilient to the recession's impacts. These sectors are still expected to be significant drivers of growth over the years ahead.

However, the impacts of the CSR on education will affect Canterbury where 18.4 per cent of the local working age population are employed in the sector. It is not yet fully understood how the impacts of this review and the changes to university top-up fees are going to affect local educational institutions yet recent evidence has suggested that Canterbury's universities suffer high and medium risks of mergers and closures (refer to section 1.3.1). On a more general level, public sector employment significantly supports a relatively weak private sector knowledge base in the district (recently impacted by the announced closure of Pfizer). As such, cuts would reduce the number of knowledge workers in the area, as well as the potentially reducing the number of students - posing a risk to universities and other local knowledge based assets. This may impact the ability of the district to attract businesses in sectors linked to the strengths of the higher education institutions and such as new knowledge based and creative industry enterprises.

Figure 2.10: Knowledge Economy



2.3.3 Green Economy

Changes since 2006 have not significantly impacted Canterbury's ability to achieve this scenario.

Green Economy

- *Green Economy* is about the district as “the place to live”. Its focus is very different to other outcomes, requiring a fundamental re-evaluation of objectives and the emergence of a shared agreement that the attractions of a green economy could outweigh some shortfall in material living standards.
- Building on its high-quality environment, the objective would be to establish a higher than normal degree of local self-sufficiency, strong connections between the City and rural surroundings, and measures to rediscover the distinct characters of the coastal towns.
- This outcome would be based on developing specific offers such as eco-tourism, or a ‘weekending’ environment with farmers’ markets and charming eateries, a range of community based activities and rural and semi-rural outdoor activities such as guided bird watching, cycling and sailing.

Source: Experian (2006) At a Crossroads: Canterbury Futures Study

The impacts of recession had mixed effects on the *Green Economy* scenario. Ultimately, the recession of 2008-2009, followed by the election and subsequent formation of the Coalition Government in 2010, together with limited developments in the wake of the Copenhagen Climate Change Summit of 2009 have seen climate change pushed slightly from mainstream debate. However, the issue remains very much on the political agenda; reflected in the publication of the CSR, which outlined the creation of a UK-wide Green Investment Bank that will be funded by a £1 billion spending allocation and additional proceeds from the sale of Government-owned assets. The bank will encourage significant additional investment in green infrastructure, which will present future opportunities for the development of specific green offers for Canterbury.

However alongside this opportunity there exists a challenging climate for regeneration and development. Challenges remain for the district, such as addressing the required skills gaps to enhance the Green Economy offer. This scenario will greatly benefit from a successful outcome to the bid to further develop the land close to the Innovation Centre and attract businesses engaged in the developing the Green economy given that, in general, the economic climate is challenging for taking measures to improve rural surroundings, and to rediscover the distinct characters of the coastal towns in the short term.

Figure 2.11: Green Economy



2.3.4 Heritage and Thought

Developments since 2006 have not impacted Canterbury's ability to achieve this scenario. Local developments have marginally improved the viability of this scenario.

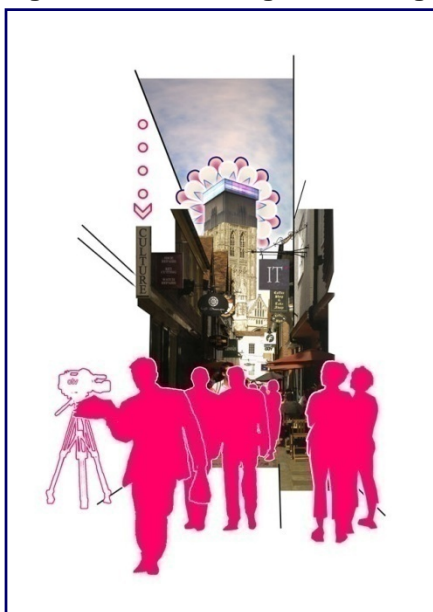
Heritage and Thought

- *Heritage and Thought* is about the district as “the place to gather and think”. Its focus is on establishing the district as a site for thought leadership and big ideas of both a religious and non-religious nature.
- Building on the unique significance of the Cathedral as a place of pilgrimage, fellowship and international study, the objective would be to establish a niche as a conference centre for policymakers, non-governmental organisations and academics (in the same way that many cities such as Harrogate have sought to target the business conference market). Additionally, people with environmental interests may be encouraged to gather in the coastal towns. This would help to shape both the tourist trade and the local business offer.
- Similarly, the same “Canterbury” branding would be applied to web-based methods of bringing people together, and the district would seek to build a reputation in the world of information technology and encourage a range of content-providers, broadcasting organisations and opinion formers to locate in or be associated with the district.
- This outcome is in tune with many existing trends and policies, such as the decision to invest in the Marlow Theatre project, but takes them much further.

