



OBJECTIONS TO THE KENT SCIENCE PARK PLANNING APPLICATIONS

SW/09/0118 outline 4ha extension to Kent Science Park (“4ha extension”)

SW/09/0093 detailed application for no.2 new B1 units (“2 unit application”)

MARCH 2009

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1. **Employee Numbers**

The applicant has continually upheld that the Economic Impact Assessment Report [EIA] failed to take into account the actual number of people employed at the park.

The applicant suggests that rather than the 71 tenants employing 872 employees taken from an out of date KSP tenant directory, the figures should have been 77 tenants and 1191 employees.

FPOG comments that the authors of the report fully acknowledge the fact that the directory was not up to date and based their projections on the basis of 80 tenants and assuming the same tenant profile, 983 employees based on the average 12.3 employees per tenant. (EIA page 46)

FPOG would argue that the figure of 319 additional employees for the missing 6 companies averaging 53.2 employees per tenant seems rather unlikely. It should be noted that only 5 tenants from the 71 known tenants employ more than 50 people.

The employment figures presented by the applicant are also contrary to the KSP's own press releases printed in several newspapers where they quite clearly state that as of December 2007 they had 1,100 employees.

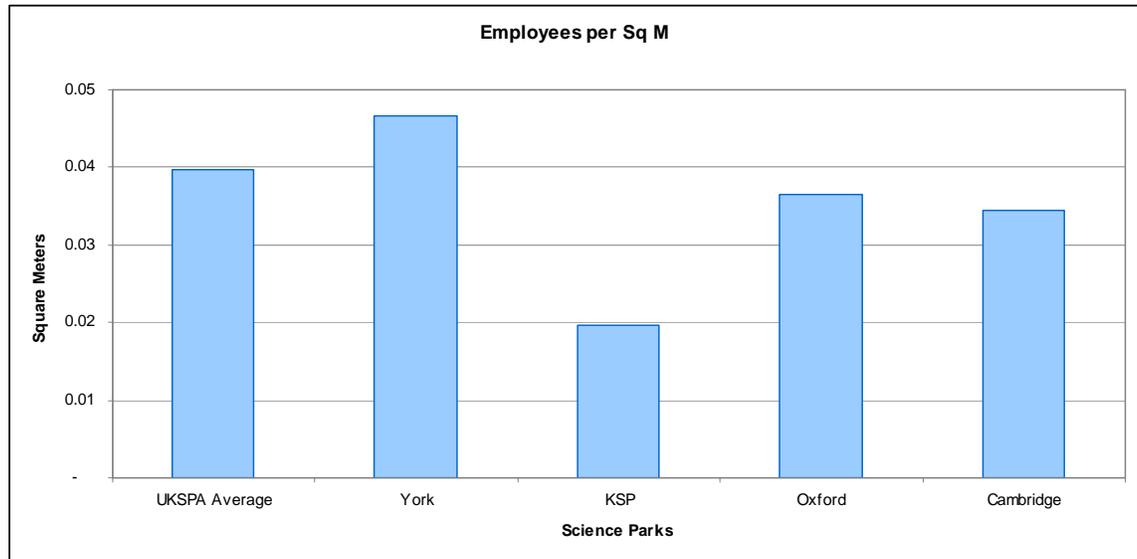
Using the known number of tenants 77 and using the same basis for calculating the additional employees i.e. $12.3 \times 6 = 74$ plus the 872 known employees gives an approximate employee count of 946 which FPOG considers a reasonable baseline figure.

2. Employee Density

The applicant claims an employee density of one employee per 24.5m² of accommodation against a UKSPA average of 20m². This is based on their claimed employee count and on leased floor area only.

Based on the FPOG assumption of 946 employees and comparing against the total floor area constructed, it will be seen that the Kent Science Park does not compare favourably against its peers with 52.12m² against a UKSPA average of 25.17m². This only serves to highlight that the Kent Science Park has significantly more un-let space than only other park in the UK.

| | UKSPA 2008 Stats | Average | York | KSP | Oxford | Cambridge |
|----------------------------------|------------------|---------|---------|---------|---------|-----------|
| Operational parks (full members) | 70 | | | | | |
| Total sq meters (Built & unlet) | 1,850,000 | 26,429 | 27,871 | 48,100 | 49,239 | 145,486 |
| Total sq feet | 19,906,000 | 284,371 | 300,000 | 517,744 | 530,000 | 1,566,000 |
| Tenants | 3,286 | 47 | 106 | 77 | 60 | 100 |
| Jobs | 73,497 | 1,050 | 1,300 | 946 | 1,800 | 5,000 |
| Sq m per employee | | 25.17 | 21.44 | 50.85 | 27.35 | 29.10 |



The above chart clearly illustrates just how poorly the Kent Science Park compares with its peer group and it's worth noting that York which is only 58% the size of KSP employs more people and the more direct comparison with Oxford which is nearly identical in size and employs 90% more people.

