Local Economic Evidence; Employment and Land Use

Prepared for the Royal Borough of Kensington & Chelsea

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Executive Summary

TBR was commissioned by the Royal Borough of Kensington & Chelsea to undertake this research into employment and land use, in support of the development of their Local Development Framework Core Strategy and the work of the Regeneration department.

The report presents a detailed account of employment across Kensington & Chelsea. It also draws conclusions about the likely future requirements for employment land use. The research was carried out between September and December 2009.

Whilst there are numerous sources of data relating to employment and economic structure, each of these is limited in some respect. For example, the Annual Business Inquiry (a key source of employment and firm data by industry) is based on a core survey sample of approximately 83,000 firms, equating to a sample of 390 firms in Kensington & Chelsea.

Whilst this report calls on the use of these other data sources, it makes particular use of TBR's own internal database Trend's Central Resource (TCR), which supplies more robust economic evidence and data on businesses than government statistics alone could provide. TCR is based on Dun and Bradstreet data, which pulls together information from a number of sources such as Companies House, direct contact with companies and others. The compiled dataset provides detailed information on 3.5 million live UK businesses as well as dynamic information on 7 million businesses past and present.

The benefit of having access to data of a granular nature is that it can be used to develop a sufficiently rich evidence base by analysing actual activities at the business level, such as an understanding of self-employed sole traders or partnerships. In addition to this direct links can be created between economic data on businesses and land use data to add significant value to the evidence base for this report.

Employment within the Borough

The borough employed approximately 121,900 people in 2009. However, employment within Kensington & Chelsea has declined by around 3,310 since 2006, a decrease of 2.6%.

The key sectors within the borough were identified as:

- Business Services (20,210 employees, 16.6% of total employment)
- Wholesale & Retail (20,150 employees, 16.5% of total employment)
- Hospitality (19,350 employees, 15.9% of total employment)
- Personal Services (13,650 employees, 11.2% of total employment)
- Real Estate (7,960 employees, 6.5% of total employment)
- Medical (7,850 employees, 6.4% of total employment)

Within each of these six major sectors there are also driving forces and for the purposes of this study these forces were determined and analysed at the 4-digit SIC level. Within the six key sectors, 43 industries were identified as key strengths behind these larger industry groups. An additional 9 other industries that did not fall directly into the key sector classifications were identified as being particularly strong in terms of either employment or number of firms. These include the *publishing of books* and the *publishing of newspapers*.

Those businesses involved in *business & management consultancy activities* and *other business activities* are the key drivers behind the strength of the Business Services sector. The *business & management consultancy industry* employs almost 3,700 people and businesses involved in *other business activities*[1] employ nearly 7,540 people. Approximately

[1] This includes credit reporting and collection agency activities, speciality design activities, activities of exhibition and fair organisers, business brokerage activities, appraisal activities, trading stamp activities, activities of franchisers, self employed auctioneers, fee or contract based meter reading activities, consultancy other than technical, engineering or elsewhere classified and activities by agents and agencies.

16% (1,180) of this is speciality design activities (e.g. graphic design, clothing design, interior design etc) and nearly 4% (260) work for exhibition and conferences organisers.

In terms of employment in Wholesale & Retail, the key industries were determined to be *retail of clothing* and *retail of non-specialised items* (such as food, beverages & tobacco), which respectively employ 4,450 and 2,110 people. Although it does not employ as many people, the Antiques trade also has a strong presence within the borough. Antiques generally fall under the SICs of *other retail in specialised stores* and *retail of second hand goods* and this activity employs 2,180 people, a large proportion of which (24%) are antiques based. However, when looking solely at *retail of second hand goods* the proportion of activity within this industry that is antiques based is over 90%.

Kensington & Chelsea has a very strong Hospitality sector, with the *hotel* industry employing over 8,000 people and the *restaurant* industry employing 8,700 people. The majority of this employment is based in independent single site businesses, although there is a strong influence of branches from larger chains.

The Personal Services sector within the borough is driven mainly by those businesses involved in *artistic & literary creation* and *hairdressing & beauty treatments*. These two industries employ almost 3,000 people when combined. The majority of these employees work in small businesses employing less than 20 people that are independent single sites.

The Real Estate sector is mainly driven by *real estate agencies* and also those businesses involved in the *letting of property*. These activities employ nearly 3,400 and 1,900 employees respectively. Within each industry around half of the employees are based in small businesses employing less than 10 people.

The Medical industry in Kensington & Chelsea, whilst not as large as some other sectors, is still a significant strength in the borough. The key industries driving this sector strength are *hospital activities*, with over 3,100 employees and *social work activities* (with accommodation) with employment exceeding 1,900 people. The majority of employment within *hospital activities* is, as one would expect, situated in businesses employing more than 500 people.

Business Growth and Drivers of Change

Over the past three years (since 2006) there has been almost 3,500 new business starts within the borough, which account for 17.3% of the total business stock and the equivalent of over 270 new businesses for every 10,000 people of working age. This compares to a birth rate of 17.5% across the whole of London. New employment from these 3,500 new starts in the borough equates to approximately 9,800 new jobs.

Three industries in the Business Services sector have seen substantial increases in new firms over the past three years. *Software consultancy & supply* gained 270 new businesses (a birth rate of 75.4%) and 350 new jobs, suggesting there has been a major surge in this kind of industry over the past three years. *Business & management consultancies* gained 320 new jobs across 300 new businesses (a birth rate of 34.4%) and *other business activities* gained 740 new jobs across 610 new businesses (a birth rate of 36.4%).

In terms of what is driving the future of Kensington & Chelsea's employment base within each of the six strong sectors, a number of industries particularly stand out. Within Wholesale & Retail, the *retail sale of clothing* has seen a birth rate of 20.8% and has contributed 360 new jobs across 100 new businesses. Similarly *retail in specialised stores*, which covers some antiques activity, has experienced a birth rate of 17.0% has contributed 170 new jobs across 70 new businesses.

Restaurants are the main driver of change within the Hospitality industry, with a birth rate of 15.4%, representing 130 new businesses. This industry has also seen a total of 1,130 jobs from new firm formations over the past three years. However, the birth rate for the restaurants industry across London is higher than in Kensington and Chelsea at 25.1%.

In Personal Services there was little substantial new firm activity, the only notable industry was *motion picture & video production* with 80 new jobs in 70 new businesses over the past three years and a birth rate of 19.9%. This may demonstrate some positive overspill from the wider West London creative industries clusters. The most notable driver of change within the Personal Services sector was within *hairdressing & beauty treatment*, which saw an additional 300 jobs being created from 60 new starts since 2006 (a birth rate of 11.8%).

In the Real Estate sector, *real estate agencies* and those involved in the *letting of property* have seen the highest new firm activity, with respective birth rates of 18.5% (150 new businesses) and 11.5% (110 new businesses respectively. *Real estate agencies* have contributed 590 jobs from new starts over the past three years in Kensington & Chelsea. *Management of Real Estate* on the other hand gained only 40 new jobs from new starts.

There has been little new firm activity within the borough's Medical sector, but this is well established. For example, the birth rate for the *hospital activities* industry in the borough is 10.0% (320 new jobs in 10 new businesses) compared to a birth rate of 19.9% across the whole of London. In *human health activities*, 80 new jobs were created across 30 new businesses from new starts (a birth rate of 7.4%).

The following table provides the business birth rate, employment from new business births and total employment for some of the strongest industries that are mentioned above.

Table 1: Summary of some of the Strongest Industries in Key Sectors

SIC	Industry	Birth rate	New Employment From Births	Total Employment
Business Services		**34.2%**	**1,950**	**20,210**
7487	Other Business Activities nec	36.4%	740	7,540
7414	Business & Management Consultancy Activities	34.4%	320	3,680
7222	Other Software Consultancy & Supply	75.4%	270	590
Wholesale & Retail		**14.2%**	**1,490**	**20,150**
5212	Other Retail - Non-Specialised Stores	11.5%	110	5,670
5242	Retail - Clothing	20.8%	360	3,740
5248	Other Retail - Specialised Stores	17.0%	170	1,650
5211	Retail - Non-Specialised (Food, Beverages, Tobacco)	6.1%	350	1,570
5250	Retail - Secondhand Goods In Stores	3.5%	30	530
Hospitality		**13.4%**	**1,470**	**19,350**
5530	Restaurants	15.4%	1,130	8,700
5510	Hotels	3.8%	220	8,070
Personal Services		**13.4%**	**1,110**	**13,650**
9231	Artistic & Literary Creation & Interpretation	4.8%	50	1,510
9302	Hairdressing & Other Beauty Treatment	11.8%	300	1,460
9211	Motion Picture & Video Production	19.9%	80	620
Real Estate		**13.5%**	**770**	**7,960**
7031	Real Estate Agencies	18.5%	590	3,410
7020	Letting of Own Property	11.5%	110	1,860
7032	Management of Real Estate - Fee or Contract Basis	21.3%	40	1,520
Medical		**7.5%**	**850**	**7,850**
8511	Hospital Activities	10.0%	320	3,110
8532	Social Work Activities without Accommodation	6.3%	170	1,930
8514	Other Human Health Activities	7.4%	80	890

Source: TCR 2009 (Ref. W19/S4)

Business Demographics and Home Based Businesses

Businesses in the strongest sectors in Kensington & Chelsea have predominantly 100% male leadership teams (40.9%), followed by all female led teams (14.7%) and then mixed teams (9.0%). Teams with more than 50% of females in mixed teams represent the smallest proportion of the gender mix within the borough, indicating that where mixed leadership teams do exist it is rare that they are female dominated.

When analysing ethnicity breakdown it is evident that the area has a relatively small proportion of businesses with 100% BME leaders (5.3%), yet it also has a comparatively small proportion of 100% white leaders (60.5%) when compared to other London boroughs. There are a larger proportion of mixed ethnicity leadership teams when compared to other areas in London, which is beneficial to increasing opportunities for all.

Approximately 10.2% of all Kensington & Chelsea businesses are Home Based Businesses (HBBs), which is a high proportion in comparison with the London average (5.6%). The characteristics of HBBs vary between sectors. They are more generally prevalent (compared to other local boroughs or the London average) in the Hospitality and Business Services sectors and show a mixed picture in the Wholesale & Retail, Real Estate, Medical and Personal Services sectors. Some industries show a high prevalence to be run from home, including *hotels*, the *development and selling of real estate* and several Business Services industries such as *software consultancy and supply* (53.3%) *and business & management consultancies* (29.4%)

Employment Land Use

In terms of average land use within the borough, the analysis laid out in this report shows that there is approximately 15m^2 of floorspace available per employee. The average area of individual units in Kensington & Chelsea is 112m^2 with the average amount of space available per property being just over twice that, at 241m^2.

Businesses operating in *other retail – non-specialised stores* are in general the largest in the borough, with an average site area of over 1,000m^2 and an average building area of 4,300m^2. The borough's large department stores Harrods, Harvey Nichols and Peter Jones, which are part of this industry, drive these figures. At the other end of the scale *catering* businesses have the lowest average area for a sites, with just over 35m^2 for each business.

Office space is used primarily by Real Estate & Business Services as one might expect (53.8% of buildings classified as office space). Surprisingly however, 25% of properties classified as warehouses are also being used by the Real Estate & Business Services sectors, which are for the most part office based. In addition, 50% of all buildings classified as studios are used by the Real Estate & Business Services sector.

Total current office space usage is estimated at just over 711,000m^2, with almost 540,000m^2 of this figure coming from the Land Use Class B1: Businesses. Retail space is estimated to have a current land use of 407,000m^2 within the borough. Overall, the total estimated land use in Kensington & Chelsea is estimated to be 1,942,000m^2, but when looking solely at commercial land use[1] current land use is estimated at just over 1,325,000m^2. When combining this commercial figure with the 2008 stock figure provided by ONS[2], an estimated vacancy rate of 1.8% (24,400m^2) is acquired.

The report examines the balance between current supply of and demand for commercial space. The current supply of office space meets demand for business sites that are sized between 25m^2 and 74m^2 and those that are over 400m^2. There is a high demand for smaller

[1] Commercial Land Use, refers to businesses that fall under the Land Use Classes of A1: Shops, A2: Financial & Professional Services, A3: Restaurants & Cafes, B1: Businesses, B2: General Industrial and B8: Storage & Distribution as well as some elements of Sui Generis such as membership clubs
[2] The Commercial and Industrial Floorspace and Rateable Value Statistics 2008

(less than 25m^2) business properties, which is mainly driven by smaller companies. However, there is a much higher supply of sites sized between 75m^2 and 399m^2 than there is demand.

Validating the Core Strategy Projections

In order to assess the likely need for new commercial floorspace in relation to the planned provision in the Core Strategy, it was necessary to take account of the uncertainty inherent in Kensington & Chelsea's future economic growth. The resumption of economic growth (as indicated by increasing employment levels) may occur at different rates, or may continue on the downward trajectory as experienced by some industries between 2006 and 2009. Accordingly, three possible scenarios were charted from 2009-2014, using the GLA's November 2009 forecasts as a reference point.

This analysis indicates that if current trends seen between 2006 and 2009 continue, there would be a net decrease in demand for commercial floorspace to 2014 of some 16,200m² (-1.2%):

- With regard to strong sectors, Business Services floorspace is likely to decline by some 5.9%, Personal Services by some 9.1% and Real Estate by 4.7%.
- With regard to broad sectors, those which take up office space – Real Estate & Business Services (-48,400m²) and Financial Intermediation (-3,600m²) – would be expected to lose the highest amount of floorspace under the 'continuation of recent trends' scenario. Wholesale & Retail would see a modest increase of 15,700m².
- With regard to Land Use Class (which provides the most direct comparison with Core Strategy projections); Whilst A2 (Financial & Professional Services) would see little change under the 'continuation of recent trends' scenario conditions, B1 (Businesses) would see a substantial demand decrease of some 40,800m² (-7.6%). Net office floorspace demand (A2 and B1 combined) would be –44,600m². However, retail[1] floorspace demand to 2014 would be an additional 13,300m², which is less than the Core Strategy provision.

The realisation of this scenario would mean that current office and retail floorspace stock would exceed future demand, and would render the Core Strategy projections to 2028 excessive with respect to office space (though not retail). However, this is the least likely scenario to emerge given the likelihood that the economy will come out of recession in early 2010 and grow – albeit at a low rate of 0.3%.

If Kensington & Chelsea were to see a resumption that was parallel to the forecasted employment growth trajectory (i.e. the 2006-2009 trend was followed by a parallel return to the GLA sectoral employment forecasts), an additional 25,700m² of commercial floorspace would be expected to be required across all industries to 2014:

- With regard to strong sectors, Hospitality is anticipated to need the largest amount of additional floorspace (28,400m²), followed by Business Services (17,500m²). Personal Services industries are expected to have the greatest percentage rise and the third largest demand for floorspace at 12,200m² (11.9% increase).
- With regard to broad sectors, those that are anticipated to require the most additional floorspace are Real Estate & Business Services (28,400m²), Hospitality (28,500m²) and Personal Services (24,600m²).
- With regard to Land Use Class (which provides the most direct comparison with Core Strategy projections) demand for office floorspace (A2 and B1 combined) would increase by approximately 2,700m² (an average of approximately 540m² per year). There would also be a moderate demand for retail floorspace (8,100m²), which (assuming a constant annual rate of increase) would be lower than the Core Strategy (Policy CP1) provision of 26,150m² by 2015.

[1] i.e. A1: Shops

Therefore the realisation of the 'parallel to original GLA forecasts' scenario would mean that, if rates of annual growth between now and 2014 are assumed to remain constant (which in itself is unlikely), current planned provision of retail floorspace to 2015 would be an overestimate of approximately 18,050m². Similarly, if a constant annual increase of approximately 540m² per year were assumed to 2028, the planned 69,200m² of office space to 2028 would be an overestimate (of some 59,000m²). It is important to bear in mind that the 2007 *Employment Land Review – Update* (ELR) predicted gradual initial demand for office floorspace, and higher levels of demand from 2012 onwards, meaning that the office floorspace predictions are approximately in line with the ELR projections.

If employment levels in Kensington & Chelsea were to return to the levels forecasted by the GLA, albeit from an amended 2009 starting point, an additional 88,700m² of commercial floorspace would be required overall between 2009 and 2014:

- With regard to strong sectors, the Business Services sector would require the largest amount of additional floorspace between now and 2014 (39,200m²), followed by Personal Services (30,900m²).
- With regard to broad sectors, those anticipated to require the most additional floorspace are Real Estate & Business Services (83,400m²), Personal Services (39,800m²) and Hospitality (11,500m²).
- With regard to Land Use Class (which provides the most direct comparison with Core Strategy projections), demand for office floorspace (A2 and B1 combined) would be 81,700m² - greater than Core Strategy planned office space provision to 2028. However, retail floorspace would be less than in the 'parallel to original GLA forecasts' scenario, at 600m² to 2014.

It is impossible of course to predict which of these scenarios will emerge. However, the scenario pertaining to the 'parallel to original GLA forecast' employment growth and subsequent floorspace demand is undoubtedly the most probable. On the assumption that this scenario occurs:

- The Core Strategy office floorspace projections are approximately correct if they follow the trend described in the ELR (i.e. a gradual initial increase followed by a steeper trajectory). However, if they do not (and if growth continues at the same annual average rate as it is predicted to do between 2009 and 2014), planned office floorspace provision is likely to be greater than will be required by up to 59,000m².
- Based on forecast demand to 2014 (8,100m²), planned retail floorspace provision to 2014 is likely to be greater than will be required.

Note that the comments above take no account of any existing strategies and plans that might affect the take up of new commercial space, such as inward investment initiatives and business start-up schemes. It is important to reiterate that, as these scenarios are based heavily upon recent trends and because of the uncertain nature of long-term forward land use planning, these observations should be interpreted in the light of local and current conditions as well as change as the Borough emerges from the current recession.

Key Findings

	Question	Summary information
1	Who are the major (top 50) employers in the borough?	The top 50 employers employed approximately 24,800 people in 2009. In descending order, the top ten employers are: Harrods Ltd, Royal Borough of Kensington & Chelsea Council, Brompton Hospital, Daily Mail, Peter Jones, Royal Brompton & Harefield NHS Trust, Harvey Nichols, Natural History Museum Publications, Princess Louise Hospital and the Victoria & Albert Museum.
2	What are the major employment sectors in the borough?	There are 6 major sectors, Business Services, Wholesale & Retail, Hospitality, Personal Services, Real Estate, and Medical.
3	How are these employment sectors distributed spatially across the borough?	Please see the following: Figure 1: Spatial Distribution of Businesses in Kensington & Chelsea Figure 2: Spatial Distribution of Employment in Kensington & Chelsea Figure 3: Spatial Distribution of Business Births in Kensington & Chelsea Figure 4: Spatial Distribution of Business Deaths in Kensington & Chelsea Figure 5: Spatial Distribution of Home Based Businesses in Kensington & Chelsea
4	How many BME, women and disabled owners operate in the borough?	Kensington & Chelsea has a lower proportion of 100% BME led businesses than comparator areas within London (5.3%), 4.6% less than the London average. 7% of Kensington & Chelsea firms are 50%+ BME led. 14.7% of Kensington & Chelsea firms are 100% female led – this is higher than the London average.[1]
5	How do these sectors compare in terms of size of business, numbers of employees, potential for growth and type of premises occupied?	Within Wholesale & Retail, *Wholesale of clothing & footwear* has a fairly high level of area per employee; this is due to businesses operating in large department stores. Within the Hospitality sector, *hotels* have the highest average area for each business and for each employee as well. Conversely, *real estate agencies* are generally very small high street shops. Within Business Services, those involved in *photographic activities* and *software consultancy* tend to have more area per employee on average than other SICs in this sector (for information on potential for growth, see Question 6 below). The type of premise that businesses occupy varies significantly between sectors (see Appendices for more detail).
6	What is driving that market (i.e. who are the key new businesses and who is growing)?	In terms of what is driving the future of Kensington & Chelsea's employment base within each of the six strong sectors, a number of industries particularly stand out. Within the Wholesale & Retail sector these are *retail of clothing* and *other retail in specialised stores; restaurants* are the main driver of change within Hospitality; within the Real Estate sector *real estate agencies* and those involved in the *letting of property* have seen the highest new firm activity; three industries in the Business Services sector have seen substantial increases in new firms over the past three years (including *software consultancy & supply*); within the Medical sector *human health activities* has been the largest driver of new jobs; and in the Personal Services sector the equivalent was *motion picture & video production.*
7	What is the extent of home working within the borough and what types of work are being conducted at home?	12.8% of all registered businesses with the borough are classified as Home Based Businesses. They are more generally prevalent (compared to other local boroughs or the London average) in the Hospitality and Business Services sectors and show a mixed picture in the Wholesale & Retail, Real Estate, Medical and Personal Services sectors.

[1] Limitations in the data meant that it was not possible to determine borough-level disability data

	Question	Summary information
8	How does the current employment stock appear overall spatially and how is this divided between small firms, medium-sized firms and large firms and employment sectors?	The areas with highest business density are located to the north and east of the borough. The area surrounding Knightsbridge has a particularly high business density. The highest proportion of employment is based in businesses with between 20 and 49 employees, although employment is generally spread quite evenly across all business size bands in the borough. Employment in businesses with more than 250 employees represents a lower proportion of total borough employment than in other areas compared. The size band with the lowest proportion of employment is in businesses with between 200 and 249 employees. These findings indicate that businesses are smaller in Kensington and Chelsea than they are in other areas. The Real Estate sector accounts for nearly a quarter (23.3%) of employment stock in the borough. This is followed by Hotels & Restaurants (16.4%), Wholesale & Retail (14.8%) and Manufacturing (8.4%).
9	How does this data reconcile with Kensington & Chelsea projections to 2028, and are these projections realistic in the light of the recession and identify likely new employment stock coming on stream, by type and size of units?	These data are used to develop growth forecasts for 2009-2014, which are then linked to the longer-term GLA forecasts in order to develop an idea of the likely suitability of Core Strategy plans. Based on the 'parallel to original GLA forecasts' scenario (considered to be the most likely) there is some chance that the existing projections have not fully taken account of the effects of the recession and may allocate business floorspace, which will not be occupied within the intended timescale. However, it is stressed that this assumption is dependent upon the accuracy of the GLA forecasts, which are likely to be adjusted in the future, as the effects of the recession are more fully understood.
10	What is the likely need for new space and the types of businesses that might be encouraged to take it up based on an understanding of economic dynamics?	This is dependent upon future employment growth scenarios, but based on land use class, an additional 8,100m² is expected for the Retail industry (i.e. A1 floorspace) as a whole to 2014 ('parallel to original GLA forecasts' scenario). Office floorspace (B1 and A2) is forecast to increase in demand by a modest 2,700 m² by 2014 under the parallel scenario. With regard to the broad sectors which do not fit directly into office or retail categories: the Personal Services sector is forecast to see an increase in floorspace demand in the 'parallel to original GLA forecasts' scenario (24,600m²), as is Hospitality (28,500m²). However, Manufacturing is expected to decrease by 2012 (-22,100m²) and Education is expected to see little change.

1. Introduction

TBR was commissioned by the Royal Borough of Kensington & Chelsea (referred to hereafter as Kensington & Chelsea) to undertake research into employment and land use, in support of the development of the Local Development Framework (LDF)[1] Core Strategy and the work of the Regeneration department.

The purpose of this report is to develop a detailed understanding of employment across Kensington & Chelsea. It also draws conclusions about the likely future requirements for employment land. Research was carried out between September and December 2009.

The study builds upon findings from the Employment Land Study (2007), which is a key background report, which informs Kensington & Chelsea's Core Strategy and the council's future approach to the provision, protection and release of employment land and premises[2]. However, the 2007 study had become somewhat dated and as a result of the recession, assumptions that were made about employment (a key determinant of land use demand) within the borough needed to be revisited. The Employment Land Review update (2009), updated the 2007 report, by taking into account the latest economic forecasts, supply data and planning policies.[3] This new report is hereafter referred to as the ELR in this report.

The need for more detailed employment base data and, subsequently, land use data is in part a consequence of the recession and in part a consequence of the difficulties inherent in forward land use planning. This uncertainty is clearly illustrated by comparison of the previous land use studies for Kensington & Chelsea. For example, the 2007 Employment Land Study identified a projected requirement for 114,000m^2 of office/B1 space by 2021, which was subsequently significantly revised to 69,000m^2 to reflect changing employment densities. As employment is a major determinant of land use demand, this report aims to shed light on the current makeup of employment in relation to the types of land required to support it. There are additional benefits to having a better understanding of the demographic makeup of the employment base within a borough; these are explained in Section 5.1.3 (Issues – page 94). To be able to address these concerns, a more up to date, detailed and spatial understanding of employment and employment land requirements in the borough is required than government statistics are able to provide.

1.1 Aims of the Report

The primary aim of this research is:

> 'To deliver a more detailed perspective of the nature of the employment and business base and its spatial distribution in the borough.'

The objectives of this research are to answer the following 10 questions:

1. Who are the major (top 50) employers in the borough?
2. What are the major employment sectors in the borough?
3. How are these employment sectors distributed spatially across the borough?
4. How many black and minority ethnic (BME), how many female, and how many disabled owners operate in the borough (including the size, type and spatial distribution of business including their spatial distribution)?
5. How do these sectors compare in terms of size of business, numbers of employees, potential for growth and type of premises occupied?
6. What (or who) is driving that market (i.e. who are the key new businesses and who is growing)?

[1] See http://www.Kensington & Chelsea.gov.uk/planningandconservation/planningpolicy/localdevelopmentframework.aspx for more information.
[2] Roger Tym and Partners for the Royal Borough of Kensington & Chelsea (January 2007) Employment Land Study; Final Report.
[3] Tym & Partners for the Royal Borough of Kensington & Chelsea (September 2009) Employment Land Review – Update

7. What is the extent of home working within the borough and what types of work are being conducted at home?
8. How does the current employment stock appear overall spatially and how is this divided between small firms (0-5 employees; 5-25 employees), medium-sized firms and large firms and employment sectors?
9. How does this data reconcile with Kensington & Chelsea projections to 2028, are these projections realistic in the light of the recession and what new employment stock is likely to come on stream, by type and size of units?
10. What is the likely need for new space and the types of businesses that might be encouraged to take it up based on an understanding of economic dynamics?

1.2 Background

The Planning and Compulsory Purchase Act 2004 changed the way that local land use and development was planned. It introduced a move away from the traditional structure of plans and established a new concept of spatial planning. Spatial planning integrates key strategies that are relevant to the local area that will have a spatial effect. The most significant of these is the Community Strategy.

The new planning system requires that Kensington & Chelsea produce a Local Development Framework (LDF) that will replace the old Unitary Development Plan (UDP). The LDF is a portfolio of local documents. The most important of these is the Core Strategy, which sets the planning framework for the borough.

At the time of writing (December 2009), the Core Strategy has reached a critical stage in its development. Cabinet has approved the final draft Core Strategy and it has been put before members to be approved before publication and presentation to the Secretary of State.

An understanding of an area's employment floorspace vacancy rates is fundamental to the development of a high quality Core Strategy. In 2005, The Commercial and Industrial Property Vacancy Statistics provided by the ONS show a vacancy rate of 5.0% in the borough, which is slightly higher than the average of 4.3% for the Central London area.[1] The analysis in this report (see section 3.3) using Trends Central Resource (TCR) data estimates the current (in 2009) vacant floorspace to be 3.9% of the total.

1.3 Structure of the Report

In order to meet the complex aims of this study a simple yet interpretative structure for the document has been used to guide the reader though the detailed analysis that has been undertaken. Concluding this introductory section is a step by step outline of the methodology used to complete this work. Analysis and interpretation follows, taking the form of:

1. A review of strategy and research activity to date.
2. Analysis of the current employment in the borough;
   - Detailed by 5 different variables and 6 different sectors
3. Analysis of the borough's ownership and leadership demographics;
   - With specific analysis by gender and ethnicity and the 6 different sectors
4. Analysis of employment land use and projections of land use needs.

The sections containing primary data analysis for the points 2, 3 and 4 above are substantial in size. As such section summaries are provided for which provide the key findings from the data analysis.

[1] GLA (2004) The London Plan; Spatial Development Strategy for Greater London, p.19

1.4 Methodology

Please refer to the annex 'Local Economic Evidence; Employment and Land Use – Methodology' for full details of data sources and the methods through which conclusions were derived.

Whilst there are numerous sources of national data relating to employment and economic structure, each of these is limited in some respect. For example, the Annual Business Inquiry, a key source of employment and firm data by industry, is based on a core survey sample of approximately 83,000[1] firms, which equates to a sample of around 390 firms in Kensington and Chelsea. Whilst this data is then 'grossed' up using another government resource, the Inter-Departmental Business Register, this again presents only a partial picture because of its exclusion of many small firms.

The approach employed in this report to overcome these barriers and present an evidence base that is robust and covers the entire economy, is to employ TBR's unique business dataset, Trends Central Resource (TCR). The data is acquired from Dun & Bradstreet, who in turn pull together information from a number of sources such as Companies House, direct contact with companies and many others.

The data from Dun & Bradstreet provides detailed information on over 3.5 million UK firms, including small businesses and branch plant activities. The sample size of businesses in Kensington & Chelsea on the TCR database is 17,030. TCR provides the opportunity to study economic dynamics in detail, such as the contribution of growing firms, firm births and firm deaths. Direct links between TCR and data from the Valuation Office Agency have also been established providing powerful insight into land use characteristics and enriching the evidence base for this report.

TCR has been applied throughout this project in order to generate more detail, accurate and robust evidence of the nature and dynamics of the Kensington and Chelsea economy.

1.5 Summarised Review of Strategy and Research Activity to Date

This research is set against a background of substantial previous analysis of employment and land use in Kensington & Chelsea. There are also a number of local and regional development strategies and planning guidelines, which shape the character of economic growth in the borough.

Please see appendix section 5.1 – Strategy and Research Activity to Date – for full details on existing documents and previous research which have influenced this report. A brief summary of existing research is detailed in the following subsection.

There are a number of existing development strategies and studies which shape the development trajectory of Kensington & Chelsea and shed light on the existing use of land within it. These include the London Plan (Spatial Development Strategy) and the Economic Development Strategy at the city level, and the new Local Development Framework (Core Strategy) at the local level, among others.

Whilst it is not the aim of this section to present a full summary of all outcomes of pre-existing strategies and research, a review of strategies such as the London Plan highlights a number of considerations which heavily influence land use planning. For example, land use supply must be protected in support of employment growth (*London Plan* Policy 3A.2) whilst employment in manufacturing is expected to decline across London as a whole (2005 *Draft EDS*, Section 2.1.3.3.) and at the same time industrial/warehouse land in Kensington & Chelsea must be preserved (*Industrial Capacity SPG*).

[1] ONS, (2010), *Information Paper,* www.ons.gov.uk/about-statistics/.../sum-rpt-for-**abi**-part-1.pdf

This report follows on from two studies by Roger Tym and Partners, the most recent of which (the September 2009 *Employment Land Review – Update*) aligns closely with the Core Strategy Policy CP1 – estimating that demand for office floorspace will be approximately 69,000 m^2 to 2026.

The review of these strategies and reports raises a number of issues. Firstly, the GLA employment forecasts represent the established data source for projected employment growth. However, there is currently less thorough information available that relates to the employment base in Kensington & Chelsea, and the number of people working within each industry. Therefore, a more detailed picture of employment is desirable because the dynamics of employment are one of the most significant immediate determinants of business land use – understanding employment leads to the improved likelihood of successful business (and residential) land use planning.

Secondly, as employment base analysis is carried out using SIC, an effective means of translating SIC-based employment data into corresponding Land Use Classes is desirable. This is problematic as SIC does not correlate directly with Use Class. For this report an SIC to Land Use Class conversion lookup was developed specifically for the context of of Kensington & Chelsea and with consideration of the Land Use Class references made in the Core Strategy.

2. Employment Analysis

This section provides detailed information on Kensington & Chelsea's core strengths, by identifying the strongest sectors and their driving forces in terms of specific SICs at 4-digit SIC level. These driving forces are then analysed by 7 different variables:

- Sector strengths,
- Current employment,
- Employment change,
- Drivers of change,
- Age of businesses,
- Demographics of business proprietors & leadership teams, and
- The number of home based businesses in the borough.

Sector Strengths provides an analysis of business and employment Location Quotients (LQs) and business and employment densities per 10,000 people for the strongest Standard Industrial Classification (SIC) codes within the six sectors identified as strong. LQ analysis enables an understanding of what the borough's economy would look like if it were the same size as the UK. It thereby indicates distinct areas of comparative strength and weakness. Densities and LQs are calculated at four digit SIC level. Industries with a density value of more than 5 for businesses and more than 75 for employment are deemed to be strong, as are those with business or employment LQs larger than 1.25 combined with an employment percentage larger than 0.2%. Industries with a combination of at least 2 strong areas are deemed to be the strongest industries. This approach led to the identification of 43 strong SICs across the six strong sectors, which were acknowledged to be the drivers behind each of these sectors.

Current Employment considers the present employment situation within each of the sectors. In order to evaluate the importance of strengths, employment within the borough for each of the 43 strong SICs is compared with surrounding locations. Sizes of businesses by size bands (based upon numbers of people employed) and the number of people employed at single sites, branches and headquarters is then examined. Finally, the legal status of each business and the number of people employed based on the location of the parent business is assessed.

Employment Change examines employment change over the last three years. **Matched** and **Total** employment are compared to local boroughs and neighbouring locations within London. **Matched** data looks solely at businesses that existed in both 2006 and 2009, and examines how businesses that survived the period have changed. **Total** data investigates the effect of the Matched data as well as taking into account business that closed during this time period as well as those that started up.

Drivers of Change analyses the drivers behind the 6 identified strong sectors. The first half of the sub-section focuses on new starts by identifying the number of new business starts as a an absolute number, the percentage of new starts as a birth rate, and the birth rate per 10,000 working age population. The employment data created from these new starts is then analysed against employment from new businesses in neighbouring and surrounding locations. The employment created from these new starts is also examined by the size of the business, the business's legal status and ownership (whether it is a single site, branch or headquarters). The latter half of this sub-section focuses on the closure rates of business and the number of job losses within the 6 strong sectors across the borough and other neighbouring locations. The numbers of job losses brought about by closures are then examined by the size of the business, legal status and ownership (whether businesses are single site, branch of headquarters).

Age of Businesses analyses the age of the business within the 6 sectors. The percentages of business within defined age bands are calculated and the average age of businesses compared to those in neighbouring areas within London (in years) are studied.

Home Based Businesses provides estimates on the number of businesses that are operated from within the proprietors home. A general overview for Kensington & Chelsea is provided initially as well as a geographic comparison with other London boroughs, this is then followed by an industry specific investigation for the six sectors. Due to the size of tables within this last sub-section, geographic comparisons have only been published for Kensington & Chelsea, Hammersmith & Fulham, Westminster and London. However the data for Central London and West London does exist and can be requested if need be.

Strong Sector Summaries provides additional details on each of the 6 strongest sectors identified in **Sector Strengths**. The key industries within each of these sectors are identified within each summary and then examined in more detail. Even greater detail is provided in the key sector annexe. In addition to this there is also a summary, which identifies additional strong industries in the borough that fall outside of the identified strong sectors, such as publishing.

Demographics of business proprietors & leadership teams analyses the gender and ethnicity breakdown of leadership teams within businesses. This is compared to other local boroughs and London as a whole as well as each of the individual 6 strong sectors. Analysis takes place against 3 different variables of proportion of the demographic (e.g. 100% male or exactly 50% BME) in the leadership team, the legal status and the size of the businesses.

2.1 Section Summary

As one might expect, the economy of Kensington and Chelsea shares some key characteristics with the economy of London and indeed the UK. Most businesses (existing and newly established) in most sectors are micro businesses or small SMEs, independently owned and operating from single sites, with few new headquarters operations have been established in the borough recently.

Negative employment impacts on the business base from the recession have generally not been observed other than in the Real Estate and Business Services sector. However, as the recession is not yet officially over, detailed data might not yet be current enough to illustrate all of the impacts. Almost one quarter (24.7%) of businesses in all sectors are quite well established in the borough, having existed for 15 years or more.

This summary now focuses on key messages from each of the six key sub-sectors identified through an analysis of the local economy.

Within the Business Services sector in Kensington & Chelsea the businesses with strengths by way of LQ analysis are involved in *photographic activities*, whereas *business and management consultancy activities* have high business and employment densities. With regard to business size, there are a significantly high number of very small businesses in the sector, especially operating within the industry of *other business activities*. The *labour provision and recruitment of personnel* industry has grown in Kensington & Chelsea by around 90 employees (12.8%), whereas in the whole of London this has declined by 6.5%.

Within the Wholesale & Retail sector, businesses involved in the *retail sale of second hand goods in stores* have the highest business and employment LQ. This industry also exhibits one of the lowest birth rate and the smallest proportion deaths in the borough, meaning that there is little change in the business stock, which suggests this industry is well established. Another strength is in *other retail in specialised stores*, which has the highest business density and is the only one to have new (established 2009) headquarters in the borough.

Both of these findings suggest that these two industries are particularly strong in the borough. The industry with the largest number of employees is *other retail in non-specialised stores* with over 5,600 people. However, it is mainly Harrods, Harvey Nichols and Peter Jones that drive this figure. This industry also saw the largest employment gain (270 employees) since 2006, where as businesses engaged in the *retail of footwear leather goods* saw a significant decline in employment of 170 jobs. The highest birth rate in this sector was experienced by the *wholesale of clothing and footwear* industry. Whereas businesses involved in *other wholesale* saw the greatest proportion of deaths in the sector.

Within the Hospitality sector *hotels* and *restaurants* demonstrate significant strength by way of LQ analysis and business density. Conversely, *catering* has lower LQs and is lacking in sufficient employment density to make it competitive. However, the *catering* industry does exhibit the highest birth rate in the sector (38.2%) and also has a low death rate (8.3%), which suggests this industry is on the increase. Overall, the greatest absolute number of new businesses starts occurred within the *restaurant* industry. This industry has also grown the most in terms of increased employment compared to the average growth rate for the borough and London as a whole. Whilst the *catering* industry appears to be growing more quickly over time, the *restaurants* industry maintains a growth trajectory.

Whilst *hotels* demonstrate strength in LQ terms, when considering business closures, the industry has experienced the greatest proportion of closures in the sector (17.3%). *Restaurants* saw the greatest number of job losses caused by closures, whilst *catering* saw the smallest number of job losses due to closures. This illustrates that the rate of change in the *restaurant* industry and to some degree the *hotel* industry, is high and that most business types within the Hospitality sector are vulnerable to job losses.

Within the Personal Services sector a number of industries including *artistic & literary creation & interpretation, motion picture & video production* and *museum activities & preservation of historical sites* have significant strengths in the borough. Additionally, *artistic and literary creation* businesses have the largest number of employees in the sector (1,500 people). The sector is dominated by small businesses, but there are also a number of firms that employ more than 500 people. With regard to employment change, total employment has actually declined a small amount in the sector over the last three years by 750 employees. However this was not the case for all activities, with businesses involved in *hairdressing & other beauty treatment* growing quite significantly by 100 employees.