Source: Experian (2006) At a Crossroads: Canterbury Futures Study

The recession and subsequent changes to the national and local economy have not impacted Canterbury's ability to achieve this scenario. Indeed, regeneration and new investment in Canterbury have somewhat improved the local authorities offer as a site for thought leadership and big ideas of both a religious and non-religious nature. Naturally the religious significance of the area remains, and recent academic and cultural additions (such university developments and the Beany Institute development) add to Canterbury's offer.

Figure 2.12: Heritage and thought



2.3.5 Open to Commuters

The recession has impacted on Canterbury's ability to achieve this scenario in the short term.

Open to Commuters

- *Open to Commuters* is about the district as “the place to move to”. Its focus is on establishing the district as a prime location for London’s expanding commuter belt, facilitated by the 2009 1-hour rail link to the Capital.
- Not so much an end in itself, this outcome could be highly beneficial to the achievement of certain other outcomes. Building on the district’s quality of life offer and its safe and secure communities, the objective would be to provide homes for affluent, professional families whose primary income initially derives from urban centres such as London.
- Although the primary earner may commute to the Capital, returning for evenings and weekends, the families themselves would reside in the district, considerably increasing local consumer spending on retail, personal services and leisure activities. These families would contribute to the affluence of the district, raise spending power and provide a latent local skilled workforce to serve higher-value jobs created in Canterbury.

Source: Experian (2006) At a Crossroads: Canterbury Futures Study

The introduction of the high speed rail link to London has positively impacted commuter times, thus improving the viability of this vision. In particular, early indications suggest that usage has increased significantly with, in particular, passenger numbers to and from London increasing by 71 per cent at Canterbury West station. This bodes well for the long term feasibility of the vision. However the full impacts of this development are still to be seen. As a result of the economic downturn, and subsequent housing markets impacts, the extent to which the introduction of high speed rail has benefited house prices in Canterbury remains unclear.

In the short term, given the context of unfavourable lending conditions coupled with increases in rail fares (as a result of the CSR) this scenario has been indirectly impacted as fewer potential residents will be well placed to take advantage of the improved transit links.

Figure 2.13: Open to commuters



2.4 The impact on the preferred scenario

Canterbury's preferred scenario remains valid, if not more important, but could be harder to achieve as a consequence of the changed economic and political climate.

Preferred scenarios

- The scenario process created a broad view of a desirable set of interlinking and complementary future outcomes for Canterbury in the future. This combines the qualities and opportunities described by three potential outcomes. These are complementary to each other, and can be seen to provide an excellent basis for articulating a clear future vision.
- The 'lead' elements must come from the *Knowledge Economy* – clearly the most attractive, but also the most challenging of the options presented. Thus the focus is on creating the conditions in which new knowledge based and creative industry enterprises will want to establish themselves in the district and will be genuinely helped to do so.
- This necessary expansion of a younger, educated and more affluent demographic in the district will then create the conditions in which the 'secondary' component of the vision can be more readily achieved. The *Canterbury Experience* must be developed to fulfill the need for a wider range of attractive leisure and experience economy activities.
- This then ties neatly into the third element of the future vision provided by the *Green Economy* which describes an essential set of underlying qualities and values that need to be incorporated into the development plans for the district in order to ensure that future development and changing lifestyles are sustainable and make the most of the potential assets of the district whilst minimising negative environmental impacts.