3. Vacant Floor Space

Using FPOG assumption of 946 employees against the employee density for leased space of 24.5m^2 it can be determined that $23,177\text{m}^2$ of floor area is occupied.

The total lettable built floor area has increased from the $46,000\text{m}^2$ used in the EIA with the introduction of an additional $2,100\text{m}^2$ completed in April 2008. Therefore the current lettable space is now $48,100\text{m}^2$.

The phase 2 technology units' application demonstrates that at the very least another $3,253\text{m}^2$ could be achieved within the security fence. This provides a total of $51,353\text{m}^2$ of lettable space.

It should be noted that the facility inherited from Shell in 1996 had $52,315\text{m}^2$ of space and even including the fact that some $1,987\text{m}^2$ of space was not lettable it still provided $50,328\text{m}^2$ of lettable space.

The applicant has therefore determine that the full potential of the park inside the security fence would provide a net additional floor space of just $1,025\text{m}^2$ even though the potential built out space will occupy a significantly higher proportion of the footprint of the site.

One might also draw conclusions from EIA which sampled 26 random tenants including the two largest employers on site and still only account for $3,104\text{m}^2$ of floor space. Put into perspective these tenants account for roughly 50% of the current employees and occupy just 6.5% of the available floor space.

4. Realigning the EIA Baseline Situation

The baseline situation provided in the EIA severely over-estimated the percentage of leased floor area and therefore period in which the existing park would potentially run out of space.

The two tables below compare the forecast included in the EIA and FPOG forecast based on actual floor area let, both with a growth rate of 2.5% p.a.

2.5% p.a. Average Growth Rate 2007-25

taken from the EIA assuming no additional space

| | 2007 | 2010 | 2015 | 2020 | 2025 |
|------------------------|--------|--------|--------|--------|--------|
| Total | 35,077 | 37,915 | 43,174 | 49,175 | 56,023 |
| Space available (sq m) | 46,000 | 46,000 | 46,000 | 46,000 | 46,000 |
| Occupancy % | 76.3 | 82.4 | 93.9 | 106.9 | 121.8 |

This assumption estimated full occupation between 2020 and 2025.

2.5% p.a. Average Growth Rate

based on actual let floor area and including the proposed development with the security fence.

| | 2007 | 2010 | 2015 | 2020 | 2025 | 2030 | 2035 | 2040 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total | 23,177 | 25,052 | 28,527 | 32,492 | 37,017 | 42,199 | 48,107 | 54,842 |
| Space available (sq m) | 46,000 | 51,353 | 51,353 | 51,353 | 51,353 | 51,353 | 51,353 | 51,353 |
| Occupancy % | 50.4 | 48.8 | 55.6 | 63.3 | 72.1 | 82.2 | 93.7 | 106.8 |

As you can see from the above table the park would not become fully occupied until some time between 2035 and 2040.

The two tables below compare the forecast included in the EIA and FPOG forecast based on actual floor area let, both with a growth rate of 5.0% p.a.

5.0% p.a. Average Growth Rate 2007-25

taken from the EIA assuming no additional space

| | 2007 | 2010 | 2015 | 2020 | 2025 |
|------------------------|--------|--------|--------|--------|--------|
| Total | 35,077 | 40,754 | 52,341 | 67,238 | 86,394 |
| Space available (sq m) | 46,000 | 46,000 | 46,000 | 46,000 | 46,000 |
| Occupancy % | 76.3 | 88.6 | 113.8 | 146.2 | 187.8 |

5.0% p.a. Average Growth Rate

based on actual let floor area and including the proposed development with the security fence.

| | 2007 | 2010 | 2015 | 2020 | 2025 |
|------------------------|--------|--------|--------|--------|--------|
| Total | 23,177 | 26,928 | 34,584 | 44,427 | 57,085 |
| Space available (sq m) | 46,000 | 51,353 | 51,353 | 51,353 | 51,353 |
| Occupancy % | 50.4 | 52.4 | 67.3 | 86.5 | 111.2 |

The above demonstrates that even with 5.0% p.a. growth, which FPOG consider to be highly unlikely, the park will still not be fully occupied until some time between 2020 and 2025.

