

The Thames Estuary: Opportunities and challenges

April 2016



Foreword

Dear Lord Heseltine,

I am delighted that you are to chair the new Thames Estuary 2050 Growth Commission.

In the early 1980s, you made bold decisions to revitalise the East Thames corridor. These have transformed its development. Beginning with the establishment of the London Docklands Development Corporation in 1981, new infrastructure, private investment and long term planning have refocused London's future to the east, building new opportunities on a global scale, where once there was industrial decay.

These opportunities have benefited Kent. Our rail infrastructure is greatly improved as a result of High Speed One. The former dockyards at Chatham now host a modern university campus. The great chalk quarries and industrial sites at Dartford and Gravesham contain Bluewater and Ebbsfleet International – with the prospect of major additional development.

Yet if we are to unlock the enormous potential of the Thames Estuary, we need to take a fresh, creative and long-term view. After a generation of development, the productivity of the Estuary still lags behind that of the economic corridors to London's north and west – so new investment must bridge this gap. While I greatly welcome the Government's commitment to a Lower Thames Crossing east of Gravesend, it is vital that we address the impact on our wider road network of rising international freight as well as local housing growth. And with planned growth far above the national regional averages – with 87,000 new homes across the North Kent coast by 2031- we must address the constraints that hold back our major sites.

The Government's approach is therefore entirely welcome. In particular, I strongly support the decision to extend the Growth Commission's remit beyond the Thames Gateway boundary to include the whole of North Kent as far as Thanet – an area which has both challenges and great potential.

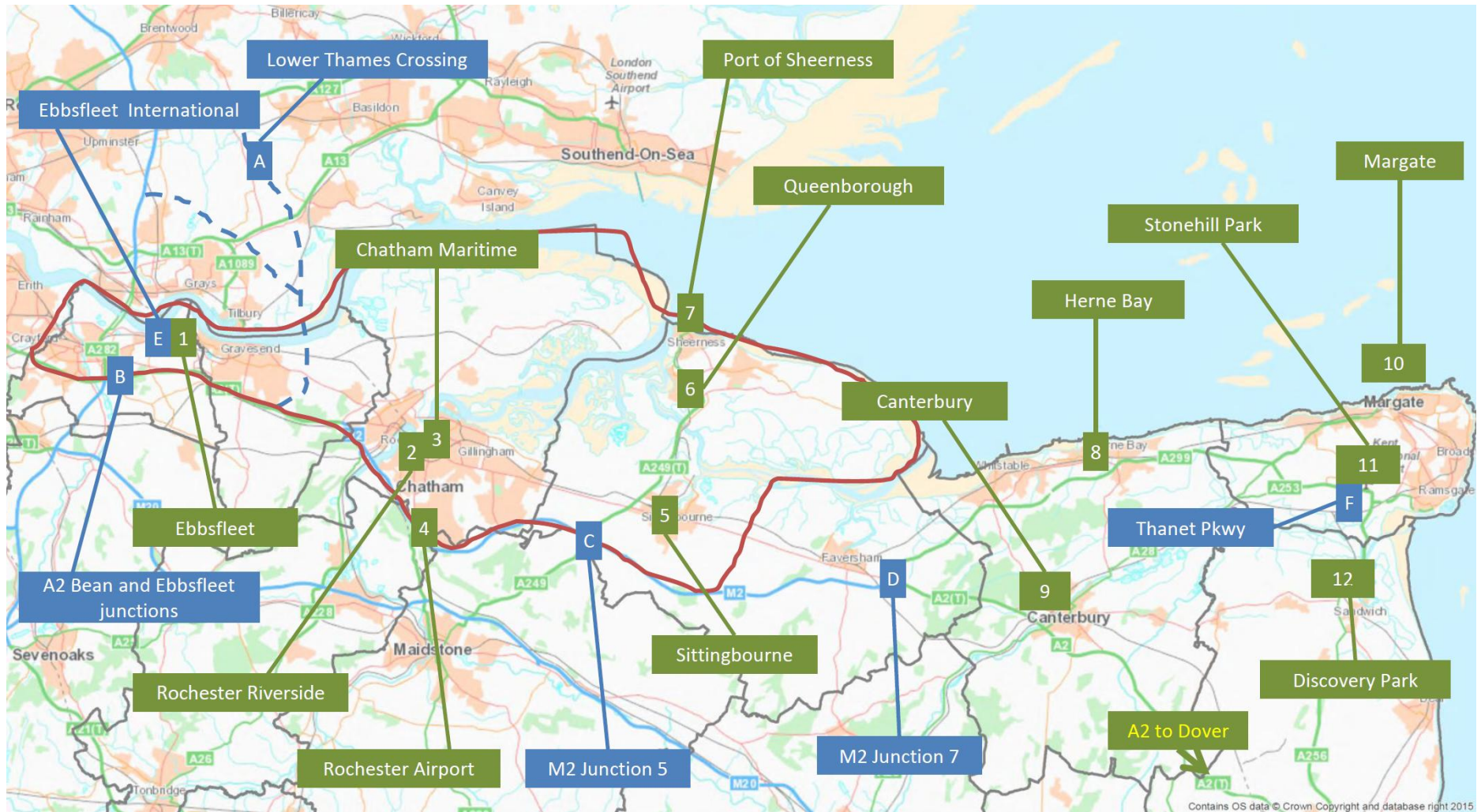
To support the Commission's early deliberations, this paper sets out Kent County Council's thoughts on the barriers, opportunities and solutions to enable long-term growth – for Kent, the South East and the UK.

I look forward to working with you and with your fellow Commissioners.