Source: Experian (2006) At a Crossroads: Canterbury Futures Study

The revised baseline highlights some important issues which have, to an extent, impacted Canterbury's ability to achieve its preferred set of scenarios. Fundamentally, in the short to medium term the unemployment rate is higher than previously forecast - a reflection of the challenging nature of the economy for small businesses and larger enterprises alike. In addition, output growth is expected to be slower than originally forecast. These issues combined with unfavourable lending conditions suggest that Canterbury may struggle to create the conditions in which new knowledge based and creative industry enterprises will want to establish themselves in the short term. Ultimately, the preferred scenario is founded on growth in the private sector economy (both high value knowledge-based, and lower value hospitality/leisure activity). This focus is now more important than ever, given the need to rebalance the economy in order to mitigate the impact of public sector spending cuts. As such the preferred scenario remains valid.

In the longer term the outlook is less negative. Because of strong pre-recession growth included in the revised forecasts, these forecasts suggest that more jobs will be created in Canterbury up until 2026 than was estimated originally estimated and GVA output has already returned to a growth trajectory (although to a lower rate than originally forecast). Ultimately Canterbury will still be able to attract new enterprises to enhance its knowledge economy offer; however this process may take longer than previously expected. Canterbury's ability to develop its range of attractive leisure and experience economy activities will be curtailed by similar factors. Most significantly, higher than expected unemployment rates and lower consumer spending rates will impede Canterbury's ability to enhance further these offers. However this is also likely to only be the case in the short term. As the economy recovers and consumer spending and travel increase, Canterbury will be well placed to develop this aspect of the preferred scenario. This is also the case with the local authority's ability to implement the desired outcomes of the *Green Economy* scenario. As residents and business begin to enjoy more prosperous times they will be better placed to build on the high-quality local environment and establish a higher than normal degree of local self-sufficiency, and regenerate coastal towns.

3 Conclusions & Recommendations

No intervening factors have fundamentally impacted the validity of the original Canterbury futures scenarios

Canterbury's preferred scenario remains a valid course for which the local authority can aim. The central conclusion of this review is that the outcomes of the original Canterbury futures study remain relevant and achievable despite the impact of the recession and other factors on the local area during the intervening years. Ultimately, the original study articulated alternative scenarios for the long term future of the district, underpinned by a number of long term drivers which remain important despite the changed economic and political climate. However, as detailed throughout this review, the impacts of the economic downturn have been severe and the effects will be felt in Canterbury for the foreseeable future.

Canterbury performed above expectations in the benign pre-recession climate and proved relatively resilient to the downturn...

A revaluation of the baseline has suggested that Canterbury's pre-recession growth was much greater than we first anticipated. As such, Canterbury's current position with regard to both employment and output is better than previously forecast. Furthermore, the local authority district proved reasonably resilient to the impacts of recession, in comparison to neighbouring areas. In terms of total employment, Canterbury has not witnessed decline in real terms and whilst the recovery in output will marginally lag recovery across the South East as a whole, its return to positive growth has been in excess of that seen across the UK as a whole. This is in part a reflection of the local business base which is largely comprised of sectors that were less affected by the impact of the downturn – most notably the public sector. As a result of higher than expected pre-recession growth and relatively strong resilience to the impact of recession, at this time Canterbury remains on course to achieve its preferred scenarios.

...but growth over the next few years will be challenging for Canterbury

However, Canterbury's dependence on public sector is likely to be a significant issue for the local authority in the long term. With over 40 percent of the working age population employed in the public sector, the impacts of austerity measures and public sector jobs cuts are likely to severely impact upon Canterbury in the short term. In addition, the local authority is set to face the continuation of stringent lending conditions for both for businesses and residents alongside cuts in public sector funding which will continue to create challenging conditions for investment and economic development.

Despite this context, it is essential that Canterbury continues its path of growth if it is to achieve its preferred scenario. This will involve having to 'do more with less' as austerity measures take hold and local authority budgets remain constrained. Achieving the required growth, whilst rebalancing the economy, shifting the focus of employment from the public to the private sector, will prove a difficult challenge – yet is one that has never been more important.

It is essential that the Council understands Canterbury's competitive position and explores how best to capitalise upon opportunities for growth

In order to achieve the levels of growth articulated in the preferred scenario, it is essential that the Council understands Canterbury's competitive positioning in this changed and ever more challenging economic climate, in order to exploit the opportunities for investment and growth that do exist.