It should also be noted that the UK Science Park Association reported a 3.7% decline in the number of tenant companies between 2006 and 2007. FPOG would expect that the 2008 figures will show further decline. This clearly demonstrates that Science Parks are not immune from the general economic climate and that even an average growth of 2.5% may prove very difficult if not impossible to achieve over the next few years.

5. Redevelopment of the site within the existing security fence

The applicant has stated that it would not be feasible to locate the new Ecologia headquarters within the present site.

The applicant has stated that the undeveloped land on the west side of Shimmin Road is large enough to accommodate Ecologia's requirements. However the applicant then states that at a technical level a greater physical separation of Ecologia and Harada is preferred as both companies apply microwave and radio wave technology and this could cause potential interference between each others processes.

The applicant has failed to mention that Ecologia is currently cited opposite the Harada complex and would be almost exactly the same distance apart from the dome where a restricted development zone has been put in place. FPOG assumes that as the companies have been able to satisfactorily operate and grow their respective business to date without any problems that this argument is somewhat redundant.



FPOG find it quite extraordinary that KSP have put forward a company whose present international headquarters is operated from some small sheds, a couple of small brick built buildings and a porta-cabin and employ just 35 people from the site, many of whom would not be present at the KSP site on a day to day basis, as the major rationale for expansion beyond the security fence.

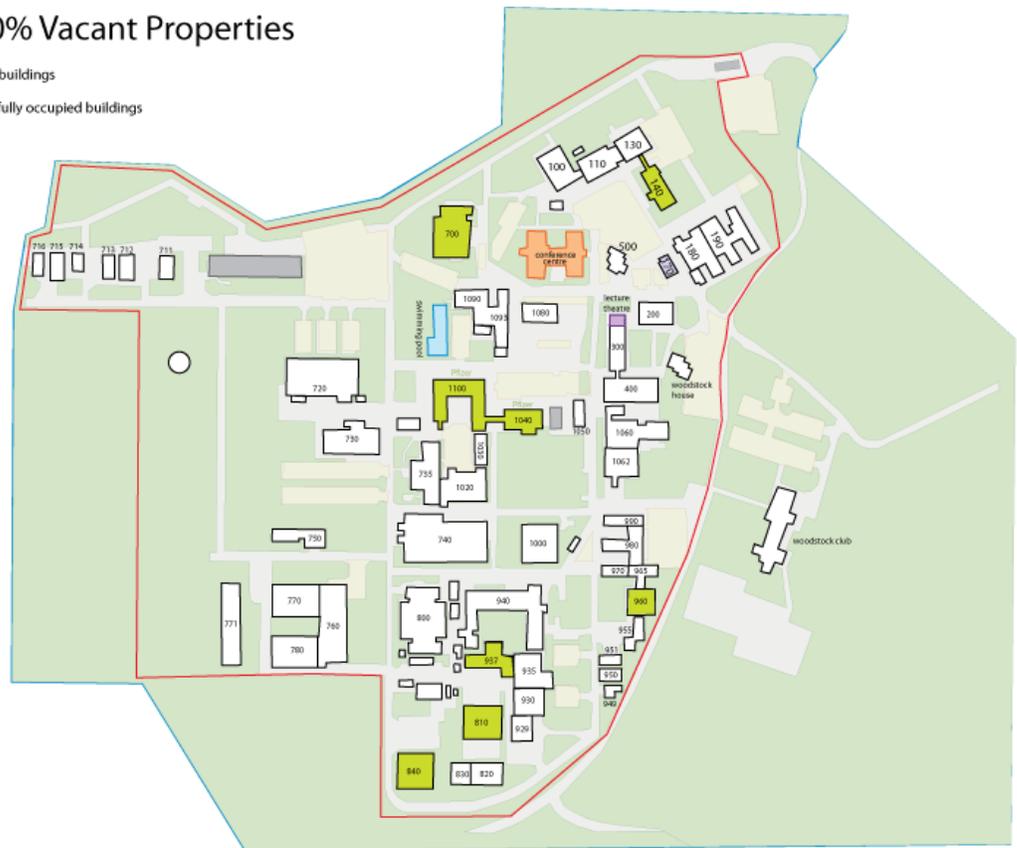
It seems abundantly apparent that Ecologia, whose long term goal over the next 20 years is to employ a mere 45 additional employee's, can easily be accommodated within the existing site.