Yours sincerely,

Paul Carter CBE
Leader, Kent County Council

Summary: Opportunities and challenges in the Thames Estuary



— Historic Thames Gateway boundary

Major locations for growth	
1. Ebbsfleet	15,000 new homes adjacent to international station, and including London Paramount development at Swanscombe. Ebbsfleet Development Corporation established.
2. Rochester Riverside	2,000 homes. Agreement signed with developer; first housing and new station delivered
3. Chatham Maritime	Major new community delivered, including university campus on former dockyard. Scope for further development
4. Rochester Airport	Commercial development adjacent to BAE Systems; Enterprise Zone status granted, with potential for 1,700 jobs
5. Sittingbourne/ Kent Science Park	Major centre for manufacturing and logistics; around 1,500 jobs at Science Park campus.
6. Queenborough and Rushenden	Potential for over 2,000 homes – infrastructure in place, but little housing delivery to date
7. Port of Sheerness	Potential for new housing and commercial development, but complex site, now including former steelworks
8. Herne Bay	Primary location for recent regeneration and new housing in Canterbury district
9. Universities at Canterbury	Strong cluster of three universities, underpinning vibrant local economy and with potential to expand.
10. Margate and Ramsgate	Complex delivery challenges, but opportunities to build on significant

	progress
11. Stonehill Park	Potential for 2,500 homes and significant employment on former airport site
12. Discovery Park	Major centre for life science R&D. Currently 2,400 jobs in Enterprise Zone, with potential to expand to 5,000

Major transport investments	
<i>The A2/M2 Corridor</i>	
A. Lower Thames Crossing	Nationally vital and essential to growth of Estuary. Consultation on preferred option now closed.
B. A2 Bean and Ebbsfleet junctions	Essential junction improvements to access Ebbsfleet and Swanscombe. Now included in Roads Investment Strategy
C. M2 Junction 5	Vital to unlock sites in Sittingbourne and Sheppey. Included in Roads Investment Strategy
D. M2 Junction 7	Improvement required to enable traffic from Dover to access Lower Thames Crossing for routes north
<i>Rail connectivity</i>	
E. Ebbsfleet International	HS1 highly successful; need to increase train capacity and proposals coming forward for Crossrail extension
F. Thanet Parkway	New station to access High Speed One , bringing journey times from East Kent to London to within an hour

1. Introduction

Kent County Council welcomes the establishment of the Thames Estuary 2050 Growth Commission. The wider Thames Estuary is the largest single opportunity for new housing and commercial growth in the South East: it is vital to London's growth as a world city and to the success of the UK economy.

We must plan now for the long-term future of the Estuary, ensuring the infrastructure, skills and innovative capacity that will make the greatest contribution to national productivity. But we must also overcome the capacity constraints that impede delivery. This paper sets out KCC's initial assessment of the issues that the Growth Commission should address and includes some recommendations for the Commission's consideration.

1.1. Welcoming the Thames Estuary 2050 Growth Commission

1.1.1. In the March 2016 Budget Statement, the Chancellor of the Exchequer announced the establishment of a Thames Estuary 2050 Growth Commission, to be chaired by Lord Heseltine. The Growth Commission is intended to:

"... Develop an ambitious vision and delivery plan for North Kent, South Essex and East London up to 2050. This will focus on supporting the development of high productivity clusters in specific locations. It will examine how the area can develop, attract and retain skilled workers. It will also look at how to make the most of opportunities from planned infrastructure such as the Lower Thames Crossing"¹

1.1.2. This renewed national focus on the Thames Estuary is welcome. For 35 years, the revitalisation of East London, South Essex and North Kent has been recognised as a priority, offering the capacity to support the growth of London and the South East. It also presents an opportunity to build a new economic future in an area historically characterised by the rise and fall of heavy industry.

1.1.3. Much has been achieved to date. In many ways, the Thames Estuary has been transformed since the first plans to regenerate London's Docklands were developed in the early 1980s. Today, Canary Wharf alone employs more financial services workers than Frankfurt, transport connectivity is greatly improved and environmental quality much enhanced. In North Kent, iconic developments such as Bluewater, Ebbsfleet International and the Universities at Medway have anchored high quality residential and commercial developments on land formerly occupied by heavy,

extractive and port-related industries. Superb waterfront development has taken place on former industrial sites in Chatham Maritime and at Greenhithe, and after many years of major environmental works and infrastructure, new development is set to be delivered at Rochester Riverside. Further east, cultural investment in facilities such as the Turner Contemporary at Margate are starting to transform the fortunes of the East Kent coast. There is also the scope to deliver much more, if we can bring forward those locations – such as Queenborough and Rushenden on the Isle of Sheppey – which have planning and infrastructure in place and the potential to offer very high quality development if we can overcome the constraints on viability.

- 1.1.4. However, the renewal of the Thames Estuary is a long-term endeavour. It is also not just about remediating the legacies of the past: it is about creating a corridor of economic opportunity in which people choose to live and work and which makes a substantial positive contribution to the economy of London and the South East and the rest of the UK.
- 1.1.5. The last comprehensive, independent review of the potential of the Thames Estuary took place with the publication of the 'Thames Gateway Planning Framework', RPG9a, in 1995². RPG9a set out a long-term vision for the Thames Gateway, setting out shared aspirations for economic growth, housing, transport and the environment and identifying opportunities in specific strategic locations. Since its publication, many of the major projects highlighted have been delivered and the wider economic context has changed substantially.
- 1.1.6. However, the publication in 2014 of *Go East: Unlocking the Potential of the Thames Estuary* highlighted the gap between the potential of the Estuary and the delivery of economic change:

*"The potential for development in the East Thames area remains significant. Indeed major transport investments over the past twenty years have only increased the scale of the opportunity. Despite this however, house building and employment growth have been painfully slow... The justification for continuing to focus on the Thames Gateway therefore depends on whether a new approach can be found that can unlock significant new development. If this can be done, then the case for it remains strong"*³

- 1.1.7. The *Go East* report offered several new proposals for maximising the opportunities east of London. Some of these have already been taken up by the Government, notably the recommendation for a 'new town' and a development corporation at Ebbsfleet. Building on *Go East*, and 21 years on from RPG9a, it is time to look forward to the next 20-30 years, thinking about how we can rise to the technological and

economic challenges that we will face in the light of a growing population and London's expanding role as a great world city. **The Growth Commission is a signal of the Government's commitment to the growth of the Thames Estuary, and Kent County Council enthusiastically supports its work.**

1.2. The geographical reach of the Thames Estuary

1.2.1. The Commission's detailed terms of reference are yet to be announced. However, it is expected that it will consider the wider Thames Estuary, extending beyond the boundary of the former Thames Gateway planning area. In Kent, we have assumed that this will mean that the remit of the Commission will extend to include the coastal part of Canterbury district, as well as Thanet.