It is also important that the district closely tracks the growth path of the local economy and in the short term, it is recommended that the Council fully explores the potential impact of austerity measures upon the local authority, with particular attention to the scale and nature of public sector job cuts and the wider impact of fiscal retrenchment on the private sector.

Given the importance of a number of Canterbury's key sectors to its preferred scenario, it is also recommended that the Council monitor the performance and growth opportunities of these sectors over the years ahead. In particular, the distribution, hotels and catering sector, the high growth knowledge sector, and green sector will play fundamental roles in achieving the desired outcomes for the local economy. In addition, it is important for the Council to fully understand its potential high growth businesses as these will drive future growth in the local authority but are likely to be spread across all sectors of the district's economy.

Finally, it is important to recognise that the council is working within a changed policy arena – with the demise of some stakeholders and funding streams while new players, opportunities and funding mechanisms have emerged. It is essential that the district council works effectively in partnership with those striving to stimulate growth across the wider sub-region, including the new Local Enterprise Partnership, if it is to regain its path of growth over the years ahead.

Appendix A

About us



Experian

Experian is a global leader in providing information, analytical and marketing services to organisations and consumers to help manage the risk and reward of commercial and financial decisions.

Combining its unique information tools and deep understanding of individuals, markets and economies, Experian partners with organisations around the world to establish and strengthen customer relationships and provide their businesses with competitive advantage.

For consumers, Experian delivers critical information that enables them to make financial and purchasing decisions with greater control and confidence.

Clients include organisations from financial services, retail and catalogue, telecommunications, utilities, media, insurance, automotive, leisure, e-commerce, manufacturing, property and government sectors.

Experian Group Limited is listed on the London Stock Exchange (EXPN) and is a constituent of the FTSE 100 index. It has corporate headquarters in Dublin, Ireland, and operational headquarters in Costa Mesa, California and Nottingham, UK. Experian employs around 15,500 people in 36 countries worldwide, supporting clients in more than 65 countries. Annual sales are in excess of \$3.8 billion (£1.9 billion/€2.8 billion).

For more information, visit the Group's website on www.experiangroup.com

The word 'Experian' is a registered trademark in the EU and other countries and is owned by Experian Ltd and/or its associated companies.

Experian Public Sector

Experian has been working with the public sector for over 20 years. We specialise in delivering cost benefits and efficiencies across a broad range of public services. We help the public sector meet its transformational objectives using a powerful mix of insight and delivery technology that accelerates costs savings and service improvement.

Our capabilities include:

Strategic insight

Formulate policy

We provide policymakers with accurate information on economic performance and the behaviour of citizens and their demand for services now and in the future.

Understand citizens and businesses

We provide a detailed understanding of customers and their needs, to optimise the delivery of services and improve social outcomes.

Operational efficiency

Optimise communication

We improve contact data management to help you create a single customer view, understand channel preferences, target communication and optimise response.

Maximise service delivery

We enable government to transact securely and efficiently with customers by minimising fraud and risk, improving the quality of service provision, reducing operating costs and increasing revenues.

For more information please visit our website, www.experian.co.uk/publicsector

Appendix B

Data sources



Data Sources

The Annual Business Inquiry

The **Annual Business Inquiry (ABI)** is a survey that is sampled from registrations on the Inter-Departmental Business Register (IDBR). As is the case for all surveys, the ABI is subject to sampling variability when it is grossed up to represent the population as a whole. The ABI covers all businesses that are registered for Value Added Tax (VAT) and/or Pay As You Earn (PAYE), but excludes the self-employed.

Experian Regional Planning Service

The **Regional Planning Service** is a comprehensive dataset that provides historical figures from 1982 and quarterly forecasts of UK economic performance for the next 10 years provided at the UK and Government Office Region (GOR) levels. It looks at industry output, the state of the labour market and changes in local demography and patterns of consumer expenditure.

The Annual Population Survey

The **Annual Population Survey (APS)** combines results from the LFS and the English, Welsh and Scottish Labour Force Survey boosts. APS datasets are produced quarterly. There are approximately 170,000 households and 360,000 persons per dataset.

Land Registry House Prices

This data takes account of the "median" property price. This is determined by ranking all property prices in ascending order. The median is the mid-point of this ranking with 50 per cent of prices below the median and 50 per cent above