The applicant has also made much of the limited areas for parking and open space, but little thought seems to have been given towards utilisation of the site. The applicant has put forward only single storey buildings to meet the demands of new and existing tenants.

The applicant could solve the problem of parking with multi-storey car parks, which could be partially or wholly below ground providing further open space. Older existing single storey buildings could make way for redevelopment of two or three storey buildings, freeing up further land for car parking.

2009 100% Vacant Properties

- 100% vacant buildings
- Partially and fully occupied buildings

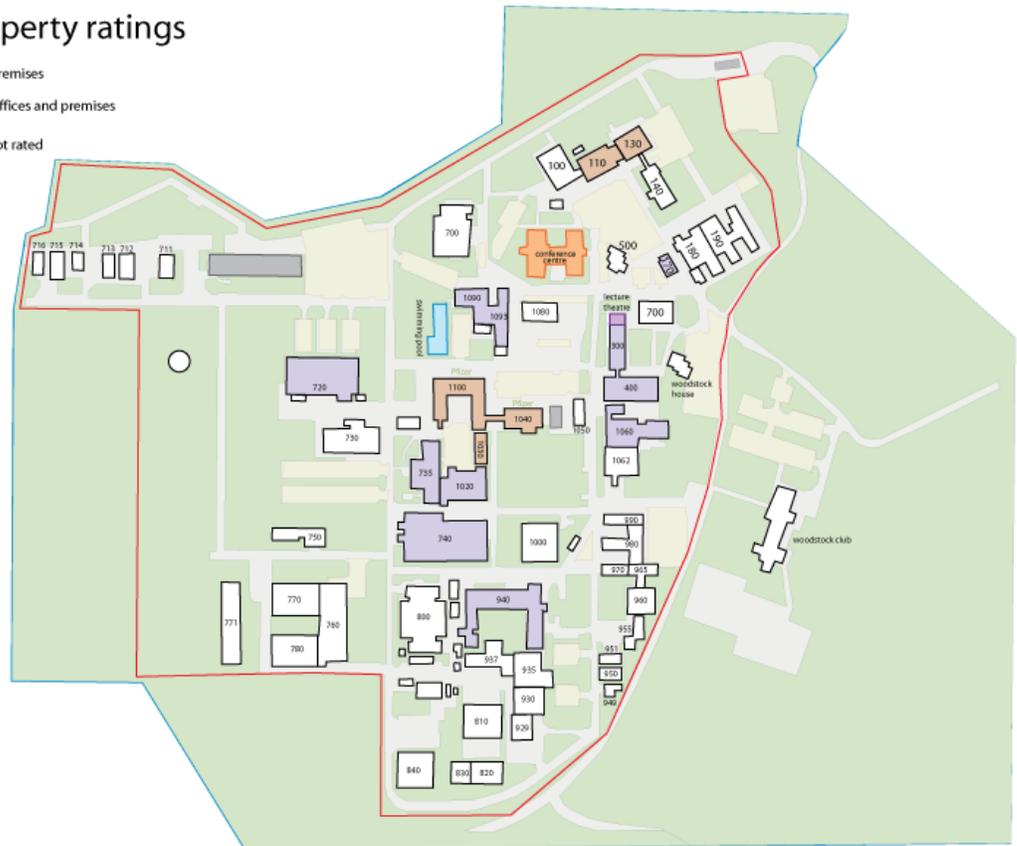


The applicant has noted that buildings 140, 700, 734, 1040, 1100, 960, 810, 840 and 937 are entirely vacant. While this is a significant percentage of the available floor area it certainly does not represent the full picture either of the applicants account of a 39% vacancy rate nor of FPOG's assumption of 49%. Therefore one might be minded to consider that significant portions of the remaining buildings are also unoccupied.

FPOG is not at all surprised that half of the Phase 1 technology units remain unoccupied and questions whether such buildings are attractive to potential science based tenants.

2005 Property ratings

-  Offices and premises
-  Laboratory offices and premises
-  Unknown/ not rated



The applicant has stated that much of the 100% vacant floor area is comprised of laboratories or other specialist buildings. However if we look at the 2005 property ratings, outside of the Pfizer buildings very few buildings have been classified as laboratories.

