



Economic Growth Strategy Evidence Base

Colchester Borough Council

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Definition of 'East'.

Throughout this report there is reference to comparing Colchester with 'East', which comprises:

Babergh	Basildon	Bedford	Braintree	Breckland
Brentwood	Broadland	Broxbourne	Cambridge	Castle Point
Central Beds	Chelmsford	Colchester	Dacorum	East Cambs
East Herts	Epping Forest	Fenland	Forest Hill	Gt Yarmouth
Harlow	Huntingdon	Ipswich	Kings Lynn W Norfolk	Luton
Maldon	Mid Suffolk	N Herts	N Norfolk	Norwich
Peterborough	Rochford	S Cambs	S Norfolk	Southend
St Albans	St Edmunds	Stevenage	Suffolk Coastal	Tendring
Three Rivers	Thurrock	Uttlesford	Watford	Waveney
Welwyn Hatfield				

The Colchester Economic Growth Strategy Evidence Base: an overview

• **Strengths**

The Colchester economy has proven itself to be **highly robust** in recent years, riding the recession confidently. Ranked 10th in the UK for its vitality Colchester's **diverse SME business base** appears to be an important factor having delivered both jobs and economic growth across a wide range of sectors. Compare this situation to other places where reliance on high numbers of corporates, whilst bringing large numbers of jobs and contributing to the image and reputation of the place, is at risk of remote Boardroom decisions, which can have dramatic effects on local communities.

This diversity is played out across four sectors which have been **prioritised as drivers of economic growth**. Creative/digital/tech, care, energy and construction are recognised as generating high numbers of jobs and/or high value employment. These sectors are underpinned by four further **core sectors**, acknowledged as contributing high numbers of jobs, contributing to the image and reputation of Colchester (tourism and retail) or have historic strengths which still play out today (advanced manufacturing and financial/professional services).

Recognised as a **key driver of the Essex and wider regional economy** Colchester benefits from being a **competitive cost base for business**. It has an **excellent skills pipeline** having high quality Graduates and international reach through the **highly respected University of Essex and Colchester Institute**.

With **low levels of unemployment and deprivation** Colchester's **population growth** is a major driver of economic development as it is good for business providing a ready source of skills, qualifications and experience; indeed **Colchester's people are becoming more qualified**.

Colchester's proactive approach to **securing funding** from a variety of sources means that it is a **leader in Essex for infrastructure delivery** to widen digital access to Ultrafast fibre Gigabit Broadband and develop heat networks and micro-grids. Colchester's aspiration on a number of fronts is matched by **private sector confidence** with multi-million pound private investments from new housing to transport, retail and hotels.

In recent years public sector intervention has delivered significant new office space which is **enabling company formation and SME growth**, particularly in the creative, digital and tech sectors.

• **Weaknesses**

However, though thriving **Colchester's economy is double-edged**. On the one hand there is the highly paid commuter employment and on the other there is the lower wage economy where the majority of local people work.

This is playing out in the community: **deprived Wards are becoming more deprived**. This represents a challenge for public services but also an **opportunity to develop projects** which support these communities through enabling the building of capacity and capability and encouraging community cohesion.

Colchester is not immune from wider social impacts. **Job insecurity** from, for example, the Gig Economy and growth in part time jobs, is a factor in driving **increasing numbers of working poor** to the Colchester Foodbank, which has seen a 130% growth in use since its inception in 2014 and which has been exacerbated since the roll out of Universal Credit. It anticipates further anticipated growth in use from the projected household impacts following Brexit.

There is a **risk to Colchester's public services** of the **community impacts of a relatively low wage economy combined with high levels of personal debt**.

Colchester is not as entrepreneurial as other places in Essex. This is being addressed by the addition of further start-up space which is driving the need for 'grow-on' space in order to retain these businesses and skills locally. This is key as there are **skills gaps across most sectors** which could seriously impede future growth. Importantly there is a need to understand the business lifecycle and why some grow and others do not, and also how they grow: technologically or more people for instance.

A factor which could be influencing this is **Colchester's image and reputation** which is largely based around the military and historic events. Colchester is not nationally or even regionally known as a place for business.

Colchester's **SME/Micro business base is at risk of exposure from Brexit** as typically there is not the broad base of financial or employee resource to fall back on when times are tough. Exposures will range from regulation, insurance, standards, tariffs, bureaucracy and access to markets to name a few and will present an unprecedented range of **significant risks across a range of business operations simultaneously**.

Another issue connected with the predominance of SMEs is the need for business network/ecosystem development, ideally led by the sectors themselves. Currently it is evolving but fragmentary.

Though benefitting from world-leading Ultrafast Broadband, which is becoming increasingly available, business **Broadband access generally is relatively poor**.

Commercial space is also an issue. With strong demand for warehousing which returns relatively few jobs for the space it uses and a fall in the availability of industrial space. All indicative of an increase in changes of use and increasing rents as supply of space falls.

The good news is that **Colchester has identified land for commercial use**, often with excellent access to road/rail networks, around the Northern Gateway for instance.

• **Opportunities**

Looking forward, in Colchester there will be a **greater need for business support and coordination** to provide assistance post Brexit. This will need the support and engagement of business in order to capitalise on future opportunity.

Colchester is an interesting and dynamic place to live so its **quality of life is key to retaining and attracting skilled people**. Its relatively youthful population could be a driver of **innovation across a variety of sectors**, possibly through technological developments capitalising on availability of Ultrafast Broadband. It is possible to envision Colchester developing further as a 'tech hub' in association with the University of Essex and the creative sector for instance.

Social and technological disruption, whilst difficult in the short-medium term for many sectors, is a major driver of new product/service development in the medium-longer term which could transform the economy further. With the University of Essex's strength in research, enterprise and innovation and **increased capacity at the Innovation Centre**, Colchester is well-placed to capitalise on both hardware, software and firmware technological opportunities. Similarly, rather than see the sharing, circular and gig economies as threats, it will be interesting to see what opportunities they present to the economy in future.

Though focus on sector development is a given, there is an **equal need for improved infrastructure**. There is a pipeline of road improvements taking place and strong ambition around rolling Ultrafast Broadband out further in the hope that this will support growth across all sectors.

There is also opportunity along **Colchester's borders**. Partnerships with Tendring and Braintree are in hand and could be developed further for mutual economic benefit. This north east Essex cluster could benefit from closer working as it has over recent years in the approach to shared Local Plans and the North Essex Garden Communities, which present a significant investment opportunity in construction and employment and commercial relationships with the University of Essex

• **Threats**

Colchester, like the rest of the country, is subject to macro economic threats: experiencing relatively low productivity and business crime and it is subject to the risks of rapid climate change which threaten businesses as much as residences.

All this is against the backdrop of **Brexit** which itself is an **additional driver of political, social, economic, technological and legal/regulatory change** in the context of the 4th Industrial Revolution.

Specifically, there are structural threats in particular sectors which are core to Colchester's economy such as retail; AI, Machine Learning to advanced manufacturing and Brexit impacts on financial services which are already taking place in The City but may well impact the sector as a whole.

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Strategic Context: how the Colchester Economic Growth Strategy fits with other local, regional and national strategies

[The UK Industrial Strategy](#) UK Government

The aim of the **Industrial Strategy** is to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure. It comprises Five Foundations and will be delivered through Local Industrial Strategies.

Ideas	People	Infrastructure	Business Environment	Places
And four Grand Challenges:				
AI & Data	Ageing Society		Clean Growth	Future of Mobility

Local Industrial Strategies are led by Mayoral Combined Authorities or Local Enterprise Partnerships, in Colchester's case the South East LEP, to promote the coordination of local economic policy and national funding streams and establish new ways of working between national and local government, and the public and private sectors. The SE LEP's [LIS is currently in development](#) and will be published in Spring 2020.

Aiding the development of the LIS is the **North Essex Economic Strategy** looking forward to 2040. This Strategy sets out shared ambitions for long-term, sustainable and inclusive prosperity – and outlines where action must be taken in the next five years to help realise them. The Strategy is being prepared in the context of:

- **Rapid population growth:** In the 20 years to 2018, our population expanded by almost 20% to 580,000. Looking to the future, some 50,000 new homes are planned across North Essex between 2016 and 2036, some of which will be delivered through the new Garden Communities.

- **Rapid economic change**, as the growing importance of artificial intelligence and the data-driven economy, the need 'cleaner growth' and demographic change lead to new goods and services (and the skills, infrastructure and technologies that will be needed to create them), while disrupting existing jobs and business models

The new [Local Plan](#) is an important document which will determine the way forward for Colchester Borough. It will provide the strategy for the growth of the Borough to 2033 and beyond, setting out what development will take place and where. Some parish councils are also preparing neighbourhood plans, which, once complete, will also form part of the development plan.

It will set out a vision for the area, establishing the long term aims and aspirations for the Borough. It will include policies and allocations that will help to deliver these aims and aspirations.

Colchester's Economic Dashboard Compared with Essex

Colchester	Comparators
Colchester's GVA is £4.275bn (13% of Essex's)	Essex £31.954bn and for the Region £149.4bn.
Colchester's GVA per worker is £43,200	Lower than the County (£45,700), Region (£47,400) and UK (£49,400) levels
Colchester is forecast to offer an additional 800-928 jobs a year	Na
Unemployment stands at around 0.4%	Essex: 0.3%
Foreign owned companies represent 0.6% (6995) of businesses in Colchester but contribute 40% (£3.8bn) of total turnover and employ 9.5% of the workforce (8683 people)	Na
EU companies accounted for around 2% of jobs (1974 people) and 5.2% of turnover (£463.6m)	Na
88.7% of businesses in Colchester are 'micro' (0-9 staff)	Essex: 90.1%
A further 9.2% are 'small' businesses with 10-49 staff.	Essex: 8.2%
This means that 6,890 businesses out of 7,040 (97.8%) in the Borough are SME or smaller businesses.	Essex: 71,815 out of 73,635 businesses (97.5%)
Colchester is ranked 10 th in the LSH UK Vitality Index which measures the health of local economies in the UK's regional towns and cities	Na
Estimated population of Colchester is 192,500 people	Estimated population of Essex: 1,455,340
Population is anticipated to grow to 209,100 by 2026	Population of Essex is anticipated to grow to 1,942,500 by 2026
There is a target in the emerging Local Plan to provide an additional 920 new houses a year	Na
Working age population is 123,000	Essex working age population is 895,400
There are 95,100 people in employment with a further 11,800 people self-employed	There are 728,400 in employment in Essex with a further 130,700 people self-employed

Though Colchester is not a deprived Borough, however there are some long-standing communities in Colchester which are relatively seriously deprived	Na
The largest number of households in Colchester have a household income between £15,000-£20,000	Na
Average household income is £33,524pa but the most common (modal) household income is much less at £28,358pa	Na
Average house price in Colchester is £299,920	Average house price in Essex is £358,235
Lack of affordable housing remains a significant issue: 44% of FTBs can't afford a flat/maisonette based on 4x their income. Private weekly rental costs £178pw (£712pm)	This is a national issue

Assessment of Economic Impact of the Colchester Economic Growth Strategy 2015-2021 to date (2014-2019)

The previous evidence base was drafted during 2014 which then informed the Economic Growth Strategy 2015-21. It is timely then to assess the economic impact of a variety of interventions across the Borough by key investors as well as how the key and priority sectors have performed.

<i>Year</i>	<i>Project</i>	<i>Developer</i>	<i>Value</i>	<i>Sector</i>	<i>Economic Impact (if known) jobs, skills,</i>
2014	Knowledge Gateway Parkside Office phase I	University of Essex	£13m	Variety but especially 'tech'	<ul style="list-style-type: none"> • Skills retention • New jobs • High value jobs • Improves image and reputation of Colchester
2014	Refurbishment of Colchester Castle Museum	Colchester Borough Council	£4.2m	Tourism	<ul style="list-style-type: none"> • Sustain and grow visitor economy • Improves image and reputation of Colchester
2014	Premier Inn St Peter's Street	Whitbread PLC	na	Tourism	<ul style="list-style-type: none"> • 25 new jobs • New capacity - 85 rooms
2015	Silberrad Student Centre	University of Essex	£26m	Knowledge	<ul style="list-style-type: none"> • Improves image and reputation of Colchester as it won regional RIBA award
2015	Essex Business School	University of Essex	£21m	Knowledge	<ul style="list-style-type: none"> • Improves image and reputation of Colchester as it is the first zero carbon business school building in the UK • Encourages entrepreneurship, KTPs and business engagement
2015	Market relocation	Colchester Borough Council	£100k	Retail	<ul style="list-style-type: none"> • Reinvigorated the High Street • New traders, especially street food

2015	New STEM Centre	Colchester Institute	£15m	Knowledge	<ul style="list-style-type: none"> Reinforces skills pipeline Improves skills supply into industry Fills known skills gaps
2015	Blue Ivy Hotel	Private	£1m	Tourism	<ul style="list-style-type: none"> 25 new jobs New capacity 17 rooms
2016	David Lloyd Leisure	David Lloyd	£10m	Leisure	<ul style="list-style-type: none"> 70 new jobs New capacity for growing population Anchor development for Northern Gateway
2016	Fenwicks	Fenwicks	£35m	Retail	<ul style="list-style-type: none"> Additional capacity New Jobs Revitalised High Street Improves image and reputation of Colchester It is a 'Destination Shop'
2016	Knowledge Gateway Parkside II	University of Essex	£2m	Knowledge	<ul style="list-style-type: none"> Skills retention New jobs High value jobs Improves image and reputation of Colchester
2016	Greyfriars Hotel	OMC	£10m	Tourism	<ul style="list-style-type: none"> New jobs (often taken from The Edge Hotel School at Wivenhoe House) New capacity 26 rooms New market – 4* hotel
2017	Creative Business Centre 37 Queen Street	Colchester Borough Council	£2.6m	Creative & Digital	<ul style="list-style-type: none"> New workspace for 44 start ups New collaboration space Base for Ultrafast Broadband First venture out of London for operators SPACE Studios
2017	Ultrafast Broadband in town centre	Colchester Borough Council	£450k	All sectors	<ul style="list-style-type: none"> World class Broadband service Competitive USP for Colchester Winner of European Commission award 2017 for being an exemplar of cost-effective re-use of public sector assets, now being emulated across the UK Opens up other digital funding sources
2017	Amphora I	Colchester Borough Council	£2.7m	Financial & professional services	<ul style="list-style-type: none"> Addresses known office space capacity supply weakness – 19,700sf Retains a business, skills and highly paid jobs Creates income for CBC from rental

					<ul style="list-style-type: none"> Enhances established office district at base of North Hill
2017	Primark	Primark	£3m est	Retail	<ul style="list-style-type: none"> Fills significant empty retail unit 242 jobs retained Encourages town centre footfall and longer dwell time
2017	Priory St car park refurb	Colchester Borough Council	£500k	Retail and tourism	<ul style="list-style-type: none"> Improved welcome to town centre Improves image and perception of Colchester Improves heritage interpretation Encourages longer dwell time/higher spend
2018	Curzon Cinema	Curzon	£8m	Tourism	<ul style="list-style-type: none"> New capacity Adds to quality of life Adds to tourism offer Adds to town centre offer Catalyst for further investment in St Botolph's regeneration area
2018	Our Colchester BID	Town centre businesses	-	Retail and tourism	<ul style="list-style-type: none"> Town centre activities can be better coordinated Representative voice of town centre businesses Tackling projects to enhance the experience of the town centre Advocacy for town centre retail and local distinctiveness
2018	Stane Park phase I	Churchmanor Estates	£12m	Leisure and retail	<ul style="list-style-type: none"> 300 new jobs (in total) More retail choice for growing population
2018	Low Carbon Heat Network	Colchester Borough Council	£3.5m	Business	<ul style="list-style-type: none"> Saves business costs Nationally innovative Adds to Northern Gateway environmental improvement aspirations Supports CBC's environmental and climate pledges
2018	Garrison Gym refurb	Colchester Borough Council	£1.2m	Community	<ul style="list-style-type: none"> Additional community use space currently being leased by the Mercury Theatre during its refurbishment

2018	Charter Hall at Leisure World refurb	Colchester Borough Council	£125k	Leisure and Tourism	<ul style="list-style-type: none"> Improves experience so retains spend locally
2019	Amphora II office development Middleborough	CBC / Aston Lark	£2m	Financial services	<ul style="list-style-type: none"> Sector growth Jobs and skills retention Cluster reinforcement
2019	Dragonfly Hotel	Dragonfly Hotels	£300k	Tourism and leisure	<ul style="list-style-type: none"> Sustaining quality Responds to competition
2019	Innovation Centre	University of Essex	£12m	Tech	<ul style="list-style-type: none"> Enables start-up formation Grow-on space for companies Links into University computer science strengths Links into Parkside Office development and Knowledge Gateway at the University which are stimulators for bringing high value employment to the local economy
2019	STEM Centre	University of Essex	£18m	STEM skills	<ul style="list-style-type: none"> Improved STEM skills pipeline

Interim Economic Impact summary (between 2014-2019):

- **Total Value of Identifiable Investment in Colchester = £273.7m**
- **The public sector has a major leadership role**
- **In excess of 140 new jobs created**
- **In excess of 242 jobs retained**
- **78,000 sq ft of new office space**
- **Space created for 94 start-up businesses**
- **Improved quality of experience and more choice for local people and visitors alike**

As can be seen the major investors in Colchester over the past four years have been the University of Essex, Colchester Borough Council (often with grant aiding partners) and various private investors have driven economic growth delivering significant numbers of new jobs, raised the ceiling value commercial rents, improved the image and reputation of Colchester and have made it a better place to live, work, visit and do business.

This assessment also demonstrates the role and vital importance of the public sector in leadership terms, being ambitious and competitive and how that interplays with, and often levers, private sector investment. It can also be seen how such projects support other sectors such as construction and allied trades and local colleges which train young people for these industries.

The forward pipeline is positive too with 2020 promising to deliver more multi-million pound projects including: the expansion of Ultrafast Broadband, a new educational Centre for Care at Colchester Institute, the redevelopment of The George Hotel, the major

refurbishment and extension of the Mercury Theatre as well as the completion of the first phase of the new Colchester Northern Gateway sport, leisure, commercial and residential development.

2019 Review of Key Economic Sectors in Colchester

The following table compares the performance of key and priority sectors in terms of the numbers of 'local units' (businesses) and the numbers of people they employ. Their position in the table reflects their combined rankings for business and job growth over the past four years. Further on there is also a recommended revised rating for these sectors as 'priority' or 'core' in terms of future economic growth.

It should be noted that the 2018 data for employment was not available at the time of review so employment figures will be included in the next review.

Sector	2014	2018	Absolute difference	% change	Ranked by job & business growth	Commentary
Health & Care – Priority sector due to high growth potential and high employment volumes						
Businesses	415	410	-5	-1.2%	3	Colchester is a cluster for this sector due to its concentration of NHS and allied services and care homes. Colchester Institute is developing a £5m Centre for Health and Care to provide a skills pipeline for this sector. Demographically the 75-79 age group is projected to grow by 54% (3,100 people) between 2016-2025. This is just one example of the resource demands anticipated for elderly people. Other age bands over age 65 also show growth. The figure for the numbers of businesses possibly reveal industry contraction due to mergers and possibly some closures too given the known funding pressures in this sector.
Jobs	12,398	14,799	2401	19.4%	1	
Energy – Priority sector due to high growth potential and high value employment						
Businesses	195	245	50	26%	2	Growth in this sector is set to continue with major projects coming on stream such as: The Essex Energy Coast initiative(including the Galliford wind turbine maintenance base at Harwich, nuclear opportunity at Sizewell C and Bradwell B), heat networks and the BEIS Energy Hub in Cambridge.
Jobs	2042	2114	72	3.5%	5	
Creative Industries – Priority sector due to high growth potential and high value employment						
Businesses	655	735	80	12.2%	4	The CSM ‘Grow On Space Study 2018’ identified that Colchester has an offer and the need for further expansion space to support the growth in start-up space. Also significant investment is going into the sector such as the £9m Mercury Theatre expansion, the £12m Innovation Centre at the University of Essex and the further roll out of Ultrafast Broadband.
Jobs	4242	4466	224	5.2%	4	
Construction – Priority sector due to high growth potential and employment volumes						
Businesses	975	1170	195	20%	5	

Sector	2014	2018	Absolute difference	% change	Ranked by job & business growth	Commentary
Jobs	3082	3359	277	9%	3	The Construction pipeline in North Essex is significant: major infrastructure projects like the new Arrivals Hall at Stansted, the Lower Thames Crossing, the A12/A120 widening, Sizewell C and Bradwell B nuclear expansion, a schools expansion scheme, new commercial developments such as the Northern Gateway and significant residential development plus projects such as the expansion of The Mercury Theatre, will ensure growth in this sector for decades to come.
Financial & Professional Services – Core sector due to medium growth potential, particularly in ‘Professional Services’ and skills/business retention						
Businesses	685	865	180	26.2%	1	There has been local growth in this sector with the relocation of Birkett Long and the merger of Aston Scott and the Lark Group which are both tenants in a new office development in Sheepen Place.
Jobs	3185	3061	-124	-4%	8	
Tourism – Core sector due to medium growth potential and employment volume						
Businesses	495	540	45	9%	8	After many multi-million pound investments into developing this sector it is reasonable to expect a period of consolidation and market development by those businesses. This may come from Brexit as the UK becomes better value for domestic tourism.
Jobs	5408	6294	886	16.4%	2	
Transport, Ports, Logistics – Core sector due to medium growth potential and relatively low job creation						
Businesses	250	285	35	14%	6	A significant minor provider of employment in the Borough and though demand for warehousing is strong these figures show that the number of jobs is falling, possibly as a result of increasing automation.
Jobs	2734	2658	-76	-2.7%	7	
Retail – Core sector due to its significance in the town centre						
Businesses	820	790	-30	-3.6%	9	Nationally retail is facing a seismic shift from a number of significant threats. Ever rising demand for online shopping, falling consumer confidence, the cost of business rates on shops and long leases are all issues not faced by online retailers. The recent Grimsey Review recommends ‘repurposing’ town centres which is something that Colchester might consider along with key stakeholders such as the new Colchester BID.
Jobs	9232	9056	-176	-1.9%	6	
Digital ‘tech’ – Priority sector due to high growth potential and high value jobs.						
Businesses	435	485	50	11.5%	7	Anecdotally through the Colchester Digital group it is known that there are many freelancers in this sector who might not have registered for VAT
Jobs	5427	5127	-300	-5.5%	9	

Sector	2014	2018	Absolute difference	% change	Ranked by job & business growth	Commentary
						(which triggers formal recording of business numbers) so these figures are arguably not reflective of the true picture. It is known that Colchester is strong in gaming, digital marketing and data analytics. This combined with the further planned roll out of Ultrafast Broadband makes this a priority sector.
Advanced Manufacturing – Core sector due to its high value products & provider of employment to local colleges (even though the business base is small)						
Businesses	45	45	-	-	10	Over the past 30 years the value of manufacturing output has remained largely the same but the number of people employed has fallen significantly. This is the picture across Essex and this is set to continue. Set against this picture Colchester has been relatively stable in comparison. The 2014-2018 change masks a fall to 35 units in 2017 so a growth of 10 units in one year to 2018 is significant.
Jobs	1192	1032	-160	-13.4%	10	

Looking at the Government's Industrial Strategy 2018, along with the emphasis on building long-term strategic partnerships with business through Sector Deals with Government, the five foundations are:

- **Ideas:** encouraging the UK to be the world's most innovative economy
- **People:** ensuring good jobs and greater earning power for all
- **Infrastructure:** driving a major upgrade to the UK's infrastructure
- **Business environment:** guaranteeing the best place to start and grow a business
- **Places:** creating prosperous communities across the UK

The Industrial Strategy identifies Grand Challenges – the society-changing opportunities and industries of the future, where the UK can build on its emerging and established strengths to become a world leader.