In absolute terms, the *film and video production* industry has seen the highest number of new business formations. *Hairdressing and other beauty treatment* have experienced the highest amount of new employment from new business start-ups in this sector, suggesting that this industry that has thrived over the past 3 years. Nearly half of the new employment here is based in branches of existing businesses, which indicates that growth in this industry is more reliant on expansion of existing businesses rather than new independent business start-up. On the other hand, the *gambling and betting* industry has significantly contracted with over half of its 2006 business closing between 2006 and 2009.

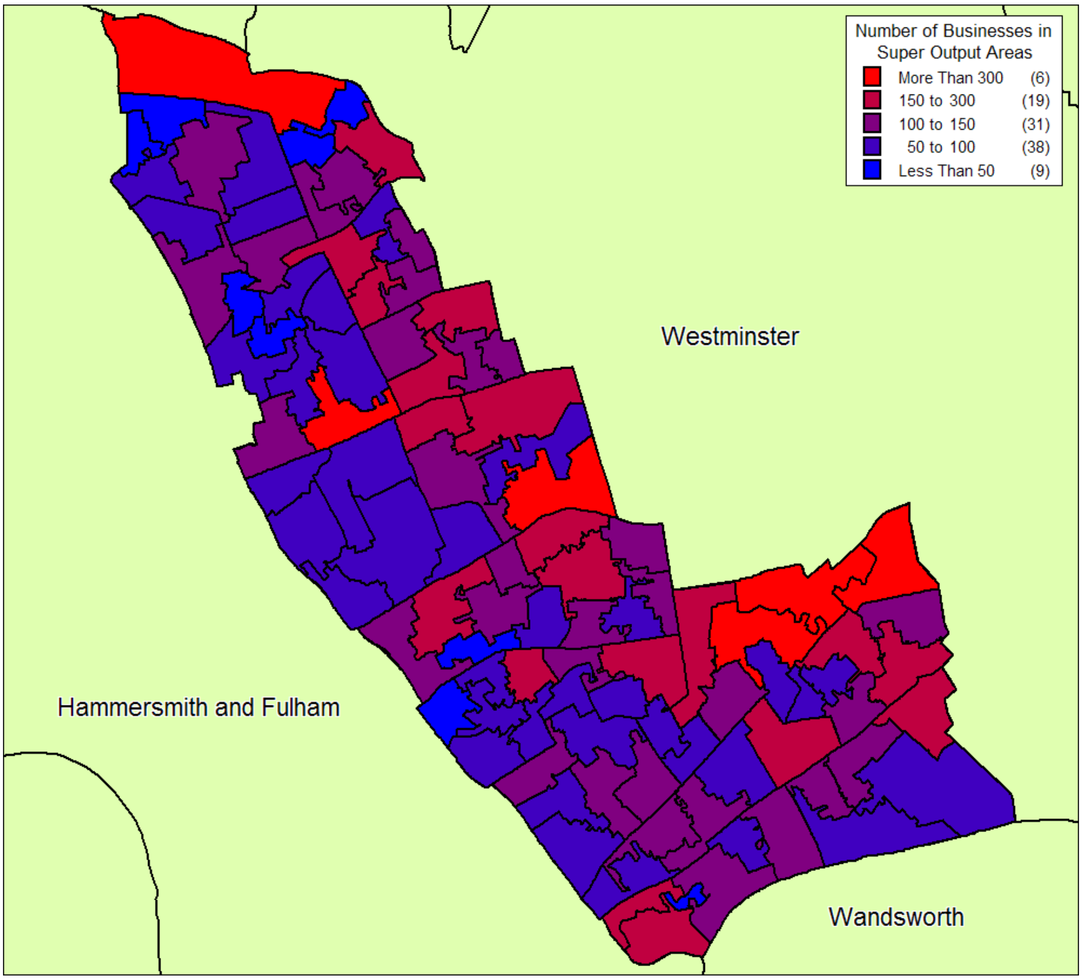
Within the Real Estate sector, businesses engaged in the *management of real estate* are the strongest with the highest business and employment LQs. However, *real estate agencies* account for the highest number of employees. Businesses engaged in the *letting of own property* have displayed the highest growth in employment compared to the other industries in the sector and other neighbouring areas in London. However, when taking into account the closures that have occurred it can be observed that employment in all industries has declined, which could be due to early impacts of the recession.

Within the Medical sector LQs are generally weak compared to other sectors, however business involved in *medical practice activities* and *hospital activities* have notable strengths. For instance, *medical practice activities* have experienced the highest birth rate of all industries in the sector and *hospital activities* employ a sizeable amount of people (over 3,000 people). Businesses engaged in *social work activities with accommodation* have experienced significant growth over the last three years, whereas o*ther human health activities* saw the greatest percentage of business closures in the borough. However this was small in comparison to the rest of London.

2.2 The Kensington & Chelsea Economy

The Kensington & Chelsea economy employs over 121,000 people in 20,000 businesses[1]. These figures are based on information provided from a combination of TCR and the SME statistics. The 2007 ABI reports employment in the borough as 107,000 people in approximately 13,000 businesses, however these figures do not appropriately cover activity from those businesses classified as zero class (i.e. self-employed sole traders and partnerships). Combining both TCR and the SME statistics allows estimates on these zero class to be calculated and a far more robust picture of activity within the borough to be painted.

Figure 1: Spatial Distribution of Businesses in Kensington & Chelsea



Source: TCR 2009 (Ref. KC_Businesses_by_SOA_v3)

[1] This includes those businesses that are self-employed sole traders or partnerships, also known as Zero Class.

The map in Figure 1 shows the spatial distribution of these businesses within each super output area. It can be seen that the areas with highest business density are located in the north and east of the borough. The area surrounding Knightsbridge has a particularly high business density.

The following table displays how these 20,000 businesses in Kensington & Chelsea are distributed amongst size band and across broad industry sectors. This table can also be compared with Table 6 (Kensington & Chelsea absolute employment by size band) to provide an understanding of how many employees a particular size band or industry group employs.

It is clear that the zero class account for a large proportion (over 55%) of business activity in the borough. However, comparing this with Table 6 it is clear that this proportion does not translate across when investigating employment, where the percentage of total employment in zero class businesses is around 10%. There are particularly high concentration of zero class businesses in Real Estate & Business Services (4,040 businesses) and Personal Services (2,560 businesses). There is also relatively high number in the Construction sector (almost 1,000 businesses) as one might expect.

Whilst there are a large number of zero class businesses in the borough, there are still a notable number of businesses employing in excess of 100 people. In total there are 170 businesses in Kensington & Chelsea that employ more than 100 people and over 10 of these employ more than 500 people. In fact comparing this table with Table 6 shows that these 10 businesses contribute over 13,000 employees to the borough total.

Table 2: Total businesses in Kensington & Chelsea by size band and sector

Sector	Zero Class	1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	100 to 199	200 to 249	250 to 499	500+	Total
A: Agriculture	20	10	10	*	*	0	0	0	0	0	40
B: Fishing	*	0	0	0	0	0	0	0	0	0	*
C: Mining & Quarrying	20	0	*	0	0	0	*	0	0	0	20
D: Manufacturing	800	220	90	40	20	20	10	*	10	*	1,200
E: Electricity, Gas & Water	10	*	0	0	0	*	0	0	*	0	10
F: Construction	980	130	30	10	10	*	0	0	0	0	1,170
G: Wholesale & Retail	760	1,060	380	160	60	40	10	*	10	*	2,470
H: Hotels & Restaurants	420	300	250	190	130	50	20	*	10	*	1,370
I: Transport, Storage & Comms	540	130	60	40	20	10	10	*	0	0	810
J: Financial Intermediation	480	420	90	60	30	20	*	*	*	0	1,110
K: Real Estate & Business Services	4,040	1,750	450	220	150	60	20	10	10	*	6,690
L: Public Services	20	20	30	20	10	10	10	0	*	*	120
M: Education	260	50	20	20	40	10	*	0	*	*	410
N: Health & Social Work	650	260	170	70	30	10	*	*	*	*	1,190
O: Personal Services	2,560	570	200	60	50	10	20	10	*	*	3,480
P: Private Households	20	*	*	0	*	0	0	0	0	0	20
Total	**11,600**	**4,920**	**1,780**	**890**	**550**	**230**	**90**	**30**	**40**	**10**	**20,120**

* Denotes where there are less than 5 businesses in this category
Source: TCR 2009 (Ref. W5c/S6)

The remainder of this section follows the structure set out in the beginning of Section 2. That is, current employment, employment change, drivers of change, age of businesses, owner demographics and home based businesses will be analysed at the borough level and compared with surrounding areas. Analysis will also be provided at the broad sector level, but firstly those sectors that are key within the borough will be identified. This means more detailed analysis of those industries that are really driving the economy can be carried out (see key sector annexe).

2.2.1 Identification of Industry Strengths

Before analysing the sector strengths in the borough, detailed analysis had to take place to identify which sectors were comparatively strong. In order to determine this, employment and business Location Quotients (LQs) were calculated for each of the Office of National Statistics' (ONS, 2003) 15 broad industrial activity classifications labelled by the ONS as 'sections'. LQ analysis is a means of comparing specific sectors across disparate geographies. Specifically, it enabled an understanding of what the borough's economy would look like if it were the same size as the UK and revealed industry sections with more or less businesses and employment than would be expected. It thereby indicates distinct areas of comparative strength and weakness. The LQs were calculated by dividing the percentage of businesses (or employment) in Kensington & Chelsea by the UK percentage. The higher the location quotient, the stronger the section compared to the UK average. This was carried out for all industrial sections (please note: the rows shaded blue denote the 'sections' with specific strengths in Kensington & Chelsea).

Table 3: Broad Sector Distribution and LQs for Businesses & Employment

	Businesses			Employment		
Sector	**Kensington & Chelsea**	**Great Britain**	**LQ**	**Kensington & Chelsea**	**Great Britain**	**LQ**
A: Agriculture	0.1%	0.3%	0.34	0.1%	0.2%	0.25
B: Fishing	0.0%	0.2%	0.05	0.0%	0.0%	0.03
C: Mining & Quarrying	0.0%	0.1%	0.16	0.2%	0.2%	1.05
D: Manufacturing	4.1%	6.7%	0.61	4.4%	10.7%	0.41
E: Electricity, Gas & Water	0.0%	0.1%	0.34	0.0%	0.4%	0.01
F: Construction	1.7%	9.7%	0.17	0.6%	4.9%	0.13
G: Wholesale & Retail	18.3%	20.6%	0.89	17.4%	16.7%	1.04
H: Hotels & Restaurants	7.7%	6.9%	1.10	17.0%	6.8%	2.51
I: Transport, Storage & Comms	2.3%	4.3%	0.55	4.9%	5.9%	0.84
J: Financial Intermediation	2.5%	2.2%	1.13	2.2%	4.0%	0.56
K: Real Estate & Business Services	41.7%	31.2%	1.34	22.5%	17.8%	1.26
L: Public Services	0.4%	1.2%	0.36	2.2%	5.6%	0.39
M: Education	1.6%	2.6%	0.60	4.8%	9.3%	0.52
N: Health & Social Work	4.4%	5.6%	0.79	13.2%	12.2%	1.08
O: Personal Services	15.3%	8.3%	1.84	10.5%	5.2%	2.00
Total	**100%**	**100%**	**1.00**	**100%**	**100%**	**1.00**

Source: ABI 2009 (Ref. W12/S1&2)

The density of businesses and employment was also calculated for each of the 15 sections. This was carried out for businesses and employment separately. Density is calculated against working age population (i.e. firms or employment per 10,000 people of working age). Sections with the highest density figures were considered to be the strongest (again highlighted blue below).

Table 4: Broad Sector Density for Businesses & Employment

Sector	Business Density	Employment Density
A: Agriculture	1.2	4.8
B: Fishing	0.1	0.1
C: Mining & Quarrying	0.2	19.0
D: Manufacturing	41.5	367.1
E: Electricity, Gas & Water	0.3	0.3
F: Construction	16.9	51.5
G: Wholesale & Retail	186.6	1,452.4
H: Hotels & Restaurants	78.2	1,415.0
I: Transport, Storage & Comms	23.9	411.6
J: Financial Intermediation	25.5	185.7
K: Real Estate & Business Services	425.5	1,873.2
L: Public Services	4.4	181.3
M: Education	16.2	400.4
N: Health & Social Work	44.7	1,098.6
O: Personal Services	156.0	872.6
Total	**1,021.2**	**8,333.6**

Source: TCR 2009 (Ref. W12/S1&2)

Using both of the above calculations, the 5 strongest sections were selected to analyse in further detail. These are the broad sectors of:

1. K: Real Estate & Business Services.
2. G: Wholesale & Retail.
3. H: Hotels & Restaurants.
4. O: Other Personal service Activities.
5. N: Health & Social Work.

It was decided that section K (Real Estate and Business Services) would be separated into two separate sections in order to provide a more detailed analysis for each of the subsections of Real Estate and Business Services. In sum, 6 sections have thus been identified as the 'strongest' to analyse in further detail. For clarity in the rest of the report these sections will be hereafter referred to as **strong sectors** and include:

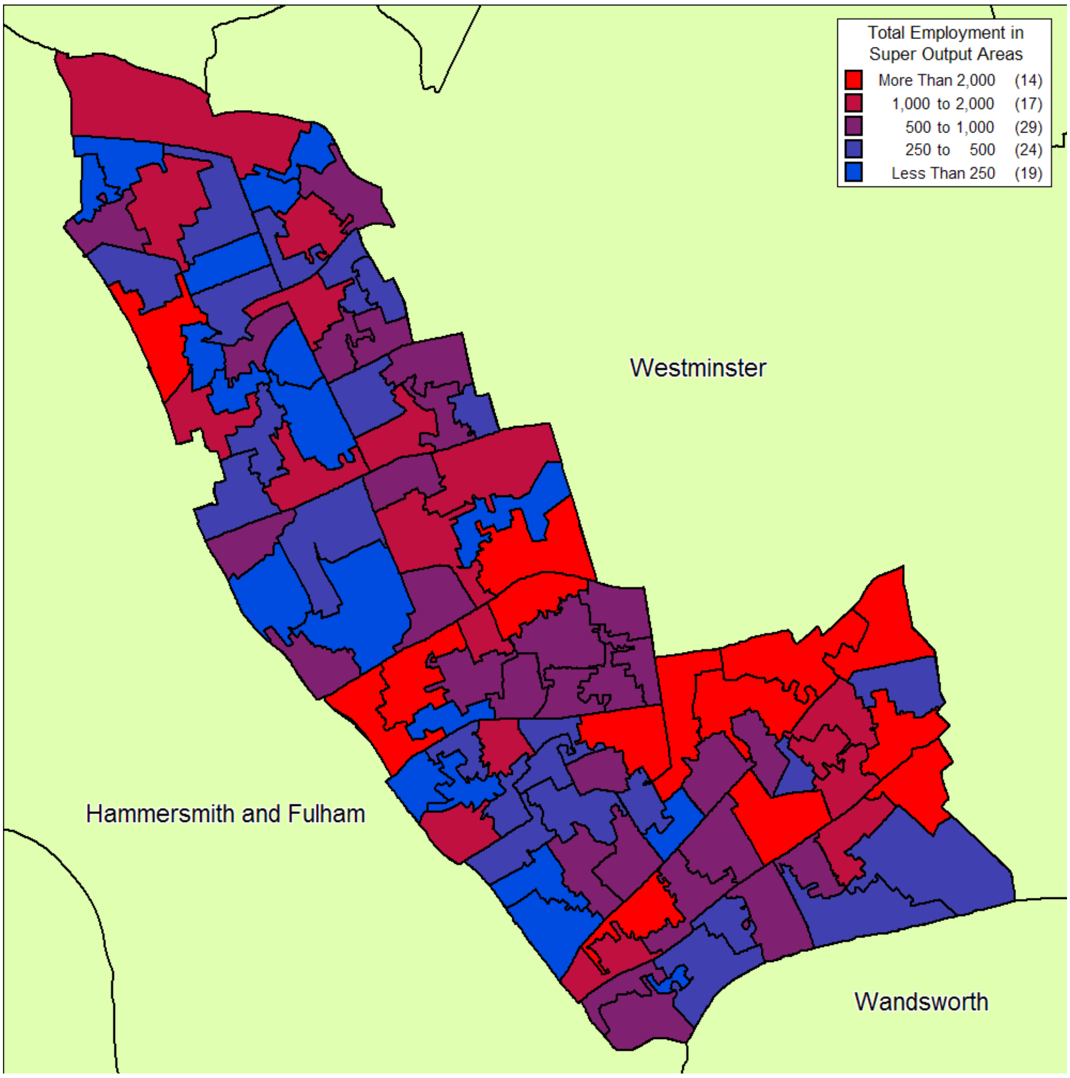
1. Business Services.
2. Wholesale & Retail.
3. Hospitality.
4. Personal Services.
5. Real Estate.
6. Medical.

2.2.2 Current Employment – 2009

Figure 2 illustrates the spatial distribution of employment across the borough. It can be seen that the largest area with high employment density is around Knightsbridge and South Kensington, as would be expected. Other pockets of high employment density are found to the extreme north of the borough, the area just north of Earls Court and along Kensington High Street. Whilst the map in Figure 1 showed a high business density in the extreme south of the borough, this is not reflected in the employment distribution map. This indicates that there are many small businesses in this area, employing few people.

On the other hand, the area just to the West of Latimer Road shows high employment density but low business density, indicating that a small number of larger businesses employing many people are located in this area.

Figure 2: Spatial Distribution of Employment in Kensington & Chelsea



Source: TCR 2009 (Ref. KC_Emp_by_SOA_v3)

Nearly one quarter (23.1%) of Kensington & Chelsea's employment base is in the Real Estate, Renting and Business Activities sector (see Table 5). Whilst this is a sizeable proportion, it is in fact a lower figure than in all comparator boroughs, and is 5% lower than the average across London.

The Wholesale & Retail, Hotels and Restaurants, and Other Community, Social and Personal Service Activities sectors account for large proportions of employment, with 16.5%, 15.9% and 11.2% of the employed workforce respectively. These four sectors combined account for two thirds of employment in Kensington & Chelsea (66.7%). The Hotels & Restaurants sector is a particular employment strength in comparison with other London areas - the next strongest in relative terms is Westminster, with 9.4% of the employment base within this sector. Other sectors within Kensington & Chelsea play a much smaller role in employment although Manufacturing, Health & Social Work and Financial Intermediation are also of note in providing jobs.

Table 5: Kensington & Chelsea absolute employment by broad sector

	Kensington & Chelsea		Hammersmith & Fulham		Westminster		Central London		West London		London	
Sector	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
A: Agriculture	200	0.2%	150	0.1%	1,750	0.2%	3,500	0.2%	1,600	0.2%	11,150	0.2%
B: Fishing	*	0.0%	0	0.0%	*	0.0%	50	0.0%	*	0.0%	100	0.0%
C: Mining & Quarrying	150	0.1%	100	0.1%	10,350	1.4%	12,650	0.7%	1,350	0.2%	16,900	0.4%
D: Manufacturing	10,200	8.4%	12,600	9.9%	62,450	8.6%	134,000	7.7%	66,800	9.1%	330,450	7.4%
E: Electricity, Gas & Water	350	0.3%	50	0.0%	1,250	0.2%	2,000	0.1%	150	0.0%	4,400	0.1%
F: Construction	1,950	1.6%	3,800	3.0%	11,300	1.6%	48,600	2.8%	53,500	7.3%	261,350	5.9%
G: Wholesale & Retail	20,150	16.5%	14,900	11.8%	82,550	11.3%	192,550	11.1%	126,400	17.3%	586,850	13.2%
H: Hotels & Restaurants	19,350	15.9%	6,450	5.1%	68,500	9.4%	135,500	7.8%	42,900	5.9%	277,100	6.2%
I: Transport, Storage & Comms	4,000	3.3%	4,550	3.6%	27,450	3.8%	82,550	4.7%	61,250	8.4%	255,900	5.7%
J: Financial Intermediation	6,500	5.3%	4,100	3.2%	63,900	8.8%	163,700	9.4%	32,000	4.4%	500,400	11.2%
K: Real Estate & Business Services	28,200	23.1%	39,250	31.0%	252,300	34.7%	589,900	33.9%	178,800	24.5%	1,253,450	28.1%
L: Public Services	4,200	3.5%	6,850	5.4%	27,600	3.8%	50,650	2.9%	16,400	2.2%	96,750	2.2%
M: Education	5,100	4.2%	5,900	4.6%	24,950	3.4%	73,500	4.2%	37,300	5.1%	218,500	4.9%
N: Health & Social Work	7,850	6.4%	7,450	5.9%	22,600	3.1%	80,950	4.7%	40,600	5.6%	244,200	5.5%
O: Personal Services	13,650	11.2%	20,600	16.3%	70,800	9.7%	170,600	9.8%	71,050	9.7%	394,300	8.9%
P: Private Households	50	0.1%	50	0.0%	300	0.0%	600	0.0%	250	0.0%	1,600	0.0%
Total	**121,900**	**100%**	**126,600**	**100%**	**728,050**	**100%**	**1,741,250**	**100%**	**730,400**	**100%**	**4,453,350**	**100%**

Source: TCR 2009 (Ref. WB5c/S5a)

When examining employment in the borough by the size of the business (in terms of the number of people it employs), it is clear the majority of employment is provided by businesses that employ either between 20 and 29 people or 50 and 99 people. Both size bands have similar levels of employment with 15,800 and 15,900 employees respectively. There is also a similar level of contribution to the borough total from the 250 to 499 size band with 14,950 people being employed in businesses of this size. The borough also has a strong self-employed presence, with nearly 12,000 people employed in the zero class size band (self-employed sole trader or partnership), which accounts for almost 10% of the borough's total employment.

When examining these trends within each of the sectors, the results are slightly different to the overall borough total. For example, Construction is heavily dependent on the zero class, with over half of the sector being either a self-employed sole trader or partnership. Very few sectors employ over 500 people in total, the key industries that do are Manufacturing, Public Services and Health & Social work. Public Services and Manufacturing especially are built up of larger organisations employing over 50 people, which is reflective of the nature of these types of businesses. The Real Estate & Business Services sector is relatively even spread across each of the size bands, although there are no firms in this industry employing more than 500 people.

Table 6: Kensington & Chelsea absolute employment by size band

Sector	Zero Class	1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	100 to 199	200 to 249	250 to 499	500+	Total
A: Agriculture	20	20	50	50	40	0	0	0	0	0	190
B: Fishing	*	0	0	0	0	0	0	0	0	0	*
C: Mining & Quarrying	20	0	20	0	0	0	100	0	0	0	140
D: Manufacturing	830	580	570	480	620	1,170	1,130	640	2,200	2,000	10,210
E: Electricity, Gas & Water	10	10	0	0	0	60	0	0	260	0	340
F: Construction	1,000	340	200	120	220	60	0	0	0	0	1,940
G: Wholesale & Retail	830	2,920	2,330	1,910	1,610	2,350	1,260	670	2,030	4,220	20,140
H: Hotels & Restaurants	440	880	1,560	2,430	3,560	3,090	3,090	670	3,140	500	19,350
I: Transport, Storage & Comms	550	360	340	440	500	860	550	410	0	0	4,010
J: Financial Intermediation	480	1,080	600	710	790	1,260	490	600	490	0	6,500
K: Real Estate & Business Services	4,090	4,430	2,780	2,870	4,160	4,110	2,500	1,070	1,570	640	28,210
L: Public Services	20	60	170	250	340	440	650	0	300	2,000	4,220
M: Education	260	120	100	320	1,200	690	120	0	1,390	900	5,100
N: Health & Social Work	690	710	1,120	850	710	380	260	470	970	1,700	7,840
O: Personal Services	2,590	1,420	1,260	770	1,590	790	1,860	1,160	350	1,860	13,650
P: Private Households	20	10	10	0	30	0	0	0	0	0	60
All Industries	**11,860**	**12,930**	**11,120**	**11,190**	**15,370**	**15,240**	**12,000**	**5,670**	**12,710**	**13,820**	**121,900**

Source: TCR 2009 (Ref: WB9c/S6)

Table 7 compares employment by size band in Kensington & Chelsea with other areas in London. It can be seen that the highest proportion of employment is based in the 20-49 size category, although employment is generally spread quite evenly across all size bands. Employment in businesses with more than 250 employees represents lower proportion of total borough employment than in other areas compared. The size band with the lowest proportion of employment is in businesses with between 200 and 249 employees. These findings indicate that businesses are smaller in Kensington and Chelsea than they are in other areas.

Table 7: Employment by size band

	Kensington & Chelsea		Hammersmith & Fulham		Westminster		Central London		West London		London	
Size Band	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Zero Class	11,860	9.7%	12,030	9.5%	37,750	5.2%	131,280	7.5%	91,050	12.5%	489,200	11.0%
1 to 4	12,930	10.6%	11,340	9.0%	44,480	6.1%	129,540	7.4%	70,430	9.6%	406,300	9.1%
5 to 9	11,120	9.1%	12,470	9.9%	39,070	5.4%	109,320	6.3%	55,930	7.7%	317,860	7.1%
10 to 19	11,190	9.2%	8,550	6.8%	45,870	6.3%	117,610	6.8%	49,040	6.7%	310,960	7.0%
20 to 49	15,370	12.6%	16,250	12.8%	89,200	12.3%	210,920	12.1%	88,050	12.1%	549,100	12.3%
50 to 99	15,240	12.5%	12,390	9.8%	96,070	13.2%	221,720	12.7%	79,700	10.9%	532,630	12.0%
100 to 199	12,000	9.8%	13,590	10.7%	87,530	12.0%	202,690	11.6%	85,720	11.7%	505,730	11.4%
200 to 249	5,670	4.7%	8,850	7.0%	45,180	6.2%	94,970	5.5%	37,720	5.2%	226,000	5.1%
250 to 499	12,710	10.4%	18,380	14.5%	130,500	17.9%	296,570	17.0%	106,580	14.6%	684,210	15.4%
500+	13,820	11.3%	12,740	10.1%	112,430	15.4%	226,630	13.0%	66,180	9.1%	431,390	9.7%
Total	**121,900**	**100%**	**126,600**	**100%**	**728,050**	**100%**	**1,741,250**	**100%**	**730,400**	**100%**	**4,453,350**	**100%**

Source: TCR 2009 (Ref: W5c/S5d)

2.2.3 Employment Change – 2006 to 2009

2.2.3.1 Matched employment change

Between 2006 and 2009 Kensington & Chelsea's matched employment (i.e. employment only within firms which existed between 2006 and 2009, and not those which closed down or were created during this period) increased by some 2.1% (see Table 8). This however was less than any comparator borough, lower than the West London value of 4.2% and the London value of 3.6%.

There were notable matched employment changes in several industry sectors. The largest absolute changes (i.e. in terms of numbers of employees) were in Other Community, Social and Personal Service Activities, Real Estate, Renting and Business Activities, and Hotels and Restaurants. These sectors experienced increases in their numbers of employees of 1,050 (9.1%), 830 (3.2%) and 560 (3.2%) respectively. Kensington & Chelsea's employment increase in Other Community, Social and Personal Service Activities exceeded that in all other comparator areas in relative terms, although Westminster experienced a greater increase in absolute terms (2,090 employees). The largest relative change (i.e. in percentage terms) was in the Electricity, Gas and Water Supply sector, in which employment increased by 17.5%. However, this was equivalent only to an increase of 50 employees. Several industry sectors also decreased in employment size during this period, including Education (-5.2%), Manufacturing (-2.7%), and Health and Social Work (-2.2%), although the latter remains a major employer.

Table 8: Kensington & Chelsea matched employment change by broad sector; 2006-2009

	Kensington & Chelsea		Hammersmith & Fulham		Westminster		Central London		West London		London	
Sector	**Change**	**% Change**	**Change**	**% Change**	**Change**	**% Change**	**Change**	**% Change**	**Change**	**% Change**	**Change**	**% Change**
A: Agriculture	*	*	-10	-10.0%	-150	-8.1%	-210	-5.9%	40	2.8%	-220	-2.2%
B: Fishing	0	0.0%	0	N/A	10	72.8%	10	47.1%	*	*	10	18.1%
C: Mining & Quarrying	*	*	*	*	220	2.2%	270	2.2%	130	11.6%	470	3.0%
D: Manufacturing	-270	-2.7%	1,180	10.6%	1,610	2.7%	3,340	2.7%	2,150	3.5%	10,350	3.4%
E: Electricity, Gas & Water	50	17.5%	*	*	100	8.8%	140	7.9%	30	38.8%	270	6.7%
F: Construction	40	2.9%	-40	-1.4%	160	1.6%	1,660	4.1%	3,880	9.5%	14,790	7.2%
G: Wholesale & Retail	120	0.7%	400	2.9%	2,330	3.1%	4,930	2.8%	2,640	2.3%	9,760	1.8%
H: Hotels & Restaurants	560	3.2%	120	2.1%	1,560	2.5%	2,660	2.2%	350	0.9%	5,920	2.4%
I: Transport, Storage & Comms	50	1.3%	200	4.9%	2,500	10.8%	7,430	10.6%	3,930	7.6%	16,080	7.7%
J: Financial Intermediation	290	4.9%	-10	-0.2%	1,600	2.7%	5,850	3.9%	3,110	11.7%	23,790	5.2%
K: Real Estate & Business Services	830	3.2%	720	2.0%	5,160	2.2%	16,560	3.0%	5,710	3.5%	37,230	3.3%
L: Public Services	20	0.4%	50	0.7%	490	2.0%	580	1.2%	-140	-0.9%	1,350	1.5%
M: Education	-250	-5.2%	220	4.5%	1,240	5.8%	2,840	4.6%	2,110	7.0%	8,730	4.8%
N: Health & Social Work	-150	-2.2%	40	0.6%	1,760	9.2%	-2,370	-3.2%	1,050	3.1%	-1,170	-0.5%
O: Personal Services	1,050	9.1%	450	2.4%	2,090	3.2%	7,120	4.7%	2,060	3.3%	15,680	4.6%
P: Private Households	0	0.0%	0	0.0%	*	*	*	*	0	0.0%	60	4.1%
Total	**2,340**	**2.1%**	**3,310**	**2.9%**	**20,670**	**3.1%**	**50,820**	**3.2%**	**27,050**	**4.2%**	**143,090**	**3.6%**

Source: TCR 2009 (Ref. WB5c/S3a)

2.2.3.2 Total employment change

Total (i.e. net) employment change in Kensington & Chelsea was negative (-2.6%) - undoubtedly a result of the economic downturn (see also Table 14). This downward trend was experienced across all London comparator areas, and in fact the loss of total employment was lower (i.e. less severe) than the London average of –3.1%. These losses clearly vary from the matched employment trends, and imply that firms that have survived the economic downturn are, on average, larger now in terms of employee numbers than they were in 2006.

The change across sectors varied from the changes observed in matched employment. One sector in particular – Electricity, Gas and Water Supply – saw substantial total (i.e. net) growth of 18.1%. This varies only slightly from its matched employment growth, in which it experienced an employment increase of 17.5%, and implies that the employment growth in this sector was not the result of new firms, but was driven by employment growth in older and more established organisations.

When compared with the 3 sectors, which increased in matched employment, size the most (Other Community, Social and Personal Service Activities, Real Estate, Renting and Business Activities, and Hotels and Restaurants), only Hotels and Restaurants saw a net increase in employment across all industries. The Real Estate, Renting and Business Activities sector, for example, experienced a net employment loss of 7.3%. When compared to its matched employment growth of 3.2% this clearly illustrates that employment loss through firm deaths was severe (see also Table 13).

The majority of all sectors experienced a decline in employment, with Private Households with Employed Persons losing the highest percentage (-18.4%). Manufacturing also lost 10.4% of its employment base, and Real Estate, Renting and Financial Intermediation lost 2.2%.

Table 9: Kensington & Chelsea total employment change by broad sector; 2006-2009

	Kensington & Chelsea		Hammersmith & Fulham		Westminster		Central London		West London		London	
Sector	**Change**	**% Change**	**Change**	**% Change**	**Change**	**% Change**	**Change**	**% Change**	**Change**	**% Change**	**Change**	**% Change**
A: Agriculture	*	*	-10	-9.8%	-450	-20.4%	-510	-12.7%	70	4.5%	-190	-1.7%
B: Fishing	0	0.0%	0	N/A	10	58.4%	10	32.0%	0	0.0%	*	*
C: Mining & Quarrying	-10	-4.7%	-260	-70.9%	-940	-8.3%	-950	-7.0%	-310	-18.8%	-1,570	-8.5%
D: Manufacturing	-1,190	-10.4%	-1,490	-10.6%	-2,700	-4.1%	-7,890	-5.6%	-6,270	-8.6%	-29,190	-8.1%
E: Electricity, Gas & Water	50	18.1%	30	425.7%	10	0.7%	40	2.2%	70	70.0%	170	4.0%
F: Construction	-70	-3.6%	-350	-8.5%	-1,910	-14.4%	-2,390	-4.7%	-1,020	-1.9%	-6,210	-2.3%
G: Wholesale & Retail	-30	-0.1%	-520	-3.4%	-3,630	-4.2%	-7,240	-3.6%	-3,190	-2.5%	-24,770	-4.1%
H: Hotels & Restaurants	750	4.0%	330	5.5%	40	0.1%	1,540	1.1%	-720	-1.6%	5,520	2.0%
I: Transport, Storage & Comms	-180	-4.3%	-750	-14.3%	1,530	5.9%	4,260	5.4%	580	1.0%	10,530	4.3%
J: Financial Intermediation	-150	-2.2%	210	5.5%	-6,050	-8.7%	-5,790	-3.4%	3,270	11.4%	-12,650	-2.5%
K: Real Estate & Business Services	-2,210	-7.3%	-2,670	-6.4%	-34,590	-12.1%	-56,090	-8.7%	-14,630	-7.6%	-112,520	-8.2%
L: Public Services	70	1.8%	160	2.4%	1,970	7.7%	2,720	5.7%	220	1.4%	5,810	6.4%
M: Education	-10	-0.1%	170	2.9%	2,240	9.9%	7,600	11.5%	4,940	15.3%	24,760	12.8%
N: Health & Social Work	430	5.8%	-170	-2.2%	-340	-1.5%	-1,940	-2.3%	4,210	11.6%	11,170	4.8%
O: Personal Services	-750	-5.2%	-420	-2.0%	-6,280	-8.1%	-10,670	-5.9%	-2,690	-3.7%	-14,950	-3.7%
P: Private Households	-10	-18.4%	-10	-26.5%	100	46.8%	10	1.9%	-70	-22.7%	-170	-9.4%
Total	**-3,310**	**-2.6%**	**-5,760**	**-4.4%**	**-50,980**	**-6.5%**	**-77,280**	**-4.2%**	**-15,530**	**-2.1%**	**-144,270**	**-3.1%**

Source: TCR 2009 (Ref. WB5c/S4a)

2.2.4 Drivers of Change

2.2.4.1 New Firm Starts (Births) Since 2006

As can be seen in Table 11, the sectors with the highest business birth rates in the borough are the Utilities sector (66.0%), the Private Households sector (50.0%) and the Agriculture sector (35.8%). However the actual numbers of births these sectors contribute is fairly minimal, with a combined total of 40 businesses across all three sectors. The sector that experienced the largest number of births in the borough was the Real Estate and Business Services sector, which gained an additional 1,840 businesses with a birth rate of 27.5% (i.e. 27.5% of the current 2009 stock has been born within the last three years). This sector saw the largest amount of new firm activity of all sectors with the next highest level of activity occurring in the Wholesale and Retail sector, which gained an additional 350 businesses and has a birth rate of 14.2%.