Predominately the site consists of light industrial / office accommodation which make it all the more surprising that the laboratory space has not been let. FPOG can only conclude that laboratory premises are not relevant to existing and prospective tenants.

6. Further undeveloped land and development opportunities

The applicant has set aside further areas of undeveloped land to meet potential future developments, such as the M2 link road and an area next to the phase 2 technology units marked as 'Future Sheds'.

The applicant is therefore seeking to develop outside of the security fence out of choice rather than out of necessity by setting aside various parcels of land for their full scale expansion plans, which may never be realised.

The existing buildings on the site are old, many of poor quality or prefabricated and with the exception of Woodstock House, lack any architectural merit. Some of the existing buildings, particularly the single storey and prefabricated buildings could be replaced with new 2/3 storey buildings which, with careful design, would not significantly impact upon the surrounding landscape areas.

7. Wealth Creation

The remuneration of KSP employees shown in the EIA and compiled by Locate in Kent shows an average salary of £24,505 as demonstrated in the table below. This is in stark contrast to the rather skewed view detailed within the EIA which claimed an average salary of £31,000 putting it ahead of the national average of £28,500 for the UK Bioscience sector at the time of the report.

| Salary Range | | Mid Point | No | % | Total Salary |
|----------------|--------|-----------|-----|--------|--------------|
| - | 15,000 | 7,500 | 22 | 0.22 | 165,000 |
| 15,000 | 19,999 | 17,500 | 21 | 0.21 | 367,490 |
| 20,000 | 24,999 | 22,500 | 15 | 0.15 | 337,493 |
| 25,000 | 29,999 | 27,500 | 20 | 0.20 | 549,990 |
| 30,000 | 34,999 | 32,500 | 4 | 0.04 | 129,998 |
| 35,000 | 39,999 | 37,500 | 4 | 0.04 | 149,998 |
| 40,000 | 44,999 | 42,500 | 5 | 0.05 | 212,498 |
| 45,000 | 49,999 | 47,500 | 5 | 0.05 | 237,498 |
| 50,000 | 80,000 | 65,000 | 5 | 0.05 | 325,000 |
| Totals | | | 101 | 100.00 | 2,474,963 |
| Average Salary | | | | | 24,505 |

This clearly demonstrates that the salary ranges are below the national average for this sector which is of some concern given that salaries in the South East are widely accepted to be higher than the national average.

The national average salary across all sectors of employment was £22,263 at the time the above survey was conducted. This means that 58% of employees are paid less than or equal to the national average salary.

This highlights that the economic benefits of the KSP to Swales economy have been vastly inflated and in reality it offers little more than anywhere else in the borough.

8. Limited Expansion

The applicant seeks to justify that the proposed 4 ha expansion beyond the security fence is 'Limited' and therefore compatible with Policy B25.

The reasons provided by the applicant as to why this should be considered 'Limited' are unconvincing. Reasons are summarised thus:

- a) 4 ha is less than 6 ha which has already been rejected by the Local Plan Inspector.
- b) Extension would involve minimal extension of the boundary fence.
- c) Is limited compared to future expansion plans.

FPOG do not consider 4 hectares to be 'limited expansion' viewed in the context of potential scope, if this application is approved, for maximising future development / investment demand to potentially, 40% of site footprint which could trigger 32,000 m² of floor space in two storey development: R and D use, with Kent Highway Service's parking standards applied at 1 car space per 35sqm of floor space and 1 commercial vehicle space per 200sqm floor space, would generate a minimum of 1000 cars and 160 commercial vehicles. Therefore the provision in Policy B25 for a site Master Plan should be produced by KSP prior to the determination of the 4 hectare application.

The applicant's representative, Mr Paul Sharp, acknowledges in a letter to Swale Borough Council on 10th April 2008 that:

"expansion of KSP beyond the security boundary fence by much more than 20,000 m² is unlikely to be achievable via the existing highway network, even with improvements"

Development within the security fence, including the phase 2 technology units 3,253m² and an almost equal area of land set aside by the applicant for 'Future sheds' together with the proposals for the 4ha expansion would already push the combined total perilously close to this figure and may exceed it. Therefore bringing into question the applicants' own figures for expansion and the viability of such an expansion.