The first four identified Grand Challenges are focused on global trends to transform the future:

- **AI and data:** putting the UK at the forefront of the AI and data revolution
- **Ageing society:** harnessing the power of innovation to meet the needs of an ageing society
- **Clean growth:** maximising the advantages for UK industry from the global shift to clean growth
- **Future of mobility:** becoming a world leader in shaping the future of mobility

Currently, the South East Local Economic (SELEP) is leading on developing the region's Local Industrial Strategy, as required by the Government. The SELEP's five Federated Boards are each contributing to this strategy by undertaking their own analysis which will form the building blocks for the development of the SELEP's Local Industrial Strategy early in 2020.

The emerging North Essex Economic Strategy (October 2019) will form part of the forthcoming Essex Prosperity Prospectus, which in turn, will feed the Local Industrial Strategy. The LIS is the mechanism by which funding will be distributed from the Government's new Shared Prosperity Fund.

Mission themes from the North Essex Economic Strategy are:

- **Driving Innovation and technological adoption** to support an economy that is 'high value and productive', developing opportunities for innovative businesses to grow, tech clusters to emerge and for all business to take advantage of measures to increase the adoption of technology and drive productivity.
- **Developing a skilled and resilient workforce** of all ages and from all communities able to contribute fully to North Essex's growth opportunities
- **Creating a network of distinctive, cohesive communities** aiming to preserve and enhance North Essex's unique local identities and diversity, driving a long-term coordinated transport strategy, further deployment of high-speed digital connectivity and investing in the infrastructure to support distinctive, adaptable and creative places.
- **Growing a greener, more sustainable economy** ensuring North Essex is a leading example of sustainable development.

The revised rating for Colchester's key economic sectors have also taken these themes into account as follows:

Sector status	Sector	High growth potential	High employment volumes	High value employment	Medium growth potential	Jobs/skills/business retention	Medium employment volumes	Contributes to wider economic ambition /place making
Priority	Health & care	P	P					
	Energy	P		P				
	Creative Inds	P		P				
	Construction	P	P					P
	Digital	P		P				
Core	Financial & Prof Services				P	P	P	
	Tourism		P			P		P
	Retail					P		P
	Advanced Manufacturing			P				P

The Evidence Base

The purpose of the following sections of this document is to consider Colchester's place in its wider economic context which influences Colchester's economic performance. It also includes a wide variety of statistics and trends to highlight the Borough's current economic situation.

Using the latest regional forecasting data there is also an attempt to project future trends, however the future is characterised by great political and economic uncertainty which will undoubtedly play out in the business base in ways which are, at the time of writing*, difficult to anticipate.

This document will be used to:

- shape the Borough's Economic Strategy and inform the economic growth action plan
- put Colchester in the best possible position to take advantage of opportunities arising from the development of Local Economic Strategies as specified in the Government's Industrial Strategy 2017
- help make the case for investment in Colchester by inward investors
- inform a variety of funding bids to further Colchester's economic growth
- provide information to local businesses to aid decision making

Companies and investors are welcome to use data within the report. However, the use of past data presents the risk of 'steering from the wake' in terms of developing the economic strategy. Clearly, the UK is facing unprecedented uncertainty in recent times which will influence decision making in local businesses and in supporting public services which are not captured in this document but will need to be taken into account on a more tactical basis when developing the strategy and associated action plan.

*October 2019

Colchester in its Wider Context

Colchester exists within a broader context which both sets the scene for and impacts on the more detailed analysis which follows later on in this evidence base. This introductory section contains a brief overview of the political, economic, social, technological and legal (PESTL analysis) contexts currently facing Colchester's economy.

Climate Change

The current warming trend is of particular significance because most of it is extremely likely to be the result of human activity since the mid-20th century and it is proceeding at an unprecedented rate.

The United Nations Intergovernmental Panel on Climate Change's warning that we have 12 years to make the necessary changes to limit a rise in global temperatures to 1.5C. Failure to act will see a marked increase in sea levels and flooding, extreme and abrupt changes to weather patterns, crop failures, extinctions of plant, insect and animal species, and global economic disruption and crisis. Failure to take immediate and decisive action on this will detrimentally impact on the well-being of the people of Colchester Borough and billions of people around the world.

So far, 85 local and regional authorities, including Colchester Borough Council, have passed Climate Emergency motions in a bid to spur urgent action to reduce their carbon footprint and promote sustainable urban environments, economies and their supply chains.

Current Political Context

A recent report from E&Y states that for all their obvious differences, the landslide election of Emmanuel Macron in France, the election of Donald Trump as US President, and Brexit all have something important in common. They all appealed to an overturning of establishment consensus and they all offered a diagnosis of a society or economy moving in the wrong direction. They all appealed to voters' desire for change, a desire to punish elites and an instinctive sense of a society or economy moving in the wrong direction. To a greater or lesser extent this element of dissatisfaction and unease is present in most western politics.

Clearly this matters for business. As agents of economic change, large companies in particular often find themselves part of this political debate. They are often accused of benefiting from greater work place insecurity, wielding unacceptable market power and profiting from job destruction. Critics often see a growing divide between a class of global managers and an increasingly insecure and undervalued workforce.

Increasingly, public debate and political challenge is focused on a set of fair play questions linked to the way companies conduct themselves not in the rainforests or distant factories, but 'at home': in their approaches to tax and pay, their treatment of their workforce and their attitude to their local commitments. Politics is now routinely reframing global economic rationality questions as local loyalty questions for businesses. What is legal, or even socially acceptable today, could easily fail the tests of a shifting zeitgeist tomorrow.

(Ernst & Young November 2017)

Current Economic Context

Indicators of UK Economic Performance

In 2008 and 2009, countries across the world went into recession as part of a global financial crisis. The UK had one of the largest falls in economic output among the G7, and for the first few years recovered slowly. That partly explains why, from 2013 to 2016, UK growth was among the strongest of the G7, as its path of recovery since the crisis returned to par.

The debate in more recent years has been about whether the UK is growing fast enough, and one measure for that is how it is doing compared to similar advanced economies. In January to March 2018, the UK economy was about 1.2% bigger than it was in the same period a year earlier. That's relatively small, and growth was regularly over 2% in 2014 and 2015. It's also relatively small compared to the rest of the G7.

There's no single or definitive answer as to why the UK is slowing down. Broadly speaking, there are explanations for the UK's poorer performance in 2018 more generally as outlined below. However, growth rates need historical context. Saying the UK is growing faster or slower than other economies isn't very illuminating. It's also relevant to ask where the UK is growing *from*.

Over 2019 Brexit uncertainty has also presented misleading picture of the economy as stockpiling has taken place masking longer-term trends as follows:

GDP Growth The UK has recovered since the financial crisis but growth remains sluggish and has depended on getting more people into work rather than rising productivity.

The Labour Market The UK's historic low unemployment rate has been one of the major economic successes of recent years. Initially led by part time and self-employment, the growth in employment has broadened to include full time employees.

But real wages, which had started to recover following the financial crisis, began falling again this year as depreciation of Sterling after the Referendum fed through to consumer prices but were not matched by nominal wage growth.

Productivity A measure of how much economic output has been the Achilles heel of UK recovery. For many decades before the financial crisis of 08-09 it tended to grow at a stable rate of around 2% pa whether measured by output per worker, output per hour

worked or the efficiency of both labour and capital used. But since the crisis, productivity has failed to pick up.

Inflation Exceptionally low inflation driven by falling oil prices, supermarket price wars and the strength of Sterling keeping down the cost of imports, was good for household finances in 2014/15 but the sharp fall in the value of Sterling since the Referendum in 2016 has seen the cost of imports rise and inflation has risen above the Bank of England 2% target.

Consumers Consumer spending has been one of the driving forces of UK recovery but concerns remain about the basis of this spending. If people are using up their savings or taking out loans this could cause future problems. September 2019 was the worst September on record for retail nationally and the outlook looks bleak due to falling consumer confidence and the continuing rise in on-line retailing.

Interest Rates The Bank of England raised the interest rate above the 0.5% 'emergency levels' they were cut to in 2009 for the first time in August 2018. Markets are now speculating as to whether this was the right decision before the outcome of the Brexit negotiations is known but the Bank of England has signalled that prolonged Brexit uncertainty will keep interest rates lower for longer.

Services The services sector is the real powerhouse of the UK economy accounting for almost 80% of GDP. It is one of the few parts of the economy to have surpassed its previous recession peak.

Industry Manufacturing has a symbolic place in British economics, despite the fact that its importance has declined consistently over the decades. In 1948 it contributed about 36% of GDP, compared with about 10% today. The number of people employed in the sector has declined even faster than its share of output but new technology has made the sector more productive as it focuses on higher value goods.

Business Bank lending to business started to grow in 2016 having declined since 2011. Since the financial crisis the Government has introduced many schemes and used much political pressure to encourage banks to improve access to finance for business.

Public Finances Public spending cuts have been a central theme since 2010 but the Government is still struggling to close the UK's budget deficit. It has been hampered by continuing weakness in economic growth and tax receipts.

Trade Despite numerous initiatives by successive Governments, the UK has been importing more than it exports for many years. While financial markets have been relatively relaxed about the current account deficit, some economists are concerned that it could make the UK vulnerable to external shocks.

In the first three months of 2018, the UK was one of the slowest growing economies in the G7 group of the largest advanced economies in the world including: Canada, France, Germany, Italy, Japan and the US, alongside the UK. This is a significant turnaround since the period from 2013 to 2016, where the UK was one of the fastest growing economies.

(fullfact.org 2018, FT.com UK Economy plus various websites 2019)

Brexit

The British exit of the European Union is the most significant economic demerger between major economies since the Second World War and much about the forthcoming process of transitioning out of the EU has no precedent. But we know already that both the UK and the EU will be significantly changed by what is about to unfold.

The UK left the EU on 31 January 2020 and is now in the Transition Period until the end of 2020 while the UK and EU negotiate additional arrangements. The current rules on trade, travel, and business for the UK and EU will continue to apply during the transition period. New rules will take effect on 1 January 2021.

It is clear that the uncertainty around Brexit together with its long-term implications and implementation is already affecting and will continue to affect the capacity and capability of consumers, business, employees, investment and services to make decisions effectively. It will consequently play out in those places and spaces where these are made: in towns and communities around the country.

(HM Govt and LGIU February 2020)

Anticipated Brexit Impacts and SME businesses

February 2018 saw a leak of the Government's regional economic impact assessments for Brexit under three scenarios. The table below shows the eastern regional impact against the best and the worst.

	London Region	Eastern Region	North Eastern Region
Single Market	1.0%	-1.8%	-3.0%
Free Trade	2.0%	-5.0%	-11%
No deal	3.5%	-8.0%	-16%

Though the east is relatively less affected compared to the north east, all three scenarios present a negative economic impact except for London which would face a reduced economic impact.

Informal consultation with various businesses locally has revealed the fragility of the SME economy. Not having access to a well of funding and other resources that larger corporates can call upon, means that many SMEs are just 3-6 months away from closure.

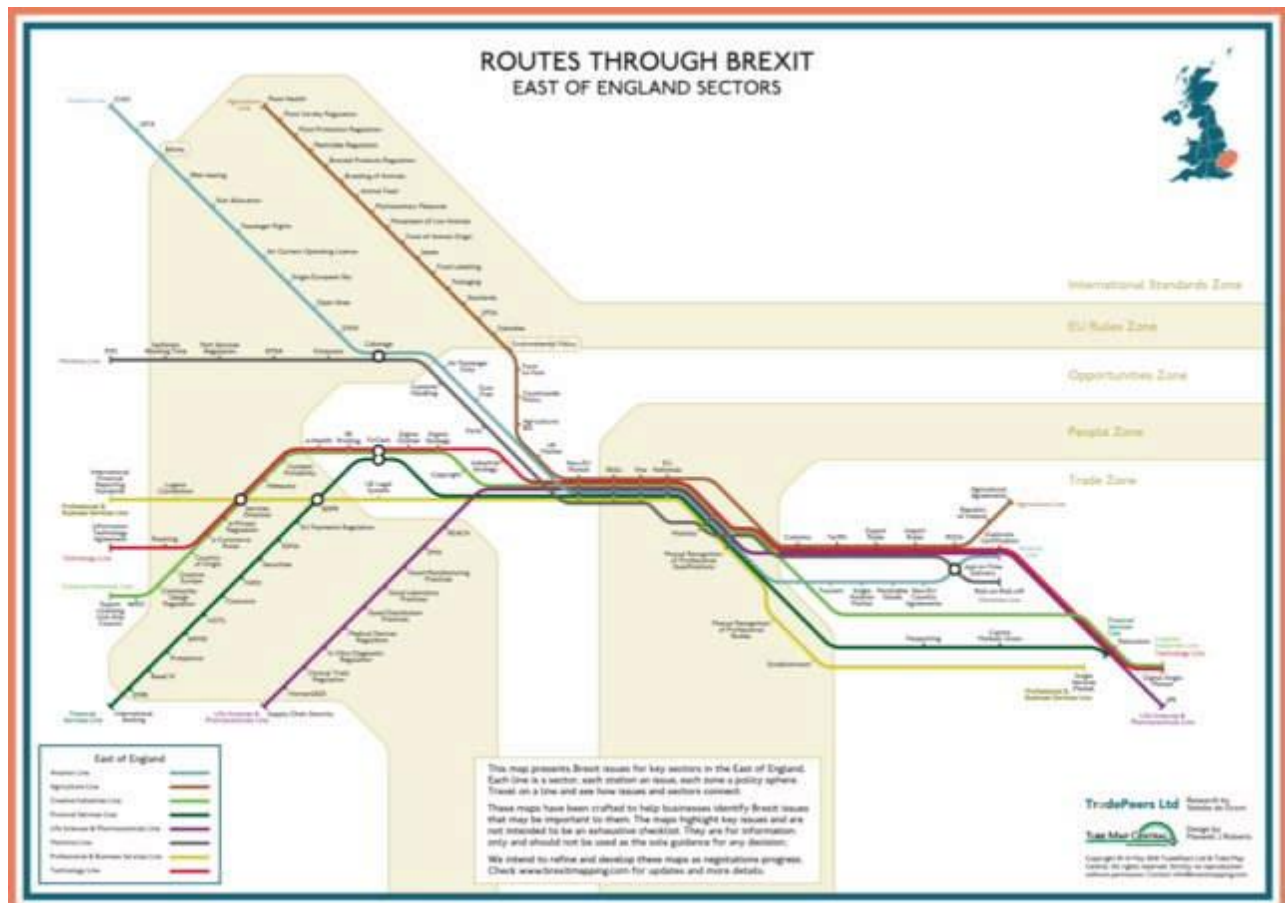
Crisis for many SMEs can result from many directions including: a change in Government policy, loss of an important contract, a miscalculation of stock, a sudden move in Exchange Rates or a misjudgment on growth. The result is that customers move to competitors, stock is discounted and customers delay paying their bills which compounds the issues facing the business.

The key issue about Brexit is that these blows will take place simultaneously. It is argued that SMEs should embrace contingency planning but that also takes time and resource – critically they also need to know what they are planning for.

Many businesses do not know where to start and University of Essex Academic, Dr Maxwell Roberts and EU Affairs Consultant, Siestske de Groot, have worked to help by developing a route map (below) to help businesses in key regional sectors think about the issues in and around their business and how they may or may not change post-Brexit. The map for the East of England region is featured below.

For Colchester's SME based economy this could have serious consequences as business people implement the many changes the diagram below attempts to show simultaneously.

This has important implications for the development of the Colchester Economic Growth Strategy action plan as Colchester's business base will be in need of a comprehensive range of business support services in order to survive and thrive the challenges of Brexit.



www.brexitmapping.com

Current Social Context

- **Technology affecting behaviours** – customer service being taken over by artificial intelligence. More remote and flexible working. Blockchain technology being adopted to overcome lack of trust in institutions. Backlash against big tech and growing concern over information warfare (eg: bots used as weapons to manipulate elections).
- **Fewer jobs, more gigs.** It's ever harder for employers to economically justify paying people full-time with benefits 52 weeks a year if only because the costs of those benefits continue to rise. So the trend to just-in-time hiring, aka the Gig Economy, will continue
- **Sharing economy:** where assets or services are shared between private individuals either free of for a fee via the internet. Particularly attractive for Millennials who are

actively and enthusiastically embracing minimalism and prefer experiences to ownership.

- **Lifelong learners** - There's growing awareness of the importance of future skills for young people but of millions of adults will also have to learn new skills, from handling digital technologies to more human skills like collaboration, communication or creation.

(NESTA 2017. *Psychology Today* 2018, *British Social Attitudes*)

Current Technological Context

Several common themes are emerging for business: the rapidly growing and transformational nature of technology continues to dominate the conversation, but it can be expected to be paralleled by an increasingly passionate debate about the extent and degree of government and regulatory influence aimed at mitigating the growing power of technology.

- **Digital:** increased focus on user engagement, user empowerment, Artificial Intelligence and Virtual Reality, gamification, wireless, mobile, wearable IT and Internet of Things
- **Analytics:** machine intelligence, big data, industrialised analytics, data sovereignty.
- **Cyber:** cyber security, cyber intelligence, blockchain democratised trust
- **Business of IT:** re-engineering, challenging every assumption, designing business for better outcomes and ultimately creating a better alternative model for IT delivery in future. Leading to a no-collar workforce.
- **Cloud:** enabling workforce mobilisation and increased flexibility

(Deloitte 2018)

Technology is one aspect of crime against business whether that be at the premises or against the business. The new Crime Against Business Strategy 2020-2024 prioritises partnership, prevention, intelligence, enforcement and reassurance in its aim to prevent crimes against business.

Current Legal Context

Brexit – The UK left the EU on 31 January 2020 and is now in the Transition Period until the end of 2020 while the UK and EU negotiate additional arrangements. The current rules on trade, travel, and business for the UK and EU will continue to apply during the transition period. New rules will take effect on 1 January 2021.

RegTech – Regulatory Technology – an emerging field which uses information technology software to enhance regulatory processes, especially around regulatory monitoring, reporting and compliance. This helps businesses to better understand and manage risks.

Substantial innovation centred on machine learning and artificial intelligence (AI).

AI is going to power all kinds of applications in the legal field, including areas like contextual analysis during the review stage, predicting legal outcomes, proactive analysis of data that leads to litigation prevention, contract and legal document analysis and more.

(Law Technology Today 2018)

Conclusions from the PESTL Analysis

89% of Colchester's business base is 'micro' which means 0-9 employees. A further 9.2% are 'small' businesses with 10-49 staff. This means that 6,890 businesses out of 7,040 (98.2%) in the Borough are SME or smaller businesses. Critically these businesses also employ the vast majority of Colcestrians and form or are part of supply chains in neighbouring authorities and beyond.

Even taking a superficial view of the wider context for Colchester's business community and its supply chain it can be seen that the Borough arguably faces a critical number of challenges which may well threaten business survival. This would also affect their employees, many of whom are already earning below median wages compared to the national figure.

Major change can be a driver of extended use of technology. This is also a competitive risk and opportunity for Colchester's economy and populace.

Given this situation the next iteration of the Colchester Economic Growth Strategy should focus on supporting local businesses through these challenges, directly and indirectly.

Colchester's Economy

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 £4.275bn for 2018. In the same year, the figure was £31.954bn for Essex and for the region, £149.4bn.

Figure 1: Average GVA per worker for relevant Local Authorities, 2019.