Table 10: Business Birth Rates in Kensington & Chelsea

Sector	Births	Birth Rate	Density
A: Agriculture	20	35.8%	1.2
B: Fishing	0	0.0%	0.0
C: Mining & Quarrying	10	33.8%	0.6
D: Manufacturing	120	10.0%	9.4
E: Electricity, Gas & Water	10	66.0%	0.6
F: Construction	130	11.3%	10.2
G: Wholesale & Retail	350	14.2%	27.5
H: Hotels & Restaurants	180	13.4%	14.3
I: Transport, Storage & Comms	70	8.8%	5.5
J: Financial Intermediation	140	12.6%	10.9
K: Real Estate & Business Services	1,840	27.5%	143.7
L: Public Services	*	2.2%	0.2
M: Education	30	8.4%	2.7
N: Health & Social Work	90	7.5%	7.0
O: Personal Services	470	13.4%	36.5
P: Private Households	10	50.0%	0.8
Total	**3,470**	**17.3%**	**271.2**

* Denotes a value less than 5

Source: TCR 2009 (Ref. W6/S5)

Whilst these two sectors saw high degrees of new firm activity they were not as high as the levels seen within Greater London as a whole. Overall Westminster is the borough which has seen the largest amount of new firm activity in density[1] terms with 585 new businesses being created per 10,000 working age population, however due to the large number of businesses in the borough this only equates to a birth rate of 15.0%. Overall the birth rate as a percentage of total stock is slightly lower in Kensington & Chelsea than in London (17.3% compared to 17.5% in London) but it is higher in density terms (271 per 10,000 working age population as opposed to 255 in London)

Table 11: Business Birth Rates Across All Broad Sectors

	Kensington & Chelsea		Hammersmith & Fulham		Westminster		Central London		West London		London	
Sector	**Birth Rate**	**Density**	**Birth Rate**	**Density**	**Birth Rate**	**Density**	**Birth Rate**	**Density**	**Birth Rate**	**Density**	**Birth Rate**	**Density**
A: Agriculture	35.8%	1.2	13.8%	0.6	28.9%	1.6	25.8%	1.0	17.7%	0.8	18.0%	0.9
B: Fishing	0.0%	0.0	0.0%	0.0	0.0%	0.0	30.7%	0.0	0.0%	0.0	19.4%	0.0
C: Mining & Quarrying	33.8%	0.6	52.6%	0.9	14.1%	3.1	16.9%	0.7	19.2%	0.3	17.0%	0.3
D: Manufacturing	10.0%	9.4	7.8%	7.5	6.9%	14.2	7.6%	8.2	8.2%	6.6	8.1%	6.7
E: Electricity, Gas & Water	66.0%	0.6	38.6%	0.2	15.5%	0.7	18.9%	0.2	28.8%	0.1	22.8%	0.2
F: Construction	11.3%	10.2	10.8%	18.6	10.3%	15.7	10.8%	15.2	10.0%	27.0	9.8%	23.8
G: Wholesale & Retail	14.2%	27.5	12.7%	22.6	12.0%	43.1	13.9%	25.6	16.6%	27.9	15.4%	25.1
H: Hotels & Restaurants	13.4%	14.3	21.7%	16.2	18.5%	44.7	19.2%	20.0	23.9%	13.0	22.3%	14.7
I: Transport, Storage & Comms	8.8%	5.5	10.1%	8.6	8.1%	14.2	9.8%	8.0	11.5%	11.1	10.5%	8.3
J: Financial Intermediation	12.6%	10.9	10.2%	5.4	10.2%	28.6	10.7%	10.5	11.7%	5.8	11.1%	8.1
K: Real Estate & Business Services	27.5%	143.7	33.1%	160.6	22.8%	333.8	28.5%	172.2	35.8%	124.6	32.8%	130.1
L: Public Services	2.2%	0.2	20.5%	0.7	3.2%	0.7	4.1%	0.3	13.3%	0.3	8.0%	0.3
M: Education	8.4%	2.7	10.1%	4.5	7.9%	5.2	8.8%	3.6	9.3%	3.8	9.5%	3.8
N: Health & Social Work	7.5%	7.0	11.6%	9.9	7.2%	16.7	8.8%	9.5	9.9%	8.1	9.7%	8.6
O: Personal Services	13.4%	36.5	13.2%	34.7	9.3%	62.5	11.3%	34.0	11.7%	21.6	11.5%	23.9
P: Private Households	50.0%	0.8	0.0%	0.0	6.0%	0.1	17.8%	0.3	13.4%	0.2	14.1%	0.2
Total	**17.3%**	**271.2**	**18.8%**	**290.9**	**15.0%**	**585.0**	**17.3%**	**309.4**	**18.2%**	**251.2**	**17.5%**	**255.0**

Source: TCR 2009 (Ref. W6/S5)

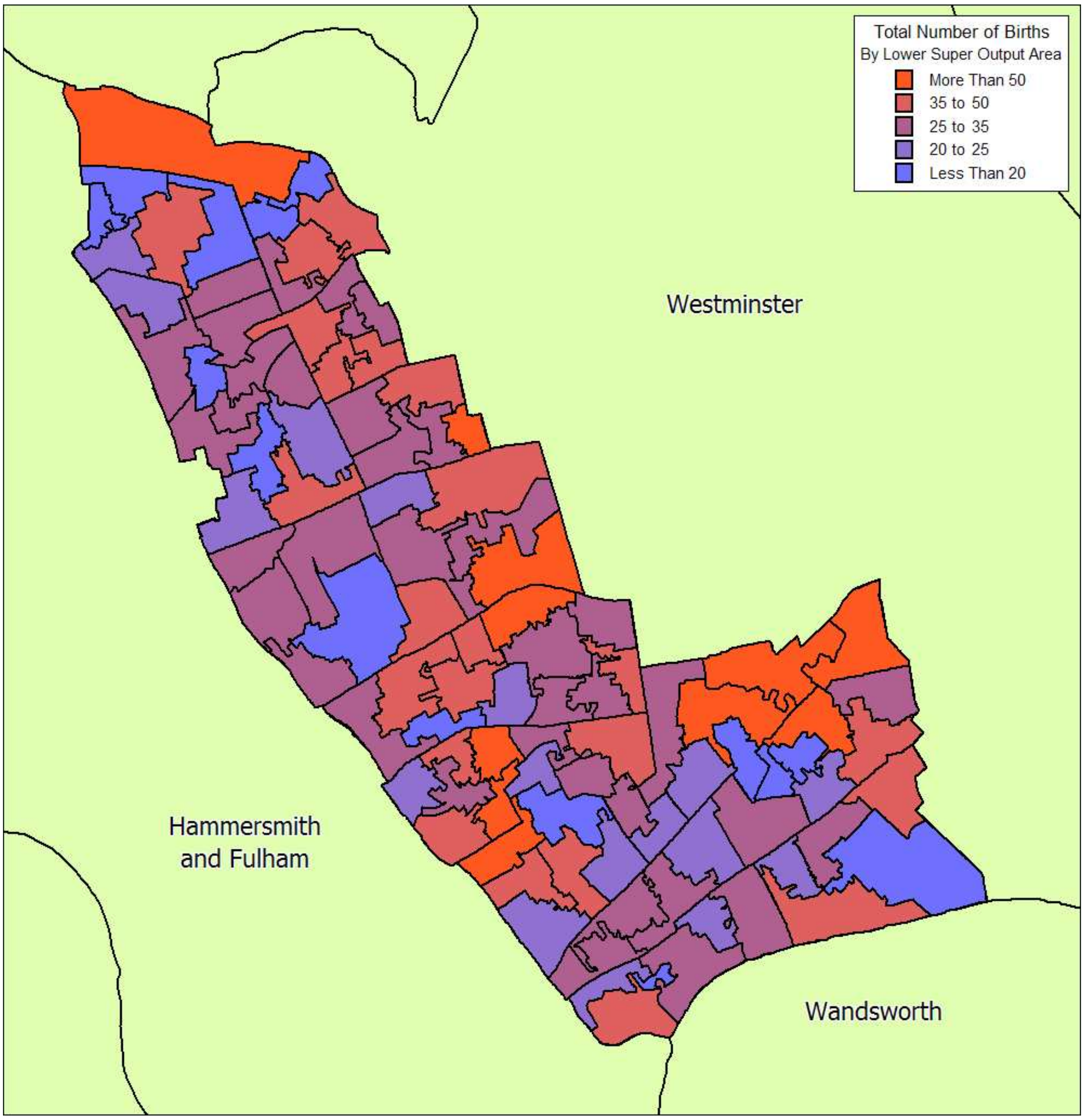
The figure on the following page (Figure 3) identifies particular 'hotspots' of new firm activity, by examining the total number of new starts within each lower super output area. In particular, there has been a lot of new firm activity around Brompton Road and its surrounding areas. This is perhaps driven by the fact that the area houses big names such as Harrods, Harvey Nichols and Peter Jones and because of this businesses set up in this area in an attempt to catch some of the vast footfall these large department stores bring in.

Other areas that have seen high levels of new firm activity over the past three years include Kensington High Street, Notting Hill Gate and Earls Court as well as the areas surrounding Earls Court. Surprisingly, there is also a high level of new firm activity in the far north of the borough. This is most likely driven by the new Park Royal industrial estate, with businesses potentially seeing a site in close proximity to this estate an attractive prospect. The industrial estate is extremely large with 1,900 businesses and 40,000 employees[2].

[1] In this section and throughout our analysis, we calculate new firm density as the number of new firms per 10,000 working age population.
[2] http://www.20thcenturylondon.org.uk/server.php?show=ConInformationRecord.430

Particularly low levels of new firm activity occur around Royal Hospital Road, Holland Park and in the north of the borough near St. Charles Hospital. However when comparing this diagram with Figure 1 (Spatial Distribution of Businesses in Kensington & Chelsea) it can be seen that there are few businesses in this area, meaning the low level of new firm activity is not unexpected.

Figure 3: Spatial Distribution of Business Births in Kensington & Chelsea



Source: TBR 2009

The largest proportion of new employment in the borough created by business births occurred in the Real Estate & Business Services sector. This sector gained an additional 2,720 new jobs, which accounts for approximately 27.1% of all new jobs created through business births (since 2006) in Kensington & Chelsea. Other sectors that gained high levels of new employment through business births include Wholesale & Retail (1,490 employees), Hotels & Restaurants (1,460 employees) and the Personal Services sector (1,110 employees).

Hammersmith & Fulham saw fairly similar levels of new employment from births overall, with 10,020 employees compared to 9,820 in Kensington & Chelsea. However Westminster has seen the most employment from new starts with over 40,000 employees being attributed to new business births since 2006. This information combined with it's extremely large new firm density (see Table 11) demonstrate just how large Westminster is in terms of the number of business it has. In a similar fashion to Kensington & Chelsea, the majority of this new employment is focused in the Real Estate & Business Services sector.

Table 12: Employment Created by Business Births

Sector	Kensington & Chelsea	Hammersmith & Fulham	Westminster	Central London	West London	London
A: Agriculture, Hunting & Forestry	30	20	40	220	200	1,360
B: Fishing	0	0	0	10	0	10
C: Mining & Quarrying	10	20	210	290	80	630
D: Manufacturing	420	350	2,120	5,140	2,760	14,940
E: Electricity, Gas & Water Supply	10	30	20	60	60	180
F: Construction	420	760	1,170	7,000	8,650	40,970
G: Wholesale & Retail	1,490	870	5,180	15,500	10,420	48,770
H: Hotels & Restaurants	1,460	840	4,810	11,640	4,120	26,820
I: Transport, Storage & Comms	240	300	1,730	4,710	5,390	30,940
J: Financial Intermediation	420	680	2,780	6,970	2,260	20,540
K: Real Estate & Business Services	2,720	3,870	13,070	42,930	17,870	109,990
L: Public Services	60	120	1,930	2,850	530	5,860
M: Education	540	700	2,520	8,890	4,950	26,950
N: Health & Social Work	850	500	1,570	8,560	5,860	31,040
O: Personal Services	1,110	950	3,280	11,300	5,700	34,500
P: Private Households	10	0	140	150	20	160
Grand Total	**9,810**	**10,020**	**40,570**	**126,220**	**68,870**	**393,650**

Source: TCR 2009 (Ref. W6/S7)

2.2.4.2 *Firm Closures (Deaths) Since 2006*

As can be seen in Table 13, the sectors with the highest death rates are Utilities, (60%), Private Households (42.9%) and Mining and Quarrying (41.7%). These three sectors are already relatively small in the borough however and the deaths relating to these death rates only account for 23 businesses lost in the borough. The sector that experienced the highest number of deaths were Real Estate and Business Services which experienced a loss of 1,989 businesses (a death rate of 31.1%), Personal Services which experienced a loss of 566 businesses (a death rate of 29.1%) and Wholesale and Retail, which also lost 566 businesses (a death rate of 20.7%). The death rates for the Wholesale and Retail sector and the Real Estate and Business Services sector are lower than the London average, whilst the Personal Services sector's death rate is the same as the London average. This indicates that whilst these sectors have lost many businesses within the borough, they are doing relatively well when compared to the same sectors elsewhere in London.

Table 13: Death Rates Across All Broad Sectors

Sector	Kensington & Chelsea	Hammersmith & Fulham	Westminster	Central London	West London	London
A: Agriculture, Hunting & Forestry	16.3%	14.9%	38.7%	26.1%	19.7%	20.4%
B: Fishing	0.0%	N/A	12.5%	38.1%	50.0%	36.5%
C: Mining & Quarrying	41.7%	53.3%	35.1%	39.4%	39.5%	39.6%
D: Manufacturing	24.1%	23.4%	30.7%	26.8%	22.6%	25.6%
E: Electricity, Gas & Water Supply	60.0%	50.0%	41.4%	41.7%	31.6%	37.3%
F: Construction	31.6%	31.3%	43.7%	33.4%	29.4%	29.5%
G: Wholesale & Retail	20.7%	21.2%	25.7%	24.0%	24.3%	23.9%
H: Hotels & Restaurants	16.5%	22.2%	22.7%	21.4%	24.7%	22.8%
I: Transport, Storage & Comms	24.9%	25.7%	28.6%	28.1%	27.0%	27.7%
J: Financial Intermediation	17.0%	19.7%	31.6%	26.3%	16.9%	22.6%
K: Real Estate & Business Services	31.1%	36.1%	44.9%	39.4%	36.8%	38.2%
L: Public Services	5.2%	11.4%	10.3%	9.3%	15.1%	11.8%
M: Education	15.9%	19.9%	23.2%	19.0%	17.4%	17.3%
N: Health & Social Work	9.3%	16.3%	18.1%	15.0%	14.6%	14.6%
O: Personal Services	29.1%	27.9%	35.0%	31.8%	28.5%	29.1%
P: Agriculture, Hunting & Forestry	42.9%	35.1%	49.4%	42.1%	30.8%	34.9%
Total	**25.2%**	**28.7%**	**36.7%**	**31.8%**	**28.7%**	**29.8%**

Source: TCR 2009 (Ref. W15/S8)

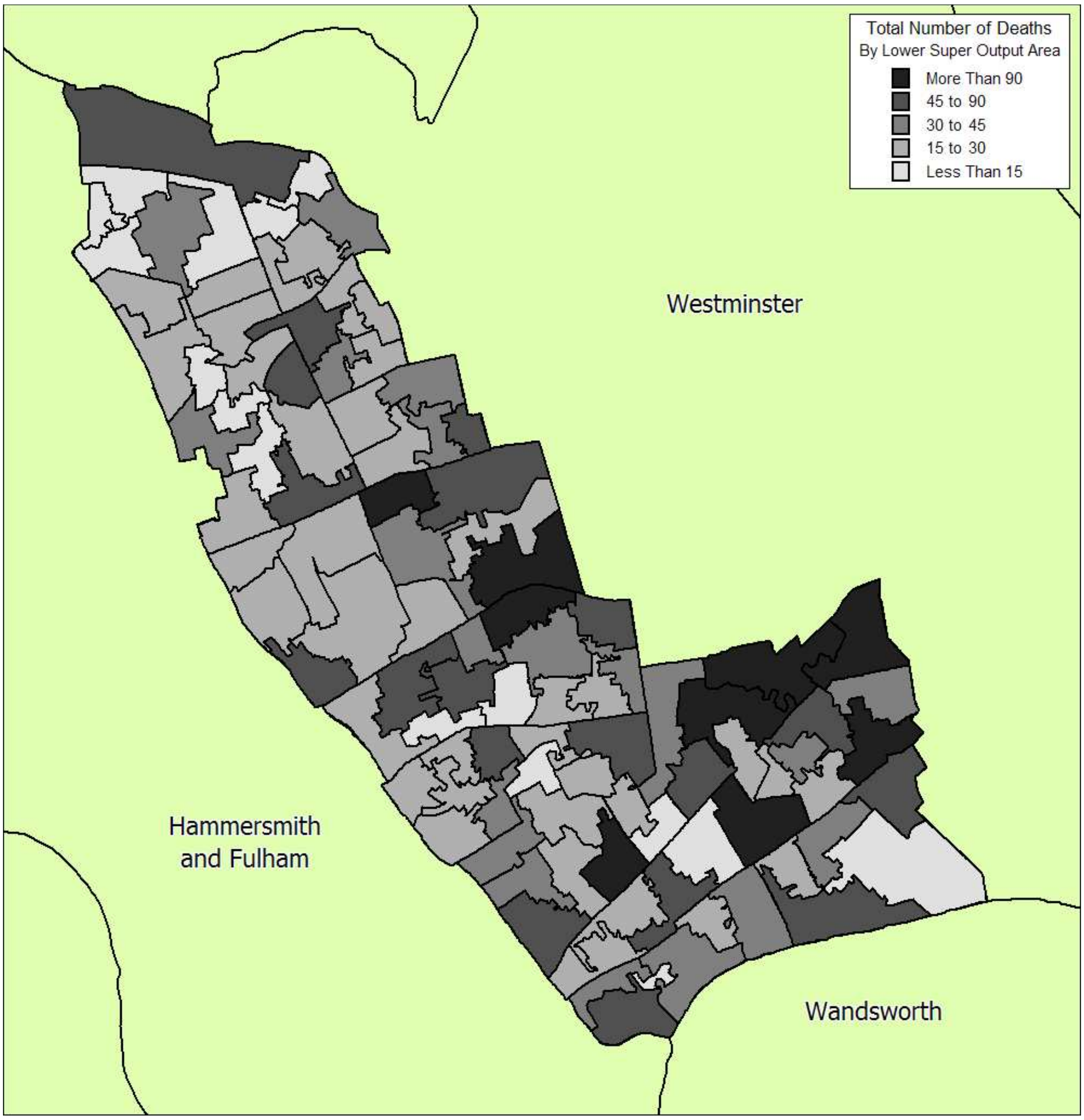
The following figure (Figure 4) spatially examines the total number of business deaths that have occurred in the borough since 2006 with each lower super output area. The main areas where deaths have occurred are the area of Brompton Road (and surrounding areas), Kensington High Street and the west of Notting Hill Gate (joining on to Holland Park Avenue). There have also been some smaller hotspots including the middle of Fulham Road, Sydney Street and the area to the immediate east of Sydney Street.

Notably, the areas that show the highest number of deaths tend to be the areas that have the most new firm formations (see Figure 3: Spatial Distribution of Business Births in Kensington & Chelsea). In particular the area surrounding Brompton Road as well as Kensington High Street and to some extent Notting Hill Gate. This suggests that there is a good turnover of businesses in these areas, which is actually a good sign of growth. The fact that these areas are generally quite prosperous supports this.

Similarly, there are also a number of areas where the low number of deaths matches up with a low number of births, which suggests that these areas are well established and that growth is likely to be fairly static. Areas that exhibit these traits include the area around Royal Hospital Road, as well as the areas to the north of the borough surrounding St. Charles Hospital.

In addition, there are also areas that have survived the period of 2006 to 2009 with relatively few deaths such as Cromwell Road, Latimer Road and the area to the immediate west of Sydney Street.

Figure 4: Spatial Distribution of Business Deaths in Kensington & Chelsea



Source: TBR 2009

Table 14 shows that the largest amount of employment lost as a result of business deaths in the borough took place in the Real Estate and Business Activities sector. This sector experienced a loss of 4,700 new jobs caused by business deaths between 2006 and 2009, which accounted for 33% of all jobs lost by business deaths across Kensington & Chelsea. The Real Estate and Business Services sector experienced the highest percentage change in employment caused by both deaths and births of businesses when compared to other sectors in the borough. The percentage of job losses in this sector caused by deaths across London however is similar at 35%.

Other sectors that experienced high job losses caused by business deaths were the Personal Services sector (2,890 jobs lost), the Wholesale and Retail sector (1,620 jobs lost) and the Manufacturing sector (1,310 jobs lost).

Table 14: Employment Lost by Business Deaths

Sector	Kensington & Chelsea	Hammersmith & Fulham	Westminster	Central London	West London	London
A: Agriculture, Hunting & Forestry	10	20	330	450	150	1,190
B: Fishing	0	0	*	10	*	20
C: Mining & Quarrying	20	280	1,230	1,410	520	2,580
D: Manufacturing	1,310	2,980	6,580	16,430	10,710	54,480
E: Electricity, Gas & Water Supply	10	*	100	160	20	270
F: Construction	540	1,060	3,240	11,040	13,540	61,970
G: Wholesale & Retail	1,620	1,770	11,370	27,190	15,850	81,950
H: Hotels & Restaurants	1,270	620	6,320	12,750	5,190	27,210
I: Transport, Storage & Comms	470	1,250	2,700	7,880	8,730	36,680
J: Financial Intermediation	810	450	10,370	18,800	2,290	57,440
K: Real Estate & Business Services	4,700	5,820	51,670	100,740	30,970	223,280
L: Public Services	10	10	450	710	170	1,400
M: Education	300	750	1,510	4,130	2,120	10,920
N: Health & Social Work	270	710	3,670	8,140	2,700	18,700
O: Other Personal Service Activities	2,890	1,810	11,710	29,190	10,440	65,240
P: Private Households	20	10	40	140	70	390
Total	**14,240**	**17,550**	**111,290**	**239,160**	**103,470**	**643,720**

Source: TCR 2009 (Ref. W5c/2a)

2.2.5 Age Of Businesses

Across all Kensington & Chelsea industry sectors, the most common age category is 25+ years (see Table 15). Kensington & Chelsea has a relatively high share of well-established firms (i.e. aged 15+ years) - 24.7% of all firms fall within this designation. This is higher than the London equivalent of 21.8%, and is only exceeded by Westminster with 25.5%.

Table 15: Kensington & Chelsea Firm Distribution by Broad Sector & Age Band

Sector	A: Less Than 1 Year Old	B: 1 Year Old	C: 2 to 3 Years Old	D: 4 to 5 Years Old	E: 6 to 9 Years Old	F: 10 to 14 Years Old	G: 15 to 24 Years Old	H: 25+ Years Old	Y: Branch	Z: No Info
A: Agriculture, Hunting & Forestry	0.0%	7.0%	7.0%	7.0%	7.0%	16.3%	11.6%	18.6%	4.7%	20.9%
B: Fishing	0.0%	0.0%	0.0%	100%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
C: Mining & Quarrying	0.0%	11.1%	22.2%	11.1%	33.3%	22.2%	0.0%	0.0%	0.0%	0.0%
D: Manufacturing	0.0%	1.4%	6.6%	6.1%	13.7%	13.7%	17.0%	16.7%	11.8%	13.0%
E: Electricity, Gas & Water Supply	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	0.0%	16.7%	33.3%	0.0%
F: Construction	0.0%	2.1%	15.3%	8.3%	14.9%	10.1%	10.1%	11.5%	4.5%	23.3%
G: Wholesale & Retail	0.0%	1.0%	4.5%	5.0%	9.5%	10.8%	14.9%	16.1%	21.4%	16.8%
H: Hotels & Restaurants	0.0%	1.3%	4.0%	4.8%	8.8%	8.7%	12.1%	10.5%	22.0%	27.8%
I: Transport, Storage & Comms	0.0%	2.9%	4.9%	6.0%	11.8%	14.7%	11.5%	13.2%	18.7%	16.4%
J: Financial Intermediation	0.0%	1.0%	5.5%	6.2%	13.8%	12.2%	18.1%	21.8%	14.6%	6.7%
K: Real Estate & Business Services	0.0%	2.1%	12.0%	10.7%	15.5%	14.0%	17.1%	15.6%	4.5%	8.4%
L: Public Services	0.0%	0.8%	0.0%	0.8%	4.2%	4.2%	4.2%	15.0%	31.7%	39.2%
M: Education	0.0%	1.0%	5.3%	6.7%	7.7%	7.7%	13.9%	16.7%	21.5%	19.6%
N: Health & Social Work	0.0%	1.0%	3.9%	3.0%	7.3%	7.2%	12.2%	16.0%	18.0%	31.3%
O: Personal Services	0.0%	2.1%	8.9%	7.9%	11.3%	13.8%	13.7%	13.9%	9.2%	19.2%
P: Private Households	0.0%	0.0%	20.0%	5.0%	40.0%	5.0%	0.0%	0.0%	0.0%	30.0%
Kensington & Chelsea	**3.0%**	**7.6%**	**9.9%**	**9.0%**	**10.3%**	**9.9%**	**12.3%**	**12.4%**	**9.9%**	**15.8%**
Hammersmith & Fulham	3.8%	9.4%	11.2%	7.4%	11.7%	10.5%	11.8%	9.9%	8.8%	15.5%
Westminster	2.9%	6.4%	8.8%	9.1%	12.2%	11.7%	12.5%	13.0%	9.4%	14.0%
Central London	3.3%	8.0%	10.2%	8.3%	11.7%	10.9%	11.9%	11.4%	8.8%	15.5%
West London	4.0%	10.2%	11.2%	7.7%	11.5%	9.9%	11.1%	9.9%	8.8%	15.8%
Greater London	**3.7%**	**9.2%**	**10.8%**	**7.8%**	**11.5%**	**10.0%**	**11.2%**	**10.5%**	**9.0%**	**16.1%**

Source: TCR 2009 (Ref. WB14/S5a)

Conversely, only 3% of Kensington & Chelsea firms are less than one year old - a lower proportion than any other comparator area except for Westminster (2.9%). Across sectors, Financial Intermediation has the largest share of well-established firms (39.9%), although Manufacturing (33.7%) and Real Estate, Renting and Business Activities (32.7%) also rank highly. The Electricity, Gas and Water Supply and the Mining and Quarrying sectors have the highest proportions of firms aged 0-3 years (50% and 33.3% respectively) though these figures are based on small numbers of firms.

The average age of firms in Kensington & Chelsea is 14 years (see Table 16). This is marginally higher than the London average of 13 years, and is only exceeded by Westminster (with an average firm age of 15 years). With regards to individual sectors; Public Administration and Defence; Compulsory Social Security has the oldest average firm age (35 years), as it does across London as a whole. Health and Social Work and Education also have high average firm ages - it is no coincidence that many organisations within these sectors are publicly funded and are therefore relatively unaffected by changing economic fortunes over time, unlike private sector firms. Discounting fishing (which has negligible employment in the borough), the youngest sectors are Mining and Quarrying and Private Households with Employed Persons, each with an average firm age of 4 years old.

Table 16: Kensington & Chelsea Firm age by Broad Sector

Sector	Kensington & Chelsea	Hammersmith & Fulham	Westminster	Central London	West London	London
A: Agriculture, Hunting & Forestry	19	13	22	17	17	18
B: Fishing	4		14	11	29	13
C: Mining & Quarrying	6	7	13	12	12	12
D: Manufacturing	19	19	24	22	19	21
E: Electricity, Gas & Water Supply	10	3	12	11	8	12
F: Construction	13	13	15	14	13	14
G: Wholesale & Retail	19	18	22	20	18	18
H: Hotels & Restaurants	17	13	16	14	12	13
I: Transport, Storage & Comms	15	15	19	16	14	15
J: Financial Intermediation	20	22	23	23	19	22
K: Real Estate & Business Services	15	12	16	14	12	13
L: Public Services	35	14	40	35	14	26
M: Education	22	14	24	21	16	18
N: Health & Social Work	23	14	19	18	15	16
O: Personal Services	17	15	20	18	15	17
P: Private Households	6	7	27	11	6	8
Total	**14**	**12**	**15**	**14**	**12**	**13**

Source: TCR 2009 (Ref. WB14/S5b)

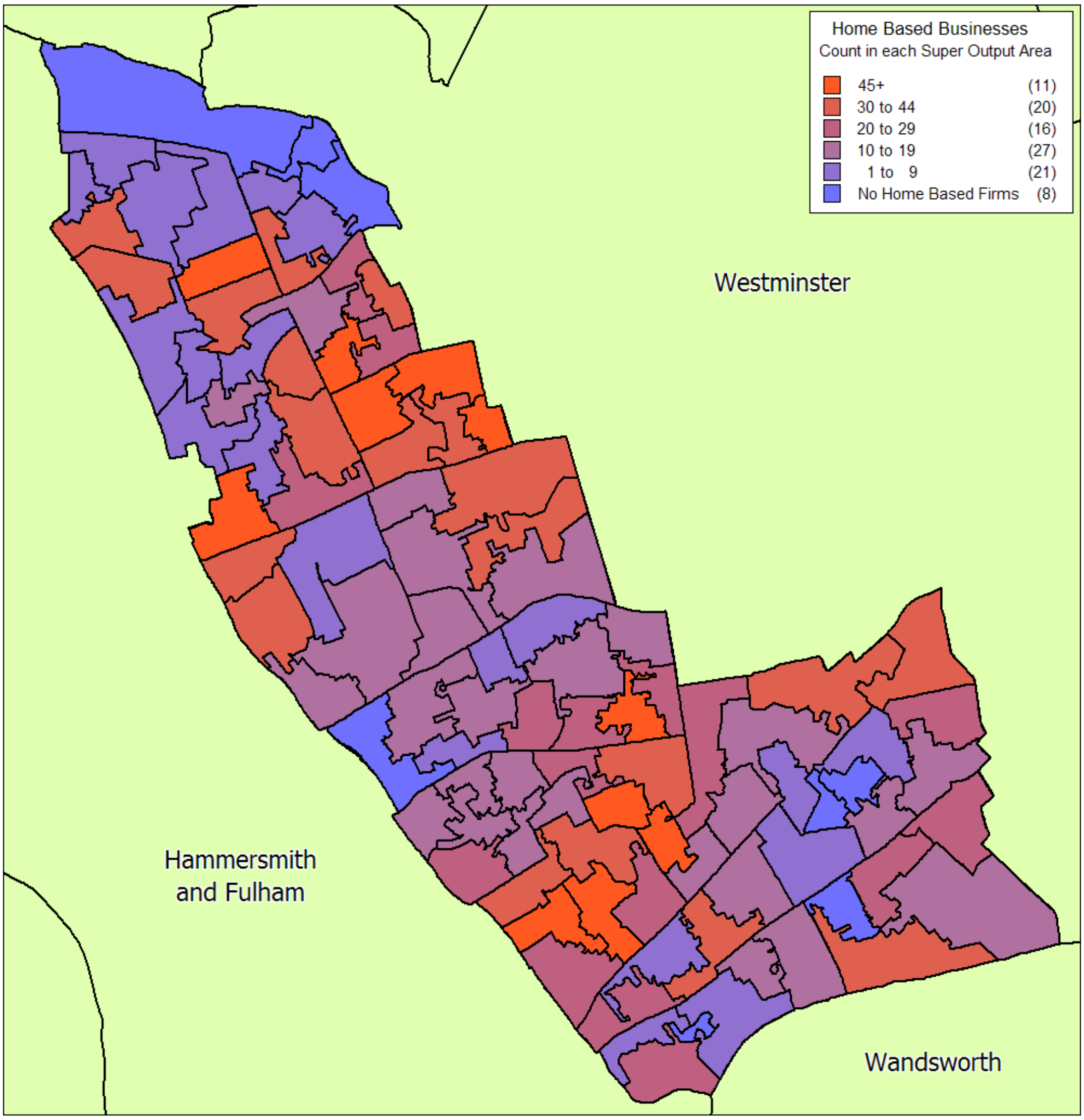
2.2.6 Home Based Businesses

This section focuses on Home Based Business (HBB) activity within Kensington & Chelsea and other areas within London. That is, it investigates the number of businesses who operate from their home (i.e. their registered address is residential, though they do not necessarily have to trade from their registered address). The initial start of this section provides an overall insight in to HBB activity at the broader level, whereas the Key Sector Annexe takes an industry specific view by investigating the strong SICs behind each of the six strong sectors. For a methodology on how these businesses were discovered through TCR, see annex 'Local Economic Evidence; Employment and Land Use – Methodology'.

Figure 5 below displays the spatial distribution of home based businesses within Kensington & Chelsea. It is clear that there are high levels of home based activity within the areas of Notting Hill, Westway, Holland Park Avenue and to some extent, West Brompton and Knightsbridge. There is very little home based activity based in the north of the borough, with much of the north's super output areas having less than 10 or no home based businesses at all.

Home based businesses are generally more prevalent in rural than in urban areas. Interestingly, approximately 10% of HBBs have 10 or more employees and an annual turnover of at least £250,000. HBBs operate in many sectors and only a small minority are e-commerce based. It has been suggested that an association exists between the numbers of HBBs and an area's economic prosperity.[1]

Figure 5: Spatial Distribution of Home Based Businesses in Kensington & Chelsea



Source: TBR 2009

[1] Invisible Businesses: The Characteristics of Home Based businesses in the United Kingdom, (2008), Mason, C. et al, The University of Strathclyde http://www.strath.ac.uk/media/departments/huntercentre/research/workingpapers/media_144423_en.pdf, p2

Kensington & Chelsea has the 7th highest proportion of home based activity in London, with approximately 10.2% of the business base being home based. It also has the 7th highest number of home based business with 1,730 businesses. The highest proportion occurs in Haringey with almost 15% (2,020) of the business base being based at home. However Camden and Westminster have the most home based businesses in absolute terms (2,280 and 2,220 respectively) but this represents a smaller proportion of the total economy in each of these areas.

Table 17: Home based businesses in London[1]

London Borough	Home Based	Total	(%)	Rank
00AP: Haringey	2,020	13,670	14.8%	1
00AY: Lambeth	1,970	15,790	12.5%	2
00BJ: Wandsworth	2,120	18,690	11.4%	3
00AE: Brent	1,920	17,790	10.8%	4
00AZ: Lewisham	1,320	12,360	10.7%	5
00BH: Waltham Forest	1,230	11,630	10.5%	6
00AW: Kensington & Chelsea	1,730	17,030	10.2%	7
00AN: Hammersmith & Fulham	1,430	14,750	9.7%	8
00AM: Hackney	1,470	15,460	9.5%	9
00AU: Islington	1,620	19,180	8.4%	10
00BB: Newham	960	12,150	7.9%	11
00AG: Camden	2,280	29,050	7.9%	12
00BD: Richmond upon Thames	760	14,610	5.2%	13
00AJ: Ealing	920	19,140	4.8%	14
00AL: Greenwich	510	10,950	4.7%	15
00BE: Southwark	840	18,060	4.7%	16
00BC: Redbridge	590	14,390	4.1%	17
00AC: Barnet	1,020	25,160	4.0%	18
00AX: Kingston upon Thames	400	10,350	3.9%	19
00BK: Westminster	2,220	57,470	3.9%	20
00BA: Merton	450	11,920	3.8%	21
00AH: Croydon	700	20,110	3.5%	22
00AK: Enfield	510	15,150	3.4%	23
00AT: Hounslow	420	13,720	3.0%	24
00BF: Sutton	230	10,480	2.2%	25
00AQ: Harrow	280	15,390	1.8%	26
00AF: Bromley	310	17,570	1.8%	27
00AB: Barking & Dagenham	120	7,070	1.6%	28
00BG: Tower Hamlets	250	16,450	1.5%	29
00AD: Bexley	60	10,190	0.6%	30
00AR: Havering	30	10,560	0.2%	31
00AS: Hillingdon	30	15,060	0.2%	32
00AA: City of London	20	17,530	0.1%	33
London Total	**30,750**	**548,880**	**5.6%**	

Source: TCR 2009 (Ref. WB7/S1)

The majority of HBBs in Kensington & Chelsea are public or limited companies. This follows the same trend as Hammersmith and Fulham, Westminster and the whole of London.

[1] Table 17 and Table 18 are based on the absolute number of firms that are present on TCR, rather than the grossed total witnessed in Table 2. This is to ensure a like for like comparison between London boroughs.

Table 18: Home based businesses by legal status

	Kensington & Chelsea			Hammersmith & Fulham			Westminster			London		
Legal Status	**Home Based**	**Total**	**(%)**	**Home Based**	**Total**	**(%)**	**Home Based**	**Total**	**(%)**	**Home Based**	**Total**	**(%)**
Limited Company	1,260	8,970	14.0%	1,050	8,430	12.5%	1,570	33,930	4.6%	21,490	300,430	7.2%
Sole Proprietor	190	2,600	7.3%	200	2,580	7.8%	260	6,530	4.0%	4,560	99,550	4.6%
Partnership	20	590	3.4%	20	470	4.3%	50	2,180	2.3%	500	21,620	2.3%
Other	260	4,870	5.3%	170	3,280	5.2%	340	14,830	2.3%	4,200	127,290	3.3%
Total	**1,730**	**17,030**	**10.2%**	**1,430**	**14,750**	**9.7%**	**2,220**	**57,470**	**3.9%**	**30,750**	**548,880**	**5.6%**

Source: TCR 2009 (Ref. WB7/S7b)

2.3 Strong Sector Summaries

2.3.1 Business Services

Within the Business Services sector, eleven industries were identified as being strong in the borough. These include *photographic activities, legal activities, software consultancy & supply* and *business & management consultancy activities*.

In Kensington & Chelsea the businesses in *photographic activities* demonstrates a particular strength in both employment and businesses compared to the national average[1]. *Business and management consultancy activities* on the other hand, have high business and employment densities. Generally businesses involved in *photographic activities* appear to consist of many smaller sized businesses as opposed to few large businesses. The types of business in this industry vary, but the largest groups include commercial photography (30%), photographic portrait studios (17%) and photographic processing (7%).

Comparatively, businesses that have lower employment are involved in *industrial cleaning* and *accounting, book-keeping, auditing & tax*. Sole proprietors account for the majority of employment in the borough, particularly those engaged in *other business activities*. This suggests that there are a significantly high number of very small businesses operating within this industry. The *labour recruitment and provision of personnel* industry has seen the most positive growth in total employment change in the last three years in Kensington & Chelsea, whereas in the whole of London employment has declined in this activity.

The majority of new businesses are single site enterprises (i.e. independent businesses as opposed to branches); except for those in *advertising* and the *labour recruitment and provision of personnel,* where the there are equal numbers of single sites and branches that are new. The majority of employees working in new businesses in the sector are employed in small businesses (0 or 1-4 employees), as would probably be expected. An interesting variance from the trend is in *legal activities,* where the majority of employment in new businesses occurs in businesses with 50 or more employees.

Kensington & Chelsea has a lower business death rate in Business Services than the other London comparator areas in this study, which is a good indicator of a strong local economy in this sector. People that are self-employed and large SMEs are most vulnerable to business closure in the Business Services sector. The majority of businesses are aged 15-25 or older, with businesses involved in *architectural / engineering / technical consultancy, photographic activities* and *legal activities* being the oldest. This means that they are well established and therefore potentially more resilient to external economic forces.

[1] Based on LQ analysis (see Key Sector Annexe)

Key Facts 1: Business Services Summary

- There are currently 20,240 people employed in Business Services, which is the equivalent of 16.6% of the borough's total employment.
- Between 2006 and 2009 the sector experienced a net decrease in jobs of 1,740, which is a decrease of -7.9% from the 2006 employment stock.
- The business birth rate for the sector is 34.2%, which gave rise to an additional 1,950 jobs since 2006.
- The business death rate for the sector is 31.3% and 3,300 jobs were lost through these business deaths since 2006.
- The average age of businesses involved in Business Services is 13 years.
- Approximately 19.3% of businesses in the borough are led by teams that are entirely female. Similarly 30.3% of businesses in this sector have female proprietors.
- Businesses that have leadership teams consisting entirely of members from a BME background account for 4.9% of the business base, whilst 5.5% of business have a BME proprietor.
- There are 490 home based businesses in the Business Services sector.

2.3.2 Wholesale & Retail

Within the Wholesale & Retail sector, ten industries were identified as being strong in the borough. These include the *wholesale of clothing and footwear*, the *retail sale of second-hand goods* and the *retail of clothing*.

When considering relative strengths in the borough's Wholesale & Retail sector against the UK average, the *retail of second hand goods* performs well in terms of businesses and employment. A significant proportion of these businesses are involved in the antiques trade (90% of all employment and businesses in this activity), with this trade contributing 3% towards all retail employment in the borough.

Another strength is in *retail in specialised stores*, which is the other industry where one would find antiques activity. This industry has the highest business density in the borough. On the other hand, the industries of *retail sale in non-specialised stores*, *other wholesale* and the *retail sale of footwear and leather goods* are much weaker in terms of this measure. This indicates that they do not have as strong a presence in the borough in terms of business concentrations.

However, whilst *retail in non-specialised stores* does not have a particularly strong presence in terms of business density, it does have the largest number of employees. This is due to the presence of very large department stores in the borough, namely Harrods, Harvey Nichols and Peter Jones. Employment strengths additionally exist in the *retail of clothing* and *retail of second hand goods in stores* (Westminster also demonstrates significant strength in this area). With regard to the type of site that businesses operate from the largest proportion of employment for the Wholesale & Retail sector is based at branch premises.

With regard to employment change, businesses involved in *retail in non-specialised stores* have grown the most in the last three years. Conversely, businesses engaged in the *retail of footwear leather goods* saw a significant decline in employment. The highest birth rate (i.e. rate of business start ups) in this sector in Kensington & Chelsea occurred in the *wholesale of clothing and footwear* industry, whilst businesses involved in the *retail of second-hand goods* saw the lowest birth rate. Businesses involved in the *retail of clothing* and *retail in specialised stores* significantly out-perform the London average by way of their birth rates. When considering employment created through new business start-ups, those engaged in the *retail of clothing* account for the highest number of new employees.

