



Economic Growth Strategy Evidence Base

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Commercial Services

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The Colchester Economic Growth Evidence Base: some key findings

- Colchester's GVA was estimated at £3,410 million in 2014, equivalent to a GVA level per worker of £36,400. In the same year, the figures for Essex were £26.528 million and per worker, £38,700, so Colchester's share of the County total was 12.9% and its per capita GVA 5.9% lower. Compared to the Region, Colchester's per capita GVA was also lower by 7.9%.
- There are a total of 74,955 employee jobs in Colchester, which have shown good growth despite the impact of the recession, unlike many other areas. Employee jobs in the Borough have grown by some 8,200 since 2001. Colchester's Core Strategy target for job growth is 14,200 jobs between 2001 and 2021 and currently (2013) the Borough is slightly below the annual job estimate to achieve this target but on track overall.
- The baseline forecast from the East of England Forecasting Model suggests that Colchester's total employment (including self-employment) will increase from 93,200 in 2012 to 110,000 in 2031, a rise of 18%. Total employment across Essex over the same period will increase by 15.2%, compared to a 13% rise across the East of England.
- Employment growth is characteristic of most categories of the local economy: construction, wholesale, retail, hotels and restaurants, transport, ITC, financial services and B2B, education and health and other services (in which there are many new forms of economic activity). Overall this is a positive picture for the Borough with opportunities both for self-employment and employees across a wider range of sectors.
- However, Colchester is characterised by a slightly lower business start-up rate and a slightly higher business death rate than Essex, the East or England with no net growth of businesses in 2011. Since the recession of 2008 the Borough has experienced a 5.4 % decrease (415 units) in its business stock. At the same time, level of self-employment in the Borough remains lightly below that of comparator geographies.
- The Borough's population has grown significantly, by 17,300 persons, or 11%, over the period 2001–2011 while that of Essex increased by 6% and England by 8%. Overall, the population of the Borough in 2011 was slightly younger than that of Essex but similar to the profile for England; 70% of the population was of working age (16 -64) and the 16-24 age-group was slightly larger (14% of the total) than in comparator geographies.
- Consequently, the working age population of the Borough is increasing quickly and faster than the rate of new job creation which is, in turn, overwhelmingly part-time. This mismatch is reflected in increasing levels of out-commuting as the 2011 Census reveals compared to 2001.
- The Borough has lower levels of economic inactivity and unemployment than both Essex and England. Jobseeker's Allowance claimants are lower as is the wider "model-based" measure of unemployment – although the latter has grown

significantly over 2004–2012, rising by 3,400 people to 6,700 or 7% of the working age resident population. However, the decline in the JSA count has been more than matched by the on-flow of residents claiming Employment Support Allowance/Incapacity Benefit.

- Colchester is characterised by proportionately less high-skilled and more low and unqualified individuals in its working age resident population than either the East or GB.
- Wage levels in the Borough (both earnings by workplace and earnings by residence) remain below those of the East and Great Britain for both male and female full-time workers. The median gross weekly wage for men in Colchester in 2013 was £523.60 compared to £550.60 in the Region and £550.60 in Great Britain; for women the Borough figure was £439.50 compared to £440.80 in the East and nationally, £459.60.
- The stock of rateable commercial and industrial floor space has increased by only 1.1% in area from 2000 to 2012 although by 4.3% in terms of rateable units, indicating intensification of use. There is a continuing shortage of Grade A office development and stock in the Borough.
- Connectivity. A pipeline of road and rail transport corridor and Town Centre connectivity improvements will deliver business and job benefits over the period 2015-2021.
Urban coverage for fixed broadband is above the UK average as are 3G and 4G mobile coverage. However, the rural two-thirds of the Borough lack equivalent service provision for both fixed and mobile communications.
- Housing. The tenure profile demonstrates undersupply of affordable provision, especially social housing where the stock has declined from 2001-2011. While the affordability ratio is slightly better than the national and regional picture, 87 per cent of all new households in the Borough are priced out of the owner-occupier market.

1. GVA and Productivity

Productivity of the economy is measured by GVA (Gross Value Added) and GVA per capita. GVA is calculated from the total sum of income generated in an area over a year and is the sum of wages, profits and rents. An alternative and equivalent definition is the value of gross output less purchases of intermediate goods and services.

GVA per capita shows the contribution that each individual makes to total output in a given geography; it is calculated by dividing the total value of output in the area (less intermediate consumption) by the total resident population of the area. (Given the absence of GVA estimates at Borough/District level (NUTS 4), the figures for Colchester are taken from the East of England Forecasting Model (baseline scenario). Colchester's total GVA was estimated at £3.41billion for 2014 .In the same year, the figure was £26.528 billion for Essex and for the Region, £120.030.billion. Compared to surrounding authorities, Colchester's GVA was second only to that of Chelmsford:

Figure 1: Average GVA per worker for each Local Authority in the sub-Region, 2014.

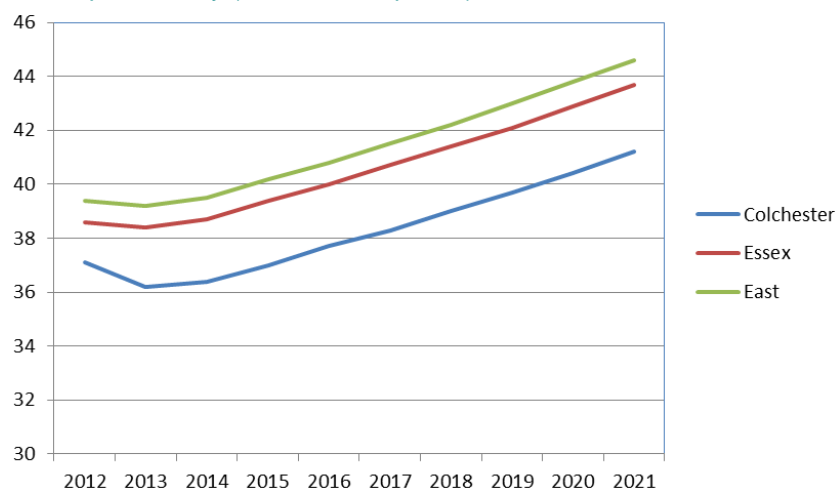
Rank	Borough	GVA per worker	Total GVA
1	Uttlesford	£43,600	£2,059 billion
2	Maldon	£42,300	£1,107 billion
3	Ipswich	£39,100	£2,953 billion
4	Braintree	£38,200	£2,416 billion
5	Chelmsford	£37,200	£3,703 billion
6	Colchester	£36,400	£3,410 billion
7	Babergh	£31,200	£1,257 billion
8	Tendring	£30,300	£1,489 billion

Source: EEFM, January 2015. Note: 2010 prices

However, GVA per worker, which gives an indication of the efficiency of labour in terms of output produced per job, stood at £36,400 per worker, which is lower than the County (£38,700), Regional (£39,500) and UK (£42,200) levels. Colchester is only ahead compared to Babergh and Tendring and, as noted in the recent *Employment Land Needs Assessment* by NLP (2015),

'This could reflect the concentration of lower value retail, leisure and hospitality employment within Colchester and indicates the scope to enhance the Borough's productivity levels and output in the future, particularly if more of Colchester's highly skilled residents can be encouraged to work in the Borough'.

Figure 2: Forecast labour productivity (£000s, 2010 prices), Colchester, Essex and East: 2012-2021.



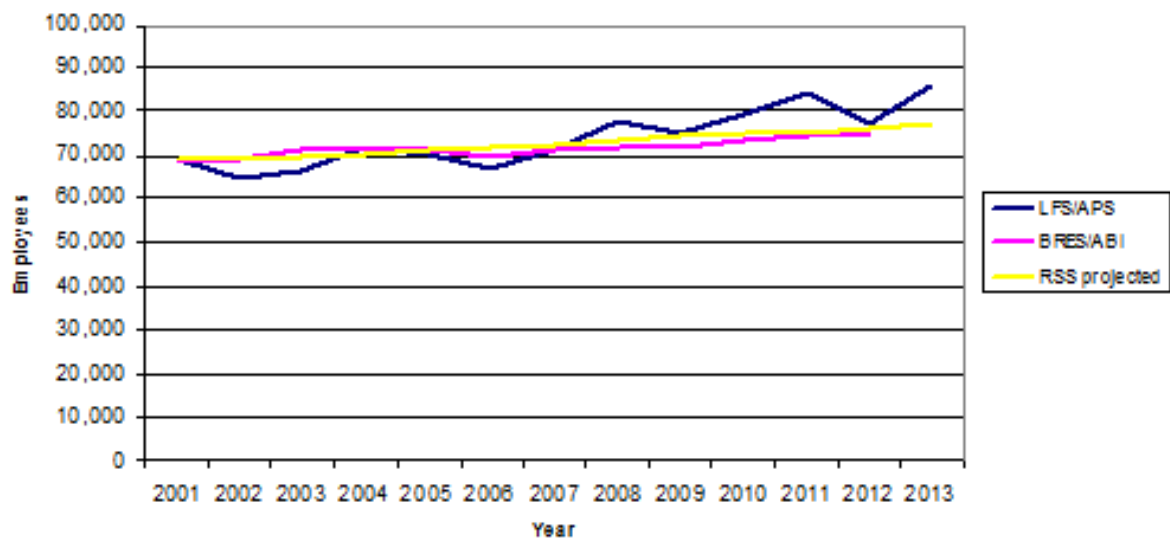
Source: EEFM, January 2015. Note: 2010 prices

These underlying issues will be described in subsequent sections of this Evidence Base.

2. Jobs target

The graph below shows the performance of the Borough in employee job growth against the former Regional Spatial Strategy employee jobs target for Colchester of an additional 14,200 jobs from 2001 to 2021. There are two measures of whether the Borough is on course to achieve this target: the Labour Force Survey/Annual Population Survey (LFS/APS) and the Business Register and Employment Survey – formerly the Annual Business Inquiry (BRES/ABI). Both are shown on the below chart.

Figure 3: Employee totals and projected totals for Colchester.



On the BRES/ABI measure, which is more secure as it measures jobs, the Borough is 1,000 jobs below target currently but has grown by some 8,200 jobs since 2001. Against the LFS/APS – which is subject to greater sampling variability and which measures employees – the Borough is above target.

Applying either measure, job growth over the past decade has been significant and is forecast to continue, as the following section shows.

3. Forecast job growth

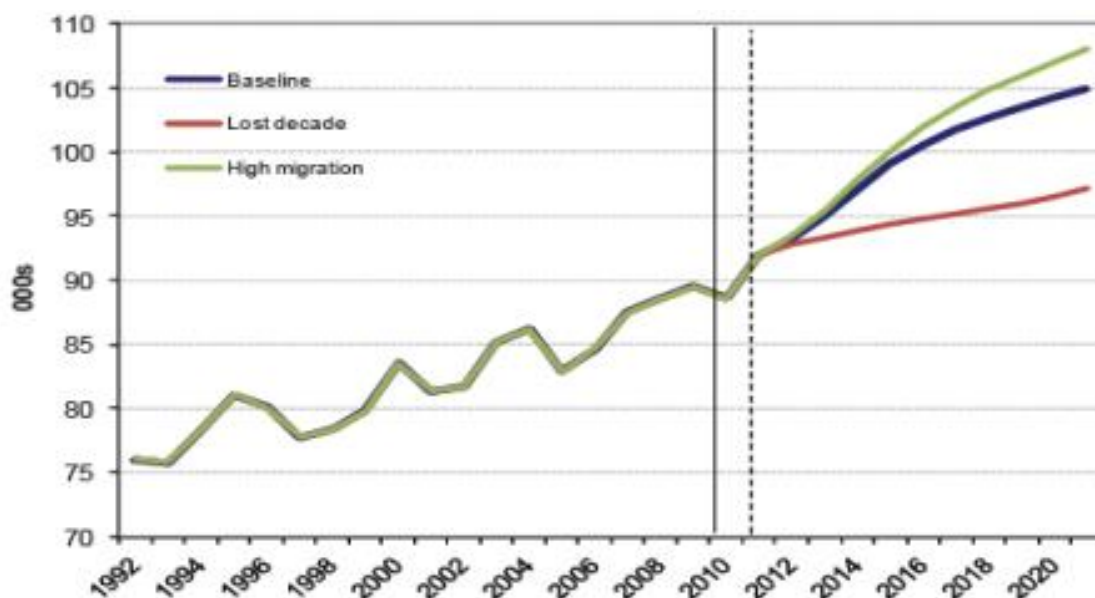
Edge Analytics forecasts the average job growth requirement for the Borough over 2012-2037 to support population growth and household formation to be 697 jobs per annum of which 654 are employee jobs. These figures, produced within a Planning and Housing context, use a Labour Supply-based projection. The results approximate closely to the historic annual rate of job growth over the period 1991-2014 (see below chart) but will have been negatively influenced by the recessionary context from 2008 until recently.

Alternatively, the Colchester Employment Land Needs Assessment produced by NLP uses the East of England Forecasting Model which similarly factors in population growth but relates more closely to economic factors and especially to changes to economic sectors which are both “top-down” (national) and “bottom-up” (local): it is a Labour Demand-based model. From the baseline EEFM forecast it is estimated that the Borough will generate an additional 807 jobs per annum from 2014 to 2032.

The EEFM forecast estimate is to be preferred as an estimate of future workforce job growth in the Borough through the market although it contains an element of optimism. As NLP note:

‘The annual job growth implied by this scenario would exceed the level of employment growth recorded by the Borough in the recent past and would therefore provide the opportunity for Colchester to readdress the balance between population and job growth going forward’. (ELNA, p.97).

Figure 4: Job Growth Scenarios



Source: Oxford Economics' EEFM

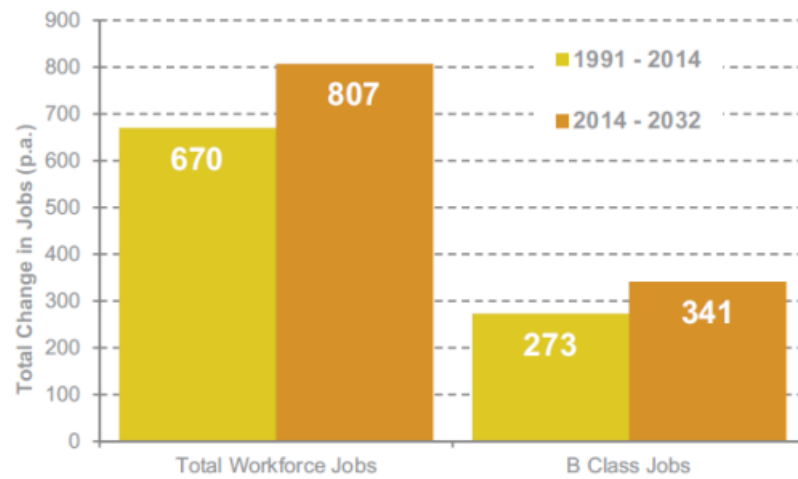
The East of England Forecasting Model shows three scenarios for job growth in the Borough. A Baseline model, a “lost decade” and a “high migration” projection. Of these three scenarios, the high migration envisages greater take-up of employment with an increase of a further 2,500 jobs by 2021 over the baseline of 105,000 while the “lost decade” takes a more pessimistic view of economic recovery from the recent recession, envisaging a total of 97,000 jobs.

The baseline forecast from the East of England Forecasting Model suggests that Colchester's total employment (including self-employment) will increase from 93,200 in 2012 to 110,000 in 2031, a rise of 18%. Total employment across Essex over the same period will increase by 15.2%, compared to a 13% rise across the East of England.

Given recent indications of national and especially sub-regional recovery, the current likely forecast is that the baseline scenario will be realised.

It is important to relate job growth to employment land designations if growth is to be accommodated within the Borough. Interestingly, the great majority of forecast workforce job growth will be (as was the case in the preceding 23 year period) not within the classic planning employment focus of B Use Class activities of office, industrial and warehouse accommodation but in other Use Classes – and their occupier sectors. The below table clearly shows that more than half of all jobs, historic and forecast, are not occupiers of B class space.

Figure 5: Annual Job Growth Implied by EEFM Baseline

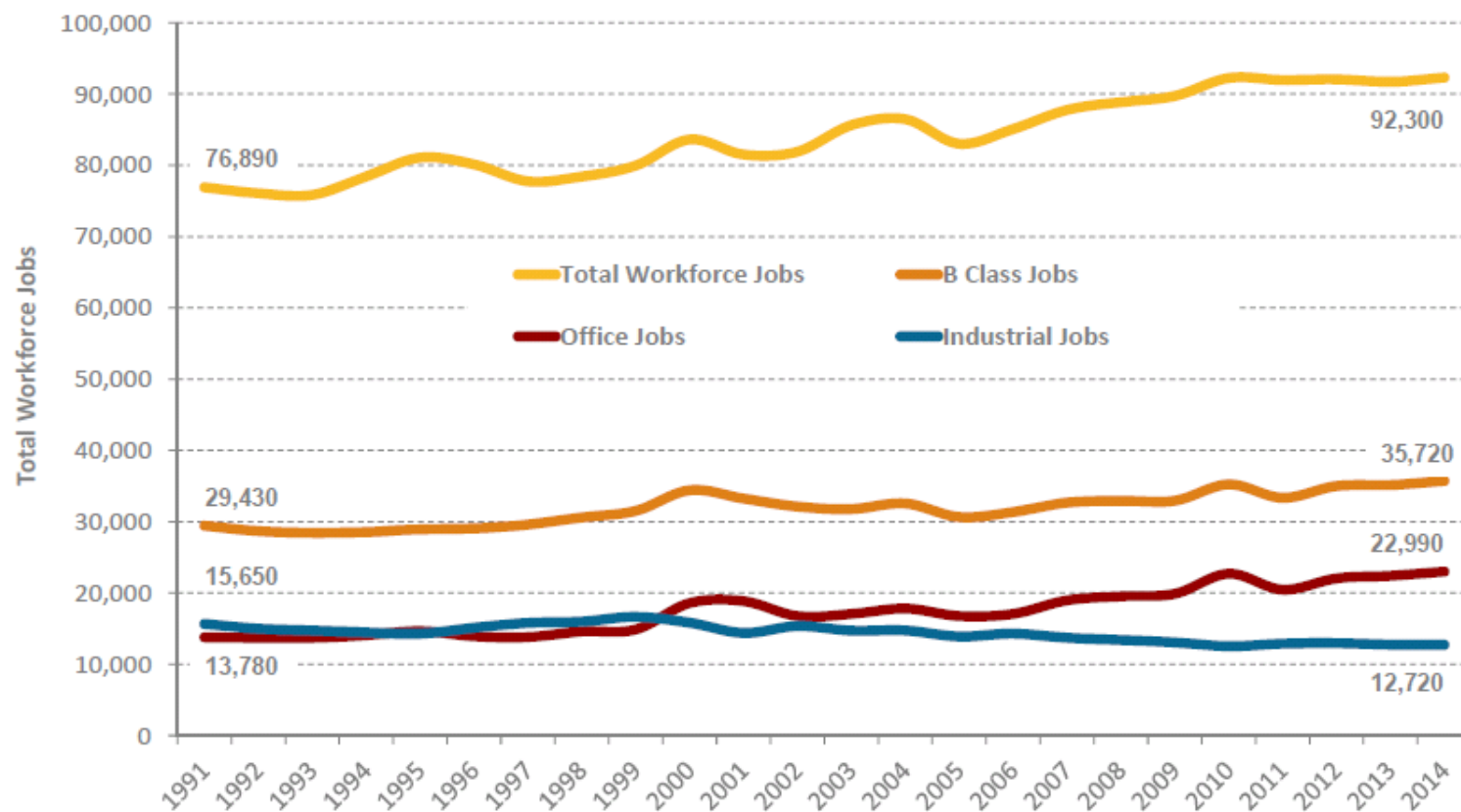


Source: EEFM Spring 2013 / NLP analysis

The significance of non-B use class employment – implicitly, retail, health and social care, leisure, tourism, hospitality and *sui generis* – in this distribution of the EEFM forecast can be appreciated further in the following graph from the Employment Land Needs Assessment:

4. Employment growth

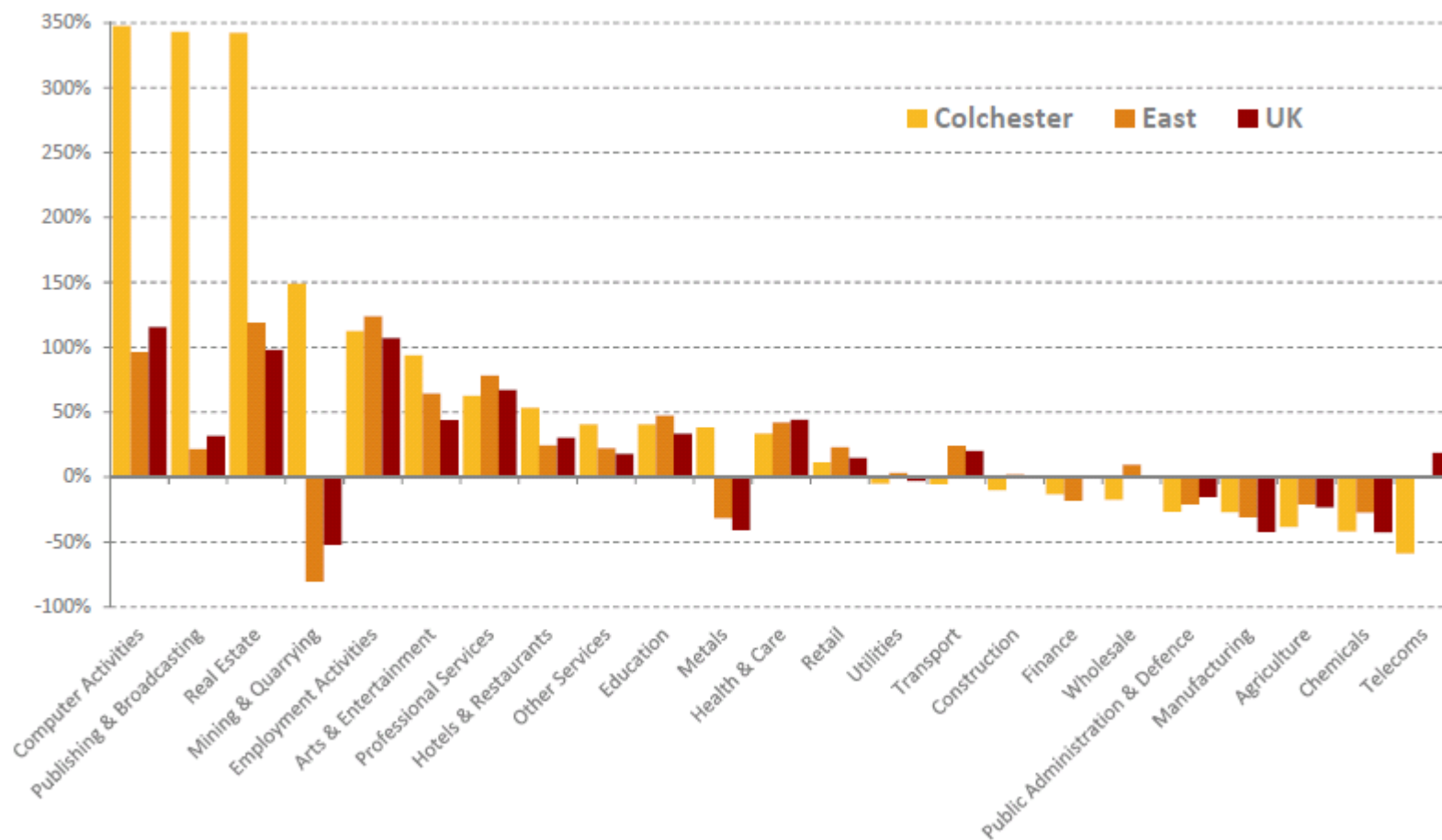
Figure 6: Employment growth by Use Classes – Colchester Borough: 1991-2014



Source: NLP (2014), derived from EEFM Spring 2013 and ONS, BRES.

Further detail from the ELNA on the historic growth in the relative share of jobs by more detailed sectors, below, highlights the significance of creative and media employment increases (computer activities and publishing) and of real estate in the Borough in comparison to the averages for the East and UK. At the same time, expanding and declining sectors of employment in the Borough are readily observable and largely mirror the pattern across the Region and the Nation.

Figure 7: Percentage change in Workforce Jobs, Colchester Borough: 1991-2014



Source: NLP (2014), derived from EEFM Spring 2013 and ONS, BRES.

Turning to the distribution of baseline job growth historically and in the future across major employment sectors, the EEFM forecasts positive increases across eleven of the sixteen categories identified.

Figure 8: Forecast Changes in Employment by Major Category, in thousands.

	2000-2010	2010-20	2011-2031
Agriculture	-0.2	0.0	-0.2
Extraction	0.2	-0.1	-0.1
Manufacturing	-2.3	-0.9	-1.6
Electricity, gas & water	0.0	0.0	-0.1
Construction	0.1	1.9	2.3
Wholesale	-1.0	1.1	0.6
Retail	0.2	2.5	1.7
Hotels and restaurants	0.3	1.8	0.9
Transport	-0.4	0.4	0.4
IT & communication	-1.0	0.6	0.1
Financial services	-2.8	0.3	0.4
Professional business services	3.0	2.1	4.2
Other business services	1.7	2.2	3.9
Public admin & defence	-0.3	-0.6	-0.2
Education & health	6.6	1.8	1.8
Other services	0.9	2.7	4.0
Total	5.1	15.7	18.0

Source: Oxford Economics, EEFM

Employment growth has been and is characteristic of most categories of the local economy: construction, wholesale, retail, hotels and restaurants, transport, ITC, financial services and B2B, education and health and other services (in which there are many new forms of economic activity). Decline is characteristic of primary and secondary sectors: agriculture, extraction, manufacturing but due to government policies, also extends to public administration and defence. Overall this is a positive picture for the Borough with opportunities both for self-employment and employees across a wide range of sectors.

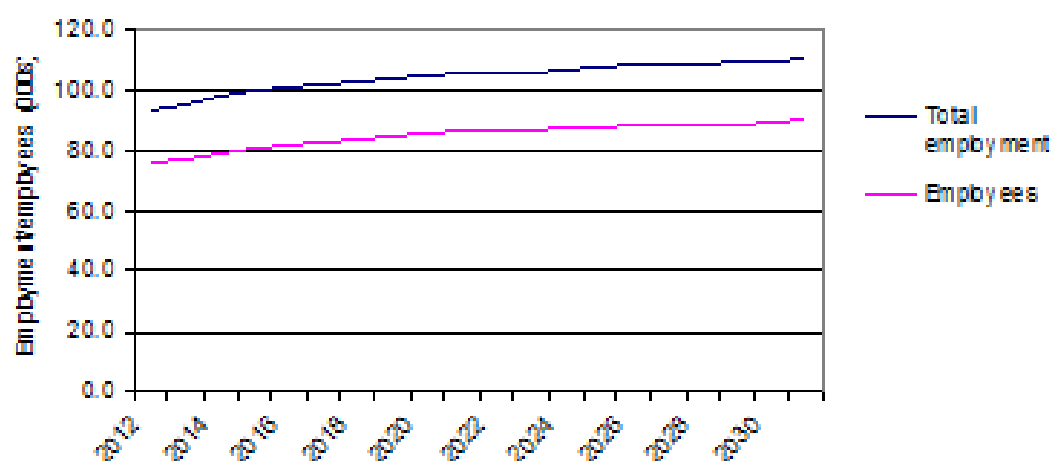
The most recent EEFM forecast for Colchester's major categories is shown below for the period of the Borough's new Economic Growth Strategy- 2015-21:

Figure 9: EEFM forecast jobs: 2015-2021

	2015	2016	2017	2018	2019	2020	2021	Change
Agriculture	0.6	0.6	0.6	0.6	0.6	0.6	0.5	-0.1
Mining & quarrying	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0
Manufacturing - food	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0
Manufacturing - general	1.9	1.8	1.8	1.8	1.8	1.7	1.7	-0.2
Manufacturing - chemicals only	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0
Manufacturing - metals	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0
Manufacturing - transport eqpt.	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0
Manufacturing - electronics	0.3	0.3	0.3	0.3	0.3	0.2	0.2	-0.1
Utilities	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0
Waste & remediation	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0
Construction	5.6	5.6	5.7	5.7	5.8	5.8	5.9	0.3
Wholesale	4.7	4.7	4.7	4.8	4.8	4.8	4.8	0.1
Retail	10.2	10.3	10.4	10.5	10.5	10.6	10.7	0.5
Land transport	2.8	2.9	2.9	2.9	2.9	2.9	2.9	0.1

Accommodation & food services	5.6	5.7	5.8	5.9	6	6	6.1	0.4
Publishing & broadcasting	1.7	1.8	1.8	1.8	1.9	1.9	1.9	0.2
Telecoms	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.1
Computer related activity	1.2	1.2	1.3	1.3	1.4	1.4	1.4	0.2
Finance	2.6	2.6	2.6	2.6	2.6	2.6	2.6	0
Real estate	1.9	2	2	2.1	2.2	2.2	2.3	0.4
Professional services	7.3	7.5	7.7	7.9	8	8.1	8.2	0.9
Business services	4.6	4.7	4.8	4.9	5	5	5.1	0.5
Employment activities	2.7	2.7	2.8	2.8	2.9	2.9	2.9	0.2
Public administration	5.6	5.5	5.4	5.4	5.4	5.4	5.4	-0.2
Education	11.8	11.7	11.7	11.6	11.6	11.7	11.7	-0.1
Health & care	14	14.1	14.1	14.1	14.2	14.3	14.4	0.4
Arts & entertainment	2.8	2.9	3	3.1	3.1	3.2	3.2	0.4
Other services	2.1	2.1	2.1	2.2	2.2	2.2	2.2	0.1
Total	94.3	95.1	95.8	96.4	97.1	97.8	98.4	4.1

Figure 10: Job Growth Forecast, Colchester 2012-2031



Source: Oxford Economics, EEFM

By 2017/18 projected employee jobs are forecast to meet the historic RSS job target of 82,900 for in 2021– that is over three years earlier. However, Colchester will continue to work to drive its employment target to meet the needs of its rapidly growing population and address under- and unemployment in its working age population. (Please see further on this in later sections of this Evidence Base). To ensure that this target is met and, ideally, surpassed, the Borough will need to focus on key sectors of the local economy to make appropriate interventions across business formation and support, skills and employment and property and infrastructure.

5. Employment Sectors

Rationale

The rationale for industry sector identification and support is therefore to meet the job growth ambitions of the Borough while ensuring that the Borough supports high growth sectors, whether by Gross Value Added Potential and/or employment-generating capability.

A balance therefore needs to be struck between supporting strong employment-generating areas, those sectors which have forecast growth potential and encouraging growth in smaller/newer sectors which have the potential to generate significant added value, especially through technological change.

Technological changes impacting on future economic growth of the national, regional and local economy include digital technologies such as Big Data, low carbon and new fields such as robotics, advanced materials (3D printing), nanotechnology and biotechnology.

Location quotients

Key sectors in terms of volumes of employment are typically identified using location quotients (LQs) which compare the total number of employee jobs in an area against the regional average. An LQ of less than 1 means that that sector is under-represented in the area and an LQ greater than 1 means a concentration or over-representation of a sector against the regional average.

The forecast for 2012 shows that Colchester Borough has high location quotients – greater than 1 – for the following sectors:

Figure 11: High Location quotients Sectors, 2012.

Sector	LQ	Jobs (000s)
Public Administration including land forces	1.734	6.2
Real estate	1.608	2.4
Health and care	1.386	14.4
Arts and entertainment	1.367	3.6
Education	1.271	10.5
Retail	1.183	11.1
Finance	1.113	2.6
Hotels and restaurants	1.093	5.8
Professional services	1.010	6.8
Total		63.4

Source: EEFM Baseline Forecast

Collectively, these sectors account for a modelled 63,400 jobs or 66.2% of all estimated employment in the Borough.

Key growth sectors for Colchester

The Essex Economic Growth Strategy Evidence Base finds four sectors which are considered to offer the greatest potential for growth in the County. These sectors are:

- Advanced Manufacturing and Technology;
- Transport, Ports and Logistics;
- Renewable Energy/Low Carbon Technologies; and
- Health and Care Economy.

However, based on employment growth prospects and current and future skills shortages, Essex County Council's Skills Strategy also focuses on the following Priority Sectors over 2014-20:

- Construction;
- Advanced Manufacturing;
- Health;
- Care;
- Creative;
- IT & Technology; and
- Logistics.

It is important to reconcile these two strategic directions for the Borough's economy and, at the same time, its own distinctive strengths. A matrix approach is recommended to direct the focus of action over the next five years.

Summary assessment of key sectors

The following table ranks Colchester's sectors in terms of current employment strength against their job-creation potential, based on EEFM forecasting. Additionally, sectors in bold type are those which ECC is targeting for pan-Essex interventions, both direct and with funding from the South East LEP.

Figure 12: Future growth potential of Key Sectors

	Employment provision	Future growth potential		
		Strong Growth potential	Moderate Growth potential	Limited Growth potential
Current importance to Borough economy	Important (3,000 + jobs)	Retail Tourism Creative industries Digital economy Construction Financial and Professional Business admin. & support services	Health and Care	
	Moderate (1,500 - <3,000 jobs)		Transport, Ports and Logistics	Education
	Less important (<1,500 jobs)		Advanced Manufacturing Environmental Technology	

Note: It is important to recognise that discussion over sectors descends from the high-level SIC classification to detailed sub-sectors but that certain sectors cut across these classificatory boundaries. For example, the definition of the Digital Economy is built up from a range of businesses which are aggregated under distinct Major Sector ONS categories; similarly, Creative Industries are a composite sector, derived from drawing together related sub-sectors across distinct Major Sectors.

This overview is based on the Major Sector classifications but includes some of these "new" sectors as they are based on evident business and/or employment strengths in the Borough's economy.

Figure 13: Major Growth Sectors, Colchester and East of England.

LEP Growth Sector	EEFM Equivalent Sectors	Colchester		East of England
		Additional jobs (2014-2032)	% Change (2014-2032)	% Change (2014-2032)
Transport & Logistics	Wholesale	190	3%	11.20%
	Land transport			
	Water and air transport			
Life Sciences & Healthcare	Pharma	2,130	18%	13.80%
	Health and care			
	R & D			
Environmental Technologies & Energy	Utilities	-180	-22%	9.00%
	Waste and remediation			
	R&D			
Creative, Cultural & Media	Publishing & Broadcasting	4,310	32%	32.20%
	Professional services			
	Arts & entertainment			
Visitor Economy	Hotels & restaurants	2,210	26%	-22.90%
	Arts & entertainment			
All Sectors		14,530	16%	13.40%

Creative and digital industries

Digital and creative industries is a key and varied sector, nationally, regionally and locally, including design, advertising, video games, film and publishing.

The sector is fast-moving with rapidly changing business models. Although the spread of the Internet and other digital technologies have revolutionised working practices, creating new products, companies and markets, it has also overturned established business practices. The ease with which digital goods can be produced and distributed means that many people do not expect to pay much, if anything, for creative content. As a result, firms have struggled to ensure that they are paid for their intellectual property. Yet it is still a sector that is viewed as having real potential for the future. The Government has identified it as a possibly important way of rebalancing the economy away from an over-dependence on financial services.

The wider value of the sector is its connections with other industrial sectors, its innovative nature and its role in regeneration, place-making and advertising. This is particularly true of Colchester which is a developing cluster within Essex and where the Council and partners are actively seeking to assist the sector through local initiatives.

Colchester's creative industries employ over 3,900 people in 600 businesses. Significant numbers of these businesses are in computer programming and consultancy – 280 – with advertising, design and architectural practices also highly represented. Employment is predominantly in publishing, advertising, design and computer programming and consultancy while museums, libraries and performing arts and artistic creation are also important.

Figure 14: Local Units and Employees in Creative and Digital Sectors, Colchester and Essex 2012.