9. Classification

KSP has through the Local Plan and supplementary planning documents continually sought to down grade the various definitions used to describe the park and its tenant base. Initially, KSP sought to promote itself as centre specialising in life sciences and biotechnology: Now, KSP is simply talking about a technology based business park.

There has been considerable debate as to whether KSP is Science Park in the true sense of the term. Membership of the UK Science Park Association has been provided to offer credibility in this issue . The London Science Park at Dartford and the Thames Innovation Centre are also both members of UKSPA and are both situated in the Thames Gateway. However, neither of these two establishments was included in the EIA for comparison purposes, although technically they are both Science Parks.

The EIA concluded (page 18)

“it could be argued that the definition of KSP as a science park remains in part an aspiration rather than a current reality”

10. Knowledge Based Employment

The applicant has claimed that 90% of tenants (not employees) at KSP are defined as 'Knowledge Based'. This is in contrast to both the EIA which provided a figure of 63.4% and the Locate in Kent 2004 study which came up with a similar figure.

The arguments as to what constitutes knowledge based employment are not clearly defined, with the EIA, Locate in Kent and KCC all opting for the SIC method and the KSP presumably opting for something along the lines of the 'Common Sense' approach.

Swale Borough Council drew its own conclusions on this very subject during the preparation of the EIA and decided to stick with the SIC method. The analysis included below shows the differences in the two approaches.

| | SIC Based | Common Sense |
|---------------------------|------------------|---------------------|
| Knowledge based companies | 45 (63.4%) | 53 (74.6%) |
| Employees | 707 (81.1%) | 378 (43.3%) |

Swale Borough Council should note that the two 'Call Centres' and the 'Primary Care Trust' both qualify as knowledge based companies. Hence the vast reduction in the number of employees using the common sense method.

FPOG are concerned that too much emphasis is being placed on definitions of tenant and employee status and not enough on the reality of the matter being consider.

The whole exercise seems to be one of marketing the idea of 'science' at KSP whilst seeking to establish a general business park rather than focusing on the task of creating more highly skilled employment which would bring with it equally well paid employment.

Regardless of whichever definition of the tenants is used the fact remains that KSP has not delivered in terms of the level of wealth creation and economic prospects for Swale.

Therefore the park offers little evidence that it is fundamentally underpinning the borough's economic success. It plays a part but it is nowhere near as significant as claimed.

11. Rationalisation of Tenant Base

The applicant has stated that they do not consider it necessary or appropriate to rationalise the tenant base as recommended by the Local Plan Inspector.

The applicant also suggests that Swale Borough Council concur with this approach and that it would be unlawful to remove such tenants.

FPOG questions why a genuine Science Park would wish to retain tenants that include two Call Centres, the East Kent PCT, a welding firm, a Housing Association and a furniture company.

A primary objective for the applicant in a 'science based' development should be to minimise and eventually relocate this tenant class which only serves to dilute the park's reputation as a centre of hi-tech innovation.

However rather than taking the lead from the Local Plan inspector's recommendations the applicant has actually increased the number of these tenants who fall within the 'general business' class and have leased out floor space since the Local Plan's adoption. This is counter to the applicant's claim that no additional tenants of this class would be allowed on to the park.

12. Conclusions

- The number of current employees is open to debate and requires validation.
- KSP does not compare well against other Science Parks in terms of employee density because it still remains largely unoccupied.
- Occupancy of the park is estimated at just over 50%.
- 50% of employees situated in 6.5% of available space.
- Growth forecasts indicated that the park inside the security fence will not reach full occupancy until at least 2020 (5% growth p.a.) and possibly 2040 (2.5% growth p.a.) placing this outside of the term of the current Local Plan.
- Development of Ecologia can take place within the boundaries of the security fence.
- Other development opportunities have simply been ignored or set aside until progress can be made on the objective of larger expansion proposals.
- Salaries at KSP are below the national average for a Science Park.
- 58% of employees are paid less than or equal to the national average salary for all employment sectors.
- The expansion is not 'Limited' and therefore a full Master Plan must be prepared.
- The proposed development cannot be served by the existing highway network.
- Definitions such as 'Science Park' and 'Knowledge based employment' are meaningless without the delivery of a highly paid, highly skilled workforce. There is little evidence to support that this has been achieved to date or is likely to be achieved in the medium term.
- KSP is not a significant wealth creator for its size and does not have a major impact on the Swale economy.