The only industry to have established new headquarters (in 2009) in the borough is in *retail in specialised stores*. This may suggest that this industry has a particular strength.

Whilst the *retail of second hand goods* industry exhibits a high business density, it also has the lowest birth rates and the smallest proportion of deaths in the borough. This indicates that there has been little change in business stock in this industry and given recent economic conditions one could speculate that it is fairly resilient to recession in the borough.

The greatest numbers of job losses over the last 3 years were at single sites. Interestingly, businesses involved in the *retail of clothing* were the only ones to experience job losses caused by the death of businesses with more than 50 employees however this was also the industry with the greatest number of job losses at headquarters (where one might expect a lot of employees to be based). Finally, when considering the age of businesses, the highest proportion of businesses are aged between 15 and 25 years or older, indicating that many businesses in the Wholesale & Retail sector are well established in Kensington & Chelsea.

Kensington & Chelsea has two traditional street markets. These are the Portobello Road Market and the Golbourne Road Market. Farmers markets are also held in the borough on an irregular basis. This study examined the *retail sale via stalls and markets* industry within the Annual Business Inquiry (2008) in order to uncover the role of markets in the borough. Data was considered relating to Kensington & Chelsea, neighbouring boroughs and London as a whole. However, due to the lack of robustness of available data, reliable insight into the industry was not possible.

Key Facts 2: Wholesale & Retail Summary

- Current employment in this sector is 20,150, which represents 16.5% of total employment in the borough
- The sector experienced an overall decrease in employment of 30 jobs (-0.1%) in 2009.
- The business birth rate for this sector is 14.2%, which resulted in a gain of 1,490 new jobs in 2009.
- The business death rate in this sector is 20.7%, which resulted in the loss of 1,620 jobs in 2009.
- The average age of businesses is 19 years.
- Businesses with 100% female led teams represent 17.6% of all businesses, whilst 27.9% of businesses have female proprietors.
- Businesses with 100% BME led teams represent 8.3% of all businesses, whilst 15.9% of businesses have BME proprietors.
- There are 80 Home Based Businesses in the borough classified as belonging to the sector.

2.3.3 Hospitality

Within the Hospitality sector, four industries were identified as being strong in the borough, namely *hotels*, *restaurants*, *bars* and *catering*.

The *hotel* industry demonstrates significant strength in Kensington & Chelsea in terms of the number of people employed and the number of businesses in existence compared to elsewhere in the UK. *Restaurants* also demonstrate strength by way of upholding high business densities in the area. The *catering* and *bars* industries are not as strong in terms of employment numbers and employment density as *hotels* and *restaurants* in the borough but are still strong when compared to the same industries elsewhere in the UK. No large employers operate in the *bars* industry, whilst there is only 1 *catering* business employing more than 250 people.

The *restaurant* industry has grown the most in comparison with the average growth rate for the borough and London as a whole. Despite no large employers operating in the *catering* industry it exhibits the highest business birth rate in the sector, whilst the greatest number of new businesses are in the *restaurant* industry. This means that the *catering* industry is growing more quickly over time than any other Hospitality industry.

The strength of *restaurants* in the area is exhibited through their business start-up performance, as they provide the highest amount of new employment from new business start-ups within the Hospitality sector. Newly established *hotels* and *restaurants* tend to be a reasonable size, with the highest proportion of employment from business births occurring in businesses with more than 50 employees. Although *restaurants* have a high birth rate in Kensington & Chelsea, it is lower than in other London boroughs.

When considering business deaths, *hotels* have experienced the greatest proportion of deaths in the borough, whilst *catering* businesses saw the smallest proportion of deaths. Additionally, *restaurants* accounted for the greatest number of Hospitality sector job losses caused by deaths of businesses in the borough, whilst *catering* saw the smallest number of job losses due to deaths. These observations illustrate that the rate of business turnover in the *restaurant* industry (i.e. the amount of births and deaths) and to some degree in *hotels* is high, which is to some extent expected as it is commonly known that many new restaurants do not survive.

Most employment in the Hospitality sector is within independently owned businesses.
With regard to the site type of businesses, the greatest numbers of job losses in the Hospitality sector were at single sites (often independently owned businesses) indicating that chains are perhaps more likely to survive. *Bars* lost a lot of employment from businesses with more than 50 employees, whilst *hotels* lost the most in small-medium sized businesses employing 20 to 49 people. This suggests that most business types within the Hospitality sector are vulnerable to job losses and demonstrates the volatility of business survival, which is often dependent on changing market demands.

Hotels, restaurants and *catering* businesses in Kensington & Chelsea are older than the corresponding average for the whole of London. *Bars* however, tend to be younger than the average for London suggesting that *hotels, restaurants* and *catering* businesses are well established in the borough.

Key Facts 3: Hospitality Summary

- Current employment in the sector is 19,350, which represents 15.9% of total employment in the borough
- The sector experienced an overall increase in employment of 750 jobs (4%) in 2009.
- The business birth rate for this sector is 13.4%, which resulted in a gain of 1,470 new jobs in 2009.
- The business death rate in this sector is 16.5%, which resulted in the loss of 1,270 jobs in 2009.
- The average age of businesses is 17 years.
- Businesses with 100% female led teams represent 8.3% of all businesses, whilst 13.6% of businesses have female proprietors.
- Businesses with 100% BME led teams represent 7.6% of all businesses, whilst 18% of businesses have BME proprietors.
- There are 50 Home Based Businesses in the borough classified as belonging to the sector.

2.3.4 Personal Services

Within the Personal Services sector, nine industries were identified as being strong in the borough. These include *artistic & literary creation & interpretation, motion picture & video production* and *museum activities & preservation of historical sites*.

Artistic and literary creation and interpretation businesses have the largest number of employees in the sector, which is a reasonable proportion of all *artistic and literary creation and interpretation* employment in London. This sector is dominated by small businesses and there are only two industries with employees working in businesses with more than 500 employees (*museum activities & preservation of historical sites* and *other service activities)*.

Employment change in businesses that have been in existence for 3 years or more (i.e. matched employment change) grew by a small amount. However, when considering businesses that no longer exist, total employment actually declined. This change varied across Personal Services industries, but not all activities have declined. Businesses involved in *other service activities* grew quite significantly. However there was a decrease in employment in *other entertainment activities*.

Hairdressing and beauty treatment businesses contributed a high number of Personal Services employment from new business start-ups, suggesting that this industry has thrived since 2006. As with other sectors, the majority of new employment created through new businesses is based in single independent sites. However, in *hairdressing & beauty treatment* nearly half of new employment is based at new branches of existing businesses. The majority of new employment comes from smaller businesses such as the zero class (self-employed sole trader or partnership) or those businesses employing 1 to 4 people.

With regard to business survival and growth, the *gambling and betting* industry has not grown at all, with over half of its businesses dying between 2006 and 2009. This is the highest death rate of all the strong industries in the Personal Services sector.

Other entertainment activities and *museum activities* have experienced significantly fewer job losses than the average across all strong Personal Services sector industries. The majority of employment lost due to deaths in the sector was based in businesses that were independent single sites. Personal Services businesses tend to be quite old indicating that this is one of the most established sectors in Kensington & Chelsea.

Key Facts 4: Personal Services Summary

- Current employment in the sector is 13,650, which represents 11.2% of total employment in the borough
- The sector experienced an overall increase in employment of 1,050 jobs (9.1%) in 2009.
- The business birth rate for this sector is 13.4%, which resulted in a gain of 1,110 new jobs in 2009.
- The business death rate in this sector is 29.1%, which resulted in the loss of 2,890 jobs in 2009.
- The average age of businesses is 17 years.
- Businesses with 100% female led teams represent 19.1% of all businesses, whilst 39.6% of businesses have female proprietors.
- Businesses with 100% BME led teams represent 3.5% of all businesses, whilst 6.5% of businesses have BME proprietors.
- There are 180 Home Based Businesses ion the borough classified as belonging to the sector.

2.3.5 Real Estate

Within the Real Estate sector, four industries were identified as being strong in the borough. These include the *developing & selling of real estate*, the *letting of own property, real estate agencies* and the *management of real estate on a fee or contract basis*.

Businesses engaged in the *management of real estate on a fee or contract basis* demonstrate the most strength, with the highest business and employment LQs. This means that the number of businesses and employment is strong when compared to elsewhere in the UK. *Real estate agencies* on the other hand have the highest employment levels compared to the other strong Real Estate industries in the borough and represent a significant proportion (7.1%) of all *real estate agencies* employment in London.

The majority of employees work for single sites enterprises. Interestingly, there is more employment at headquarter sites than branches in the borough, which suggests the area is an attractive place for Real Estate businesses to start-up and grow. The majority of businesses are sole proprietors, apart from businesses involved in the *development and selling of real estate*, which tend to be partnerships.

Businesses engaged in *real estate agencies* have displayed the highest growth in employment compared to the other strong industries in the sector and other areas in London (excluding Central London). A strong growth in employment can also be seen in the *management of real estate on a fee or contract basis*, which has grown at a slightly greater rate than London as a whole. The majority of sole proprietors displayed a significant increase in employment, a further indicator of strong growth potential for this sector.

Considering employment due to business closure, all sectors saw a decline, which could be caused by the early impacts of the recession. *Real estate agencies* displayed the highest overall positive employment change within Kensington & Chelsea and businesses involved in the *management of real estate* displayed the highest birth rate over the three-year period. The majority of new businesses are independent single sites. Interestingly the bulk of business deaths and lost employment also occurred in businesses of this type. This kind of activity demonstrates a churn in the business base, which is a good indicator for growth.

The Real Estate sector has seen a large increase in employees working in businesses that employ more than 50 people, suggesting that some large firms have moved to the borough during the last three years. *Real estate agencies* have declined the most over the past three years in terms of business closures and employment loss caused by business closures. Real Estate is a well-established sector within the borough, however businesses involved in the *management of real estate* tend to be the youngest in this sector.

Key Facts 5: Real Estate Summary

- Currently 7,970 people are employed by the Real Estate sector, representing 6.5% of total employment in Kensington & Chelsea.
- There was a decrease of 470 jobs (-5.6%) in the sector between 2006 and 2009.
- The business birth rate for the sector is 13.5%, which resulted in an additional 770 new Real Estate jobs since 2006.
- The business death rate for the sector is 30.6% resulting in 1,390 jobs lost through business deaths since 2006.
- The average age of businesses involved in Real Estate is 19 years.
- Businesses in the borough that are led by 100% female leadership teams account for 14.1% of the business base, whilst 19.4% of Real Estate businesses have a female proprietor.
- Businesses that have 100% BME led teams represent 3.7% of the total business base, whilst 5.6% of Real Estate businesses have a BME proprietor.
- There are approximately 20 home based businesses within the Real Estate sector.

2.3.6 Medical

Within the Medical sector, five industries were identified as being strong in the borough. These are *hospital activities*, *medical practice activities, other human health activities* and *social work activities with and without accommodation*.

The medical sector is generally the weakest of the six identified strong sectors. However, *hospital activities* are particularly strong in terms of employment numbers and density, whilst businesses involved in *social work activities without accommodation* have relatively strong business and employment densities. *Hospital activities* employ the largest number of people, which represents a significant amount of all *hospital activities* employment within the whole of London. Conversely, businesses involved in *social work activities with accommodation* appear weak with significantly low employment and businesses when compared to elsewhere in the UK.

The majority of people are employed by enterprises operating from a single site. Businesses engaged in *social work activities with accommodation* have experienced significant change, with this part of the sector having grown the most in terms of employment in the last three years. In contrast, *medical practice activities* have experienced the highest birth rate in this sector. When considering employment in new starts, businesses involved in other *hospital activities* have experienced the most new employment from new business start-ups.

As with most other sectors, the majority of new businesses are single sites, except for businesses engaged in *hospital activities* and *social work activities without accommodation*, which are generally based at branches of a larger business.

Other human health activities saw the greatest percentage of business deaths in the borough, although this was small in comparison to the sector across London as a whole. Interestingly, no new businesses are less than a year old in the borough, with businesses in the sector tending to be fairly old (25+ Years Old).

Key Facts 6: Medical Summary

- The Medical sector employs 7,850 people, which represents 6.4% of all employment in the borough.
- The sector experienced an overall increase in employment of 430 jobs (6%) in 2009.
- The business birth rate for this sector is 7.5%, which resulted in a gain of 850 new jobs in 2009.
- The business death rate in this sector is 9.3%, which resulted in the loss of 270 jobs in 2009.
- The average age of businesses is 23 years.
- Businesses with 100% female led teams represent 20% of all businesses, whilst 37.7% of businesses have female proprietors.
- Businesses with 100% BME led teams represent 4.8% of all businesses, whilst 8.7% of businesses have BME proprietors.
- There are 50 home-based businesses in the borough classified as belonging to the Medical sector.

2.3.7 Additional Key Industries

Section 2.2.1 (Identification of Industry Strengths) focused on identifying those sectors within the borough that were key to the local economy. However, there are other industries in the borough that show strengths but that are not covered by these six key sectors, which this section aims to shed more light on.

Table 19 displays Business & Employment LQ densities for the strongest industries (4-digit SICs) in the borough that are **not** covered by the key sectors identified in section 2.2.1.

Although the manufacturing sector was not identified as strong in terms of business and employment LQs in the borough, it can be seen that there are five industries within the manufacturing sector that are particularly strong. These are *publishing of books, publishing of newspapers, publishing of journals and periodicals, publishing of sound* recordings and *reproduction of sound recordings.* The *reproduction of sound recordings* industry is particularly strong in the borough, with 12.22 times as many businesses and 27.83 times as much employment in the borough compared to the UK average.

Table 19: Additional Key Industries - LQ and Density

		Location Quotient		Density (Per 10k W.A. Pop)	
SIC	**Industry**	**Business**	**Employment**	**Business**	**Employment**
2211	Publishing of books	4.48	4.44	5.6	38.7
2212	Publishing of newspapers	0.64	12.22	0.2	157.4
2213	Publishing of journals & periodicals	2.00	2.69	2.3	47.6
2214	Publishing of sound recordings	12.22	27.83	6.3	28.6
2231	Reproduction of sound recording	6.04	24.41	3.0	19.7
6321	Other land transport activities	1.44	0.93	1.4	21.6
6330	Travel agents & tour operators	1.77	4.08	8.8	131.9
6523	Other financial intermediation nec	3.58	3.32	7.7	54.6
6712	Security broking & fund management	2.00	1.21	5.5	25.5

Source: ABI 2007 (Ref. W17/S1)

Table 20 provides an understanding of current employment within these industries using data from TCR, which estimates the effect of the zero class. Whilst *publishing of sound recording, reproduction of sound recording* and *publishing of journals and periodicals* are shown as strong in the analysis above, it is worth noting that they are not as large as the neighbouring borough of Hammersmith & Fulham, which has more employees in each industry.

It can be seen that the publishing of newspapers is particularly strong in the borough, with almost 4,000 employees.

Table 20: Additional Key Industries - Employment

SIC	Industry	Kensington & Chelsea	Hammersmith & Fulham	Westminster	Central London	West London	London
2211	Publishing of books	1,540	820	6,690	17,270	3,010	25,630
2212	Publishing of newspapers	3,990	2,170	2,130	13,140	3,620	26,460
2213	Publishing of journals & periodicals	690	2,580	5,710	15,840	3,590	24,720
2214	Publishing of sound recordings	550	1,140	750	1,710	1,320	3,180
2231	Reproduction of sound recording	20	410	220	350	650	1,570
6321	Other land transport activities	240	90	2,700	5,170	2,400	13,920
6330	Travel agents & tour operators	1,740	1,590	9,040	18,610	6,140	38,940
6523	Other financial intermediation nec	3,480	2,960	32,630	88,400	13,120	177,940
6712	Security broking & fund management	400	210	7,590	12,270	960	42,430

Source: TCR 2009 (Ref. W17/S1)

2.3.8 Inter-Sectoral Comparison

This section provides some insight in to how each of these industries compare against each other in terms of the number of people they employ. As such two tables have been produced for this section, the first of which looks at the top 20 employing industries that lie within each of the six key sectors. The second table examines the top 20 employing industries that fall outside of these key sectors, a number of which will have occurred in the previous section (2.3.7).

Within the strong sectors, Restaurants and Hotels are the largest employers in the borough, employing close to 17,000 people in the borough (13.7%). There is also a strong presence from the Retail sector, particularly *non-specialised retail* which employs nearly 5,700 people, the majority of which will come from big department stores, such as Harrods, Harvey Nichols and Peter Jones.

Additionally, there is some influence from creative & cultural style industries in the borough with *artistic & literary creation* employing over 1,500 people and *museum activities & preservation of historical sites* employing almost 1,300 people. Furthermore, there is a relatively large presence from businesses involved in *hairdressing & other beauty treatment*, with a total of nearly 1,500 employees.

Overall these top 20 industries within the strong sectors account for over 64,000 employees of Kensington & Chelsea's total employment. The fact that over half (52.8%) the borough's total employment occurs within these 20 industries[1] really demonstrates how key these industries are to Kensington & Chelsea.

[1] Out of a total of over 400 industries

Table 21: Top 20 Industries in Strong Sectors

SIC	Industry	Employees	Distribution
5530	Restaurants	8,700	7.1%
5510	Hotels	8,070	6.6%
7487	Other Business Activities nec	7,540	6.2%
5212	Other Retail - Non-Specialised Stores	5,670	4.7%
5242	Retail - Clothing	3,740	3.1%
7414	Business & Management Consultancy Activities	3,680	3.0%
7031	Real Estate Agencies	3,410	2.8%
8511	Hospital Activities	3,110	2.6%
9272	Other Recreational Activities	2,030	1.7%
5540	Bars	2,020	1.7%
8532	Social Work Activities without Accommodation	1,930	1.6%
7420	Architectural / Engineering / Technical Consultancy	1,890	1.6%
7020	Letting of Own Property	1,860	1.5%
6330	Travel Agencies & Tour Operators	1,730	1.4%
5248	Other Retail - Specialised Stores	1,650	1.4%
5211	Retail - Non-Specialised (Food, Beverages, Tobacco)	1,570	1.3%
7032	Management of Real Estate - Fee or Contract Basis	1,520	1.2%
9231	Artistic & Literary Creation & Interpretation	1,510	1.2%
9302	Hairdressing & Other Beauty Treatment	1,460	1.2%
9252	Museum Activities & Preservation of Historical Sites	1,260	1.0%
	Total - Top 20 Industries in Strong Sectors	**64,350**	**52.8%**
	All Industries	**121,900**	**100%**

Source: TCR 2009 (Ref. W19/S2)

Where as the previous analysis investigated industries within the six key sectors, the following analysis explores the top employing industries that fall outside of these sectors. Namely this involves those industries that fall under the sectors of Agriculture, Forestry, Mining & Quarrying, Manufacturing, Utilities, Construction, Transport & Logistics, Financial Intermediation, Public Administration, Education and Private Households.

Whilst it is clear that these industries are not as key as the ones laid out in Table 21 above, they still do have some importance within the borough. Overall, the 20 industries below account for roughly one fifth of the total employment in Kensington & Chelsea, which is a substantial 26,000 employees. Whilst this is not as significant as the top 20 industries within the strong sectors it is still considerable.

The largest employing industry is *general public services*, with over 4,200 people (3.5% of all employment) the majority of which will be employed by the council. There is also a strong presence from the publishing industry; in particular there are almost 4,000 employees involved in the *publishing of newspapers*. In general, publishing industries in the top 20 account for nearly 6,800 employees, or 5.6% of total Kensington & Chelsea employment.

Education also has a particularly strong presence within the borough, employing 3,000 people across General Secondary Education (1,530 employees), Higher Education (1,010 employees) and Primary Education (500 employees).

Table 22: Top 20 Industries in Non-Strong Sectors

SIC	Industry	Employees	Distribution
7511	General Public Service Activities	4,210	3.5%
2212	Publishing of Newspapers	3,990	3.3%
6523	Other Financial Intermediation nec	3,480	2.9%
8042	Adult & Other Education	2,020	1.7%
6522	Other Credit Granting	1,610	1.3%
2211	Publishing of Books	1,540	1.3%
8021	General Secondary Education	1,530	1.3%
8030	Higher Education	1,010	0.8%
4521	General Building Construction & Civil Engineering	810	0.7%
6512	Other Monetary Intermediation	750	0.6%
2213	Publishing of Journals & Periodicals	690	0.6%
2222	Printing nec	610	0.5%
2214	Publishing of Sound Recordings	550	0.5%
8010	Primary Education	500	0.4%
6420	Telecommunications	480	0.4%
2215	Other Publishing	440	0.4%
6712	Security Broking & Fund Management	400	0.3%
6022	Taxi Operation	360	0.3%
4022	Distribution & Trade of Gaseous Fuels Through Mains	320	0.3%
2452	Manufacture of Perfumes & Toilet Preparations	280	0.2%
	Total - Top 20 Industries in Non-Strong Sectors	**25,580**	**21.0%**
	All Industries	**121,900**	**100%**

Source: TCR 2009 (Ref. W19/S2)

2.4 Owner & Leadership Demographics

This section will focus on the analysis of TCR data on the demographic breakdown of business owners and leaders in Kensington & Chelsea. The focus of the analyses is on gender, ethnicity and disability.

The gender demographics of leadership teams are analysed by geographic area so that the borough may be compared with other local London boroughs (Hammersmith & Fulham and Westminster) as well as London as a whole and then by the wards within Kensington & Chelsea. Gender representations within the leadership teams of businesses is then analysed by the six sectors selected for analysis within Kensington & Chelsea economy. Finally the gender of leadership teams is analysed for the demographics of the proprietors of businesses. Ethnicity demographics of leadership teams and proprietors are then analysed in the same way.

It is worth noting here, that there is a significant proportion of the sample where no data is held on the ethnicity of leaders and proprietors due to the sensitivity of disclosure. Therefore, the ethnicity analysis is an approximation to some degree as the data only includes those who chose to state their ethnicity.

2.4.1 Gender Demographics – Leadership Teams

The gender of the executives for each business was examined in TCR and then categorised into different groups dependent on the structure of the businesses' leadership team. The proportional split between each group was then established within each geographical area and sector. The groups include:

- 100% Female Led,
- More than 50% Female Led,
- Exactly 50% Female Led,
- More than 50% Male Led and
- 100% Male Led.

There are only 9 industries in the borough where businesses have leadership teams that are entirely female led. This compares to 65 industries in the borough where businesses have leadership teams that are entirely male led, over six times as many.

The industries that have the highest number of 100% female led teams are *other business activities* (216 businesses) and *business management consultancy* (147 businesses). However, these only represent 20% and 23% of all businesses in these industries respectively, indicating that the reason behind the high numbers of 100% female led teams are due to them being strong industries.

Industries with both high numbers of 100% led female teams and high percentages of female led teams include *retail of other women's clothing* (82 businesses and 30.0% of total employment in this industry), *hairdressing and other beauty treatment* (78 businesses and 30.2% of total business in this industry), *other human health activities* (68 businesses and 38.4% of total businesses in this industry) and *speciality design* (63 businesses and 41.4% of total businesses in this industry). The *manufacture of jewellery* industry has 11 businesses with 100% female led teams and these represent 68.8% of the total businesses in this industry across the borough.

When analysing the gender split of leadership teams in different boroughs of London, the bottom of Table 23 shows that businesses in Kensington & Chelsea have a higher proportion of 100% female led businesses than in other areas. For all boroughs examined, the most likely arrangement was all-male followed by all-female led businesses, with mixed gender leadership teams only accounting for approximately 8-10% of business leadership teams.

Compared with the London average, it has a higher percentage of mixed gender leadership teams (less than, exactly and more than 50% female). Compared to the other boroughs Kensington & Chelsea has a more diverse gender leadership base. It has a similar proportion of all-female leadership teams to Hammersmith & Fulham but a lot more than Westminster. Westminster is more male-dominated, with a higher proportion of leadership teams with more than 50% and 100% male leaders.

As seen in Table 58 (in the appendix), the majority of businesses in all wards within Kensington & Chelsea have 100% male leadership teams. This is not surprising given that this is the trend for the boroughs and London as a whole. Golborne has the highest percentage of 100% male led businesses at 44.6%, closely followed by Queen's Gate (44.5%) and Norland (44.4%). However, Queen's Gate is one of the most male-dominated leadership wards, having the second lowest percentage of all female-led businesses, the second highest percentage of more than 50% male led businesses and also the second highest 100% male led businesses.

The wards of St Charles, Redcliffe and Colville have the highest proportion of 100% female led businesses at 20.9%, 19.1% and 19.1% respectively. Earl's Court has the lowest percentage by a considerable margin with only 7.4% of businesses having a 100% female leadership team, 4% lower than its nearest comparator Queen's Gate. Interestingly, Earl's Court also has the lowest percentage of 100% male led businesses (28.3%). However, this does not necessarily mean its leadership teams are significantly more mixed than other wards as its proportion of businesses with 'no information' on the gender of leadership teams is significantly higher than in the other wards. Stanley has the highest percentage of equal gender led businesses at 4.6%. Along with Abingdon these wards have skewed the average for all of the wards, as the next highest percentage of businesses in a number of wards with an equal gender mix in their leadership is 0.1%.

Across all industries in Kensington & Chelsea, the most common leadership type is the 100% male led team (40.9% of firms – see Table 57). This trend is the same across all comparator areas, though Kensington & Chelsea does compare favourably in terms of equality as all other areas listed have higher proportions of 100% male led leadership teams, and lower proportions of 100% female led leadership teams (note that whilst these proportions are a very good indication of relative share, the varying proportion of firms with no information make precise comparison difficult). Across sectors where information is available, the sector with the heaviest preponderance of 100% male led leadership teams is Construction, whereas that with the highest share of 100% female led leadership teams is Agriculture, Hunting and Forestry (although, as was seen in Table 5), this is a very small sector accounting for just 0.2% of total employment).

Table 23: Kensington & Chelsea leadership by gender

Sector	100% Female Led Team	>50% Female Led Team	Exactly 50% Female Led Team	>50% Male Led Team	100% Male Led Team	No Information
A: Agriculture, Hunting & Forestry	25.6%	2.3%	2.3%	2.3%	53.5%	14.0%
B: Fishing	*	*	*	*	*	*
C: Mining & Quarrying	*	*	*	*	*	*
D: Manufacturing	18.2%	0.7%	6.4%	5.6%	42.4%	26.7%
E: Electricity, Gas & Water Supply	*	*	*	*	*	*
F: Construction	6.6%	0.0%	2.4%	0.0%	62.8%	28.1%
G: Wholesale & Retail	17.6%	0.4%	4.5%	1.4%	40.9%	35.2%
H: Hotels & Restaurants	8.5%	0.2%	2.5%	1.7%	38.8%	48.3%
I: Transport, Storage & Comms	9.8%	0.3%	3.7%	3.7%	45.4%	37.1%
J: Financial Intermediation	6.4%	1.6%	3.4%	4.7%	31.9%	52.0%
K: Real Estate & Business Services	17.6%	2.8%	6.4%	5.4%	50.7%	17.1%
L: Public Services	3.3%	0.0%	0.8%	1.7%	5.8%	88.3%
M: Education	17.2%	1.0%	0.5%	5.7%	30.1%	45.5%
N: Health & Social Work	20.2%	0.6%	0.7%	2.9%	29.5%	46.1%
O: Other Personal Service Activities	19.1%	1.5%	4.0%	3.5%	40.8%	31.2%
P: Private Households	15.0%	0.0%	0.0%	5.0%	65.0%	15.0%
Kensington & Chelsea	**14.7%**	**1.3%**	**4.3%**	**3.4%**	**40.9%**	**35.3%**
Hammersmith & Fulham	14.1%	1.1%	4.0%	3.2%	48.0%	29.7%
Westminster	8.8%	1.0%	3.9%	5.1%	48.7%	32.6%
Central London	11.4%	1.2%	4.2%	4.0%	47.3%	32.0%
West London	10.9%	0.6%	3.4%	1.8%	49.6%	33.7%
London	11.3%	0.8%	3.8%	2.7%	48.8%	32.6%

Source: TCR 2009 (Ref. WB13/S9)

2.4.2 Gender Demographics – Proprietors

With regard to the proportion of female proprietors, Table 24 below illustrates that Kensington & Chelsea has a higher than average percentage of female proprietors and therefore a lower than average percentage of male proprietors. The borough has just over 10% more female proprietors than the London average. Additionally, compared to other local boroughs Kensington & Chelsea also has a relatively higher ratio of female to male proprietors.

There are 20 industries in the borough where all businesses (27 in total) within these industries are entirely female owned. This compares to 92 industries in the borough where all businesses (273 in total) are entirely male owned. As such, there are a significantly higher number of entirely male owned industries than there are entirely female owned industries.

When examining the proportions of male and female proprietors by ward, (see Table 59 in appendix 5.2) indicates that Redcliffe has the highest percentage of female proprietors (36.8%), whilst Courtfield has the lowest (13.3%).

As can be seen in Table 24, the percentage of female proprietors in Kensington & Chelsea (28.8%) is higher than it is in the whole of London (18.3%). The sectors with the highest percentages of female proprietors are Personal Services (39.6%) and Education (39.5%), whilst the sector with the lowest percentage of female proprietors is Construction (8.5%).

Table 24: Gender Breakdown of Proprietors Across All Broad Sectors

Sector	Male	Female	Total
A: Agriculture	62.5%	37.5%	100%
B: Forestry	*	*	*
C: Mining & Quarrying	*	*	*
D: Manufacturing	64.7%	35.3%	100%
E: Utilities	*	*	*
F: Construction	91.5%	8.5%	100%
G: Wholesale & Retail	72.1%	27.9%	100%
H: Hospitality	86.4%	13.6%	100%
I: Transport & Logistics	79.4%	20.6%	100%
J: Financial Intermediation	68.2%	31.8%	100%
K: Real Estate & Business Services	71.4%	28.6%	100%
L: Public Administration	*	*	*
M: Education	60.5%	39.5%	100%
N: Medical	62.3%	37.7%	100%
O: Personal Services	60.4%	39.6%	100%
P: Private Households	*	*	*
Kensington & Chelsea	**71.6%**	**28.4%**	**100%**
Hammersmith & Fulham	78.4%	21.6%	100%
Westminster	81.6%	18.4%	100%
Central London	80.2%	19.8%	100%
West London	82.7%	17.3%	100%
London	81.7%	18.3%	100%

Source: TCR 2009 (Ref. WB13/S11)

The industries that have the highest number of female proprietors are *other human health activities* (57 businesses representing 60.0% of all businesses in this industry in the borough), *hairdressing and other beauty treatment* (57 businesses representing 42.5% of all businesses in this industry in the borough) and *retail of other women's clothing* (48 businesses representing 56.5% of all businesses in this industry in the borough). The *physical well being activities* industry has a high percentage of female proprietors (76.2%) but these represent only 11 businesses.

2.4.3 Ethnicity Demographics – Leadership Teams

In Kensington & Chelsea, 70% of the working aged population are white (90,100), whilst 30% are BME (38,500)[1]. The ethnicity of the executives for each business was examined in TCR and then categorised into different groups dependent on the structure of the businesses' leadership team. The proportional split between each group was then established within each geographical area and sector. The groups include:

- 100% BME Led,
- More than 50% BME Led,
- Exactly 50% BME Led,
- More than 50% White Led and
- 100% White Led.

When analysing the percentage of BME leadership by borough, Table 25 below demonstrates that Kensington & Chelsea has a lower proportion of 100% BME led businesses than in other areas (5.3%), 4.6% less than the London average. However, it does have a slightly lower proportion of 100% white leadership teams in businesses than in other local boroughs. Kensington & Chelsea also has a higher proportion of businesses with equal BME and white leadership teams than the other boroughs (at 1.4%), which is slightly higher than the London average. However, the borough does have a slightly higher than average proportion of leadership teams that are more than 50% white.

When examining this by ward (see Table 60: Breakdown of leadership ethnicity by ward, page 96), St Charles has the highest proportion of BME led businesses at 7.1%, whilst Hans Town has the lowest at 2.9%. Norland has the highest percentage of 100% white leadership teams within its business base at 70.4%, whilst Earls Court at 36.3% has the lowest percentage. Queen's Gate has the highest proportion of 50% white and 50% BME leaders at 3.3% of all businesses.

As might be expected, the majority of firms in Kensington & Chelsea have 100% White led teams (60.5%), with only 7% verified as having 50%-100% (inclusive) BME led teams. Of these, 5.3% or approximately one-twentieth of all firms, have 100% BME led teams. The prevalence of teams which are led by a BME majority in Kensington & Chelsea (5.6%) is lower than the London-side share of 10.2%, meaning that the borough's firm leadership demographic is notably less ethnically diverse than the London average. Whilst data for all sectors is not available, the lowest verified proportion of majority BME led organisations are in the Education sector (0.5%).

Conversely, the highest verified proportion of majority white led organisations is in the Agriculture, Hunting and Forestry sector with 81.4%. As previously outlined, this sector is very small (see Section 2.2.2, page 11) so this characteristic is not particularly significant in terms of what it says about the employment base. More significant is the fact that 77.7% of verified firms in the Real Estate, Renting and Business Activities sector (which makes up 23.3% of the employment base) have 100% White led teams.

[1] Annual Population Survey, 2009.

Table 25: Kensington & Chelsea leadership by ethnicity

Sector	100% BME Led Team	>50% BME Led Team	Exactly 50% BME Led Team	>50% White Led Team	100% White Led Team	No Information
A: Agriculture	4.7%	0.0%	2.3%	0.0%	81.4%	11.6%
B: Forestry	*	*	*	*	*	*
C: Mining & Quarrying	*	*	*	*	*	*
D: Manufacturing	4.9%	0.0%	1.2%	0.9%	69.6%	23.4%
E: Utilities	*	*	*	*	*	*
F: Construction	6.6%	0.0%	0.3%	0.3%	70.5%	22.2%
G: Wholesale & Retail	8.3%	0.2%	1.6%	0.6%	58.0%	31.3%
H: Hospitality	7.6%	0.8%	1.4%	0.8%	45.3%	44.1%
I: Transport & Logistics	9.2%	0.9%	2.0%	1.7%	55.2%	31.0%
J: Financial Intermediation	2.6%	1.0%	0.6%	1.0%	45.9%	49.0%
K: Real Estate & Business Services	4.5%	0.3%	1.7%	2.9%	77.7%	12.9%
L: Public Administration	0.8%	0.0%	0.0%	0.0%	11.7%	87.5%
M: Education	0.5%	0.0%	1.0%	1.4%	54.1%	43.1%
N: Medical	4.8%	0.0%	0.6%	1.7%	51.3%	41.6%
O: Personal Services	3.5%	0.2%	0.9%	1.4%	66.7%	27.2%
P: Private Households	5.0%	0.0%	0.0%	0.0%	80.0%	15.0%
Kensington & Chelsea	**5.3%**	**0.3%**	**1.4%**	**1.5%**	**60.5%**	**30.9%**
Hammersmith & Fulham	7.5%	0.3%	1.2%	1.4%	65.7%	24.0%
Westminster	6.0%	0.4%	1.4%	2.1%	62.0%	28.2%
Central London	6.3%	0.3%	1.2%	1.7%	63.6%	27.0%
West London	17.2%	0.4%	1.6%	1.0%	56.2%	23.5%
London	9.9%	0.3%	1.2%	1.2%	62.0%	25.5%

Source: TCR 2009 (Ref. WB13/S9)

2.4.4 Ethnicity Demographics – Proprietors

Kensington & Chelsea has a lower than average percentage of BME proprietors and a higher than average percentage of white proprietors (11.2% and 88.8% respectively) compared to other local boroughs and London as a whole.

With regard to the wards, Courtfield has the highest percentage of BME proprietors at 20.7% whilst Cremorne at 5.2% has the lowest.

As can be seen in Table 26, a smaller percentage of BME proprietors exist in Kensington & Chelsea (11.2%) than elsewhere in London (14.4%) The sectors with the highest percentages of BME proprietors are Transport and Logistics (31.7%), Hospitality (18.0%) and Wholesale and Retail (15.9%). Agriculture and Education on the other hand have no BME proprietors based in the borough.

Table 26: Ethnicity Breakdown of Proprietors by All Broad Sectors

Sector	White	BME	Total
A: Agriculture	100%	0.0%	100%
B: Forestry	*	*	*
C: Mining & Quarrying	*	*	*
D: Manufacturing	91.6%	8.4%	100%
E: Utilities	*	*	*
F: Construction	95.8%	4.2%	100%
G: Wholesale & Retail	84.1%	15.9%	100%
H: Hospitality	82.0%	18.0%	100%
I: Transport & Logistics	68.3%	31.7%	100%
J: Financial Intermediation	95.5%	4.5%	100%
K: Real Estate & Business Services	94.5%	5.5%	100%
L: Public Administration	*	*	*
M: Education	100%	0.0%	100%
N: Medical	91.3%	8.7%	100%
O: Personal Services	93.5%	6.5%	100%
P: Private Households	*	*	*
Kensington & Chelsea	**88.8%**	**11.2%**	**100%**
Hammersmith & Fulham	85.3%	14.7%	100%
Westminster	88.2%	11.8%	100%
Central London	87.4%	12.6%	100%
West London	79.2%	20.8%	100%
London	85.6%	14.4%	100%

Source: TCR 2009 (Ref. WB13/S12)

2.4.5 Disability Demographics

This section gives a brief overview on the demographics of business owners who are categorised as disabled under the Disability & Discriminations Act (DDA). Data on this subject is limited at best, but a suitable estimate of this activity can be determined using the Annual Population Survey (APS).

Within the APS there is a variable which details whether an individual is an owner of their own business. Unfortunately this variable is only available internally to ONS, but it is calculated through looking at those people who are self-employed or those who are managers of private businesses, so it is possible to create a proxy for this internal ONS variable. Unfortunately, due to sample sizes within the APS, any analysis done at the Kensington & Chelsea level would be extremely unreliable, so for the purposes of this section a more general look at the whole of London is considered in order to provide some indication of DDA disabled owners in the employment base. However, comparisons against Kensington & Chelsea have been made where possible.

When taking an overall look at employees in all industries within London, it can be seen that DDA disabled owners account for 3.1% of total London employment. The majority of this (1.7% of the 3.1%) comes from the DDA disabled self-employed; with the remainder being DDA disabled managers of private businesses. In Kensington & Chelsea, disabled managers of private businesses represent 1.8% of all employment. Similarly, self-employed disabled people represent 1.7% of all employment in the borough.

In total, DDA disabled owners make up 3.4% of all employment in the borough, higher than the London percentage of 3.1% of total employment. The reason for this however could be explained by the higher percentage of managers (50.6% of all employment) in the borough compared to the whole of London (32.5%).