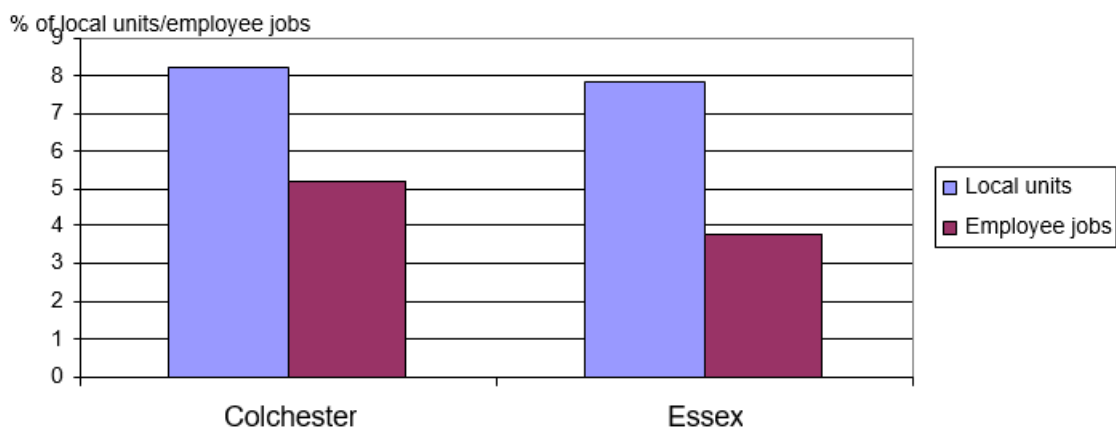
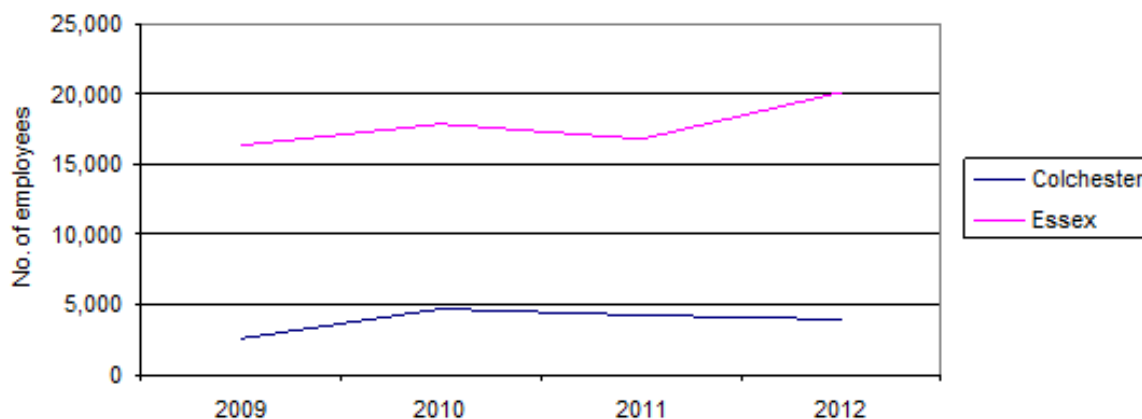


Figure 15: Employees in Creative and Digital Sectors, Colchester and Essex, 2009-2012.



Source: ONS, BRES and IDBR

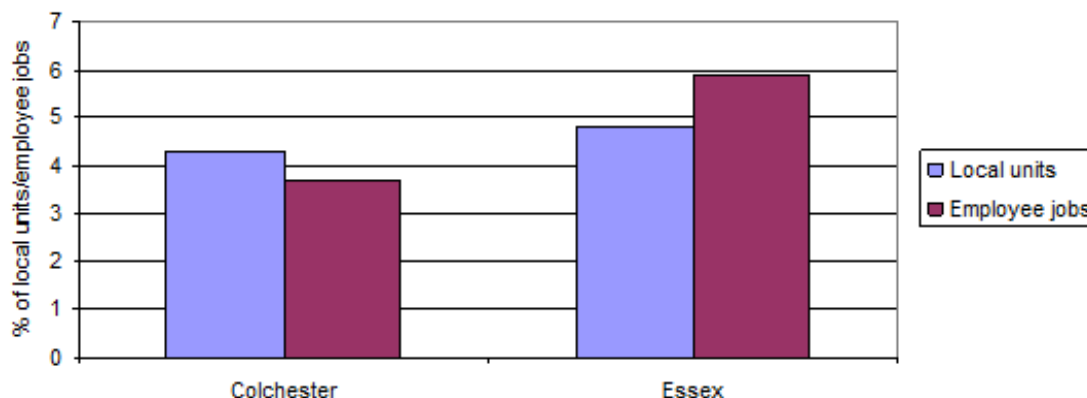
Key employers in the Borough are Informa UK, BT, Aceville Central, Jobserve and Think BDW.

The DCMS definition of the sector is: 3212 : Manufacture of jewellery and related articles; 5811 : Book publishing; 5812 : Publishing of directories and mailing lists; 5813 : Publishing of newspapers; 5814 : Publishing of journals and periodicals; 5819 : Other publishing activities; 5821 : Publishing of computer games; 5829 : Other software publishing; 5911 : Motion picture, video and television programme production activities; 5912 : Motion picture, video and television programme post-production activities; 5913 : Motion picture, video and television programme distribution activities; 5914 : Motion picture projection activities; 5920 : Sound recording and music publishing activities; 6010 : Radio broadcasting; 6020 : Television programming and broadcasting activities; 6201 : Computer programming activities; 6202 : Computer consultancy activities; 7021 : Public relations and communication activities; 7111 : Architectural activities; 7311 : Advertising agencies; 7312 : Media representation; 7410 : Specialised design activities; 7420 : Photographic activities; 7430 : Translation and interpretation activities; 9001 : Performing arts; 9002 : Support activities to performing arts; 9003 : Artistic creation; 9004 : Operation of arts facilities; 9101 : Library and archive activities; 9102 : Museum activities

Transport, Ports and Logistics

This sector is a significant minor provider of employment within the Borough, accounting for 2,700 jobs across 310 enterprises. These jobs and businesses are predominantly within Land Transport and supporting warehousing.

Figure 16: Local units and employees in Transport, Ports and Logistics, Colchester and Essex, 2012.



Employment levels have held up over recent years as land transport and associated warehousing have lightly increased.

SIC codes defining the sector are: 30: Manufacture of other transport equipment; 49: Land transport and transport via pipelines; 50 : Water transport; 51 : Air transport; 52 : Warehousing and support activities for transportation; 53 : Postal and courier activities; 77 : Rental and leasing activities.

Colchester's location means that its share of other transport employment in the Air and Water sub-sectors is minor. Current access to Stansted Airport for the Colchester workforce is restricted by travel time and the requirement to have access to private transport; similarly, but to a lesser extent, with access to jobs in the Harwich ports. Nevertheless, the Offshore Renewable Energy sector and the development of Bathside Bay in Tendring will inevitably generate spill-over businesses and jobs in this sector in the Borough over the next decade.

Advanced manufacturing

Advanced manufacturing is not a straightforward sector to define as it tends to refer to the "higher end" of the manufacturing sector as a whole. The sector is often characterised by the intensity of technology used in the manufacturing process or the utilisation of new materials rather than its end products. Furthermore, traditional sector definitions tend to capture "whole company" activity and can omit specific areas of expertise and innovation. Advanced manufacturing might include features such as biotechnology and nanotechnology, the use of advanced materials such as composites, automated processes in production or computer-aided design.

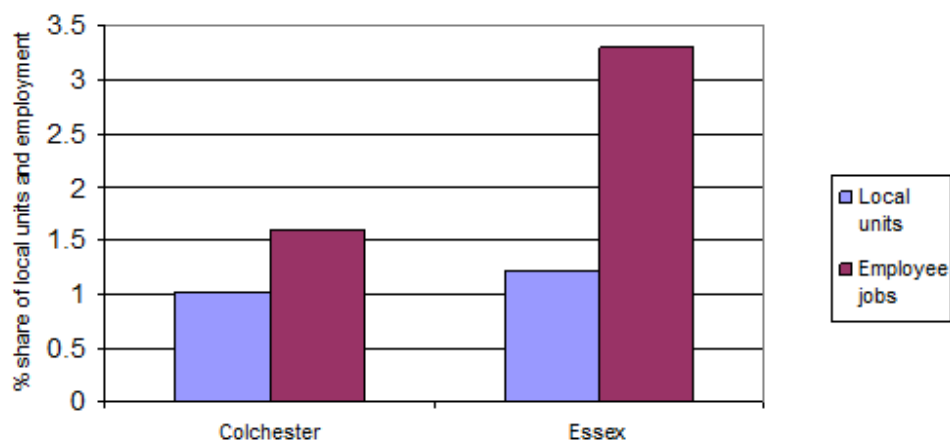
Whatever the precise definition, there is widespread recognition that Advanced Manufacturing is a strength of the UK economy and a crucial area of competitive advantage in the future. According to Government data, the UK is the sixth largest manufacturer by output and a leading exporter of high technology goods: around a quarter of UK goods exports are defined as high technology.

The following graphs show the proportion of employee jobs and local units (i.e. businesses) in advanced manufacturing, using the OECD classification of manufacturing based on technology – high tech and medium high tech industries (not including pharmaceuticals). (20: Manufacture of chemicals and chemical products; 26: Manufacture of computer, electronic and optical products; 27: Manufacture of electrical equipment; 28: Manufacture of machinery and equipment; 29: Manufacture of motor vehicles, trailers and semi-trailers; 30: Manufacture of other transport equipment).

Compared to Essex, Colchester has a similar percentage share of businesses in the sector but less than half the share of employment of the County. This implies that Colchester's high value manufacturing is characterised by smaller businesses than those at County level. This

is confirmed by BRES data which shows an absence of large firms (250+ staff) and relatively few medium-sized firms in the Borough.

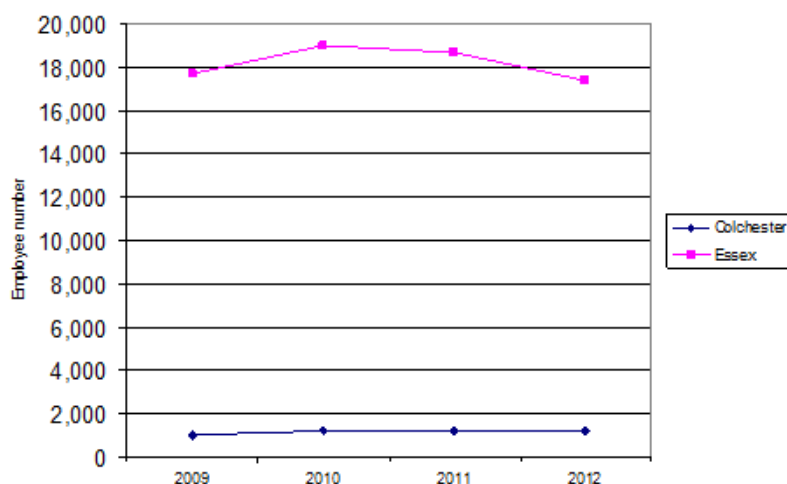
Figure 17: Local units and employees in Advanced Manufacturing, Colchester and Essex, 2012.



The Borough reported 75 units in the sector in 2012, the majority in the Micro-business sector (0-9 employees), followed by the Small business sector (10 – 49 employees).

While the Borough has a relatively small share of its overall employees in this sector, job numbers have generally increased lightly over the recent period 2009-2012, rising from 1,061 to 1,230 at the same time as employee numbers at County level have fallen back to a lower level in 2012 than in 2009, from 17,748 to 17,401, despite a marked rise in the intervening years.

Figure 18: Employees in Advanced Manufacturing, Colchester and Essex, 2009-2012.



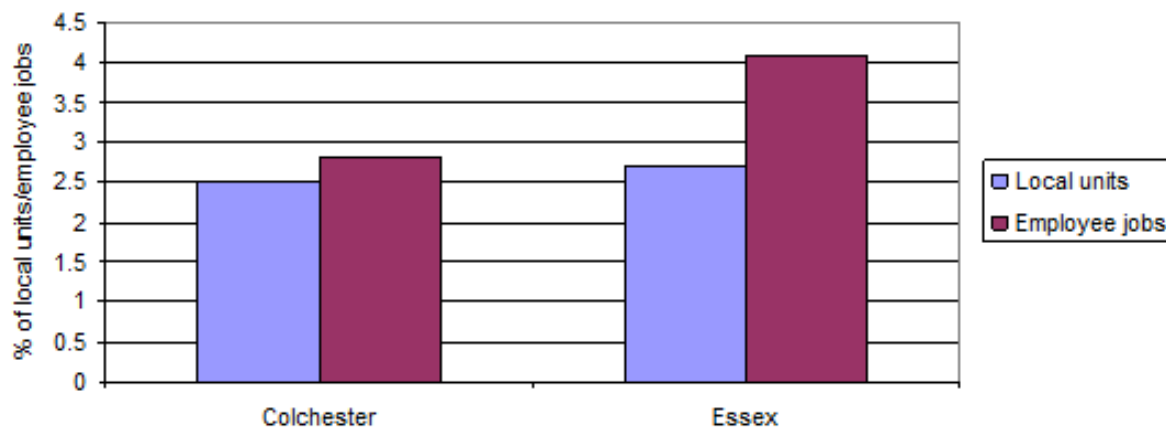
This suggests that the market for Colchester's Advanced Manufacturing businesses is more stable than for Essex as a whole although the wider manufacturing sector is in decline when looked at over the period 2000 – 2010, shedding 2,300 jobs and with an estimated loss of 900 jobs from 2010 to 2020. (EEFM).

Key businesses in the Borough are: Flakt Woods, Marel, Vacuumatic, CTruk and DSG (Defence Support Group) – the last may be sold off by the Government in the current financial year as part of the Defence Review.

Environmental Technology

Colchester currently reports a restricted number of both businesses (190) and jobs (2,100) in this growth sector compared to Essex and despite the Borough's strengths in related areas.

Figure 19: Local units and employees in Environmental Technology, Colchester and Essex, 2012.



SIC codes which define the sector are: 20 : Manufacture of chemicals and chemical products; 36 : Water collection, treatment and supply; 37 : Sewerage; 38 : Waste collection, treatment and disposal activities; materials recovery; 39 : Remediation activities and other waste management services. This division includes the provision of remediation services, i.e. the cleanup of contaminated buildings and sites, soil, surface or ground water; 72: Scientific research and development; 81 : Services to buildings and landscape activities

Tourism

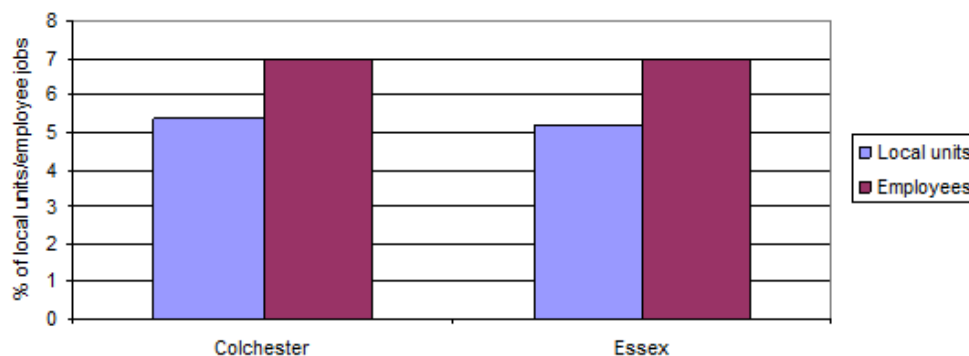
The Borough's tourism sector is an important support in place-making and, in particular, in supporting B2B activity and inward investment potential.

Tourism is a key part of the Colchester economy, and was worth £244m to the economy of the Borough economy in 2012. Development of this sector, in planning terms, relies on sensitive new development that enhances the attractiveness of the Borough's historic built and natural environment whilst providing improved access and facilities for a growing number of visitors. In recent years, the council has prioritised the growth of hotel accommodation in line with significant developments and investments in visitor attraction in and around Colchester (<http://www.colchester.gov.uk/article/13646/Humberts-Hotel-Study>). The Borough has now been successful in seeing a growth in new hotels and any future growth in this sector will need to be considered in the context of an increased supply.

The attractiveness of Colchester's environment to tourists is linked to a growing and thriving cultural and creative sector. The Creative Colchester Strategy (view the Strategy via this link - <http://www.colchester.gov.uk/article/13972/Creative-Colchester>) highlights that approximately one in six Colchester jobs are in businesses related to the creative sector, including design, film, arts and crafts, advertising, and publishing. The vision of the strategy focuses on strengthening this sector by 'making the most of what makes it unique, its assets and distinctiveness

In 2012 the sector employed 5,380 people across 395 businesses; the Borough's share of employees was the same as that of the County but with slightly more enterprises across what is a very diverse sector.

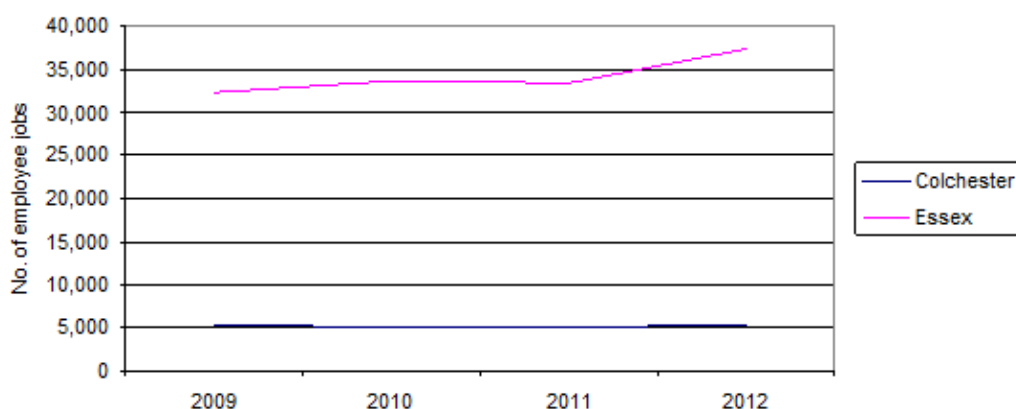
Figure 20: Local units and employees Tourism, Colchester and Essex, 2012.



Source: ONS, BRES and Business Count

Employee jobs have remained almost static in the Borough over 2009-12 while the County has shown recent marked growth.

Figure 21: Local units and employees Tourism, Colchester and Essex, 2009-2012.



This relative stasis in job numbers is set to change as the Borough has a pipeline of hotel and restaurant developments which should see a marked uplift in numbers from the current year onwards.

The latest tourism statistics (2013) show that tourism is growing in its significance to the local economy:

- The value of visitor spend to Colchester borough has risen by 308% from £63.1 million in 1993 (base year) to £258 million in 2013;
- There was an additional £65.5m generated by tourism in local businesses supplying tourism businesses with goods and services (the multiplier effect);
- Colchester attracted over 5.1 million trips from visitors in 2013 (up 75% on the 1993 figure of 2.8 million). This can be broken down as follows:
 - 54,000 staying trips taken by overseas staying visitors;
 - 208,000 staying trips taken by domestic staying visitors; and
 - 5.1m day trippers.
- Tourism supports 5767 actual jobs (up 114% on the 1993 figure of 2,685).

Source: The Cambridge Model to Measure the Economic Impact of Tourism on Colchester Borough

Hotel development

Since 2008 and the release of the Council commissioned report by Humbert's into the opportunities for hotel development in Colchester, a significant number of new and refurbished or expanded hotel rooms have taken place or are in planning.

In and around Colchester Town Centre these have cumulatively seen a total of eight developments providing a total of 218 new rooms and 20 refurbished. Of these:

- Boutique hotels account for 90 new rooms and potentially a total of 95-115 new rooms; and
- Budget hotels account for 128 new rooms.

Estimated full-time equivalent staff employed across this increased provision will be 121 jobs and, potentially, up to 136. These developments include an Aparthotel, the first budget chain hotel in the Town Centre, the first 4/5 star hotels and significant additions to 2-3 star provision.

SIC codes which define the sector are: 551 : Hotels and similar accommodation; 552 : Holiday and other short stay accommodation; 553 : Camping grounds, recreational vehicle parks and trailer parks; 561 : Restaurants and mobile food service activities; 563 : Beverage serving activities; 799 : Other reservation service and related activities; 79120 : Tour operator activities; 93199 : Other sports activities (not including activities of racehorse owners) nec; 9102 : Museum activities; 9103 : Operation of historical sites and buildings and similar visitor attractions; 9104 : Botanical and zoological gardens and nature reserve activities; 9311 : Operation of sports facilities; 9321 : Activities of amusement parks and theme parks; 9329 : Other amusement and recreation activities

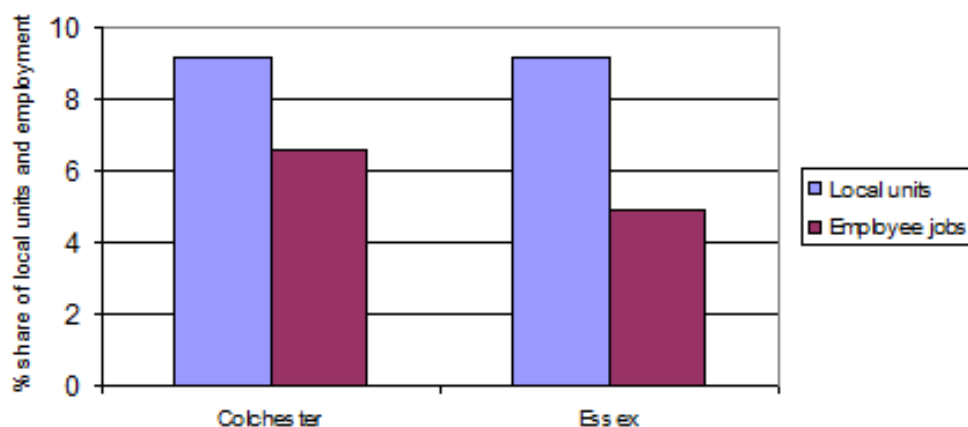
Digital economy

The following graph shows the proportion of employee jobs and businesses in the digital economy, based on the New Industry New Jobs definition which includes manufacture of computers and related goods, telecommunications, printing, publishing and digital content.

(*Based on 2007 SIC codes: Printing and reproduction of recorded media; Manufacture of computer, electronic and optical products; Publishing activities; Motion picture, video and television programme production, sound recording and music publishing activities; Programming and broadcasting activities; Telecommunications; Computer programming, consultancy and related activities; Information Service activities; Manufacture of wiring and wiring devices; Wholesale of information and communication equipment; Advertising; Photographic activities; Repair of computers and communication equipment; Wholesale of other office machinery and equipment; Renting and leasing of office machinery and equipment (including computers)).

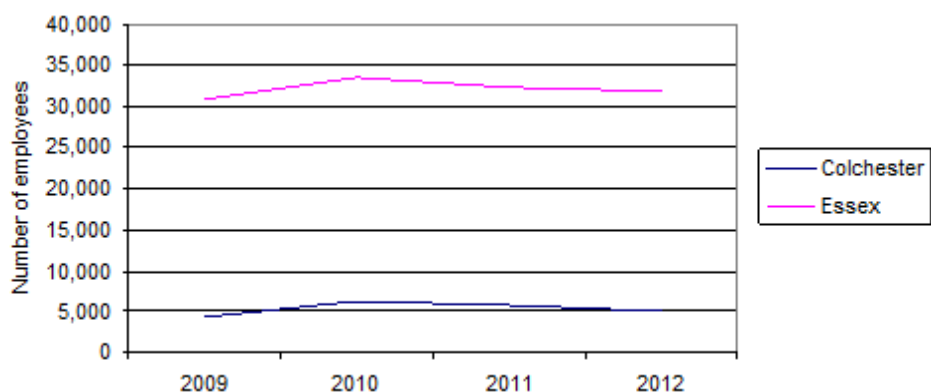
Both Colchester and Essex have an equal proportion of businesses in the Digital Economy – 9.2%; there are 670 businesses in this cross-cutting sector in the Borough. However, Colchester reports a larger share of total employee jobs in the sector – 6.6% or 4,971 - compared to Essex's lower relative share – 4.9%.

Figure 22: Local units and employees in Digital Economy, Colchester and Essex, 2012.



Job growth in the Borough – and partly reflected in the County statistics - has, contrary to the below graph, been consistent over the period: the rise in 2010 being largely to a statistical anomaly in the Borough through classifying a significant number of part-time national staff of a publishing organisation as Borough employees. In this respect, Colchester's Digital Economy sector is growing.

Figure 23: Employees in Digital Economy, Colchester and Essex, 2009-2012.



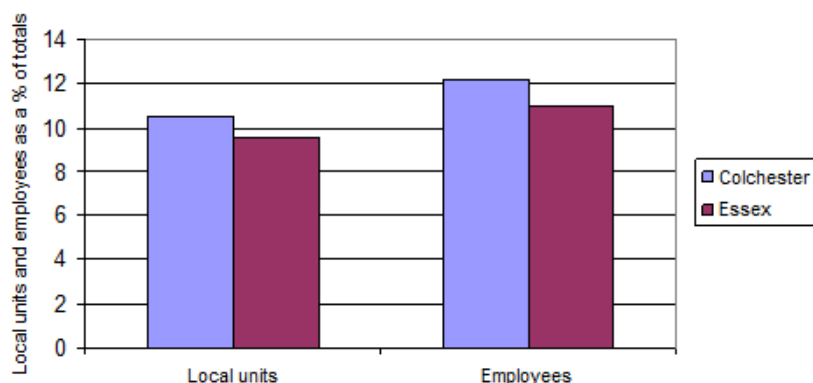
Planned developments by the Council and partner organisations within its Creative Strategy aim to increase the number of businesses forming and growing within the Borough. Delivery of key property and labour market initiatives should further increase the significance of the emergent sector cluster.

Key businesses in the Borough’s Digital Economy sector are: Concurrent Technologies, BT, Jobserve, Aceville Central Services, Van Cols Ltd.

Retail

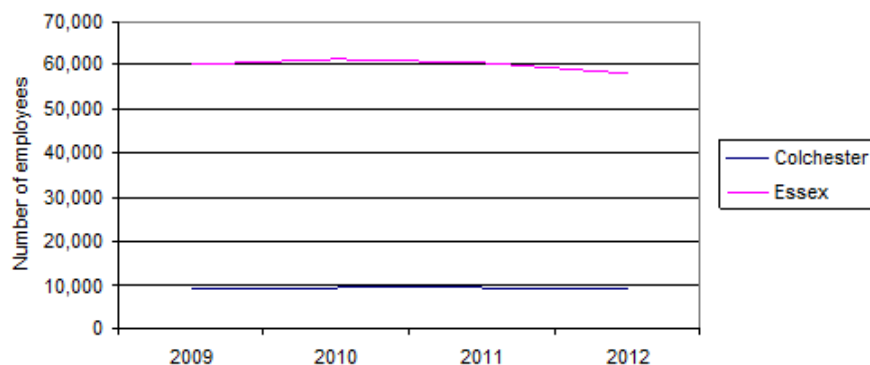
Retailing is one of the most dynamic sectors of the economy and a major employment sector for the Borough, employing 9,110 people - or 12.2 per cent of the Borough’s workforce - across 470 businesses. The numbers of employees and businesses are relatively higher than the share for the County, reflecting the significance of Colchester as a key retail destination in both Essex and the Region – where it is within the top five locations.

Figure 24: Local Units and Employees in Retail, Colchester and Essex, 2012.



Employment in the sector is predominantly part-time, accounting for 61% of all jobs in the Borough and a similar proportion at County level.

Figure 25: Employees in Retail, Colchester and Essex, 2009-2012.



While retail employment is in slight decline across Essex, jobs in Colchester have remained more or less constant over the period 2009-12. However, the ratio of full-time to part-time employees has shifted lightly towards the latter over recent years, with part-time staff increasing by around 200 posts as full-time jobs have declined by a similar number.

The EEFM estimates that Retail employment will increase by 2,500 jobs over the period 2010-20 – a significant expansion over the addition of only 200 jobs in the preceding decade. This reflects the forecast retail turnover for comparison goods in Colchester in 2019 which is estimated to be the highest of any Essex retail location (Lakeside is in second place) with an increase of 39% in sales to £950.6 million over the 2009 base position.

Given anticipated growth, Colchester's retail sector remains a key source of access to employment for new and returning entrants to the labour force and especially for individuals seeking part-time work. The sector is characterised by high staff turnover due to upskilling and movement into other sectors which require good customer skills and sales experience.

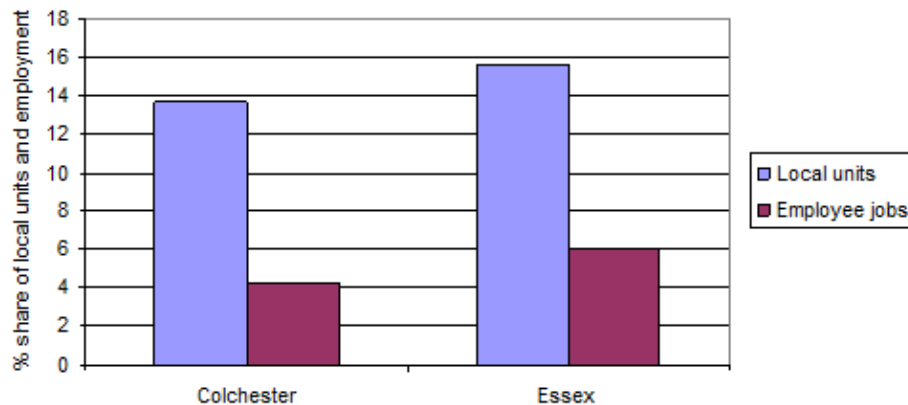
Major employers in the Borough are: Williams and Griffin (Fenwick's); Debenhams; East of England Co-operative Society; Tesco; and Sainsbury's.

Construction

The construction sector is returning to growth after the recession with significant civil and commercial contracts being placed.

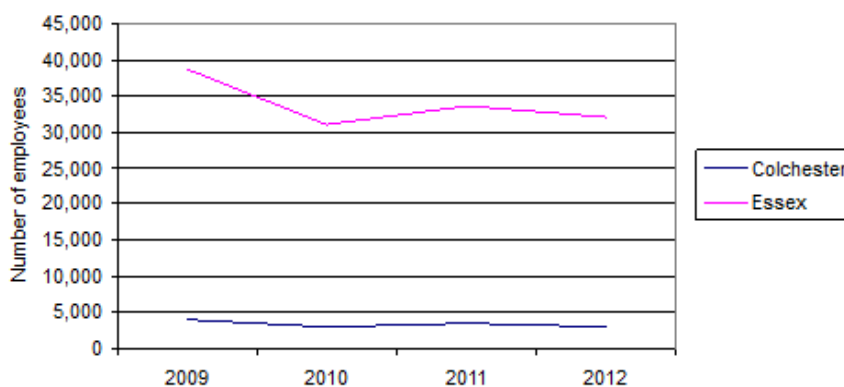
Construction employs 3,100 people - almost 16% of the Borough's workforce - and accounts for 1,000 businesses, some 14% of the stock; these are slightly smaller shares than for the County but forming a significant cluster in North Essex.

Figure 26: Local Units and Employees in Construction, Colchester and Essex, 2012.



The employment changes in the Borough have not been as negative over the recent period as at County level. This is no doubt due to the continued high level of housing developments in Colchester.

Figure 27: Employees in Construction, Colchester and Essex, 2009-2012.



Major employers in the Borough are: Manorcourt Homecare, TJ Evers Ltd, Hutton Construction Ltd, Ovivo UK Ltd, RG Carter Colchester Ltd and Cadman Group.

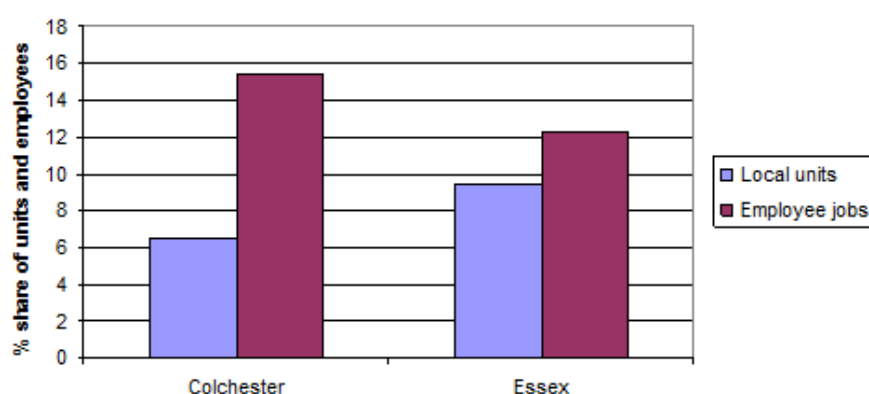
Health and Care sector

The Health and Care sector plays a significant role in the Government's economic and innovation strategies; it is also a key sector at the local level due to the rising demands of an ageing population.

Nationally, health care and supporting industries in life sciences are a key priority. The sector has been identified as a key area for growth in the national economy with the potential to contribute high value added activities and employment; the Institute of Public Policy projects 2 million new jobs by 2021. Sub-regionally, the Health and Care economy is identified as a key growth sector in the Essex Growth Strategy.

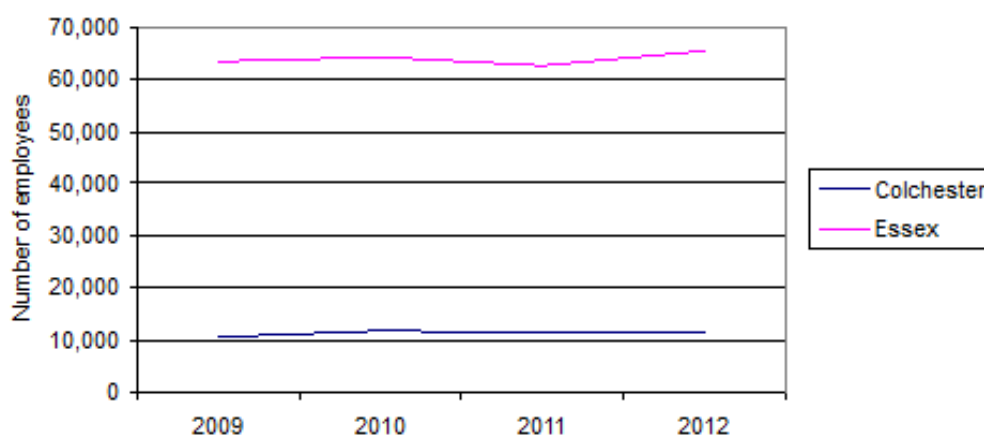
The Health and Care sector is a major source of employment in the Borough, accounting for 11,600 jobs - over 15% of all jobs - across 480 businesses. Colchester is a cluster for the sector within Essex due to its concentration of NHS services but also due to its numerous care homes – both reflecting the “central place” nature of the Town and Borough meeting the demands of a wider surrounding population catchment area for specialist services.

Figure 28: Local Units and Employees in Health, Colchester and Essex, 2012.



Employment numbers have held up in the Borough but have not yet demonstrated forecast growth as the Borough is starting from a high base, compared to the County.

Figure 29: Employees in Health, Colchester and Essex, 2009-2012.



Over 6,200 of employees in the Borough's sector are in Hospital activities and Medical and Dental practices, around 2,500 are in social work activities and the balance of some 2,900 are in the care home sub-sector.

With some 90 care homes in Colchester Borough (www.carehome.co.uk), this sub-sector provides a growing element for employment and training. Recent developments indicate further rapid expansion of this sub-sector of the industry.

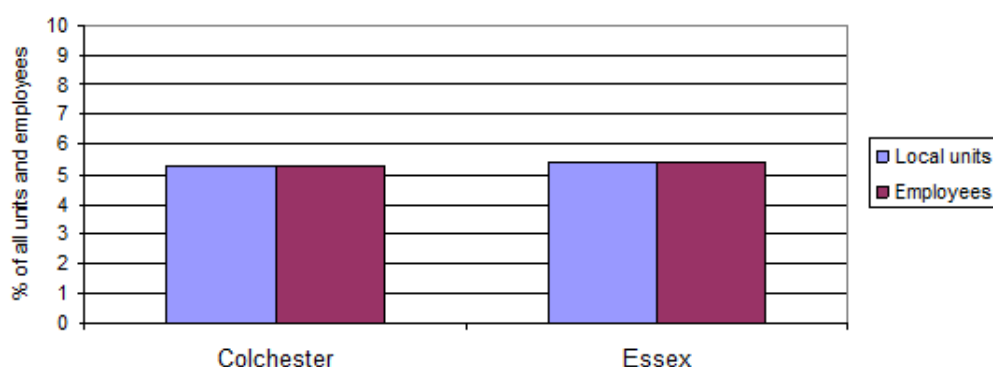
Major employers in Health and Care in the Borough are: Colchester Hospital University NHS Foundation Trust; North Essex Partnership NHS Foundation Trust; The Oaks Hospital; St Helena Hospice; Anglian Community Enterprise CIC; and Essex County Council.

Financial and professional business services

This sector in the Borough mirrors that at County level, both in relative job numbers and in its sub-sectoral composition.

The Financial and Insurance sub-sector is proportionate to that of the County, as are Legal and Accounting Activities and Management Consultancy. These functions tend to be “central place” activities and there is a tradition of Colchester having both financial services and legal clusters.

Figure 30: Local Units and Employees in Financial and Professional Services, Colchester and Essex, 2012.