1.2.2. **Kent County Council welcomes the wider geography to which the Growth Commission will work.** Like other parts of the Thames Estuary, the economy of the northeast Kent coast has been faced with the challenge of managing the loss of industries historically associated with London markets (such as domestic tourism in the case of Thanet). Today, the extended Estuary contains very significant sites for housing and business growth, the development of which will support local regeneration and contribute to the wider growth of the Estuary. There are also synergies between business clusters within the traditional Thames Gateway and beyond, for example in the case of the life science sector, with clusters both at Sittingbourne and Sandwich. Finally, given the linear nature of the road and rail links along the south bank of the Estuary and the east-west pattern of development, it makes sense to extend our view of the Estuary's potential out to its natural limit at the coast.

1.3. Issues to consider in the Commission's terms of reference

1.3.1. The Growth Commission has the opportunity to take a broad remit. In addition to the broad principles set out in the Budget Statement, it should consider:

- **Solutions to the viability gap that impedes delivery.** The Thames Estuary has capacity and sites have planning permission and in many cases site-specific infrastructure – but the market is still unable to deliver.
- **Solutions to the infrastructure funding gap,** which currently stands at £666 million across the Kent part of the Thames Estuary for the next 15 years (rising to over £1.1 billion if the costs of Crossrail and wider strategic infrastructure are included). As the *Go East* report noted, flood risk, remediation and transport infrastructure costs are relatively high in the Estuary, on top of the community

infrastructure that must be provided to deliver high quality places in which people want to live – so it is vital that we bridge the gap.

- **The impact of rising traffic volumes throughout the A2/M2 Corridor** (including the A2 from M2 Junction 7 to Dover, which we assume to be outside the boundaries of the Commission’s area of focus). Increased freight via the Port of Dover and new access to the North via the new Lower Thames Crossing will both impact on the resilience of the A2/M2: this will have significant implications for growth which will need to be managed.
- **How we can make the most of existing investment in High Speed One.** Although journey times are greatly improved to much of North Kent, commuting costs remain prohibitively high. In parts of East Kent, journey times also remain too long: we need new solutions, such as the Thanet Parkway station, to bring the Estuary closer to London.
- **The costs of economic polarisation across the Estuary.** Some of Britain’s most deprived and most affluent communities live adjacent to each other along the North Kent coast – and some of our greatest opportunities for new, high-quality development are next door to some of our most disadvantaged communities. We must consider how better skills and new employment can open up the potential of the Estuary to all its residents.
- **How we can ensure development of excellent quality.** There are many examples of excellence in the Thames Estuary – but there are also examples of poorer-quality, unimaginative development. If we are going to make the Estuary a successful and integral part of the wider London and South East economy, we will need to ensure quality at the same time as bridging the viability gap.
- **Major growth locations and economic drivers immediately beyond district boundaries, but with substantial impacts within the defined Estuary.** This could include, for example, Discovery Park, located within Dover district, but fundamentally connected with related sites at Manston in Thanet and reliant on shared infrastructure. It might also include the significant university presence at Canterbury.

1.3.2. These issues are not new. Yet despite their persistence, much has been achieved in the Thames Estuary to date. This paper outlines some of our potential solutions, and we look forward to working with the Commission to explore these further.

1.4. Engaging with the Commission

- 1.4.1. It is very welcome that the Commission is drawing together experts with a track record in long term planning and delivery. It is important that the Commission takes an independent, 'big picture' view and is not bound by purely local considerations. However, it is equally important that the Commission's discussions are also informed by knowledge of the major sites, infrastructure and businesses that make up the Thames Estuary - recognising that much of this knowledge exists within the local authorities, which will also play a central role in delivery.
- 1.4.2. **We would therefore welcome provision for at least one Commissioner from each of the London, Essex and Kent parts of the Estuary.** There is also scope for the Thames Gateway Strategic Group (TGSG), which brings together local partners with the Minister for the Thames Gateway acting as a consultative group or sounding board for the Commission.

2. Challenges, opportunities and solutions

In taking a fresh view of the prospects for the future growth of the Thames Estuary, this section outlines:

- **The scale and potential for growth**, taking account of current planned growth and future pressures in the light of London’s continued expansion;
 - **The strategic infrastructure** required to support growth across the Thames Estuary, particularly the Lower Thames Crossing and the additional strategic transport improvements that must support it;
 - **The major development opportunities** across North Kent, from Dartford to Thanet and the investment that will be needed to bring them forward;
 - **Support for innovation and productivity growth**, highlighting existing clusters of economic activity in North Kent and how future investment in skills and business growth can transform the Estuary’s historic productivity shortfall
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2.1. Growth: Scale, potential and strategic challenges

Current planned growth

2.1.1. North Kent is growing rapidly. Currently, the North Kent part of the Thames Estuary currently has a population of around 900,000. Over the period 2011-31, this is expected to rise by 19%, to well over a million – a growth rate substantially greater than the national average. Accommodating this level of growth will mean significant additional housing, with approximately 87,000 new homes planned over the same period:

Current scale and planned growth, 2011-31⁴				
	Current population	Net additional:		
		People	Homes	Jobs
Canterbury	157,600	32,200	16,200	17,000
Dartford	102,200	42,300	18,100	22,100
Gravesham	105,300	12,400	7,100	7,000
Medway	274,000	42,600	22,100	20,100
Swale	140,800	18,100	11,300	9,900
Thanet	138,400	23,500	12,000	5,000
Total	918,300	171,100	86,800	81,100

- 2.1.2. These relatively high levels of growth reflect the availability of brownfield sites, with the Thames Estuary containing a greater stock of development land than the Greater South East's other growth corridors. Housing growth has also been accompanied by greater economic opportunity and has been welcomed by local residents and planning authorities, where it is the right quality and has been accompanied by the right infrastructure.