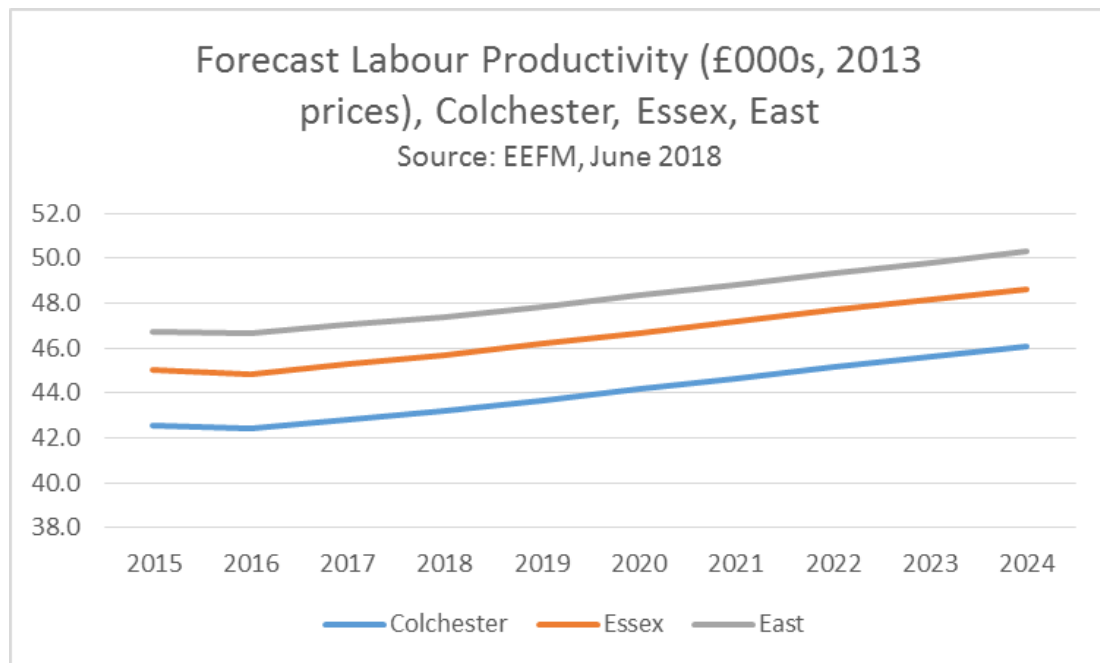
Rank	Borough	GVA per worker	Total GVA
1	Uttlesford	£54,300	£2.697 billion
2	Brentwood	£52,300	£2.166 billion
3	Braintree	£48,300	£3.213 billion
4	Harlow	£48,200	£2.239 billion
5	Ipswich	£47,000	£3.709 billion
6	Thurrock	£46,400	£3.501 billion
7	Chelmsford	£44,100	£4.353 billion
8	Colchester	£43,200	£4.275 billion
9	Maldon	£42,900	£1.121 billion
10	Babergh	£43,000	£1.727 billion
11	Southend	£39,800	£3.110 billion
12	Tendring	£38,600	£1.943 billion

Source: EEFM, Sept 2018. Note: 2013 prices

However, GVA per worker, which gives an indication of the efficiency of labour in terms of output produced per job, stood at £43,200 per worker, which is lower than the County (£45,700), Region (£47,400) and UK (£49,400) levels. As noted in the *Employment Land Needs Assessment* by NLP (2015) Colchester's situation ...

'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, 2013 prices): 2014-2023.



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

2. *Jobs Target*

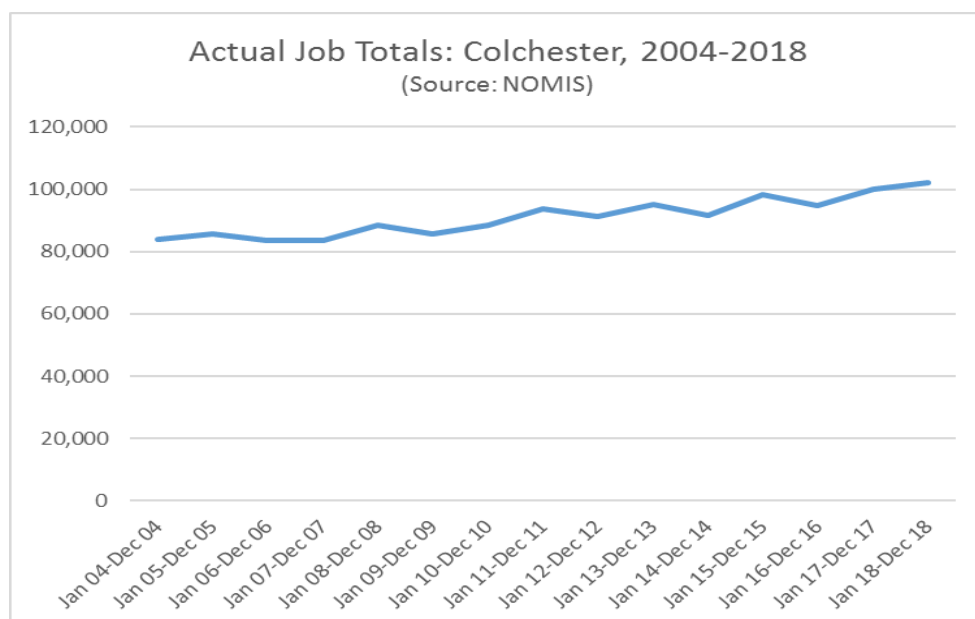
The era of regional planning through Regional Spatial Strategies (RSS) has been replaced by a more localised approach to decision making around local growth and future development. This change has placed new and challenging responsibilities on local planning authorities to consider future growth levels for their own areas.

Local planning authorities retain responsibility for establishing spatial planning strategies for their area through preparation of Local Plans. Responsibility for establishing the level of future housing provision in their area will in future rest solely with the individual local planning authorities. A key part of estimating this future provision will be an objective assessment of the likely future population of each authority's area and the implications for housing, jobs, infrastructure, services and facilities.

As such, this report recognises that the former RSS target is no longer valid and that the Emerging Local Plan will be the basis for monitoring and comparison. The Emerging Local Plan 2017-2033 recognises that a strong, sustainable and diverse economy will be promoted across North Essex with the three relevant Councils (Braintree, Tendring and Colchester) pursuing a flexible approach to economic sectors showing growth potential across the Plan period.

Employment forecasts have been developed using the East of England Forecasting Model (EEFM) which forecasts total job growth for Colchester Borough based on past trends. The jobs forecast for Colchester is 800 pa. However, the Annual Jobs Forecast in the Emerging Local Plan sets a figure of 928 jobs pa.

Figure 3: Employee totals for Colchester 2004-2018.



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

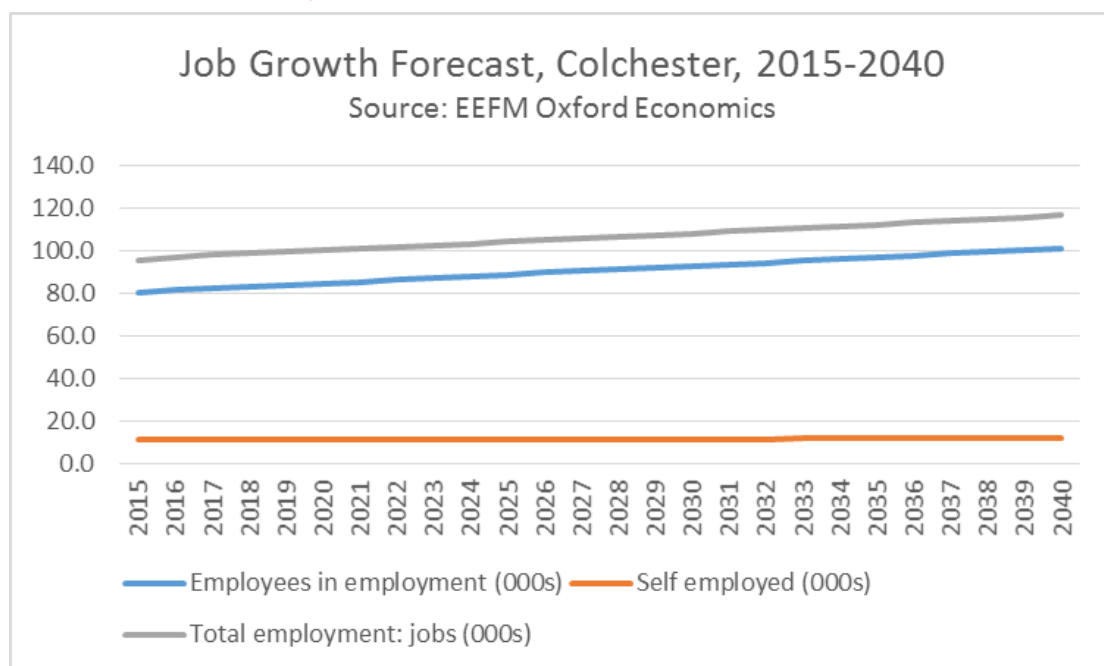
The East of England Plan (aka the Regional Spatial Strategy, RSS) was revoked by the Secretary of State for Communities and Local Government in July 2010. In the absence of the RSS, Edge Analytics, in its Demographic Forecasts Report of 2015, has forecast the average job growth requirement for the Borough over 2012-2037. This will support population growth and household formation and is forecast 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.

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 average additional 800 jobs per annum from 2018-2040 or, as specified in the Annual Jobs Forecast in the Emerging Local Plan 928 jobs pa.

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 notes:

‘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 Forecast, Colchester 2015-2040

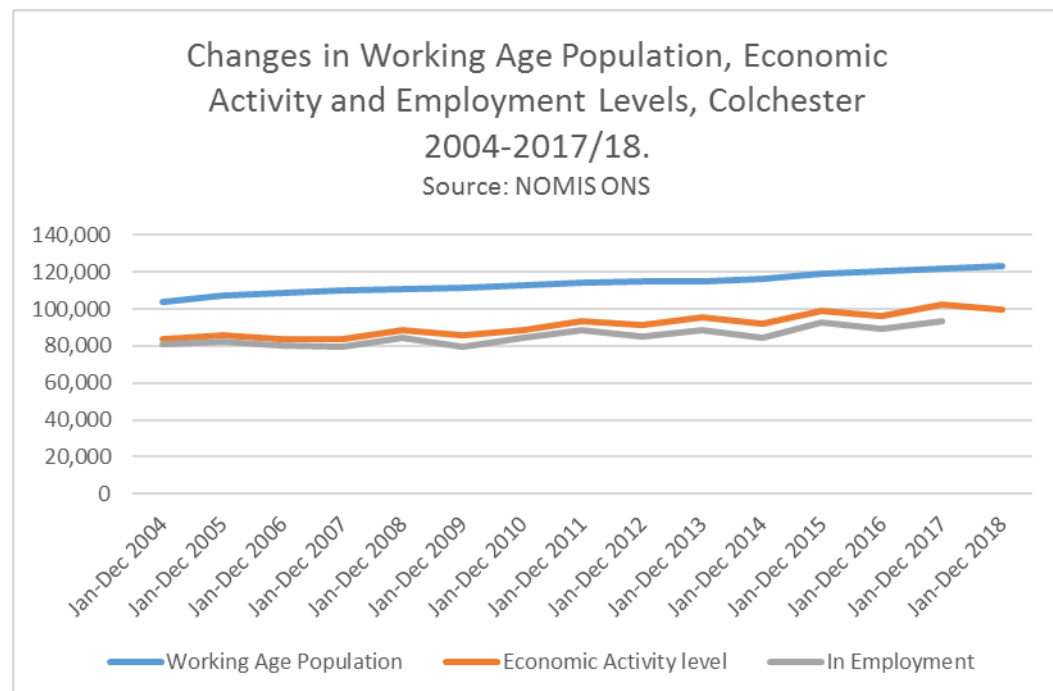


Colchester will continue to work to drive its employment target to meet the needs of its rapidly growing population and address under- and unemployment in its working age

population. To ensure that this target is met and, ideally, surpassed, the Borough and its public and private partners 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.

As noted earlier and shown in the chart below, the employment level has lagged behind growth of the working-age population in the Borough, predominantly reflecting higher levels of housing growth in Colchester.

Figure 5: Changes in working age population, economic activity and employment levels, 2004 – 2018.



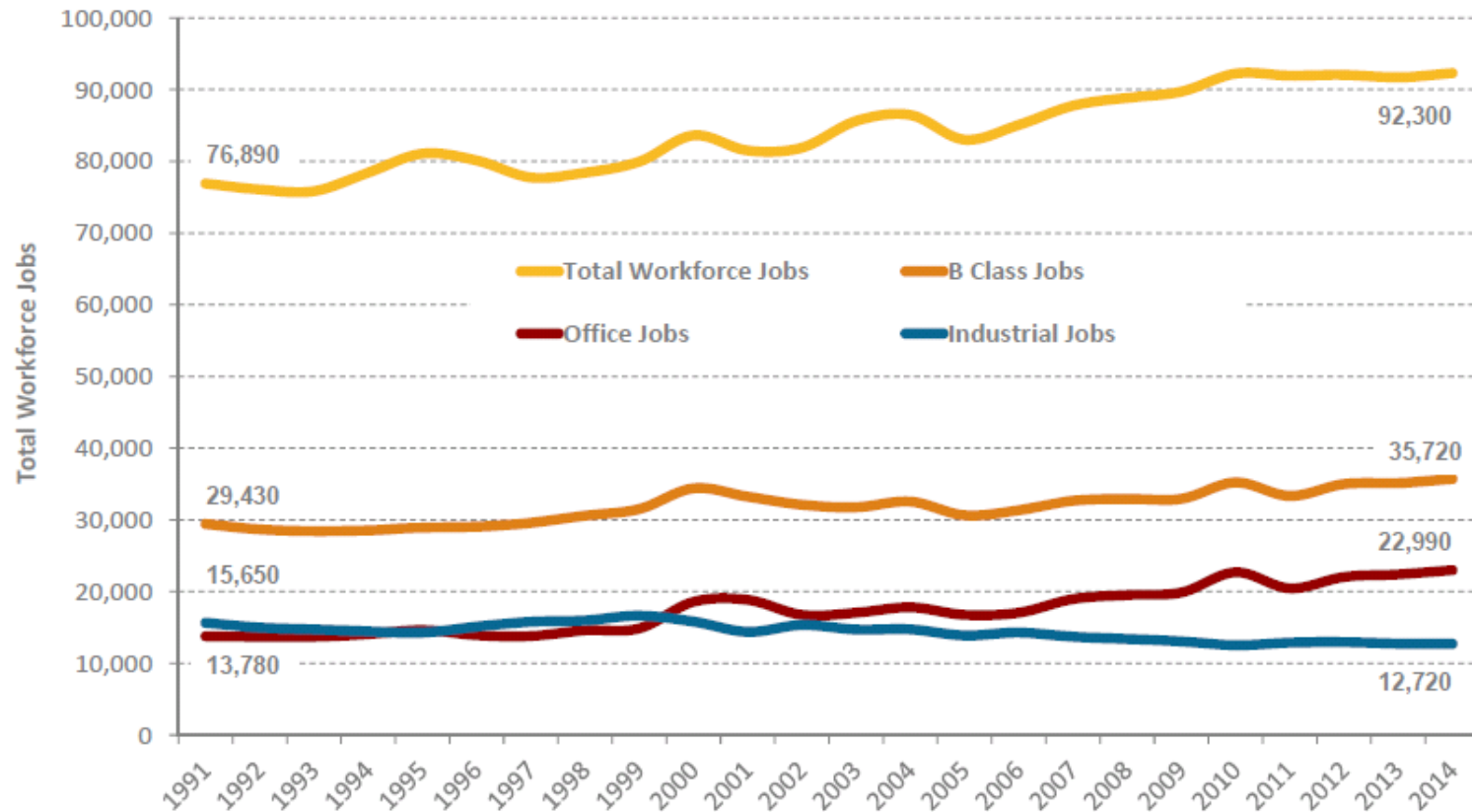
This gap is again narrowing as the rate of claimant unemployment continues to fall and converges with the economic activity level. Unemployment now stands at around 3.2% (June 2019) - considered to be principally job-changers or “frictional unemployment”.

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 table below clearly shows that more than half of all jobs, historic and forecast, are not occupiers of B class space.

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.

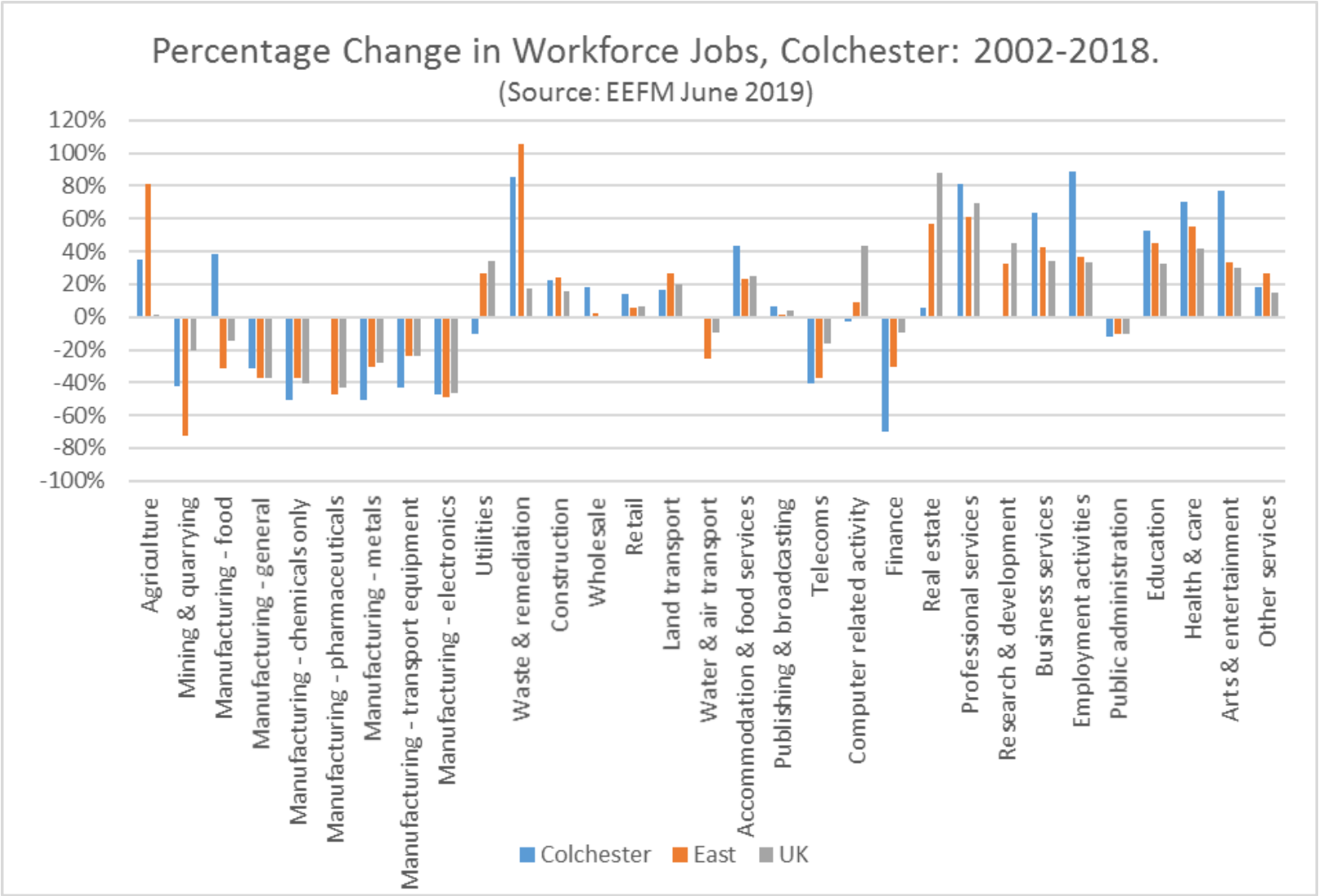


Source: NLP (2014), derived from EEFM Spring 2013 and ONS, BRES.

Further detail from the updated and revised table from the Employment Land Needs Assessment (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 in the 1990's) in the Borough in comparison to the averages for the East and UK. The previous table assessed employment between 1991 and 2014. Data available currently starts at 2002 so a different picture emerges of the expansion of arts and

entertainment, health and care and professional services – whereas financial services has decreased). 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: 2002-2018.



Employment growth has been and is characteristic of the following sectors of the local economy: construction, retail, hotels and restaurants (tourism), ICT, professional services, arts and entertainment, waste/recycling, B2B services and health and care. Decline is characteristic of manufacturing, finance and telecoms.

Turning to the distribution of baseline job growth in the future across major employment sectors, the EEFM forecasts positive increases across eleven of the sixteen categories identified. The most recent EEFM forecast for Colchester's major categories is shown below for the period 2017-2023:

Figure 8: Forecast Changes in Employment by Major Category, in thousands: 2017-2026. (Source EEFM 2018)

Overall this is a positive picture for the Borough with opportunities both for self-employment and employees across a wide range of sectors.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Change 2017-2026
Agriculture	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.0
Mining & quarrying	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Manufacturing - food	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	-0.1
Manufacturing - general	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	0.0
Manufacturing - chemicals only	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	-0.1
Manufacturing - pharmaceuticals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing - metals	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	-0.1
Manufacturing - transport equipment	0.9	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.8	0.8	-0.1
Manufacturing - electronics	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.0
Utilities	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	-0.1
Waste & remediation	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0
Construction	6.1	6.2	6.2	6.3	6.4	6.5	6.6	6.7	6.8	6.9	0.8
Wholesale	5.0	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	0.1
Retail	11.1	11.3	11.4	11.5	11.6	11.7	11.9	12.0	12.2	12.3	1.2
Land transport	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.7	0.1
Water & air transport	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accommodation & food services	6.2	6.4	6.4	6.5	6.6	6.7	6.8	6.9	7.0	7.0	0.8
Publishing & broadcasting	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	0.0
Telecoms	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.0
Computer related activity	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	0.1
Finance	2.0	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	-0.2
Real estate	1.9	2.0	2.1	2.1	2.2	2.3	2.3	2.4	2.4	2.5	0.6
Professional services	8.2	8.3	8.5	8.6	8.7	8.8	8.9	9.1	9.2	9.3	1.1
Research & development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Business services	4.0	4.0	4.0	4.0	4.0	4.1	4.1	4.1	4.1	4.1	0.1
Employment activities	1.8	1.8	1.9	1.9	1.9	1.9	1.9	2.0	2.0	2.0	0.2
Public administration	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	0.0

Education	10.5	10.5	10.5	10.5	10.5	10.5	10.6	10.7	10.7	10.8	0.3
Health & care	16.8	17.1	17.3	17.6	17.8	18.1	18.3	18.5	18.8	19.0	2.2
Arts & entertainment	3.1	3.1	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.4	0.3
Other services	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	0.0
Total	98.2	99.0	99.7	100.4	101.0	101.9	102.7	103.6	104.4	105.2	7.0

Commentary on the highlighted sectors above:

The following analysis of employment sectors show the potential for significant growth in Health and Care, Construction/Real Estate, Accommodation and Food Services (tourism), Computer Related Activity (Digital/tech) and Arts and Entertainment (Creative Industries).