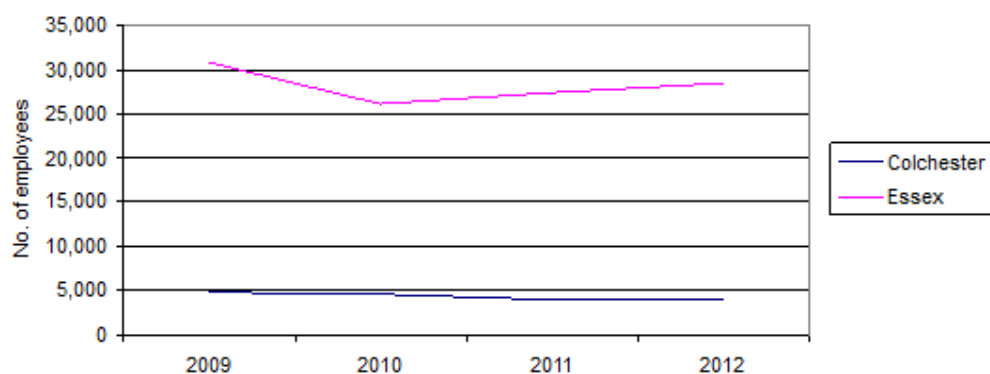


Definition: Financial Services is Section K of SIC 2007; Professional business services is defined as division 69 (legal and accounting services) plus group 70.2 (management consultancy activities).

Accounting for 4,000 employees across almost 700 businesses, the Borough’s sector is significant, with some 5% of all jobs and enterprises.

Recent changes to the insurance market, in particular, have seen large-scale redundancies in the Borough. However, the potential to attract further financial and insurance employment is strong, especially in “back office” financial functions, given Colchester’s locational advantages in both suitable land and property and relevant specialist skills, based on its strong suite of education and training provision targeted at the sector.

Figure 31: Employees in Financial and Professional Services, Colchester and Essex, 2009-2012.



The largest Financial and Professional Business Services firms in Colchester are: Equity Insurance Group; Hiscox Insurance; Linklaters; BDML Connect; Birkett Long LLP; and Lloyds Banking Group.

6. Business demography

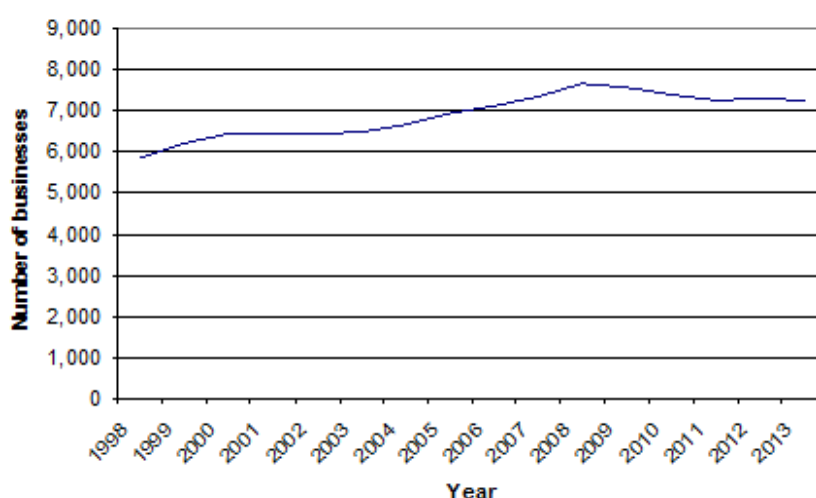
Number of business units in the Borough

The Inter Departmental Business Register provides official figures for the number of PAYE and/or VAT “business units” in the Borough: that is, the number of individual business sites which are, in most cases, distinct enterprises.

Evolution of the number of business units in the Borough from 1998-2013 reveals overall growth of 12.5% in the total stock.

Growth in the business stock was continuous until the fall registered in 2009, reflecting the impact of the recession, and remains currently just above the level attained in 2006; this pattern can be seen more clearly in the graph.

Figure 32: Number of Business Units in Colchester Borough, 1998-2013.

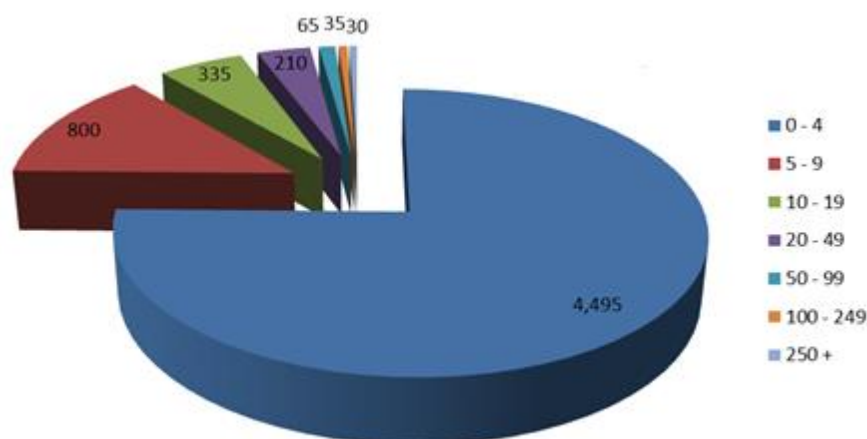


Year	Business units
1998	5,855
1999	6,208
2000	6,408
2001	6,443
2002	6,412
2003	6,474
2004	6,655
2005	6,920
2006	7,116
2007	7,343
2008	7,660
2009	7,570
2010	7,380
2011	7,235
2012	7,280
2013	7,245

Source: ONS, IDBR

The Borough needs to regain the trend of growth demonstrated up until 2008 if it is to generate sufficient capacity to accommodate the demands of its growing working age population.

Figure 33: Size of Companies by Employment Size Band, Colchester 2012.



Deaths of enterprises outweighed births between 2008 until 2012 (latest figure) although the net growth rate is returning to trend before 2008.

Figure 34: Births of enterprises: 2007-2012

	2007	2008	2009	2010	2011	2012	2013
	Count	Count	Count	Count	Count	Count	Count
Colchester	860	690	675	625	665	680	890
East	27,600	25,975	23,535	22,580	24,930		
England	246,700	236,345	209,035	207,520	232,460		
Essex	6,880	6,715	5,900	5,875	6,280	6,540	8,295

In 2011, 665 enterprises ceased trading in Colchester.

Figure 35: Deaths of enterprises: 2007-2012

	2007	2008	2009	2010	2011	2012	2013
	Count	Count	Count	Count	Count	Count	Count
Colchester	650	725	850	660	665	695	670
East	22,065	23,515	28,475	24,070	22,640		
England	199,300	196,695	247,150	219,920	202,365		
Essex	5,690	5,710	6,800	6,150	5,535	6,230	5,790

Source: Office for National Statistics

In 2011, Colchester had the same number of enterprise start-ups (665) as closures (665) but by 2013 (latest figures) the formation of active enterprises in the Borough had become markedly positive.

Births and Deaths of Enterprises as a Percentage of Enterprise Stock

In Colchester, the proportion of business start-ups in 2011 was 9.9% of the total stock of enterprises. This proportion was less than the East region (10.5%) and less than England (11.4%). The proportion of closures during the same year in Colchester (9.9%) was greater than the East of England region (9.6%) and the same as England (9.9%). The net change in the stock of enterprises in Colchester (0%) was below the net change in the stock of enterprises in Essex (1.3%)

Figure 36: Births and deaths of enterprises as a percentage of the enterprise stock: 2011

	Stock	Births		Deaths		Net change
	Count	Count	%	Count	%	%
Colchester	6,700	665	9.9	665	-9.9	0.0
East	236,605	24,930	10.5	22,640	-9.6	1.0
England	2,040,980	232,460	11.4	202,365	-9.9	1.5

Essex	58,735	6,280	10.7	5,535	-9.4	1.3
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Source: ONS. Note: Net change in stock = (Births - Deaths) / Stock of Enterprises

Business Registration and Closure Rates per 10,000 Resident Adult Population

In 2011, the rate of start-ups of enterprises and local units in Colchester was 46.9 per 10,000 adult residents. This was below the rate in the East of England region (52.5 per 10,000 adult residents) and England's average (54 per 10,000 adult residents) as well. It was also less than the rate in Essex (55.2 per 10,000 adult residents).

The rate of closures in Colchester was 46.9 per 10,000 adult residents, less than the rate in the East of England (47.6 per 10,000 adult residents), England (47 per 10,000 adult residents) and Essex (48.7 per 10,000 adult residents).

There was a decrease of zero enterprises and local units per 10,000 adult residents in Colchester during 2011. Absolute net change in the stock of enterprises and local units in Colchester (0 per 10,000 adult residents) was less than in the Region (4.9 per 10,000 adult residents), less than in England (7 per 10,000 adult residents) but greater than in Essex (6.5 per 10,000 adult residents).

Figure 37: Business Registration and Closure Rates per 10,000 Resident Adult Population, 2011.

	Business registration rate	Business closure rate	Net change
Colchester	46.9	46.9	0.0
East	52.5	47.6	4.9
England	54.0	47.0	7.0
Essex	55.2	48.7	6.5

Source: Office for National Statistics

Note: Business Registration and Closure Rates were calculated using Births and Deaths of Enterprises, respectively, from Business Demography and Resident Population Estimates from the Office for National Statistics.

Survival of Newly Born Enterprises by Year of Birth

In Colchester, 60.1% of the enterprises with year of birth 2008 survived for at least three years, compared with 61.6% and 64.4% for enterprise births for the previous two years.

The three-year survival rate for enterprises with year of birth 2008, in Colchester, was greater than that for the East of England region (59.7%) and for Essex (58.8%) and may partly reflect the relatively greater role played by business incubation and support in the Borough as well as the availability of managed workspace:

Figure 38: Survival of newly born enterprises

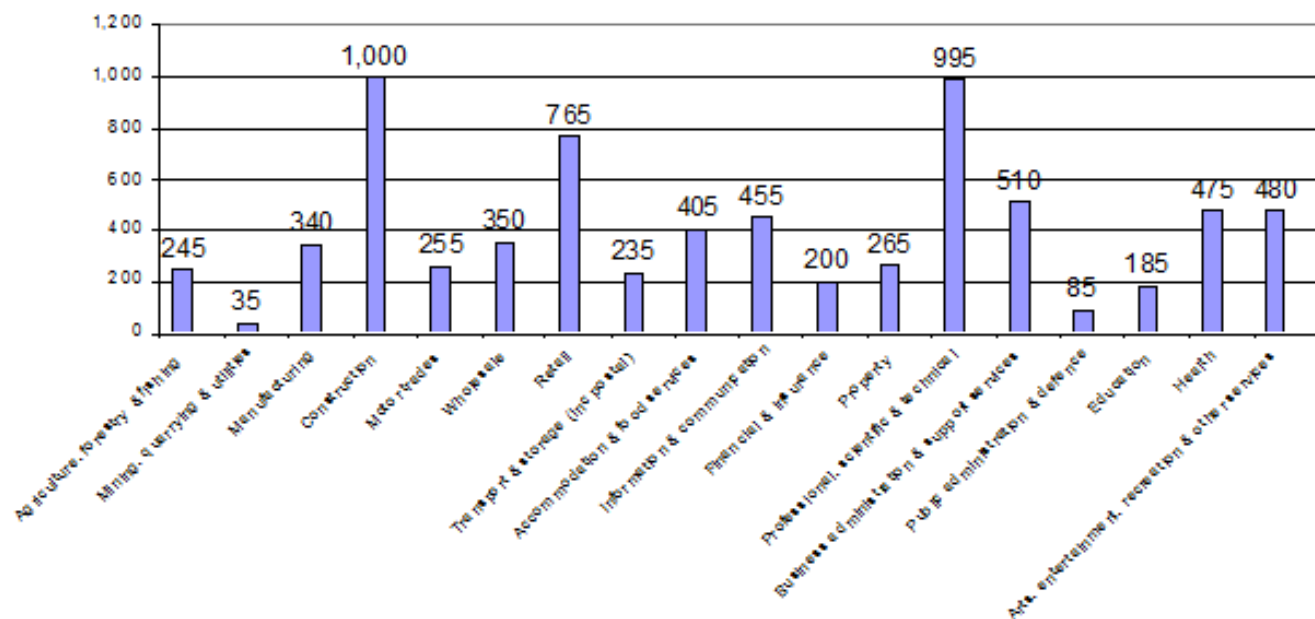
	Births	1 year survival		2 year survival		3 year survival	
	Count	Count	%	Count	%	Count	%
year of birth 2006							
Colchester	730	715	97.9	610	83.6	470	64.4
East	25,055	24,090	96.1	20,310	81.1	16,670	66.5
England	225,120	217,215	96.5	181,685	80.7	149,005	66.2
Essex	6,320	6,060	95.9	5,105	80.8	4,140	65.5
year of birth 2007							
Colchester	860	840	97.7	695	80.8	530	61.6
East	27,600	26,415	95.7	22,525	81.6	17,600	63.8
England	246,700	235,385	95.4	200,460	81.3	155,150	62.9
Essex	6,880	6,545	95.1	5,545	80.6	4,345	63.2
year of birth 2008							

Colchester	690	645	93.5	525	76.1	415	60.1
East	25,975	24,160	93.0	19,530	75.2	15,495	59.7
England	236,345	217,625	92.1	174,705	73.9	136,885	57.9
Essex	6,715	6,195	92.3	4,980	74.2	3,950	58.8

Composition of businesses

The business base of the Borough is diverse; Colchester has strength in a number of different sectors and is not overly dependent upon any one sector for output or employment.

Figure 39: Composition of Businesses, by Major Category, 2012.

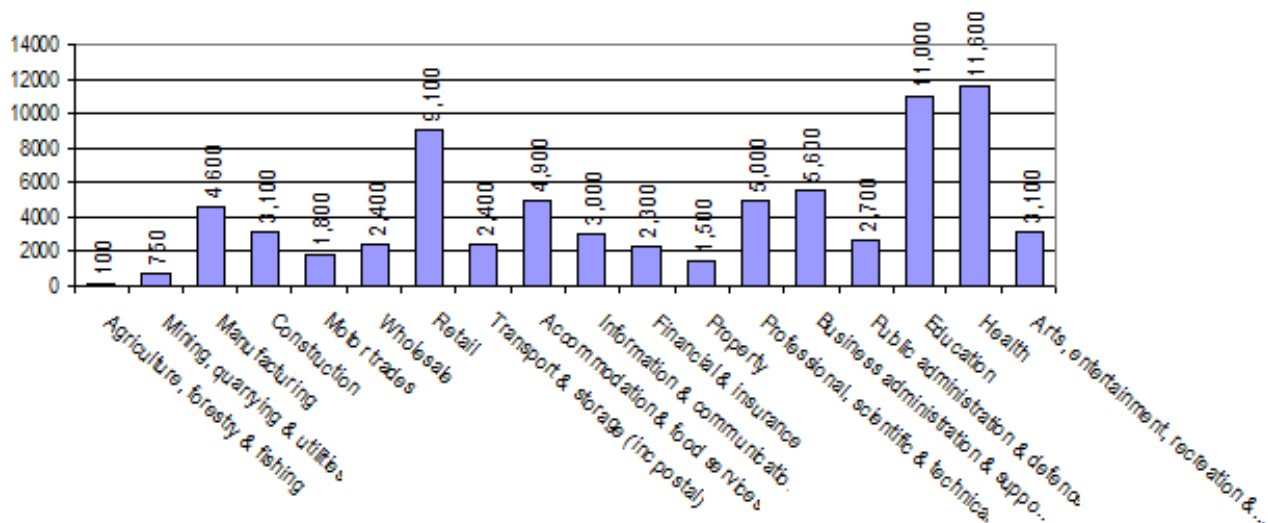


Source: ONS, Business Count.

Composition of the business stock is dominated in terms of numbers of units by construction, retail, and professional/scientific/technical categories. Accommodation and food services, Information and communication, Business and administration & support services, Health and Arts, entertainment, recreation, etc. are in second place

In terms of volumes of employment, Colchester has three major sectors providing more than 10% of total jobs within each: these are, Retail, Education; and Health. A further four major sectors each provide between 5 – 10% of total jobs: Manufacturing; Accommodation and Food Services; Professional, Scientific & Technical; and Business Administration & Support Services. The remaining ten sectors each provide between 0.1 - <5.0 % of all jobs.

Figure 40: Employees by Major Sector, 2012.



Source: ONS, BRES

The relatively wide distribution of employment across sectors indicates good prospects for growth and greater resilience to economic shocks. The pattern of business sectors has been responsible for the relatively low exposure of the Borough to the recent recession, ensuring that job growth has only been temporarily slowed.

The distribution of business and employment between urban and rural Colchester

From a locational viewpoint, the urban area is key in accommodating enterprises, providing premises and access to labour, markets and support services. However, given that two-thirds of the Borough's land area is defined as rural and contains one-third of its population, ensuring that the countryside can accommodate a lesser but sustainable proportion of businesses and jobs is important for balanced development and a consideration in employment land allocation through the planning process..

Statistics show that over the decade 2001-2011 the rural area has had a higher rate of increase in its business stock than the urban core of the Borough and has also demonstrated much higher employment gains.

Figure 41: Rural and urban businesses and employees, Colchester: 2001-2011

No of business units											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
rural	2,165	2,184	2301	2,360	2,465	2,494	2,559	2,785	2,795	2,735	2,735
urban	4,278	4,228	4,173	4,281	4,455	4,622	4,784	4,875	4,775	4,645	4,500
total	6,443	6,412	6,474	6,655	6,920	7,116	7,343	7,660	7,570	7,380	7,235

No. of employees											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
rural	10,006	10,955	14,193	14,117	14,257	14,720	16,065	15,961	15,924	15,755	17,304
urban	57,919	57,215	56,401	56,902	55,991	54,858	54,951	55,636	57,154	59,361	56,708
total	67,925	68,170	70,592	71,018	70,244	69,578	71,016	71,939	73,078	75,116	74,012

Source: Annual Business Inquiry, ONS

Notes: "Rural" defined as the following wards: Birch & Winstree; Copford and West Stanway; Dedham and Langham; East Donyland; Fordham & Stour; Great Tey; Marks Tey; Pyefleet; Tiptree; West Bergholt and Eight Ash Green; West Mersea; Wivenhoe Cross; and Wivenhoe Quay.

"Urban" as: Berechurch; Castle; Christchurch; Harbour; Highwoods; Lexden; Mile End; New Town; Prettygate; Shrub End; St Andrew's; St Anne's; St John's; and Stanway.

"Data units" are taken as number of businesses although these are strictly workplaces ie there may be more than one outlet for the same business.

Growth in rural businesses and employment can be seen more clearly in the below stacked graphs:

Figure 42: Business numbers by urban and rural categories: Colchester 2001-2011.

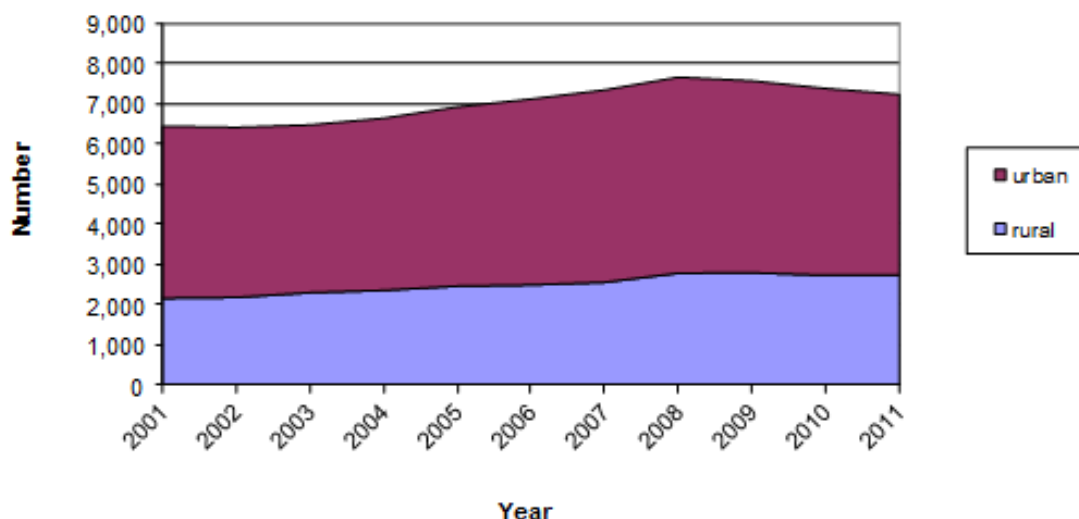
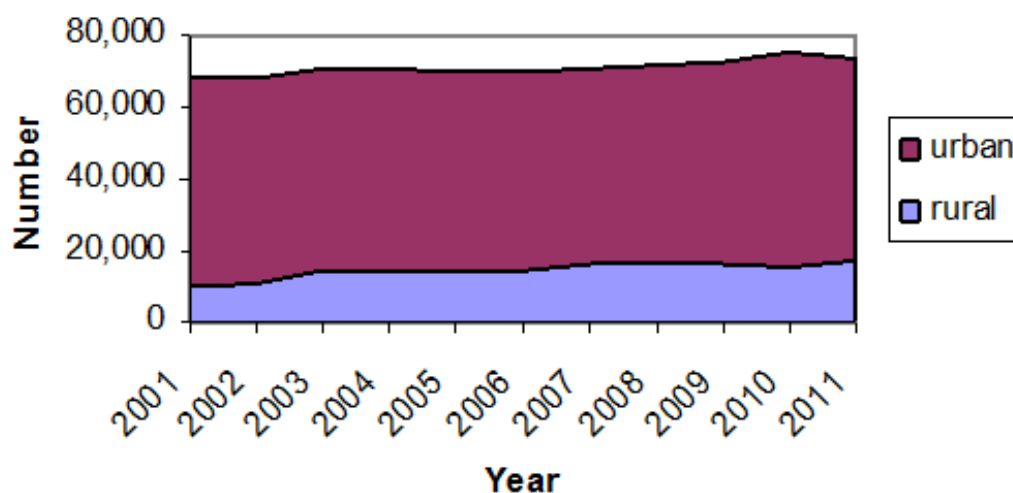
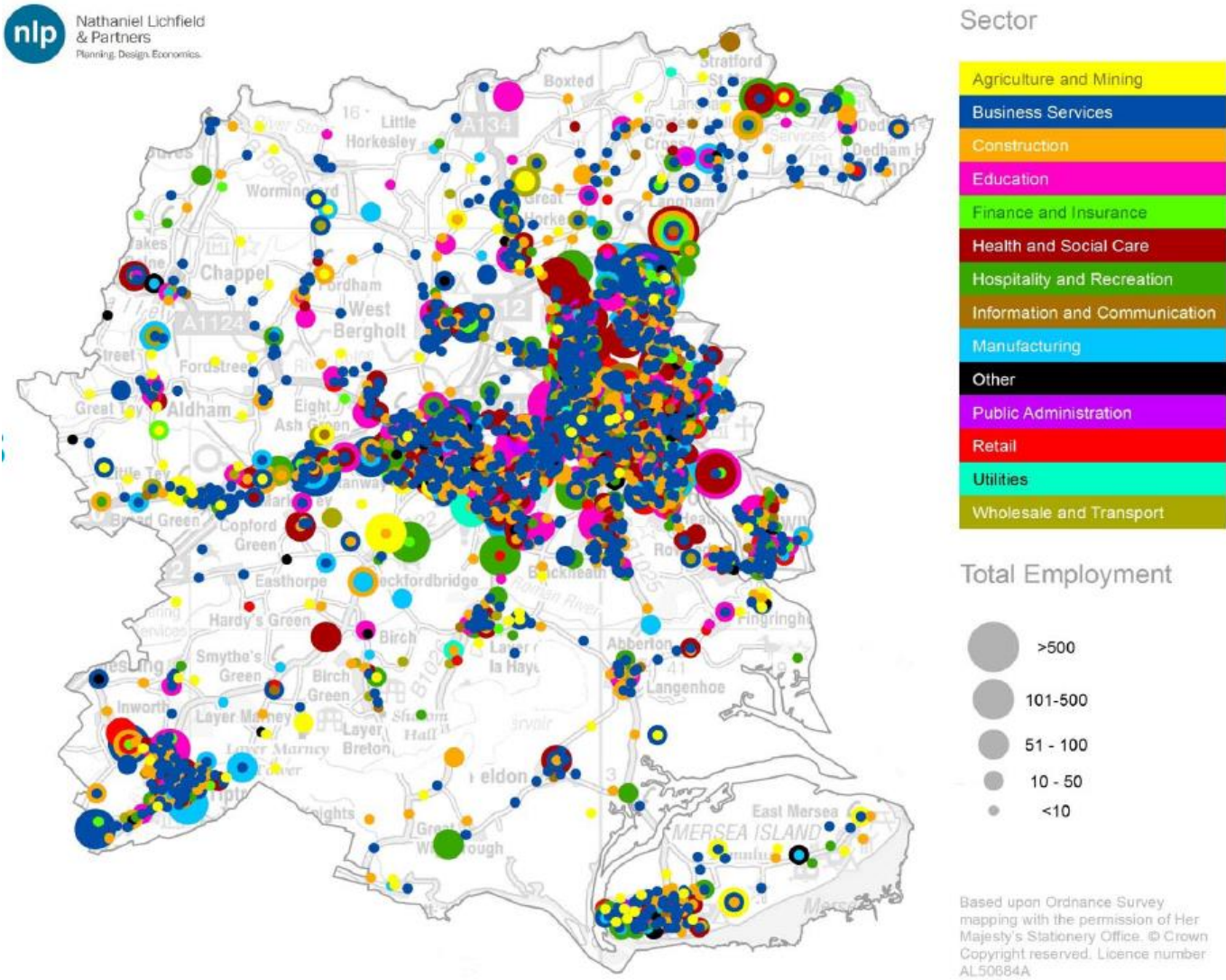


Figure 43: Employee numbers by urban and rural categories: Colchester 2001-2011



The positive performance of rurally-located economic activity in the Borough is partly due to progressive planning policies which facilitate diversification and appropriate scale employment uses and clusters; partly due to proximity to the A12 and the reduction of travel time that brings – the North and West of the Borough; and, partly due to steady demand for a rural location with purpose-built or converted commercial space at a lower cost than available in urban Colchester.

Figure 44: Business Units by major sector and location, Colchester Borough: 2013



Source: NLP derived from IDBR, ONS (2013)

7. Functional economic market area

It has been noted that, 'Economic analysis is best undertaken at the spatial level at which the relevant economic market operates – or the "functional economic market area" (FEMA)'. (CLG, February 2010). In other words, not at the level of the administrative area – in this case, Colchester Borough - alone, but in terms of its effective local economy.

The Guidance note produced by DCLG recognises that there is no universal approach to defining these areas but that they should be 'defined on the basis of several markets or catchment areas which best reflect the drivers of the local economy'. This has the advantage of containing most of the impacts of policy and engaging partners to make more strategic decisions on economic development.

Typically, FEMAs are defined using 'best fit' against a range of market definitions:

- Labour market;
- Housing market;
- Supply chains in industry and commerce;
- Service markets for consumers;
- Administrative areas; and
- Transport networks.

In practice, labour markets (travel to work areas), service markets (usually retail catchment), administrative areas and commuter flows (for transport networks) are used as they are inter-related more closely and the data is more readily available.

Travel to Work-Area

Travel-to-work areas (TTWAs) have been produced by ONS to support labour market statistics and are based on labour market self-containment from commuting flows: the majority of the population live and work within their boundary.

'The current criteria for defining TTWAs is that generally at least 75% of an area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area. The area must also have a working population of at least 3,500. However, for areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted. TTWA boundaries are non-overlapping, are contiguous and cover the whole of the UK'.

The below map is from 2001 data and was reviewed in 2007 but is unchanged. The reach of Colchester Borough is seen as being principally the Borough administrative boundary plus a share of Tendring District, drawing more than half of the neighbouring local authority's area into the Borough's catchment zone.

Figure 45: Essex Travel to Work Areas (TTWA), 2001.



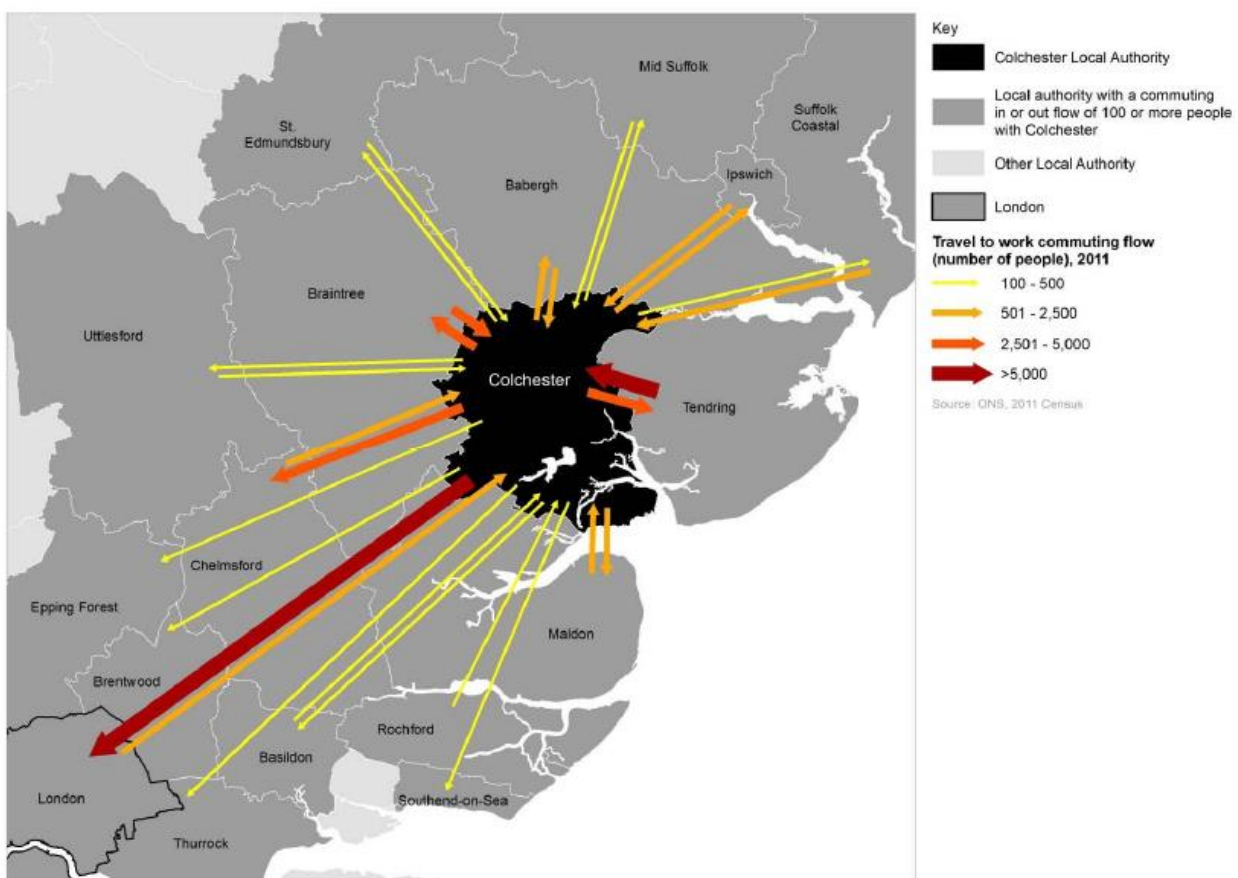
Source: ONS

A current review (2015) of the Borough's TTWA by ONS is likely to report that it now extends to encompass part of Braintree district, in addition to much of Tendring. This is evident from the below section on commuter flows derived from the 2011 Census.

Commuter flows: 2011

The below map provide a graphic representation of travel to work commuting flows from the 2011 Census. The significance of Colchester as an employment destination for Tendring residents and of London for Colchester residents are the most important features. However, the employment inter-relatedness of Braintree, Tendring and Chelmsford for their and Colchester's working populations also can be clearly seen – features which are not reflected in the TTWA mapping. Lesser but important flows in both directions are between the Borough and Ipswich and Maldon.

Figure 46: Travel to Work Flows, for Colchester, 2011.



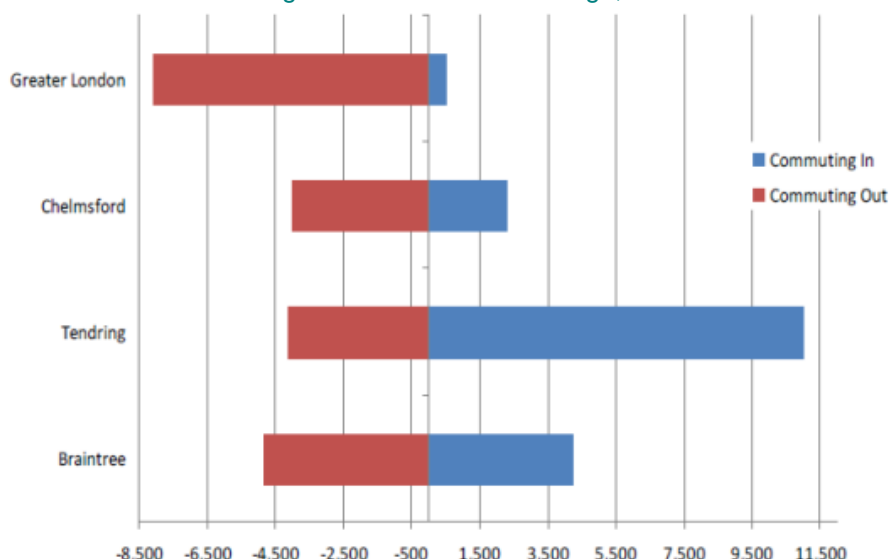
Source: NLP (2014), Colchester Employment Land Needs Assessment

In terms of numbers of people commuting out of Colchester to work, the highest levels of commuting were to Greater London (8,084), followed by Braintree (4,830), Tendring (4,147) and Chelmsford (3,981).

The data shows that the highest proportion of people living elsewhere and commuting into Colchester lived in Tendring (11,011) followed by from Braintree (4,232) and Chelmsford (2,294).

London has a significant impact on travel to work patterns for all authorities outside the M25, particularly for authorities with good transport links. The key flows can be seen clearly in the below bar chart:

Figure 47: Inward and outward commuting flows: Colchester Borough, 2011



Source: Annual Population Survey commuter flows (2011)

These flows have changed markedly since the 2001 Census, with the net outflow of workers increasing, reducing the self-containment rate – the ability of residents to work within the Borough.

Figure 48: Change in Self-containment, Colchester, 2001-2011.

	2001 Census	2011 Census	Change (2001 - 2011)
Out-Commuting Working Residents	21,420	24,790	+ 3,370
In-Commuting Workers	19,810	22,970	+ 3,160
Net Out-Commuting Flow	1,610	1,830	+ 220
Self-Containment Rate	71.4%	62.8%	- 8.6%

Source: Census 2001 & 2011 / NLP analysis

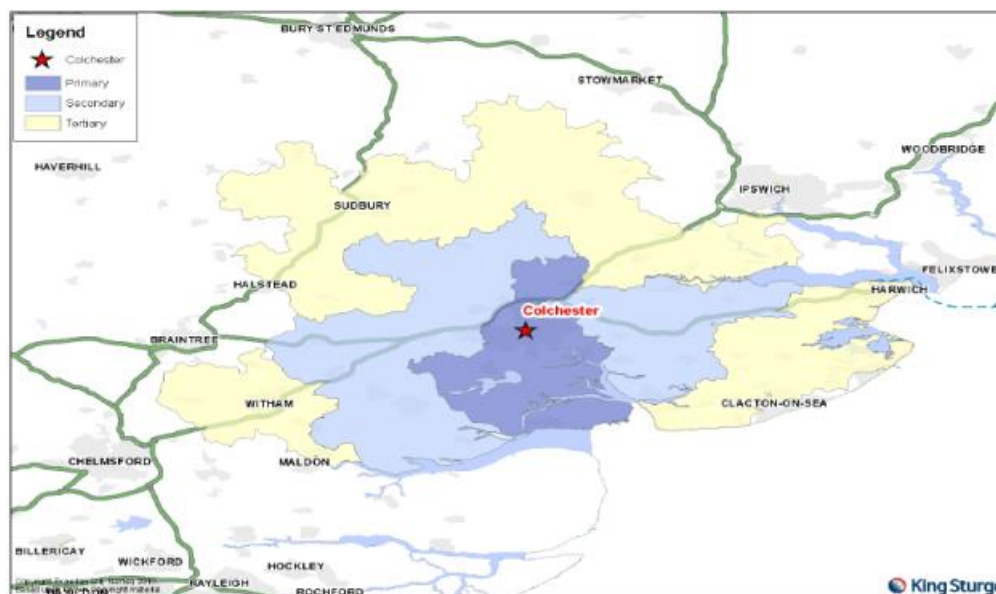
Note: Differences in the way that the two sets of Census data (2001 and 2011) record 'no fixed place of work' means that the two data sets are not directly comparable

Retail catchment area

The retail catchment areas – primary, secondary and tertiary – are perhaps a better proxy for the Borough's functional economic market area with the first two zones reflecting the TTWA and also the influence of Braintree .

Retail catchment areas also mirror leisure and recreational activities and expenditure to a high degree and so capture the “central place” aspect of the Borough for surrounding areas.

Figure 49: Colchester's retail catchment areas, 2001.



Source: King Sturge Town Centre Retail Report

Nearly 450,000 people reside within Colchester's full retail catchment area of which around 125,000 live within the 'Primary' band. The Town's shopper population (defined as the number of people that use Colchester for their main 'comparison goods' shopping (that is, not for groceries, etc.) is some 162,000 – a figure high by most standards and which explains why Colchester is within the five top retail destinations in the East of England.