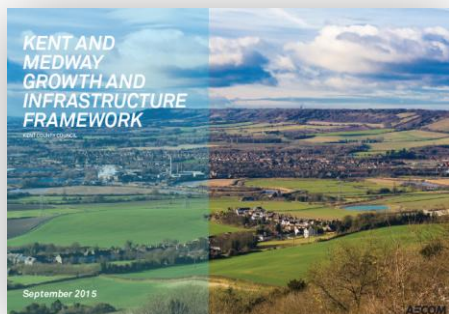
Additional growth pressures

- 2.1.3. London's continued growth will mean additional pressures for the Thames Estuary, even though the London Plan 2015 sets a target of 42,000 new homes in Greater London each year between 2015 and 2025 and there are major sites in East London that are yet to be brought forward. Compared with the historical trend, the London Plan target is very ambitious target: over the decade between 2004 and 2014, just over 20,000 homes were completed in London each year – **so the target that has been set is more than double the historical rate of delivery.**
- 2.1.4. It is vital that London does more to accommodate its own housing pressures – on the ground as well as in planning documents. But while the Greater London Authority and the London Boroughs are developing ambitious plans for significant additional housing within the Thames Estuary in locations such as Bexley Riverside, there is still likely to be a substantial shortfall in the delivery of new housing to meet London's needs. An historical view of migration patterns bears this out: in 2013/14, net migration into Kent from London stood at 10,800, with much of the pressure borne by Dartford, Gravesham and Medway.
- 2.1.5. This means that **the wider Thames Estuary is already facilitating London's expansion and it is likely to continue to do so at increasing pace.** However, North Kent lacks the mechanisms to support infrastructure delivery and the strong strategic planning context from which Greater London benefits. So it is vital that we recognise the contribution of the Estuary to London's growth and develop a stronger framework for strategic planning and infrastructure.

Delivering critical infrastructure to unlock growth

- 2.1.6. Last year, Kent County Council published the **Kent and Medway Growth and Infrastructure Framework**. This provides a comprehensive analysis of the county's planned growth, the infrastructure required to support it and how this will be paid for. In analysing the estimated funding gap, the Growth and Infrastructure Framework takes into account funding that has already been secured and funding that is anticipated through negotiations that have already commenced, plus an estimate of

required developer contributions to public services. It also assumes that service infrastructure normally paid for by central Government (such as Health) or by commercially by the private sector (such as utilities) will be funded.



The Thames Estuary, 2014-31

Total infrastructure cost: £4,338,880,000

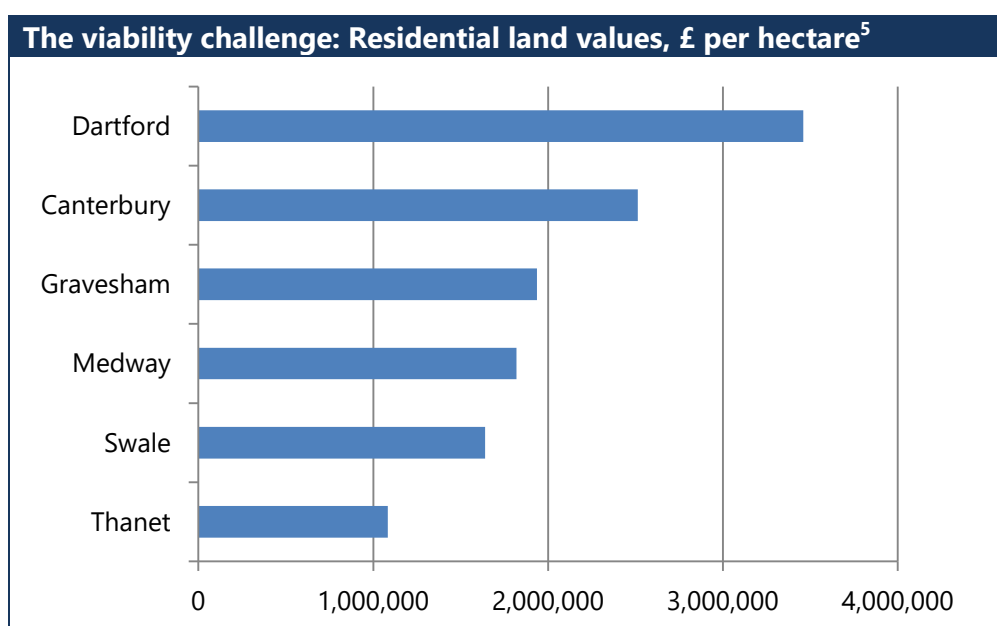
Anticipated receipts: £3,672,880,000

Total infrastructure shortfall: £666,200,000

<http://www.kent.gov.uk/about-the-council/strategies-and-policies/environment-waste-and-planning-policies/growth-and-infrastructure-framework-gif>

2.1.7. Even allowing for these caveats, over the period 2014-31, the Framework identifies a **total infrastructure funding gap of around £666 million** which will need to be bridged if the scale of growth required in the Thames Estuary is to be delivered. If the costs of Crossrail extension to Ebbsfleet and Gravesend and strategic flood defence are included, this rises to over £1.1 billion.

2.1.8. However, in the Thames Estuary, the greater the distance from London, the greater the infrastructure funding gap. **While the Estuary contains capacity, viability is very challenging**, especially in Thanet at the eastern extreme of the Estuary, but also in parts of Swale and Gravesham. As the table below indicates, residential land values in the Thames Gateway range from around £3.5 million per hectare in Dartford to less than half that in Thanet.