Professional Services and Business Services are of interest as they cover Colchester's legal, insurance and accountancy sectors which are known to be growing. This also applies to Advertising and Media Agencies and Market Research and allied services such as photography and these are also known to be a strong and growing sector in Colchester.

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.

The importance of sectors has been highlighted in the Government's Industrial Strategy which sets out a long-term plan to boost the productivity and earning power of people throughout the UK. A series of industry-led Sector Deals are being announced and all will be required to support the five pillars of the Industrial Strategy which are: ideas, people, infrastructure, business environment and places. It will be for Colchester Borough Council and its partners to identify appropriate projects and funding to capitalise on these opportunities and create the best conditions for enabling growth of these sectors.

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 2018 shows that Colchester Borough has high location quotients – greater than 1 – for the following sectors:

Figure 9: High Location Quotients Sectors, 2019

Rank	Sector	LQ	Jobs (000s)	Rank in 2019 forecast by LQ
1	Mining & quarrying	2.11	0.1	1
2	Publishing & broadcasting	2.03	2.2	2
3	Public administration	1.90	6.3	3
4	Real estate	1.44	2.1	4
5	Health & care	1.44	17.3	4
6	Arts & entertainment	1.23	3.2	5
7	Education	1.21	10.5	6
8	Retail	1.15	11.4	7
9	Telecoms	1.05	0.6	9
10	Accommodation & food services	1.06	6.4	8
11	Professional services	1.00	8.5	10
	TOTAL		68.5	

Source: EEFM Baseline Forecast, Sept 2018

Collectively, these sectors account for a modelled 68,500 jobs or 69.1% of all estimated employment in the Borough.

When the rankings are compared to the previous Evidence Base it is evident that there has been some movement. Of note in terms of moving up the rankings are Real Estate, Arts and Entertainment, Mining and Quarrying and Accommodation and Food Services all of which feel reasonable when compared to project delivery on the ground. Moving down the rankings (albeit slightly) are Publishing and Broadcasting, Retail and Professional Services. Again this feels familiar given the seismic strategic changes currently taking place in these sectors. New to the rankings is Telecoms, possibly reflective of work taking place to deliver Colchester's Digital Strategy 2017-21, whilst Education, Health and Care and Public Administration show no change.

Colchester Sectors in Context: Sector Audit (August 2019)

From the table below it can be seen that Colchester's approach is broadly appropriate to its wider county and regional context. Where there is a match to Colchester's core/priority sector matches the sector is highlighted. It should be noted that ECC is currently developing a North Essex Economic Strategy (Uttlesford, Braintree, Colchester and Tendring) which will inform the development of the South East LEP's Local Industrial Strategy. This is planned to be launched in Q1 2020.

Consideration should be given to the outstanding sectors in terms of the degree of their attractiveness to the Borough, the resource required to target and develop them and the opportunity cost on other sectors of targeting these particular sectors. Historically for instance Logistics has not been targeted due to the relatively low number of jobs compared to the land use required for warehousing. Similarly, Life Sciences is a specialism associated with Cambridge rather than the University of Essex.

Organisation	Strategy/Link	Sectors
Colchester Borough Council	Colchester Economic Growth Strategy 2015-21	<p>Priority (defined @2014)</p> <ul style="list-style-type: none"> • Creative and Digital • Health and Assisted living • Tourism and Visitor Economy • Energy and Environmental Industries <p>Core (defined @ 2014)</p> <ul style="list-style-type: none"> • Financial and Business Services • Retail • Construction • Advanced Manufacturing
South East LEP	<p>Strategic Economic Plan Evidence Base Sept 2017</p> <p>See also Faster Smarter Together: Towards a Local Industrial Strategy/Economic Strategy Statement</p> <p>The Local Industrial Strategy for the SE LEP will be announced in Spring 2020.</p>	<p>Currently being updated in view of need for Local Industrial Strategy but is being aligned with the Government's Industrial Strategy. Focus will be on attracting more investment. Ambitions will be around:</p> <ul style="list-style-type: none"> • Creative and digital communities • Infrastructure • Inclusive growth/resilience • Productivity and skills • Partnership <p>The Faster, Smarter Together document (2018) outlines five priorities:</p> <ul style="list-style-type: none"> • Creating ideas and enterprise • Developing tomorrow's workforce • Accelerating infrastructure • Creating places

		<ul style="list-style-type: none"> Working together
SE LEP Federated Boards	Essex Business Board's North Essex Economic Strategy 2019.	<p>Five federated boards are currently contributing to the formation of strategies which will inform the development of the LIS for the SE LEP area.</p> <p>Colchester is working with ECC and others to inform and influence the local federated board, the North Essex Economic Board's North Essex Economic Strategy 2019.</p>
New Anglia LEP	The East: Norfolk and Suffolk Economic Strategy (November 2017)	<ul style="list-style-type: none"> Agriculture, Food and Drink Advanced Manufacturing and Engineering Construction Offshore Wind/Energy Digital, ICT, Creative Life Sciences Financial Services and Insurance Transport, Freight and Logistics
Essex County Council	Economic Plan for Essex (2014) (currently under review)	<ul style="list-style-type: none"> Advanced Manufacturing Low Carbon and Renewables Lifesciences and Healthcare Digital, Cultural and Creative Logistics
Haven Gateway Partnership	Haven Gateway Partnership sectors	<ul style="list-style-type: none"> Advanced Manufacturing Construction Ports and Logistics Low Carbon and Renewables Digital Cultural and Creative Health and Care
North Essex Garden Communities	Economic Vision and Strategy for North Essex Sub-Region (2018 emerging)	<ul style="list-style-type: none"> Construction Creative and Digital Finance and Insurance Logistics Advanced Manufacturing
Chelmsford City Council	Economic Strategy 2017	<p>Growth</p> <ul style="list-style-type: none"> Advanced Manufacturing Low Carbon and Renewables Life Sciences and Healthcare Digital and Creative Business Services Logistics <p>Core</p> <ul style="list-style-type: none"> Wholesale and Retail Health Education Construction Tourism Financial and Professional Services
Ipswich Borough Council	Economic Development Strategy 2013-26	<p>Potential</p> <ul style="list-style-type: none"> Tourism and Hospitality Culture Skills and Education Energy ICT and Creative <p>Established</p> <ul style="list-style-type: none"> Financial Services

		<ul style="list-style-type: none"> • Ports • Logistics
Southend Borough Council	Economic Growth Strategy 2017-22	Growth <ul style="list-style-type: none"> • Creative and Cultural • Health and Social Care • Specialist Construction • Specialist Manufacturing Strategic <ul style="list-style-type: none"> • Aviation and Engineering • Financial Services • Med Tech • Retail • Tourism
Braintree District Council	Economic Development Prospectus 2013-26	Infrastructure led not sector led <ul style="list-style-type: none"> • Road improvements • Broadband • Rail • Sites and premises • Public transport • Business support • Regeneration
Tendring District Council	Economic Strategy 2013	<ul style="list-style-type: none"> • Offshore Energy • Care and Assisted Living • Construction • Culture and Visitor Economy • Retail
Essex Skills Board	Essex Skills Board	<ul style="list-style-type: none"> • Advanced Manufacturing • Financial and Professional Services • Health • Care • Construction • Logistics • IT, Digital and Creative

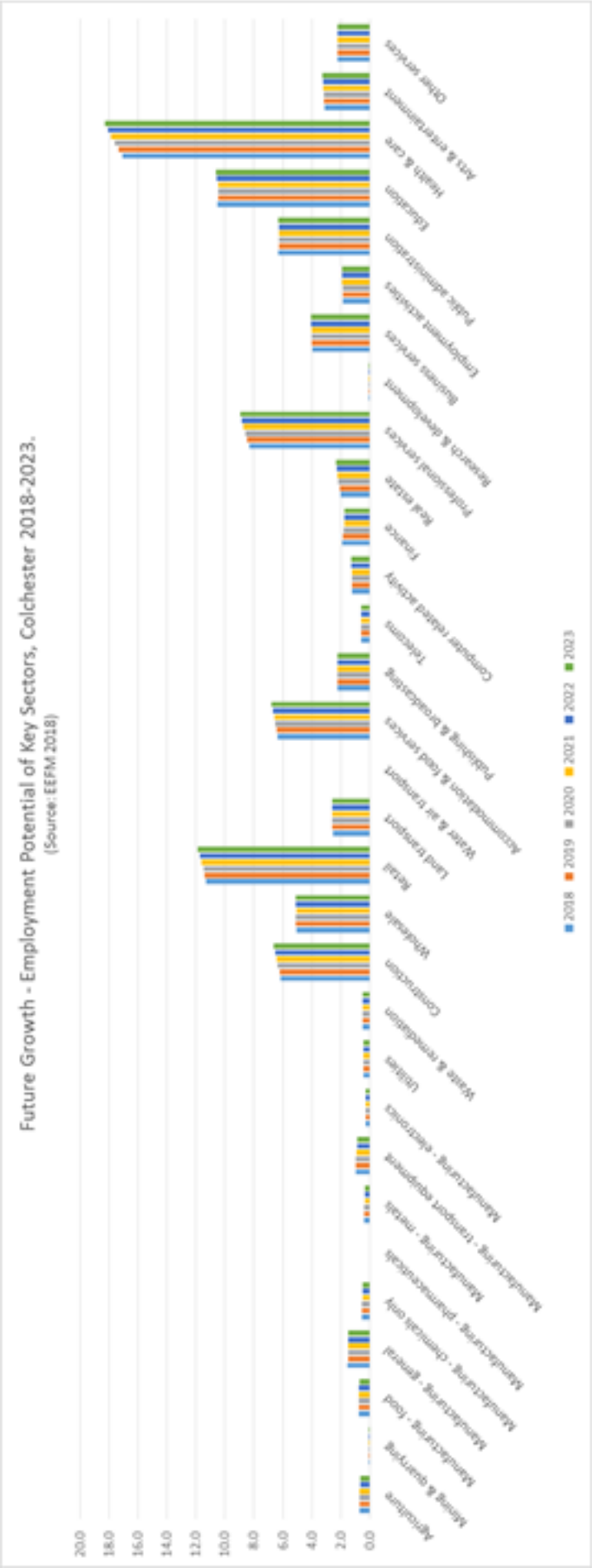
Key growth sectors for Colchester

It is important to reconcile these strategic directions for the Borough's economy and, at the same time consider its own distinctive strengths. A matrix approach directs the focus of action over 2015 - 2020.

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 (2018).

Fig 10: Future Growth – Employment Potential of Key Sectors: Colchester, 2018-2023.



The original Evidence Base was undertaken during 2014. The intervening years have seen a considerable shift in terms of the importance of key sectors for potential future growth. The table below shows the original picture in black type with the revised picture in blue.

It is worth noting that this is a somewhat blunt instrument and that interventions currently taking place will positively affect the potential for some sectoral growth. For example:

- Expansion of Ultrafast Gigabit Broadband and company take up of the service
- Other actions planned under the Digital Strategy
- The Mercury Theatre's £9m expansion and improvement project
- The development of Colchester's Northern Gateway for leisure businesses
- The potential for new creative grow-on space
- University of Essex campus and its growing emphasis on computer gaming, programming and application development is also having a significant impact on the attractiveness of Colchester as a location for growing creative and tech businesses.

What is particularly notable compared against 2014 is the rising importance of Health and Care jobs. There are significant Health and Care demand challenges in North Essex:

- Colchester remains the second fastest growing borough in the UK
- Essex has the 2nd highest elderly population in Europe
- Tendring has the highest concentration of residential care businesses in the UK
- There were nearly 4,000 Health and Care vacancies posted in 2016 (Colchester and Tendring)
- Challenges recruiting to Colchester Hospital NHS Trust and other providers are anticipated to worsen as a result of Brexit

It is reasonable to assume that there would be some degree of transference of people between Tendring and Colchester and vice versa. In addition, Colchester Hospital's merger with Ipswich Hospital took place in the Summer of 2018 so presumably there will be a large degree of shared back office working between the two hospitals to make the necessary financial savings. There is also a significant degree of commissioning of services in the market, hence the growth of companies like ACE and Provide in Colchester. ECC is also commissioning care services too so the impact of hospital growth may well be indirect.

Figure 11: Future Growth – Employment Potential of Key Sectors, comparison of 2014 with 2018

	Employment provision	Future growth potential					
		Strong Growth potential assessed in 2014	Strong Growth Potential assessed in 2018	Moderate Growth potential assessed in 2014	Moderate Growth Potential assessed in 2018	Limited Growth potential assessed in 2014	Limited Growth Potential assessed in 2018
Current importance to Borough economy	Important (3,000 + jobs)	Retail Tourism Creative industries Digital economy Construction Financial and Professional Business admin. & support services	Health & Care 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	Arts & Entertainment	Education	Education
	Less important (<1,500 jobs)			Advanced Manufacturing Environmental Technology			Finance Telecoms

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 classification 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 12: Major Growth Sectors, Colchester and East of England (EEFM 2018)

LEP Growth Sector (assuming they remain after review)	EEFM Equivalent Sectors	Colchester		East of England
		Additional jobs (2018-2036)	% Change (2018-2036)	% Change (2018-2036)
Transport & Logistics	Wholesale	100	1.3%	-0.4%
	Land transport			
	Water and air transport			
Life Sciences & Healthcare	Pharma	4200	25.6%	21.4%
	Health and care			
	R & D			
Environmental Technologies & Energy	Utilities	-100	-1.0%	9.5%
	Waste and remediation			
	R&D			
Creative, Cultural & Media	Publishing & Broadcasting	2900	21.3%	13.5%
	Professional services			
	Arts & entertainment			
Visitor Economy	Hotels & restaurants	2100	22.1%	14.9%
	Arts & entertainment			
All Sectors Above		9200	18.8%	12.5%

However, it's also worth monitoring other sectors in the light of Brexit which might experience growth / innovation and which will not have played out in official forecasts as yet.

An example is Agriculture and Food Manufacturing. The EEFM assessment of employment by sector shows that, though agriculture in terms of employment is declining but food manufacturing is growing. It could be that the decline in agriculture is fuelled by technological improvements (as driven possibly by the University of Essex's partnership with Agri-Tech founded in 2014 between Agri-Tech East and two regional agricultural associations). It also has one of the UK's leading plant productivity research groups and impressive credentials in the area of plant research.

%change by sector	2018	2019	2020	2021	2022	2023
Agriculture	-0.1	0.0	-0.3	-0.4	-0.4	-0.4
Food Manufacturing	-2.6	0.2	-0.7	-0.5	-0.4	-0.4

When compared with evidence from the wider economy there has been growth in diversification of agriculture with viniculture and solar farms in particular now being adopted. This has seen growth of associated business including drone technology and wine production in the wider area.

Sector Led or Infrastructure Led?

Economic development can be defined as improvement of economic, political and social well-being for society and it requires economic growth. Growth is a necessary and vital condition for development.

Growth is facilitated and enabled by a variety of interventions. Government Policy, a change in the law, investment decisions by industry and the aspirations of a local authority are all examples of interventions which can provide the right conditions for growth.

The current Colchester Economic Growth Strategy 2015-21 takes a sector led approach. However from the sector profiles which are set out on the following pages it is clear that there are sector/industry issues which are beyond the influence of a local authority and require a more strategic approach.

This raises the question of whether the next iteration of the strategy should also feature infrastructure development. This could be seen as a 'rising tide lifts all boats' approach and indeed has been identified as key theme in the emerging new South East Local Enterprise Partnership's Local Industrial Strategy.

The National Infrastructure Commission, which provides impartial expert advice to the government on future infrastructure needs and solutions, recently published The National Infrastructure Assessment (July 2018) which looks at the UK's future economic infrastructure needs to 2050. Though still to be considered/adopted by Government (due Autumn 2019), its core proposals include:

- nationwide full fibre broadband by 2033
- half of the UK's power provided by renewables by 2030
- three quarters of plastic packaging recycled by 2030
- £43 billion of stable long-term transport funding for regional cities
- preparing for 100 per cent electric vehicle sales by 2030
- ensuring resilience to extreme drought through additional supply and demand reduction
- a national standard of flood resilience for all communities by 2050.

It also highlights the most important future challenges. Heating must no longer be provided by natural gas, a fossil fuel. The UK must prepare for connected and autonomous vehicles.

Colchester Borough Council is already undertaking significant infrastructure development projects and is leading the way in Essex in delivering:

- The Borough's Digital Strategy is delivering Ultrafast Broadband and other improvements to business around the Borough. This is delivering world-class connectivity with Colchester now featuring among the top 1% of best connect places in the UK and top 5% in the EU.
- The development of heat networks and micro grids. Colchester Amphora Energy aims to facilitate improved energy consumption and offer a lower cost base for those businesses at the emerging Northern Gateway development.
- Colchester Amphora Trading is considering how to provide 'grow-on' space for creative and digital businesses to retain skills and enterprises in the Borough following the success of the SPACE Studios creative business centre in Queen Street
- And the Council's partnership projects such as the £9m expansion of The Mercury Theatre will also catalyse the sector for further growth

That's not to say that sectors are not important – they are critical. However, it's more a case of balancing the Economic Growth Strategy by acknowledging the impact that infrastructure improvement will have on improving business conditions for all businesses including those in sectors most likely to grow.

There is arguably a case for writing the strategy and action plan around these interventions and the anticipated impact on Colchester's core and priority sectors.

6. Sector Profiles

Creative Industries

Creative industries is a key and varied sector, nationally, regionally and locally, including design, advertising, video games, film and publishing (DCMS definition).

The sector is fast-moving with rapidly changing business models. The spread of the Internet and other digital technologies have revolutionised working practices, creating new products, companies and markets and 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.

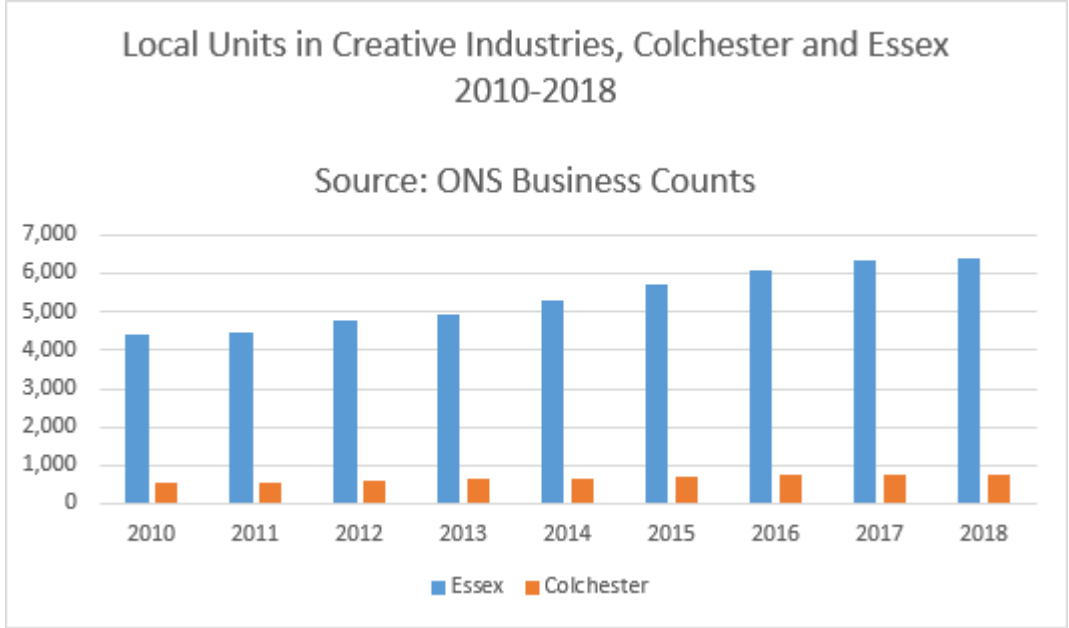
The wider value of the sector is its connections with other industrial sectors, its innovative nature and its role in regeneration, place-making and advertising. This is particularly true of Colchester which is a developing cluster within Essex and where the Council and partners are actively seeking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

It is estimated that in 2018 Colchester's creative industries employed 4,500 people in 735 businesses (aka Local Units). Significant numbers of these businesses are in advertising and publishing, with design and architectural practices also highly represented. Employment is predominantly in publishing, advertising and design while museums, libraries and performing arts and artistic creation are also important.

The CSM 'Grow On Space Study 2018' identified that Colchester has an offer and the need for further expansion space to support the growth in start-up space. Also significant investment is going into the sector such as the £9m Mercury Theatre expansion, the £12m Innovation Centre at the University of Essex and the further roll out of Ultrafast Broadband.