Multi-functional definitions

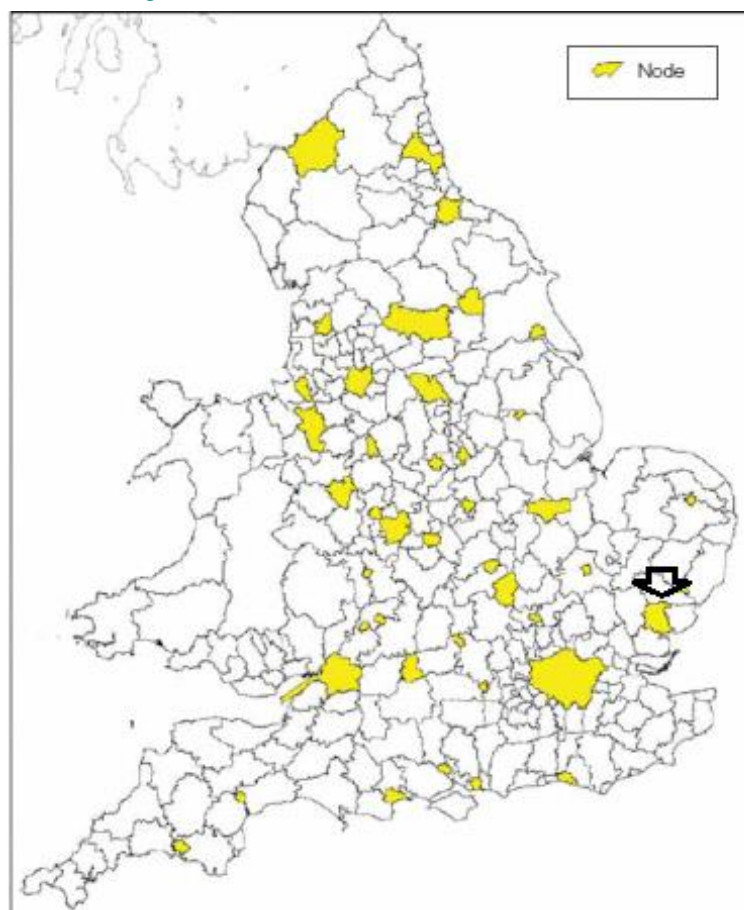
A further focus is that of the local area within the Regional and sub-Regional economies and here the concepts of 'agglomeration effects' and 'polycentrism' are important to defining the hierarchy of economic drivers of place. Two multi-functional definitions of Colchester which include these concepts and many of those considered above are still relevant to contextualise the economic drivers for the Borough: "city-region" and "sub-regional economic partnership" (Haven Gateway).

The concept of "city-region"

Colchester was defined as a "city-region" by Robson et al. (2006) in their paper, *Mapping City Regions*: that is, 'a central urban core together with the relevant commuter hinterland'. This concept is a functional definition of not only the economic but also the "social" reach of cities.

Mapped against five criteria - the overall size of the employment base of a district; the ratio of flows into versus flows out of a district; the set of places defined as "significant" urban areas by Coombes; the set of higher-order retail centres defined by Hall et al.; and, the set of higher-order urban centres defined by the same authors – Colchester emerges as one of 39 "destination nodes" in England. These areas are mapped below.

Figure 50: Destination Nodes for England: 2006.



Source: Robson et al., 2006

It can be seen that the approach taken by Robson et al. is more inclusive than that of a Travel to Work Area alone and that Colchester is the only destination node in Essex, the nearest others being Greater London and Ipswich.

This is a significant finding and should support evidence-based recognition of Colchester as a city were it not for the fact that the list of cities is based upon the definition of Primary Urban Area (PUA) employed by the DCLG: that is, the built up area has to contain a population of 125,000 or more. Colchester's urban (PUA) population in 2011 was 121,859 but this may have been the result of greater under-enumeration by the Census than was actually the case given previous APS estimates. If so, this has considerable implications for Government recognition of the Borough's role and need for key investment, especially in infrastructure.

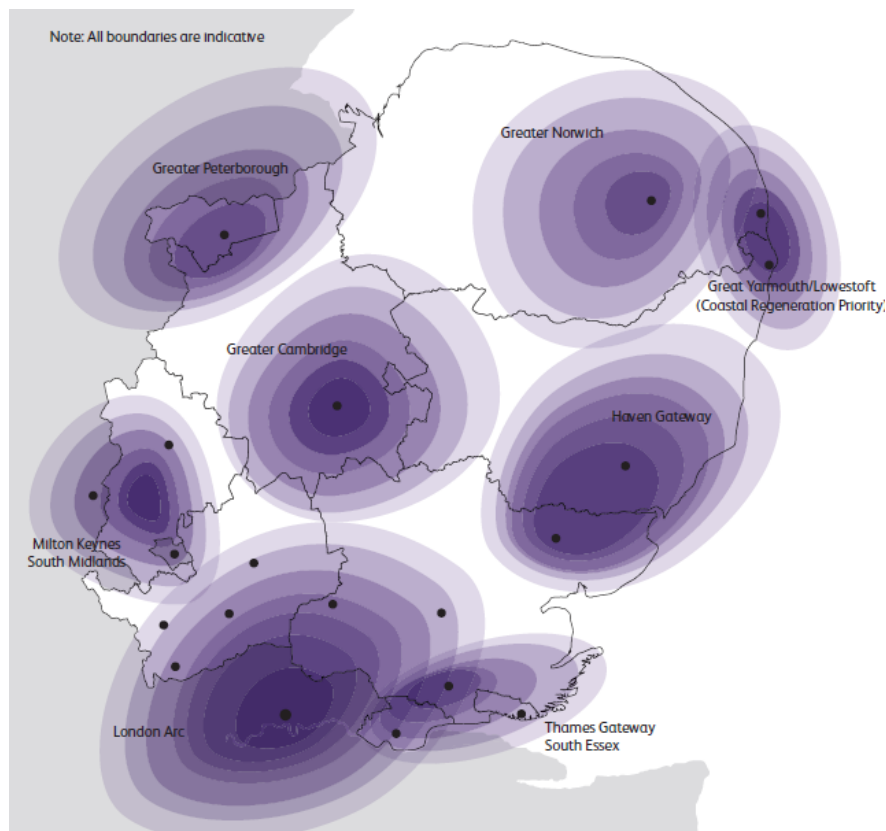
Haven Gateway: a sub-Regional economic geography

The inter-relationship between Colchester and Ipswich – the nearest other “destination node” noted above - was recognised by the former East of England Development Agency (EEDA), charged with growing the regional economy. EEDA adopted the partnership termed the Haven Gateway which had formed between these key urban local authorities and adjacent rural ones and which was founded on recognition of shared importance of access to the ports cluster and its associated industries for their respective economies.

The Haven Gateway was recognised by EEDA in 2008 as an ‘engine of growth’ sub-region within the East of England and Colchester as a key place within that geography. This definition embraces the concepts of agglomeration and polycentrism and is shown diagrammatically below, with the two nodes of Ipswich and Colchester and their hinterlands

highlighted within the sub-Region, along with other nodes, to indicate the economic “pull and push” of these locations:

Figure 51: East of England Engines of Growth, 2008.



Source: EEDA (2008)

The ‘engines of growth’ were and remain where the bulk of new job growth in the East of England will be accommodated and where the potential to stimulate economic growth and greater competitiveness through agglomeration is most likely.

8. Competitive place

UK Vitality Index

In December 2013, Colchester was ranked number 24 in the UK Vitality Index by Lambert Smith Hampton, the national commercial property consultancy, which measures the health of the local economies of the UK's main regional towns and cities.

The UK Vitality Index scores each location against 20 datasets relating to demographics, educational attainment, business activity levels, economic output, general affluence and sustainability. High scoring towns and cities have healthy and robust local economies; are best placed to support growth; and will provide opportunities for businesses to expand. This index ranks the top 65 towns and cities outside of London which are best placed for businesses to expand and for future economic growth. There are seven themes to the Index, with Colchester being ranked seventh in the UK for fastest growing towns and in the top 31 of all other six categories; most productive, most affluent, most entrepreneurial, highly educated and greenest.

Figure 52: Ranking of Selected Essex Local Authority Areas, 2013.

Rank	Town / City	Region	Score (max 200)
19	Chelmsford	EE	117
24	Colchester	EE	107
27	Southend	EE	101.5

Source: Lambert Smith Hampton, December 2013 <http://www.lsh.co.uk/campaigns/uk-vitality-index/the-index>

The highest scoring location was Cambridge with 156 while Colchester was ranked 24th, after Chelmsford and before Southend – the other two Essex locations in the index.

Grant Thornton Growth and Dynamism Index

Recent further place-ranking from the Grant Thornton Growth and Dynamism Index (June 2014) provides further evidence of the economic strengths but also of the relative weaknesses of the Borough.

Of the 326 “lower tier” local authorities in England, Colchester was ranked 51st on the Growth Index, with an A rating - placing it in the top quintile. This composite measure considered growth in employees, businesses, resident population and working age population.

Figure 53: Grant Thornton Growth and Dynamism Index, Spider Graph, Colchester, 2014.

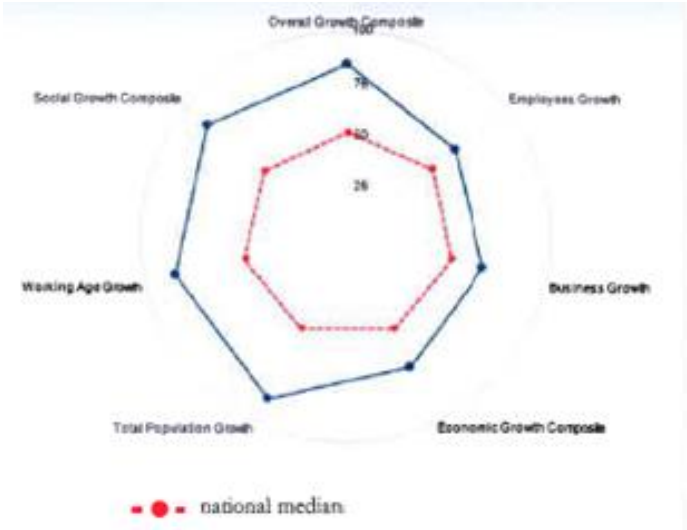
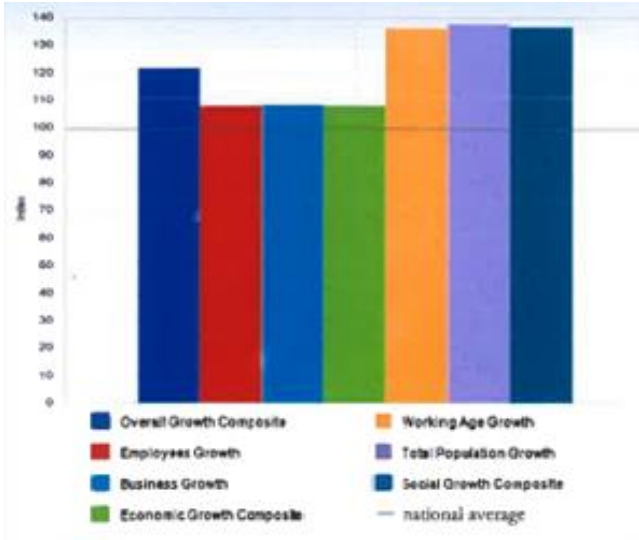


Figure 54: Grant Thornton Growth and Dynamism Index, Bar Graph, Colchester, 2014.



Apart from Colchester, only Uttlesford District is within the top 20% of places in Essex on this measure of growth.

However, against the Dynamism index, Colchester fared less strongly, achieving a middle quintile ranking – C – and being ranked 152nd out of the 326 local authorities. This index seeks to identify areas with high levels of entrepreneurialism, economic activity and intense productivity, measuring Knowledge Workers and Occupations, High Skills, Knowledge Intensive Businesses, Business Formation Rate, Patents Granted and Transport Infrastructure.

On this measure Colchester is in a group with Braintree and Maldon within Essex and the patterning of Dynamism reveals a strong East/West shading with the authorities closest to London being the most dynamic and Thurrock, Southend on Sea and Tendring among the least.

The difference between Colchester's high growth and lesser business and skills dynamism highlighted by these findings will be explored in more detail in subsequent sections.

9. Population

The 2011 Census recorded 173,100 people in Colchester and 1,393,600 in Essex.

Since 2001, Colchester has experienced an increase in population of around 11.1% (+17,304 people). This level of growth is well in excess of comparator geographies: Essex has seen an increase in population of +6.3% and the East of England, an increase of +8.5%, compared to 7.9% nationally.

Figure 55: Population change: 2001-2011

Area	Population 2001	Population 2011	Absolute Change	% Change
Colchester	155,796	173,100	+ 17,304	+ 11.1
Essex	1,310,805	1,393,600	+ 82,795	+ 6.3
East Region	5,388,140	5,847,000	+ 458,860	+ 8.5
England	49,138,831	53,012,500	+ 3,873,669	+ 7.9

Source: ONS, Censuses. (after DVA...)

Figure 56: Population age profile: 2011

Area	0-19	20-29	30-44	45-64	65-74	75-79	80-89	90+	TOTAL
Colchester	41,215	26,192	35,639	42,983	14,668	5,228	6,359	1,330	173,614

Forecast population growth

Estimates suggest that from 2012-2021 the population of Colchester is expected to grow by 14% to 200,300 people. This is an increase of 20,800 people over an eight year period.

Figure 57: Total population change: 2011-2021

Area	2011	2013	2015	2017	2019	2021	Change N ^{os} (%)
Colchester	173,614	179,518	185,123	190,427	195,474	200,324	+ 26,710 (15.4)

By the same measure this is the largest population growth in Essex County; Uttlesford had the second highest at 11.4%.

The following graph shows the projected population in Colchester over the next 10 years using the Interim 2011 based sub-national population projections, published in September 2012.

Figure 58: Population Projections, by Age Category, Colchester 2012-2037.

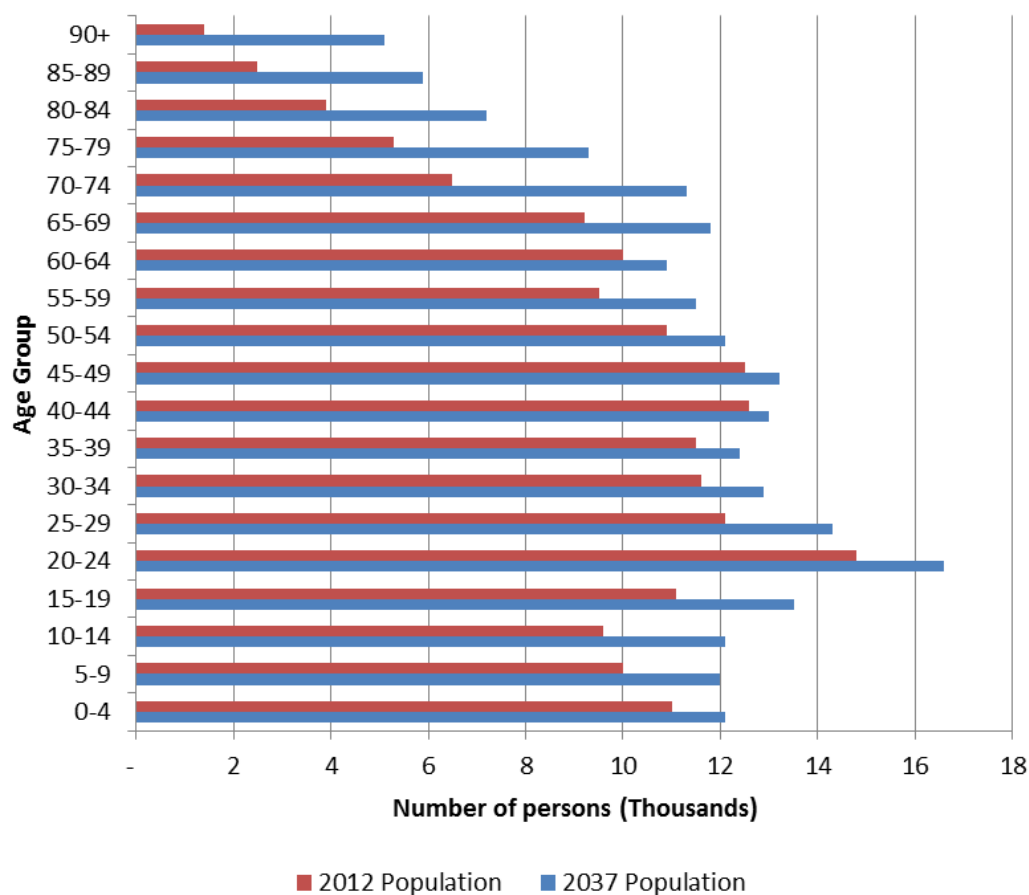
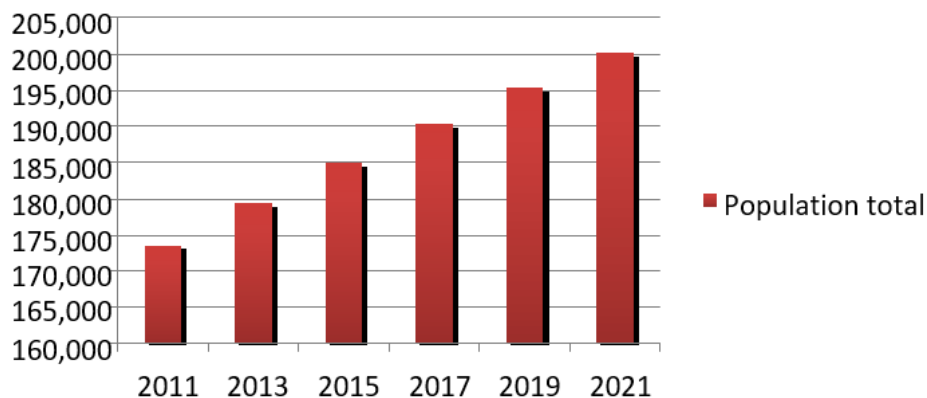


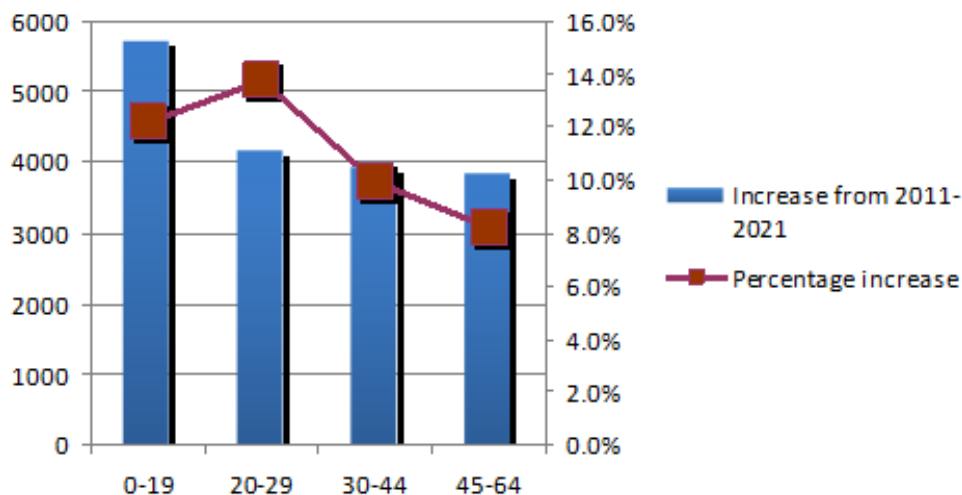
Figure 59: Projected Population Change, Colchester, 2011-2021.



Source: Interim 2011 based ONS sub-national population projection

The graph below shows the projected population change by age group between 2011 and 2021 using the Interim 2011 ONS based sub-national population projections.

Figure 60: Population Projections by Age Group, Colchester, 2011-2021.



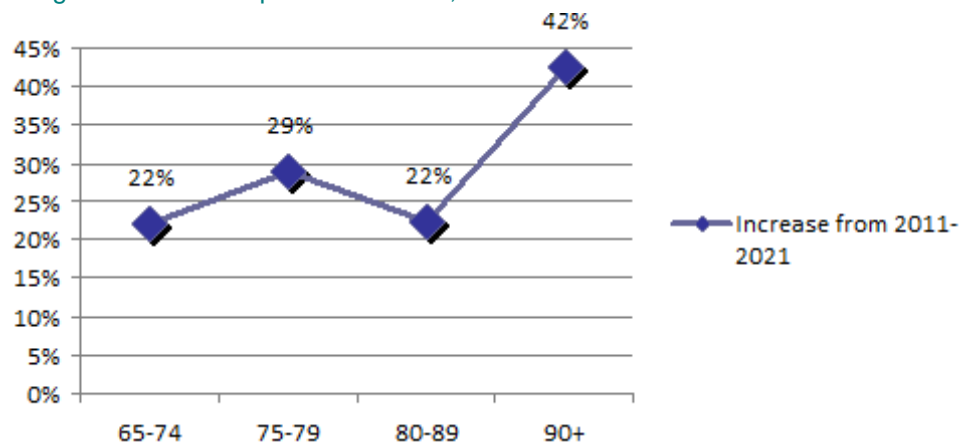
Source: Interim 2011 ONS based sub-national population projections.

There are increases in population across all age groups:

- The 0-19 age group increases by 12% (5,702 people);
- The 20-29 age range comprises new households forming and will have implications for future affordable housing need both in the short and longer term. Overall this age group increases by 14% (4,154 people);
- The 30-44 age group, the main economically active and household forming and moving group, shows an overall increase of 10% (3,915 people); and
- The 45-64 age group shows an overall increase of 8% (3,840 people).

The most significant feature of the projections is the growth in the population of the over 65 age group.

Figure 61: Percentage Increase in Population over 65, Colchester 2011-2021.



Source: Interim 2011 ONS based sub-national population projections.

The largest proportionate growth is in the 90+ age bracket, which shows a 42% (976 people) increase over the 10 year period.

The 65-74 age group increases by 22% (4,152 people) and the 75-79 age group increases by around 29% (2,138). The 80-89 age group increases by 22% (1,832). These figures are significant due to the resource demands for very elderly people.

The Strategic Housing Market Assessment (SHMA) recognised that changes in the population structure will impact on demand for different house types and tenures. Therefore, Housing and Planning Policies will need to take account of the projected growth in demand in these sectors and the strategic implications of these projections.

Households and household size

The 2011 Census enumerated 71,600 households in Colchester. The Interim 2011 ONS data shows that over the period 2011 to 2021, the average number of households in Colchester is projected to rise by 16.7%, an increase of 12,000 households from 72,000 in 2011 to 84,000 in 2021.

Figure 62: Projected change in number of households 2011 – 2021

	2011	2013	2016	2019	2021	Overall change No./%
Colchester	72,000	74,000	78,000	82,000	84,000	+ 12,000/16.7%

Source: Interim 2011 ONS based sub-national household projections

The growth in households (at 16.7%) is faster than the population growth for the same period (14%). This has implications for housing growth.

Figure 63: Change in household size from 2011 to 2021

Year	Household size
2011	2.41
2013	2.43
2016	2.41
2019	2.38
2021	2.38

Source: Interim 2011 ONS based sub-national household projections

Although household size is still predicted to fall, this fall is slower than in previous decades. The decline in household size and the increase in the number of households to 2021 can be linked to the;

- Significant predicted growth in the over 65 population;
- Impact of relationship breakdown;
- Increase in the number of single / couple households.

Migration

Information collected from the Housing Needs Survey in 2013 (SHMA) showed that 3,466 households in-migrated to Colchester from outside the area over the last three years. The main areas that households had migrated from were.

Figure 64: In-Migration, Colchester, 2010/11-2013/14.

Origin	Percentage of in-migrating households
Elsewhere in the UK	27.6
Elsewhere in Essex	19.2
From abroad	15.4

Source: SHMA 2013/14

The main reason for households moving to the Borough was 'needed more space'. This increased the demand for larger family homes. Out-migration from Colchester was mainly to elsewhere in the UK. The main reason for leaving the Borough was significantly, 'employment and access to work'. The ONS mid-2013 Population estimates give more detailed information on migration and population change.

Figure 65: Migration and population change, Colchester, Mid 2013 Estimates.

	Number of people
Natural change	
Births	2307
Deaths	1454
Net natural change	+853
Migration within UK	
Into Colchester	9119
Out of Colchester	8972
Net UK migration	+147
International migration	
Into Colchester	1908
Out of Colchester	1210
Net international migration	+698

Source ONS Mid-2013 Population Estimates

Note: Figures above do not include ONS “other” category which accounted for the loss of 80 people from the total population projection.

Most of the growth in Colchester’s population from 2012 to 2013 was due to the rate of natural increase (births minus deaths).

The conclusions drawn from these figures in Colchester’s SHMA which relate to the Economic Growth Strategy for the Borough are that:

- There will be a significant increase in the number of dwellings (housing units) in the Borough as declining average household size combined with a growing population increases demand for accommodation;
- Meeting the need and demand for additional homes and meet the needs of the economy means that the Borough’s emerging Local Plan will need to allocate enough land for the right number and type of homes in the right place; and
- Significant growth in the number of people aged over 65 years has implications for the type of new housing provided to meet the housing needs of this age group and the services needed to help them remain living independently, whether in their existing homes or in new provision.

Figure 66: Working age population, 2001 – 2011

	2011		Change 2001 - 11	
	No.	% of total	No. (000s)	%
Colchester	114,120	66	12.2	12
Essex	878,290	63	48.1	6
England	34,329,090	65	2,899.8	9

10. Employment

Total jobs and jobs density

Total jobs includes employee jobs, self-employment jobs, government-supported trainees and HM Forces. I

Colchester's jobs density – the ratio of total jobs to working age residents – was 0.81 in 2012, higher than the preceding three years.

Figure 67: Job Density (Ratio), Colchester and comparator geographies: 2008-2013.

	2008	2009	2010	2011	2012	2013
Colchester	0.80	0.77	0.78	0.79	0.81	0.81
Essex	0.71	0.71	0.69	0.72	0.75	0.74
East	0.77	0.76	0.75	0.76	0.77	0.78
Great Britain	0.79	0.77	0.77	0.78	0.78	0.80

Source: Nomis, Office for National Statistics

With a jobs density figure of less than one, the Borough's labour demand is not as high as its available workforce. However, Colchester's jobs density is higher than regional and national figures; across Essex, only Harlow, Uttlesford, Chelmsford and Brentwood have higher jobs densities.

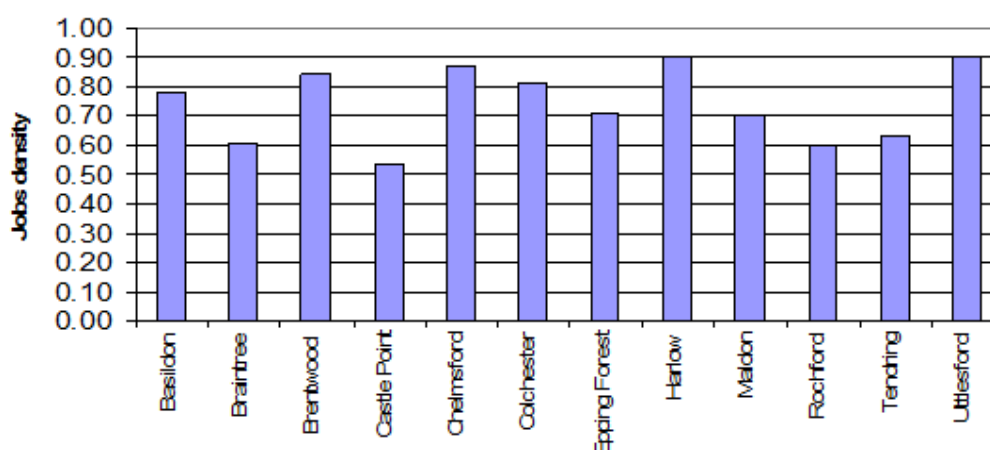
Figure 68: Total Jobs and Density Ratio compared to peers, 2001-2012.

Area	Total jobs			Jobs Density	
	2001	2012	Change 01-12 (%)	2001	2012
Colchester	81,000	92,000	13.6	0.80	0.81
Essex	569,000	653,000	17.6	0.68	0.75
East of England	2,654,000	2,869,000	8.1	0.77	0.77

Source: ONS, Nomis – jobs density

Note: The total number of jobs is a workplace-based measure and comprises employee jobs, self-employed, government-supported trainees and HM Forces. The number of residents aged 16-64 figures used to calculate jobs densities are based on the relevant mid-year population estimates.

Figure 69: Jobs density in Essex by district: 2012



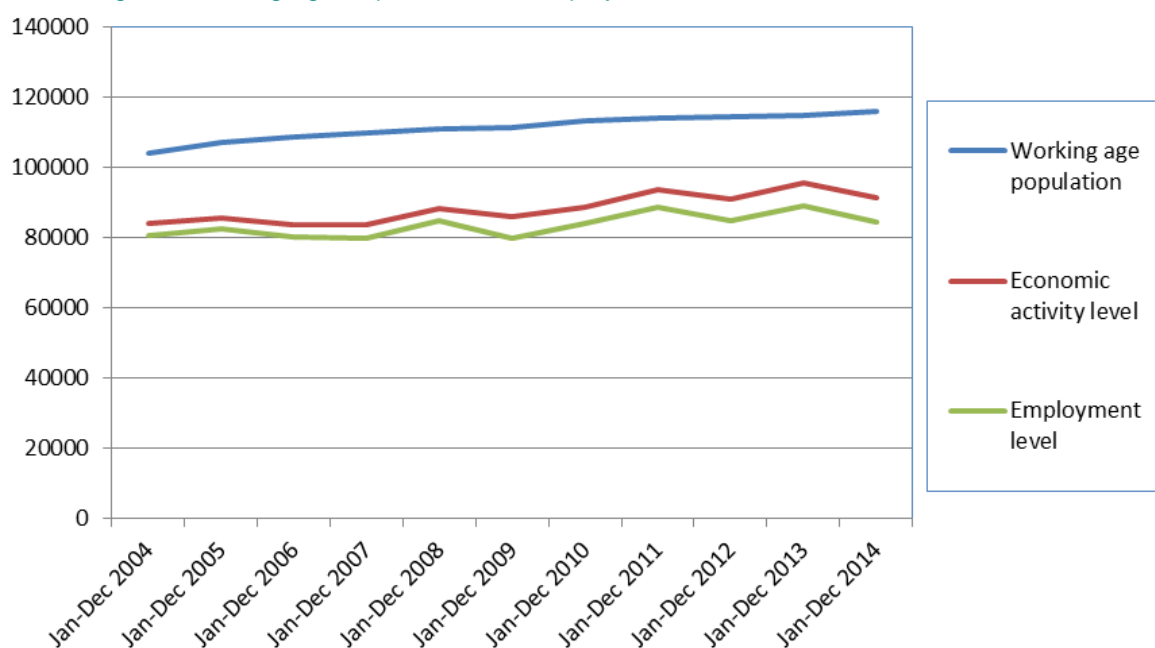
Source: ONS, Nomis

Figure 70: Working age population, economic activity and employment: Colchester, 2004-2013

	Working age population	Economic activity level	Employment level
Jan-Dec 2004	102,900	82,700	79,400
Jan-Dec 2005	107,100	84,000	81,000
Jan-Dec 2006	108,100	84,000	80,200
Jan-Dec 2007	113,300	85,800	81,500
Jan-Dec 2008	114,800	90,800	86,900
Jan-Dec 2009	114,000	87,600	81,200
Jan-Dec 2010	120,100	92,200	87,600
Jan-Dec 2011	122,700	97,500	92,000
Jan-Dec 2012	123,800	96,200	89,500
Jan-Dec 2013	124,700	101,600	95,500

Source: ONS, Nomis

Figure 71: Changes in working age Population and Employment Levels, Colchester 2004-2014.



As shown in the above chart, the employment level (workforce jobs) has lagged behind growth of the working-age population in the Borough. This trend is in contrast to nearly all other local authorities within the sub-region and appears to be driven by significant volumes of new housing development in the Borough, especially in urban Colchester, over the period and which has outstripped net employment growth.

Employment Rate (Population Aged 16–64)

From July 2012–June 2013, the employment rate for the resident population in Colchester was 74.9%. The employment rate for Colchester for that year was not significantly different from that for Essex, the East of England region nor from that for England.

Figure 72: Employment Rate (Population Aged 16–64), Colchester, 2009-2013.

	Jul 2008– Jun 2009	Jul 2009– Jun 2010	Jul 2010– Jun 2011	Jul 2011– Jun 2012	Jul 2012– Jun 2013
	%	%	%	%	%
Colchester	74.5	70.5	75.3	71.1	74.9
East	74.8	73.5	73.5	74.1	75.0
England	71.5	70.5	70.3	70.4	71.3
Essex	73.6	72.7	73.5	74.3	74.4

Employment Rate by Gender (Population Aged 16–64)

Over July 2008–June 2009 to July 2012–June 2013, there were no significant changes in either the male or female employment rates in Colchester. In the last year, the male rate of employment in Colchester (84.3%) was 18.8 percentage points greater than the female rate of employment (65.5%). This compares with a difference between England's male and female annual employment rates of 10.3 percentage points. In the East of England region, the male employment rate was 10.5 percentage points greater than the female employment rate while in Essex, in the same year time, the male rate of employment was 11.4 percentage points greater than the female rate

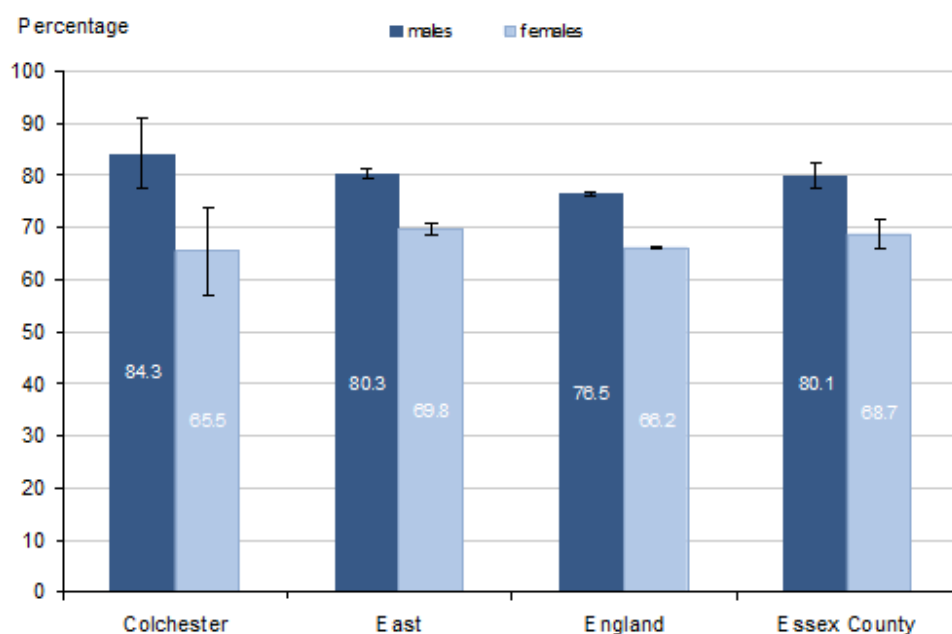
Figure 73: Employment Rate by Gender (Population Aged 16–64), Colchester, 2009-2013.

	Jul 2008–Jun 2009		Jul 2009–Jun 2010		Jul 2010–Jun 2011		Jul 2011–Jun 2012		Jul 2012–Jun 2013	
	% males	% females	% males	% females	% males	% females	% males	% females	% males	% females
Colchester	79.5	69.4	78.2	62.8	81.7	69.0	76.9	65.5	84.3	65.5
East	80.8	68.9	79.3	67.7	79.9	67.1	79.6	68.7	80.3	69.8
England	77.2	65.9	75.6	65.4	75.7	64.9	75.8	65.1	76.5	66.2
Essex	79.3	68.0	79.4	66.0	80.5	66.5	80.7	68.0	80.1	68.7

Source: Nomis, Office for National Statistics

The major differences between Colchester and the other geographies were a higher level of male employment and a slightly lower level of female employment:

Figure 74: Males and Female Employment Rates, July 2012–June 2013.



Source: Nomis, Office of National Statistics.

Employees

Total employee numbers in the Borough demonstrate an overall increasing trend over 2001-12: the share of employees increased by 9.5%, equivalent to an absolute increase of 6,493.