- 2.1.9. Delivery on the scale required in the Thames Estuary will inevitably require Government infrastructure investment. But we should also consider how we can make existing finance go further – for example, by enabling developer contributions to be collected and pooled across Kent and Medway, giving greater clarity to the development industry and enabling infrastructure to be cross-subsidised across the county.

Economic diversity and polarisation

- 2.1.10. On the whole, the Thames Estuary under-performs the rest of the South East in average wage levels, employment and productivity. However, overall statistics mask sharp disparities, with high and persistent concentrations of deprivation in parts of Gravesend, the Medway Towns, Sheppey, Sittingbourne and Thanet. These partly reflect a legacy of lower-value industrial employment, the skills that were associated with it and its long-term decline.
- 2.1.11. Development provides an opportunity to address these issues, with many of the Estuary's most important sites located adjacent to some of its most disadvantaged communities. However, new housing and employment opportunities do not automatically bring benefits to all local residents: combating entrenched disadvantage and benefits dependency demands an understanding of the way the local housing and labour market works and specific investment in skills and training. Major developments such as Bluewater have seen highly successful public-private partnerships to increase local employment, which must be built on as future projects come forward.

2.2. Transport infrastructure: The big, strategic priorities

Accelerating the delivery of the Lower Thames Crossing

- 2.2.1. With freight volumes rising between the Channel ports and the rest of the country, increasing commuter demand and an anticipated significant increase in traffic arising from development within the Thames Estuary itself, there is an overwhelming case for a new Lower Thames Crossing as essential national critical infrastructure. We therefore strongly welcome the Government's support for a Lower Thames Crossing east of Gravesend. Kent County Council, Kent and Medway Economic Partnership and our partners in the South East LEP have all responded positively to the recent consultation.
- 2.2.2. **It is now vital that the Government reaches a decision on the route alignment of the Crossing** and arrives at a financing solution to enable delivery at the earliest

opportunity. In Kent and Medway, we have previously investigated the potential for private finance: through the Growth Commission, further work could take place to explore financing options, maintaining pressure on the Department for Transport and its agencies to bring forward the scheme.

- 2.2.3. It is also vital that the Lower Thames Crossing is accompanied by **further measures to support the resilience of the A2/ M2 Corridor** as future traffic heading to the north from Dover is routed via the A2/M2 the Lower Thames Crossing and, ultimately, the M11 (rather than via the M20 as at present). Despite provision in the Roads Investment Strategy for major junction improvements that will unlock local growth, the current proposals for the Lower Thames Crossing do not include additional investment to improve connectivity between the A2/M2 and the M20, or to improve the resilience of the wider corridor. It is essential that the consequential impacts of the Lower Thames Crossing on the wider strategic highways network are considered.

Improving rail connectivity

- 2.2.4. For many years, rail services to North Kent were among the worst in the country. Journey times were far slower than those on commuter routes into London of equivalent distance, and despite improvements, 'classic' mainline services remain relatively slow and subject to significant capacity constraints.
- 2.2.5. The introduction of High Speed One in 2009 has delivered a major improvement, cutting journey times from Ebbsfleet to St Pancras to 17 minutes. However, the success of the service means that during peak hours, trains on High Speed One are already operating at capacity from Ebbsfleet – and as the service has been extended to other parts of Kent, there is no additional rolling stock to expand capacity, with a lengthy lead-in time to order additional stock. This is of course before we have seen significant new housing delivery at Ebbsfleet or the development of London Paramount. So **capacity on High Speed One is likely to be a significant constraint on growth.**
- 2.2.6. Accompanying High Speed One and in the light of rising rail demand, it is essential that we now **extend Crossrail from Abbey Wood to Gravesend via Ebbsfleet**, providing direct access from North Kent to central London and the West and relieving pressure on existing lines. Crossrail extension will also have a major impact in bringing forward new housing and commercial development on sites which have already been allocated, both in North Kent and at Bexley Riverside, and this will be demonstrated in the business case currently being developed.

- 2.2.7. Further east, Thanet is already benefiting from improved connections to London via High Speed One, although compared with other towns on the East Kent Coast, journey times remain relatively long. Work is already underway to improve journey times on the route. Partial funding has also been allocated to support a new **Thanet Parkway** station on the High Speed One route, adjacent to Discovery Park and the Stonehill Park development at Manston. Thanet Parkway will bring journey times from Thanet to London to within an hour and will be fundamental in opening up the potential of both these major sites, as well as supporting the wider growth of East Kent.
- 2.2.8. However, despite the success of High Speed One, **peak hour commuting costs remain prohibitively high**, especially compared with other destinations a similar distance from central London. Given the Thames Estuary's generally lower wage levels and prosperity, this is counter-intuitive and is likely to reducing the attractiveness of the Thames Estuary relative to other outer London locations. To encourage new development, consideration should be given to partial or time-limited subsidy, linked with investment in additional capacity.

2.3. The big growth opportunities in the North Kent Thames Estuary

Ebbsfleet Garden City

- 2.3.1. Ebbsfleet has been identified as a strategic location for growth since the 1990s. Bringing forward development has long been a priority for the Thames Gateway, building on the excellent rail connectivity offered by High Speed One and Eurostar. There are ambitious plans for the area, with consented or planned development for 11,800 homes and over 600,000 sq m of employment floorspace. But despite development has been slow to come forward as land remediation issues, utilities provision and market conditions impact on viability: only around 300 homes have been delivered so far.
- 2.3.2. The Government has sought to increase the pace of delivery and the creation of the new **Ebbsfleet Development Corporation** (EDC), intended to ensure that plans, infrastructure and finance are in place, is welcome. So far, the Development Corporation has been allocated £310 million from Government to forward-fund utilities and other local infrastructure provision, in addition to Government commitment to support vital junction improvements on the A2.
- 2.3.3. However, it must be recognised that **the powers of the EDC are significantly weaker than those of the 'first generation' urban development corporations**. In particular, the EDC has no land ownership, with all the sites within the Corporation's

area under the control of a small number of owners. Given the scale of the development and the high transport and environmental infrastructure costs, the Corporation's funding is likely to fall short of the level required, especially given that the Treasury expects to recover most of the Government funding commitment.