2019 review:
Creative Industries – Priority sector due to high growth potential and high value employment

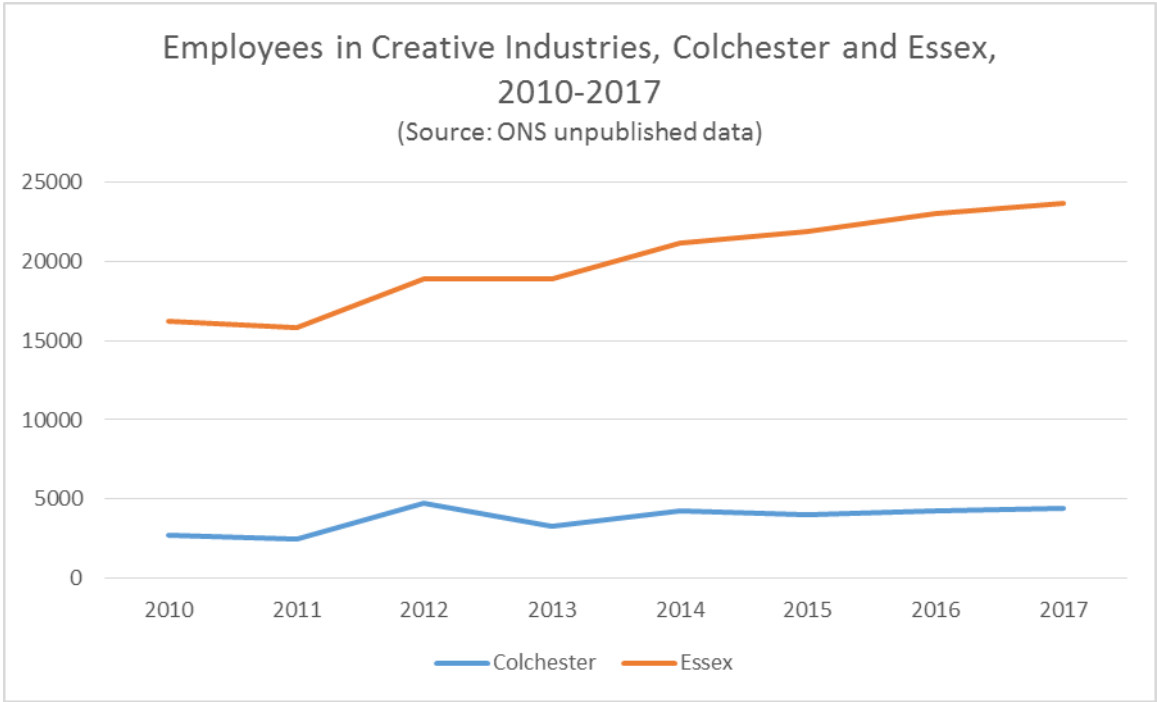
Figure 13: Local Units in Creative Industries, Colchester and Essex 2010-2018.



On the DCMS definition of the sector, Colchester reports around 11.5% of all Essex creative businesses, a share which has fallen slightly over the period.

Turning to employment in the sector, the picture for Colchester is of slow growth where Essex is showing significant growth; the Borough has 4,466 employees compared to the County’s 23,635. However, the Borough’s relative share of all Essex employees is high, at 19% (2017).

Figure 14: Employees in Creative industries, Colchester and Essex, 2010-2017.



Source: ONS, BRES

Sector Situational Analysis

National Picture:	<p>Culture and heritage are central to a strong sense of identity and place. Research has shown that tapping into that distinctiveness can provide a significant boost not just to tourism but also to broader local economic prosperity and all the jobs this brings.</p> <p>In recognising the importance of the Creative Industries to the national economy the Government announced a £20m Cultural Development Fund (June 2018) to build on the creativity that's at the core of the UK's arts, heritage and tech organisations in towns and cities across the country. This funding is part of a £150m investment by government and industry to help the country's world-leading cultural and creative businesses thrive as part of landmark Sector Deal.</p> <p>Britain's creative industries are worth £92 billion, employ 2 million people and are growing twice as fast as the rest of the economy.</p>
The Competition	<p>In Spring 2018 the London Mayor announced a shortlist for first-ever Creative Enterprise Zones. The ten submissions on the shortlist will each receive a grant of £50,000 to develop their plans to become Creative Enterprise Zones to be announced later this year in a bid to stem the leakage of creative business and talent from the capital.</p> <p>Ipswich: A new £3m Creative Business Centre is to be developed in Maltings in Princes Street Ipswich to provide space for innovative businesses by developer Pertwee Estates to create 23,000 sq ft of industrial-style offices which it is hoped will create a hub for creative and digital businesses.</p>
Interventions and Local Picture	<p>Artists relocating from London: The relationship between artists and gentrification has been well documented, with creative communities often pushed out of an area once developments have been completed – this despite their activities being one of the primary reasons for the site being attractive to developers in the first place. In 2012, the average rent for B1 [light industry business use classification] commercial units in Hackney, was £12.21 per square foot. By 2017, this had climbed to £32.50, an increase of 266%. There are 35,000 graduates a year coming out of London Art Schools so demand for studio space is very high. Highlights the role of artists in regenerating areas. An opportunity could be considered to further incentivise Graduates from Colchester Institute to stay locally and form start-ups.</p> <p>Grow on space feasibility study (CSM 2018). Exposed the opportunity to develop the 'Colchester offer' and new content is being added to the Colchesterultraready website around this. The priority will be to develop the town centre space first as it is more likely to be commercially viable at this stage. It would also support the further development of St Botolph's Quarter which includes Firstsite, Space Studios at 37 Queen St, 15 Queen Street and Curzon Cinema.</p> <p>£9m redevelopment of The Mercury Theatre – commenced late 2018. £12m Innovation Centre opened at the University of Essex Spring 2019.</p> <p>Reviewing / rescoping of the role of the Creative Colchester group – ongoing 2018. Could also fit with a bid being considered by Creative Colchester to The DCMS/Arts Council Cultural Development Fund open for bids between £3-£7m.</p>

Key employers in the Borough are Informa UK, Aceville, Think BDW and The Mercury Theatre.

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

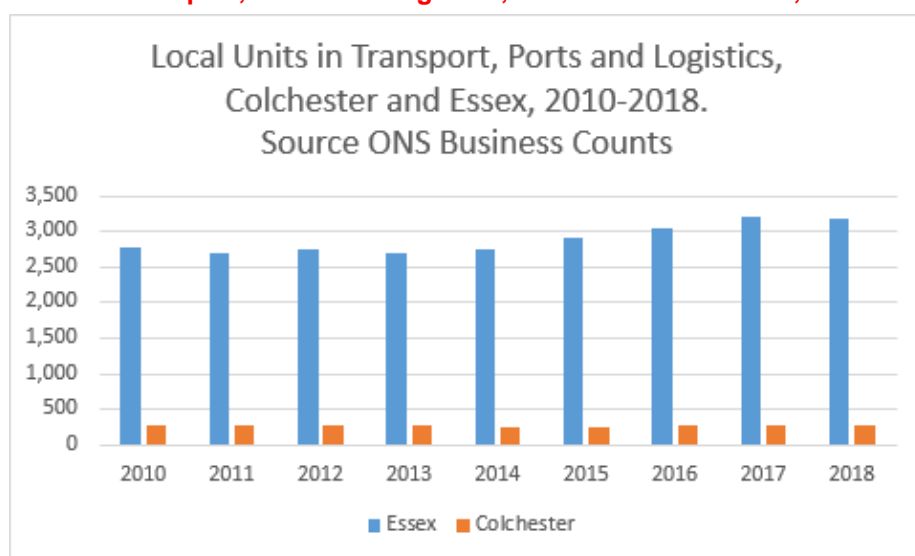
This sector is a significant minor provider of employment within the Borough, accounting for 2,658 jobs across 285 enterprises. These jobs and businesses are predominantly within Land Transport and supporting warehousing. Though demand for warehousing is strong these figures show that the number of jobs is falling, possibly as a result of increasing automation.

Colchester's share of Essex businesses is relatively static and less than proportionate, at 8.9% of the County's 3,185 enterprises.

2019 review:

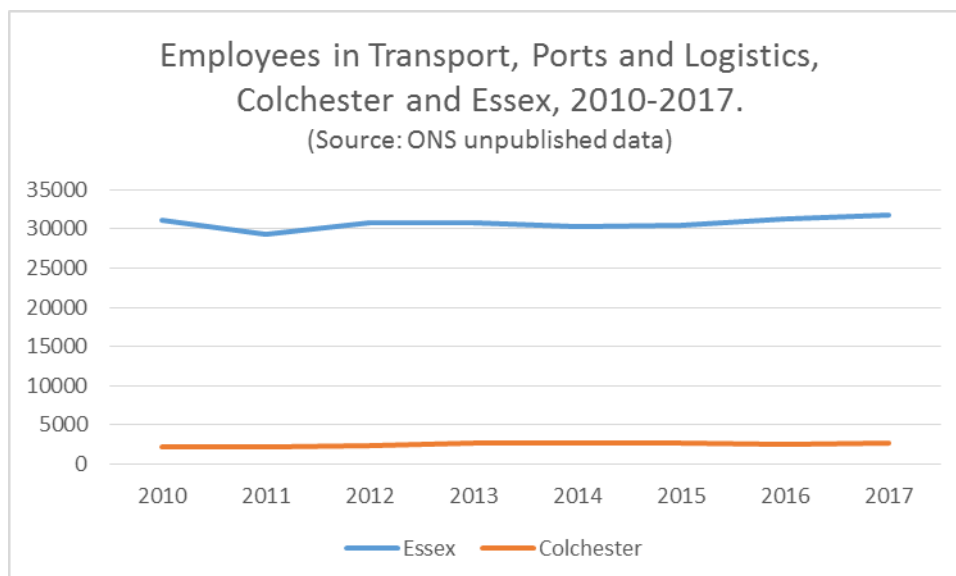
Transport, Ports, Logistics – Core sector due to medium growth potential and relatively low job creation

Figure 15: Local units in Transport, Ports and Logistics, Colchester and Essex, 2010-2018.



Employment levels have held up over recent years as land transport and associated warehousing have lightly increased. Yet Colchester reports only 8.4% of all Essex jobs

Figure 16: Employees in Transport, Ports and Logistics, Colchester and Essex, 2010-2017.

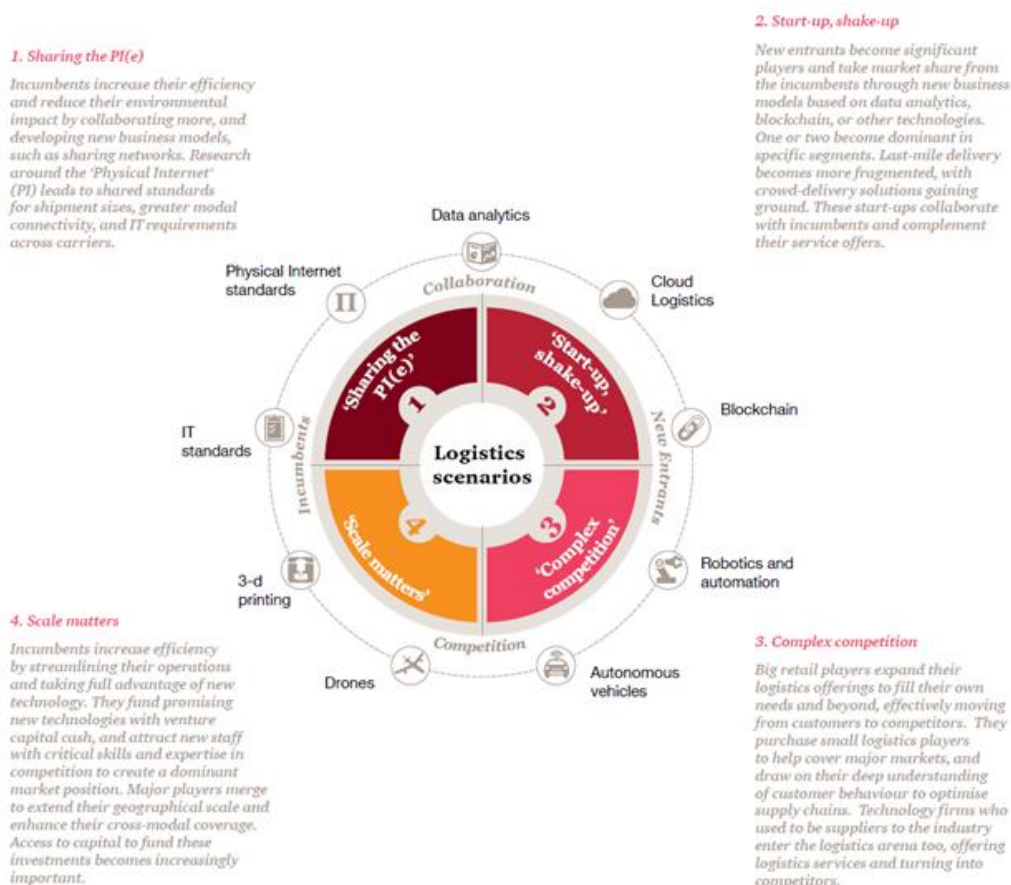


Key employers are: Arriva Colchester; Abellio Greater Anglia; Network Rail; and Royal Mail.

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 at Harwich International Port. 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.

Sector Situational Analysis

PWC (2016) has considered the Logistics sector in particular and has developed four possible scenarios which affect how locations/logistics bases could consider planning for sectoral growth. Here four scenarios are considered in the context of how industry disruptions may interact. Technology plays a key role but affects the market in different ways. In two of the models, new entrants are the primary drivers of change, while incumbents retain a dominant position in the other two. The nature of market dynamics, especially the level of collaboration versus competition, also varies between the scenarios.



The relevance to Colchester is in terms of its location close to both Harwich International and Felixstowe Ports and Stansted Airport as well as being well placed on the A12 and A120. Other drivers of change include changing customer behaviour, technology and the need to scale requiring larger or more premises.

<https://www.pwc.com/sg/en/publications/assets/future-of-the-logistics-industry.pdf>

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.

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. Moving away from volume commodity items that are probably best made in the lower-wage economies and moving towards high-value products using multiple technologies. Specialist products which need consistency and high standards.

This area 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).

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, due to rounding, shows no large firms (250+ staff) – although there are two - and relatively few medium-sized firms in the Borough.

Over the past 30 years the value of manufacturing output has remained largely the same but the number of people employed has fallen significantly. This is the picture across Essex and this is set to continue. Set against this picture Colchester has been relatively stable in comparison.

2019 review:

Advanced Manufacturing – Core sector due to its high value products & provider of employment to local colleges (even though the business base is small)

The Borough reported 45 units in the sector in 2018 (8.9% share of the county), the majority in the Micro-business sector (0-9 employees), followed by the Small business sector (10 – 49 employees).

The Borough has a relatively small share of its overall employees in this sector and job numbers have generally remained static over the recent period 2010-2017. This contrasts with employee numbers at County level which have fallen to a much lower level since 2015, from a high of 18,411 to 12,568.

Sector definition: SIC Codes: 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).

Figure 17: Local units in Advanced Manufacturing, Colchester and Essex, 2010-2018.

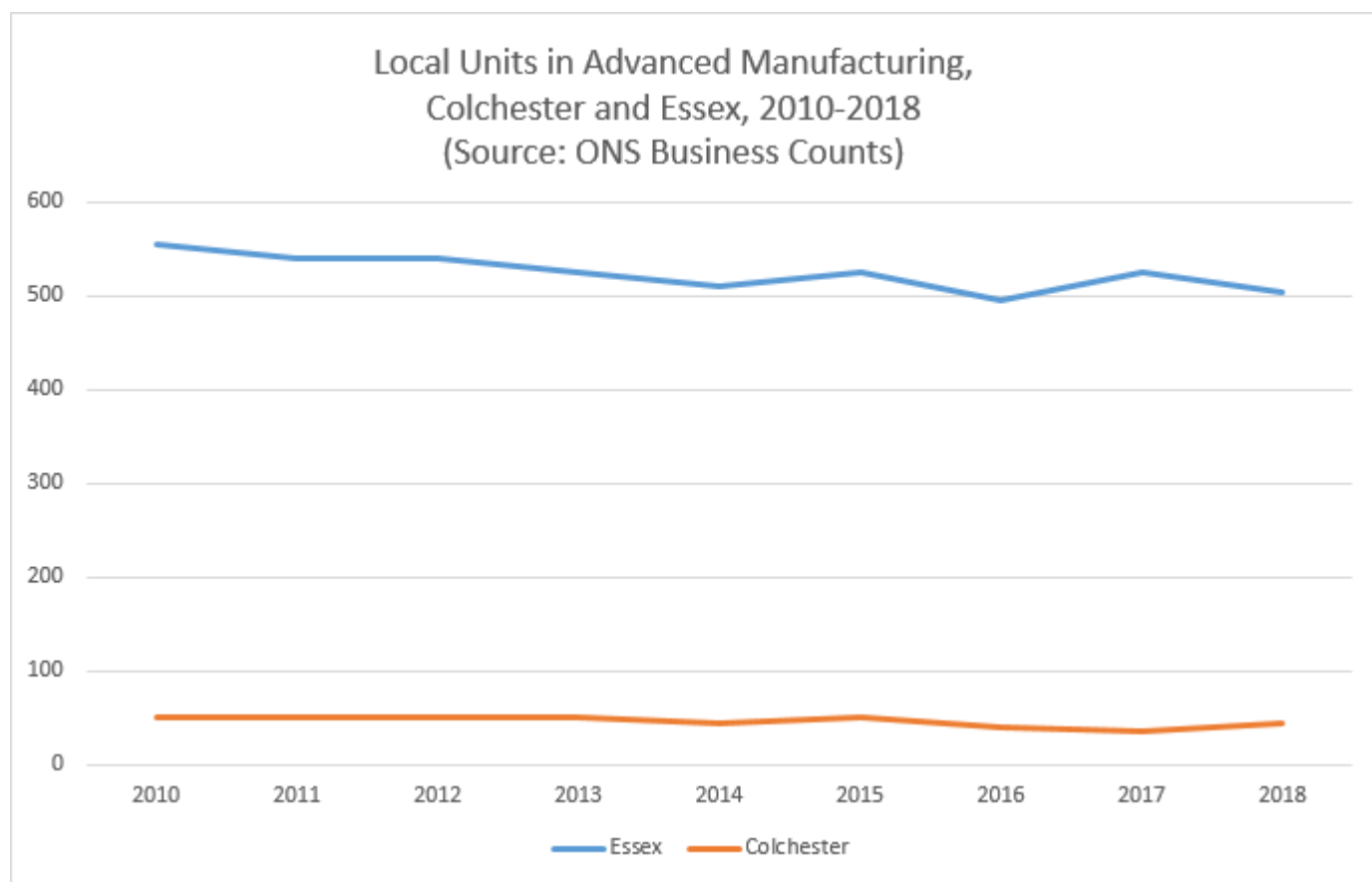
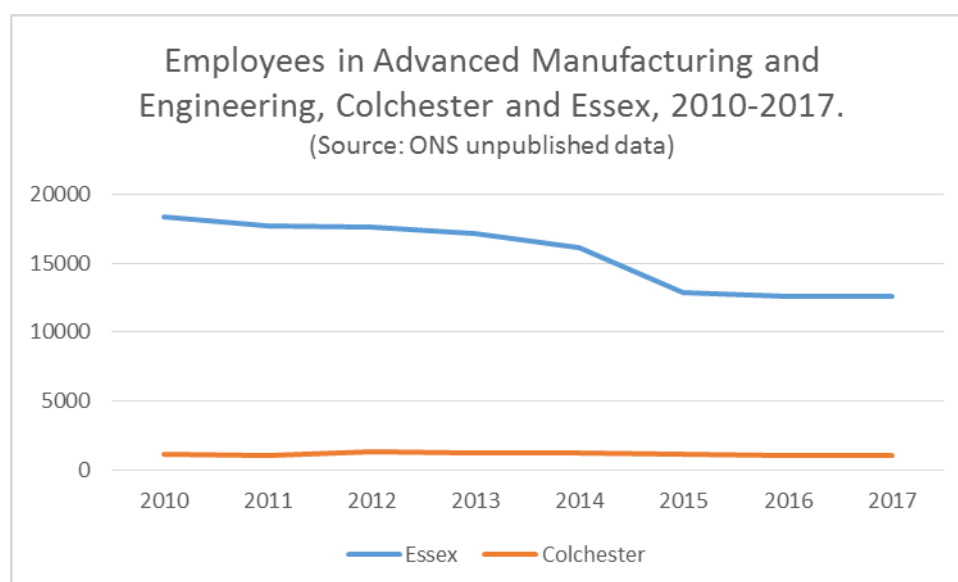


Figure 18: Employees in Advanced Manufacturing, Colchester and Essex, 2010-2017.



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).