Table 27: DDA Disabled Owners in London

Classification	Employees	% of London Employees	% of Total Owners
DDA Disabled Managers of Private Businesses	48,800	1.3%	4.1%
DDA Disabled Self-Employed	64,100	1.7%	5.4%
Total DDA Disabled Owners	112,900	3.1%	9.5%
Total Owners	1,193,100	32.5%	100%
Total London Employment	**3,676,200**	**100%**	

Source: APS 2008 (Ref. W6/S13a)

If one then considers looking at these DDA disabled owners as a proportion of the combined total of all self-employed and managers of private businesses, Table 27 shows that nearly 10% of the total owners in London are DDA disabled, which is a strong result. In Kensington & Chelsea however, the combined total of all DDA disabled owners represent only 6.8% of all managers and self employed in the borough, with 3.5% of these being managers of private businesses and 3.3% of these being self-employed disabled persons.

Table 28 below examines these results within each of the strong sectors defined at the beginning of Section 2, so as to provide an indication to the levels of DDA disabled owner activity within each of the industry. For the purposes of this analysis the individual sector strengths (SICs) have been aggregated together, again to increase reliability in the results as the sample sizes at 4-digit SIC level are too small to be reliable.

When examining the proportion of total DDA disabled owners as a percentage of total London employment within each strong sector, it is clear that the highest proportion occurs within Personal Services, with 6.9% of London's total employment in this industry.

Alternately, the Medical sector has the fewest total DDA disabled owners as a percentage of London medical employment, with only 2%. However, when examining the number of DDA disabled owners as a percentage of all Medical owners the proportion is much higher, with nearly 15% of all Medical owners being disabled. This suggests that while there are fewer people with DDA disabilities in this industry, they are generally of a higher rank within the business.

Table 28: DDA Disabled Managers in London by Strong Sector

Strong Sector	Percentage Type	DDA Disabled Managers with Private Businesses	DDA Disabled Self-Employed	Total DDA Disabled Owners	Total Owners	Total London Employment
Wholesale & Retail	% of London Employees	2.2%	1.2%	3.4%	28.9%	100%
	% of Total Managers	7.6%	4.1%	11.7%	100%	
Hospitality	% of London Employees	2.1%	1.2%	3.3%	28.9%	100%
	% of Total Managers	7.4%	4.0%	11.4%	100%	
Real Estate	% of London Employees	1.4%	1.3%	2.7%	39.9%	100%
	% of Total Managers	3.6%	3.2%	6.8%	100%	
Business Services	% of London Employees	1.7%	1.6%	3.3%	47.3%	100%
	% of Total Managers	3.6%	3.3%	7.0%	100%	
Medical	% of London Employees	1.0%	1.0%	2.0%	13.6%	100%
	% of Total Managers	7.4%	7.3%	14.7%	100%	
Personal Services	% of London Employees	0.8%	6.1%	6.9%	55.5%	100%
	% of Total Managers	1.4%	11.0%	12.4%	100%	
All Industries	% of London Employees	1.3%	1.7%	3.1%	32.5%	100%
	% of Total Managers	4.1%	5.4%	9.5%	100%	

Source: APS 2008 (Ref. W6/S13a)

Wholesale & Retail, Hospitality, Real Estate and Business Services, all have similar levels of DDA disabled owners as a proportion of London employment in each of their respective industries (all around the 3% mark). However when looking at these figures as a proportion of all owners in London, Real Estate & Business Services come out worse with only 7% of all owners having a DDA disability, over 2.5% lower than the All Industries average.

2.5 Top Employers in the Borough

This section provides two lists of the top 50 employers in the borough and explains how they were derived. The first list identifies the top 50 business sites in the borough (i.e. the actual business sites in the borough that employ the most people), where as the second list identifies the top 50 businesses in the borough based on the amount of people each business employs within the borough. So for example, the first list identifies Harrods as the site in the borough that employs the most people, where as the second list identifies the council as the top employer through it's employment of 4,000 people across the borough. It is worth mentioning that businesses that appear on the top sites list can also appear on the top employers list (such as Harrods).

These two list of top sites and top employers in the borough were created through investigatory work in TCR and validation of these results using online resources such as Bureau van Dijk's FAME, as well as through telephone consultations. TCR holds information on three different types of employment:

- Site Employment – How many people are actually employed at the site of the business,
- Company Employment – How many people are employed throughout the entire company hierarchical structure (e.g. how many people are employed in McDonalds restaurants in the UK, as opposed to a particular franchise),
- Statement Employment – How many people are reported working for the company based on their company's yearly financial statement.

2.5.1 Top 50 Employment Sites

The process of identifying the top 50 sites involved investigating all three types of employment, with the intention of trying to identify the employment specific to the Kensington & Chelsea borough. With site employment this is immediately apparent, but an investigation in to company and statement employment was also performed to identify large businesses in the UK that have single sites or branches within the borough. Once these had been identified, these companies were then contacted direct to obtain the employment that is based in Kensington & Chelsea.

When examining the top 50 sites, it is clear that there is a strong retail presence in the borough, with over 20% of the businesses being involved in retail activities. Retail businesses are also some of the largest on the list, such as Harrods and Harvey Nichols. Public services such as the council and those involved in medical activities (which is identified as a strong sector in this report) are also big employers in the borough; the council alone employs 2,750 people and the hospital in Brompton follows closely, employing 2,000 people.

Hospitality also has a strong presence on the list with a number of restaurants and hotels appearing. The hotel industry is particularly prevalent with almost 25% of the list being involved in this industry. There are also a number of museum activities that appear on the list such as the Victoria & Albert Museum and the National Museum of Science & Industry, who employ 730 and 590 people respectively.

Table 29: Top 50 Employment Sites in Kensington & Chelsea

Company Name	First Line of Address	Business Activity	Employment
Harrods Ltd.	87-135 Brompton Road	Department Store	3,120
Royal Borough of Kensington & Chelsea	The Town Hall	Town Council	2,750
National Heart & Chest Hospitals	Brompton Hospital	Hospital	2,000
Peter Jones	Sloane Square	Department Store	1,100
Royal Brompton & Harefield N H S Trust	Sydney Street	N H S Trust	900
Natural History Museum Publications	Cromwell Road	Book Publishers	840
Broad Gain (Uk) Ltd./Harvey Nichols	109-125 Knightsbridge	Department Store	840
Victoria & Albert Museum	Cromwell Road	Museums & Art Galleries	820
Princess Louise Hospital	Exmoor Street	Hospital	800
Earls Court & Olympia Group Ltd.	Exhibition Centre	Conference & Exhibition Organisers	640
Medical Services International Ltd.	162-174 Cromwell Road	Hospital	600
Monsoon Accessorize Ltd.	Monsoon Building	Retail of Clothing	600
National Museum of Science & Industry	Exhibition Road	Museums & Art Galleries	590
Tesco	West Cromwell Road	Supermarket	450
Marks & Spencer Plc	113 Kensington High Street	Department Store	400
Mandarin Oriental Hotel	66 Knightsbridge	Hotel	400
The Carlton Tower Ltd.	2 Cadogan Place	Hotel	400
Trailfinders (Services) Ltd.	42-50 Earls Court Road	Travel Organisers	400
Lycee Francais	35 Cromwell Road	Elementary & Secondary Schools	350
Royal Garden Hotel Ltd.	2/24 Kensington High Street	Hotel	320
Kensington & Chelsea College	Hortensia Road	College and Adult Education Centre	300
The Copthorne Tara Hotel	Scarsdale Place	Hotel	300
The Bluebird Store Ltd.	350 Kings Road	Restaurant	290
Warner Music (U K) Ltd.	The Warner Building	Music Publishers	240
John Brown Publishing Group Ltd.	The New Boathouse	Book Publishers	220
Holiday Inn London Kensington	100 Cromwell Road	Hotel	200
Hilton International Hotels (Uk) Ltd.	179-199 Holland Park Avenue	Hotel	200
Sony/Atv Music Publishing (Uk) Ltd.	10-12 Great Marlborough Street	Music Publishers	200
Chrysalis Group	13 Bramley Road	Radio Broadcasting Music Checkers	200
Waitrose	243 Kensington High Street	Supermarket	200
Octavia Housing & Care	Emily House	Housing Association	160
McDonalds	108-110 Kensington High Street	Fast Food Restaurant	150
Cdl Hotels (Chelsea) Ltd.	17 Sloane Street	Hotel	150
Hilton National Olympia London	380 Kensington High Street	Hotel	150
Department of National Savings	375 Kensington High Street	Bank	140
Baglioni Hotel	60 Hyde Park Gate	Hotel	130
Perenco (Oil & Gas) International Ltd.	29 Duke of York Square	Natural Gas Transmission & Distribution	130
Sarova Hotels Ltd.	11 Thurloe Place	Hotel	120
Crystals Coaches Ltd.	Carlisle Building	Coach and Bus Operator	100
Marks & Spencer Plc	Notting Hill Gate	Department Store	100
Cdl Hotels (Baileys) Ltd.	Gloucester Road	Hotel	100
Milestone Hotel Management Services Ltd.	1 Kensington Court	Hotel	100
Dinos Ltd.	Latimer Industrial Estate Unit 6	Restaurant	100
Wpf Therapy Ltd.	23 Kensington Square	Offices Health Praters Nec	100
Andrew Martin International Ltd.	200 Walton Street	Beddings & Linens	90
Ttt Moneycorp Ltd.	2 Sloane Street	Retail & Wholesale Currency Services	90
McDonalds	108 - 110 Notting Hill Gate	Fast Food Restaurant	80
Embassy of the State of Kuwait	45-46 Queens Gate	Foreign State Representative Office	80
Blakes Hotel	33 Roland Gardens	Hotel	80
Isaac Newton Centre for Professional Development	108a Lancaster Road	Skill Training Centre	80

Source: TBR 2009, Ref: W1/S5b

2.5.2 Top 50 Borough-Wide Employers

The same method for identifying the top 50 sites list was applied to the identification of the top 50 employers in the borough. However for this list the hierarchies of companies were also taken in to consideration by examining branch and subsidiary activity, for example, the total number of people employed by Tesco across the borough.

Where as the previous list looked solely at individual sites, this list takes in to account both sites that are independent businesses and businesses that have a large hierarchy of activity within Kensington & Chelsea. From the list it is clear that whilst there is a heavy influence from large independent single sites such as Harrods and the National Museum of Science & Industry, the majority of borough employment comes from businesses that have multiple sites located within Kensington & Chelsea.

The largest of these employers are public sector based, with the council employing approximately 4,000 people across the borough and similarly with the NHS employing around 3,850 people. There is also some large employment contributed by those involved in the *publishing of newspapers* industry, namely Daily Mail with over 2,300 employees and News Corporation with over 1,400 people. The *publishing of newspapers* industry is part of the manufacturing sector.

There is still a strong retail presence in this list, once more cementing the industry as a key sector within the borough. Particular strengths come from department stores such as Harrods, Marks & Spencer, Broad Gain (Harvey Nichols) as well as supermarkets like Tesco, Sainsbury's and Morrison's.

Some businesses are involved in activities that span multiple activities such as the Virgin Group employing 560 people, which is involved in retail, music publishing as well as other activities like health clubs. The French Embassy also has a strong foothold in the borough, employing 330 people over multiple sites.

For more detail on subsidiaries or branches that fall under each of the business hierarchies, please see the footnotes related to the company names.

Table 30: Top 50 Borough Employers in Kensington & Chelsea

Company Name	Business Activity	Employment	Sites
Royal Borough of Kensington & Chelsea	Town Council	4,000	Multiple
Department of Health	National Health Service	3,850	Multiple
Harrods Ltd.	Department Store	3,120	Single
Daily Mail & General Holdings Ltd	Newspaper Editing & Publishing	2,330	Multiple
News Corporation	Newspaper Editing & Publishing	1,410	Multiple
John Lewis Partnership Plc	Department Stores	1,380	Multiple
Matterhorn Capital Ec&O Ltd[1]	Conferences & Exhibitions	1,150	Multiple
Broadgain Limited	Department Stores	1,010	Multiple
Natural History Museum Publications	Book Publishers	840	Single
Tesco Plc	Supermarkets	820	Multiple
Victoria & Albert Museum	Museums & Art Galleries	820	Single
Adobe Limited[2]	Retail, Hospitality & Others	820	Multiple
Conran Holdings Ltd[3]	Restauranteurs	770	Multiple
Millennium & Copthorne Hotels Plc	Hotels	670	Multiple
J Sainsbury Plc	Supermarkets	610	Multiple
National Museum of Science & Industry	Museums & Art Galleries	590	Single
John Brown Media Group Ltd	Communication Agency	580	Multiple
Virgin Group Limited	Music, Retail & Others	560	Multiple
Zarling Ltd[4]	Commercial Printing	550	Multiple
Trailfinders Group Ltd	Travel Organisers	530	Multiple
Monsoon Holdings Ltd	Clothing Retailers	520	Multiple
Regent Acquisitions Limited[5]	Retail & Wholesale Currency Services	510	Multiple
Marks & Spencer Group P.L.C.	Department Stores	510	Multiple
Rexam Plc	Wholesalers of Paper Products	490	Multiple
Monitor Group Europa S.L.	Strategic Management Consultancies	470	Multiple
Burger King Holdings Inc	Restauranteurs	460	Multiple
Petrofac Ltd	Engineering Services	430	Multiple
Mandarin Oriental Hotel	Hotels	400	Single
The Carlton Tower Ltd.	Hotels	400	Single
The Food & Drink Group Plc	Bars & Pubs	380	Multiple
Lycee Francais	Elementary & Secondary Schools	350	Single
Hilton Hotels Holdings Corporation	Hotels	350	Multiple
French Embassy	Embassy Activities	330	Multiple
Genting Bhd	Casino Operators	330	Multiple
Mandataire Ltd	Property Management & Real Estate	320	Multiple
Vivendi[6]	Music Publishers	320	Multiple
STA Travel	Travel Agents	320	Multiple
Royal Garden Hotel Ltd.	Hotels	320	Single
Designers Guild (Corporation) Ltd	Furnishing Manufacturers	310	Multiple
Kensington & Chelsea College	College and Adult Education Centre	300	Single
Cadogan Settled Estates Shareholding Co Ltd[7]	Property Management & Real Estate	300	Multiple

[1] Matterhorn Capital Ec&O Ltd owns the Earl's Court Exhibition Centre
[2] Adobe Limited owns several unrelated sites in Kensington & Chelsea, such as an Emporio Armani site, a Mulberry site and the Halkin Hotel.
[3] Conran Holdings owns Image Restaurants on Kensington Church Street and the Bluebird Store on Kings Road
[4] Zarling owns Kall Kwik, Prontaprint and The Club Co. Operations in Ixworth Place
[5] Regent Acquisitions owns the TTT Moneycorp sites
[6] Vivendi owns Probe Media, the Helter Skelter Agency and Universal Music Group
[7] Cardogan Settled Estates owns several property sites across the borough

Company Name	Business Activity	Employment	Sites
Sunrise Acquisitions Ltd[1]	Bars & Pubs	280	Multiple
Warner Music Group Corp.	Music Publishers	280	Multiple
Spz Holdings Ltd[2]	Music Publishers	270	Multiple
Kilkenny Ltd	Hotels	240	Multiple
McDonalds Restaurants	Restauranteurs	230	Multiple
Penton Learning Systems Llc	Advertising & Promotional Services	230	Multiple
Whitbread Plc	Restauranteurs & Leisure	210	Multiple
Wm Morrison Supermarkets P L C	Supermarkets	210	Multiple
Chrysalis Group	Radio Broadcasting Music Checkers	200	Single

Source: TBR 2009, Ref: W1/S7b

[1] Sunrise Acquisitions owns several pubs and bars across the borough
[2] SPZ Holdings, owns a number of music related sites such as Sarm Records, Stiff Records, ZTT Records, Horn Productions

3. Employment Land Use

To understand the current use of land throughout the borough and how this may change in the future, data relating to the Business Summary Valuations were obtained from the Valuation Office Agency (VOA). The VOA data consisted of around 10,000 records for Kensington & Chelsea. These records were then matched to TCR, to allow analysis of land use by the multitude of variables available within TCR. The results of this section are based on a sample of the 10,000 records, which consists of the 4,100 businesses that were successfully matched to TCR.

3.1 Section Summary

In terms of average land use within the borough, the analysis laid out in the following sections shows that there is approximately 15m^2 available per person. The average area of business sites in Kensington & Chelsea is 112m^2; with the average area of the building the business site is based in being just over twice that, at 241m^2.

Naturally the average site and building areas increase along with the size of the business, however the average area available for each employee decreases as the size of business increases. The analysis also suggests that as the size of the business increases, there is less sharing of building space with other businesses (that is, larger businesses tend to have their own building and do not share land with other companies). This is not always the case though, and there are examples of larger businesses sharing office space with other businesses within the borough.

Businesses aged between 6 and 9 years old tend to have the largest site area of 126m^2 and have a tendency, on average, to have sites within larger buildings (356m^2). However, businesses aged between 10 and 24 years are more inclined to have smaller site areas, in this case the average is less than 100m^2. When examining the average site area available for each employee, the pattern seen by size band occurs here, with the older a business gets the less space each employee receives. This is generally the case because the older a business is the larger it is.

Businesses operating in *other retail – non-specialised stores* are in general the largest in the borough, with an average site area of over 1,000m^2 and an average building area of 4,300m^2. These figures are driven by large department stores like Harrods, Peter Jones and Harvey Nichols. At the other end of the scale *catering* businesses have the lowest average area for a sites, with just over 35m^2 for each business. This equates, on average, to 11m^2 per employee, which is not the lowest of all the strong industries, those involved in management of real estate (on a fee or contract basis) see just 4m^2 per person.

When investigating how different businesses use different types of land, some results are as expected. For example, office space is used primarily (53.8%) by Real Estate & Business Services; similarly bars are principally used by the Hospitality industry (87.5%). Interestingly, 25% of warehouse sites are being used by the Real Estate & Business Services industry, which is for the most part office based. Studios are also heavily used by Real Estate & Business Services (50% of all studios).

The majority of estimated land use is based within the land use class B1 (businesses) with a total of 539,600m^2. Total office space is estimated to be 711,700m^2, calculated through combining the B1 (businesses) and A2 (financial & professional services) land use classes. Retail space (Land Use Class A1: Shops) is also large within Kensington & Chelsea with an estimated land use of 407,900m^2.

Total current land use within the borough is estimated at 1,942,200m^2, with current commercial[1] land use estimated at 1,327,600m^2. The 2008 Commercial and Industrial Floorspace and Rateable Value Statistics calculate the current stock in Kensington & Chelsea as 1,352,000m^2, which gives a vacancy of property estimate of 24,400m^2 or 1.8%.

Approximately 6.1% of the businesses within the borough are potentially 'at risk' of needing larger premises, and 3.1% are 'at risk' of needing smaller premises. Those involved in the Land Use Class B8 (Storage & Distribution) are most at risk of needing smaller premises, with 7.3% of the business base potentially at risk. Those involved in C1 (Hotels) are most at risk of needing more space (8.3% of the business base).

When analysing the supply and demand of property within the borough, it is clear that supply relatively matches demand for businesses sites sized between 25m^2 to 49m^2, 50m^2 to 74m^2, 400m^2 to 999m^2 and 1000m^2. Whereas based on estimated land use there appears to be very high demand for small business premises of less than 25m^2. On the other hand, the supply of sites sized between 75m^2 and 399m^2 is far greater than the demand for them, suggesting that investment is potentially needed to persuade businesses to use up the already available space.

Previous research has forecast that 69,000m^2 of additional office floorspace will be needed by 2026 and that current development plans should meet this demand until 2017. In terms of new developments, the largest most recent has been the Yellow Building near Notting Hill that provided an additional 26,000m^2 of office space. Another large and recent development, Portobello Dock will provide 4,645m^2 of additional office floorspace. In addition to this, eight strategic sites[2] are referred to in Kensington & Chelsea's Core Strategy for development and redevelopment.

For the purposes of this project, three different floorspace demand scenarios were calculated for the 2009-2014 period. The first foresees trends from 2006 to 2009 (which do include the effect of the recent recession) **continuing** along the path laid out over this period. The second scenario sees floorspace demand continuing on a path **parallel** to the original GLA employment forecast trajectory but from an updated 2009 starting point; whilst the third scenario is based on the borough making a **return** to the original GLA expectations for 2014.

When examining these scenarios in relation to Office floorspace[3], the following occurs:

1. The 'continuation of recent trends' scenario shows a decline in the demand for office floorspace of -44,600m^2.
2. The 'parallel to original GLA sectoral trends' scenario shows a small increase in demand of 2,700m^2.
3. The 'return to 2014 GLA sectoral forecasts' scenario anticipates a large increase in demand of 81,700m^2.

Findings based on Retail floorspace[4] show the following for each scenario:

1. The 'continuation of recent trends' scenario forecasts a large demand of 13,300m^2.
2. The 'parallel to original GLA sectoral trends' scenario anticipates demand of 8,000m^2.
3. The 'return to 2014 GLA employment forecasts' scenario forecasts a small increase in demand (600m^2).

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[1] Commercial Land Use, refers to businesses that fall under the Land Use Classes of A1: Shops, A2: Financial & Professional Services, A3: Restaurants & Cafes, B1: Businesses, B2: General Industrial and B8: Storage & Distribution as well as some elements of Sui Generis such as membership clubs

[2] These sites include Kensal, Wornington Green, land adjacent to Trellik Tower, North Kensington Sports Centre, Commonwealth Institute, Warwick Road, Earls Court and Lots Road Power Station.

[3] Based on the land use classes B1: Businesses and A2: Financial and Professional Services

[4] Based on the land use class A1: Shops

The reason that the demand for retail floorspace is expected to increase significantly under the continuation of recent trends scenario is that this scenario is based on the continuation of the rise seen in retail employment between 2006 and 2009. However, the return scenario is based on a combination of GLA data and recent trends, which estimate a much smaller rise in employment in the retail sector.

The Hospitality sector is expected to see positive demand for floorspace in the parallel scenario and the return scenario, suggesting that this is an industry where land space may need investment in the future. However, Manufacturing is expected to see a decline in demand. Personal Services is also likely to rise under these scenarios, meaning that investment in floorspace for this industry may also be required.

3.2 Average Land Use

3.2.1 Overview

This section gives a detailed understanding of average land use in the borough for all industries, using Valuation Office Agency data. When measuring a property, the VOA states that the Net Internal Area (NIA) calculation is generally applied to shops, offices and other retail premises, whereas the Gross Internal Area (GIA) calculation is applied to industrial property such as warehouses and manufacturing units. The NIA measures the enclosed areas across all floors of a property but excludes some spaces such as toilets, lobbies, cleaner's cupboards, boilers rooms, lifts and stairwells. The GIA on the other hand measures all enclosed space across all floors of a building within its external walls.

The VOA data provided details on the total area encompassed in a building, for example, the total available space within an entire four floor building. It also provided details on the total area a business takes up in one site within the building, so for example a business using the 3rd floor of the four floor building.

Distinction is made between these two different area usages in all of the proceeding tables, either as "Area of Building" (the four floor building in the above example would be covered by this), or as "Area of Site" (e.g. one of the offices within the building would come under this heading).

All of the following tables report only the **average usage** of Buildings & Site area as well as the **average** site area available per employee. It is not possible to provide details on total area usage as the VOA is not a complete census of land use, and in addition to this only 4,100 out of the 10,000 records were successfully linked to TCR.

The following table shows average land use within businesses of different legal status. Those businesses, who have a legal status of Other, tend to have larger buildings and larger individual sites. This group includes Friendly Societies and companies Incorporated by an Act of Parliament, but the larger figures are more likely to be driven by the Foreign Companies and Public Sector Business also covered in this category. These are generally much larger business and therefore require more office space. For example, the Valuation Office reports that the Kensington & Chelsea Council Building has nearly 16,000m^2 of office space.

Table 31: Average Land Use by Legal Status

Legal Status	Area of Building (m^2)	Area of Site (m^2)	Average Site Area (m^2) per Employee
Limited Company	272.6	113.0	14.0
Sole Proprietor	125.4	70.6	17.0
Partnership	128.7	87.5	13.5
Other	311.1	150.2	16.4
Average	**241.1**	**112.4**	**15.2**

Source: TCR2009/VOA 2005 (Ref. W16/S3)

The average available area per employee in Kensington & Chelsea is 15.2m^2, however limited companies and partnerships have slightly less per person, whereas sole proprietors and those who have a legal status of other tend to have a little more per person.
As one might expect, Table 32 below shows that as the size of a business increases the amount of space available for each employee decreases. Naturally the average size of the building and sites increases with the size of the business. The results within the VOA data itself suggest that there is less sharing of buildings within larger businesses compared with those that are smaller. However there are a number of large businesses that do share land with other companies.

Table 32: Average Land Use by Size Band

Size Band	Area of Building (m^2)	Area of Site (m^2)	Average Site Area (m^2) per Employee
Zero Class	168.3	61.6	58.8
1 to 4	171.4	92.7	33.3
5 to 9	232.3	103.5	16.5
10 to 19	336.3	182.5	14.5
20 to 49	569.6	235.9	8.2
50 to 99	910.4	346.7	5.5
100 to 199	1,901.0	956.0	7.5
200 to 249	5,307.6	2,317.7	10.0
250 to 499	2,002.6	1,172.5	3.8
500+	15,719.5	15,719.5	7.9
Average	**241.1**	**112.4**	**15.2**

Source: TCR2009/VOA 2005 (Ref. W16/S7)

The results in Table 33 show that businesses aged between and 6 to 9 tend to have the largest site area (126m^2) available and tend to, on average, have sites within larger shared buildings (356m^2). Interestingly businesses that are aged between 10 and 24 years tend to have a smaller average area of less than 100m^2. The most established businesses (over 25 years old) are generally larger businesses, which is represented in the analysis with the average site area being 150m^2 for businesses of this age.

In terms of average area per employee, the pattern is fairly similar to that seen in the size band analysis above, where newer firms, which are more likely to be smaller, have more space available for each employee. The space available to each employee tends to decrease with age, which is most likely as the business grows in size. Interestingly those firms aged between 6 and 9 years old go against the trend and have a higher than average amount of space available for each employee.

Table 33: Average Land Use by Age of Business

Age Band	Area of Building (m^2)	Area of Site (m^2)	Average Site Area (m^2) per Employee
Less Than 1 Year Old	94.4	29.1	29.1
1 Year Old	110.8	42.8	29.7
2 to 3 Years Old	203.6	76.0	26.9
4 to 5 Years Old	192.6	73.2	19.6
6 to 9 Years Old	355.6	125.7	26.2
10 to 14 Years Old	219.6	91.3	16.0
15 to 24 Years Old	179.7	97.2	10.0
25+ Years Old	259.2	151.7	11.2
Average	**241.1**	**112.4**	**15.2**

Source: TCR2009/VOA 2005 (Ref. W16/S8)

The final table in this section makes use of the SIC to Land Use Class lookup created by TBR (see Section 5.4) to give an insight in to the different types of land use and how much space they each use on average.

Businesses classified as Sui Generis and Assembly & Leisure are generally situated in larger buildings of 383m^2 and 299m^2, respectively. Those businesses involved in Assembly & Leisure have, on average, the most area per employee with nearly 42m^2 each. Businesses falling under this class include activities such as theatres and concert halls, as well as gyms and dance halls.

Hotels generally have the largest site area for businesses in Kensington & Chelsea, with on average 168m^2, whereas Residential Institutions have the least with an average site area of just 39m^2.

Table 34: Average Land Use by Land Use Class

Land Use Class	Area of Building (m^2)	Area of Site (m^2)	Average Site Area (m^2) per Employee
A1: Shops	246.3	113.1	18.9
A2: Financial & Professional Services	264.6	88.5	10.9
A3: Restaurants & Cafes	203.6	108.7	14.0
A4: Drinking Establishments	167.7	90.9	11.7
B1: Businesses	275.6	121.4	13.1
B2: General Industrial	170.5	117.1	12.7
B8: Storage & Distribution	169.0	124.1	20.3
C1: Hotels	227.1	168.4	18.2
C2: Residential Institutions	86.3	38.5	10.5
C3: Dwelling Houses	152.1	54.5	15.1
D1: Non-Residential Institutions	144.2	97.7	16.0
D2: Assembly & Leisure	299.2	134.5	41.6
Sui Generis	383.4	202.5	13.1
Average	**241.1**	**112.4**	**15.2**

Source: TCR2009/VOA2005 (Ref. W16/S9)

3.2.2 Industry Specific Investigation

This section of the report further explores the driving factors behind the figures in section 3.2.1 above, by looking in to the average size of businesses within the sectors defined in Section 2.

The analysis in Table 35 shows that businesses involved in *photographic activities* and *software consultancy* tend to have more area per employee on average than other SICs in this sector. In *photographic activities* this is likely to be caused by the studios used in said activities. Where as in *software consultancy* this is more driven by the fact that this SIC is populated by smaller businesses (see Key Sector Annexe) and that businesses in this area seem to populate smaller office spaces.

Businesses that tend to be larger in size such as those involved in *legal activities*, *accounting* or *labour recruitment* tend to have lower average areas per employee (all less than $10m^2$ in each industry). Businesses involved in these activities tend to be structured in a cubicle format allowing efficient use of the office space available.

Table 35: Average Land Use in Business Services

SIC	Description	Area of Building (m^2)	Area of Site (m^2)	Average Site Area (m^2) per Employee
7222	Other Software Consultancy & Supply	99.0	38.1	26.5
7260	Other Computer Related Activities	*	*	*
7411	Legal Activities	117.7	66.1	8.9
7412	Accounting / Book-Keeping / Auditing / Tax	112.5	75.5	7.8
7414	Business & Management Consultancy Activities	257.9	112.2	11.0
7420	Architectural / Engineering / Technical Consultancy	198.5	163.2	13.4
7440	Advertising	217.6	82.7	13.0
7450	Labour Recruitment & Provision of Personnel	174.6	106.3	9.9
7470	Industrial Cleaning	*	*	*
7481	Photographic Activities	151.5	98.9	26.3
7487	Other Business Activities nec	246.8	105.9	18.1

* Figure suppressed due to low sample
Source: TCR2009/VOA 2005 (Ref. W16/S1)

The following table shows that businesses operating in o*ther retail – non-specialised stores* are, by far, the largest. This SIC includes Harrods, Peter Jones and Harvey Nichols and it is clear that these are the driving forces behind these figures. Despite the average area in this SIC being high, the average site area per employee is very similar to other levels seen within the sector.

Wholesale of clothing & footwear has a fairly high level of area per employee; this is likely to be due to wholesale businesses operating in warehouses or large storage spaces. *Other retail – specialised stores* and *retail of second hand goods*, which both contain elements of the Antiques industry, have relatively low average areas for sites. This is most likely representative of a number of small boutique style businesses.

Table 36: Average Land Use in Wholesale & Retail

SIC	Description	Area of Building (m^2)	Area of Site (m^2)	Average Site Area (m^2) per Employee
5142	Wholesale Clothing / Footwear	181.0	143.7	46.7
5147	Wholesale Other Household Goods	148.5	111.5	18.0
5190	Other Wholesale	124.3	71.1	18.8
5211	Retail - Non-Specialised (Food, Beverages, Tobacco)	196.1	156.6	19.5
5212	Other Retail - Non-Specialised Stores	4,299.3	1,057.3	29.3
5242	Retail – Clothing	139.2	108.0	16.1
5243	Retail - Footwear / Leather goods	100.5	75.2	15.6
5244	Retail - Furniture, Lighting, Household Articles	550.9	105.2	27.9
5248	Other Retail - Specialised Stores	104.0	77.9	17.9
5250	Retail - Second hand Goods In Stores	89.1	67.0	30.0

Source: TCR2009/VOA 2005 (Ref. W16/S1)

Table 37 below shows that, as one might expect, that *hotels* have the highest average area for each business and for each employee as well. *Bars and catering* businesses have the lowest average area for each employee, with only around $11m^2$ per employee.

Table 37: Average Land Use in Hospitality

SIC	Description	Area of Building (m^2)	Area of Site (m^2)	Average Site Area (m^2) per Employee
5510	Hotels	227.1	168.4	18.2
5530	Restaurants	204.2	110.1	14.1
5540	Bars	167.7	90.9	11.7
5552	Catering	177.6	35.6	11.2

Source: TCR2009/VOA 2005 (Ref. W16/S1)

The following table illustrates that *sporting activities* have, on average, the largest sites with an average of $156m^2$. This is likely to be driven by activities such as gyms and sports halls, which generally have a lot of space available. Business involved in *motion picture & video production* and *hairdressing* tend to have the smallest office spaces, around $65m^2$ per business. Those involved in *hairdressing* tend to be part of a much larger building, so for example will take up one half floor of a building.

Businesses that are involved in *artistic & literary creation* generally have the largest site area ($158m^2$ on average) and, like those businesses involved in *hairdressing*, tend to be part of a much larger building.

Table 38: Average Land Use in Personal Services

SIC	Description	Area of Building (m^2)	Area of Site (m^2)	Average Site Area (m^2) per Employee
9211	Motion Picture & Video Production	116.5	64.5	12.5
9220	Radio & Television Activities	*	*	*
9231	Artistic & Literary Creation & Interpretation	843.5	157.8	12.0
9234	Other Entertainment Activities nec	*	*	*
9252	Museum Activities & Preservation of Historical Sites	134.9	92.4	16.4
9262	Other Sporting Activities	338.4	156.1	49.0
9271	Gambling & Betting Activities	*	*	*
9302	Hairdressing & Other Beauty Treatment	356.5	66.6	12.2
9305	Other Service Activities nec	133.5	44.3	19.5

Source: TCR2009/VOA 2005 (Ref. W16/S1)
* Figure suppressed due to low sample

Real estate agencies are generally very small high street shops; this is exemplified in Table 39, where the average area of a site is only 49m^2, which is only 8m^2 per person. Those businesses involved in the *management of real estate (on a fee of contract basis)* provide even less office space per person, with only 4m^2 each. On the other hand those involved in the *development and selling of real estate* generally have a much larger office on average (132m^2) than other SICs in this sector and floorspace per employee is also larger.

Table 39: Average Land Use in Real Estate

SIC	Description	Area of Building (m^2)	Area of Site (m^2)	Average Site Area (m^2) per Employee
7011	Development and Selling of Real Estate	287.1	131.7	17.0
7020	Letting of Own Property	152.1	54.5	15.1
7031	Real Estate Agencies	153.3	49.4	7.9
7032	Management of Real Estate - Fee or Contract Basis	191.2	71.6	3.5

Source: TCR2009/VOA 2005 (Ref. W16/S1)

Most businesses involved in the Medical sector tend to offer the same average for each employee (between 16m^2 and 18m^2). However, those involved in *other human health activities* tend to have a smaller amount of land available 56m^2 as opposed to 105m^2 in *medical practice activities* or 189m^2 in Social Work (without accommodation).

Table 40: Average Land Use in Medical

SIC	Description	Area of Building (m^2)	Area of Site (m^2)	Average Site Area (m^2) per Employee
8511	Hospital Activities	*	*	*
8512	Medical Practice Activities	189.4	105.1	16.0
8514	Other Human Health Activities	108.5	55.7	16.0
8531	Social Work Activities with Accommodation	*	*	*
8532	Social Work Activities without Accommodation	196.0	189.0	17.6

Source: TCR2009/VOA 2005 (Ref. W16/S1)
* Figure suppressed due to low sample

3.3 Current Estimated Land Use

3.3.1 Introduction

Whilst the previous section investigated the average size of premises used by different industry types, this section examines the total amount of land that these industries are likely to take up. This is achieved once more through the combination of TCR and VOA data.

The linked TCR/VOA dataset allows analysis of how different industries make use of different property types and Table 41 provides and example of this. The property type classification is acquired from the VOA data and the sector from TCR.

Some results are, as one might expect, such as office space being used primarily by Real Estate & Business Services, with 53.8% of all office space being used by this industry. Similarly, bars are primarily used by the Hospitality industry (87.5%), however there is some use of buildings categorised as bars by other industries falling under the guise of Utilities, Construction, etc.

However, there are some interesting results such as 25% of warehouse sites being used by the office based activity of Real Estate & Business Services. Studios are also used heavily for office space by Real Estate & Business Services (50% of all studios). There is also a relatively high proportion (16.7%) of Wholesale & Retail businesses making use of bank and building society locations.

Table 41: Property Type Usage by Different Industries

Property Type	Agriculture & Fishing	Manufacturing	Wholesale & Retail	Hospitality	Financial Services	Real Estate & Business Services	Medical	Personal Services	Utilities, Construction, Logistics, Public Admin, Education	Total
Bank/Building Soc	0.0%	0.0%	16.7%	0.0%	58.3%	8.3%	8.3%	8.3%	0.0%	100%
Bar	0.0%	0.0%	0.0%	87.5%	0.0%	0.0%	0.0%	0.0%	12.5%	100%
Business Unit	0.0%	3.8%	7.7%	0.0%	3.8%	73.1%	0.0%	11.5%	0.0%	100%
Café	0.0%	3.7%	3.7%	81.5%	0.0%	7.4%	0.0%	0.0%	3.7%	100%
Club	0.0%	0.0%	0.0%	15.4%	0.0%	0.0%	15.4%	69.2%	0.0%	100%
Day Nursery	0.0%	0.0%	0.0%	9.1%	9.1%	18.2%	63.6%	0.0%	0.0%	100%
Health Premises	0.7%	0.7%	2.9%	3.6%	1.5%	5.8%	82.5%	2.2%	0.0%	100%
Launderette	0.0%	0.0%	0.0%	0.0%	0.0%	30.0%	0.0%	70.0%	0.0%	100%
Office	0.2%	4.4%	7.3%	2.1%	8.8%	53.8%	2.2%	11.4%	9.8%	100%
Recording Studio	0.0%	0.0%	0.0%	11.1%	0.0%	77.8%	0.0%	11.1%	0.0%	100%
Restaurant	0.0%	1.2%	3.5%	82.3%	0.3%	8.3%	0.9%	1.5%	2.1%	100%
Salon	0.0%	0.0%	2.0%	0.0%	0.0%	16.3%	0.0%	79.6%	2.0%	100%
Shop	0.1%	5.1%	50.3%	5.3%	2.1%	17.1%	3.2%	12.1%	4.8%	100%
Showroom	0.0%	12.5%	31.3%	0.0%	0.0%	25.0%	12.5%	6.3%	12.5%	100%
Studio	0.0%	7.1%	7.1%	0.0%	0.0%	50.0%	14.3%	14.3%	7.1%	100%
Warehouse	0.0%	4.2%	33.3%	4.2%	0.0%	25.0%	0.0%	20.8%	12.5%	100%
Workshop	0.0%	5.6%	25.4%	2.8%	1.4%	32.4%	1.4%	23.9%	7.0%	100%

Source: TCR2009/VOA 2005 (Ref. W16/S11)

3.3.2 Estimated Land Use – In More Detail

This section provides more detail on how this estimated land use is broken down by different industries and within the land use class system. In terms of land use class, the majority of land use occurs from B1 land use (Businesses) with an estimated land use of 539,600m^2. The highest proportion of B1 land use is estimated to be office space (437,500m^2), whilst research and development and light industrial are estimated to require a smaller amount of floorspace. Combining B1 land use class (539,600m^2) with the estimated land use for A2 (172,100m^2) gives a total estimated office space usage of 711,700m^2.