Figure 75: Number of employees – full-time and part-time:2001-2012

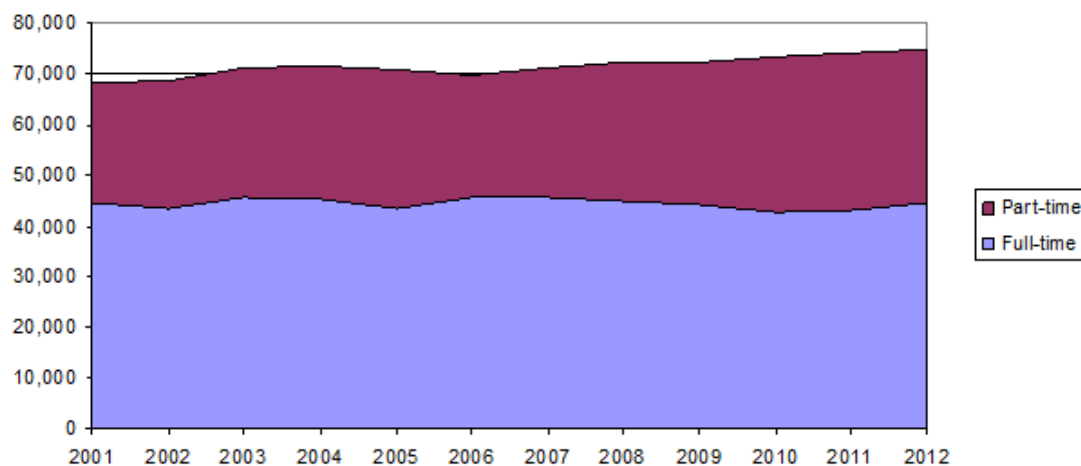
Year	Full-time	Part-time	Total
2001	44,440	24,022	68,462
2002	43,389	25,266	68,655
2003	45,767	25,616	71,383
2004	45,239	26,451	71,690
2005	43,620	27,219	70,839
2006	45,665	24,160	69,825
2007	45,519	25,740	71,259
2008	44,826	27,330	72,156
2009	44,174	27,992	72,166
2010	42,904	30,493	73,397
2011	42,930	31,090	74,020
2012	44,542	30,413	74,955
2013	44,887	30,650	75,537

Source: ONS, ABI/BRES

However, the increase in the total of employees has almost entirely been accounted for the growth of part-time workers at 6,391 or 98.4% of the increase in all employees. This is a concerning trend as the effective stand-still in the numbers of full-time employees has implications for the ability of the Borough to absorb growing numbers of working age people and to maintain the living standards adequately of those in work.

The divergence between the ratio of full-time to part-time employees due to growth of the latter group can be seen clearly in the below chart. While 65% of all employees were full time in 2001, only 59% now are:

Figure 76: Full-time and Part-time employees in Colchester, 2001-2012.



Source: ONS, ABI/BRES

Public and Private Sector Employees

In Colchester in 2012, 20.0% of employees were employed by public sector organisations. The percentage of employees employed in the public sector in 2012 in Colchester was greater than for the East region (18.4%). The percentage of employees employed in the public sector in 2012 in East was greater than for England (19.3%). For the same period, the percentage of employees employed in the public sector in Colchester was lower than for Essex (20.3%).

Figure 77: Public and private sector employees (abs.) 2012

	Full time employees			Part time employees			Total employees		
	Public	Private	All	Public	Private	All	Public	Private	All
	Thou.	Thou.	Thou.	Thou.	Thou.	Thou.	Thou.	Thou.	Thou.
Colchester	8.3	36.2	44.5	6.7	23.8	30.4	15.0	60.0	75.0
East	249.6	1,332.3	1,581.8	195.8	643.7	839.5	445.4	1,975.9	2,421.3
England	2,726.7	12,931.5	15,658.2	1,749.9	5,817.3	7,567.2	4,476.6	18,748.8	23,225.4
Essex	58.1	274.6	332.7	49.7	148.1	197.7	107.7	422.7	530.5

Figure 78: Public and private sector employees (%) 2012

	Full time employees			Part time employees			Total employees		
	Public	Private	All	Public	Private	All	Public	Private	All
	%	%	%	%	%	%	%	%	%
Colchester	11.1	48.3	59.4	8.9	31.7	40.6	20.0	80.0	100.0
East	10.3	55.0	65.3	8.1	26.6	34.7	18.4	81.6	100.0
England	11.7	55.7	67.4	7.5	25.0	32.6	19.3	80.7	100.0
Essex	10.9	51.8	62.7	9.4	27.9	37.3	20.3	79.7	100.0

Of those employed in the public sector, the great majority were in the NHS, teaching, police, fire, ambulance, social services or in other local government activities. Those employed in Civil Service departments and agencies based in the Borough were only some 4%.

Figure 79: Civil service employment in Colchester: 2008-2013

All Departments	2008	2009	2010	2011	2012	2013
Total	740	710	740	730	620	600
Full-time	590	560	580	570	480	450
Part-time	150	150	160	160	140	150

Source: Annual Civil Service Employment Survey, ONS

Loss of full-time civil service jobs characterises the recent cuts implemented by the coalition Government. Job losses are accounted for by the decline in Defence (including DSG and agencies) (160 jobs), HM Revenue and Customs (120 jobs), Valuation Office (20), Ministry of Justice and HM Courts Service (20). Notable job increase was only in the DWP (including agencies) (30) while some other Departments and Agencies have had small (<5) increases.

Armed forces

The 2011 Census recorded 2,501 armed forces personnel resident in the Borough; Colchester is the second largest Garrison town in Britain. .

Self-Employment

In Colchester, the self-employment rate for the resident population in employment for July 2012–June 2013 was 13.1%. The self-employment rate for Colchester for July 2012–June 2013 was not significantly different from that for the East of England region, England or Essex.

Figure 80: Proportion in employment who are self-employed (16–64)

	Jul 2008– Jun 2009	Jul 2009– Jun 2010	Jul 2010– Jun 2011	Jul 2011– Jun 2012	Jul 2012– Jun 2013
	%	%	%	%	%
Colchester	11.2	12.2	10.0	13.9	13.1
East	13.3	14.0	13.5	14.0	13.8
England	12.6	13.1	13.2	13.8	13.6
Essex	13.7	14.1	14.1	15.6	13.8

Source: Nomis, Office for National Statistics

11. Unemployment and economic inactivity

Unemployment: claimant

Claimant unemployment (JSA) levels rose significantly in the Borough from 2008-2009, reflecting the onset of the recession, with headline unemployment peaking in 2009. Since then the proportion of claimants has fallen across all geographies with the Borough recording the lowest rate compared to comparators by September 2014.

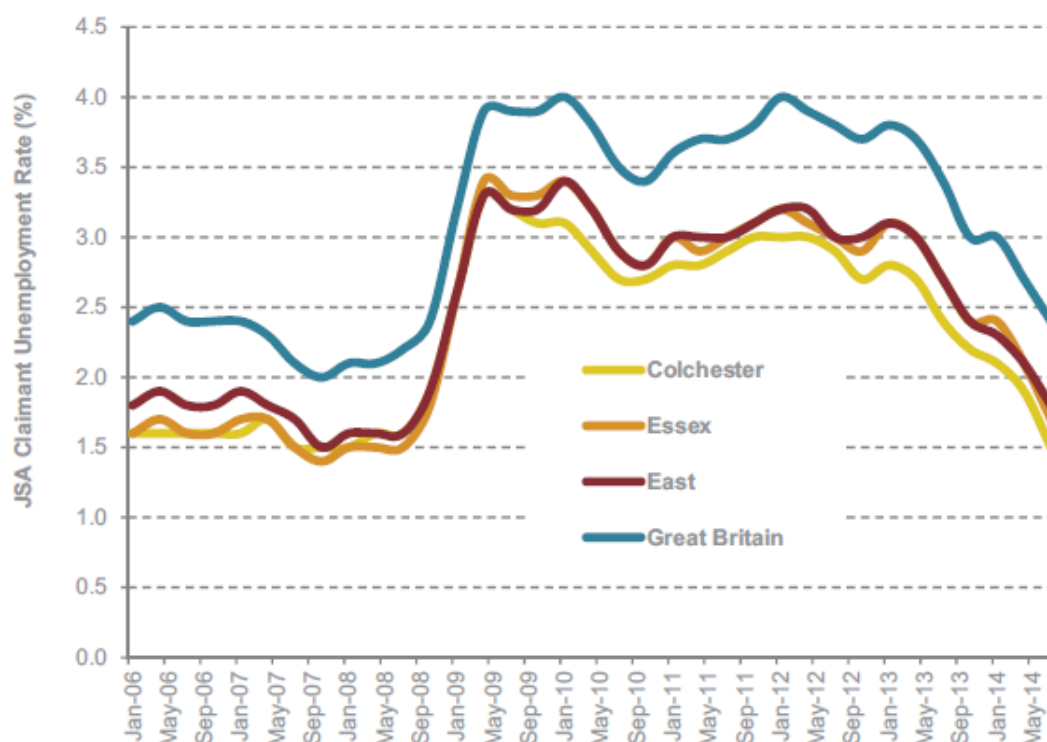
Figure 81: Claimant count rates (16–64)

	Sep 2008	Sep 2009	Sep 2010	Sep 2011	Sep 2012	Sep 2013	Sep 2014
	%	%	%	%	%	%	%
Colchester	1.8	3.2	2.7	3.0	2.8	2.3	1.4
East	1.8	3.3	2.9	3.1	3.0	2.5	1.6
GB	2.3	3.9	3.5	3.8	3.7	3.1	2.1
Essex	1.7	3.3	2.9	3.0	2.9	2.6	1.6

Source: Department for Work and Pensions, via Nomis, Office for National Statistics

This can be seen in more detail and for a longer series in the following graph. Claimant unemployment in July 2014 was 1.5% and the lowest for six years. This level was also lower than Essex (1.7%), the Region (1.8%) and Great Britain as a whole (2.4%).

Figure 82: Changes in JSA claimant count rates: 2006-2014



Source: NOMIS / NLP analysis

Unemployment: claimant and non-claimant

In Colchester, the wider unemployment rate (ILO) for Jul 2012–Jun 2013 was 6.2% of the population aged 16 years and over. For the same year, the unemployment rate for Colchester was not significantly different from the rate for the East of England region, England or Essex although lower than all those geographies.

Figure 83: Unemployment: claimant and non-claimant, Colchester 2009-2013.

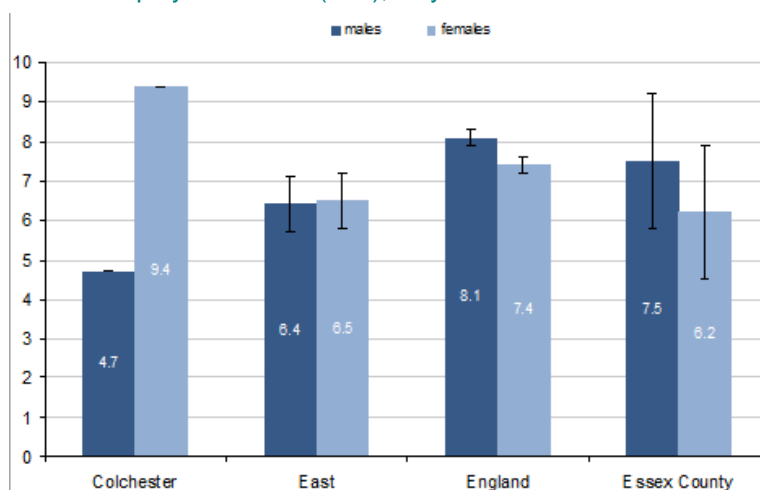
	Jul 2008– Jun 2009	Jul 2009– Jun 2010	Jul 2010– Jun 2011	Jul 2011– Jun 2012	Jul 2012– Jun 2013
	%	%	%	%	%
Colchester	5.7	6.5	6.2	6.7	6.2
East	5.8	6.6	6.7	6.7	6.5
England	6.9	7.7	7.7	8.1	7.8
Essex	6.3	7.0	6.4	6.4	6.9

Source: ONS.

Note: Figures for regions and England from Nomis, Office for National Statistics; and figures for local authorities are model based estimates.

Despite this lower than average overall unemployment rate, there were twice as many women as men seeking and available for work than there were men in the Borough: 9.4% compared to 4.7%. In this respect, Colchester was very different to the comparator geographies – County, Region and National – where the proportion of women seeking work was equal or usually less to that of men.

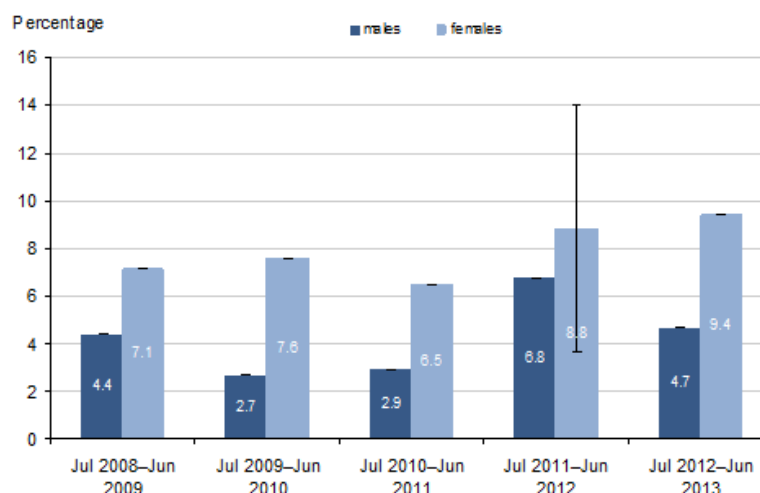
Figure 84: Male and Female unemployment rates (16+), July 2012-June 2013.



Source: Nomis, Office of National Statistics.

This disparity has increased over recent years as the following bar chart shows:

Figure 85: Male and Female unemployment rates (16+), by percentage, July 2008-June 2013.



Source: Nomis, Office of National Statistics.

The highest unemployment rate in Colchester for July 2012-June 2013 (from available data) was for the age group 35 to 49 years (14.5%) and this was 10.0 percentage points greater

than for the East of England and 9.1 percentage points greater than the rate for England for the same age group.

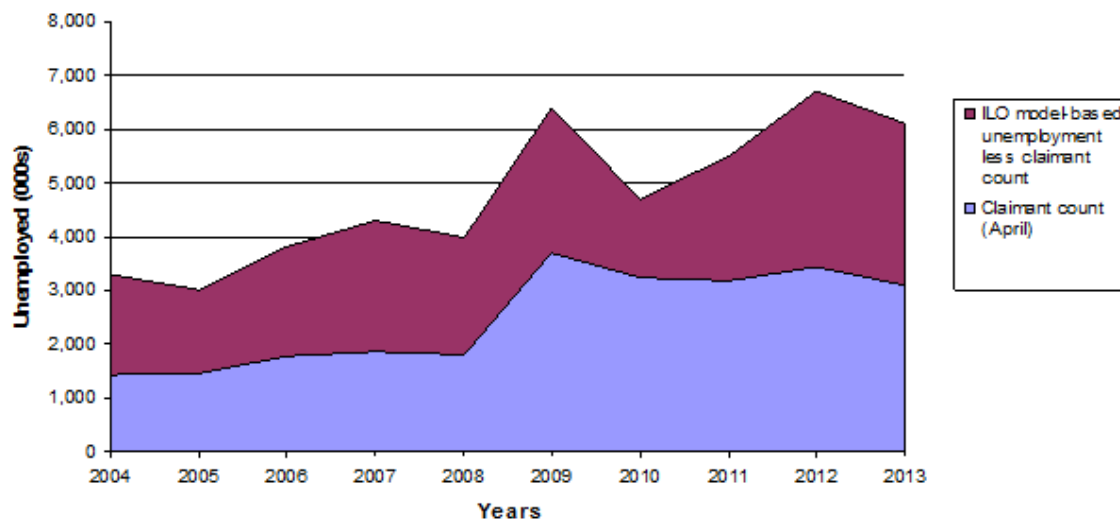
Figure 86: Unemployment rate by age group, Colchester, Jul 2012 to Jun 2013.

	16-19 years	20-24 years	25-34 years	35-49 years	50+ years
	%	%	%	%	%
Colchester	14.5	4.4
East	27.8	12.3	5.9	4.5	4.4
England	29.1	17.1	7.5	5.4	4.4
Essex	29.2	15.0	5.8	4.5	4.7

Source: Nomis, Office for National Statistics

ILO model-based unemployment is a better statistical model of total unemployment within the Borough. The claimant count has been subtracted from ILO unemployment to provide a picture of the numbers of those who are unemployed but not claiming JSA/Ni credits at Jobcentre Plus.

Figure 87: ILO Unemployment rate, Colchester, 2004-2013.



Source: ONS, Nomis

Non-claimant unemployment has increased since 2010 as claimant count unemployment has fallen. This may reflect in part the increasingly stringent administrative measures applied to the JSA claimant cohort by JobCentre Plus.

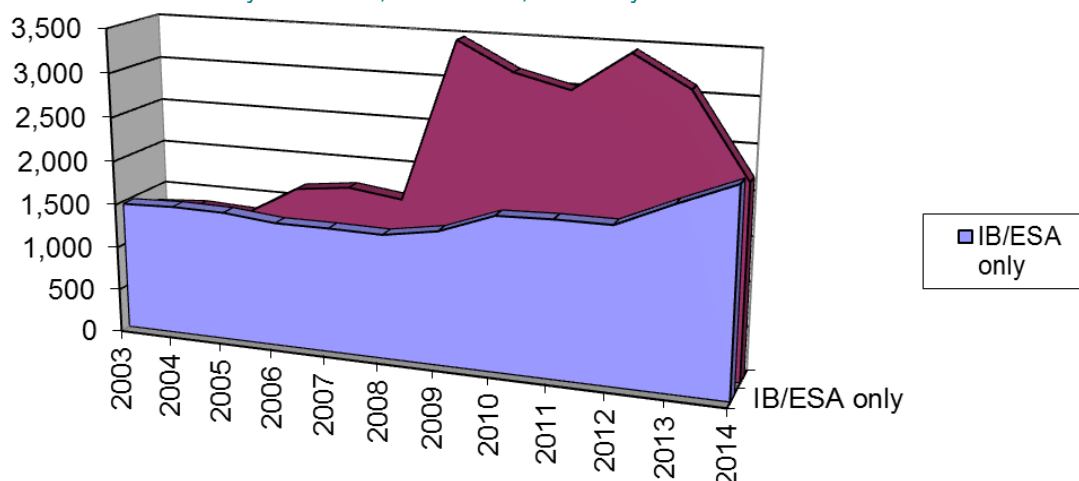
In terms of the numbers of those of working age who are economically inactive – that is, neither in employment nor unemployed – this group accounts for some 22.4% of the working age population in the Borough. In this respect, the economically inactive population is not significantly different in proportion from that of Essex, the East of England or England.

(Economic inactivity includes those who are Students, Looking after family/home, Temporary sick, Long-term sick, “Discouraged”)

Figure 88: Economic inactivity rate (16–64), July 2012-June 2013.

	Jul 2008 – Jun 2009	Jul 2009 – Jun 2010	Jul 2010 – Jun 2011	Jul 2011 – Jun 2012	Jul 2012 – Jun 2013
	%	%	%	%	%
Colchester	20.9	25.7	21.0	22.8	19.9
East	20.5	21.2	21.1	20.4	19.7
England	23.1	23.5	23.7	23.3	22.5
Essex	21.3	21.8	21.3	20.5	20.0

Figure 89: IB/ESA and JSA only claimants, Colchester, February 2003-2014.



Of those who are economically inactive, 7,600 people (26.6%) are estimated to 'want a job'. (Oct 2013 - Sep 2014).

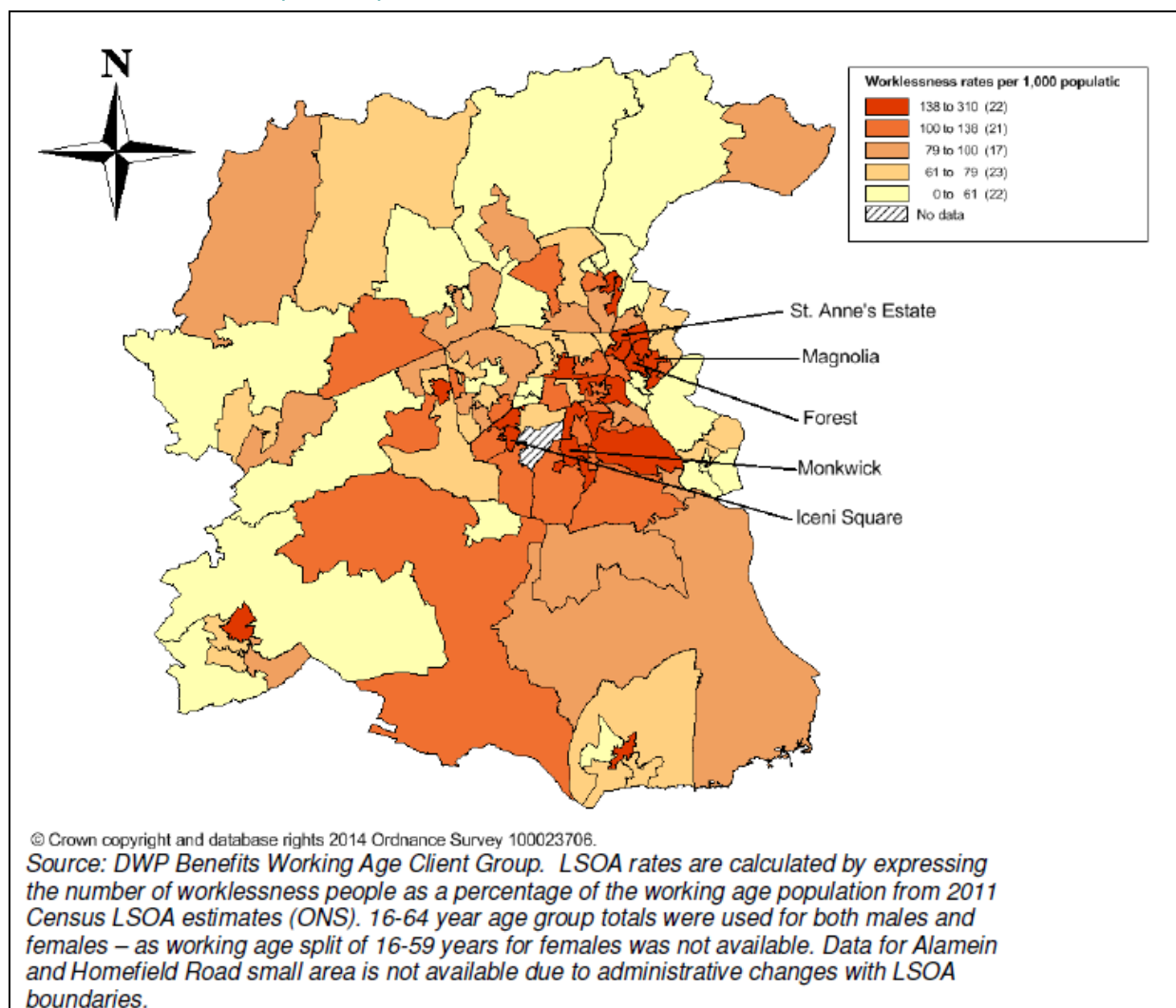
Worklessness

"Worklessness" describes the sum of the unemployed and economically inactive working age populations and is used as a measure of deprivation to rank localities in terms of their need for intervention to rebalance their local economies and improve quality of life.

Colchester is characterised as having relatively low levels of deprivation, ranking 206th out of 326 local authority area on the Index of Multiple Deprivation (2010); this places the Borough in the 40% least deprived in England. However, this overall score masks significant variation within the Borough, with pockets of long-term unemployment and worklessness characterising wards such as St Andrews, St Anne's and Berechurch.

The below mapping of residents in receipt of DWP working age benefits against LSOAs (Lower Level Super Output Areas) highlights the highest small areas for worklessness in the Borough. The location of these areas is overwhelmingly urban and concentrated in the eastern area of Colchester, correlating closely with the availability of social housing and former industrial employment catchment areas.

Figure 90: Worklessness Population per 1,000, Colchester, 2014.



16-19 year olds Not in Employment, Education or Training (NEET)

Despite strengths in other employment metrics, the below table shows that the Borough has a significantly high level of young people who are Not in Employment, Education or Training (NEET). In October 2014, 5.0% of Colchester's 16 to 19 year old population were classed as NEET which was slightly higher than the Essex average of 4.9%, and placed Colchester fourth out of the twelve Essex districts

Figure 91: October 2014- November 2014 (NEET – Adjusted Figures): Essex County by LA.

District	NEET Adjusted				DOT
	Nov-14	Oct-14	Nov-14	Oct-14	
Mld Quadrant	4.2%	4.3%	557	572	↓
Braintree	4.2%	4.5%	219	235	↓
Maldon	4.6%	4.2%	104	97	↑
Chelmsford	4.1%	4.3%	233	241	↓
South Quadrant	4.6%	4.8%	732	765	↓
Basildon	6.0%	6.1%	390	403	↓
Brentwood	3.6%	3.6%	90	91	↓
Castle Point	3.7%	4.2%	121	138	↓
Rochford	4.2%	4.2%	131	133	↓
North Quadrant	5.8%	5.9%	637	647	↓
Colchester	4.9%	5.0%	287	299	↓
Tendring	7.3%	7.2%	351	348	↑
West Quadrant	3.9%	4.2%	381	414	↓
Epping	4.0%	4.1%	151	154	↓
Harlow	4.7%	5.3%	144	162	↓
Uttlesford	3.2%	3.6%	85	98	↓
Essex	4.7%	4.9%	2306	2397	↓
England	n/a	4.6%	n/a	4.6%	↑
SN Average	n/a	4.0%	n/a	4.0%	↑
East of England	n/a	4.6%	n/a	4.6%	↑

Source: Colchester 14 to 19 Area Planning Group (APG) NEET data set, provided by NE Area Integrated Youth Services, © Essex County Council

In terms of numbers of NEET 16 to 19 year olds, Colchester had the third highest number of the twelve districts at 287 individuals. However, Essex County Council note that historically, NEET figures peak in September as young people often commence college/ further training and transfer from the NEET classification to the EET (education, employment or training). Thus, numbers can be distorted in September and October, as the information is fed from college/providers on to the NEET system.

This seasonality in NEET numbers can be seen clearly in the below short historical series by month for the Borough and County:

Figure 92: Adjusted NEET 16 - 19 year olds, Colchester and Essex: 2011-2014

Colchester	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2013/14	277	278	276	286	310	413	290	315	295	300	286	271
2012/13	285	289	294	291	302	450	431	346	268	287	280	276
2011/12	342	335	359	367	364	547	450	405	376	352	343	318

Essex	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2013/14	2230	2195	2155	2253	2261	3268	2301	2470	2334	2237	2186	2093
2012/13	2399	2307	2238	2210	2375	3869	3667	2790	2520	2541	2464	2350
2011/12	3088	2887	2852	2744	2751	4228	3729	3241	2992	2994	2840	2657

Note: In 2013/14 there was a slight change in the NEET adjustment calculation which takes into account unknowns in the total cohort. An adjustment is applied to these unknowns to calculate the percentage likely to be NEET.

The table also shows that numbers of NEET have fallen notably over 2011-13 to 2013/14 which, with recent data above shows a levelling off in numbers at both Borough and County levels. This is due principally to Government implementation of Raising the Participation Age of students.

In terms of the distribution of NEET numbers by greatest share by ward in the Borough, the below table illustrates the descending share of highest concentration of NEET numbers in November 2014:

Figure 93: NEET Total Ranked by Ward, Colchester, 2014.

	NEET Total	NEET Total %
NEET Actual		
Colchester Total	261	100.0%
St. Andrew's	31	11.9%
Berechurch	29	11.1%
Shrub End	28	10.7%
St. Anne's	19	7.3%
Tiptree	17	6.5%
Highwoods	15	5.7%
Harbour	15	5.7%
Castle	14	5.4%
New Town	13	5.0%
Mile End	13	5.0%

Source: ECC, as above.

NEET numbers are concentrated in urban Colchester – with the exception of Tiptree - and their distribution reflects the above-mapped concentrations of worklessness, reflecting wider aspects of household socio-economic deprivation.

Job vacancies

Across the County, the following sectors recorded a high level of vacancies from August 2013 until July 2014 (Source: Labour Insights):

Construction: nearly 5,000 vacancies, with the highest numbers for Civil Engineers, Production Managers & Directors, Carpenters and Joiners

Advanced Manufacturing and Engineering: manufacturing overall has had over 10,000 vacancies with the highest numbers for Directors in Manufacturing, Mechanical Engineers, Science Engineering and Production Technicians

Health: 10,000 vacancies with the highest numbers for Nurses, Medical Practitioners and Nursing Auxiliaries and Assistants

Care: over 4,000 vacancies with the highest numbers for Care Workers & Home Carers, Social Workers and Nursery Nurses and Assistants

Creative: over 1,000 vacancies with the highest numbers for artistic creation and performing arts

IT & Technology: Nearly 8,000 vacancies with the highest numbers for Programmers and Software Development Professionals, IT User Support Technicians and IT Operations Technicians

Logistics: Over 4,000 vacancies with the highest numbers for Van Drivers, LGV Drivers, Transport and Distribution Clerks and Assistants

Colchester is second only to Chelmsford out of Essex locations for its high vacancy count:

Figure 94: Top five towns/cities for employment vacancies in Essex: April-June 2015



Source: Labour Insight, Essex Report, June 2015

As an example of vacancies from Universal Jobmatch, the job-finding site used by Jobcentre Plus for JSA claimants to apply for job opportunities, there were at 01/10/2015 a total of 3245 job vacancy postings within 10 miles of Colchester, of which 2874 were full-time and 371 part-time. (NB there is some duplication within the total count as employment agencies also post the same vacancy but appear as a separate employer). Universal Jobmatch is a sub-set of all advertised vacancies in the market and estimated to carry some 30% of job opportunities.

Examples of the total of vacancy postings by major sectors are below:

Care	176
Health	40
IT	129
Manufacturing	79
Construction	95
Creative	7
Media	9
Transport	127
Business services	40
Retail	86
Education	136
Marketing	62

From this total of 3,245 vacancy postings, there were 160 opportunities for Apprentices.

12. Skills

Qualifications

In 2012, there were 7,900 people in Colchester with no qualifications, accounting for 6.4% of the population aged 16 to 64, 3 percentage points lower than in 2009. This was significantly lower than the Region (8.5%), England (9.5%) and Essex (8.5%):

Figure 95: Population aged 16–64 with no qualifications

	2009	2010	2011	2012	% point difference 2009-2012
Colchester	10,700	8,900	5,700	7,900	
	9.4	7.4	4.7	6.4	-3.0
East	11.3	10.4	9.6	8.5	-2.8
England	12.1	11.1	10.4	9.5	-2.6
Essex	13.6	11.1	9.2	8.5	-5.1

Source: Nomis, ONS

In terms of qualification levels, the Borough was generally better than comparator geographies at higher level (NVQ3 and above) qualifications. Of the working age population in Colchester in 2012:

- 37.5% held at least a Level 4 or higher qualification – much higher than the rate for England, the East and Essex and the rate of growth was around twice that of those geographies overall;
- 60.2% held at least a Level 3 qualification - significantly higher than Essex, the Region and England – again, the rate of increase in this share of the population was almost twice that of the comparator areas; and,
- 75.1% of the population had at least a Level 2 qualification, not significantly different from the County or England but lower than the Regional share.

Figure 96: Qualification Levels of the population aged 16–64

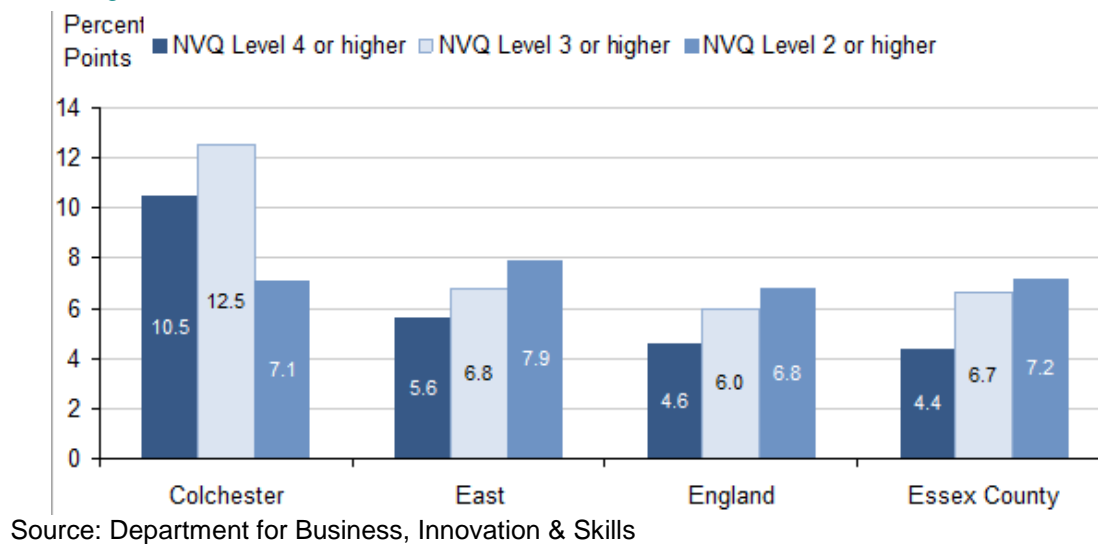
	NVQ Level 4 or higher			NVQ Level 3 or higher			NVQ Level 2 or higher		
	2009	2012	Diff	2009	2012	Diff	2009	2012	Diff
	%	%	p.p.	%	%	pp.	%	%	p.p.
Colchester	27.0	37.5	10.5	47.7	60.2	12.5	68.0	75.1	7.1
East	27.3	32.9	5.6	46.9	53.7	6.8	64.1	72.0	7.9
England	29.6	34.2	4.6	48.9	54.9	6.0	65.0	71.8	6.8
Essex	23.7	28.1	4.4	43.1	49.8	6.7	63.1	70.3	7.2

Note: Diff is the differences between 2012 and 2009 measured in percentage points (p.p.)

Source: Department for Business, Innovation & Skills

In terms of changes in qualification levels, the following bar chart show the comparative advantage of the Borough at the higher end of education and skills. It can also be inferred that the share of the population holding Level 2 qualifications should be similarly higher.

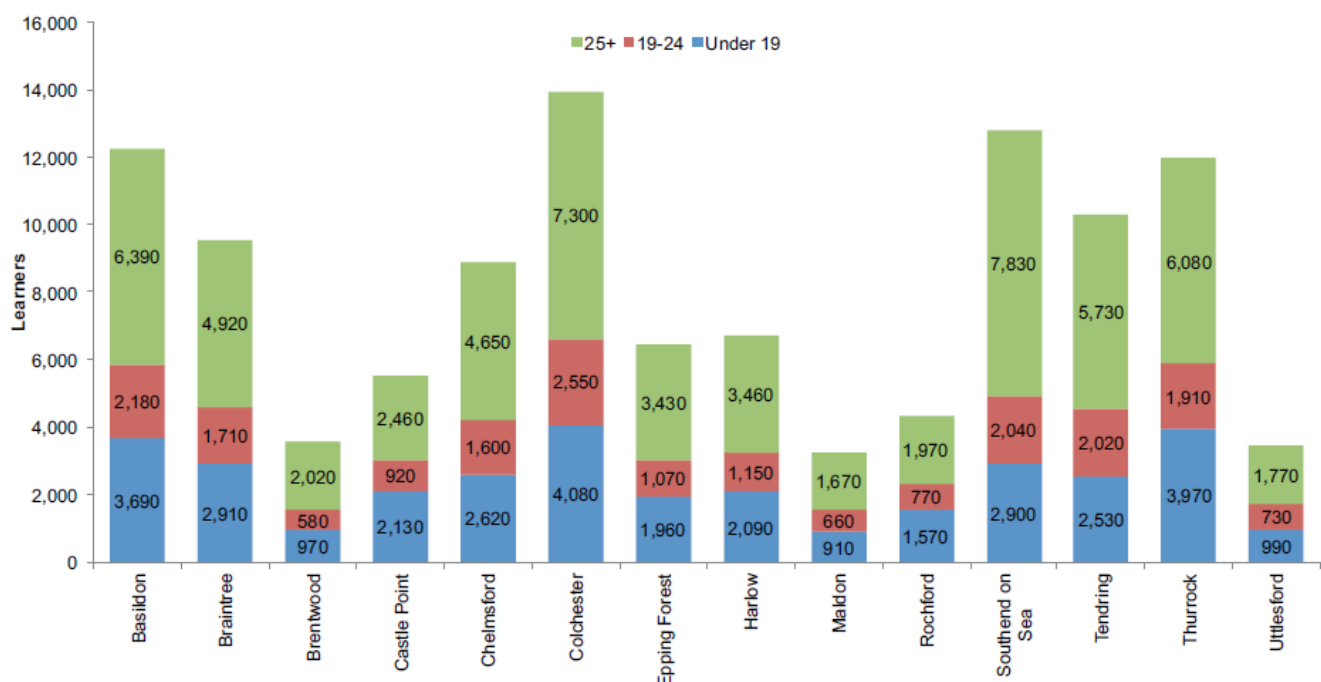
Figure 97: Change in the Qualification Levels, 2009-2012.



Recent data from the Skills Funding Agency provides more information on the participation of Colchester residents in formal learning.