Sector Situational Analysis

<p>National Picture:</p>	<p>Over the past 30 years, the value of manufacturing output has remained largely the same, but the number of people employed in the industry has fallen significantly.</p> <p>These trends partly explain why productivity in manufacturing has (until recently) grown more quickly than productivity in the whole economy. Since the late-1990s, imports of manufactured goods have grown more quickly than exports. This means that the manufacturing trade deficit has widened over this period.</p> <p>The Government has announced a Challenge Fund of £33m as part of its Industrial Strategy.</p> <p>2018 Advanced Manufacturing Trends</p> <p>There are many opportunities that lie ahead for the manufacturing industry:</p> <ul style="list-style-type: none"> • Machining and cutting metal/alloys in a more productive way • Additive manufacturing (3D printing) – but there are issues with repeatability, the main benefit is design freedom and the number of component parts can be reduced. • Combining additive processes and machining to produce composite components that are lighter, stronger and can replace metal. Medical use prevails at present. • Innovative materials processing • Structural testing – performance of the components made using these techniques • Reconfigurable tools so that they can do different jobs • Intelligent automation looking on reducing variation • High integrity fabrication • Battery technology and manufacture • Newly created materials (eg: Graphene) <p>Along with these opportunities come challenges.</p> <ul style="list-style-type: none"> • An increasing demand for precision • The need to improve the speed of the additive process • The need to increase throughput • A regulatory and policy environment that is not always supportive of manufacturing • The need to do all this profitably. • Workforce Diversity: With the Skills Gap growing, manufacturers must reach out to groups underrepresented in the workforce, such as women and minorities. • Digitisation: Whether it is creating a digital twin of the manufacturing process, using digital tool and machine libraries, installing digital tool management systems, or building out Industry 4.0, manufacturers are improving their processes with digitisation. • Automation/Robotics: These systems combat the Skills Gap and improve manufacturing. • Cybersecurity: Cyber threats and attacks happen every day • Blockchain: The “ledger of ledgers” role in manufacturing. <p>Key sectors where advanced manufacturing will need to focus on are:</p> <ul style="list-style-type: none"> • Energy • Medical • Motor Vehicle • Aerospace & Defence <p>In 2017 manufacturing in the UK accounted for:</p> <ul style="list-style-type: none"> • 8% of jobs, 2.7 million in total • £186 billion of economic output, or 10% of the UK total • 44% of UK exports, worth £274 billion • 70% (£15 billion) of UK research and development spending (2016 figures). <p>Continues ...</p>
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Manufacturing confidence Q2 2019 (Source: Make UK formerly EEF)

INDICATOR	BALANCE	CHANGE	
Confidence	5.4	↑	Confidence in the UK economy slightly up since Q1
Output	17%	↓	Output balance down but still positive
UK orders	11%	↓	Domestic orders down but better than exports
Export orders	8%	↓	Export continuing to trend down at the lowest in three years
Employment	16%	↓	Recruitment balance down but still much higher than investment
Investment	6%	↓	Investment intentions very weak despite positive output

Source: Make UK Manufacturing Outlook Survey

Source: Manufacturing Statistics and Policy House of Commons Briefing Paper November 2018

Manufacturing and Brexit – key issues

- **Exchange rates:** It is often assumed that a weaker pound means that UK goods sold abroad are cheaper, and so UK manufactured goods should be more attractive to foreign buyers. However, manufactured goods depend on extensive supply chains that often involve goods or materials imported from abroad. A weak pound means that imported goods are more expensive for manufacturers. So a weak pound could increase costs for manufacturers, meaning that they may increase prices
- **Supply Chains:** Smoothly functioning supply chains often depend on companies being able to transport goods across international borders without lengthy customs procedures. In a recent article in the Financial Times (not part of this advice paper) the Dutch Government is advising its businesses to avoid using British parts ahead of Brexit. In order to qualify for Free Trade deals a certain proportion, typically 55% of a product's parts, needs to come from the EU so UK parts will diminish this proportion so there might be a drive to source elsewhere within the EU.
- **Investment** In 2017/18, FDI has been much lower than it was in 2016: the first three quarters have seen inward FDI of £32 billion, compared with £115 billion in the last two quarters of 2016 alone.
- **Skills/Staff:** There are 300,000 non-UK EU nationals employed in the manufacturing industry in the UK, 13% of all manufacturing employees. In the whole UK economy, non-UK EU nationals make up 7% of the workforce. EEF, the Manufacturers' Organisation, has argued that the UK manufacturing currently sector has a chronic skills gap, and that new barriers to the immigration of skilled manufacturing workers from the EU to the UK could impair manufacturing firms from trading competitively. However, EEF also notes that increased STEM education in the UK, immigration from non-EU countries and more competitive salaries in manufacturing could also help to resolve the recruitment issues in the sector. Other commentators have noted that if Brexit has the result of reducing low skilled immigration, this might have the effect of encouraging automation in some typically labour intensive manufacturing sectors

<http://researchbriefings.files.parliament.uk/documents/SN01942/SN01942.pdf>

The regional picture

Manufacturing Performance in the East of England (EEF/BDO)

- Output balance falls back after trending above UK average for preceding two quarters
- Export orders continue to lead the way, outperforming domestic orders
- Investment intentions were flat in latest quarter
- Employment balance positive for 5th consecutive quarter
- Manufacturers' confidence falls below pre-Brexit level as uncertainty ramps up

Interventions and Local Picture	<p>CBC's current interventions are focussed through the work of the North East Essex Energy Group (NEEEGR) and are around helping relevant local manufacturers become part of the EDF supply chain for the expansion of Sizewell C nuclear power station in Suffolk and Bradwell B in Essex.</p> <p>There are issues around 'land-locked' manufacturers which are surrounded by residential and arguably need to relocate. There are also issues around the provision of appropriate space for growing businesses in order to retain those businesses and the jobs they provide in the Borough.</p> <p>A 1.5ha train maintenance centre could be built in Harwich by Abellio Greater Anglia as a Planning Application has been approved by Tendring District Council (June 2019). This, combined with a potential £70m train maintenance and cleaning depot in Brantham, which is currently under discussion with the landowner, could have an impact on the availability of skills to Colchester's manufacturing economy.</p>
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Key businesses in the Borough are: Flakt Woods, Man Diesel & Turbo, Albea, Marel, Vacuumatic, Concurrent Technologies.

Environmental Technology (Energy)

Colchester currently reports a restricted number of both businesses (245) and jobs (2,114) in this growth sector compared to Essex and despite the Borough's strengths in related areas.

Growth in this sector is set to continue with major projects coming on stream such as: The Essex Energy Coast initiative (including the Galloper wind turbine maintenance base at Harwich, nuclear opportunity at Sizewell C and Bradwell B), heat networks and the BEIS Energy Hub in Cambridge.

As an indication of the potential economic impact of just one of these projects, figures released by the Government (July 2018) show that companies in the South West have now won contracts worth more than £1.3bn for the Hinkley Point C nuclear power station in Somerset. The figures show that £650m has already been spent with the region's businesses and investment in local infrastructure and planning benefits there has passed £100m.

2019 review:

Energy – Priority sector due to high growth potential and high value employment

Figure 19: Local units in Energy and Environmental Technology, Colchester and Essex, 2010-2018.

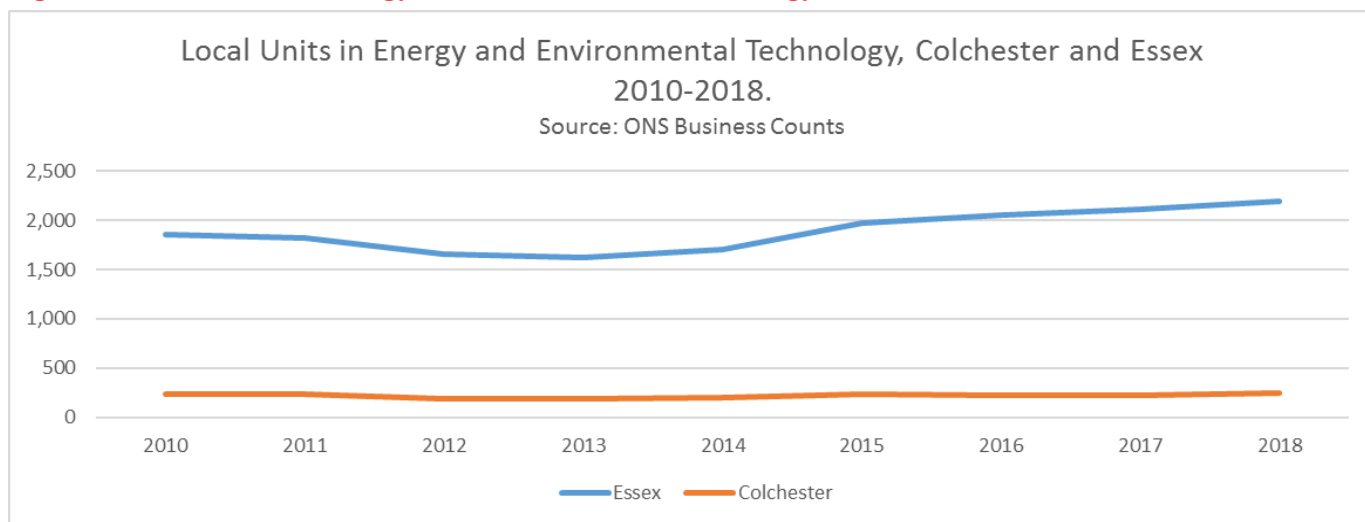
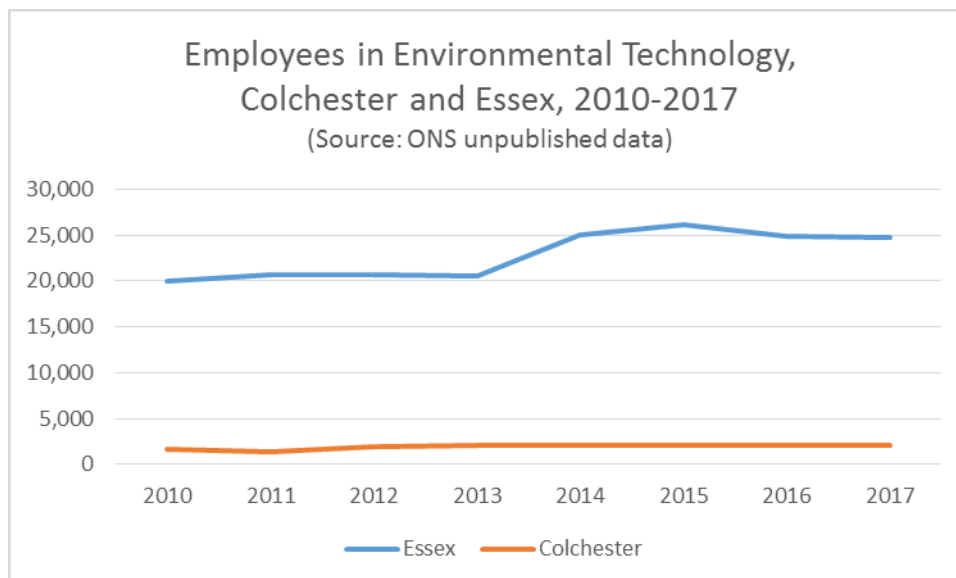


Figure 20: Employees in Energy and Environmental Technology, Colchester and Essex, 2010-2017.

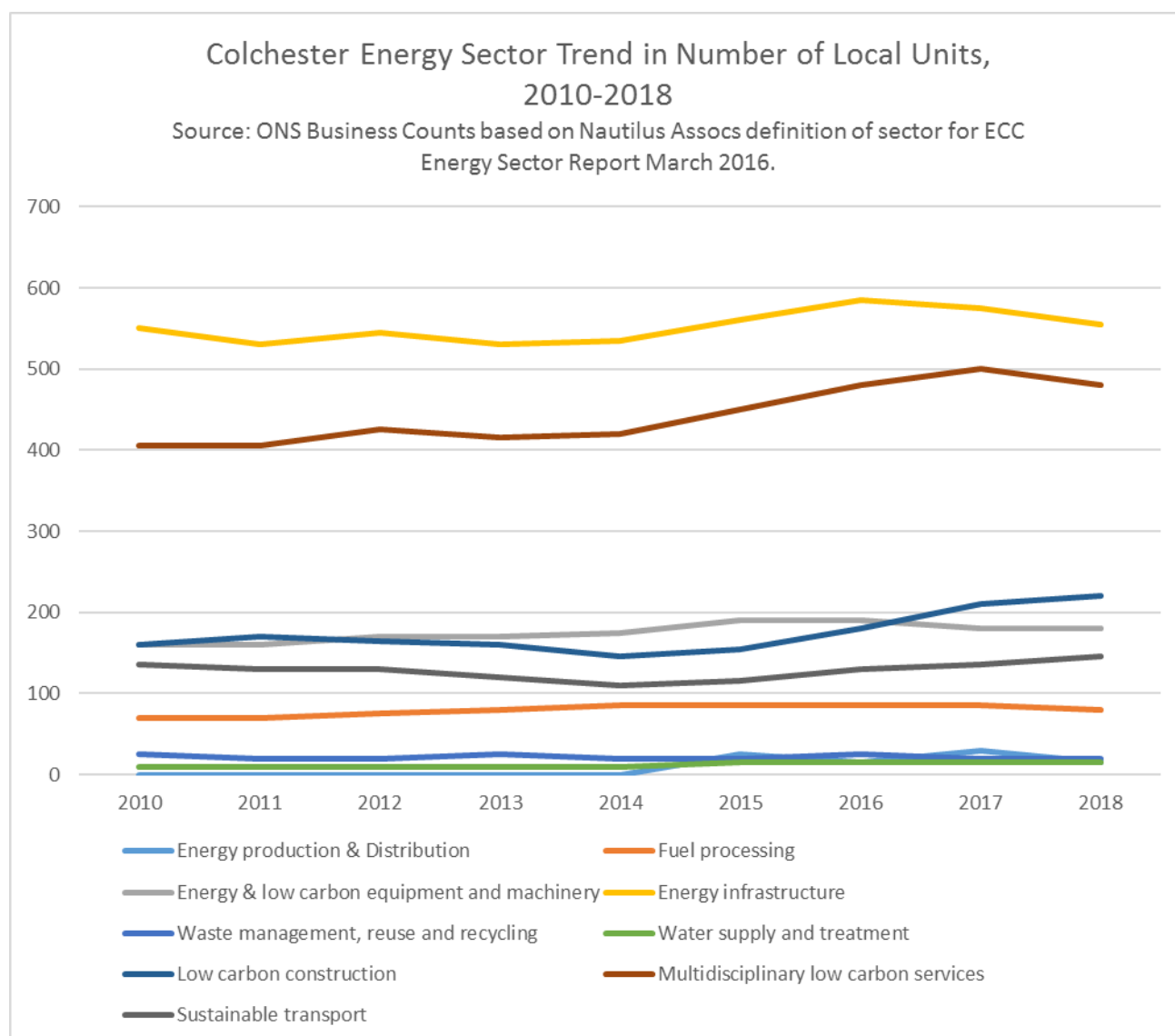


Key businesses in the Borough are: Monthind Clean; Flakt Woods; Colchester Borough Council Cleansing Services; and Anglian Water.

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 clean-up of contaminated buildings and sites, soil, surface or ground water; 72: Scientific research and development; 81: Services to buildings and landscape activities.

However, an alternative approach would be to compare Energy Sector trends in Colchester based on the definition used by Nautilus in its Report to ECC in March 2016. This shows growth in the number of businesses operating in low carbon construction and multidisciplinary low carbon services.

Figure 21: Colchester Energy Sector Trend in Number of Local Units, 2010-2018 (Nautilus).



The SIC codes used by Nautilus are broader. Given that this is a growing sector it would be useful to monitor both definitions in future to assess the degree of growth and in what sub-sectors.

Sector Situational Analysis

National Picture:	<p>Clean Growth Strategy launched by the Government October 2017, will have potential implications for several of our core and priority sectors</p> <ul style="list-style-type: none"> o Green Finance o Tech – University of Essex new clean technologies o Construction – mortgage lenders to develop green mortgages, can we influence construction sector locally to build greener houses? And improving energy efficiency of existing homes and businesses
The Regional picture	<p>In Energy Hubs Government's BEIS department will be setting up four Energy Hubs around the UK as part of its Clean Growth Strategy. The aim of these hubs is to:</p> <ul style="list-style-type: none"> o Develop a pipeline of local energy projects and take them through from concept to business cases that attract investment, for implementation by other partners o Help coordinate local action across several local LEP areas o Provide a good practice link between local LEP activity, other LEPS and national Govt. <p>The eastern region's Energy Hub is likely to be based in Cambridge.</p> <p>East of England Energy Group Southern North Sea Conference (May 2018) Opportunities: management of the transition to a low carbon economy, as we stop burning coal and turn to lower/zero carbon solutions. EDF and its long-standing partner CGN have plans to develop two new power stations: Sizewell C in Suffolk and Bradwell B in Essex. This will create significant business, skills and job opportunities for the region – just as Hinkley Point C is doing for the South West. Businesses in the South West have already secured £465m in contracts and the station is worth over £4bn to the regional economy over its lifetime – we want to do the same for the East of England.</p> <p>Brexit uncertainties: Will there be tariffs on imported gas and electricity received from the interconnectors and liquified natural gas? Will there be targets for UK content in major UK infrastructure projects such as the developments of new gas fields, decommissioning projects and offshore wind farms? Will there be investment in infrastructure and skills and training provision to assist the industry in replacing skills previously available from Europe?</p> <p>Essex and Suffolk Nuclear Forum – being established with Chambers of Commerce (July 2018)</p> <p>3-LEP Energy Strategy launched in the summer of 2019 'Energy South2East': https://www.southeastlep.com/energysouth2east/</p>
Interventions and Local Picture	<p>North Essex local authorities and Essex County Council have joined together to form the North Essex Clean Power Partnership which will act as the voice for clean energy and to develop a collective vision for the future which align with the Government's Industrial Strategy's five foundations of productivity – place, people, ideas, infrastructure and business environment.</p> <p>Its vision is to realise the economic potential of clean energy by working together and in partnership with others. The group aims to improve productivity in the sector by improving and developing skills, increasing the number of jobs and encouraging new businesses in the clean energy supply chain</p> <p>In terms of supply chain research, engagement and development.</p> <ul style="list-style-type: none"> • Tech – University of Essex new clean technologies • Construction – mortgage lenders to develop green mortgages, consider policy influence on construction sector locally to build greener houses. And incentives to improve energy efficiency of existing homes and businesses

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 £366m in 2017 - a 6% rise on 2016's figure of £345.3m.

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.

Colchester is changing. Multi-million pound investments in developing the town and surrounding area as a visitor destination are now bearing fruit. In recent years more than 180 rooms have been added to Colchester's hotel base which equates to more than 65,700 additional room nights a year which has driven additional employment in the sector. When considered alongside significant investments in Colchester's visitor attractions the Borough is on a stronger footing to realise the tourism potential of Britain's oldest recorded town and first city.

After many multi-million pound investments into developing this sector it is reasonable to expect a period of consolidation and market development by those businesses. This may come from Brexit as the UK becomes better value for domestic tourism. Future growth in this sector will also need to be considered in the context of this increase in supply of accommodation and in targeting particular segments of the market rather than the sector overall. This puts the emphasis on sustaining marketing activities to promote Colchester as a short-break destination and also the opportunity of targeting the group travel/coach market to come to Colchester.

2019 review:

Tourism – Core sector due to place-making importance

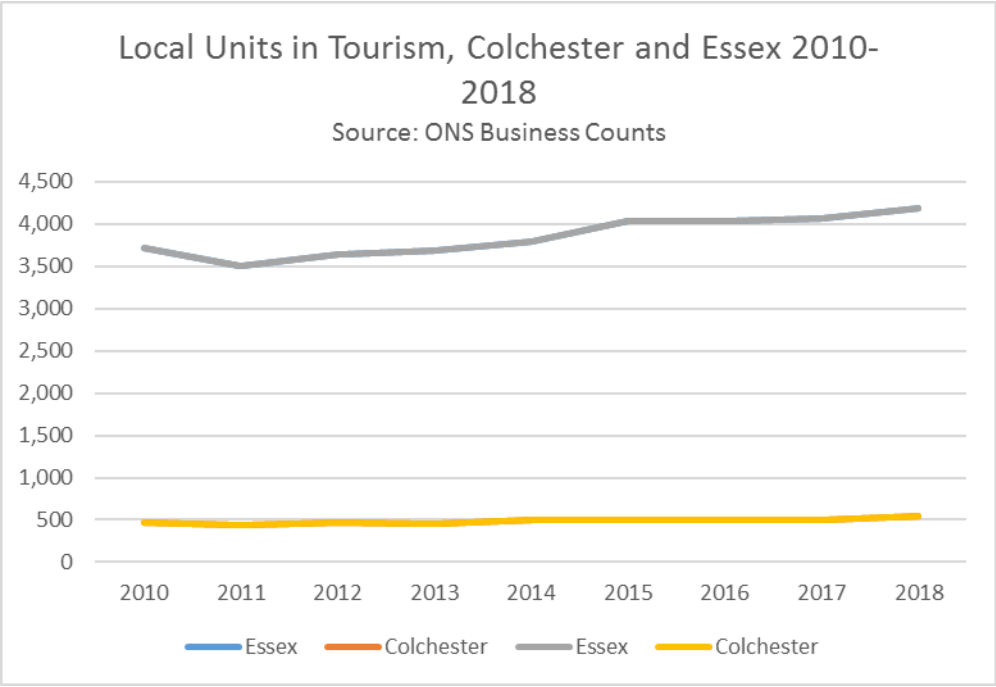
In 2018 the sector provided 6795 actual jobs, a 6% rise on the 2016 figure of 6410 across 540 businesses.

Source: The Cambridge Model to Measure the Economic Impact of Tourism, Colchester Borough 2017

Notes: * 'Trips' are defined as follows:

- A visitor is a person
- A visitor can make multiple visits (or trips) within and to a destination
- Each visit (or trip) generates local income and supports jobs.
- 'tourists' are only a part of the visitor economy. That's why many Tourist Information Centres have been rebranded as Visitor Information centres. Visiting Friends & Relatives (VFR) tourism also feature here as does Business Tourism where visitors come for meetings, conferences and events.

Figure 22: Local units in Tourism, Colchester and Essex, 2010 - 2018.



Employee jobs have grown in the Borough since 2010, rising by 31%, while at County level the sector has shown a slightly more pronounced growth, increasing by 35%. However, Colchester has started from a high base and still accounts for 15% of all Essex tourism employment

Figure 23: Employees in Tourism, Colchester and Essex, 2010-2017.