Retail space (A1) also has a large estimated land use of 407,900m^2, establishing retail as a key industry within Kensington & Chelsea by land use measures. Sui Generis has the next highest estimated land use with over 255,800m^2; this category captures activities such as theatres, nightclubs, launderettes, and casinos, as well as many others (see Appendix 5.4 for more detail).

Within Kensington & Chelsea as a whole, there is an approximate total estimated land use of 1,942,000m^2. When looking at just those commercial land uses – which includes land use classes A1, A2, A3, B1, B2 and B8 as well as some elements of Sui Generis – the total estimated land use is approximately 1,330,000m^2. A total 2008 stock figure for commercial land use is available from the Commercial and Industrial Floorspace and Rateable Value Statistics, which lists the current level of stock within Kensington & Chelsea as 1,352,000m^2.

Table 42: Total Estimated Land Use & Estimated Vacancy Rate

Land Use Class	**Total Estimated Land Use (000 m^2)**	**Average Estimated Land Use (m^2)**
A1: Shops	407.9	178.8
A2: Financial & Professional Services	172.1	96.1
A3: Restaurants & Cafes	127.7	151.7
A4: Drinking Establishments	28.3	143.4
B1: Businesses	539.6	124.4
B1-a: Office	*437.5*	*119.9*
B1-b: Research & Development	*2.9*	*131.8*
B1-c: Light Industrial	*99.2*	*148.5*
B2: General Industrial	2.5	76.9
B8: Storage & Distribution	33.0	90.2
C1: Hotels	114.2	386.9
C2: Residential Institutions	43.2	664.9
C3: Dwelling Houses	18.4	24.4
D1: Non-Residential Institutions	184.9	192.8
D2: Assembly & Leisure	14.8	247.1
Sui Generis	255.8	167.2
Total Estimated Land Use	**1,942.2**	**143.8**
Total Estimated Commercial Land Use	**1,327.6**	**129.0**
Total Commercial Spatial Stock (From 2008)	**1,352.0**	
Estimated Vacancy	**24.4**	
Estimated Vacancy Rate	**1.8%**	

Source: TCR2009/VOA 2005 (Ref. W16/S10c)

The combination of the 2008 commercial stock figure and the estimated commercial land use give rise to an estimated vacancy of property of 24,400m^2 or a vacancy rate of 1.8%. According to the GLA London Plan, the level of vacant floorspace in Kensington & Chelsea in 2004, was below 2% of the total, which was below the average of 4.3% for the Central London area.[1] The Commercial and Industrial Property Vacancy Statistics (2005) provided by the ONS however, show a vacancy rate of 5.0% in the borough. The estimate of a 1.8% vacancy rate is, therefore, much more closely aligned with the London Plan appraisal and represents a more conservative appreciation of the current situation (that current supply is only slightly in excess of current demand for floorspace).

When examining estimated land use by broad sector, Wholesale & Retail and Real Estate & Business Services have the largest usage with approximately 411,000m^2 and 377,000m^2 respectively (see Table 43). Interestingly, the average site size in Wholesale & Retail (171.1m^2) is over double that seen in Real Estate & Business Services (75.1m^2), which shows that while the levels of total land use are broadly similar, there is a stronger Real Estate & Business Services presence within the borough.

Table 43: Total & Estimated Land Use by Broad Sector

Broad Sector	Total Estimated Land Use (000 m^2)	Average Estimated Land Use (m^2)
A: Agriculture	18.7	425.0
B: Fishing	0.1	74.2
C: Mining & Quarrying	8.3	923.1
D: Manufacturing	150.0	255.1
E: Utilities	2.7	452.3
F: Construction	41.2	141.9
G: Wholesale & Retail	410.6	171.1
H: Hospitality	270.1	202.5
I: Transport & Logistics	87.7	247.6
J: Financial Intermediation	117.6	141.4
K: Real Estate & Business Services	376.7	75.1
L: Public Administration	47.3	394.2
M: Education	95.8	447.7
N: Health & Social Work	107.6	154.6
O: Personal Services	206.9	130.6
P: Private Households	0.9	44.9
Total	**1,942.2**	**143.8**

Source: TCR2009/VOA 2005 (Ref. W16/S10b)

The estimated land use within the strong sectors (identified in Section 2 - Employment Analysis) accounts for approximately 55% (1,074,400 m^2) of the total estimated land use in the borough.

The majority of this figure is from the Wholesale & Retail sector with 307,400m^2; this is followed by Hospitality with 268,400m^2 and Business Services with 232,300m^2. This once more confirms the strong presence of these industries within the borough, and that the current plans for more retail and office space will be extremely helpful.

[1] GLA (2004) The London Plan; Spatial Development Strategy for Greater London, p.19

Table 44: Total & Estimated Land Use by Strong Sector

Strong Sector	Total Estimated Land Use (000 m^2)	Average Estimated Land Use (m^2)
Wholesale & Retail	307.4	193.7
Hospitality	268.4	205.0
Real Estate	66.4	41.1
Business Services	232.3	77.4
Medical	97.6	172.7
Personal Services	102.4	124.6
Strong Industries	1,074.4	120.8
Remaining Industries	867.8	188.2
Total	**1,942.2**	**143.8**

Source: TCR2009/VOA 2005 (Ref. W16/S10b)

3.3.3 Identifying 'At Risk' Businesses

This final section examines the estimated land use for each business and attempts to provide an indicator of those that are potentially at risk of moving to either bigger or smaller premises. This is accomplished using the matched TCR-VOA sample which is used here to identify those firms that are growing or declining and then combining this information with whether the business has an average land use per head that is higher or lower than the average for the size band it is in. It should be borne in mind that this section looks solely at historical patterns of employment and current land use. As such it does not take account of 'strategic motivators' for relocation such as the need to be a nearer a parent company supplier or its workforce or even to take advantage of lower cost premises.

If the business in question has grown since 2006 and has an average land use per person that is less than 90% of the average land use per person for the employment size band it is in, then it is determined to be at risk of needing to move to a larger premises. In a similar fashion, if a business has declined in employment since 2006 and has an average land use per person that is more than 110% of the average land use per person for the size band it is in, then it is determined to be at risk of needing to move to a smaller premise.

This methodology was applied to all the businesses within the matched TCR-VOA sample in Kensington & Chelsea and from this it was determined that approximately 6.1% of the businesses within the borough are potentially at risk of needing a larger premise. Similarly 3.1% of businesses are possibly at risk of needing to move to larger premises.

When examining these potential 'at risk' businesses within different land use classes, it seems that businesses involved within the B8: Storage & Distribution group appear to be most at risk, with over 7% of the business base potentially needing to move to a smaller premises. Similarly 7% of businesses are also potentially at risk of needing larger premises, which is slightly higher than the average for the borough.

Those involved in C1: Hotels are most at risk of needing larger premises, with over 8% of businesses falling under this category. Businesses involved in office based activities such as A2: Financial & Professional Services and B1: Businesses have close to or above average rates of risk for potentially requiring larger premises, with 5.6% and 7.4% (respectively) of the business base being at risk. Those involved in A2 land use are below average in terms of the risk of moving to smaller premises, with only 1.3% of the business base at risk as opposed to 3.1% overall. However those businesses in B1 land use are slightly above average with 3.7% at risk of requiring smaller premises.

Table 45: Rates of 'At Risk' Businesses, By Land Use Class

Land Use Class	At Risk of Needing Smaller Premises	At Risk of Needing Larger Premises
A1: Shops	3.7%	6.8%
A2: Financial & Professional Services	1.3%	5.6%
A3: Restaurants & Cafes	1.8%	4.0%
A4: Drinking Establishments	5.4%	0.0%
B1: Businesses	3.7%	7.4%
B2: General Industrial	1.0%	5.0%
B8: Storage & Distribution	7.3%	7.3%
C1: Hotels	0.0%	8.3%
C2: Residential Institutions	0.0%	0.0%
C3: Dwelling Houses	0.0%	1.7%
D1: Non-Residential Institutions	4.5%	7.0%
D2: Assembly & Leisure	0.0%	0.0%
Sui Generis	1.6%	4.5%
All Land Classes	**3.1%**	**6.1%**

Source: TCR2009/VOA 2005 (Ref. W16/S14b)

When examining risk rates, within the six strong sectors, two thirds are fairly low risk in terms of needing to move to smaller premises. Very few businesses within the strong industries in Hospitality, Real Estate, Business Services and Personal Services were identified as being at risk of needing smaller premises. On the other hand, businesses in the strong sectors of Wholesale & Retail and Medical are potentially at risk of needing smaller premises with each of these strong sectors showing risk levels that are above average.

Whilst Real Estate is fairly low risk in terms of businesses needing to move to smaller premises, the risk of businesses needing larger premises is roughly 5 times as high at 5.3%, suggesting that businesses in this sector are growing. The risk of requiring larger premises is fairly moderate for the Personal Services and Hospitality sectors, with 4.4% and 3.4% (respectively) potentially needing larger premises. Interestingly only 3.4% of Hospitality businesses are at risk of needing larger premises compared to over 7% in the Hotels land use class (C1). This suggests that hotels are more at risk of needing larger premises but other hospitality industries, such as catering or restaurants, are not as likely to require more space.

Table 46: Rates of 'At Risk' Business, by Strong Sector

Strong Sector	At Risk of Needing Smaller Premises	At Risk of Needing Larger Premises
Wholesale & Retail	4.0%	6.0%
Hospitality	2.0%	3.6%
Real Estate	1.0%	5.3%
Business Services	2.4%	6.5%
Medical	6.1%	6.1%
Personal Services	2.9%	4.4%
Remaining Industries	3.4%	7.5%
All Industries	**3.1%**	**6.1%**

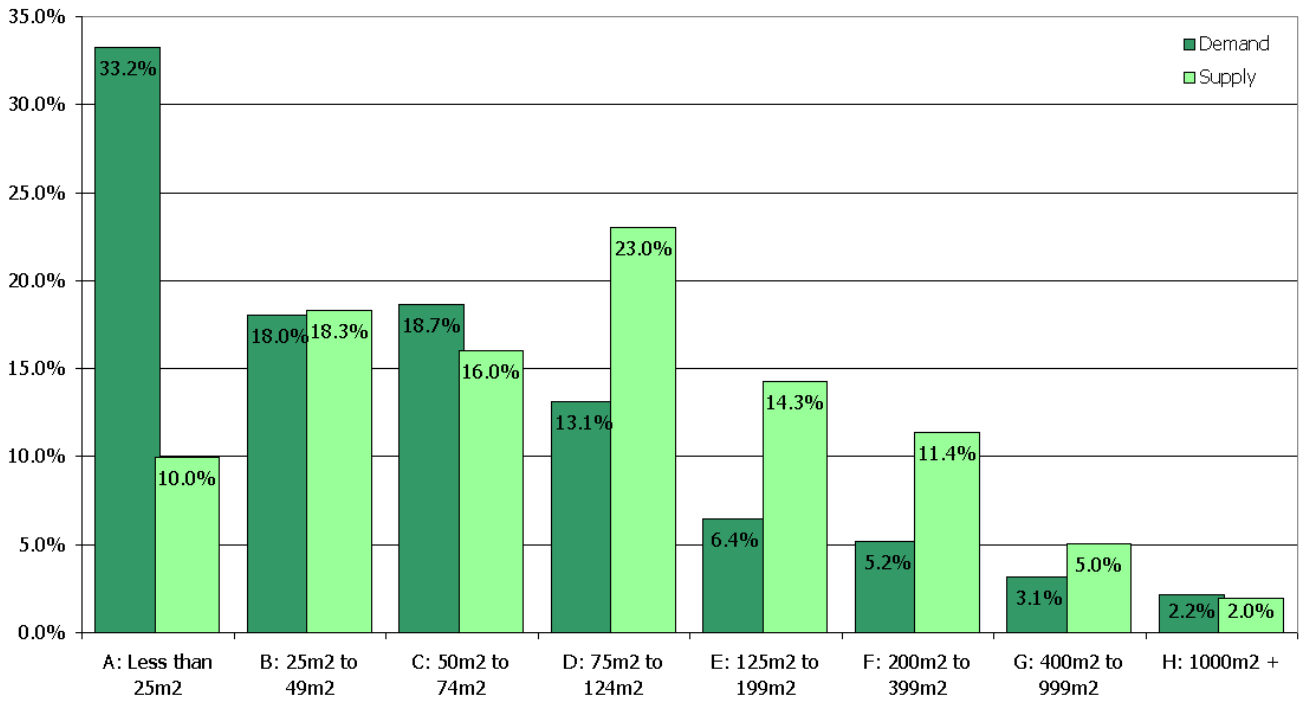
Source: TCR2009/VOA 2005 (Ref. W16/S14b)

Should these businesses require to move to larger or smaller premises, it is useful to understand the supply of the land and the demand for it, which is explained in the following graph. The supply side of the graph is produced from the raw VOA, which captures a lot of the land use activity within the borough; the demand side is based on the estimated land use determined earlier in the section. The graph looks at the how the records in each dataset are distributed amongst land use cohorts and allows an understanding of what businesses are wanting and whether there is the supply for it.

From the analysis it is clear that businesses in premises of size 25m^2 to 49m^2, 50m^2 to 74m^2, 400m^2 to 999m^2 and 1000m^2 + see fairly similar levels of supply and demand, suggesting that not too much investment in units of this size is necessary. Based on estimated land use, there appears to be very high demand for business premises of size less than 25m^2. However, this figure is based on employment and will include a number of zero class businesses, which will most likely work from home. So while the demand is high some of it will be met through residential means.

There does appear to be a greater supply of businesses sites sized between 75m^2 and 399m^2 than there is demand for them, again suggesting that this is an area which may not require additional investment (in terms of employment land development). However, activities and initiatives designed to increase the take up of such properties in the Borough may be considered desirable.

Figure 6: Supply & Demand of Land Use within Kensington & Chelsea



Source: TCR2009 / VOA 2005 (Ref. W16/S13C1)

3.4 Understanding Future Land Use Needs

This section focuses on the last two objectives laid out in the aims of this report (Section 1.1), which were to firstly reconcile the findings from this report with the projections for land use provided in the Core Strategy and secondly to determine the likely future needs for land space.

These two objectives tend to overlap as any likely future space demands that are determined may have a direct effect on whether the projections from the Core Strategy are sufficient or not. So for the purposes of this section the likely future land space needs are determined first and are then compared against the Core Strategy projections, to verify their feasibility.

This is achieved through the use of three different possible scenarios of what land space demand could be, these are then compared and summarised to provide a comprehensive view on the validity of the Core Strategy projections. However, to begin the section, a summary of recent and upcoming developments within the borough is provided.

3.4.1 Recent and Upcoming Developments

To reiterate current land use planning in the Core Strategy, Policy CF 1: Quanta of Development provides for:

- 69,200m² of office floorspace to 2028, based on a forecast demand for 15% growth in office jobs over the plan period.[1] At present, 46,000sqm is planned for construction, which should meet office demand until 2017.
- 26,150m² of comparison retail floorspace to 2015 in the south of the Borough.

It is also useful to consider some of the most significant developments impacting upon availability of floorspace. The largest recent development has been the Yellow building off Freston Road. The building, located near Notting Hill, provides 26,000m² of new office floorspace and was completed in 2008. Currently, over half of the floorspace is occupied by Monsoon.[2] One other large-scale office development is located at Portabello Dock on the northern border of the borough. Portobello Dock is an urban regeneration project developed by Derwent London, and is due to provide 4,645m² of new office space[3].

The market may deliver more office space in the future but given the 2006-2009 employment trends identified and the housing targets set out in the Core Strategy, this is unlikely in the short-term as employment is yet to increase to pre-recession levels. It is reiterated that the council ensures that current office space is not lost to other uses. The development of any new office floorspace should fit in with Kensington & Chelsea's wider policy agenda whilst supporting economic growth. Research suggests that Kensington & Chelsea should focus particularly on attracting the creative and media sectors, which would demand 'small-scale, value for money, flexible provision, especially in the North of the Borough'[4].

[1] Kensington & Chelsea LDF Core Strategy (29 October – 10 December 2009), para. 31.3.31
[2] http://www.newlondonarchitecture.org/projects_list.php?borough=20&name=kensington_and_chelsea
[3] http://www.portobellodock.com/
[4] Royal Borough of Kensington & Chelsea Employment Land Review Update *Draft*, (2009), Roger Tym and Partners and Lambert Smith Hampton.

3.4.1.1 Strategic Sites

The borough's strategic sites are noted from page 128 onwards in the Core Strategy. There are eight sites in total. At each site, development/redevelopment is envisaged. The sites at which significant new employment is envisaged are Kensal and Earls Court.

Kensal

This is the former Kensal gasworks and consists of eight smaller sites. A new cross rail station has been proposed for this location. The site is also expected to accommodate upwards of 10,000m² of office space, 2500 new residential dwellings and 2,000m² of non-residential community floorspace. The project would act as a catalyst for regeneration in the north of Kensington & Chelsea and could bring thousands of new jobs to the Golbourne ward, which has been cited by the Government as one of the most deprived areas in the UK[1].

Earls Court

One of the most significant foreseen developments in the area is the expected closure of the Earls Court site after the 2012 Olympics. The property lies on the western border between both Kensington & Chelsea and the Royal Borough of Hammersmith and Fulham and is owned by Capital & Countries. In January 2008, plans to build £20m casino extension at the Earls Court Exhibition Centre were denied for the second time. The casino was expected to attract up to 750 visitors per night and would stay open until 7am.[2] It has been suggested that the site may not be commercially sustainable in the long term and may be demolished to make way for a new International Conference Centre and commercial and residential use.[3] Earls Court is important because of its size and its current function as an exhibition centre. The Kensington & Chelsea Core Strategy states that it is expected to accommodate a minimum of 500 homes, 10,000m² of office space, small-scale retail units and a cultural facility.

3.4.2 Validating Core Strategy projections to 2028

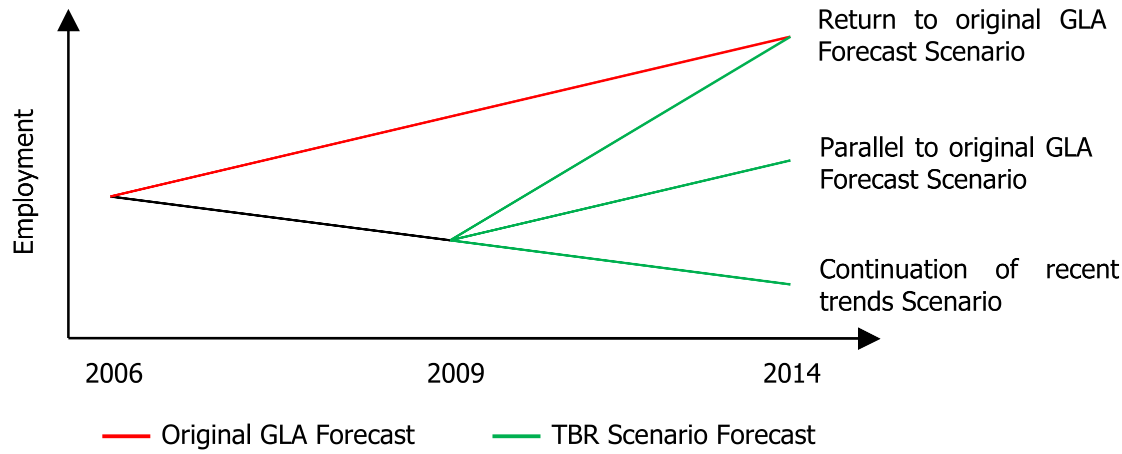
In order to validate whether the land use projections in the Core Strategy seem feasible, three different 2009-2014 employment land use forecasting scenarios for the borough have been created which examine how each of the scenarios will impact on floorspace demand:

1. The first scenario is based on the recent employment changes that have occurred over the period of 2006 to 2009 (which may either be good or bad) **continuing** until 2014 (i.e. the same employment change from 2006 to 2009 occurs for 2009 to 2014).
2. The second scenario is based on employment trends resuming along a path that is **parallel** to the original GLA forecasts, albeit from a lower 2009 starting point meaning that ultimately the employment in 2014 does not reach the original figure forecasted by the GLA, either because it is higher or lower.
3. The third scenario is based on a **return** of employment to original 2014 GLA expectations (i.e. employment goes through a period of substantial change, be it positive or negative, to reach the original 2014 forecasted figure).

A visual representation of each of these scenarios is provided below. Note that it is purely representative of the relative scenarios and the gradients of the lines do not reflect actual trajectories. It should also be noted that the GLA employment forecasts are broken down by sector and not all sectors show predicted positive growth.

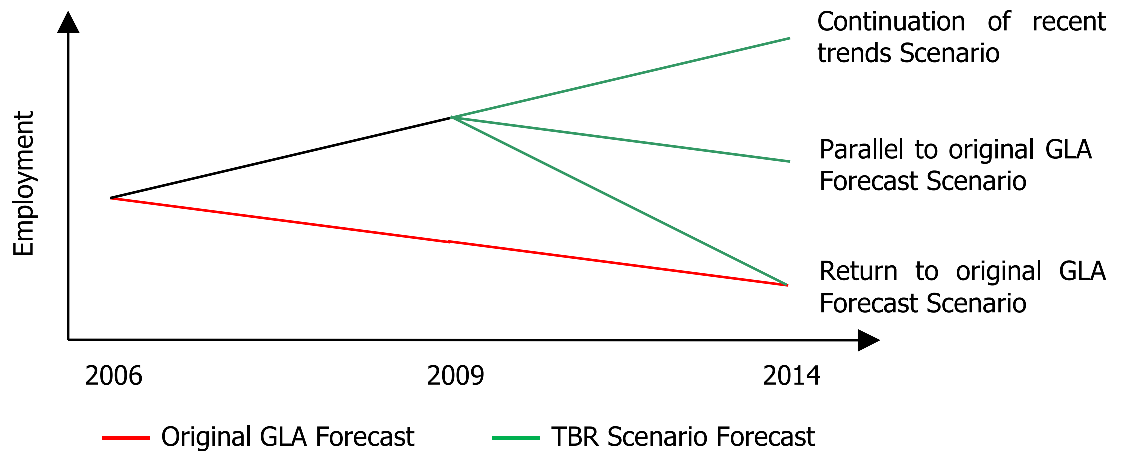
[1] http://www.rbkc.gov.uk/pressrelease/pressrelease.asp?id=3202
[2] http://www.highbeam.com/doc/1P2-15032369.html
[3] Hammersmith and Fulham Core Strategy Options 2009.

Figure 7: Illustration of Scenario Forecasts – GLA Forecasted Growth



Alternatively, it may be the case that the original GLA forecast was set to see decline over the period 2006-2014 (which is the case for the Retail sector) but actually saw growth over the recessionary period. In such a case the scenarios would potentially look like the following. Parallel

Figure 8: Illustration of Scenario Forecasts – GLA Forecasted Decline



Within each of the three scenarios employment and estimated land use forecasting tables are provided for the strong sectors identified in Section 2 of this report and the broad sectors. The strong sectors data differ from the broad sectors data because the major sector calculations only include the strong industries from within the broad sectors.

Whilst each of these scenarios only makes predictions up to 2014 and do not go as far as 2028 (as the Core Strategy does), they are useful in identifying potential land use requirements and provide some indication of whether industries in Kensington & Chelsea are likely to need the amount of floorspace that is being planned for them.

When examining the three scenarios, it is useful to bear in mind that it has been suggested that the borough of Kensington & Chelsea is weathering the economic downturn relatively well compared to other local authorities in the UK and will continue to do so. The borough is placed to be the second least affected authority in the UK (the least affected being the City of London).[1]

[1] http://press.experian.com/documents/showdoc.cfm?doc=3656, (2009).

It should be noted that this entire section of the report and analyses that accompany it are based solely on trends data from TCR and the GLA economic forecasts. These economic trends have then been extrapolated forward in order to understand how employment is likely to change in the future. How this employment may change has then been linked to data on business land use from the Valuation Office Agency in order to provide insight in to how the dynamics of economic change can have direct impacts on land use. Please note that none of these scenarios take in to account the *future need* of any of these industries, an aspect that is particularly important within the Retail sector as reflected in the Retail Needs Assessment (RNA). The RNA goes beyond an extrapolation of recent trends to include detailed assessments of future retail need, which should be borne in mind when interpreting the retail projections. Therefore the results here may not be directly comparable to documents that additionally investigate *future need*.

3.4.2.1 'Continuation of recent trends' scenario

The following two tables examine Kensington & Chelsea's estimated land use needs between 2009 and 2014. These projections are based on the prospective continuation of recent employment trends (2006-2009), which does take into consideration the effect that the current recession has had on certain industries.

It should be understood, that whilst some industries have suffered during the period of 2006 to 2009, some have seen positive growth. As such, a continuation of these positive trends in to the future means that these industries are also expected to see positive growth. Table 47 looks at land use demand by the strong sectors identified in Section 2 of this report, whilst Table 62 (in the appendix) details estimated land use demand by all of the broad sectors.

Table 47: Land Use 2009-2014 by Strong Sector (Continuation Scenario)

	Employment				**Estimated Land Use (000 m^2)**			
Strong Sector	**2009**	**2014**	**Change 09-14**	**% Change 09-14**	**2009**	**2014**	**Change 09-14**	**% Change 09-14**
Wholesale & Retail	15,480	15,820	340	2.2%	307.4	315.4	8.0	0.5%
Hospitality	19,230	20,590	1,350	7.0%	268.4	287.3	18.9	4.5%
Real Estate	7,560	7,000	-560	-7.4%	66.4	61.5	-4.9	-4.7%
Business Services	17,220	15,890	-1,330	-7.8%	232.3	210.9	-21.4	-5.9%
Medical	7,110	7,900	790	11.1%	97.6	108.4	10.8	7.0%
Personal Services	7,050	6,390	-660	-9.4%	102.4	92.0	-10.4	-9.1%
Remaining Industries	48,250	48,860	610	1.3%	867.8	861.8	-6.1	1.3%
Total	**121,900**	**122,440**	**530**	**0.4%**	**1,942.2**	**1,937.2**	**-5.0**	**0.3%**

Source: TCR2009/VOA2005 (Ref. W16/S12d)

It is visible from the projections in the above table that if recent trends continue there will be an expected excess of 5,000m² of employment floorspace by 2014. This is the result of hypothesised continued net contraction in demand for business space. If current trends continue within the strongest sectors, three sectors are predicted to make a positive demand. Should the positive employment trends in Hospitality continue, this sector is anticipated to need the largest amount of additional floorspace between now and 2014 (18,900m²). The positive growth seen in the Medical sector over 2006 to 2009 suggests that the sector is expected to have the greatest percentage increase in demand for floorspace at 10,800m² (7%), indicating potential significant growth in this sector. The Wholesale & Retail sector would potentially require some additional 8,000m² of floorspace should the positive trends seen over 2006 to 2009 continue.

However, should this scenario occur, the greatest loss of demand for floorspace would be in the Business Services sector (-21,400m²), followed by the Personal Services sector (-10,400m²) and the Real Estate sector (-4,900m²). The Personal Services sector will also see the highest percentage fall in floorspace need of all the strong sectors at -9.1%. Remaining industries would account for an additional fall of –6,100m² of floorspace. Each of these sectors has seen negative employment growth over the 2006-2009 period and this is reflected within their decreased demand for floorspace.

Should the trends seen over 2006 to 2009 continue, the broad sectors that are anticipated to require the most additional floorspace are Hospitality (20,200m²), Wholesale & Retail (7,900m²) and Health & Social Work (12,700m² - see Table 62 in the appendix). The Utilities sector is expected to have the greatest percentage increase in floorspace but this only amounts to 1,200m².

The broad sectors that have seen negative decline over the past three years and hence are expected to lose the highest amount of floorspace are Real Estate and Business Services (-48,400m²), Manufacturing (-6,900m²) and Financial Intermediation (-3,600m²). The greatest percentage loss of floorspace – 18.4% – would be seen in the Private Households sector (which includes employment services such as nannies, gardeners, cleaners and other domestic services). However, this equates to a very small area, covering just 300m².

Table 48: Land Use 2009-2014 by Land Use Class (Continuation Scenario)

	Employment				Estimated Land Use (000 m^2)			
Land Use Class	**2009**	**2014**	**Change 09-14**	**% Change 09-14**	**2009**	**2014**	**Change 09-14**	**% Change 09-14**
A1: Shops	20,590	21,510	920	4.5%	407.9	421.2	13.3	3.3%
A2: Financial & Professional Services	12,380	12,480	100	0.8%	172.1	168.3	-3.8	-2.2%
A3: Restaurants & Cafes	9,150	10,480	1,330	14.5%	127.7	146.2	18.5	14.5%
A4: Drinking Establishments	2,020	1,860	-160	-8.1%	28.3	26.0	-2.3	-8.1%
B1: Businesses	34,060	31,800	-2,260	-6.6%	539.8	498.9	-40.8	-7.6%
B2: General Industrial	120	160	40	32.4%	2.3	2.9	0.6	26.5%
B8: Storage & Distribution	2,270	1,920	-350	-15.4%	33.0	27.8	-5.2	-15.7%
C1: Hotels	8,180	8,470	290	3.5%	114.2	118.1	4.0	3.5%
C2: Residential Institutions	3,450	3,780	330	9.5%	47.3	51.8	4.5	9.5%
C3: Dwelling Houses	2,050	1,570	-470	-23.2%	18.4	14.1	-4.3	-23.3%
D1: Non-Residential Institutions	11,080	12,160	1,070	9.7%	180.8	197.0	16.2	9.0%
D2: Assembly & Leisure	990	980	-10	-1.3%	14.8	14.6	-0.2	-1.3%
Sui Generis	15,560	15,270	-280	-1.8%	255.8	250.1	-5.7	-2.2%
Total	**121,900**	**122,440**	**530**	**0.4%**	**1,942.2**	**1,937.2**	**-5.0**	**-0.3%**
Total - Commercial Land Use Only	**81,700**	**81,740**	**30**	**0.0%**	**1,327.7**	**1,311.5**	**-16.2**	**-1.2%**

Source: TCR2009/VOA2005 (Ref. W16/S12d)

With regard to forecast floorspace demand by Land Use Class, it can be seen that A2 (Financial & Professional Services) and A4 (Drinking Establishments) will see moderate negative demand, should the trends that occurred over 2006 to 2009 continue. Whereas the large decrease in employment in B1 (Businesses) implies that it will see a substantial decrease in demand of some 40,800m² (-7.6% - see Table 48). It is worth reiterating that the continuation scenario is based upon the projected continuation of employment as experienced over the 2006 to 2009 period. As such, this scenario is considered to be unlikely for a number of industries such as A3 (Restaurants & Cafés). This use class has seen significant positive growth over 2006 to 2009 and as such a continuation of these trends would give rise to an additional 18,500m^2 of land being required, however it is most unlikely that this situation would continue (for detail on the most likely outcome for class A3 please see section 3.4.3.3 - Potential Additional Floorspace Demand from Other Industries). We would expect this growth trajectory to level off as it appears unsustainable in the medium term. However, the Council will be in a position to test this through its planning consent processes.

Table 49: Commercial Property Vacancy Rates (Continuation Scenario)

	Estimated Land Use (000 m^2)	
	2009	**2014 – Continuation**
Total Estimated Land Use	1,942.2	1,937.2
Total Estimated Commercial Land Use[1]	1,327.6	1,311.5
Total Commercial Land Use Stock (2008)[2]	1,352.0	1,352.0
Total Vacancy	24.4	40.5
Vacancy Rate	1.8%	3.0%

Source: TCR2009/VOA2005 (Ref. W16/S12g)

Table 49 shows that if the trends witnessed over 2006 to 2009 continue, then the overall vacancy rate for commercial land use will be expected to rise to 3.0% by 2014, resulting in supply slightly surpassing demand needs.

3.4.2.2 'Parallel to original GLA sectoral trends' scenario

The following two tables examine Kensington & Chelsea's semi-recovery scenario. The calculations are based on employment levels and subsequent land demand following a path parallel to the original GLA employment forecasts predicted to occur between 2009 and 2014, albeit commencing from the current (2009) employment base.

Table 50: Land Use 2009-2014 by Strong Sector (Parallel Scenario)

	Employment				Estimated Land Use (000 m^2)			
Strong Sector	**2009**	**2014**	**Change 09-14**	**% Change 09-14**	**2009**	**2014**	**Change 09-14**	**% Change 09-14**
Wholesale & Retail	15,480	15,700	220	1.4%	307.4	312.0	4.6	1.5%
Hospitality	19,230	21,270	2,030	10.6%	268.4	296.8	28.4	10.6%
Real Estate	7,560	8,130	570	7.5%	66.4	71.4	5.0	7.5%
Business Services	17,220	18,520	1,300	7.5%	232.3	249.8	17.5	7.5%
Medical	7,110	7,200	90	1.2%	97.6	98.8	1.2	1.2%
Personal Services	7,050	7,890	840	11.9%	102.4	114.6	12.2	11.9%
Remaining Industries	48,250	47,450	-800	-1.7%	867.8	856.9	-10.9	-1.3%
Total	**121,900**	**126,150**	**4,250**	**3.5%**	**1,942.2**	**2,000.2**	**57.9**	**3.0%**

Source: TCR2009/VOA2005 (Ref. W16/S12e)

If the current (2009) employment were to proceed in to the future along a path parallel to the original GLA forecasts, then an additional 57,900m² of employment floorspace would be required by 2014. If this scenario occurs the strong sector of Hospitality is anticipated to need the largest amount of additional floorspace (28,400m²), followed by Business Services (17,500m²). Personal Services industries are expected to have the greatest percentage rise

[1] Commercial Land Use, refers to businesses that fall under the Land Use Classes of A1: Shops, A2: Financial & Professional Services, A3: Restaurants & Cafes, B1: Businesses, B2: General Industrial and B8: Storage & Distribution as well as some elements of Sui Generis such as membership clubs.

[2] The 2008 Commercial Land Use Stock figure was produced by the Commercial and Industrial Floorspace and Rateable Value Statistics, as provided by the ONS Neighbourhood Statistics.

and the third largest demand for floorspace at 12,200m² (8.5%). The only loss of floorspace under this scenario is expected in those industries that are not considered strong (-10,900m²).

Under this 'parallel to GLA sectoral trends' scenario, the broad sectors that are anticipated to require the most additional floorspace are Hospitality (28,500m²), Real Estate & Business Services (28,400m²) and Personal Services (24,600m² - see Table 63 in the appendix). The Personal Services sector would also see the highest percentage increase in floorspace demand (8.5%). Alternatively, the sectors that would lose the greatest levels of floorspace demand are Manufacturing (-22,100m²) and Construction (-2,000m²).

The differences in projected floorspace demand between the 'continuation of recent trends' scenario and the 'parallel to original GLA sectoral trends' scenario are notable. In the continuation scenario, only 3 of the strong sectors would exert an increase in demand for floorspace. However, under the parallel scenario all but 'remaining industries' would exert positive demand. The difference is most pronounced in the Business Services sector, which would see a demand decrease of –21,400m² if recent trends continued (see Table 47), but an increase of 17,500m² if 2009 employment continued on a path of growth parallel to the original GLA forecast (a margin of some 48,900m²). Real Estate and Personal Services would also both see a large swing from negative to positive demand.

Comparison of the projections for broad sectors floorspace between these two scenarios shows similar trends. Under the continuation scenario, the Real Estate and Business Services sector would exert significant negative floorspace demand (-48,400m²) whereas the figure would be 28,400m² under the 'parallel to original GLA sectoral trends' scenario. However, the Health and Social Work sector would see reduced floorspace needs under this parallel scenario when compared with the continuation scenario (12,700m² and 1,300m² respectively). Another notable sector is Manufacturing, which would exert negative floorspace demand of 6,900m² under the continuation scenario, but an even lower figure under the parallel scenario.

Table 51: Land Use 2009-2014 by Land Use Class (Parallel Scenario)

	Employment				Estimated Land Use (000 m²)			
Broad Sector	**2009**	**2014**	**Change 09-14**	**% Change 09-14**	**2009**	**2014**	**Change 09-14**	**% Change 09-14**
A1: Shops	20,590	21,080	490	2.4%	407.9	416.0	8.1	2.0%
A2: Financial & Professional Services	12,380	12,850	470	3.8%	172.1	176.6	4.5	2.6%
A3: Restaurants & Cafes	9,150	10,120	970	10.6%	127.7	141.2	13.5	10.6%
A4: Drinking Establishments	2,020	2,240	210	10.6%	28.3	31.2	3.0	10.6%
B1: Businesses	34,060	33,940	-120	-0.3%	539.8	537.9	-1.8	-0.3%
B2: General Industrial	120	100	-10	-12.6%	2.3	2.0	-0.3	-12.3%
B8: Storage & Distribution	2,270	2,230	-40	-2.0%	33.0	32.4	-0.7	-2.0%
C1: Hotels	8,180	9,040	860	10.6%	114.2	126.2	12.1	10.6%
C2: Residential Institutions	3,450	3,490	40	1.2%	47.3	47.9	0.6	1.2%
C3: Dwelling Houses	2,050	2,200	150	7.4%	18.4	19.7	1.3	7.3%
D1: Non-Residential Institutions	11,080	11,370	290	2.6%	180.8	185.3	4.5	2.5%
D2: Assembly & Leisure	990	1,110	120	11.9%	14.8	16.6	1.8	11.9%
Sui Generis	15,560	16,380	830	5.3%	255.8	267.2	11.4	4.5%
Total	**121,900**	**126,150**	**4,250**	**3.5%**	**1,942.2**	**2,000.2**	**57.9**	**3.0%**
Total - Commercial Land Use Only	**81,700**	**83,600**	**1,890**	**2.3%**	**1,327.7**	**1,353.3**	**25.7**	**1.9%**

Source: TCR2009/VOA2005 (Ref. W16/S12e)

Clearly employment following a path parallel to the original GLA forecasts would have significant positive effects upon demand for employment land use in Kensington & Chelsea. However, it is worth noting that not all sectors would exert positive floorspace demand under either of the two scenarios discussed.

This parallel scenario varies significantly from the continuation scenario when considering Land Use Class. Whilst B1 (Businesses) still sees a decrease in demand it is not nearly as substantial as under the continuation scenario (-1,800m^2 as opposed to -40,800m^2). This suggests that under the parallel scenario, B1 would be on the road to recovery after the poor performance experienced between 2006 and 2009.

Table 52: Commercial Property Vacancy Rates (Parallel Scenario)

	Estimated Land Use (000 m^2)	
	2009	**2014 – Parallel**
Total Estimated Land Use	1,942.2	2,000.2
Total Estimated Commercial Land Use[1]	1,327.6	1,353.3
Total Commercial Land Use Stock (2008)[2]	1,352.0	1,352.0
Total Vacancy	24.4	-1.3
Vacancy Rate	1.8%	-0.1%

Source: TCR2009/VOA2005 (Ref. W16/S12g)

If current commercial land use stock were to remain fixed and current employment levels were to continue along a path parallel to the original GLA forecasts, then the associated increase in land use would give rise to an expected commercial vacancy rate of –0.1% by 2014. This suggests that demand will marginally outweigh supply if this occurred, which would be a reversal of the current situation where supply slightly outstrips demand.