Colchester records the highest number of FE and skills learners in Greater Essex, most of whom are over 25 years of age, followed by those Under 19 years and then the 19-24 age group:

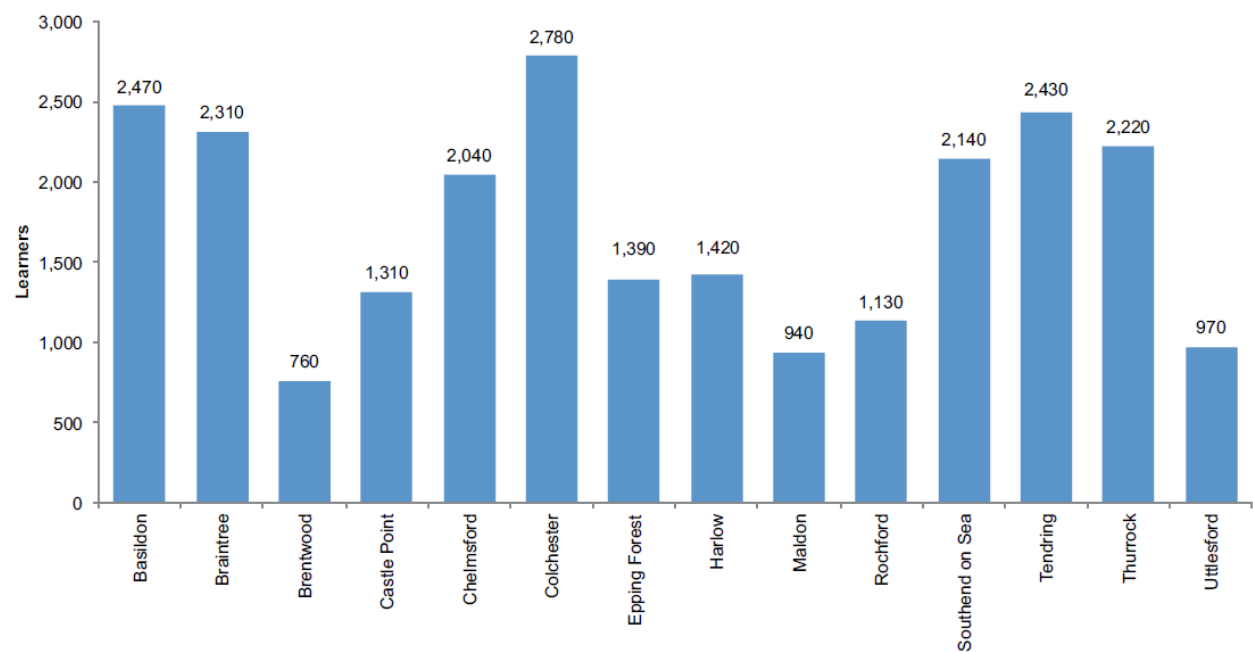
Figure 98: Further Education and Skills Learners in Greater Essex, by age, 2012/13.



This high level of participation reflects “central place” aspects of Colchester: the Town Contains a significant cluster of educational facilities and training providers. For the over 25s there are some 50+ employability providers based in or delivering services in the Borough.

Similarly, the distribution of Further Education provision again favours the Borough, Colchester Institute is a major institution and its principal campus is in the Town. (Other locations reporting high numbers of apprenticeship learners also reflect the presence of FE institutions/campuses).

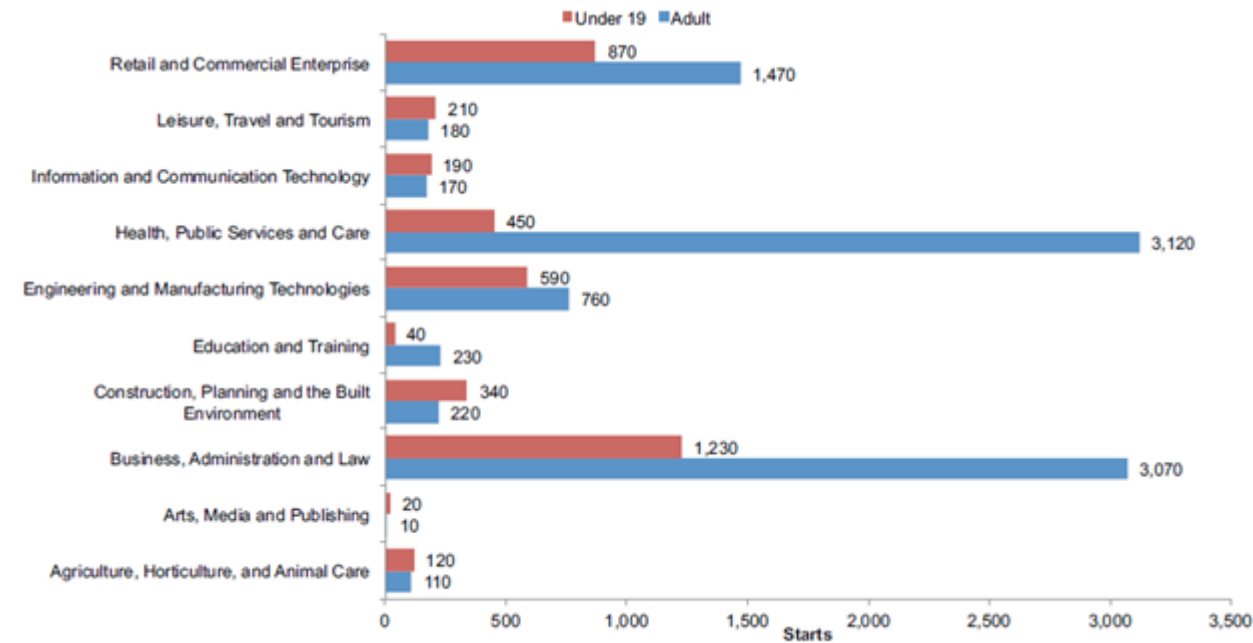
Figure 99: Apprenticeship learners resident in Greater Essex, all ages: 2012/2013



Source: FE Data Library, Skills Funding Agency, 2014. All learners enrolled on an Apprenticeship in 2012/13, irrespective of when the Apprenticeship was started.

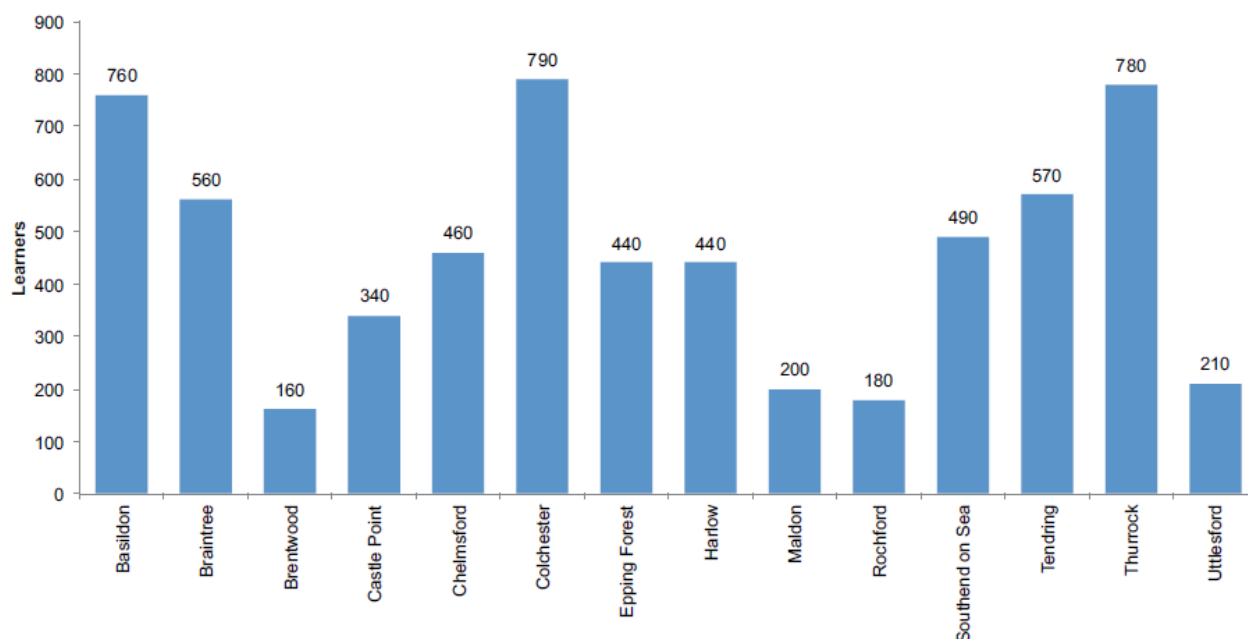
Turning to the distribution of apprenticeships by sector subject area, the data is only available at the level of Greater Essex. The inference can be made that the distribution depicted will be typical for the Borough’s apprenticeships (with the exception of agriculture, horticulture and animal care).

Figure 100: Apprenticeship starts by sector subject area, Greater Essex, all ages ,2012/2013



Source: FE Data Library, Skills Funding Agency, 2014. All learners enrolled on an Apprenticeship in 2012/13, irrespective of when the Apprenticeship was started.

Figure 101: Learners on Workplace Learning resident in Greater Essex, all ages 2012/13.



Skills gaps

Key areas of unmet demand in evidence from Colchester Borough Council Annual Business Survey 2007 (400 employer sample) were:

- Nearly one-third of all employers experienced some recruitment difficulty and 7% failed to recruit;
- 61% of all employers recruited staff;
- Two-thirds of employers provided training; and
- 17% of employers identified skill gaps in their workforces.

By 2008, the Colchester Annual Business Survey 2008 (sample size 400) identified that around one fifth of Colchester businesses had skills gaps that they were finding difficult to bridge. These skills gaps ranged from customer care, sales skills, ICT through to specific work skills such as electrical engineering. Local manufacturing companies have skilled engineers with a median age of 56. This is currently only partially being addressed by apprenticeships and other skill initiatives. A more recent report - the CBI/EDI Education and Skills Survey 2010¹ - highlighted concerns that employers have around the literacy, numeracy and IT skills of their lower skilled workforces.

The Essex Employer and Business Survey 2010 identified that Colchester businesses are the most reluctant in Essex to offer work placements: 66% would not consider offering work placements against an average of 50% in Essex.

Evidence from the Essex Employment and Skills Board (June 2014) notes that,
'The overwhelming feedback from local businesses is that we are experiencing skills shortages and recruitment challenges at a time when youth unemployment is high'.
 (Source: EESB: A Skills Evidence Base for Greater Essex)

The following observations are still true:

¹<http://www.cbi.org.uk/ndbs/content.nsf/802737AED3E3420580256706005390AE/C4393B860D00478E802576C6003B0679> [Accessed June 2010]

‘Cross sector skills gaps continue to ...include leadership and management, marketing, technical and literacy and numeracy skills – over half found it hard or very hard to recruit people with management skills’.

‘A third of companies find it ‘very hard’ to recruit people with leadership and technical expertise and nearly half (47%) of companies find it hard to recruit people with management skills’.

‘A third of companies find it hard to recruit people with numeracy skills, with one respondent flagging up ‘shockingly poor literacy skills’. 56% of companies cited difficulties with softer skills such as work ethos.

Regarding the future, from June 2014 onwards:

- 64% of companies do not feel positive about recruiting suitably qualified staff from Essex in future;
- Reasons include competition and increased wages in other areas – skills shortages driving costs up;
- Additionally, lack of locally available relevant qualifications, experience, and skills shortages are flagged up;
- Companies see skills and recruitment as key challenges as well as staff recruitment, business survival and an ageing workforce;
- Many companies cite opportunities for growth (including airports & ports) and new contracts; and
- There are clearly opportunities for the future, with many companies outlining new staff requirements over the next 2-3 years across a range of job roles.

Priority sectors for Essex based on growth and current and future skills shortages

The EESB identify the following sectors as priorities for skills interventions to meet necessary growth: Construction; Advanced Manufacturing; Health; Care; Creative; IT & Technology; and Logistics. In more detail, needs across these Essex sectors are as below:

Construction

- Future jobs in demand: construction managers, labourers, plant operatives, bricklayers, floorers, glaziers, and civil engineers.

Advanced Manufacturing and Engineering

- Regionally, 16% of technical workforce aged 60 plus. Projected recruitment (2011-2016) 6,700 technical engineering, 13,500 across all occupations;
- For engineering workforce to compete globally, almost half those in technical roles (32,000) require up skilling; and
- Greater Essex companies are reporting technical expertise, research and analysis difficult to recruit to.

Care

- Skills shortages are likely to be exacerbated by a low proportion of males working in the sector and a growing population.

Creative

- Whilst there are good numbers of entrants to the sector, the industry cites skills shortages indicating that entrants are not appropriately skilled.

IT & Technology

- Skills shortages were most often cited by recruiters seeking to fill positions for Programmers/Software Developers and Web Design/Development professionals (2012).

Logistics.

- The industry has suffered from major skills shortages, particularly HGV drivers though this is improving.

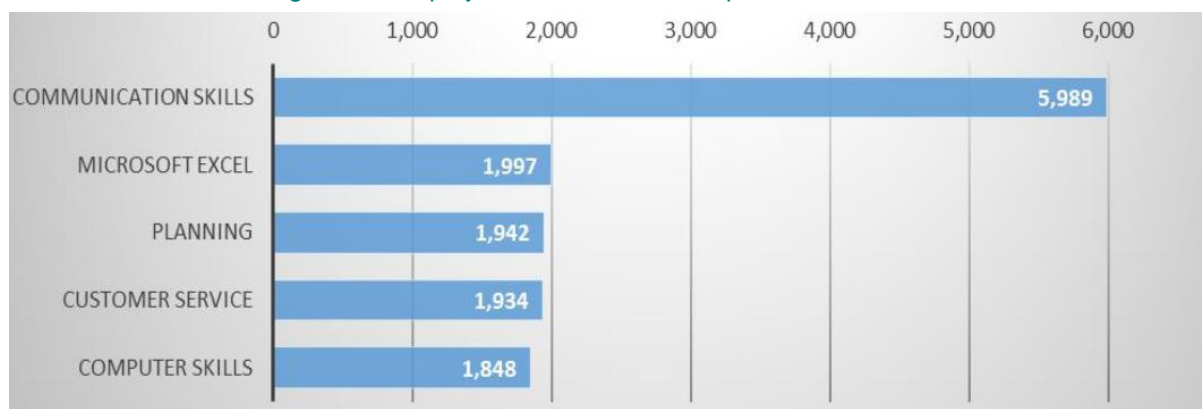
The top five specialist and baseline skills most sought by employers from Essex jobseekers are as shown below:

Figure 102: Specialist skills in greatest employer demand, Essex: April-June 2015.



Source: Labour Insight, Essex Report, June 2015

Figure 103: Baseline skills in greatest employer demand, Essex: April-June 2015.



Source: Labour Insight, Essex Report, June 2015

Training opportunities

Figure 104: Population aged 16–64 receiving job-related training in the last 13 weeks: Apr 2012–Mar 2013



There was no significant difference in Colchester between full-time and part-time workers who received job-related training nor between the proportion of full-time employed men and

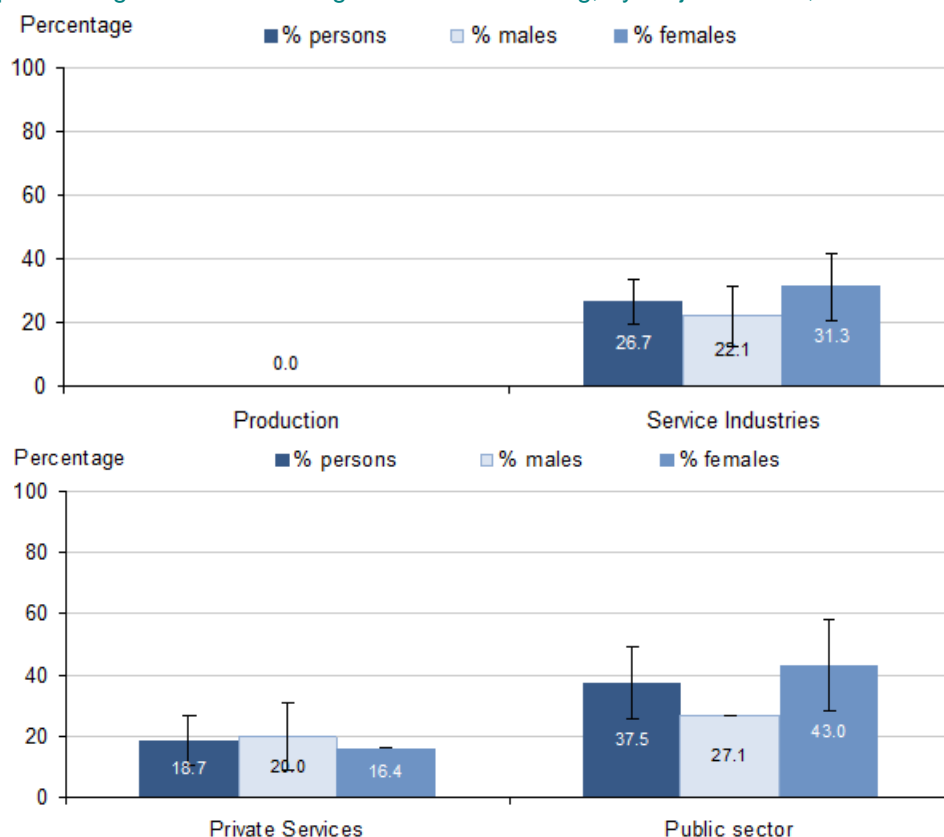
women. Nor was there any significant difference in the shares of full-time and part-time workers compared to the comparator geographies:

Figure 105: Population aged 16–64 receiving job-related training in the last 13 weeks by working pattern: Apr 2012–Mar 2013.

	Full-time				Part-time			
	Count	% persons	% males	% females	Count	% persons	% males	% females
Colchester	16,200	23.7	20.3	30.4	4,700	23.1	..	29.3
East	512,600	24.8	22.3	29.2	162,500	23.4	18.4	24.8
England	4,861,300	27.4	24.3	32.8	1,468,100	23.9	20.3	25.1
Essex	108,000	22.3	18.7	29.0	37,100	22.2	20.0	22.9

For available information by major sector there was no significant difference in the proportion of men and women in Colchester who received job-related training in Service industries but there was a very significant difference between training of people in the Public sector (37.5%) compared to the Private sector (18.7%).

Figure 106: Population aged 16-64 receiving Job-related Training, by major Sectors, Colchester: 2012-2013.



Source: Nomis, Office of National Statistics.

As noted above in Business Demography, Colchester (typical of the Region) is a town of micro and small businesses. This factor could make those employed in smaller businesses vulnerable to the possibility of poor training provision offered by small businesses. This may have a negative impact in terms of skills development in the Borough insofar as the cost of training and supervision in very small enterprises is proportionately higher in real terms than for larger SMEs. However, more research is needed to determine the level and extent of this skills gap.

13. Wage levels

There are two sets of data available to measure average wages in the Borough; these are earnings by residence and earnings by workplace. By considering each dataset separately and then together some interesting facts emerge.

Figure 107: Earnings by residence (2014)

	Colchester (pounds)	East (pounds)	Great Britain (pounds)
Gross weekly pay			
Full-time workers	520.9	539.1	520.8
Male full-time workers	578.2	586.8	561.5
Female full-time workers	437.4	471.7	463.0
Hourly pay- excluding overtime			
Full-time workers	13.15	13.62	13.15
Male full-time workers	13.36	14.30	13.70
Female full-time workers	12.15	12.58	12.34

Source: ONS annual survey of hours and earnings - resident analysis

Note: Median earnings in pounds for employees living in the area.

Earnings by residence show that Colchester's full-time workers receive (median) lower pay levels than those at Regional level but similar to the UK average. While male full-time workers are in higher paying jobs than female in Colchester as elsewhere, it is a matter of concern that women in full-time work in the Borough earn less in comparison with Regional and National levels. This is likely to be due to the relative dominance of Retail and Services employment within the Borough.

However, turning to *Earnings by workplace* (below) a very different picture emerges. People whose workplace is within the Borough receive much lower pay than those who live here but work elsewhere. This table shows that the average rate of pay for people working locally is below both Regional and National levels for both men and women.

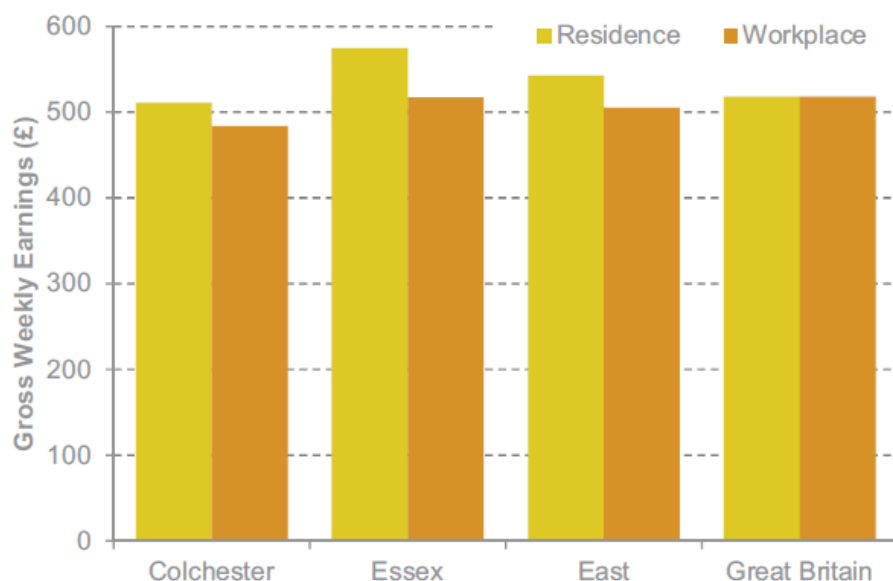
Figure 108: Earnings by workplace (2014)

	Colchester (pounds)	East (pounds)	Great Britain (pounds)
Gross weekly pay			
Full-time workers	480.3	505.8	520.2
Male full-time workers	530.3	548.6	560.6
Female full-time workers	411.3	443.3	462.5
Hourly pay - excluding overtime			
Full-time workers	12.18	12.61	13.14
Male full-time workers	12.61	13.17	13.68
Female full-time workers	10.94	11.79	12.33

Source/note: as previous

This disparity can be clearly seen in the below bar chart.

Figure 109: Gross Earnings Disparity of Colchester to Peers, 2013.

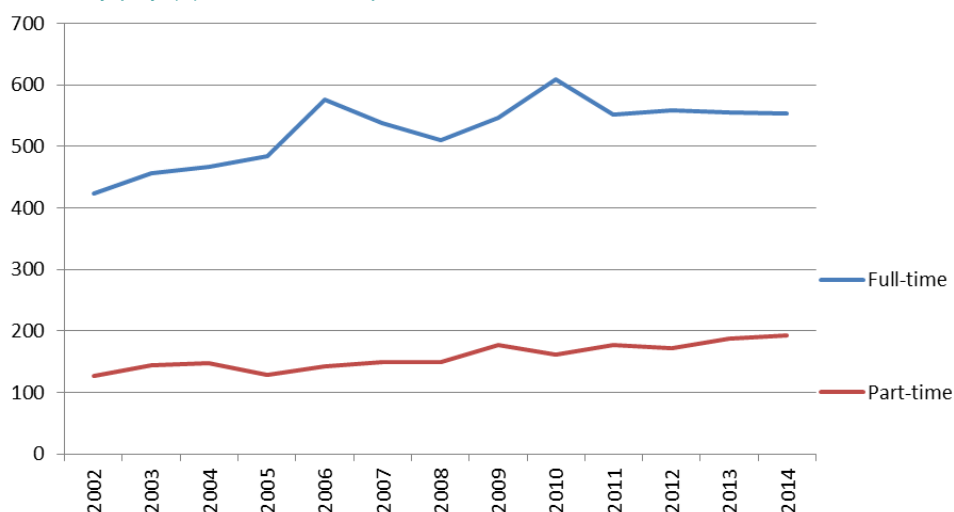


Source: Annual Survey of Hours and Earnings 2013

As approximately 63% of all Colchester's residents both live within and work within the Borough (technically, a high level of local labour market "self-containment"), it is clear that average pay rates are low by comparison with Regional and National rates.

Reasons for the disparity between earnings by residence and by workplace and the low level of the latter reflects two underlying influences: the significance of London and commuter incomes in raising rates for Colchester residents combined with the dominance of retail and other service sector jobs offering low pay levels within the Borough. There is also the possibility of "institutional" wage setting due to the self-containment factor. The challenge for Colchester is to achieve and/or exceed regional median pay levels over the next few years so that economic well-being and greater life-chances are available to a larger share of its population.

Figure 110: Gross weekly pay (£), full-time and part-time workers, Colchester: 2002-2014.



Source: ONS, Nomis, ASHE.

The living wage

In Colchester 18.4% of all adult employees earned less in April 2013 than the living wage of £7.45 per hour. By gender this overall rate was equivalent to 11.2% of all male employees but

more than twice that rate, 25.0 %, of all female employees. (TUC analysis of official figures (ASHE) from the House of Commons in August 2014).

However, the incidence of below living wage pay was much higher proportionately for part-time employees than for full-time. While across the UK, around two in five part-time jobs paid less than the living wage in April 2013, 33.8% of all part-time workers in the Borough were below the rate compared to only 11.6% of full-time staff. In addition, below living wage pay was again strongly gender-related with 32.8% of all part-time female staff being paid below the rate. (The TUC analysis does not include men working part-time as figures are not available for most local authority areas. This is because there are too few men working part-time to have statistically significant figures by local area).

The economy needs to retain its sectoral diversity while tackling all the causes of low wages in order to improve the quality of life of the Borough's residents.

14. Commercial space

Evolution of commercial hereditaments and floor space by major category

Available data for each year from 2000 – 2012 covers four major categories of rateable property – Office, Retail, Industrial (including factories and warehouses) and 'Other' (the last being 'other bulk categories'). A full listing by year of the number of rateable properties and total floor space is provided overleaf but a summary is provided below of the figures at each end of the series and relative changes in the stock and floor area of commercial and industrial premises across the Borough.

Figure 111: Commercial and industrial floor space, Colchester: 2000-2012

Hereditaments				Floor space (000m2)			
	2000	2012	% change		2000	2012	% change
Office	900	1,120	24.4	Office	201	208	3.5
Retail	1,400	1,380	-1.4	Retail	403	435	7.9
Industrial	1,260	1,160	-7.9	Industrial	702	644	-8.3
Other	350	420	20	Other	76	110	44.7
Total	3,910	4,080	4.3	Total	1,382	1,397	1.1

Source: VOA, 17 May 2012

Over 2000-12 the stock of rateable premises has grown lightly overall but the total floor space increase is marginal at 1.1%

Demand for commercial space is largely a derived demand from the rates of business formation and expansion. Clearly, the effectively stand-still position in the total commercial floor space area reflects the declining numbers of businesses since 2008 as well as other factors, such as intensification of existing space in office and industrial sectors and an increase in home-based businesses.

Within the major categories, there has been:

- Significant increase in the number of office properties but a small floor space addition;
- A marginal decline in the number of retail properties but a notable positive increase in total floor space;
- A notable and approximately equal percentage decline in the number and floor space of industrial properties; and
- Significant increase in the number and especially the area of 'Other' - the smallest category.

The below graphs clearly illustrate the above trends in numbers of commercial space occupiers and total floor space by major class over the period:

Figure 112: Total number of Commercial Properties by Major Class, Colchester, 2000-2012.

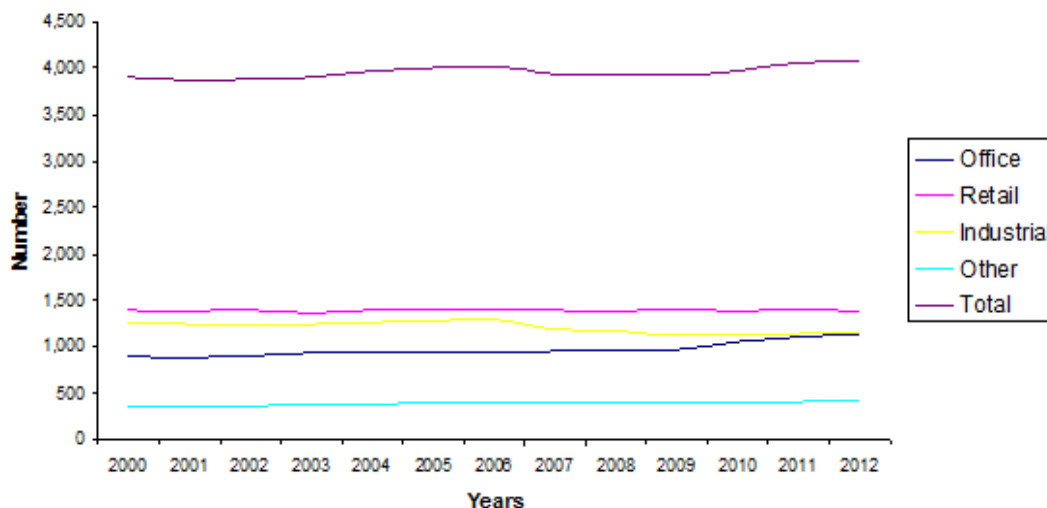
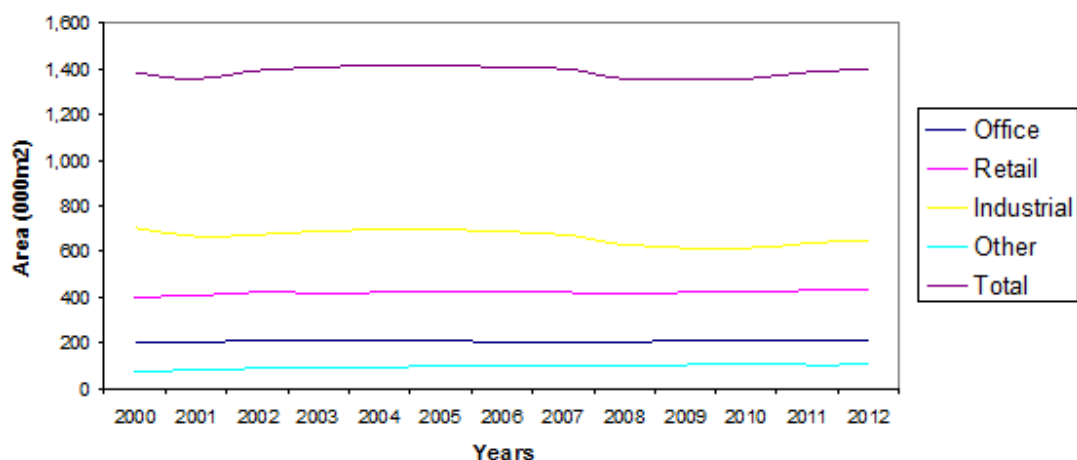


Figure 113: Total Floor Space (000m2) by Major class, Colchester, 2000-2012.



There has been a significant fall in the average size of office premises – indicative of intensification of use and a growth in the area of a slightly declining number of retailers - suggesting survival of the larger stores (the “multiples”).

The geographical location of B Class commercial space within the Borough shows clustering of office space within Colchester Town and across its urban area with business units for factory and workshop and storage and warehouse particularly close to or with easy access to the A12 .

Figure 114: Location of B Class Commercial Space

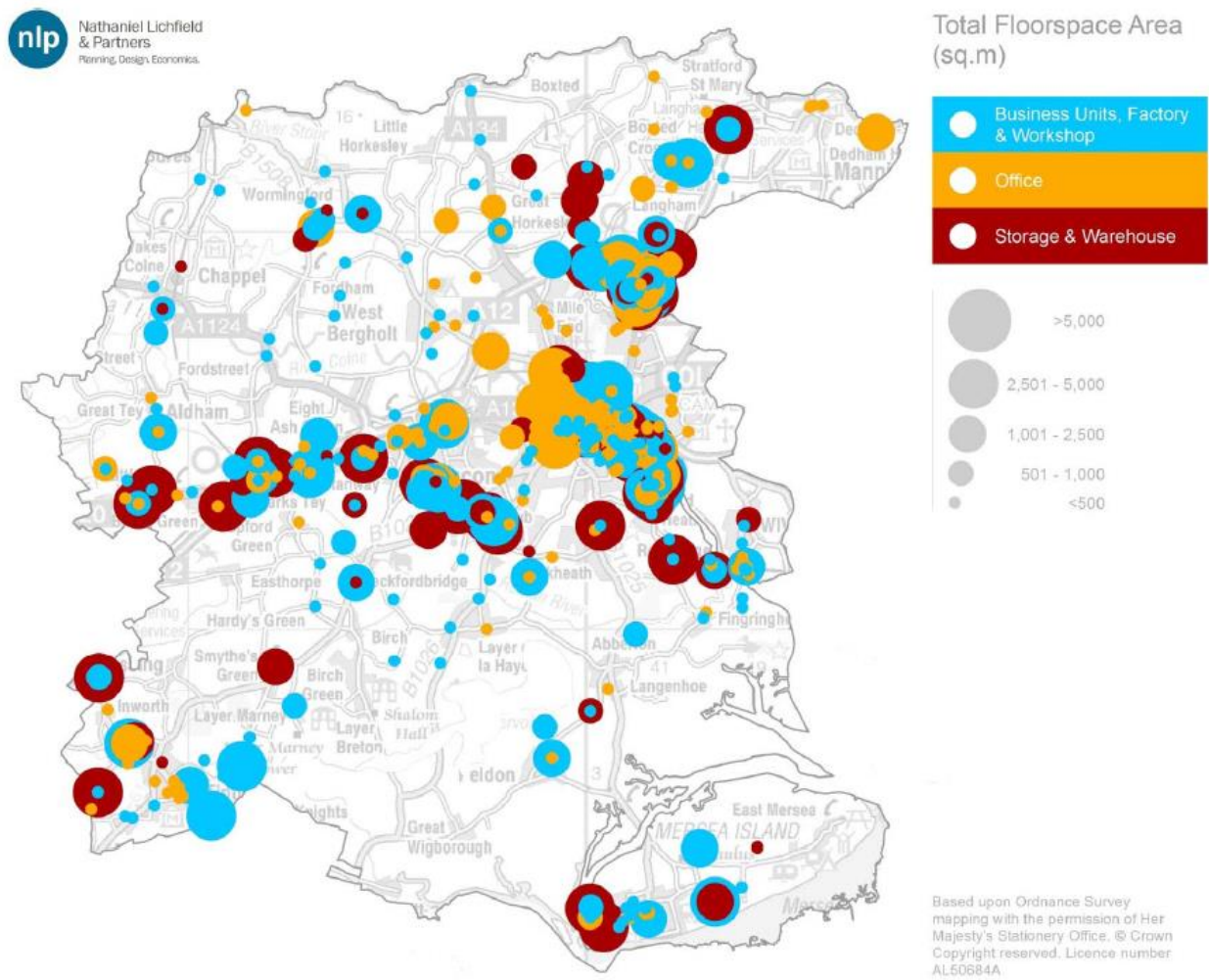
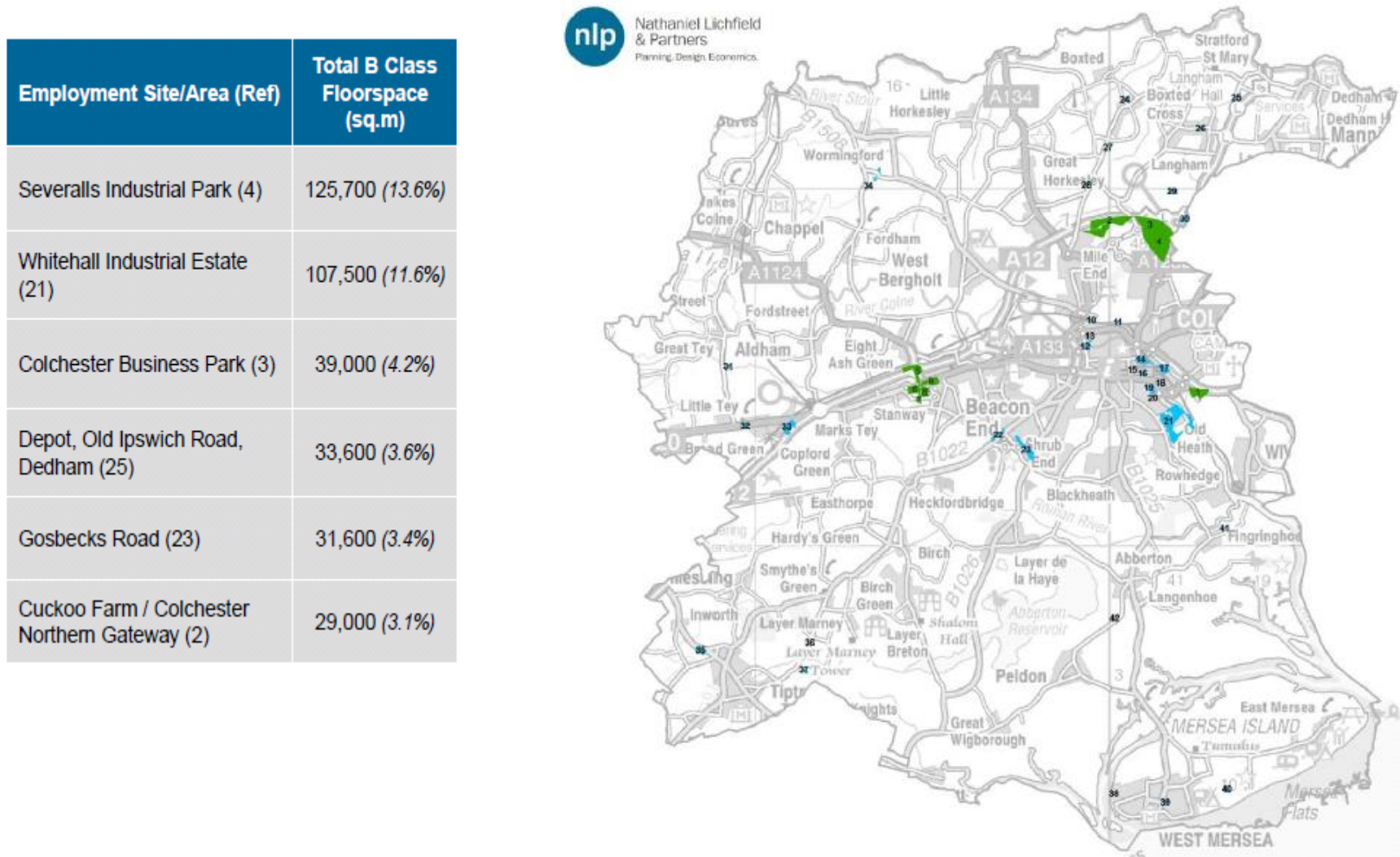


Figure 115: Major Employment Sites and 'B' Use Floor Space, Colchester, 2014.