Sector Situational Analysis

National Picture:	<p>Weaker Pound Saw Strong Growth from a Mix of Overseas Long Haul Markets in 2017</p> <p>The UK saw strong growth in 2017 from a mix of overseas visitor markets including China, Australia, the Gulf Cooperation Council (GCC), India and the US, underpinning a record year for inbound tourism.</p> <p>Official statistics released in January showed that in the first nine months of 2017 there were a record 12.7 million visits to English regions outside London, up 4% compared to the same period in 2016. International visitors spent £6.1 billion across England’s regions during this period.</p> <p>Tourism Industry Council signed off on the following priorities for its bid to the Government for a Sector Deal (submitted by VisitBritain 2018):</p>
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	<ul style="list-style-type: none"> • <u>A 10-year tourism and hospitality skills campaign</u> to boost recruitment, skills and long-term careers providing the industry with the workforce it needs; • <u>Boosting productivity</u> by extending the tourism season year-round and increasing global market share in the business visits and events sector; • <u>Improve connections</u> to increase inbound visits from more markets by 2030 by making it easier for overseas and domestic visitors to not only travel to the UK but explore more of it; • <u>Creating 'tourism zones'</u> to build quality tourism products that meet visitors needs and expectations, extending the tourism season and fixing localised transport issues to improve the visitor experience. <p>The 2018 UKInbound report highlighted a growing a language skills gap facing the UK tourism industry, caused by a combination of Brexit and the decline of language training in the UK.</p> <p>Hospitality and leisure businesses urged to move to flexible opening (June 2018) The hospitality sector could increase revenues by £6.75billion in a year - equal to £619m for the East of England - by meeting increased demand for more flexible opening hours to reflect changing working patterns, says the Open All Hours report from Barclays. The report says that although over a quarter of hospitality and leisure businesses recognise this growing demand, opening hours are not keeping up with changes to modern working lives. It suggests many workers would like to visit museums, films and late night diners outside normal opening hours which would have an impact on employment contracts. Gen-Z workers (18-24 year olds) is the age group most frustrated that it cannot access hospitality services when it wants.</p> <p>Visits to England's attractions rose by 2% in 2018 with revenue up 2% on the previous year. England's museums and art galleries saw the most significant growth in visitor numbers in VisitEngland's Annual Attractions Survey published August 2019.</p> <p>The survey, which considers responses from more than 1,500 English attractions saw museums and art galleries perform particularly well in 2018 with an increase of 6% in visitor numbers compared to the previous year.</p> <p>Visits to places of worship also saw an increase with 3% more visitors in 2018 confirming the upward trend seen in 2017 after three years of decline.</p>
Opportunities & challenges	<p>Sustaining world rankings: Tourism is a highly competitive industry among countries, regions, destinations and attractions. Great Britain is currently ranked 8th for international arrivals by the UN World Tourism Organisation and has been rising in terms of numbers in recent years possibly due to the very positive image created by the London 2012 Olympics.</p> <p>A buoyant industry in the region: over half expect to increase profits this year despite challenges such as rising costs and new laws, according to a survey of some 300 firms in the sector across Norfolk, Suffolk and Essex co-ordinated by Larking Gowen (June 2018). The Tourism and Leisure Business Survey 2018 showed that some 67 per cent of firms expect to increase turnover this year, up from 62 per cent last year and that some 57 per cent plan to make site improvements to grow their business.</p> <p>Challenges faced by the sector included increasing wage costs with increases in National Minimum wage, National Living wage and the introduction of Auto Enrolment of pensions.</p> <p>Opportunities include increased trade as a result of Brexit as the Pound is anticipated to fall further which means that overseas holidays will be more expensive. This combined with additional visa fees may see British people choosing to holiday at home.</p>
Interventions and Local Picture	<p>Marketing – Colchester has been proactive around marketing with a Sky TV advert and other high profile activities at Liverpool Street Station in London.</p> <p>There are issues around parking for coaches which is preventing the growth of the group travel segment of the market.</p> <p>There is an opportunity for CBC leisure/tourism businesses to consider how 'Generation Z' accesses their services especially as they will be producing families in the near future.</p>

Key businesses are: the University of Essex; Colchester Zoo; Colchester Castle Museum, Castle Park, event tourism, Leisure World; Milsoms Hotels; and the Elysium Group.

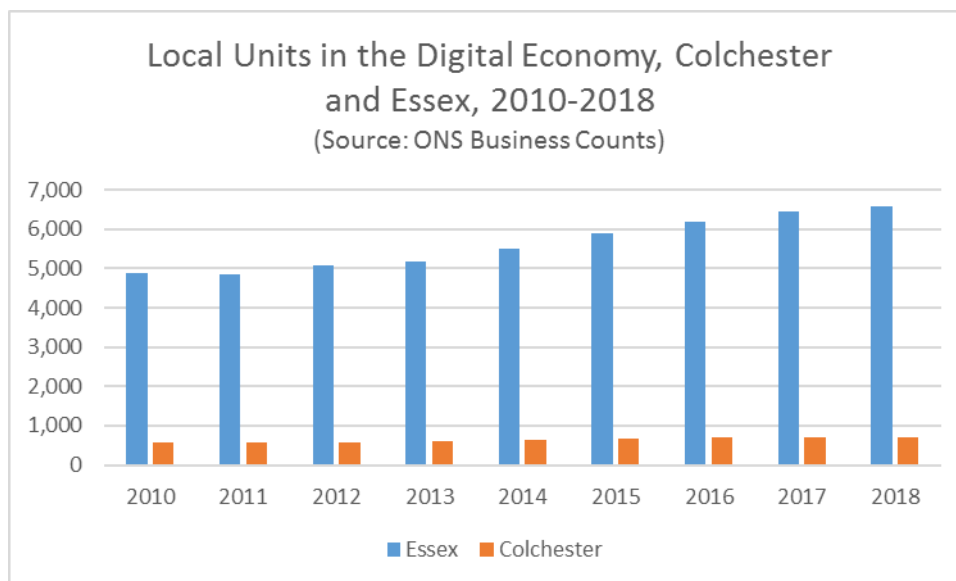
SIC codes which define the sector are: 551: Hotels and similar accommodation; 552: Holiday and other short stay accommodation; 553 : Camping grounds, recreational vehicle parks and trailer parks; 561: Restaurants and mobile food service activities; 563: Beverage serving activities; 799: Other reservation 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 digital economy overlaps with the Creative industries but, based on the New Industry New Jobs definition (April 2009) which includes manufacture of computers and related goods, telecommunications, printing, publishing and digital content, focuses on digital production, supply and use which provides a more high-value sector with significant spill over benefits for all other sectors of the economy.

There are 715 businesses in this cross-cutting sector in the Borough. This represents 10.9% of Essex's total of 6570 digital businesses. Colchester's share of total employee jobs in the sector – 14% or 5,127 of Essex's 37,239 jobs.

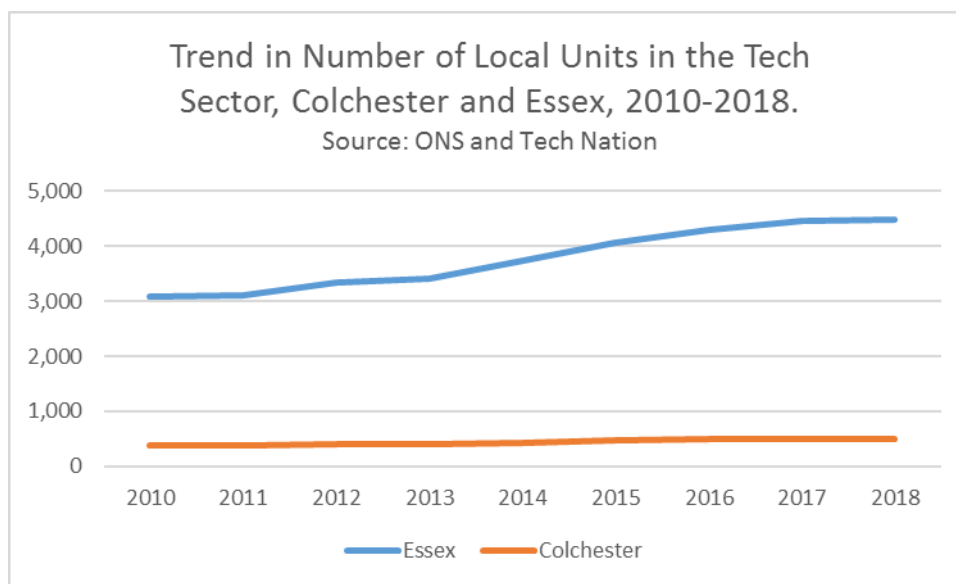
Figure 24: Local units in Digital Economy, Colchester and Essex, 2010-2018.



(*Based on 2007 SIC codes: 18: Printing and reproduction of recorded media; 26: Manufacture of computer, electronic and optical products; 58: Publishing activities; 59: Motion picture, video and television programme production, sound recording and music publishing activities; 60: Programming and broadcasting activities; 61: Telecommunications; 62: Computer programming, consultancy and related activities; 63: Information Service activities; 27.3: Manufacture of wiring and wiring devices; 46.5: Wholesale of information and communication equipment; 73.1: Advertising; 74.2: Photographic activities; 33.2: Repair of computers and communication equipment; 46.66: Wholesale of other office machinery and equipment; 77.33: Renting and leasing of office machinery and equipment (including computers)).

The difficulty of using SIC definitions for new and emerging industries has been covered above so it is arguably worth considering other definitions which have traction in the market. One such is the definition used by Tech Nation, the annual report of the UK's tech sector produced by Tech Nation (formerly Tech City). Though its methodology was reviewed in 2019 to present a global comparison, the 2018 definition shows a lower profile for both Colchester and Essex.

Figure 25: Trend in Number of Local Units in the Tech Sector, Colchester and Essex, 2010-2018 (Tech Nation)



In 2017 a partnership was established between Colchester Borough Council, the University of Essex, Invest Essex and London-based publishers, UK Tech News, to produce a supplement showcasing Colchester's tech sector. This highlighted impressive diversity in both hardware and software and particular strengths in data analytics, digital marketing and games production.

It is anticipated that the implementation of the Digital Strategy will provide the context for business retention and further growth. Similarly, global trends in increased demand for 'gamification' products (apps which include typical elements of game playing such as point scoring, competition with others, rules of play to other areas of activity, to encourage engagement with a product or service) point to a healthy future for this sub-sector in Colchester. There are several drivers of this optimistic view:

- demographic demand – young employees preferring training through gaming than 'a lecture style'
- technological developments such as Quantum computing enabling faster data analysis, integration of large data sets, improved machine learning and AI capabilities which
- can then be used to give insight to business decision making which then adds value to business.

There is an opportunity to consider this picture in the context of the work of the Creative Colchester group to assess whether its scope should now include tech and how the local tech sector could be developed and ensure that Colchester is on the national map for tech. Consultation with regional tech body responsible for development, Tech East, shows an opportunity for a joined-up approach forming a 'tech arc' from east London through Essex, Colchester, Ipswich, BT at Martlesham and beyond. However, currently there is an absence of resource to undertake this work.

Given Colchester's strength in 'Creative' there is also a case for combining 'Digital/Tech' with Creative to show a more reflective picture of Colchester's CDT economy. There is also potential to explore cross sector opportunities for growth, for instance in the care sector where tech is being applied in increasing

Job growth in the Borough – and partly reflected in the County statistics - has, contrary to the below graph, been fairly consistent over the period. Colchester's Digital Economy sector has

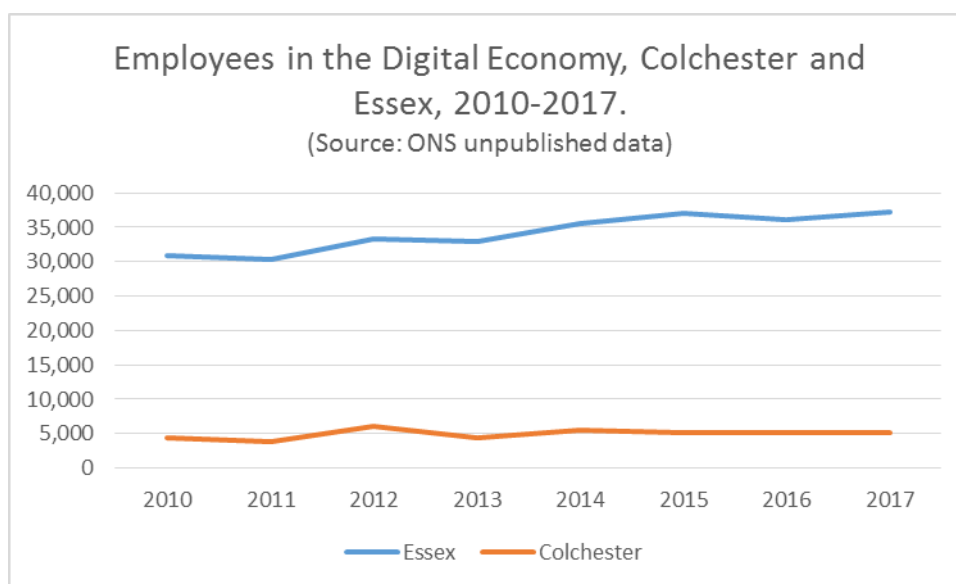
grown by 18% since 2010 (from 4374 employees to 5172). Over the same period Essex's employee base in this sector grew by 20%. Colchester's share of Essex digital employees is 14%.

Anecdotally through the Colchester Digital group it is known that there are many freelancers in this sector who might not have registered for VAT (which triggers formal recording of business numbers) so these figures are arguably not reflective of the true picture. It is known that Colchester is strong in gaming, digital marketing and data analytics. This combined with the further planned roll out of Ultrafast Broadband makes this a priority sector.

2019 review:

Digital 'tech' – Priority sector due to high growth potential and high value jobs.

Figure 26: Employees in Digital Economy, Colchester and Essex, 2010-2017.



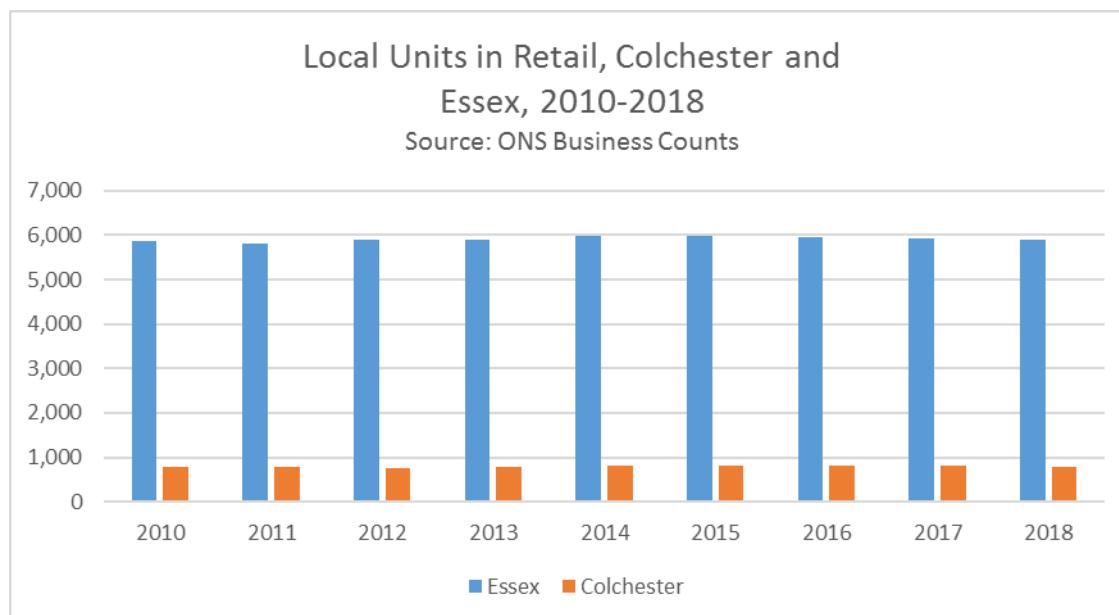
Planned developments by the Council and partner organisations within its Creative Strategy aim to increase the number of businesses forming and growing within the Borough. Delivery of key property and labour market initiatives should further increase the significance of the emergent sector cluster.

Key businesses in the Borough's Digital Economy sector are: Concurrent Technologies, BT, Jobserve and Think BDW.

Retail

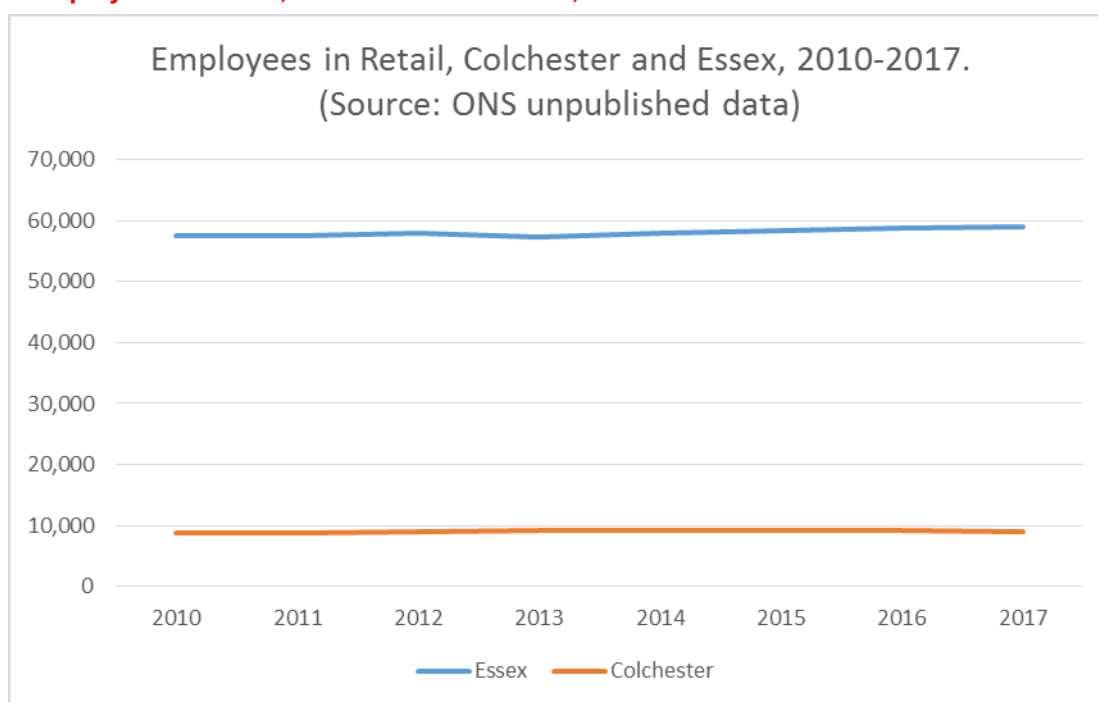
Retailing is a major employment sector for the Borough, employing 9,056 people – 9.5% of the Borough’s employees - across 790 businesses. The proportions of employees and businesses are relatively higher than the shares for the County, reflecting the significance of Colchester as a key retail destination in both Essex and the Region – where it is within the top five locations.

Figure 27: Local Units in Retail, Colchester and Essex, 2010 -2018.



Currently, 790 or 13.4% of all Essex retail business units are located within the Borough. These have increased by 3.2% since 2010 whereas across the County the increase has been only 1.2%. However, the decline in the total number of units in Colchester first identified in 2016 continued in 2017 reflecting a similar pattern of decline at County level and indeed, national level.

Figure 28: Employees in Retail, Colchester and Essex, 2010-2017.



However, Retail employment has remained almost constant across Essex and this picture can also be seen in Colchester over the period 2010-17. Employment in the sector is typified by part-time.

The EEFM estimates that Retail employment will increase by 700 jobs over the period 2018-24 – further expansion over the addition of 570 jobs in the preceding six years.

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.

However, nationally retail is facing a seismic shift from a number of significant threats which have yet to become clear in their cumulative local impacts. Ever rising demand for online shopping, falling consumer confidence, the cost of business rates on shops and long leases are all issues not faced by online retailers. These structural issues are unlikely to be resolved within the life of the Economic Growth Strategy.

All this is having an impact on town centres nationally. Along with many other towns, Colchester is seeing a significant rise in the number of restaurants, cafes, bars, hair salons and nail bars which collectively demonstrate a trend towards businesses which cannot be replicated online locating in town centres.

The recent Grimsey Review recommends 'repurposing' town centres which is something that Colchester might consider along with key stakeholders such as the new Colchester BID.

2019 review:
Retail – Core sector due to its significance in the town centre

Sector Situational Analysis

National Picture:	<p>Key Issues for Retail:</p> <p>Consumer Confidence: GfK's long-running Consumer Confidence Index decreased two points to -9 in June 2018, with falls across all five measures: Personal financial situation, general economic situation, major purchase index and savings index. The Overall Index Score has now registered at zero or negative for 30-months. Contrast that with 2015 – when there was a full year of positive numbers. The trend since those 2015 figures has been resolutely downwards and it's difficult to see the direction changing in the run-up to the UK leaving the European Union in March 2019.</p> <p>Retailers' Property Portfolios - The tough consumer environment, the rise of online shopping and costs including rent and business rates are prompting retailers more widely – and general merchandise groups in particular – to question how many branches they need and what their property strategies should be. Multichannel retailers have masked slump in store sales by growth in overall sales through online. Also leases signed long ago will cause retailers problems for years to come. Property is, however, just one cost of many as staffing, logistics, cost of goods and operating a seamless experience for your customer is incredibly expensive, so margins are severely impacted. On top of this shoppers are more savvy shopper expecting more, and there is significant competition through physical store presence, online propositions and discounting. A combination of this is challenging retailers.</p> <p>Rising demand for online shopping</p> <p>Grimsey Reports adds that Business Rates have grown into a massive tax take for the Government (circa £29bn annually of which retail represents almost one third – £8bn). This colossus has grown and grown, but it does not reflect the additional costs to provide services to</p>
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	<p>those businesses any more. It is a complex property and services tax that also has a support industry of lawyers, advisors, appeal courts and other specialists. The Valuation Office Agency (VOA) has also grown accordingly, without the data structure or technology to service the increasing demands placed upon it. There is now a very strong case for replacing it with an alternative tax which also addresses the online retailing issue.</p> <p>The complex layers of local government are confusing and overly bureaucratic; parish, town, district and county councils, each with different remits and different ownership of public realm, frequently throw up red tape that often prevents progress. Can it be simplified to empower local communities so that they can manage their own “place” more effectively?</p>
The Competition	<ul style="list-style-type: none"> • Online sales surged 13.9% year-on-year in January, according to the latest IMRG Capgemini data, as shopping continued to migrate to digital channels.
Interventions and Local Picture	<ul style="list-style-type: none"> • Our Colchester (Colchester BID) Colchester businesses voted to adopt a Business Improvement District in the town centre and a Town Centre Manager was appointed in late 2018. Key issues in the BID's manifesto are: Improved place marketing, events, improving cleanliness and making the town more visitor friendly. • Repurposing the town centre: There will be fewer stores in the future as portfolios are consolidated, so businesses and communities need to focus on repurposing physical space based on experience and refining the interplay with digital access. What could this mean for Colchester? This fits in with the Grimsey Review 2 (July 2018) which states that there is a need for all towns to develop plans that are business-like and focused on transforming the place into a complete community hub while developing a unique selling proposition (USP). A further recommendation as a key to success is outstanding, talented and committed leadership. <p>There is an agreed improvement plan for the town centre between CBC and the BID. This comprises a number of projects and aspirations concerning public realm. These would be an economic intervention that would facilitate and enable further growth in the town centre</p>

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

Construction

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

Construction employs 3359 people – 3.5% of the Borough's workforce - and accounts for 1,170 businesses, some 9.5% of the stock; these are slightly smaller shares than for the County but forming a significant cluster in North Essex.