3.4.2.3 'Return to 2014 GLA sectoral forecasts' scenario

This section examines what would happen if employment in Kensington & Chelsea were expected to fully return to 2014 GLA projections scenario from the current 2009 position. That is, this scenario takes in to account what has happened over the period of 2006 to 2009 and then provides an understanding of what would happen if the current 2009 figure fully returned to the original 2014 GLA prediction, whether the original projection is higher or lower than the current 2009 figure.

It should be borne in mind that the GLA projections to 2014 vary between sectors. As such, some industries were predicted by GLA to see decline over the 2006 to 2014 period, when in fact these same industries have seen positive growth over the 2006-2009 period. In cases like these, the continuation scenario would obviously suggest continued growth, whereas the return scenario would see employment returning to the original GLA forecast and therefore a lower figure than seen in the continuation scenario. For an illustration of this situation see Figure 8: Illustration of Scenario Forecasts – GLA Forecasted Decline.

It is also possible (and more likely) that whilst the GLA predicted growth between 2006 and 2014, that there has actually been a decline over the 2006 to 2009 period. This in turn would mean that the return scenario predicts an acceleration in employment demand and subsequent land use demand. For an illustration of this situation please see Figure 7: Illustration of Scenario Forecasts – GLA Forecasted Growth.

[1] Commercial Land Use, refers to businesses that fall under the Land Use Classes of A1: Shops, A2: Financial & Professional Services, A3: Restaurants & Cafes, B1: Businesses, B2: General Industrial and B8: Storage & Distribution as well as some elements of Sui Generis such as membership clubs.
[2] The 2008 Commercial Land Use Stock figure was produced by the Commercial and Industrial Floorspace and Rateable Value Statistics, as provided by the ONS Neighbourhood Statistics.

The first table of this section looks at floorspace demand by the strong sectors identified in Section 2 of this report, whilst the second table looks at estimated floorspace demand by all of the broad industry sectors.

Table 53: Land Use 2009-2014 by Strong Sector (Return Scenario)

	Employment				Estimated Land Use (000 m²)			
Strong Sector	**2009**	**2014**	**Change 09-14**	**% Change 09-14**	**2009**	**2014**	**Change 09-14**	**% Change 09-14**
Wholesale & Retail	15,480	15,420	-50	-0.4%	307.4	305.7	-1.7	-0.6%
Hospitality	19,230	20,080	840	4.4%	268.4	280.1	11.8	4.4%
Real Estate	7,560	8,730	1,170	15.5%	66.4	76.7	10.3	15.5%
Business Services	17,220	19,930	2,710	15.8%	232.3	7271.4	39.2	16.9%
Medical	7,110	6,870	-240	-3.4%	97.6	94.3	-3.3	-3.4%
Personal Services	7,050	9,120	2,070	29.4%	102.4	133.3	30.9	30.2%
Remaining Industries	48,250	49,370	1,120	2.3%	867.8	913.6	45.8	5.3%
Total	**121,900**	**129,520**	**7,620**	**6.3%**	**1,942.2**	**2,075.1**	**132.9**	**6.8%**

Source: Ref. TCR2009/VOA2005 (W16/S12f)

The projections in the above table show that an additional 132,900m² of employment floorspace in total would potentially be required between 2009 and 2014 should employment levels return to the original 2014 GLA forecasted figure from the currently observed level seen in 2009. Within the strong sectors (excluding remaining industries) the Business Services sector is anticipated to require the largest amount of additional floorspace between now and 2014 (39,200m²), followed by Personal Services (30,900m²). The Personal Services sector would also have the greatest percentage rise in demand (30.2%).

However, whilst these strong sectors are expected to see growth under the return scenario, Medical and Wholesale & Retail are expected to see decline by 2014 due to the original GLA forecasts predicting a decline. These two strong sectors are expected to have respective excesses in floorspace (i.e. negative demand) of -3,300m² and -1,700m².

Should employment levels return to their original (GLA) forecasted level by 2014 then the broad sectors anticipated to require the most additional floorspace are Real Estate & Business Services (83,400m²), Personal Services (39,800m²) and Hospitality (11,500m² - see Table 64 in the appendix). Should this scenario arise, the Private Households sector would see the highest percentage increase in floorspace demand but this only accounts for a very small demand in floorspace area (300m²). The broad sectors that would lose the greatest amounts of floorspace by returning to the original GLA forecasted figure are Manufacturing (-8,300m²), Health & Social Work (-4,200m²) and Public Administration (-4,000 m²). The highest percentage loss of floorspace demand would be seen in the Utilities sector at –15.3%.

Should employment levels return to the original GLA forecasted figure (for 2014) then the strong sectors of Real Estate (10,300m²), Business Services (39,200m²) and Personal Services (30,900m²) are anticipated to require much more floorspace than they would require if demand followed a path parallel to the original GLA forecast (5,000m², 17,500m² and 12,200m² respectively).

Performing a similar comparison, the broad sectors of Real Estate & Business Services (83,400m²) and Personal Services (39,800m²) are anticipated to need much more floorspace under the return scenario than they would need under the parallel scenario (where it is stated they would require 24,600m² and 28,400m² respectively (see Table 63 in the appendix). Alternatively, Health & Social Work would see reduced floorspace needs if employment levels returned to the original GLA forecast (-4,200m²), but would see an increase in demand if recent trends were to continue (12,700m²).

Table 54: Land Use 2009-2014 by Land Use Class (Return Scenario)

	Employment				Estimated Land Use (000 m²)			
Land Use Class	**2009**	**2014**	**Change 09-14**	**% Change 09-14**	**2009**	**2014**	**Change 09-14**	**% Change 09-14**
A1: Shops	20,590	20,580	-10	0.0%	407.9	408.6	0.6	0.2%
A2: Financial & Professional Services	12,380	13,410	1,030	8.3%	172.1	190.7	18.6	10.8%
A3: Restaurants & Cafes	9,150	9,160	10	0.1%	127.7	127.9	0.2	0.1%
A4: Drinking Establishments	2,020	2,310	280	14.1%	28.3	32.2	4.0	14.1%
B1: Businesses	34,060	37,300	3,240	9.5%	539.8	602.8	63.1	11.7%
B2: General Industrial	120	110	-10	-6.4%	2.3	1.9	-0.5	-19.4%
B8: Storage & Distribution	2,270	2,540	260	11.5%	33.0	36.9	3.9	11.8%
C1: Hotels	8,180	8,700	520	6.4%	114.2	121.4	7.3	6.4%
C2: Residential Institutions	3,450	3,350	-100	-2.8%	47.3	46.0	-1.3	-2.8%
C3: Dwelling Houses	2,050	2,620	570	27.9%	18.4	23.5	5.1	27.9%
D1: Non-Residential Institutions	11,080	11,020	-70	-0.6%	180.8	180.5	-0.3	-0.2%
D2: Assembly & Leisure	990	1,260	270	26.8%	14.8	18.8	4.0	26.8%
Sui Generis	15,560	17,160	1,600	10.3%	255.8	284.0	28.2	11.0%
Total	**121,900**	**129,520**	**7,620**	**6.3%**	**1,942.2**	**2,075.1**	**132.9**	**6.8%**
Total - Commercial Land Use Only	**81,700**	**86,320**	**4,610**	**5.6%**	**1,327.7**	**1,416.4**	**88.7**	**6.7%**

Source: TCR2009/VOA2005 (Ref. W16/S12f)

As would be expected, a return to the original GLA sectoral forecast would see projected increases in floorspace demand to 2014 across the majority of Land Use Classes. The exceptions to this are D1 (Non-Residential Institutions), C2 (Residential Institutions) and B2 (General Industrial) all of which would see slight declines. Demand for office floorspace (A2 and B1 combined) would be 81,700m², which is greater than the Core Strategy planned office space provision to 2028 (see also Figure 9, page 78).

Table 55: Commercial Property Vacancy Rates (Return Scenario)

	Estimated Land Use (000 m²)	
	2009	**2014 – Return**
Total Estimated Land Use	1,942.2	2,075.1
Total Estimated Commercial Land Use[1]	1,327.6	1,416.4
Total Commercial Land Use Stock (2008)[2]	1,352.0	1,352.0
Total Vacancy	24.4	-64.4
Vacancy Rate	1.8%	-4.8%

Source: TCR2009/VOA2005 (Ref. W16/S12g)

[1] Commercial Land Use, refers to businesses that fall under the Land Use Classes of A1: Shops, A2: Financial & Professional Services, A3: Restaurants & Cafes, B1: Businesses, B2: General Industrial and B8: Storage & Distribution as well as some elements of Sui Generis such as membership clubs.
[2] The 2008 Commercial Land Use Stock figure was produced by the Commercial and Industrial Floorspace and Rateable Value Statistics, as provided by the ONS Neighbourhood Statistics.

Table 55 shows that if the current floorspace stock remained the same and the demand for commercial floorspace rose by the 88,700m^2 suggested under this scenario, then the vacancy rate can be expected to decline to –4.8% from the current 1.8%. This means that demand would notably outweigh supply, leading to a possible shortage in floorspace.

3.4.3 Validating Core Strategy Projections to 2028 – Summary

This final section provides an insight in to how the scenarios and information from Section 2 may affect the demand for floorspace over the Core Strategy time period. The Core Strategy projections explicitly provide predictions for office and retail floorspace demand, so for the purposes of this summary they are analysed separately. A final summary is provided, which details those industries whose employment base and subsequent land use is increasing and perhaps should be given consideration in future plans relating to land use.

3.4.3.1 Understanding Office Floorspace

In order to estimate office floorspace demand projections, this section considers trends relating to the Financial, Real Estate and Business Services sectors. As outlined in the Key Sector Annexe, the Real Estate and Business Services sectors show strong business and employment LQs in Kensington & Chelsea. The Core Strategy places significant emphasis upon the development of office floorspace in the borough (Policy CP 1) and states that the council intends to provide 69,200m² of additional office floorspace by 2028. To deliver this, the Core Strategy allocates a minimum of 20,000m² of business floorspace at the strategic sites of Kensal and Earls Court to meet unmet demand above the existing permissions.

There are currently 20,240 people employed in the Business Services sector in Kensington & Chelsea and 7,970 are employed in the Real Estate sector in the borough (see Table 47). Analysis shows that the Business Services sector saw an overall decline of –7.9% in total employment between 2006 and 2009. The industries that experienced the highest fall in employment were *other business activities not elsewhere classified* (-300) and *advertising* (-410). The *labour recruitment and the provision of personnel* industry on the other hand saw an increase in employment of 90. If recent net employment trends in the Business Services sector continue then it would be expected that office space demand would decline in the borough.

The Real Estate sector currently employs 7,970 people in the borough (see Table 47). The sector experienced an overall decline of –5.6% in total employment between 2006 and 2009. Within the sector the greatest loss in employment was in the *letting of own property,* which experienced a total (i.e. net) loss of –340 jobs. *Real estate agencies* however saw an increase of 40 jobs. If the recent trend in the Real Estate sector continues then it would be expected for office space demand to decline in the borough.

The average area of floorspace taken up per employee varies considerably across the strong industries that make up strong sectors in both the Real Estate and Business Services sectors (see Table 39 and Table 35). Within the Real Estate sector, the *developing and selling of real estate* industry uses the most amount of floorspace (17.0m²) per employee, whilst the *management of real estate – fee or contract basis* takes up the smallest area at only 3.5m² of floorspace per employee. In the Business Services sector, the *other software consultancy and supply* (26.5m²) and the *photographic activities* (26.3m²) industries take up the largest amount of floorspace per person, whilst the *accounting/book-keeping/auditing/tax* (7.8m²) and *legal activities* (8.9m²) industries takes up much less space per employee.

Looking at what would happen if recent trends continued (see section 3.4.2.1, page 70), it can be observed that based on this scenario's estimations, Real Estate & Business Services would decline significantly over the next three years (-48,400m^2), whilst the Financial Intermediation industry would experience a more modest decline of 3,600m². Therefore, if current trends continue, the demand for office floorspace is likely to decline and current stock will exceed future demand. As Business Services & Real Estate premises are most likely to consist of offices, this implies that the demand for office space is likely to decline.

If employment growth were to follow along a path parallel to the original GLA forecasted figure (from an updated 2009 starting point), then a rise in demand in Business Services & Real Estate (28,400m²) and Financial Intermediation (300m²) would be expected between now and 2014. Under this scenario, additional office floorspace would be required.

The 'return to 2014 GLA sectoral forecasts' scenario shows a considerable increase in the Real Estate & Business Services sector (83,400m²) and the Financial Intermediation sector (10,300m²). Under this scenario, demand for office floorspace would already far exceed Kensington & Chelsea's current plans for office space provision for 2028, by 2014.

So in summary, looking at broad sector data (which encompasses all strong sectors) for Real Estate & Business Services and Financial Intermediation (i.e. office floorspace), the continuation scenario anticipates a decline in office floorspace of –52,000m², the parallel scenario forecasts a rise in office floorspace of 28,700m² and the return scenario would expect to see a rise of 93,700m² in office floorspace.

Figure 9 illustrates the three scenarios discussed above for office floorspace. The trajectories labelled 'all industries' show anticipated floorspace requirements across all industries. The lines on the graph labelled specifically 'office' on the other hand refer directly to office floorspace, calculated using the land use classes of B1 (Business) and A2 (Financial and Professional Services). It can be seen that the continuation scenario shows a decline in the demand for office floorspace (-44,600m²); the parallel scenario shows office floorspace demand is expected to experience a moderate increase (an additional 2,700m²), whilst the return scenario anticipates a large increase in the need for office floorspace (an additional 81,700m²).

Figure 9: Office Floorspace Projections 2009-2014

Source: TCR2009/VOA2005 (Ref. W16/S12hC2)

So in conclusion, looking at broad sector data for Real Estate & Business Services and Financial Intermediation:

1. The 'continuation of recent trends' scenario anticipates a decline in floorspace of –52,000m².
2. The 'parallel to original GLA sectoral trends' scenario forecasts a rise in floorspace of 28,700m².
3. The 'return to 2014 GLA sectoral forecasts' scenario would expect to see a rise of 93,700m² in floorspace.

Looking at the office floorspace Land Use Classes B1 (Business) and A2 (Financial and Professional Services):

1. The 'continuation of recent trends' scenario shows a decline in the demand for office floorspace of -44,600m².
2. The 'parallel to original GLA sectoral trends' scenario shows a small increase in demand of 2,700m².
3. The 'return to 2014 GLA sectoral forecasts' scenario anticipates a large increase in demand of 81,700m².

3.4.3.2 Understanding Retail Floorspace

As outlined in Section 2.2.1 (Identification of Industry Strengths), the Wholesale & Retail sector has strong business and employment LQs in Kensington & Chelsea. The Core Strategy places significant emphasis upon the development of Retail floorspace in the borough (Policy CP 1). It is stated on page 43 of the Core Strategy that the council plans to provide 26,150m² of comparison retail space in the south of the borough by 2015. In order to deliver this, the council identifies in the Core Strategy 'sufficient small sites with the potential for retail development to demonstrate identified retail needs of the borough can be met'. The amount of floorspace that is planned by the council exceeds each of the 3 Wholesale & Retail scenario projections considerably.

There are currently 15,480 people employed within Wholesale & Retail major sector industries in the borough (see Table 47). This sector experienced an overall increase in total employment of 60 jobs (0.4%) between 2006 and 2009, driven primarily by growth in the *retail – non-specialised (food, beverages, tobacco)* industry. For ease of analysis, retail employment can be categorised into convenience, comparison and service retail. Convenience retail includes the retail of food and tobacco products, comparison retail includes that retail of goods such as clothing, medical, second hand items and leather products and service retail includes repair services, rental estate agencies, hair and beauty services and other similar services. The strong industries that experienced the highest employment growth were mostly concerned with convenience products – namely *retail – non-specialised (food, beverages, tobacco).* However they also include comparison retail jobs, including *retail – clothing*, which saw an increase of 70 jobs (2%), and *retail - furniture, lighting, household articles* which saw an increase of 30 jobs (6%). If this growth continues, more floorspace will be necessary for these industries. The industries that saw the highest decline in employment were *retail – footwear/leather goods*, which experienced a loss of 170 jobs (16%) and *wholesale – other household goods* which experienced a loss of 60 jobs (11%). The industries that have experienced a decline in employment are likely to require less floorspace in the future if the trend continues.

The borough has a strong reputation as a retail centre and contains the prestigious department stores Harrods and Harvey Nichols. The recession has resulted in a negative impact upon the sector in the borough, as consumers will have less disposable income to spend, especially on convenience goods. However, this is short term in the context of the Core Strategy's timescale. However, the Wholesale & Retail sector in Kensington & Chelsea is mature with well-established firms. Over 16% of all firms in the sector in the borough have been in existence for more than 25 years, compared to the London average of 10.5% for all sectors.

In addition, the majority of all firms (51.3%) in this sector have been in operation for at least 6 years. Therefore, it is expected that the sector should make a good recovery as the recession lifts. This means that the ultimate impact on floorspace demand in the Retail sector is likely to be minimal and the borough is more likely to follow the retail trends depicted in the 'parallel to original GLA forecasts' scenario or the 'return to original GLA forecasts' scenario rather than the 'continuation of recent trends' scenario.

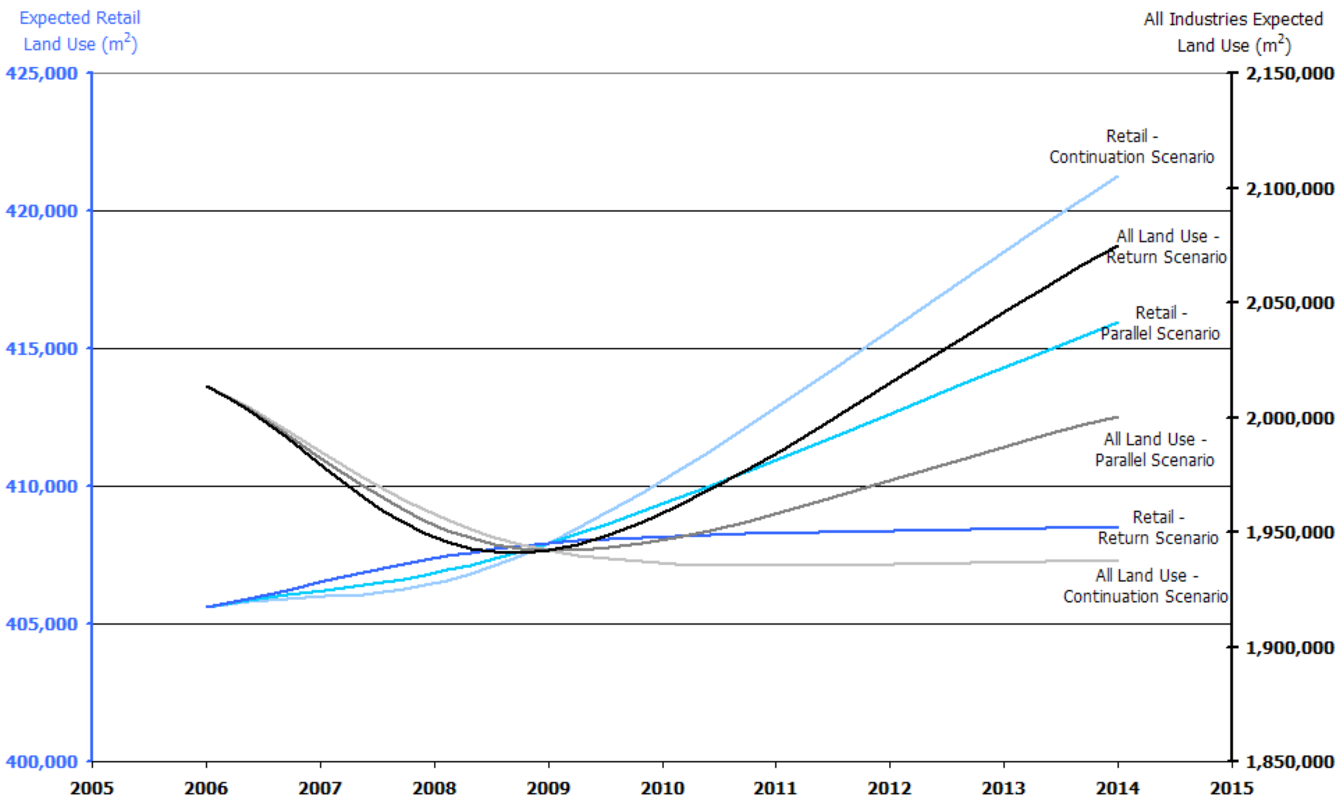
As can be seen in Table 34, shops have an average site area of 18.9m^2 per employee, an average site area of 113.1m^2 and an average overall building area of 246.3m^2**.** Table 47 (which calculates floorspace projections for the strong industries only) estimates that 8,000m^2 of additional Wholesale & Retail space may be needed by 2014.

The 'continuation of recent trends' scenario shows that the broad sector *Wholesale & Retail* (which encompasses all strong industries within this sector) will require an additional 15,700m^2 of floorspace by 2014. The 'parallel to original GLA sectoral trends' scenario forecasts additional demand of 5,600m^2, whilst the 'return to 2014 GLA sectoral forecasts' scenario forecasts a demand of only 500m^2. The forecast for the *Wholesale & Retail* strong sector (which includes only strong industries within this sector) follows a similar trend of 8,000m^2, 4,600m^2 and –1,700m^2 for the three scenarios respectively, but with the notable difference that the floorspace demand under the return scenario is anticipated to be negative (i.e. there would be a surplus of retail floorspace).

The small increase (and decrease in the return scenario for the strong sector category) in demand for additional Wholesale & Retail floorspace is accounted for through the combination of GLA forecasted decline between 2006 and 2014 and a recorded positive growth between 2006 and 2009. As such, a continuation of recent trends would mean that the positive growth experienced over 2006 to 2009 would continue onwards to 2014. Whereas a return to the original 2014 GLA figure would mean that Wholesale & Retail employment (and the subsequent land use) would increase from the current 2009 position at a much slower rate to the lower 2014 level predicted by GLA

Figure 10 illustrates the three scenarios discussed above. However, it depicts the retail sector only and does not take into account the wholesale sector. The lines on the graph labelled 'all industries' show the anticipated floorspace requirements across all industries as a basis for comparison. The lines on the graph labelled specifically 'retail' on the other hand refer directly to retail floorspace, calculated by land use class A1 (Shops). The graph shows an increase in demand for retail floorspace in all three scenarios. The continuation scenario would mean the largest increase in demand for retail floorspace (13,300m^2), due to the positive growth the sector has experienced over the 2006 to 2009 period. As explained in the previous paragraph, the return scenario forecasts the smallest increase in demand (600m^2) because the GLA forecasted decline in Retail employment between 2006 and 2014. The parallel scenario fares much better than the return scenario and forecast a demand of 8,000m^2 between 2009 and 2014.

Figure 10: Retail Floorspace Demand Projections 2009-2014



Source: TCR2009/VOA2005 (Ref. W16, S12hC1)

So in conclusion, looking at broad sector data for Wholesale & Retail:

1. The 'continuation of recent trends' scenario shows a demand for an additional 15,700m² floorspace.
2. The 'parallel to original GLA sectoral trends' scenario expects an additional demand of 5,600m²
3. The 'return to 2014 GLA sectoral forecasts' scenario forecasts a demand of only 500m².

Looking at the Land Use Class A1 (Shops):

1. The 'continuation of recent trends' scenario forecasts a large demand of 13,300m².
2. The 'parallel to original GLA sectoral trends' scenario anticipates demand of 8,000m².
3. The 'return to 2014 GLA sectoral forecasts' scenario forecasts a small increase in demand (600m²).

3.4.3.3 Potential Additional Floorspace Demand from Other Industries

Considering the three scenarios in turn, the broad sectors that are most likely to experience significant change in floorspace demand and that do not fit directly under office or retail categories are Hospitality, Education, Personal Services and Manufacturing.

Under all three scenarios, the Hospitality sector is expected to see a rise in the demand for floorspace. The forecast demands for the three scenarios in turn are 20,200m², 28,500m² and 11,500m² respectively. This indicates that the borough will require more floorspace for this growing sector in the near future.

The Education sector would exert a rise in demand for floorspace across all scenarios. The continuation scenario forecasts a sharp rise in demand for educational floorspace to 2014 of 4,500m², the parallel scenario predicts a small increase of 1,200m², whilst the return scenario predicts an additional 1,700m² would be required. The Personal Services sector is forecast to see a fall in demand for floorspace under the continuation scenario (-2,000m²) but notable increases in demand under the parallel scenario (24,600m²) and the return scenario (39,800m²).

The Restaurants & Cafés land use class (A3) has experienced some substantial growth over the period of 2006 to 2009 through an increase in employment of around 500 people. If these trends were to continue onwards to 2014, then there would be an additional demand for floorspace of around 18,500m^2. However, it is extremely unlikely that this positive growth would continue in to the future, this is similarly the case for the parallel scenario. Because the growth to 2009 has been much higher than predicted by the GLA, a continuation along a path parallel to the original forecasts to 2014 would result in a lower value than the continuation scenario but would still be quite high (13,500m^2) and once more quite unlikely. In this particular case the return to GLA forecasts scenario would be the most likely scenario, with a modest increase in floorspace demand following the spike in activity between 2006 and 2009.

A similar case of this activity can be seen within the land use class for Non-Residential Institutions (D1), with the continuation scenario faring the best (16,200m^2) followed by the parallel scenario (4,500m^2) and then the return scenario with a negative demand of –300m^2. The situation here is not as extreme as above, and as such a modest increase of 4,500m^2 under the parallel scenario would probably be the most likely.

All three scenarios forecast a fall in demand for Manufacturing floorspace in the borough between 2009 and 2014. The smallest fall in demand is expected under the continuation scenario (-6,900m²) because the decrease that has occurred is not as great as originally predicted by GLA. The parallel and return scenarios show a fall of –22,100m² and –8,300m² respectively. This indicates that less floorspace is likely to be required for this sector, as acknowledged in the Employment Land Review (2009). This sector is explained in more detail in the following section, which pulls together findings from the previous two main sections of the report (Employment Analysis and Employment Land Use).

3.4.3.4 *Case Study - The Manufacturing Sector*

The manufacturing sector in Kensington & Chelsea is large but weak when compared with the UK. It has a business LQ of 0.61 and an employment LQ of 0.41, which shows that the sector represents a smaller proportion of the total number of businesses and employment in the borough than the manufacturing sector across the UK as a whole. There are 41.5 businesses and 367.1 employees based in the sector per 10,000 residents of working age.

There are 1,200 manufacturing businesses in Kensington & Chelsea. The majority of these businesses (67%) are sole traders with no employees, 18% are very small businesses with between 1 and 4 employees and 8% of businesses have between 1 and 9 employees. Only 100 manufacturing businesses in the borough employ 10 or more people.
Within these 1,200 businesses are 10,200 people in employment, which represents 8.4% of all employment in the borough. This is a higher percentage of employment in the sector than seen in Central London (7.7%) and London as a whole (7.4%) but lower than in the neighbouring boroughs of Westminster (8.6%), Hammersmith & Fulham (9.9%) and across West London (9.1%).

In terms of what is driving the manufacturing sector, the industry with the largest number of employees is the *publishing of newspapers,* which employs 3,990 people. The largest employers in this industry are the Daily Mail (and its subsidiaries) with 2,330 employees and News Corporation with 1,410 employees. Other large industries in the manufacturing sector include *publishing of books* (1,540 employees)*, publishing of periodicals and journals* (690 employees)*, printing not elsewhere classified* (610 employees) and *publishing of sound recordings* (550 employees).

Table 56: The Top 5 Manufacturing Industries

SIC	Industry	Number of employees
2212	Publishing of newspapers	3,990
2211	Publishing of books	1,540
2213	Publishing of journals and periodicals	690
2222	Printing not elsewhere classified	610
2214	Publishing of sound recordings	550

Source: TCR 2009 (Ref. W16/S12)

The highest proportion of people in the borough employed in the sector (21.5%) work in businesses with between 250 and 499 employees, followed by businesses with more than 500 employees (19.6%). Only 8.1% are sole traders with no employees. This indicates that whilst there are many small businesses with very few employees, there are also a small number of very large businesses with many employees located in the borough.

Between 2006 and 2009, 1,190 (-10.4% of employment in the sector) jobs were lost in the sector across all businesses. This is a larger decline in employment in the sector than in all other geographic areas considered except for Westminster, which experienced a decline of 10.6%. However, none of the areas looked at experienced a rise in employment and the average across the whole of London was a decline of 8.1%.

Over 400 new jobs were created through new business births between 2006 and 2009, of which there were 120. This means that approximately 10.0% of the current Manufacturing business base has been born in the last three years, which is higher than Hammersmith & Fulham (7.8%) and Westminster (6.9%).

Business deaths in the manufacturing sector led to 1,310 job losses in the borough between 2006 and 2009. A business death rate of 24.1% was experienced in this time period. This is a lower rate than in Westminster (30.7%), Central London (26.6%) and London (25.6%) but a higher rate than in Hammersmith & Fulham (23.4%) and West London (22.6%).

The average age of a manufacturing business in the borough is 19 years old. This is the same age as an average manufacturing business in Hammersmith & Fulham and West London but younger than the average manufacturing business in Westminster (24), Central London (22) and London (21).

Total land use by the Manufacturing sector[1] has been calculated to be 150,000m^2, which is equivalent to 255m^2 per business. Under the continuation scenario land use demand in this sector is expected to fall by –6,900m^2 (-4.6%), under the parallel scenario demand is expected to fall by –22,100m^2 and under the return scenario demand is expected to fall by –8,300m^2.

When looking explicitly at land use in terms of Land Use Class, Light Industrial land use (B1c) is estimated to be approximately 99,200m^2 within the borough. This is the equivalent of 149m^2 per business. This overall total is a decrease of around 7,200m^2 since 2006 and this decrease in demand is likely to continue in to the future until at least 2014. Under the parallel and return scenarios, demand for Light Industrial land use is likely to reduce to 91,100m^2 or 97,800m^2 respectively. This suggests that this type of land use is potentially not as important as it once was within the borough and may be required much less in the coming years.

Looking at the analysis of 'at risk' businesses in Land Use Class B1 from section 3.3.3, it was discovered that over 7% were at risk of needing a larger premises and almost 4% were at risk of needing a smaller premise. The 'risk rates' for the Light Industrial land use class (B1c) have also been determined to give a more detailed insight. As the analysis above might suggest the proportion of businesses at risk of needing smaller premises is above the borough average, with 4.6% of businesses potentially needing less land as opposed to 3.1%. Approximately 7.6% of businesses using Light Industrial land are potentially at risk of needing a larger premise, which while still quite high is very similar to the B1 Land Use Class rate.

In summary, Manufacturing has not fared so well in Kensington & Chelsea over the past three years with a large decrease in employment of over 1,000 employees, a high death rate with 24.1% of 2006 businesses dying and a low level of new firm formations (just 10%). These details combined with the outcomes of the projected scenarios and the fact that 4.6% of businesses are potentially at risk of needing less land, suggest that Manufacturing is in decline within the borough and that if these trends continue, demand for manufacturing land will likely follow this decline.

[1] This is using the broad sector classification of Manufacturing, where some areas may belong to other types of land use class. For example publishing businesses generally using B1: Office space.

4. Conclusions

4.1 Summary

This report aims to provide additional information for the Royal Borough of Kensington & Chelsea in support of the Local Development Framework Core Strategy and the economic development of the borough. The findings in this report are closely tied to economic performance, and so will also have implications for the Local Economic Assessment (LEA) which the Borough Council is obligated to produce (the requirement for which is to come into force by April 2010 as a result of the Local Democracy, Economic Development and Construction Bill).[1]

In order to achieve this, a large number of findings relating to employment and land use have been laid out (see also the Key Sector Annex document). This final section centres upon the more significant of these findings and the implications that they have for the future economic and employment land development of the borough.

The Key Findings table outlines a summary of the major outcomes of this report (see Executive Summary). Not all of the information within it is referred to in this section, as some (such as owner demographics) is not a direct influence on employment land use planning.

4.2 The Employment Base and Kensington & Chelsea's Local Economy

Understanding the employment base and the economy within a local area is critical to effective forward land use planning. The most notable employment sectors are those which are most closely associated with the (commercial) land use development priorities laid out in Policy CP 1 of the Core Strategy. The influence of the economic downturn must also be considered as it colours forward employment projections (namely the GLA's November 2009 forecasts).

As a central London borough, Kensington & Chelsea maintains a primarily residential character. Its location and transport links afford it very good connectivity, and its economy is supported by high levels of in commuting. It has a well developed and mature local economy. Many of its firms are long established – one quarter are aged 15 years or more, and the majority are at least 4 years of age. It also has a strong small business base. Nearly one third of Kensington & Chelsea's firms are micro-businesses (i.e. they have fewer than ten employees), backing the Core Strategy assertion that 'small businesses will continue to be the backbone of the employment economy of the Borough'.[2] A number of large employers are also situated in the borough, including Harrods, Daily Mail and the John Lewis Partnership).

The recession has had a major influence upon the borough's firms and employment base since 2006, although the borough has performed relatively well in many respects compared to other areas. For example, its firm closure rate from 2006-2009 was lower than the neighbouring boroughs of Hammersmith & Fulham and Westminster, as well as the London average. Similarly, it suffered a smaller decline in employment than either of the other two comparator boroughs (although the West London employment loss rate was slightly lower).

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[1] Following recommendations laid out in the Review of Sub National Economic Development (2007) the Local Democracy, Economic Development and Construction Act (2009), the requirement for all country and unitary district councils to undertake a Local Economic Assessment was established.
[2] Core Strategy (consultation version 29 October – 10th December 2009), p.14.

The borough has a diversified economic base, which has contributed to its relatively successful recessionary performance. Whilst it has a particular reputation for cultural and retail strengths, it is established early in this report that Kensington & Chelsea's main industry strengths lie within Wholesale & Retail, Hotels & Restaurants, Real Estate, Business Services, Health & Social Work. Furthermore, within these broad sectors there are a number of specific industries – ranging from the *wholesale of clothing and footwear* to *museum activities & preservation of historical sites* – which act as drivers of employment and economic development. The results of the employment analysis (Section 2) justify the significance placed upon office and retail floorspace in the Core Strategy.

The firm and employment demographic profile of the Wholesale & Retail sector in this report closely reflects the character of Kensington & Chelsea's retail offer, especially with regard to the *retail sale of second hand goods in stores* industry (which has a relatively high concentration of firms in the borough) and its association with antiques. The single largest Wholesale & Retail industry, however, is *retail – non-specialised goods*, reflecting the scale of major employers such as Harrods, Peter Jones and Harvey Nichols. The prominence of the Wholesale & Retail sector in the borough is a positive aspect of its economy, although the retail sector is a generally low-skilled sector which is not characterised by high levels of productivity per capita. This is a factor which the borough council may wish to consider as an influence upon social development within the borough (i.e. education and qualification levels). It is also pertinent to consider that Policy CP 1 specifies comparison retail development in the south of the borough, although the 2009 ELR highlights that 'there is a concentration of socio-economic disadvantage in the North Kensington wards'.[1]

The performance of the Wholesale & Retail sector over the past 3 years has been at odds with the general downwards trend experienced by most other industries over the recessionary period. This is grounds for optimism with regard to forward employment land use planning – the most influential 'driver' industries within the Wholesale & Retail sector grew in employment by 2.1%, though the sector as a whole remained virtually unchanged in net employment size. It has also seen high business birth rates. Wholesale & Retail firms also require a greater than average amount of floorspace per employee, because a substantial proportion of their total floorspace is comprised of major department stores and multiples that consume high rates of floorspace per head. This means that land use allocations must allow for greater levels of demand per employee.

The other significant employment area of consideration in the context of the Core Strategy development plans is the Business Services sector. This is a major occupier of office floorspace and a relatively mature sector. Unlike the Wholesale & Retail sector, it has experienced an employment decline since 2006, with the major driver being job losses through firm deaths. Its performance is, however, expected to improve from 2009 to 2014. As a knowledge intensive sector, Business Services (alongside Real Estate) is characterised by high levels of productivity per head and as such its support and future growth is desirable. However, its requirements for more highly skilled labour are also likely to draw in a high proportion of in-commuters (from outside the borough). It is already recognised that more highly skilled residents tend to commute out of the borough.[2] The potential for a stronger Business Services sector to retain this demographic within the borough should be considered.

Within the Business Services sector in the borough the *photographic activities* industry demonstrates a particular strength compared to the national average[3]. The types of business in this industry vary, but the largest groups include commercial photography, photographic portrait studios and photographic processing. This industry falls primarily with Land Use Class B1 (Businesses).

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[1] Tym & Partners (September 2009) Employment Land Review – Update, para. 8.1:i
[2] Tym & Partners (September 2009) Employment Land Review – Update, para. 8.1:ii
[3] Based on LQ analysis (see Key Sector Annex)

These findings regarding the employment base point to a diminishing of the role of Business Services and other office floorspace occupiers – namely Real Estate and Financial Intermediation – over the past 3 years. It is of course well recognised that the recession has impacted upon Financial and Professional Services particularly significantly, and this does not imply that these industry areas will not recover over the next few years. But the borough may wish to consider the influence of the Hospitality sector as a driver of employment growth and therefore land use.

Hospitality sector firms occupy land across the C1 (Hotels) and A3 (Restaurants & Cafés) Use Classes, which is referred to in the Core Strategy (notably in Lots Road and World's End), but in a generally limited manner in contrast to the emphases placed upon comparison retail and office floorspace provision in Policy CP 1. The point of note here is that Hospitality floorspace demand is predicted to increase under all Scenarios and should be borne prominently in mind by planners over the coming years. In a similar manner to the Wholesale & Retail sector, the Hospitality sector is not a significantly productive area in terms of the economic surplus that individual employees generate. However, it is a sector which has 'prestige' benefits and facilitates a contribution to the local economy through visitor spend.

These sectors, which form the core of the borough's economy, contribute to a reasonably high birth rate which (coupled with the its locational and infrastructure assets) means that the borough is well placed for economic growth to 2028. The trend over the past few years suggests that the Borough's economic makeup (in terms of its employment base) has shifted somewhat away from Business Services and Real Estate (although as outlined above certain industries within them have performed well) whilst Hospitality has grown overall. As noted, the suppression in Business Services performance as a result of the recession is unlikely to persist, but the Hospitality sector's performance is a characteristic which could be managed to the borough's benefit. There has been a high rate of business turnover in the borough since 2006 (i.e. high numbers of firm births and deaths). This means that there are a relatively large number of new, small firms across influential growth sectors (and 'driver' industries in particular).

Whilst the Medical sector is a prominent employer within the borough, it is not primarily a commercial sector and so has less direct relevance to the employment land use emphasis in this report.