- 2.3.4. So far, no commercial development has taken place at Ebbsfleet, despite long-standing plans for a Commercial Quarter alongside the international station. Given the ease of access to central London and the scale of investment already made in High Speed One and international rail, this is a major missed opportunity. Public sector backing for an anchor activity could make a significant difference: options might include Government department relocations (taking advantage of the cost differential with central London), or the potential for higher education activity, perhaps linked with the need for additional teaching hospital capacity.
- 2.3.5. Within the Development Corporation's area, a 545 hectare site at Swanscombe Peninsula has been identified for the **London Paramount** entertainment and leisure resort. If this comes to fruition, the resort could be a major economic driver, potentially creating 7,000 – 11,000 jobs. However, the timetable for delivery has slipped and there are significant access issues, including rail capacity constraints.

Further growth in Dartford and Gravesham

- 2.3.6. Ebbsfleet Garden City is at the heart of the Dartford and Gravesham growth area, but the two boroughs contain significant development opportunities. In particular, Dartford will see 43% population growth between 2011 and 2031 – the fastest rate of growth of any district in Kent – with housing development proceeding steadily on major sites such as The Bridge, adjacent to the M25, and Dartford Northern Gateway.
- 2.3.7. Both strategic and local transport constraints are a significant barrier to growth in Dartford and Gravesham. The severe congestion experienced at the Dartford Crossing impacts on local development (including the otherwise very successful Crossways business park located immediately next to the Crossing), meaning that the delivery of a new Lower Thames Crossing east of Gravesend is a local imperative, as well being vital to the operation of the strategic network.
- 2.3.8. Some years ago, we put in place the **Kent Thameside Strategic Transport Programme (STIP)**, combining public sector grant and developer contributions to deliver a programme of transport improvements across the Dartford and Gravesham urban area to unlock development. With money from the Local Growth Fund and other sources, this is being delivered – but given the extraordinary costs associated with Ebbsfleet, we should consider the scope for additional sources of investment to

support growth at Ebbsfleet and in the wider Dartford and Gravesham growth area. This might include the **retention of a proportion of the revenues gained from the new Crossing to support local transport improvements** alongside developer contributions, or a commitment to forward-funding infrastructure where this will lead to future business rate or other taxation income, along the lines of the simplified Earnback scheme to which Government has committed in Greater Manchester.

Medway

- 2.3.9. Historically a major centre for shipbuilding, defence-related industries and manufacturing, the Medway Towns experienced significant economic challenges following the closure of the naval dockyards in 1984. Thirty years of regeneration, reinforced by the first generation of Enterprise Zones and major public investment through English Partnerships and its successor bodies have transformed the waterfront. Today, **Chatham Maritime** hosts a university campus with over 10,000 students and work to open up and develop the riverside at Rochester is nearing completion.
- 2.3.10. While absolute employment in Medway's traditional areas of economic strength in manufacturing and engineering has fallen, it remains home to several major companies in the sector, including BAE Systems at Rochester and Delphi at Gillingham. Developing higher value manufacturing is central to the proposed **Rochester Airport Technology Park**, adjacent to the BAE campus at M2 Junction 3, which has recently been granted Enterprise Zone designation.
- 2.3.11. For many years, Medway worked to progress plans for further residential development at Lodge Hill on the Isle of Grain, which could have accommodated 5,000 new homes. Despite the benefits to Government of the development of this former Ministry of Defence site, environmental objections proved insurmountable. However, there could be significant opportunities for major development on the Isle of Grain and the Hoo Peninsula – an area with substantial capacity and a history of industrial, utility and defence-related uses which would benefit from regeneration.

Swale: Sittingbourne and the Isle of Sheppey

- 2.3.12. Further along the M2, **Sittingbourne** contains southern England's largest single concentration of manufacturing employment. Dominated by SMEs, the Eurolink estate at Sittingbourne employs around 6,000 people in a range of industries, and is supported by extensive logistics operations linked with good motorway access and proximity to the Port at Sheerness. Just to the south of Sittingbourne, the former

Shell research facility at **Kent Science Park** now employs around 1,100 people, mostly in life science-related activities.

2.3.13. Despite its economic importance, development in Sittingbourne and Sheppey is constrained both by transport bottlenecks and by weak viability. The limitations imposed by congestion at Junction 5 of the M2 will be eased by improvements now scheduled within the Roads Investment Strategy, which we strongly welcome. But in locations such as **Queenborough and Rushenden** on the Isle of Sheppey, where new road infrastructure and environmental works have been delivered, values are still insufficient to make commercial housing development viable (although some employment use has come forward). If we are to deliver growth in the Estuary, in places that will benefit from regeneration, we need to be able to unlock places like Queenborough.

2.3.14. In the longer term, there may also be capacity for growth at **Sheerness**, associated with the redevelopment of the historic dockyard. Industrial change has had a major impact on Sheerness: the outdated steelworks closed in 2012, leaving both a physical legacy that will need to be managed and an employment gap. But the owners of the Port, Peel Holdings, have both ambitious plans and a strong track record of transformational delivery in other locations.

Canterbury, Whitstable and Herne Bay

2.3.15. Historically, the Thames Gateway ended between Sittingbourne and Faversham. But this was always an artificial boundary, as the transport connections and urban development extend along the North Kent Coast.