The Borough has seen moderate amounts of new development over the last few years, mainly relating to industrial and storage and distribution uses (planning use classes B1c, B2 and B8) uses and driven by a small number of large developments. At the same time, the Borough has been losing significant amounts of B class space, to the extent that net development rates have been negative in recent years. This has also been driven by a handful of large redevelopments such as the Flakt Woods development which involved the movement of the company to smaller new premises at Cuckoo Farm.

The Employment Land Needs Assessment considered that Colchester is still contending with an oversupply of office space following the economic downturn, which is reflected in the current (2014) relatively high office vacancy rate (15%). This does, however, vary across the Borough's employment sites with the limited market demand focused upon high calibre, small scale schemes that have good access to the A12. The Town Centre, however, is judged to suffer from a concentration of dated, poorly specified office space. The Borough's industrial market is considered to have weathered the recession better, with market feedback indicating that the supply and demand for industrial accommodation is relatively well matched. Demand is generally for small to medium sized industrial premises up to 1,000sq.m and mainly from local firms. The study's assessment of the current supply of employment sites concluded that in general, the range of sites comprised good quality, well maintained stock with low vacancy levels meeting the requirements of the local market.

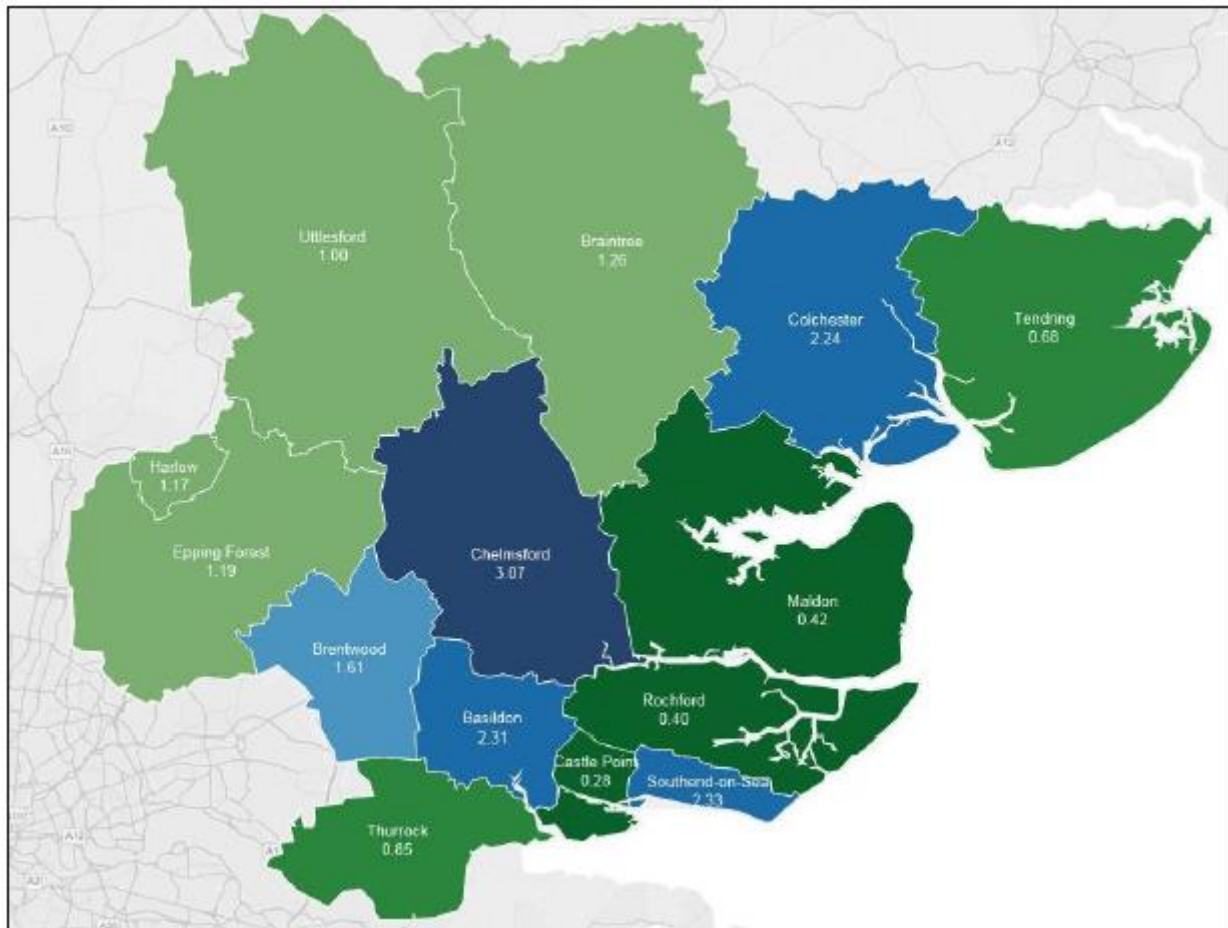
In planning for the future, the study advised that it will be necessary not just to focus on how much land is required, but to think about the opportunities and risks that flow from particular policy approaches. The emerging Local Plan should seek to plan for a choice of sites and locations to meet the needs of particular sectors and occupier needs. This will involve providing for new inward investment while stopping protection for employment allocations that are no longer meeting market needs. Planning for employment will need to be balanced against pressures from other land uses, as well as other Local Plan objectives such as planned housing, retail and leisure growth.

'In 2008, Colchester contained some 226,000 sq. m of office space, 342,000 sq. m of factory space and 318,000sqm of warehouse space. Between 2005 and 2012, the completion of commercial floor space was particularly low. In fact, significant losses over this period were actually experienced across the Borough, partly due to the redevelopment of Flakt Woods, Paxmans site and Cowdray centre site. Losses of B1 space equated to over 71,000 sq. m, with much of this space being replaced by flexible commercial floor space and ultimately resulting in a net loss of 44,830 sq. m of floor space.

Office

The Borough is not well-endowed with office space, in particular, of new and second-hand grade, given its importance in the urban hierarchy of Essex and the East of England and its sectoral mix. The following map depicts the disparity between the stock of office space between Colchester and that of Chelmsford, its Essex comparator and also other County locations. Colchester has just over two-thirds of the office space total of Chelmsford and slightly less than that of Southend while the most recent available data on quality of office space (VOA, 2008) suggests that the Borough has a significant proportion of old and underspecified accommodation compared to those locations.

Office stock by local authority area in Essex, 2015 (million square feet)



Source: CBRE, Chelmsford City Centre Office Market Review, Sep.2015

The office market in Colchester is underperforming considerably when looking at office rents and vacancy rates. When compared against Chelmsford, the average office rent of £15 per sq. ft and vacancy rate of 21% both represent significantly poor commercial property market indicators.

Figure 116: Office rents in Colchester and comparator locations.

Location	£psf
Colchester	10.00-16.00
Chelmsford	14.00-26.00
Ipswich	8.00-14.50
Basildon	12.00-17.50

Source: ELNA, 2015

Industrial

Asking rents for industrial accommodation vary throughout the Borough and currently range from around £4psf for old/poorly specified space at Whitehall Industrial Estate to around £6.50 – 7.00 psf for the best space at Severalls Industrial Estate or for the recently completed stock at Easter Park.

Figure 117: Industrial rents in Colchester and comparator locations.

Location	£psf
Colchester	4.50 - 7.00
Chelmsford	5.00 - 8.00
Ipswich	3.75 - 5.00
Basildon	5.00 - 7.50

Market feedback suggests that in order to finance the development of a new industrial scheme in the Borough it would be necessary to achieve a rent of around £7.50 psf for a 10 year term, if not longer. Because this rental level is in excess of the current headline achieved in Colchester, in the short term, at least, there is a major issue in funding new industrial developments, thereby undermining the viability of bringing forward new schemes. In the meantime, those locations and sites benefitting from excellent access to the A12 and/or proximity to established employment areas (such as Colchester Business Park) are most likely to provide viable development opportunities.

In order for Colchester to increase the number of jobs in the local economy and better balance the labour market, it's crucial that sufficient commercial space is provided as a platform for business development. The Core Strategy (2008) allocates around 67,000 sq. m of retail space, 106,000 sq. m of office space and 45,000 sq. m of business space. Successful development of this employment land will provide a major boost to the local economy and will help increase the employment opportunities to local residents, and reduce levels of out commuting'.

Figure 118: Average Rateable Value (£) by major class per m2

	Area	2010	2011	2012
Retail	England	149	150	150
	East	146	146	145
	Essex	146	145	144
	Colchester	144	143	140
Offices	England	155	155	155
	East	115	115	113
	Essex	126	125	122
	Colchester	105	105	104
Industrial	England	37	37	37
	East	43	43	42
	Essex	49	49	49
	Colchester	45	44	44
Other	England	69	68	68
	East	70	70	70
	Essex	72	72	72
	Colchester	76	76	76

Source: VOA.

Commercial property

The recent recession caused all speculative development in Essex and East Anglia to be halted and the subsequent lack of newly built space means good quality commercial stock across all use classes is in short supply. As a result there is an upward pressure on values with an increase in sale prices and rents as occupiers, investors and developers seek out scarce opportunities. The current outlook (2015) is considered by market analysts to be mixed but investment in office, industrial and warehouse property is still seen as attractive for investors due to the limited availability of space and units. (Fisher Jones Greenwood, January 2015; Birkett Long, July 2014).

Colchester industrial property is viewed as a good long-term investment, especially for trusts, and owners have seen ground rents increase in Essex by 12 per cent over 2009-

With the economy recovering from the financial crisis of 2008, tenants will not have as much bargaining power in agreeing heads of terms when negotiating leases.

Colchester's industrial estates are considered to benefit from good road infrastructure and proximity to the capital. Investors see Essex overall as a strong location with a 10 per cent yield year on year, compared to 6-8 per cent for retail properties and only 4-6 for residential. (Richard Swan, Whybrows). However, rents in Colchester have yet to respond although there is now very strong demand for good quality and well-located premises, reflecting by increasing transactions, but which are in short supply. Generally, lack of grade 'A' office space has resulted in occupiers taking up good quality refurbished grade B offices, reducing available stock. (Fenn Wright, 2015).

Retail property is considered harder to predict but 2014's growth is expected to slow in 2015 and return to more sustainable levels of growth. The closure of stores by Tesco, Sainsbury and other supermarket giants has created an unprecedented situation.

Office rents in Chelmsford, typically £25 per sq. ft. for prime space, are generally higher than levels in other parts of Essex such as Basildon (£17.5), Colchester (£15), Brentwood (£17-20) and Southend (£15). Office vacancy rates in the city at the end of 2012 were estimated at 9%, a much lower rate than in Colchester (21%) and Basildon (17%). This suggests relatively strong demand in Chelmsford relative to nearby competitors.

These figures produce an average of 107,411 square feet of office space transacted per annum with the worst year, 2010, recording 37,882 square feet of deals but the peak of the market being almost 200,000 square feet in 2011 and 2013 also being a significant year with 163,000 square feet traded.

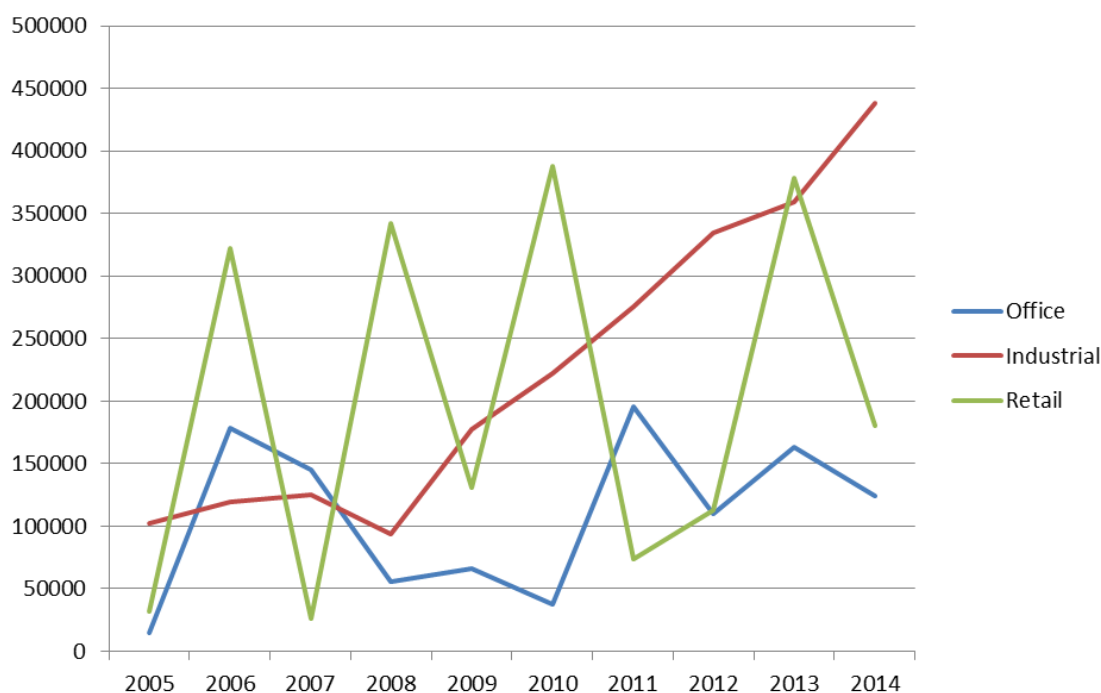
Figure 119: Commercial property transacted by major commercial type, Colchester: 2005-2014

	Office		Industrial		Retail	
Year	No of deals	Area (ft2)	No of deals	Area (ft2)	No of deals	Area (ft2)
2014	41	124654	44	437818	53	180099
2013	65	162,971	37	359,019	50	378,396
2012	41	109,550	33	334,341	52	113,102
2011	35	195,539	28	275,150	40	73,850
2010	14	37,882	16	221,791	34	388,246
2009	20	66,283	19	177,415	28	131,109
2008	14	55,691	13	93,359	43	342,304
2007	23	145,048	16	125,099	20	26,527
2006	35	178,848	22	119,705	40	322,414
2005	10	14,886	10	101,903	20	32,116
Totals	257	966,698	194	1,807,782	327	1,808,064

Source: EGI

The below chart illustrates the recovery of industrial transactions by volume since 2009. (This may be buoyed by the conversion of B2/B8 to include office space, given the lack of new office build coming on to the market and the superior location of Severalls Industrial Park for road connectivity compared to Colchester Town Centre)..

Figure 120: Deals (ft2. transacted) by major commercial type, Colchester Borough: 2005-2013



Source: EGi

Data on total volumes of office and industrial property traded by year since 2005 (EGi) demonstrate an early recovery for the latter from the recession, followed by the office market at a 12-18 months lag and at a lower level. The trends give cause for optimism for commercial property development in the Borough which, if sufficiently well-appointed, and given the shortage of Grade A space, may raise the market appeal of Colchester as a location for firms relocating from London and elsewhere. Greater appeal should deliver higher rental ceilings and so generate development activity.

In the above respect, the noted shortage of Grade A office space in Chelmsford relative to demand for that location may encourage spill-over development activity within Colchester to take advantage of a still lower headline rental value. It is the case that Essex overall offers significant financial advantages to the capital in terms of the costs of labour and business premises. The Invest Essex website notes, for example, that the County is the Invest Essex website notes, for example, that labour costs in the County are up to 85% cheaper than the capital and office costs are almost 24% cheaper compared to other financial and business centres in the UK and Western Europe.

Town Centre

The adopted Core Strategy sets out a hierarchy of retail centres which puts the town centre at the top. This existing hierarchy will now need to be evaluated to ensure its continuing appropriateness in the light of changing retail trends, particularly the growth of internet shopping. Additionally, the wording of national guidance makes it difficult to prioritise one type of centre over another, although the pre-eminent role of the town centre is acknowledged in general terms. The current policy labels and functions of Colchester's centres will, accordingly, need to be reviewed to ensure relevant policy is compliant with national guidance, and appropriate to the function of each centre.

Existing policies include restrictions on non-retail uses in shopping areas. In the 'inner core' of Colchester's town centre, 85% of ground floor frontages are required to be retail, with 50% in the 'outer core'. These policies will need to be reviewed in the light of the Government's deregulation of town centre uses and the changing balance of uses in

centres, which increasingly provide a focus for leisure time uses such as eating out and personal care (e.g. hairdressers).

The changing balance of uses in centres is particularly evident in the evening and night time economy. Recently, there has been an increase in the diversity of offer in the town centre with planning applications for an art house cinema, new boutique hotels, and restaurants aimed at an older market. This broadening away from 'vertical drinking' establishments should help support a town centre that is more welcoming to families and older people after dark.

Figure 121: Prime In Town Retail Rents, Colchester, 2012.



Source: Colliers International © - July 2012

The Colliers International In Town retail rents database is based upon their opinion of the open market Zone A rent in more than 600 shopping locations in the UK. The rental values relate to a hypothetical shop unit of optimum size and configuration in the prime pitch. The figures have been arrived at by adopting zone sizes standard for the location and are expressed at £ per sq ft per annum. In the case of shopping centre locations where the rent payable is the greater of the base Rent (a percentage of Full Rental Value (typically 80%)) or a percentage of turnover, the rental contained is Full Rental Value (i.e. grossed up Base Rent).

Figure 122: Estimated Zone 'A' Rents, Colchester Town Centre, 2004-2012.

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Colchester	£150	£155	£170	£170	£170	£155	£155	£155	£155

Source: Colliers International © - July 2012

Importantly, the high performance of Colchester Town Centre as a retail destination is set to be maintained. Forecast retail comparison goods turnover expenditure for the Borough, most of which is accounted for by the Town Centre, will increase from a total of £578 million in 2009 to £951 million in 2019; this is an increase of 39%, higher than any other location in Essex and, even in 2009, was higher than the turnover of Lakeside Shopping Centre in Thurrock.

15. Connectivity

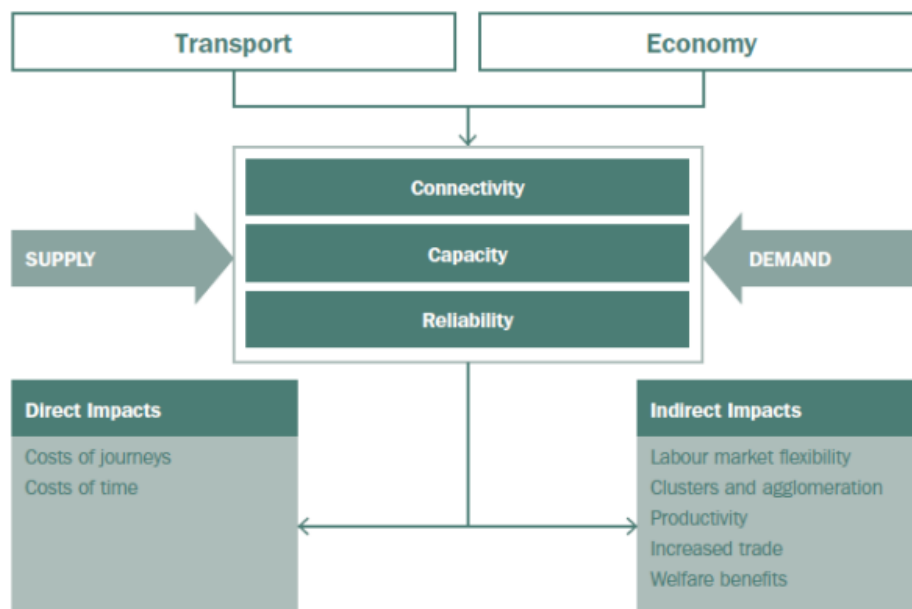
Transport

The relationship between transport and economic growth is well-known and the provision of efficient transport acts a stimulus to the economy, reducing business costs and increasing productivity and innovation.

The Eddington Transport Study (2006) reviewed the evidence on transport's role in supporting economic growth and competitiveness in the UK. The Study concluded that access to markets, international connectivity, skilled labour markets and transport within urban areas are key factors influencing business investment and demonstrated the crucial role that transport has to play in linking businesses to distribution networks and areas of growth to national and local networks.

The interrelationship between transport and the economy can be seen in the below schematic diagram.

Figure 123: Interactions between Transport and the Economy.



Source: From, The Road to Growth, NLP, 2014

Transport enables sustained economic prosperity by:

- Enabling business to reduce its costs through moving people and goods more efficiently and effectively;
- Providing access to markets and supply-chains;
- Enabling commuting and extended labour markets with greater job opportunities;
- Sustaining the productivity of urban areas and their catchment areas to increase agglomeration economies;
- Increasing exports and attracting inward investment; and
- Supporting the transport sector and related logistics industries which are significant employers in the UK economy.

The Haven Gateway sub-region has a relatively strong orientation towards manufacturing and transport, storage and communications, which reflects the cluster of ports in Felixstowe, Ipswich and Harwich and road connections via the A12 and A14. The more knowledge-intensive maritime-related businesses are strong in Colchester, reflecting their reliance on access to relevant skills in the local labour market as well as

better connectedness for B2B enterprises in the sector from agglomeration and greater proximity to London via the Great Eastern Main Line (GEML) and internationally from Stansted airport.

The ECC Local Transport Plan (2015 – 2021) outlines a strategy and priority projects for supporting and promoting economic growth. Colchester, as with some other areas of the County, is facing a continuing high level of economic growth over the Plan period.. The high housing growth trajectory requires significant balancing commercial growth to ensure business and job needs can be accommodated. Housing and employment growth combined, in turn, need substantial improvements in the Borough's transport infrastructure if growth is to be sustainable.

The recent recession has held back public and private investment for infrastructure improvements, leading to a deficit in provision which is readily identifiable at different levels: national networks (rail and road), strategic roads (such as the A12 and A120), town centre, local distributor roads and public transport provision for growth areas. However, the formation of SELEP is helping to redress the infrastructure deficit using its unique blend of public and private funding and its co-ordinating role in setting out a vision for economic development which brings together, among others, local authorities, transport providers and private sector businesses. In July 2014 a number of projects across the LEP area, principally transport-focused, gained £442 million of funding under the Growth Deal which could leverage a further £260 million of private sector investment.

Colchester was successful in gaining almost £20 million in funding for four of its transport projects – Park and Ride, the Colchester Local Sustainable Transport Programme and two Integrated Transport packages for Town Centre Traffic and Access – obtaining £17.7 million towards a total cost of £26.5 million for delivery from 2015 onwards.

Allied to these key building blocks are some national projects – or potential projects - and policy developments which will, where implemented, have a significant bearing upon strategic travel in Essex, namely:

- The proposal to construct an additional Thames crossing;
- Route-based strategies for the trunk road network in Essex and which bring with them an injection of funding to the Highways Agency;
- Network rail review of the GEML;
- The Davies commission on air travel and the aspirations of the airports;
- The impact of Crossrail 1, Crossrail 2, and HS2; and
- The Development Plans of the two major ports.

Specific elements of the transport strategy to be pursued have been identified by Essex County Council as either Strategic or Local.

Strategic interventions are those which involve working with:

- The Highways Agency to plan enhancements to the trunk road network and with Network Rail for mainline rail networks;
- Government to plan for nationally important new infrastructure proposals;
- Port and airport operators to manage their aspirations and transport demands;
- SELEP to cater for transport interventions which stem from or affect neighbouring authorities which need a joined up approach - including across adjacent LEP boundaries; and
- Partners to develop the Essex strategic road network.

As a key hub within Essex – the major settlement in one of the four County planning quadrants - Colchester has received recognition by ECC that it requires an Integrated Transport Strategy. The County is working with the Borough to provide the infrastructure that facilitates growth through Colchester's Local Plan.

ECC has categorised the hierarchy of transport projects, following advice from DfT and using national best practice, into the following, five-fold division:

- Named National Network measures on trunk road and rail networks or at ports or airports;
- Pinch Point Schemes or packages representing concentrated expenditure at a single location or specific locations on a route corridor;
- Local Route Based Strategies representing a mixture of small improvements and asset renewal along a named highway in the PR1 network;
- Integrated Urban Packages: often representing a range of traffic and public transport interventions in and around town centres; and
- Local Sustainable Transport measures: a package of interventions to improve walking, cycling or passenger transport usage.

Colchester-related Transport Projects 2015-2021

The following list of projects which directly benefit Colchester has been taken from the ECC Local Transport Plan (2015 – 2021). These projects have been appraised using HM Treasury's "5 cases" approach and the DfT webTAG tool, with the weighting towards those which make a greater contribution to economic growth in the Borough's Local Plan, either through new commercial activity which assists job creation or through opening up new areas of housing.

Figure 124: National Strategic Projects directly benefitting Colchester.

Details	Type of work	Assumed construction period
A12 Corridor	Delivery of A12 route strategy Network management technology package and junction improvement	From 2019
A120 Improvement Package	A120 Braintree to A12 dualling	From 2019
Great Eastern Main Line (GEML) rail corridor capacity improvements.	Raise line speeds between London Liverpool Street and Norwich to a maximum of 110 mph with associated infrastructure improvements Increases track capacity (4 tracking) north of Chelmsford	2019+

Essex Strategic Project benefitting Colchester

Details	Type of work	Assumed construction period
Colchester Northern Access Corridor Local Transport Body scheme for Colchester Park and Ride	New 1,000 space Park and Ride for North Colchester and bus priority measures	2015

Colchester schemes

Details	Type of work	Start date/ Delivery date
Colchester Integrated Transport Packager (incorporating Local	Colchester Town Centre traffic and access strategy	2015/2017

Sustainable Transport Fund - LSTF - measures where appropriate)	Colchester Integrated Transport Measures to aid accessibility to growth areas by mix of modes	2015-21/2015-21
A133 Pinch Point Package	Range of measures for junctions on A133 from Colne Bank Avenue to Greenstead Roundabout	2018/2020
	A133 to A120 junction improvements	2020/2021
Colchester Stanway Pinch Point package	A12 access slips and improved access around Stanway (B1022-Heckfordbridge)	Development dependent
A137 Colchester to Manningtree Local Route Based Strategy	Highway asset renewal, traffic management, congestion relief, cycling, safety and public transport measures	2017/2020
A1124 Colchester to Halstead Local Route Based Strategy	As above	2016/2019
A134 Colchester to Sudbury Route Based Strategy	As above	2017/2020
B1022 Colchester to Maldon Local Route Based Strategy	As above	2017/2020
Colchester Local Sustainable Transport Fund (LSTF) Programme	LSTF measures	2015/2019

By 2026 it is estimated that improvements to the GEML will benefit Colchester in creating additional jobs. Job growth scenarios for the impacts from rail investment range from 3,860 jobs generating £94m economic output in the local economy to 14,000 jobs generating £425m economic output. There will also be an additional 1,200 commuters from Colchester to London Liverpool Street benefitting from journey time savings.

A120 Improvement Package

The A120 is the key route corridor linking Stansted Airport in the west to Harwich Port in the east. Yet many sections of the road are of a low standard with heavy congestion, high accident risk and, above all, poor journey reliability. Without required improvements to the road, the sub-region will out on £1.3billion in growth and nearly 13,000 new jobs.

Dualling between Braintree and Colchester will enable major planned growth in the Borough as follows:

- Stanway (West Colchester) – 20 hectares of land developed, 3,000 jobs and 800 homes;
- North Colchester (on the joint A12/A120 section) – 26.9 hectares developed, 5,500 jobs and 2,000 homes; and
- University of Essex Knowledge Gateway – 12.8 hectares and 2,000 jobs.

Broadband

As transport by all modes facilitates economic competitiveness and prosperity, no less important is access to efficient, truly “superfast” (30 Mbps and above) and ubiquitous broadband. Promoting and enabling the deployment of Next Generation Access (NGA) broadband from a range of suppliers and using a mix of technologies across the Borough will ensure that local businesses will be able to benefit from:

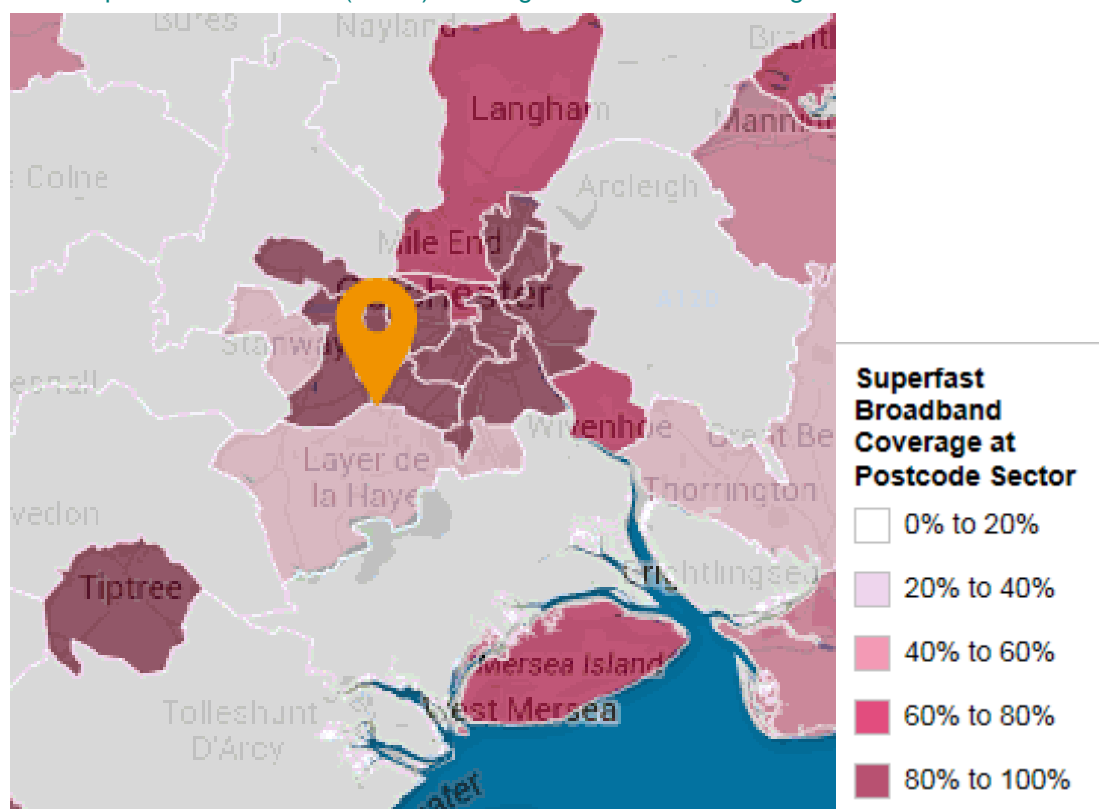
- Improved communication with customers and suppliers – £1 in every £5 of all new commerce in the UK is online;

- Make business more competitive, reducing its costs from B2B and B2C activities ability to access cost-reducing and business-resilient technologies Cloud computing, online applications, video conferencing, etc.;
- New market opportunities - locally and globally;
- Improves marketing with use of new media;
- Online training and distance learning - can cut costs and save time; and
- Homeworking - ability for employees to work during bad weather, public health scares, etc.

Fixed broadband

The below map is a snapshot of SuperFast Broadband coverage in the Borough in June 2014 from Ofcom, and has been built up from postcode information.

Figure 125: SuperFast BroadBand (SFBB) coverage in Colchester Borough: June 2014



Source: Ofcom Infrastructure Report 2014 (interactive mapping)

Effectively, “superfast” (24 Mbps and above) coverage is confined to urban areas of the Borough although some key rural settlements are included– Tiptree, Mersea and Wivenhoe. However, coverage is not the same as actual availability.

Superfast broadband is available in much of urban Colchester from both BT and Virgin Media and from wholesaled BT services to other Internet Service Providers (ISPs), notably Sky, TalkTalk, PlusNet, etc. However, Virgin do not cover the rural areas which is BT and resellers only but with some fixed wireless broadband providers, notably County Broadband, providing higher speeds using this lower cost of deployment technology. . Different providers have different levels of coverage and prices in terms of availability to residents and businesses.

BT

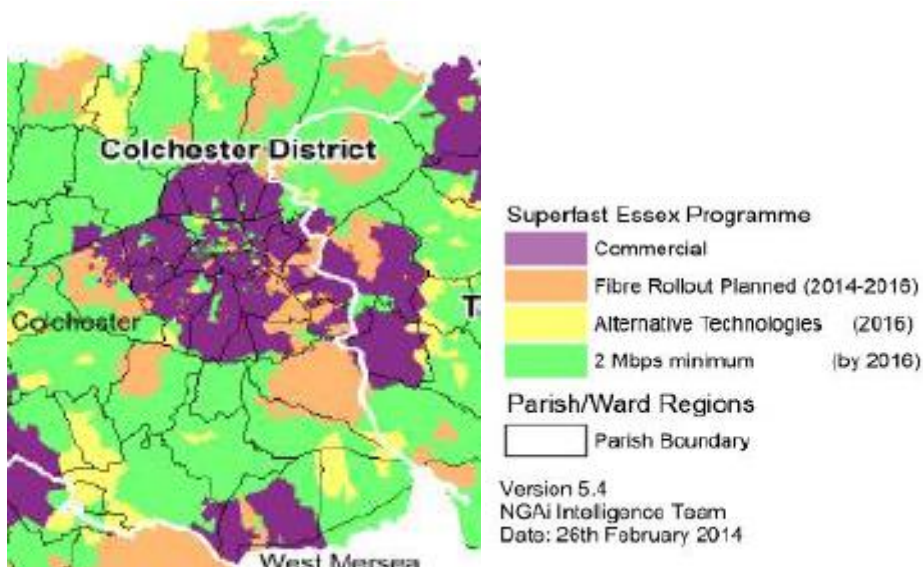
BT has total coverage of the Borough’s population through residential phone lines which also carry data: this is termed its “monopoly of the local loop” - the lines from exchanges to premises. However, the roll-out of the “superfast” product (Fibre to the Cabinet or

FTTC) is very much an urban, commercial exercise and has a strong residential focus. Business parks are typically supplied by BT with enhanced connectivity through sale of leased lines which are expensive compared to domestic availability of FTTC and there is clear evidence of BT's avoidance of enabling cabinets with the FTTC product (known as VDSL) on business parks and clusters.

Secondly, an enabled residential cabinet does not mean that the subscriber can necessarily obtain Superfast broadband since the Internet Service Provider of the resident has to consider it worthwhile to purchase wholesale services from BT Openreach; this may require a critical number of residents of the given ISP to ask for the service before it is enabled.

Finally, the rural area is targeted to obtain FTTC through Government subsidy via the BDUK programme which will fund BT to enable cabinets in certain locations where it would otherwise be uneconomic for the company to go. Much of the rural area of the Borough will be left with small improvements to local exchanges to guarantee 2 Mbps download – very far from Superfast speed which is 24 Mbps and above for BDUK but 30 Mbps and above using the EU definition.

Figure 126: BT coverage: commercial and “Superfast Essex” supported: 2014



Virgin Media

Virgin Media offer a coaxial cable broadband service which delivers superfast speeds but the footprint of the company in the Borough is urban only and does not cover new areas of housing development nor some other residential areas. VM have no interest in increasing their coverage at the present time.

Business subscribers pay for enhanced services from VM which reflect BT's pricing for these services.