4.3 Anticipating Future Employment Land Use

Within this report, the most relevant employment land use forecasts have been developed on the basis of a 'most likely' scenario, which has been deemed in this case to be the 'parallel to original GLA sectoral trends' scenario (although alternatives have also been developed in order to accommodate less probable possibilities). The implications of the floorspace projections laid out in Section 3 vary across Land Use Classes and industries. The most likely scenario concerns a resumption of the GLA forecasted employment growth rate, albeit from an updated 2009 starting point, along a parallel path. A degree of uncertainty is inevitable as market behaviour is difficult to predict, with market fluctuations resulting in more or less availability. The trajectory of the post-recession economic recovery is significant. Clearly, close monitoring of land use within the borough is a priority.

The borough vacancy rate as calculated in this report (1.8%) asserts that employment land use supply moderately outweighs demand at present. This is not likely to remain so, however. Under the most likely scenario, current planned provision of office space to 2026 (69,200m^2) *may* be greater than demand – this report forecasts a small increase in office floorspace demand of 2,700m^2 to 2014. This finding is tempered by the fact that the ELR (2009) does not predict a linear increase in floorspace availability; instead, it predicts that growth will remain low until 2011, after which its rate will increase.

Under the most likely scenario, Retail floorspace (Land Use Class A1) is predicted to stand at 8,000m^2 in 2014. This value takes into account both comparison and convenience retail floorspace. The Retail Needs Assessment (2008) on the other hand forecasts a demand of 20,458m² (net) comparison retail floorspace. In addition to this, a forecasted demand in convenience floorspace of between 3,627m^2 (low growth scenario) and 9,383m^2 (high growth scenario) is expected between 2008 and 2015.

It is clear when considering both convenience and comparison retail floorspace that both the high and low growth scenarios in the Retail Needs Assessment (2008) anticipate much higher growth than the most likely scenario (8,000m^2) depicted in this report. However, it is important to note that the forecasts in the report are based solely on an extrapolation of current trends data whereas the Retail Needs Assessment additionally takes into account future retail need.

As noted, the Wholesale & Retail sector has performed relatively well throughout the recession in terms of employment retention but the recent (October 2008) opening of the Westfield Shopping Centre has had an undoubted impact on retail in the borough, which may explain land use forecasts in this report standing at lower levels than in Policy CP 1.

There are a number of issues which Kensington & Chelsea Council might consider in light of these findings and in light of Policy CP 1. As business planning permission applications are only necessary under certain conditions (notably when there is a proposed change to the Land Use Class which a premise is registered under, even where structural alterations are not required[1]), certain specific industries within the influential growth sectors which have seen a decline over recent years are likely to see increased employment (and therefore floorspace demand).

For example, Wholesale & Retail has an estimated land use value of 410,600m^2 and industries such as *retail - non-specialised (food, beverages, tobacco)* and *retail – clothing* have shown positive employment growth. With regard to retail – the policy CV 1 vision is that 'opportunities to expand retail floorspace in Knightsbridge, King's Road, Fulham Road and South Kensington will have been taken up' (Core Strategy, p.36). Employment growth trends show that both comparison and convenience retail have relatively strong prospects in the borough over coming years, validating the emphasis placed on them in the Core Strategy.

Business floorspace industries (from within the Business Services & Real Estate broad sector) are predicted to show total estimated land use of 376,700m^2 in the borough by 2014 (Table 43). In addition, there is some pressure within sectors occupying office floorspace (B1 and A2) towards downsizing, based upon a detailed examination of the employment dynamics within them. The borough council should be aware of the relatively high demand for small office premises (<25m^2) predicted to accompany the increase in employment within this sector[2].

This tendency is attested to through the examination of figures relating to site area per employee, with some industries requiring relatively small amount of space per employee (such as *legal activities, accounting/book keeping/auditing/tax,* and *labour recruitment & provision of personnel*). The *business & management consultancy activities* industry is particularly notable as it accounts for a relatively large number of employees, and approximately one fifth are Home Based Businesses (HBBs).

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[1] There are exceptions to this – for more details see ODPM (1998, revised July 2005) Planning Permission: A Guide for Business

[2] There is approximately 15m^2 available per person. The average area of business sites in Kensington & Chelsea is 112m^2; with the average area of the building the business site is based in being just over twice that, at 241m^2.

Anecdotal evidence suggests that a large share of this workforce is made up of previously retired individuals who have set up firms as sole proprietorships in residential addresses. *Software consultancy & supply* is also made up of a high proportion of HBBs (22.7%).

The protection (and, where possible, development) of these office floorspace hereditaments with smaller site sizes should be strongly considered through future planning processes. Specific business floorspace industries identified as likely to show strong growth include *labour recruitment & provision of personnel* and *real estate agencies.* It is suggested that planning applications relating to these industries are considered in light of their role as driving industries within influential growth sectors.

Another significant consideration in terms of employment floorspace provision is the Hospitality sector. In the most likely forward scenario, the current Hospitality sector is likely to increase its demand for floorspace by 7.5%, or to 28,400m^2 from its current figure of 268,400m^2. Kensington & Chelsea already has a strong reputation in retail and culture, and the hospitality offering is a welcome consequence of these assets. The sector does not exhibit evidence of requiring additional larger premises, and although Policy CF 8 specifies that 'the visitor economy is supported through appropriate hotel provision', the Core Strategy makes comparatively little specified provision for C1 (Hotels) and A3 (Restaurants and Cafés) land use (i.e. in terms of specifying quanta of development). Strong growth is probable in the *hotels* and *restaurants* specific industries within this sector, and *hotels* require a higher than average amount of space per employee (18.2m^2 compared to 15.2m^2 per employee across all industries in the borough).

Under the most likely scenario, the Restaurants & Cafés land use class (A3) would experience much larger positive demand of 13,500m^2 than might be expected given the nature of the activity. This is due to the substantial positive growth the class has experience over the past three years, as such the 'return to GLA forecasts' scenario might be a more likely scenario. This is because it is unlikely the level of growth experienced over 2006 to 2009 will continue at this pace.

Finally, the Personal Services sector is also forecast to exert demand for employment floorspace to 2014 (under the 'parallel to original GLA sectoral trends' scenario). It shows similar behaviour to the Business Services influential growth sector, in that it would exert positive demand under the most likely scenario. It is notable that total estimated land use across the Personal Services broad sector stands at 206,900m^2 – second only to Wholesale & Retail and Real Estate & Business Services – implying that its growth will exert substantial pressure upon limited land availability. Within the sector, *museum activities & preservation of historical sites* and *hairdressing & other beauty treatment* are both influential growth industries. The former is of course well recognised by borough authorities.

The land use floorspace demand projections discussed here provide indications of the trajectory of the borough's employment growth and impact directly upon employment land planning. However, they also provide a good indication of relative sectoral performance, and as such shed light on Kensington & Chelsea's business base. As already highlighted, the effect of the 2008-2009 recession and the speed at which the economy recovers is a key determinant of future economic performance, but ensuring that sufficient space is made available (where possible) for growth industries is a critical means of facilitating economic growth to 2028.

5. Appendix

5.1 Strategy and Research Activity to Date

This research is set against a background of substantial previous analysis of employment and land use in Kensington & Chelsea. There are also a number of local and regional development strategies and planning guidelines, which shape the character of economic growth in the borough.

The purpose of this section is to review these studies and strategies, outline the pertinent key findings and conclusions, and – more critically – to relate them to this study and clarify its position in building upon them and ultimately contributing to successful planning for employment land in Kensington & Chelsea.

5.1.1 Development Strategies and Policy

This section will review a number of strategies at different geographical levels including:

- London wide strategies,
- Local strategies,
- Policy statements and planning guidance, and
- Previous and continuing research.

5.1.1.1 London-wide Strategies

In the context of employment and land use in the borough there are two influential high level growth strategies in effect across London:

- *The London Plan; Spatial Development Strategy for Greater London* (February 2004)
- *Sustaining Success; Developing London's Economy; Economic Development Strategy* (2005)

Both are currently under review (along with the Transport Strategy – outside the remit of this report) as part of changes made by the Mayor since appointment in 2008, though the new documents will not be fully established until 2011 and 2010 respectively.

A number of Sub-Regional Development Frameworks (SRDFs) were also established in support of the London Plan, in order to provide more detailed guidance to policy implementation. Kensington & Chelsea is designated as part of the Central London sub-region in the LDA and is therefore covered within the Central London SRDF (May 2006).

The London Plan; Spatial Development Strategy

As the Spatial Development Strategy, the London Plan was finalised in 2004 and has since undergone two updates (the most recent being in February 2008).

- The London Plan designates Central Activities Zones (CAZs) within London, which cover areas of intensive metropolitan activity. Only one area within Kensington & Chelsea (around Knightsbridge) is identified as a CAZ.
- The London plan also specifies Strategic Industrial Locations (SILs) – delineated areas 'intended to reconcile the demand for, and supply of, productive industrial land in London.'[1] SILs are split into two types:
    - Industrial Business Parks (IBPs)
    - Preferred Industrial Locations (PILs)

  Note that SILs were previously referred to as Strategic Employment Locations.

[1] GLA (2004) The London Plan; Spatial Development Strategy for Greater London, Annex 2.

The implications of these designations for Kensington & Chelsea are numerous – the London Plan is an influential high level driver of land use and employment aims in the borough. As a spatial development resource the most significant implications in the context of this report relate to existing and projected land use, rather than the employment base. However, as would be expected the London Plan specifically acknowledges the links between employment and land use:

- Policy 3A.2 (Borough housing targets) specifies that 'DPD policies should identify new sources of supply having regard to… protecting land supply for projected employment growth.'
- Policy 3B.1 (Developing London's economy) specifies that 'The Mayor…will seek a range of workspaces of different types, sizes and costs to meet the needs of different sectors of the economy and firms of different types and sizes…'
- Policy 3B.2 (Office demand and supply) centres upon the management and renewal of existing stock and the development of new space where necessary.
- Policy 3B.3 (Mixed use development) relates to the use of land within the CAZ and a number of locations outside it, in which 'mixed use development and redevelopment should support… office provision and… suburban renewal'.

It is not the intention here to review all such policies relating to land use driven by business need. However, these policies highlight the critical significance of business land use in addition to other factors such as residential use and quality of life (transport, green space, etc). This consideration underlies this entire report.

In April 2009 the consultation draft document *A New Plan for London; proposals for the Mayor's London Plan* was released, and its updated version was produced in October 2009. Its formal publication (at which point it will officially replace the 2004 London Plan) is due in late 2011. In so far as its approach to business-led land use extends, this new SDS places a strong emphasis upon flexibility in managing office space and the need to retain industrial stock.[1]

Sustaining Success; Economic Development Strategy

The Economic Development Strategy was finalised in 2005 and 'sets out a plan for the sustainable, equitable and healthy growth and development of London's economy to 2016'.[2] As would be expected the EDS is more focused upon enterprise-led growth and London's position in the national and global economy than is the SDS, though it clearly acknowledges the significance of growth within finite space in Chapter 3, 'Investment in Places and Infrastructure':

> 'The underlying spatial strategy of the London Plan, and of this document, is to manage London's growth within its current boundaries…'
>
> *Economic Development Strategy, 2005, p.25*

The 2005 EDS is, at the time of writing, in the process of being replaced. The new EDS, *Rising to the Challenge,* is currently undergoing public consultation (to January 2010) and is due to be published by Summer 2010. The only direct reference to Kensington & Chelsea made in the consultation draft (October 2009) is to the South Kensington museums complex Strategic Cultural Area. It reiterates a number of essential key messages (relevant to the employment analysis in this report) from the 2005 version, though with updated forecasts:

- Across London, a decline in manufacturing jobs (and therefore space) by some 60% is expected by 2031. In the context of Kensington & Chelsea this should be considered in the context of the Industrial Capacity SPG.

[1] See Tym & Partners (September 2009) Employment Land Review – Update, paras. 2.14-1.21 for more detail.
[2] LDA (2005) Sustaining Success; Developing London's Economy; Economic Development Strategy, p.1.

- The economy is expected to shift further towards Business and Financial Services, with an anticipated increase in employment of 27% in this sector.[1]
- Critically, the employment forecast data take the 2008-2009 recession into consideration. All show a 'cyclical recovery following the current recession, followed by longer term positive job growth thereafter'.[2] The exception is the GLA forecast which, on the basis of Figure 2 in the EDS consultation draft, appears not to account for a reduction in employment during and immediately after the recessionary period.[3]

EDS Objective 4 in particular – 'Extending opportunity to all Londoners' – addresses issues such as barriers to employment, which may be based on disability, gender or ethnicity.[4] These variables are analysed at borough level in Section 2 (page 5).

5.1.1.2 Local Strategy

The Local Development Framework Core Strategy (hereafter referred to as the Core Strategy) is currently being developed by the borough to replace the previously established 2002 Unitary Development Plan (UDP). It includes detailed proposals for new and ongoing land use reallocation, protection and development.

The critical commitments to business and residential land use development in the Core Strategy are as follows[5]:

- 69,200m^2 of office floorspace to 2028.
- 26,150m^2 of comparison retail floorspace to 2015 in the south of the borough.
- 350 additional new homes a year until the London plan is reviewed, and 600 a year (of which 200 will be affordable) thereafter for a 10 year period.

There are of course a large number of additional commitments within the draft Core Strategy. The relationships between employment, the business base and land use – clearly acknowledged within the London Plan and the Economic Development Strategy – underlie many of the Core Strategy proposals (Policy CF 5) even whilst it is acknowledged that the borough is predominantly residential. Several of the more obvious examples include retail land use on Kensington High Street (CP 10) and in Knightsbridge (CP 13), the medical research cluster at Brompton Cross (CV 13) and business & financial services at Lots Road/ World's End (CP 17).

5.1.1.3 Policy Statements and Planning Guidance

There are a large number of policy papers and documents that underpin the strategies outlined. Whilst it is not the intention here to outline all that are related to employment growth and/or land use, there are several that are particularly relevant to this report:

PPS4, Planning for Prosperous Economies

The new PPS4 is due to supersede PPS4, Planning for Sustainable Economic Development (December 2007). Post-consultation refinement is planned to continue until the end of 2009.

Employment Zones Supplementary Planning Guidance (SPG)

Supplementary Planning Guidance (SPG) documents are produced as non-statutory resources, which provide additional detail on the 2002 UDP policies. There are two of particular relevance to this report. The SPG for Employment Zones in Kensington & Chelsea 'sets out the Council's planning policies for the borough's three Employment Zones… [and]

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[1] GLA Economics (October 2009) Economic Evidence Base.
[2] LDA (2005) Sustaining Success; Developing London's Economy; Economic Development Strategy, p.24.
[3] See also the GLA (November 2009) Third Economic Recovery Action Plan Update.
[4] LDA (October 2009) Rising to the challenge; The Mayor's Economic Development Strategy for Greater London; Public Consultation Draft, paras. 4.17 and 4.20.
[5] Based on version developed for the consultation period 29 October – 10th December 2009; Policy CP1.

amplifies the Council's objective of maintaining the locally important concentrations of business uses within the employment zones'.[1]

Industrial Capacity SPG

The Employment Zones are areas in which business use is specifically protected (as originally designated through UDP policies E20 and E21) as they make a disproportionately high contribution to employment based on their geographical area.

5.1.2 Previous and Continuing Research

5.1.2.1 2007 Employment Land Study

The *Employment Land Study* (January 2007)[2] was commissioned by Kensington & Chelsea and carried out by Roger Tym and Partners, in order to review the supply and demand for employment land and floorspace in the borough. It has helped to inform the development of the Core Strategy, and included the following findings amongst others:

- The management of existing employment land stock was the key issue in Kensington & Chelsea – little new stock was anticipated to be transferred from other sources.
- The borough should not permit any significant losses of employment space over and above pre-established planning commitments (i.e. those in place before the report was completed).
- There was an estimated minimum requirement of 114,000m^2 of office/B1 space between 2001-21 and a maximum loss of 73,000m^2 of industrial/warehousing space over the same period.

5.1.2.2 2009 Employment Land Review – Update

The Roger Tym & Partners *Employment Land Review – Update* (September 2009) is henceforth referred to in this report as the ELR. Its aims are to test the Core Strategy draft policies with a specific focus upon accuracy of the land use demand predictions, based upon the most recent data available. Its key findings include the following:

- Positive demand for office floorspace over the plan period to 2026, requiring a net addition of 69,000m^2. This is clearly a substantial revision of the 2007 estimate (amounting to a reduction of some 40%, albeit over a different timescale).
  The ELR also notes that the forecast office floorspace growth rate is not constant to 2026 (i.e. there will not be an equal increase in expansion each year) – there is predicted to be a modest increase of some 1,300m^2 per year to 2011, followed by a more accelerated increase of some 4,000m^2 per year thereafter.
- 'Policy to safeguard office sites… should focus particularly on the creative/media sectors, hence on small-scale, value-for-money, flexible provision'.[3]
- The supply of land for industry/warehousing use is in line with probable demand.

5.1.2.3 GLA Employment Forecasts

The GLA has developed and maintains an economic evidence base in support of the London Plan, the Economic Development Strategy and the Transport Strategy in order to 'provide an understanding of the economic force impacting on London and some of the main issues facing London.'[4]

Whilst a wide range of data is included within the evidence base, the most pertinent in the context of this report are the employment forecasts, which are cut by borough and extend to 2031. They are heavily referred to in Section 3.4– page 67).

[1] Supplementary Planning Guidance – Note 1; Employment Zones, p.3.
[2] Roger Tym and Partners for the Royal Borough of Kensington & Chelsea (January 2007) Employment Land Study; Final Report.
[3] Roger Tym and Partners for the Royal Borough of Kensington & Chelsea (September 2009) Employment Land Review – Update; Draft Report, para. 6.7.
[4] GLA (October 2009) Economic Evidence Base, p.10.

5.1.3 Issues

5.1.3.1 Employment Base Data

An understanding of the planning strategies, policies, guidance papers and research exercises reviewed in Sections 5.1.1 and 5.1.2 is critical. They must be considered collectively in order to fully appreciate both their direct impacts and their implications in the context of this report. Based on the Kensington & Chelsea Monitoring data used in the ELR and Core Strategy, land use in the borough is already well understood. Current data distinguishes between 1) B1 and 2) B2, B8 and Sui Generis in the ELR (such as in Table 4.4.1 on page 24 of the ELR).

The GLA employment forecasts represent the established data source for projected employment growth. However, there is currently less thorough information available that relates to the employment base in Kensington & Chelsea, and the number of people working within each industry. Official statistics such as Annual Business Inquiry data are of value here, but represent a 'top-down' outline of an area in which information gained through a wider sampling approach is broken down into SIC employment. A more detailed picture of employment is desirable because the dynamics of employment are one of the most significant immediate determinants of business land use[1] – understanding employment leads to the improved likelihood of successful business (and residential) land use planning. This is a major part of the rationale for this project, in which employment base information is compiled in a 'bottom-up' manner from collating data on individual firms.

Employment base data (split by SIC) and headline population and employment forecasts go a long way towards supporting land use planning. However, more detailed data which describes the employment base by its demographic makeup (gender, ethnicity) – and the characteristics of businesses themselves (age, type and birth-death rate) – is of added value in enabling more accurate anticipation of the likely impacts of forthcoming legislative, economic, environmental or social change.

5.1.3.2 SIC to Land Use Conversion

This report endeavours to provide this evidence base. The necessary use of SIC as the independent variable in presenting this information raises another issue to do with conversion to the Land Use Class. Land Use planning is currently undertaken on the basis of categorisation defined in the Use Class Order 1987 (2005 Amendment) – see Appendix Section 5.4.

As employment base analysis is carried out using SIC, an effective means of translating SIC-based employment data into corresponding Land Use Classes is desirable. However, this is by no means straightforward as SIC does not correlate directly with Use Class. For example, SIC 7412 (Accounting, book-keeping and auditing activities; tax consultancy) could be credibly classified as A2 – Financial and professional services. However as firms within this SIC are also office based, the Land Use Class B1 – Business – would also be fully appropriate (see Appendix 5.4, page 100). For this report an SIC to Land Use Class conversion lookup was developed specifically for the context of of Kensington & Chelsea and with consideration of the Land Use Class references made in the Core Strategy. It informs Section 2. Throughout the lookup, B1 was generally promoted above A2 (and similarly B2 and B8 were promoted above alternatives where similar relationships occurred) albeit with consideration of the merits of each in the context of Kensington & Chelsea's land use forecasts.

[1] There are of course others such as land use restrictions

5.2 Tables

Table 57: Gender breakdown of business leadership by borough

Borough	100% Female Leadership Team	>50% Female Leadership Team	Exactly 50% Leadership Team	>50% Male Leadership Team	100% Male Leadership Team	No Information	Total
Kensington & Chelsea	14.7%	1.3%	4.3%	3.4%	40.9%	35.3%	100%
Hammersmith & Fulham	14.1%	1.1%	4.0%	3.2%	48.0%	29.7%	100%
Westminster	8.8%	1.0%	3.9%	5.2%	48.7%	32.6%	100%
Central London	11.4%	1.2%	4.2%	4.0%	47.3%	32.0%	100%
West London	11.0%	0.6%	3.4%	1.9%	49.6%	33.6%	100%
London Average	**11.3%**	**0.8%**	**3.8%**	**2.7%**	**48.8%**	**32.6%**	**100%**

Source: TCR 2009 (Ref. WB13/S1)

Table 58: Gender breakdown of business leadership by ward

Ward	100% female leadership team	>50% female leadership team	Exactly 50% female leadership team	>50% male leadership team	100% male leadership team	No information	Total
Abingdon	13.2%	0.5%	4.0%	5.3%	42.5%	34.5%	100%
Brompton	13.4%	0.7%	0.0%	3.7%	40.5%	37.4%	100%
Campden	13.4%	1.3%	0.0%	3.7%	40.7%	36.0%	100%
Colville	19.1%	1.4%	0.0%	2.5%	41.3%	30.9%	100%
Courtfield	14.5%	1.8%	0.1%	4.5%	43.4%	30.4%	100%
Cremorne	18.5%	1.0%	0.0%	2.2%	43.3%	30.8%	100%
Earl's Court	7.4%	0.9%	0.0%	2.6%	28.3%	58.7%	100%
Golborne	18.2%	1.5%	0.0%	2.5%	44.6%	29.0%	100%
Hans Town	14.0%	0.7%	0.0%	2.7%	43.3%	35.6%	100%
Holland	13.1%	2.4%	0.0%	2.6%	43.1%	33.8%	100%
Norland	17.5%	2.3%	0.0%	4.7%	44.4%	26.2%	100%
Notting Barns	16.6%	1.8%	0.0%	3.5%	43.5%	30.4%	100%
Pembridge	15.0%	1.9%	0.1%	3.3%	36.9%	37.9%	100%
Queen's Gate	11.4%	1.2%	0.0%	5.0%	44.5%	33.6%	100%
Redcliffe	19.1%	1.2%	0.0%	4.1%	41.6%	29.4%	100%
Royal Hospital	13.8%	0.4%	0.1%	2.2%	43.7%	34.6%	100%
St Charles	20.9%	3.9%	0.0%	4.1%	41.3%	25.9%	100%
Stanley	17.5%	2.1%	4.6%	2.6%	39.3%	34.0%	100%
Kensington & Chelsea Average	**14.7%**	**1.3%**	**4.3%**	**3.4%**	**40.9%**	**35.3%**	**100%**

Source: TCR 2009 (Ref. WB13/S5)

Table 59: Gender breakdown of business proprietorship by ward

Ward Name	Female	Male	Total
Hans Town	22.4%	77.6%	100.0%
Stanley	28.4%	71.6%	100.0%
Cremorne	24.1%	75.9%	100.0%
St Charles	32.8%	67.2%	100.0%
Royal Hospital	31.3%	68.7%	100.0%
Colville	36.5%	63.5%	100.0%
Courtfield	13.3%	86.7%	100.0%
Norland	28.5%	71.5%	100.0%
Redcliffe	36.8%	63.2%	100.0%
Brompton	27.5%	72.5%	100.0%
Golborne	28.9%	71.1%	100.0%
Holland	28.1%	71.9%	100.0%
Notting Barns	23.7%	76.3%	100.0%
Campden	21.0%	79.0%	100.0%
Abingdon	29.6%	70.4%	100.0%
Pembridge	30.7%	69.3%	100.0%
Queen's Gate	35.6%	64.4%	100.0%
Earl's Court	36.2%	63.8%	100.0%
Kensington & Chelsea Average	**28.4%**	**71.6%**	**100.0%**

Source: TCR 2009 (Ref. WB3/S7)

Table 60: Breakdown of leadership ethnicity by ward

Ward Name	100% BME Led Team	>50% BME Led Team	Exactly 50% Led Team	>50% White Led Team	100% White Led Team	No Info	Grand Total
Abingdon	5.6%	0.7%	2.0%	2.6%	59.0%	30.0%	100%
Brompton	4.8%	0.5%	1.4%	1.5%	58.4%	33.5%	100%
Campden	4.3%	0.4%	1.1%	1.3%	61.3%	31.6%	100%
Colville	6.3%	0.2%	1.8%	0.9%	63.9%	26.9%	100%
Courtfield	5.5%	0.3%	1.7%	1.5%	64.3%	26.7%	100%
Cremorne	6.4%	0.1%	0.9%	0.5%	65.9%	26.2%	100%
Earl's Court	6.5%	0.3%	0.8%	1.5%	36.3%	54.6%	100%
Golborne	4.6%	0.2%	1.0%	1.8%	68.5%	23.9%	100%
Hans Town	2.9%	0.3%	1.0%	0.5%	62.8%	32.4%	100%
Holland	6.9%	0.6%	1.8%	1.8%	61.1%	27.7%	100%
Norland	4.6%	0.0%	1.2%	1.8%	70.4%	22.0%	100%
Notting Barns	5.3%	0.2%	0.9%	1.8%	67.7%	24.2%	100%
Pembridge	5.0%	0.1%	1.3%	2.0%	58.1%	33.6%	100%
Queen's Gate	6.2%	0.4%	3.3%	3.1%	57.6%	29.5%	100%
Redcliffe	6.3%	0.3%	2.0%	1.2%	66.0%	24.3%	100%
Royal Hospital	4.6%	0.1%	1.0%	1.0%	62.9%	30.5%	100%
St Charles	7.1%	1.2%	0.7%	1.8%	67.0%	22.3%	100%
Stanley	4.2%	0.2%	1.1%	0.8%	63.3%	30.3%	100%
Kensington & Chelsea Average	**5.3%**	**0.3%**	**1.4%**	**1.5%**	**60.5%**	**30.9%**	**100%**

Source: TCR 2009 (Ref. WB3/S6)

Table 61: Breakdown of proprietor ethnicity by ward

Ward	White	BME	Total
Earl's Court	85.1%	14.9%	100.0%
Abingdon	89.7%	10.3%	100.0%
Queen's Gate	91.1%	8.9%	100.0%
Holland	85.8%	14.2%	100.0%
St Charles	85.2%	14.8%	100.0%
Colville	90.6%	9.4%	100.0%
Courtfield	79.3%	20.7%	100.0%
Brompton	93.0%	7.0%	100.0%
Cremorne	94.8%	5.2%	100.0%
Royal Hospital	85.0%	15.0%	100.0%
Pembridge	90.6%	9.4%	100.0%
Notting Barns	90.4%	9.6%	100.0%
Redcliffe	89.5%	10.5%	100.0%
Stanley	83.2%	16.8%	100.0%
Campden	90.4%	9.6%	100.0%
Norland	90.7%	9.3%	100.0%
Hans Town	85.6%	14.4%	100.0%
Golborne	92.6%	7.4%	100.0%
Kensington & Chelsea Average	**88.8%**	**11.2%**	**100.0%**

Source: TCR 2009 (Ref. WB3/S8)

Table 62: Land Use 2009-2014 by broad sector (Continuation Scenario)

	Employment				Estimated Land Use (000 m^2)			
Broad Sector	**2009**	**2014**	**Change 09-14**	**% Change 09-14**	**2009**	**2014**	**Change 09-14**	**% Change 09-14**
A: Agriculture	190	220	30	14.7%	18.7	21.6	2.9	15.6%
B: Fishing	0	0	0	0.0%	0.1	0.1	0.0	0.0%
C: Mining & Quarrying	140	130	-10	-5.0%	8.3	7.9	-0.4	-5.0%
D: Manufacturing	10,210	9,790	-420	-4.1%	150.0	143.1	-6.9	-4.6%
E: Utilities	340	500	170	49.2%	2.7	4.1	1.3	49.2%
F: Construction	1,940	2,000	50	2.8%	41.2	42.3	1.2	2.8%
G: Wholesale & Retail	20,140	20,930	800	4.0%	410.6	426.3	15.7	3.8%
H: Hospitality	19,350	20,810	1,450	7.5%	270.1	290.3	20.2	7.5%
I: Transport & Logistics	4,010	3,860	-150	-3.7%	87.7	84.6	-3.1	-3.5%
J: Financial Intermediation	6,500	6,560	60	1.0%	117.6	114.0	-3.6	-3.1%
K: Real Estate & Business Services	28,210	25,530	-2,680	-9.5%	376.7	328.4	-48.4	-12.8%
L: Public Administration	4,220	4,330	100	2.5%	47.3	48.5	1.2	2.5%
M: Education	5,100	5,340	240	4.7%	95.8	100.3	4.5	4.7%
N: Health & Social Work	7,840	8,770	930	11.8%	107.6	120.4	12.7	11.8%
O: Personal Services	13,650	13,630	-20	-0.2%	206.9	204.9	-2.0	-1.0%
P: Private Households	60	40	-20	-28.8%	0.9	0.7	-0.3	-28.8%
Total	**121,900**	**122,440**	**530**	**0.4%**	**1,942.2**	**1,937.2**	**-5.0**	**-0.3%**

Source: TCR 2009 (Ref. W16/S12d)

Table 63: Land Use 2009-2014 by broad sector (Parallel Scenario)

	Employment				Estimated Land Use (000 m²)			
Broad Sector	**2009**	**2014**	**Change 09-14**	**% Change 09-14**	**2009**	**2014**	**Change 09-14**	**% Change 09-14**
A: Agriculture	190	170	-20	-12.5%	18.7	16.4	-2.3	-12.5%
B: Fishing	0	0	0	-12.5%	0.1	0.1	0.0	-12.5%
C: Mining & Quarrying	140	120	-20	-12.5%	8.3	7.3	-1.0	-12.5%
D: Manufacturing	10,210	8,710	-1,500	-14.7%	150.0	128.0	-22.1	-14.7%
E: Utilities	340	290	-40	-12.5%	2.7	2.4	-0.3	-12.5%
F: Construction	1,940	1,850	-100	-5.0%	41.2	39.1	-2.0	-5.0%
G: Wholesale & Retail	20,140	20,390	250	1.2%	410.6	416.2	5.6	1.4%
H: Hospitality	19,350	21,400	2,050	10.6%	270.1	298.6	28.5	10.6%
I: Transport & Logistics	4,010	3,920	-90	-2.2%	87.7	85.7	-1.9	-2.2%
J: Financial Intermediation	6,500	6,510	20	0.2%	117.6	117.9	0.3	0.2%
K: Real Estate & Business Services	28,210	30,330	2,120	7.5%	376.7	405.1	28.4	7.5%
L: Public Administration	4,220	4,020	-210	-4.9%	47.3	45.0	-2.3	-4.9%
M: Education	5,100	5,160	60	1.2%	95.8	97.0	1.2	1.2%
N: Health & Social Work	7,840	7,940	100	1.2%	107.6	109.0	1.3	1.2%
O: Personal Services	13,650	15,270	1,630	11.9%	206.9	231.6	24.6	11.9%
P: Private Households	60	60	0	2.7%	0.9	1.0	0.0	2.7%
Total	**121,900**	**126,150**	**4,250**	**3.5%**	**1,942.2**	**2,000.2**	**57.9**	**3.0%**

Source: TCR 2009 (Ref. W16/S12e)

Table 64: Land Use 2009-2014 by broad sector (Return Scenario)

	Employment				Estimated Land Use (000 m²)			
Broad Sector	**2009**	**2014**	**Change 09-14**	**% Change 09-14**	**2009**	**2014**	**Change 09-14**	**% Change 09-14**
A: Agriculture	190	190	-10	-2.9%	18.7	17.9	-0.8	-4.4%
B: Fishing	0	0	0	-2.3%	0.1	0.1	0.0	-2.3%
C: Mining & Quarrying	140	140	0	2.5%	8.3	8.5	0.2	2.5%
D: Manufacturing	10,210	9,580	-640	-6.2%	150.0	141.7	-8.3	-5.6%
E: Utilities	340	280	-60	-17.3%	2.7	2.2	-0.5	-17.3%
F: Construction	1,940	1,990	50	2.5%	41.2	42.2	1.0	2.5%
G: Wholesale & Retail	20,140	20,130	0	0.0%	410.6	411.0	0.5	0.1%
H: Hospitality	19,350	20,180	820	4.2%	270.1	281.5	11.5	4.2%
I: Transport & Logistics	4,010	4,080	70	1.8%	87.7	89.7	2.1	2.4%
J: Financial Intermediation	6,500	6,780	290	4.4%	117.6	127.9	10.3	8.8%
K: Real Estate & Business Services	28,210	33,290	5,080	18.0%	376.7	460.1	83.4	22.1%
L: Public Administration	4,220	3,860	-360	-8.5%	47.3	43.3	-4.0	-8.5%
M: Education	5,100	5,190	90	1.8%	95.8	97.5	1.7	1.8%
N: Health & Social Work	7,840	7,540	-300	-3.9%	107.6	103.5	-4.2	-3.9%
O: Personal Services	13,650	16,210	2,560	18.8%	206.9	246.7	39.8	19.2%
P: Private Households	60	80	20	26.3%	0.9	1.2	0.3	26.3%
Total	**121,900**	**129,520**	**7,620**	**6.3%**	**1,942.2**	**2,075.1**	**132.9**	**6.8%**

Source: TCR 2009 (Ref. W16/S12f)

5.3 Employment Zones

Source: SPG – Employment Zones, 2002
Note that part of the Kensal Employment Zone (the Gas Works site) is recommended for housing use in the draft Core Strategy and consequently is no longer an Employment Zone.

5.4 Land Use Classes [1]

- **A1 Shops -** Shops, retail warehouses, hairdressers, undertakers, travel and ticket agencies, post offices, pet shops, sandwich bars, showrooms, domestic hire shops, dry cleaners and funeral directors.
- **A2 Financial and Professional Services -** Banks, building societies, estate and employment agencies, professional and financial services and betting offices.
- **A3 Restaurants and Cafés -** For the sale of food and drink for consumption on the premises - restaurants, snack bars and cafes.
- **A4 Drinking Establishments -** Public houses, wine bars or other drinking establishments (but not night clubs).
- **A5 Hot Food Takeaways -** For the sale of hot food for consumption off the premises.
- **B1 Business -** Offices, research and development, light industry appropriate in a residential area.
- **B2 General Industrial** - Use for industrial process other than one falling within class B1 (excluding incineration purposes, chemical treatment or landfill or hazardous waste). Covers general 'heavy' industrial processes.
- **B8 Storage or Distribution -** This class includes open air storage.
- **C1 Hotels -** Hotels, boarding and guest houses where no significant element of care is provided.
- **C2 Residential institutions -** Residential care homes, hospitals, nursing homes, boarding schools, residential colleges and training centres.
- **C2A Secure Residential Institution** - Use for a provision of secure residential accommodation, including use as a prison, young offenders institution, detention centre, secure training centre, custody centre, short term holding centre, secure hospital, secure local authority accommodation or use as a military barracks.
- **C3 Dwellinghouses -** Family houses, or houses occupied by up to six residents living together as a single household, including a household where care is provided for residents.
- **D1 Non-residential institutions -** Clinics, health centres, crèches, day nurseries, day centres, schools, art galleries, museums, libraries, halls, places of worship, church halls, law court. Non residential education and training centres.
- **D2 Assembly and Leisure -** Cinemas, music and concert halls, bingo and dance halls (but not night clubs), swimming baths, skating rinks, gymnasiums or sports arenas (except for motor sports, or where firearms are used).
- **Sui Generis** - Theatres, houses in multiple paying occupation, hostels providing no significant element of care, scrap yards. Petrol filling stations and shops selling and/or displaying motor vehicles. Retail warehouse clubs, nightclubs, launderettes, taxi businesses, amusement centres. Casinos.

[1] Statutory Instrument 1987 No. 764, The Town and Country Planning (Use Classes) Order 1987, 2005 Amendment

6. Glossary

ABI	Annual Business Inquiry.
APS	Annual Population Survey.
BIS	Department for Business, Innovation and Skills.
BME	Black and Minority Ethnic.
CAZ	Central Activities Zone – as designated in the London Plan, an 'area in central and east London where planning policy promotes finance, specialist retail, tourist and cultural uses and activities.'
ELR	Employment Land Review.
Employment Zone	See 'SPG'.
HBB	Home Based Business – a business which operates from a home (i.e. their registered address is residential, though they do not necessarily have to trade from their registered address).
LDF	Local Development Framework; Core Strategy. The Planning and Compulsory Purchase Act 2004 established LDFs as the new spatial planning strategy documents.
nec	Not Elsewhere Classified
NSPD	National Statistics Postcode Directory.
ONS	Office for National Statistics.
Policy EC1	Policy EC1, Using Evidence to Plan Positively – one of the 11 Plan Making policies included in the draft PPS4, EC1 is pertinent to this study as it underscores the critical importance of a robust local evidence base in order to support planning policy.
Policy EC4	Policy EC4, Local Planning Approach to Economic Development – one of the 11 Plan Making policies included in the draft PPS4, EC4 states the primary objectives of LDFs. In the context of this report pertinent points concern redevelopment, site allocations and planning zones.
PPS4	Planning Policy Statement 4; Planning for Prosperous Communities – the new consolidated and streamlined PPS, due to replace or update a range of pre-existing guidance documents (including the old PPS4; Planning for Sustainable Economic Development).
SEL	Strategic Employment Locations – 'these comprise Preferred Industrial Locations, Industrial Business Parks and Science Parks and exist to ensure that London provides sufficient quality sites, in appropriate locations, to meet the needs of the general business, industrial and warehousing sectors.'[1]
SIL	Strategic Industrial Location.
SPG	Supplementary Planning Guidance – non-statutory guidance which provides further detail on development strategy documents. In the context of employment and land use in Kensington & Chelsea two of the most relevant are those for Employment Zones and Industrial Capacity.
SRDF	Sub-Regional Development Framework – a document providing detailed guidance for the implementation of London Plan policies. There are 5 SRDFs – one for each London sub-region.
Strategic Cultural Area	Designated areas encompassing internationally important cultural institutions such as museums, galleries and theatres.
TCR	Trends Central Resource.
UDP	The Unitary Development Plan – now in the process of being replaced by the Core Strategy, the 2002 Kensington & Chelsea UDP was the previous spatial plan in the Borough.

[1] LDA (2005) Sustaining Success; Developing London's Economy; Economic Development Strategy