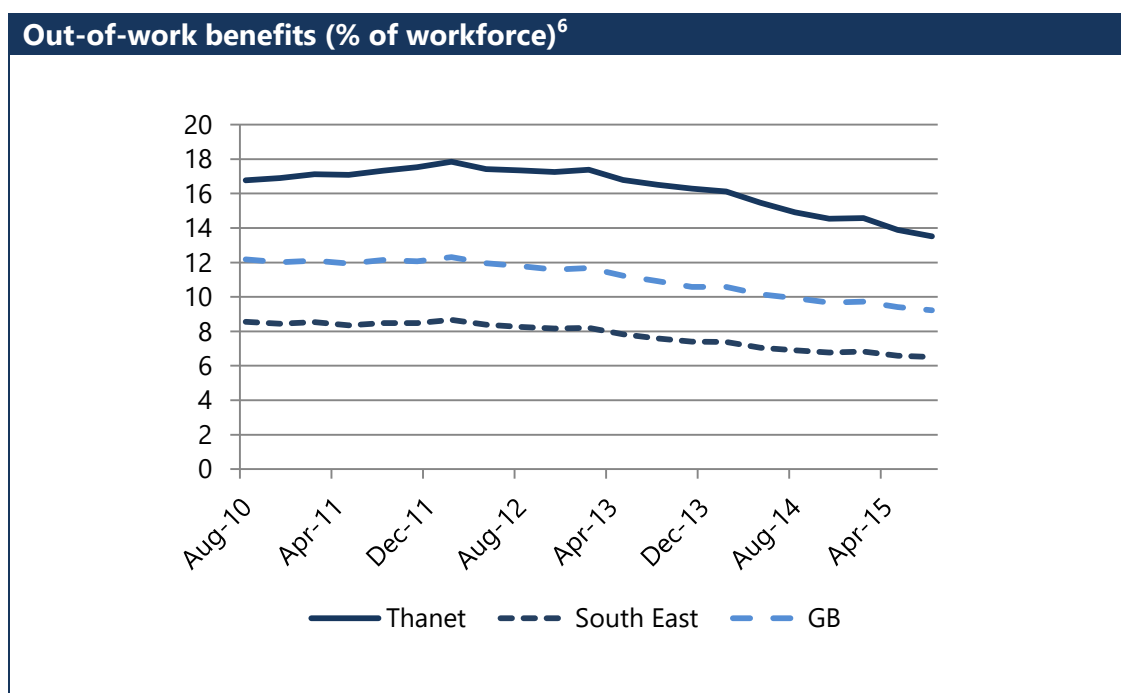
2.3.16. In general, Canterbury has a strongly performing economy, underpinned by the major **University of Kent** and **Canterbury Christ Church University** campuses within the city, both of which have expanded rapidly in recent years. With over 30,000 students based in Canterbury, the city has one of the largest student populations relative to the total urban population of any city in the UK – providing a strong base of highly-skilled potential employees and a centre for high-value activity within the Thames Estuary.

2.3.17. In planning for the future of the Estuary, it will be important to build on the potential of Canterbury's university cluster, identifying the specialisms (or potential specialisms) that can have the greatest wider economic value. Historically, direct local employer links with the universities have been somewhat fragmented, but this is changing, and we are seeing – from Canterbury Christ Church in particular – a strong willingness to respond to local economic demand and some exciting proposals coming forward.

2.3.18. Generally, development viability in Canterbury is strong, reflecting the vibrant local economy. In recent years, much development has been focused on **Herne Bay** on the coast, with the growth of Canterbury city itself constrained. However, a major strategic allocation to the south of Canterbury will deliver some 4,000 new homes: much needed development in an area of significant high-value economic growth.

Thanet

2.3.19. Extending the focus on the Thames Estuary to the east Kent coast presents opportunities for Thanet. Like many of Britain’s coastal towns, Margate and Ramsgate have been challenged by the long decline of the domestic tourism market, relatively isolated employment markets, low productivity and high levels of deprivation. As in many coastal towns, this has been reinforced by the operation of the local housing market, as former guest houses and large family properties have been converted to multiple occupation. With rents much cheaper than those in places closer to London, this has led to a negative cycle of migration, with those most vulnerable and dependent on benefits moving to places with relatively weak employment markets.



2.3.20. As the graph above illustrates, benefit dependency levels in Thanet have been persistently higher than the national average, even as the economy overall has strengthened. This places an additional burden on local services and weakening the area’s attractiveness to new investment.