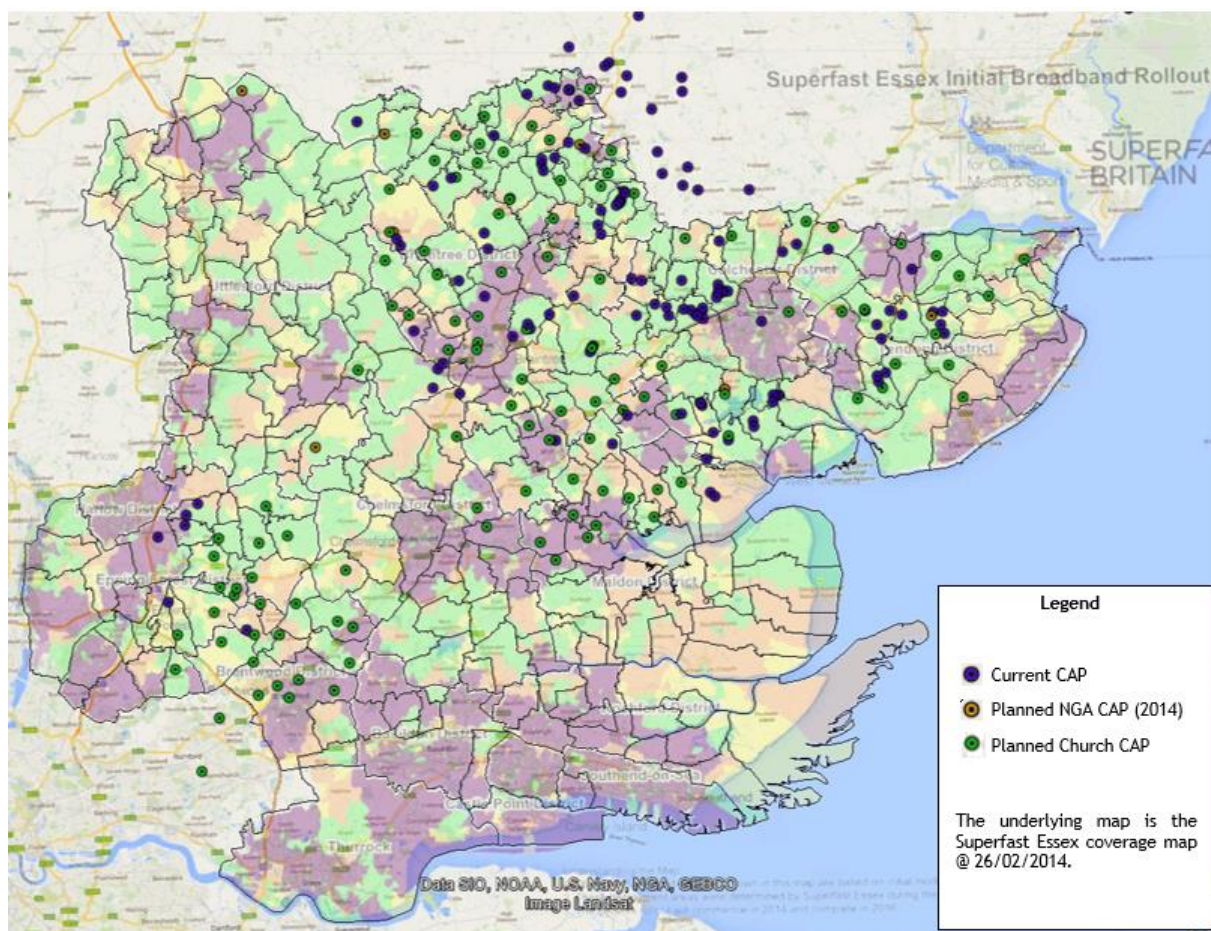
County Broadband

County Broadband is a local company providing an alternative technology – fixed wireless broadband at scalable speeds and which is superfast and bundles telephony services.

The company is active in rural areas of the Borough and is the Council's selected supplier to also provide alternative, symmetrical (equivalent upload and download

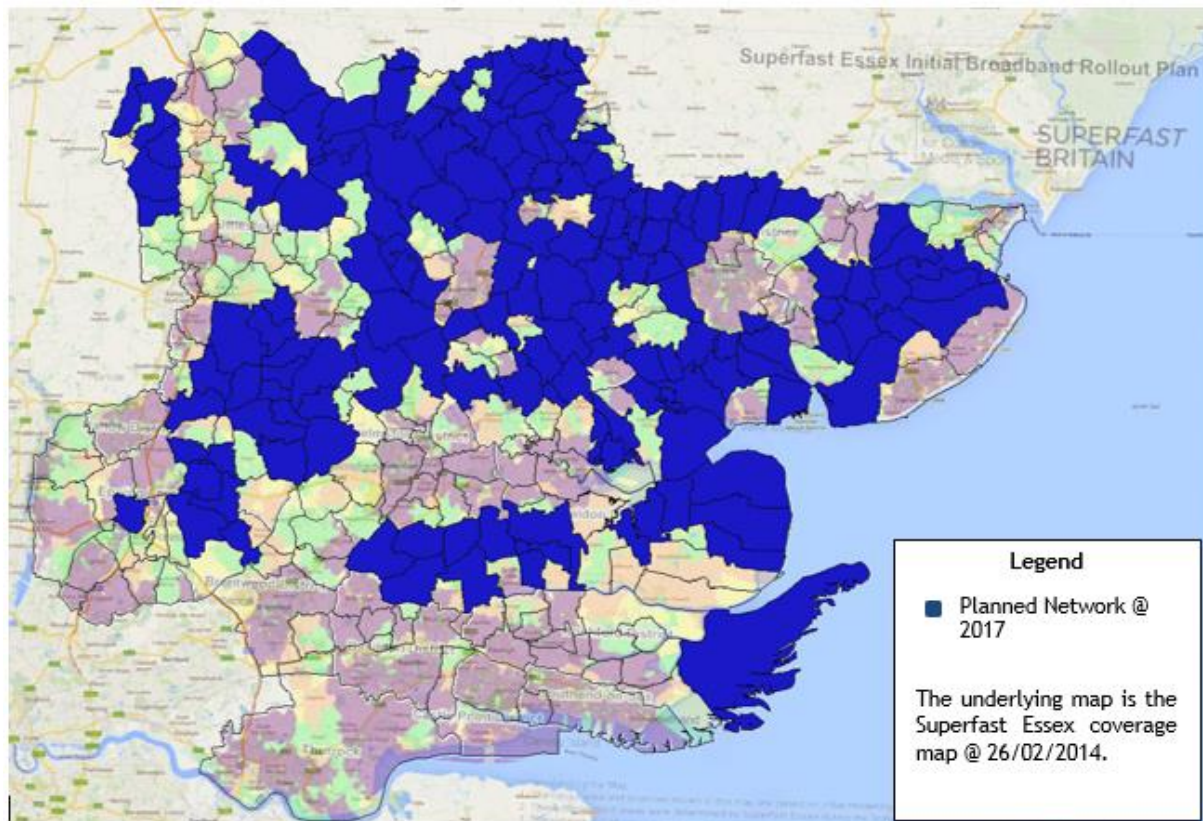
speeds) for business class broadband to business parks and clusters across the Borough, improving their access and reducing their costs.

Figure 127: County Broadband – current coverage: late 2014



The above map shows recent coverage by County Broadband across Essex and which is addressing the limitations of a 2 Mbps headline download guarantee via BDUK – insufficient to support many Internet applications or multiple users in a given household. Coverage has been developed by County Broadband across underserved rural parishes of the Borough with more infill planned. The below map indicates CB's plans for enhanced coverage by 2017:

Figure 128: County Broadband – planned coverage: by 2017



Mobile Broadband

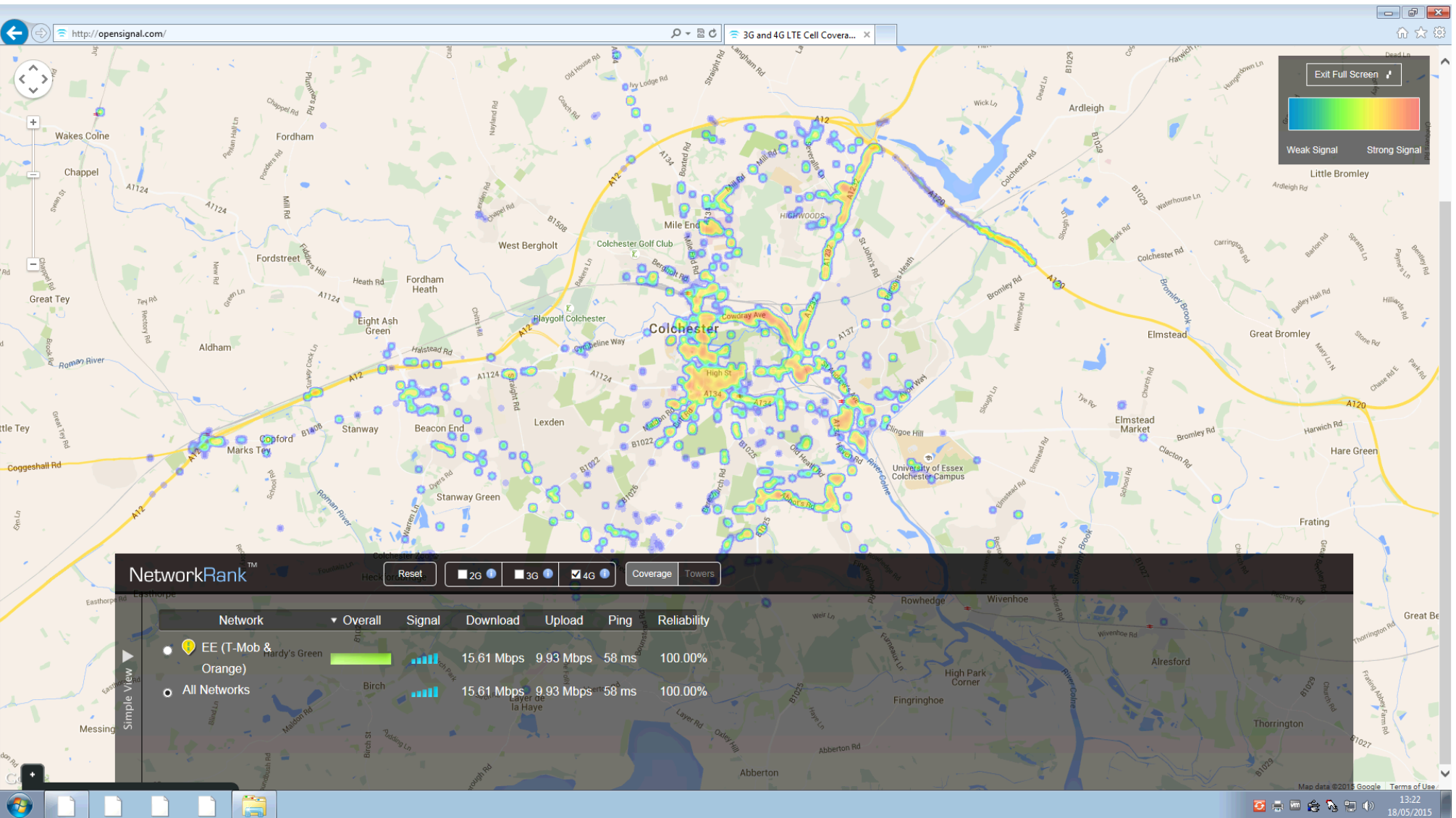
Alternative provision to fixed broadband services (copper, fibre, fixed wireless) is through mobile broadband using 3G or 4G services. Increasingly, consumers are accessing the Internet through mobile devices and expect ubiquitous services.

In theory these technologies enable 3G mobile broadband users to access up to 21Mbps speed downloads and uploads with speeds of up to 1.76 Mbps and for the newer technology of 4G offering users higher speeds, with regular speeds of 15 to 30Mbps. In practice, such speeds are restricted in availability by location (mainly to certain areas of cities) although they will become more widespread in the near future.

The disadvantages of mobile broadband against fixed services are the high cost of transferring data and restrictive download limits. The advantages are that they offer the potential for an always-on broadband connection which may offer a genuine alternative to home broadband, eliminating the need for a landline and associated line rental charges.

The below maps show first, the combined the coverage of the four Mobile Network Operators for 3G and 4G services in the Borough and for 4G alone. Both maps show that the network infrastructure of towers and transmitters supporting coverage for this form of broadband targets urban and high footfall areas and excludes most of the Borough which is rural and sparsely populated. This urban/rural divide reflects the same cost drivers for fixed terrestrial broadband delivery and doubly disadvantages the one-third of the Borough's residents and businesses who live in the rural area.

Figure 130: 4G only heat map coverage of Colchester Borough - 2015



16. Housing

There is a reciprocal relationship between economic development and the provision of housing. The requirement for new housing supports economic development and the type of housing provided within the Borough can also play a central role in addressing and facilitating economic development and regeneration objectives, especially the need to create a more balanced housing market.

Housing supply

The most common type of house in Colchester (Borough) is detached, of which there are 22,483 dwellings, representing 31% of all housing in the area. The most common housing tenure in Colchester (Borough) is Owner occupation with a mortgage or loan, of which there are 24,667 dwellings representing 34% of all housing in the area.

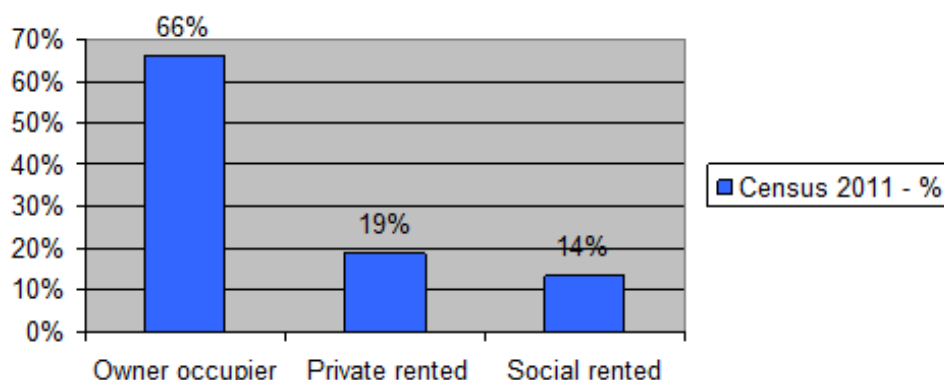
Figure 131: Pattern of Housing Tenure, Colchester, 2011.

	Number	%	Compared to Region (%)
Owns outright	22,840	31.9	-1.0
Owns with a mortgage or loan	24,667	34.4	-0.3
Shared ownership	325	0.5	-0.3
Private rented - landlord or letting agency	11,689	16.3	3.0
Private rented - employer	505	0.7	0.4
Private rented - friend or relative	711	1.0	0.2
Rented from Council (Local Authority)	5,894	8.2	0.4
Other social rented	3,775	5.3	-2.6
Living rent free	743	1.0	-0.2
Other	485	0.7	0.4
Total	71,634	100.0	0.0

Tenure of existing households

The chart below shows the summary tenure profile of existing households in Colchester taken from the Census data 2011:

Figure 132: Tenure Profile of Colchester, 2011.



Source: SHMA 2013/14. Figures have been rounded.

The 2011 Census recorded the level of owner-occupation at 66% in Colchester which was lower than in Essex (71%) but higher than nationally (63%). Census data showed that Colchester has a similar level of social stock (14%), compared to Essex (14%) but lower than the East Region (16%). However, the level of private rented accommodation was 19% in Colchester - higher than both the region at (15%) and nationally (17%).

These figures demonstrate that, compared to the preceding census, the tenure profile of the Borough's housing stock has changed significantly. The largest growth has been in the private rented sector, from 5,136 homes at the 2001 Census to 13,390 homes at the 2011 Census while the stock of social housing is declining in relative terms.

Figure 133: Changes in tenure profile in Colchester between 2001 and 2011

Tenure	% of dwellings	
	2001	2011
Owner-occupied	71.8	66.3
Rented from Council or housing association	15.3	13.5
Private rent	8.1	18.7
Shared ownership	0.6	0.5
Living rent free	4.0	1.0

Source: ONS Census data 2001 and 2011

The table below shows the percentage of property types in Colchester by tenure from the Housing Needs sample survey 2013.

Figure 134: Property types by tenure

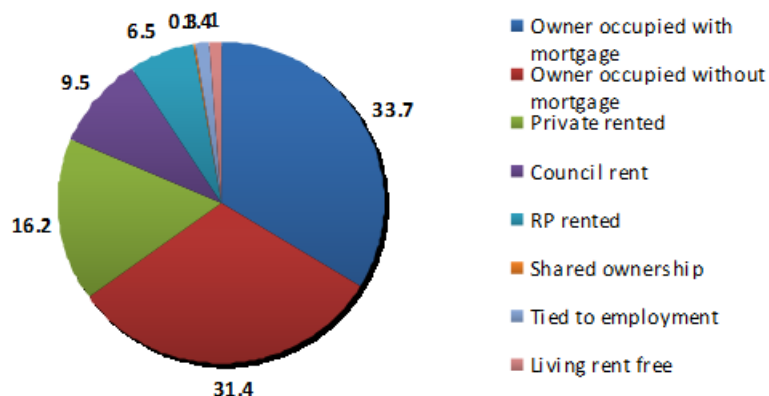
Tenure Type	Detached House	Semi-detached House	Terraced House	Bungalow	Flat	Bedsit, studio, room only	Houseboat, Caravan, Mobile Home
Owner occupied with mortgage	32.8	34.4	20.5	6.2	6.1	0	0
Owner Occupied no mortgage	37.7	25.9	10.5	21.1	4.7	0	0.1
Private rented	8.7	25.4	18.5	7.1	38.4	1.9	0
Council rented	0.9	19.5	10.3	17.7	48	3.6	0
Registered Provider rented	10.6	23.2	16.9	5.1	42.5	1.7	0
Shared Ownership	18.5	0	4.8	7.7	7.4	0	0
Tied to employment	7.1	64.6	17.2	3.9	7.2	0	0
Living rent free	17.9	16.7	0	14	34.7	0	16.7

Source: Housing Needs Survey 2013 (SHMA)

Detached and semi-detached properties account for around 65% of the owner occupied sector, which is similar to the 63% recorded nationally in the English Housing Survey 2009/10. The highest proportions of social rented stock in Colchester are flats and in the private rented sector it is semi-detached houses and flats.

The pie-chart below shows the tenure of all household types in the Borough collated from responses to the Housing Needs Survey 2013.

Figure 135: Current tenure of all household types by %, Colchester Borough: 2013.



Source: Housing Needs Survey 2013.

Household income

Information on income from the Housing Needs Survey 2013 provides a good indication of the distribution of income levels in the Borough. (The response rate to the question on income from existing households was 76.8%, equivalent to 50,324 households).

Figure 136: Gross Annual Income of all Existing Households, Colchester Borough: 2013

Annual income	All Existing Households	
	%	Cum %
None	7.3	7.3
Below £10,000	10.1	17.4
£10,000 - £15,000	11.0	28.4
£15,001 - £20,000	0.0	28.4
£20,001 - £25,000	19.9	48.3
£25,001 - £30,000	10.2	58.5
£30,001 - £40,000	11.1	69.6
£40,001 - £50,000	9.7	79.3
£50,001 - £60,000	6.7	86.0
Above £60,000	14.0	100.0

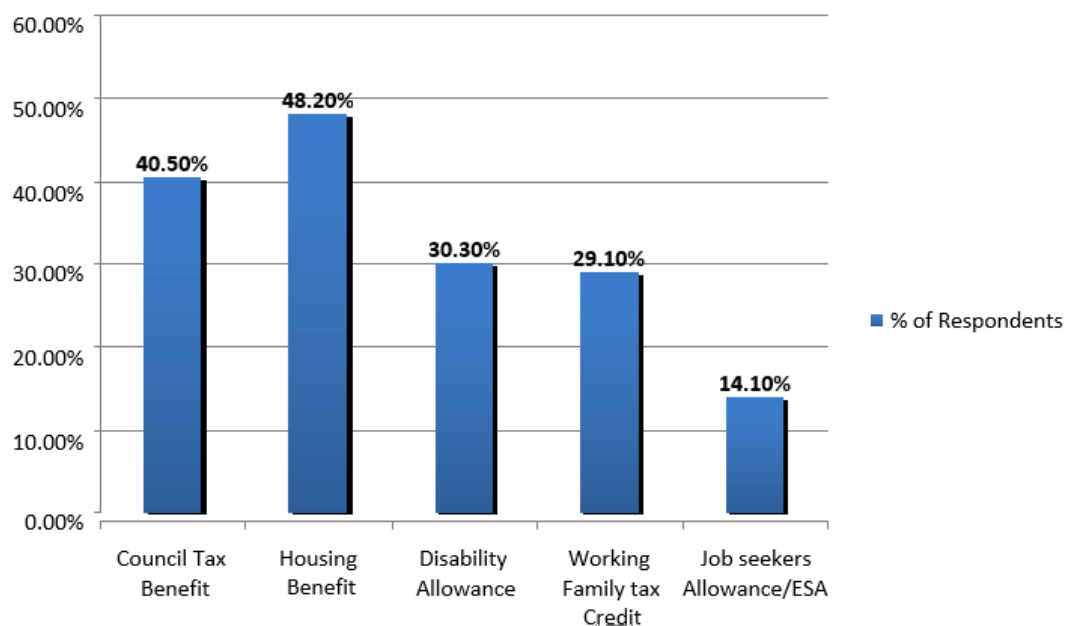
Note: Excluding benefits / allowances Source: DCA Colchester 2013 Housing Needs Survey

The data found that:

- 17.4% of households had incomes below £10,000;
- The total proportion earning below the national average of £24,400 per annum (assessed by the ONS Economic & Labour Market Review 2012, based on April 2012) was 45.9%;
- 14.0% of households stated that they earned over £60,000; and
- 30.6% of existing households were in receipt of financial support.

On average, each respondent to the survey indicated two forms of financial support. The results are shown in the below chart:

Figure 137: Percentage of households receiving financial support from welfare benefits: 2013



Source: Housing needs survey 2013

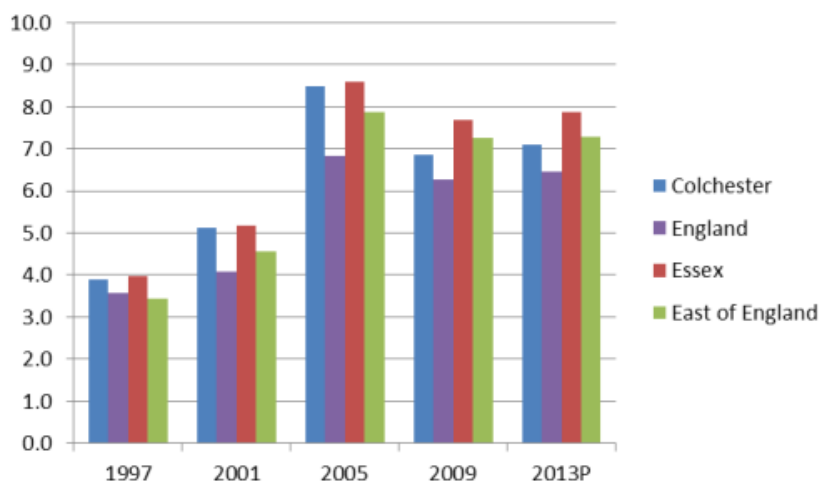
Affordability

In August 2015 the house price to earnings ratio in Colchester (Borough) was 7.6:1 based on data from the latest Annual Survey of Hours and Earnings and sales and valuations over the last 12 months. The regional house price to earnings was 8.5:1. At the same date, the lower quartile house price to earnings ratio in Colchester (Borough) was 8.3:1 while the regional house price to earnings was 8.6:1

Earnings data relates to a single person in full time employment and the majority of households have more than one earner. Affordability in Colchester Borough based on household disposable incomes, was 7:1, compared to a regional ratio of 7.6:1. The lower quartile house price to income ratio in Colchester (Borough) was 10:1

The affordability ratio in Colchester increased between 1997 and 2001 again between 2001 and 2005. During this time Colchester's ratio was in line with the Essex ratio but higher than the regional and national ratios. Between 2005 and 2009 ratios generally fell across the board though Colchester saw a greater fall than comparator areas. More recently, there has been a small increase in the affordability ratio in Colchester though it is lower than the Essex and East of England ratios.

Figure 138: Affordability ratio of home ownership, 1997-2013.



Source: CLG Table 576

The chart therefore indicates that Colchester has relatively good affordability when compared to county and regional benchmarks.

Over the period 2004-14, housing affordability (measured by the ratio of gross weekly resident earnings to average house prices) has increased by 0.94% which would place Colchester in the top quintile of cities, were it included. (Centre for Cities Outlook Report 2015).

Yet the affordability ratio of home ownership is just one part of the affordability equation. The cost of buying an average 2 bed property in Colchester (Borough) with an 85% mortgage was £146 per week assuming a 2.59% mortgage rate. However, the cost of renting an average 2 bed property in Colchester (Borough) was £155. At the same time, the gross weekly rent for a 2 bed property rented from a Housing Association was £83 per week while the cost of buying an average 2 bed property with a 40% Homebuy product was £99 (assuming a 90% mortgage and a 2.59% mortgage rate). (Hometrack).

The data shows that renting a two bedroom property from the local authority is the most affordable option in the Borough. However, this is a small and restricted element of overall housing supply, accounting for only 9.5 of all housing tenure types.

Without taking into account the qualifying conditions to access a mortgage and the 25% deposit required to purchase a property, the weekly costs of buying a lower quartile resale property remains more affordable than renting privately in Colchester.

New build properties still command a premium and are less affordable than renting privately

The below table shows the percentage of households priced out of the market in the area. The analysis differentiates between house types and whether or not the purchasers are first time buyers (FTB). Affordable demand, assuming a 3.5x income multiplier, shows that 41% of first-time buyer households and 41% of owner occupiers are priced out of the market for flats.

Figure 139: Percentage of households priced out of the market at 3.5 x income

Household type	Colchester
	%
FTB households - Flats	40.6
FTB households - Terraced houses	62.5
FTB households - Semi-detached houses	68.6
FTB households - Detached houses	81.7
Owner occupier - Flats	40.6
Owner occupier - Terraced houses	56.1
Owner occupier - Semi-detached houses	62.5
Owner occupier - Detached houses	78.1

Source: Hometrack, August 2015

Housing supply and affordability

New house-building has remained steady despite economic challenges for the market and a national downturn in building rates. Future plans will need to enable house-building at a level to meet need and demand.

Owner-occupation declined between 2001 and 2011. Data on affordability and house prices gives us some indication as to why this is but, the picture is more complex, with

lending restrictions, lack of finance and large deposits adding to the factors for decline. In April 2014 the average house price in Colchester was £216,000 which was an increase of 5.7% from April 2013. The National Housing Federation's Home Truths Study 2013/2014 found that the average house price in Colchester was 9.8 times the average annual salary, which compares to an average of 10.7 times the average annual salary for Essex and an average of 11.3 times for England.

The SHMA found in 2013 that in the owner-occupied market the majority of newly forming households require small properties and one bedroom flats with prices for market housing starting at £75,000. This would require an income of £20,400 to secure a mortgage yet 65% of newly forming households earn below this amount. At the same time, the majority of lenders require a 20% deposit which, on the information above, equates to a £15,000 deposit yet 87% of new households had less than £10,000 in savings.

Consequently, the Private Rented Sector has grown significantly. However, the SHMA shows that private rents are not affordable for the majority of households and significant numbers of working households rely on housing benefit to help with their housing costs. In the private rented market, the SHMA's affordability findings were that average private rental costs started at £400 per month but one-third of all newly forming households could afford to pay no more than £350 each month in rent. To be able to afford the cheapest private rental property in the Borough (a one bedroom flat) required an income of £19,200 but 63% of newly forming households would be unable to afford this rental level. Caps on the amount of housing benefit which is allowed have had little impact in bringing rents down.

So the demand for affordable rented housing still continues to outstrip supply. The number of households on the Housing Register on the 1st April 2014 was 3951 while the number of affordable homes let from April 2013 to March 2014 was 725. Over the period 2009-14 years the total number of completions of affordable housing was 943 - an average of 189 completions per annum. In the year April 2013 - March 2014 a total of only 96 new affordable homes was completed in the Borough out of a total of 725 new homes.

The revived Right to Buy continues to contribute to the decline in local authority homes available, with 28 units sold during 2013-14.. Future plans will need to ensure that affordable housing supply seeks to meet housing need and where this is through new build it does not compromise overall delivery.

The Housing Needs survey 2013 showed that:

- 1.7% of head of households in the Borough were aged 16-24. The main tenure amongst younger households was Private rented at 53.7%; and
- The main tenure amongst older person households was owner occupied with no mortgage at 66.1%. The main size of property occupied by older person households was 3 bedroom properties at 34.7%.

In terms of the intermediate market, the SHMA looked at shared ownership properties in Colchester offered for re-sale and found that:

- The cheapest re-sale shared ownership one bedroom flat being offered for sale (£78,500) at a 50% share was affordable to just 41% of newly forming households; and
- A 2 bedroom flat being offered for re-sale (£125,000) at a 40% share was affordable to just 28% of households.

Property prices

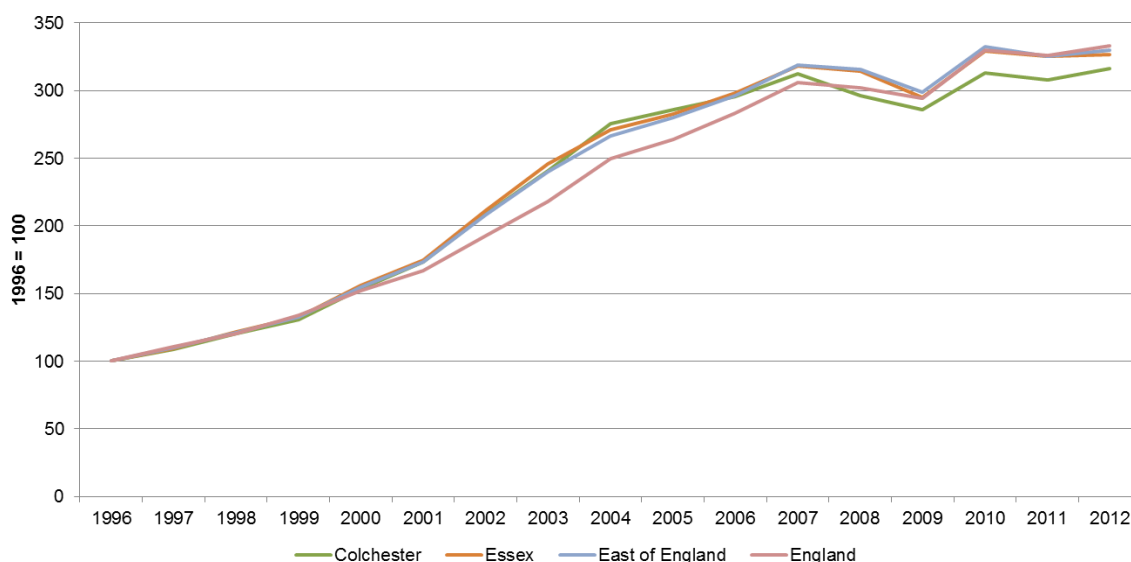
The simple average house price in Colchester (Borough) in August 2015 was £257,100 (based on sales and valuations over the preceding 3 months), compared to a regional average of £305,700. The lower quartile house price was £169,000, compared to a regional average of £179,300.

The number of bedrooms is a key determinant of price, in August 2015, average prices in the Borough by bedroom count and property type were as follows:

- 1 bedroom flat - £101,700
- 2 bedroom flat - £132,400
- 2 bedroom house - £182,600
- 3 bedroom house - £229,500
- 4 bedroom house - £360,000

For new build, the average price of a flat was £151,400, compared to a regional average of £227,000. At the same time, the average price of a new build house in the Borough was £350,000, compared to a regional average of £334,400

Figure 140: Colchester house price (indexed)



Source: ONS / CLG Live table 581.

Long-term change in house prices closely followed the regional trend for the East of England. Since 2007 all other comparator areas outperformed Colchester

Prices across tenures

An average priced 2 bed property costs £132,400, or £146 per week with a standard mortgage. This compares with open market rental (£155), Homebuy at 40% (£99), Intermediate Rent (£124) and renting from a Housing Association (£83).

- The price profile of sales - 2015 (YTD) there were 937 property sales in Colchester (Borough). This equates to 1.3% of the private housing stock turning over, compared to a regional average of 1.1%; and
- 28% of the population are 20-39 year olds, a difference of 3% compared to the region. It is this group that forms the majority of demand for shared ownership. 16% of the population are in private rented accommodation, a difference from the regional figure of 3%.

Housing planning: targets and delivery

The Essex and Southend Structure Plan had a plan target of 11,000 homes (773 dpa) In 2004 the Council adopted the Colchester Local Plan. The Local Plan took its housing target from the Structure Plan. The Local Plan had identified sufficient provision to meet the Structure Plan requirements.

Housing development was to be focused on the following broad allocations Town Centre, North Colchester, East Colchester and the Hythe, South Colchester (The Garrison) and Stanway.

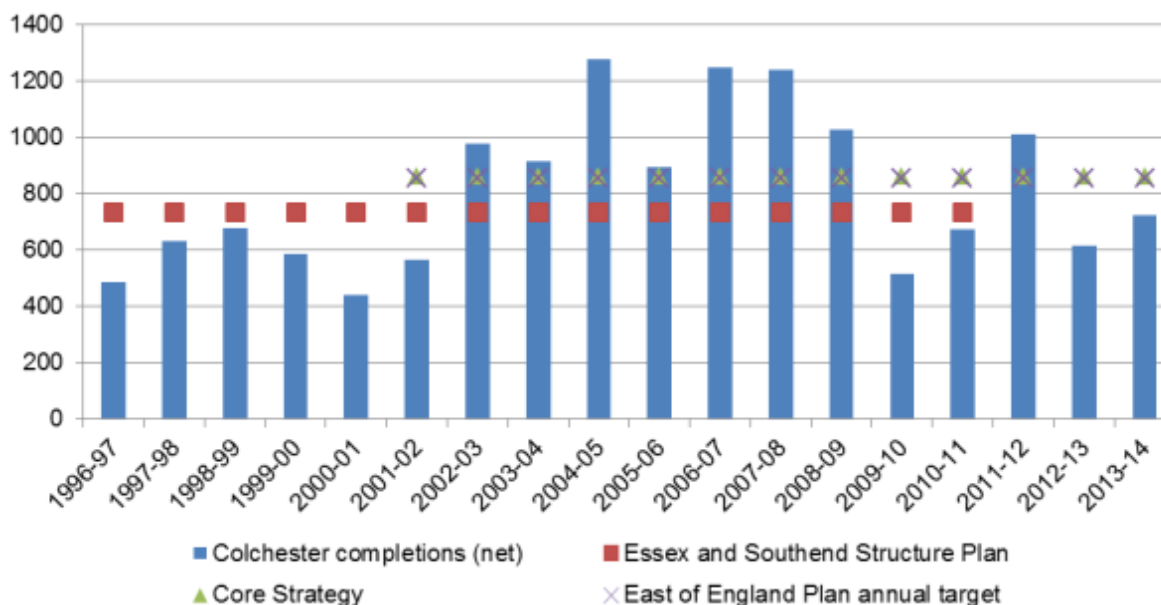
Between 1996 and 201, 12,178 homes were completed in the Borough. There was therefore a surplus of 1,178 dwellings in the district against both the Structure Plan and Local Plan targets

The East of England Regional Spatial Strategy had a plan target of 17,100 homes to be built between 2001 and 2021 which, annualised, amounted to 830 dwellings. The Council adopted its Core Strategy in December 2008. The Core Strategy took its target from the East of England RSS however since the plan period was extended from 2001 to 2023 an additional 1,710 homes were added to the Core Strategy target to cover the additional period between 2021 and 2023. As such the Core Strategy target was for 830 dpa up to 2021 and 855 units 2021 – 2023. The latter period was slightly higher than the East of England RSS.

Housing delivery

The table below shows net housing completions from 1995-96 to 2013-14 against the plan targets applicable at the time.

Figure 141: Colchester housing completions



Source: Council AMR

Two similar targets ran from 1995-96 to 2010-11: the Structure Plan target and the Local Plan target. In 2001-02, the East of England RSS and the Core Strategy started with slightly different targets.

From 1996 to 2001 housing completions in the Borough were below the Structure Plan target but from 2002 to 2008 the trend reversed and the Borough saw high completions as site allocations began to come forward. During this period, allocations came from a broad number of sites including the Colchester Garrison, North Colchester and Stanway.

For the HMA as a whole this peak in delivery may have partly offset the low rate of housebuilding in other parts of the HMA, especially Chelmsford. While delivery continued to be high during the early part of the economic recession 2008-2009, completions fell in 2010, reflecting the recession. There was a steady increase in housing delivery from 2011 to 2012. Housing stock from 2004 to 2014 has increased by 8,340 dwellings, from 67,890 to 76,230 - an increase of 12.3%.

Since the recession it seems that market demand rather than the supply of housing land has constrained housing delivery in Colchester.

Contrary to Chelmsford, housing delivery in Colchester held up relatively well in the recession. In the reference period on which the official demographic projections are based delivery fell below targets but not as fast as other areas. There was also a supply of land available should the market be willing to deliver more new homes. This history, and the market signals we have analysed, suggest that there is no evidence of undersupply.

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