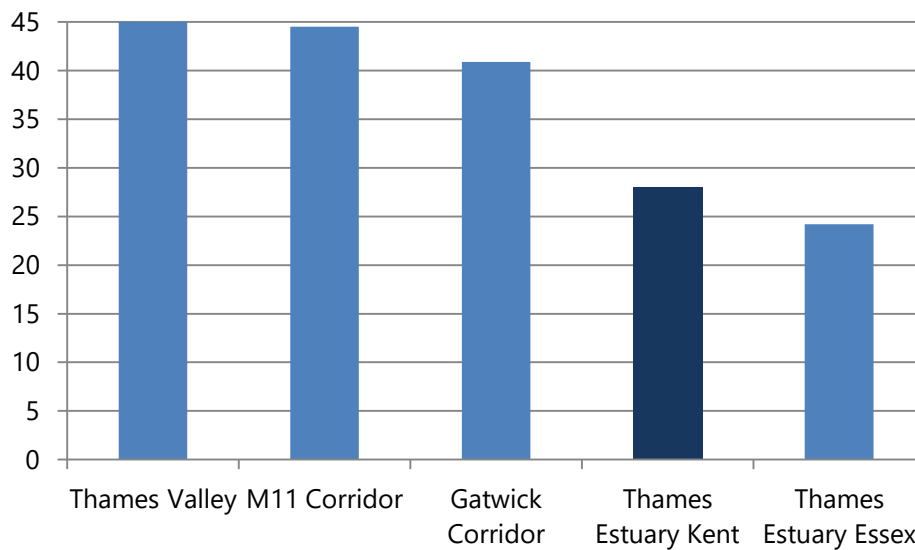
- 2.3.21. Work is underway to intervene in the housing market and to encourage a more positive migration cycle. At the same time, new investment is starting to have a significant impact. In Margate, the **Turner Contemporary** gallery has spearheaded a revival of culturally-led tourism into the town, helped by faster, more comfortable access from London via High Speed One. Just to the south of the Thanet towns, at Sandwich, over 2,300 people are now employed at **Discovery Park**, the former Pfizer research and development centre now transformed into a diverse, mainly life science-focused innovation park with Enterprise Zone designation.
- 2.3.22. Looking to the future, the plans for the development of **Stonehill Park** on the site of the former Manston airport offer the potential for 2,500 new homes and around 4,000 jobs, linked with the success of nearby Discovery Park. There are also opportunities to develop further economic activity associated with the Port of Ramsgate, potentially strategically important as a well-connected alternative to Dover for cross-Channel traffic, but currently in public ownership and under-exploited.
- 2.3.23. Development in Thanet is challenging, given relatively low land values and comparative peripherality. But extensive capacity and the success to date of our economic development strategy mean that the area can make a significant contribution to the growth of the Thames Estuary.
- 2.3.24. In particular, more must be done to maximise the advantages that access to High Speed One brings. The completion of the **Thanet Parkway** station, reducing journey times from Thanet to London to within an hour, will make a significant difference to investment in East Kent, directly serving Discovery Park and new development at Manston as well as opening up new opportunities in the wider area. At the same time, efforts to overcome the high cost of rail travel from Thanet to London will help to attract new residents, generating a positive cycle of migration.
- 2.3.25. Given the complexity of the regeneration opportunities in Thanet, there may also be a case for creating **new vehicles with development corporation powers** to bring forward development on specific urban sites: the Growth Commission may wish to give this consideration.

2.4. Innovation and productivity growth

- 2.4.1. As well as available sites and physical capacity for growth, the Thames Estuary also has capacity for significant productivity gains. Compared with the other major 'growth corridors' radiating from London, the Thames Estuary lags behind in its economic scale and its workforce skills, reflecting its industrial legacy.

The skills and productivity challenge: Workforce qualifications

% of workforce qualified to NVQ4+ in South East growth corridors⁷



- 2.4.2. The long-term strategy for the Thames Estuary must therefore attract new, higher value employment and businesses with scope for innovation, as well as new housing and better access to the opportunities available in London. The experience of the Thames Valley and the M3 and M11 corridors is that good infrastructure and accessibility to the capital attract business and enable strong local growth – consider for example the success of Reading, Guildford and Cambridge as centres of commerce and innovation in their own right, as well as part of the wider metropolitan economy.
- 2.4.3. In the Thames Estuary, we already have much on which to build. There are local sector strengths in advanced manufacturing and engineering, especially around Medway and Sittingbourne, and in the life science and pharmaceutical sectors, especially at Discovery Park and Kent Science Park. Dartford and Canterbury also have strong service-oriented economies. In the case of Canterbury, this is underpinned by the large university presence, supporting high levels of knowledge economy employment. Recent Government initiatives have supported local innovation and growth, notably through successful Regional Growth Fund programmes, which have directly supported growing businesses across the North Kent Thames Estuary.
- 2.4.4. However, more needs to be done to build powerful clusters of activity in the Estuary that can complement those in the wider South East – for example, in establishing a strong higher education presence at Ebbsfleet as an anchor for future business

growth, and in making sure that we overcome the skills and employment deficit that continues to persist in coastal areas such as Thanet and Sheppey. The recently-established, employer-led **Kent and Medway Skills Commission** is taking a new approach to addressing these issues and could have an important role in working alongside the Growth Commission to consider how we can identify and support clusters of high-value activity.

3. Moving forward

3.1. Addressing the opportunities and challenges

- 3.1.1. In this paper, we have outlined the key opportunities and challenges facing the North Kent part of the Thames Estuary. The largest single opportunity for regeneration and economic growth in the UK, the success of the Thames Estuary is vital to that of London and the South East, and the whole UK economy. So the long term view that the 2050 Growth Commission will take is of great importance and we welcome the extension of its remit to cover the whole of the North Kent coast as far as Thanet.
- 3.1.2. Kent County Council is therefore fully supportive of the Growth Commission and its mandate. **It is vital however that the Commission takes into consideration the infrastructure required to support growth, and the mechanisms through which it will be funded.** The North Kent coast is already accommodating substantial planned growth – nearly 87,000 new homes over twenty years – and it is unlikely that London’s estimated population growth will be able to be accommodated within the boundaries of Greater London itself, creating additional pressures. At the same time, our transport infrastructure must support high and growing volumes of international traffic. Yet there is scope for new thinking, both in relation to the specific locations outlined in this paper, and in the longer term strategy for the wider Thames Estuary.

3.2. Next steps

- 3.2.1. We look forward to contributing further to the work of the Growth Commission, as it gets underway. The Thames Gateway Strategic Group provides a forum to work with colleagues in London and Essex, and the Growth Commission may wish to use this as a sounding board. Together with our partners in Medway and the Kent Districts and with business, we are committed to finding new solutions to unlock the potential of the Thames Gateway – and to working with the Commission over the coming 18 months.

¹ HM Treasury (2016), Budget Report

² Department of the Environment (1995), 'Creating Opportunity: The Thames Gateway Planning Framework', Regional Planning Guidance 9a

³ Andrew Adonis, Ben Rogers and Sam Sims (2014), *Go East: Unlocking the Potential of the Thames Gateway*, London: Centre for London, p.57

⁴ Kent County Council (2015), Kent and Medway Growth and Infrastructure Framework. Current population: ONS 2014 estimates

⁵ Valuation Office Agency (2015)

⁶ ONS, DWP

⁷ ONS, Annual Population Survey (2014). Growth Corridor definitions are non-standard and are approximated from local authority boundaries.