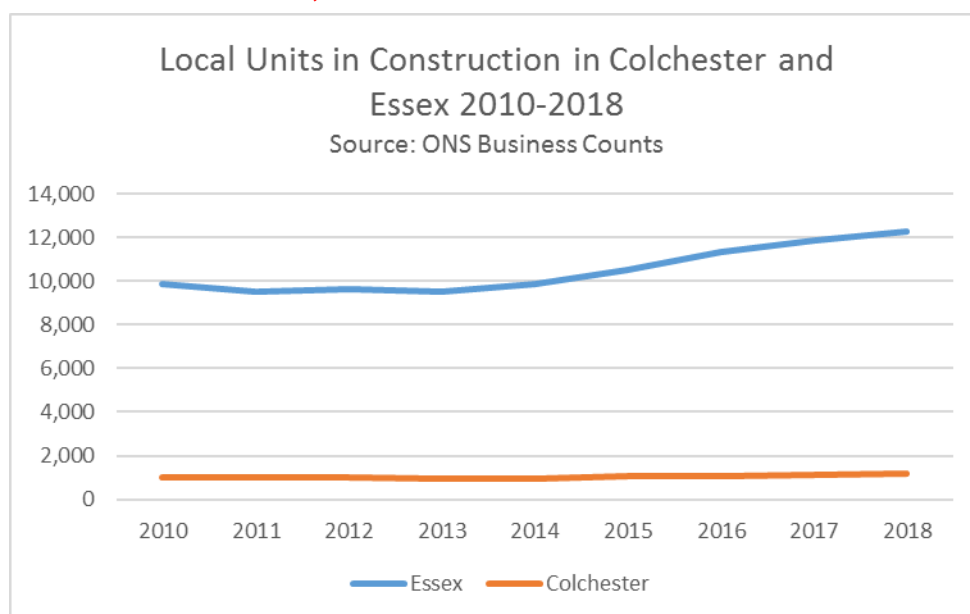
Growth in the stock of construction businesses has been pronounced at County level after 2014 but has not been reflected in the Borough, where only a marginal increase in business units has occurred.

However, the Construction pipeline in North Essex is significant: major infrastructure projects like the new Arrivals Hall at Stansted, the Lower Thames Crossing, the A12/A120 widening, Sizewell C and Bradwell B nuclear expansion, a schools expansion scheme, new commercial developments such as the Northern Gateway and significant volumes of residential development should ensure growth in this sector for decades to come.

2019 review:

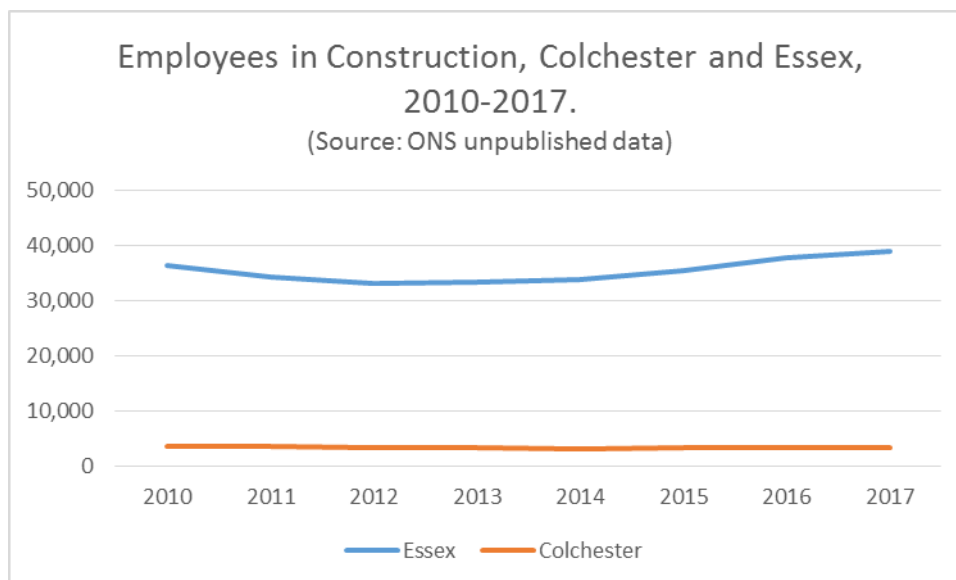
Construction – Priority sector due to high growth potential and employment volumes

Figure 29: Local Units in Construction, Colchester and Essex: 2010-2018.



However, this stability in the Borough's business stock has meant that its workforce headcount has only fallen slightly and, over the period, employment change in the Borough's sector has not been as volatile over the recent period as at County level. This is no doubt due to the continued high level of housing development in Colchester.

Figure 30: Employees in Construction, Colchester and Essex, 2010-2017.



Sector Situational Analysis

<p>National Picture:</p>	<p>The Government Construction Strategy 2016-2020 sets out a plan to increase productivity in government construction to deliver £1.7bn efficiencies and support 20,000 apprenticeships over the course of this Parliament. The strategy sets out ambitions for smarter procurement, fairer payment, improving digital skills, reducing carbon emissions, and increasing client capability. Building Information Modelling (BIM) and Digital Construction is an important part of the strategy and is helping to increase productivity and collaboration through technology whilst quality is developed and improved through the publication of Common Minimum Standards for Construction.</p> <p>This is to be offset by the following industry concerns around Brexit:</p> <ul style="list-style-type: none"> • Supply chain formation - Tier One contractors are reporting that the ability to secure supply chains for infrastructure projects is difficult as the SME base is already committed to other projects and historic relationships within the current supply chain. • Industry standards - For decades now these have been set at European level and are now not just European but internally accepted standards that govern the work that is commissioned. There is concern as to whether the UK retains access to the single market or removes itself completely and whether it will be able to continue to use these EU standards. • Public procurement - The existing UK procurement legislation, which implements EU procurement directives, may need to be amended post Brexit. Whether this is the case or not will depend on the relationship we have with the EU. If the UK retains access to the single market then it is inevitable that it will continue to apply EU procurement procedures. Should the UK seek to leave the single market then it is likely it will apply the procurement rules under the agreement on government procurement established by the WTO, as this will allow us to access a wide number of markets. The other option could be bilateral trade deals with EU members that could lead to a blending of the other two options. • Funding - Currently the EU is a substantial provider of funding for various infrastructure projects in the UK and this funding is now in jeopardy due to the Brexit vote. It is not clear how this funding is replaced and how further international funding for UK projects will be sourced. The continual development of the UK's infrastructure network will be vital for future economic growth. • Staffing - Many companies in the industry have a significant percentage of their workforce that are EU nationals who now face an uncertain future. The long-term security of these employees must be an industry priority going forward. But over and above that we must determine whether the UK will be able to access the best talent in the world regardless of where they are located. With the existing pressures on staffing provision, due to the infrastructure pipeline, there are major concerns around the reduction of the pool of skilled staff available to the construction industry.
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Regional interventions	<p>HGP Construction project – ‘iConstruct’ bid to SELEP for ERDF funding. Aims to support housing delivery across the LEP by strengthening SMEs. Needs to involve the whole supply chain with targeted business support. Working with COLBEA and BEST Growth Hub, HCA and SELEP, Essex, Sussex and Kent Developers’ Groups as well as Local Authorities and companies. Want to encourage growth and innovation eg: SME collaborations for growth. Timescale: Project under way as at October 2019.</p>
Interventions and Local Picture	<p>The future for construction looks very positive across North Essex with a reliable work pipeline which will bring new job opportunities and which should engender business confidence which could lead to business growth.</p> <p>There are several drivers of growth including:</p> <ul style="list-style-type: none"> • 20% population growth in Essex over the next 25 years • Major infrastructure projects including: £130m Stansted new arrivals hall in 2021, £6.2bn Lower Thames crossing from 2020-7, (c£250m phase I) A12/A120 widening 2020-1, Sizewell (c£15bn) and Bradwell new nuclear power stations and a multi-million pound Schools expansion programme between 2018-25 • New residential developments – some 2186 houses per annum across Braintree, Tendring and Colchester, including three new Garden Communities • New Commercial developments including: the £137m Colchester Northern Gateway development, Stanway retail development, the £9m Mercury Theatre redevelopment, the £250m University of Essex expansion, £10m per annum on the housing repairs and upgrades programme, installation of heat networks and the further roll out of Ultrafast Broadband.

Major employers in the Borough are: TJ Evers Ltd, Hutton Construction 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 and indeed has seen a dramatic move in terms of growth potential in the East of England Forecasting Model 2018.

Demand challenges - Colchester remains the second fastest growing borough in the UK, Essex has the second highest elderly population in Europe, Tendring has the highest concentration of residential care businesses in the UK and there were nearly 4,000 Health and Care vacancies posted in 2016 (Colchester and Tendring). It is anticipated that there will continue to be challenges recruiting to Colchester Hospital NHS Trust and other providers and that this will worsen post Brexit.

The Health and Care sector is a major source of employment in the Borough, accounting for 14,799 jobs - over 15% of all jobs across 410 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.

Colchester Institute is developing a £5m Centre for Health and Care to provide a skills pipeline for this sector. Demographically the 75-79 age group is projected to grow by 54% (3,100 people) between 2016-2025. This is just one example of the resource demands anticipated for elderly people. Other age bands over age 65 also show growth.

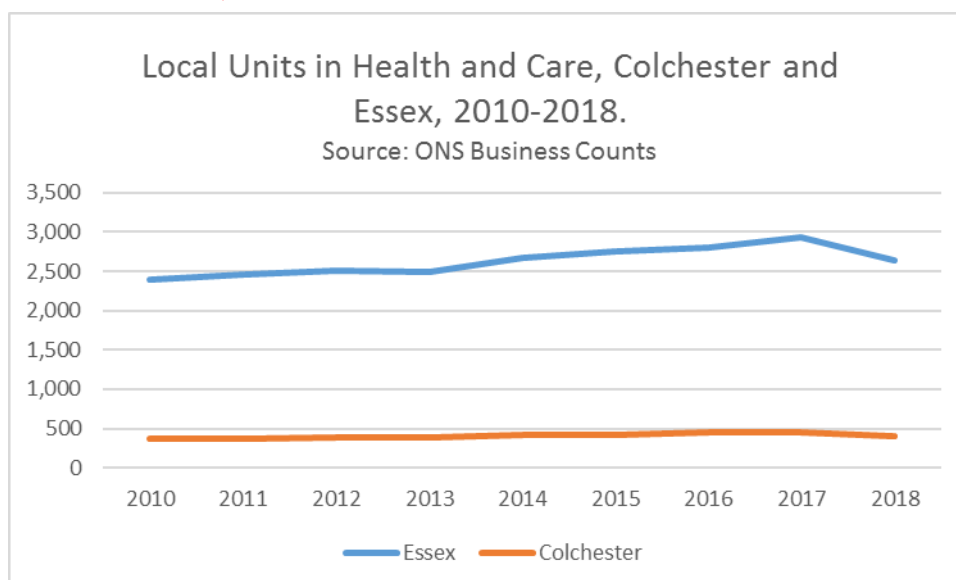
Compared to the County, Colchester has not demonstrated a similar rate of growth in its business units in the sector; this is probably due to its existing high base and a greater share of public health businesses within the sector.

Colchester is actively working with the North Essex Care Innovation Cluster to develop the area as a national hub for care. Though in its very early stages the opportunity and potential have been recognised around increasing the productivity and innovation in the sector, improving recruitment particularly young people through tech, enabling improved health and wellbeing through wider adoption of remote monitoring and IT-enabled technology which are now being pursued by the group in the hope that North Essex can become a national exemplar for care innovation.

2019 review:

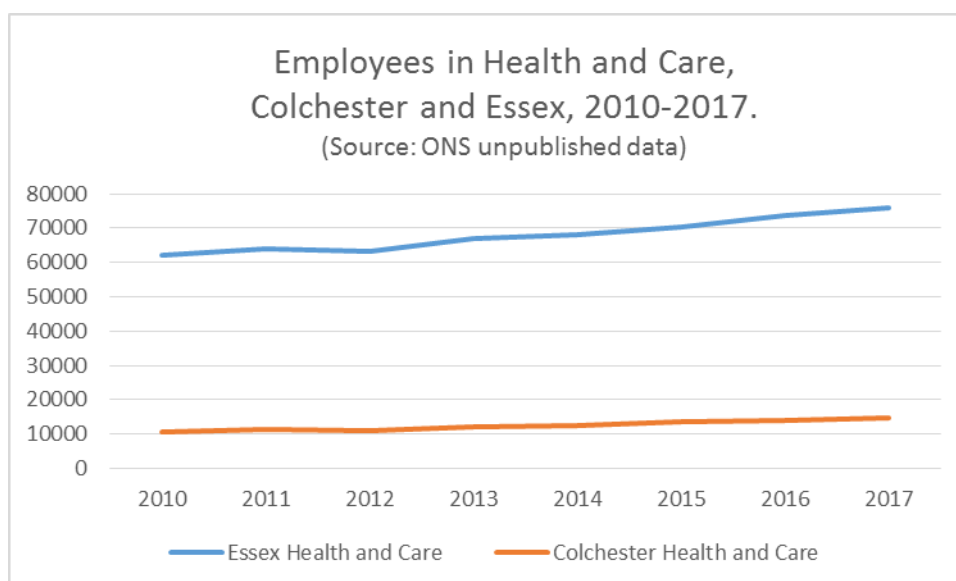
Health & Care – Priority sector due to high growth potential and high employment volumes

Figure 31: Local Units in Health, Colchester and Essex: 2010-2018.



However, employment numbers have begun to demonstrate forecast growth as the Borough was starting from a high base, compared to the County. Currently, 15% of all Colchester jobs are in health and care compared to 10% in Essex.

Figure 32: Employees in Health, Colchester and Essex, 2010-2017.



The health sector employs people in Hospital activities Medical and Dental practices, social work activities and the care home sub-sector. With some 78 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.

Sector Situational Analysis

National Picture:	<p>Life Sciences Sector Deal – agreed by the Govt as part of its Industrial Strategy (Dec 2017)</p> <p>The Life Sciences Sector Deal will help ensure new pioneering treatments and medical technologies are produced in the UK, improving patient lives and driving economic growth. The deal involves substantial investment from private and charitable sectors and significant commitments in research and development from the government. The deal brings together the government with universities, charities and more than 25 businesses – large and small – to make a joint commitment to invest in all parts of the United Kingdom.</p>
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	<p>NHS major Challenges 2018</p> <ul style="list-style-type: none"> • An ageing population – people are living longer with more complex long-term conditions • Lifestyle factors - the way we live now is also having a negative impact on our health. • The change in public expectations - originally, tackling disease was the main job of the NHS. Now, we all expect so much more. • Accident and Emergency departments - more and more people are visiting A&E departments and minor injury units – which is stretching the ability of the departments to cope especially over the Winter. • Rising costs - The current financial crisis, rising costs of services, energy and supplies; innovations and technological breakthroughs that require more investment – along with higher numbers of people to cater for – all spell out a huge economic challenge for the NHS. • If no changes are made there will be a £30 billion funding gap for the NHS nationally by 2020 . • Recruitment and retention of workers is another area of concern. The Health Foundation has found that at any one time there are 80,000 vacancies for social care jobs in England • Advances in medicine and technology - Huge advancements in medicine and surgery, alongside IT and technological innovations mean that there is a wealth of ideas and efficiencies that could potentially be implemented to bring our NHS up to modern standards to meet the needs of us all in the 21 Century. This might also make the sector more attractive to younger people. <p>Brexit Concerns – The Kings Fund recently published Five key issues for Health and Social Care post Brexit</p> <p>1.Staffing 55,000 of the NHS's 1.3 million workforce and 80,000 of the 1.3 million workers in the adult social care sector (Health and Social Care Information Centre 2015; Skills for Care 2016) are EU nationals.</p> <p>2. Accessing treatment here and abroad</p> <p>3. Regulation In many important areas, the government will need to clarify whether its intention is to repeal EU regulations and replace them with UK-drafted alternatives or to continue to abide by them. These include:</p> <ul style="list-style-type: none"> • the working time directive • procurement and competition law • regulation of medicines and medical devices • regulation to enable common professional standards and medical education between EEA countries. <p>4.Cross-border cooperation Surveillance and early warning of communicable diseases, managed by the European Centre for Disease Prevention and Control. These facilitate the rapid sharing of information and technical expertise in response to potential pandemics, communicable diseases and other cross-border health threats.</p> <p>5. Funding and finance</p>
The regional picture	ECC Care Strategy published December 2017
Interventions and Local Picture	<p>Colchester Institute has plans for a £5m Centre for Health and Care to facilitate high level apprenticeships (LGF via SELEP £2.5m), opens January 2020.</p> <p>What it will do: in partnership with employers train the workforce of the future within vibrant realistic working environments, supporting development of professional and technical qualifications and apprenticeships including focusing on higher level skills (L4+)</p> <p>Anticipated outcomes:</p> <ul style="list-style-type: none"> • 90 new apprenticeship starts in Health and Care by year 2 • 120 additional students achieving Level 3 qualifications by year 2 • 140 learners a year trained to job ready status to fill Health and Care vacancies in Colchester and Tendring • 55 additional employers engaged with the Centre for first 3 years • 62 direct and indirect new jobs created • Minimum of 10 new courses and qualifications developed each year

	<p>Essex Skills Board to develop a potential partnership with Maldon and Braintree District Councils as well as the private sector.</p> <p>Recruitment companies are a growth area as there's a growing need for staff to look after people at home. The Weston Homes Business Centre has seen several businesses expanding to Colchester from Ipswich. This is a new trend for these companies to open second offices here.</p> <p>Care Campus project, Colchester Northern Gateway – the outcome of the Pegasus Study September 2017, has compared two scenarios around healthcare development at Northern Gateway to assess the economic value created in each to make a case for departure from the Local Plan in terms of land use and job creation.</p>
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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 (ACE) CIC; and Essex County Council. In recent years however there has also been a noticeable rise in the number of companies formed to deliver contracted out primary care activities. Examples include Care UK and Provide.

Financial and professional business services

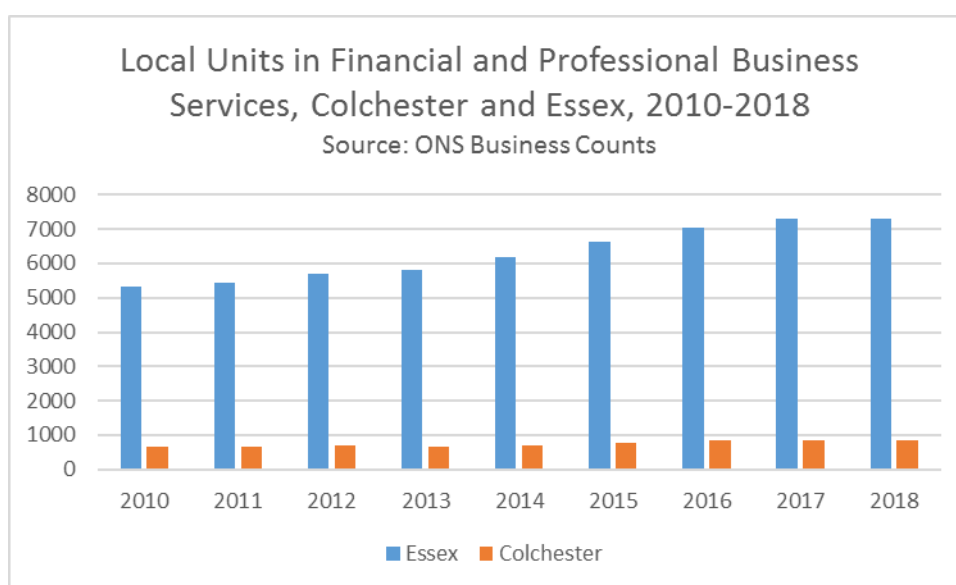
The Financial and Insurance sub-sector and Legal and Accounting Activities and Management Consultancy demonstrate Colchester's role as a significant cluster, accounting for 11.8% of all these enterprises within Essex. These functions tend to be "central place" activities and there is a tradition of Colchester having both financial services and legal clusters.

There has been local growth in this sector with the relocation of Birkett Long and the merger of Aston Scott and the Lark Group which will be tenants for a new office development.

2019 review:

Financial & Professional Services – Core sector due to medium growth potential, particularly in 'Professional Services' and skills/business retention

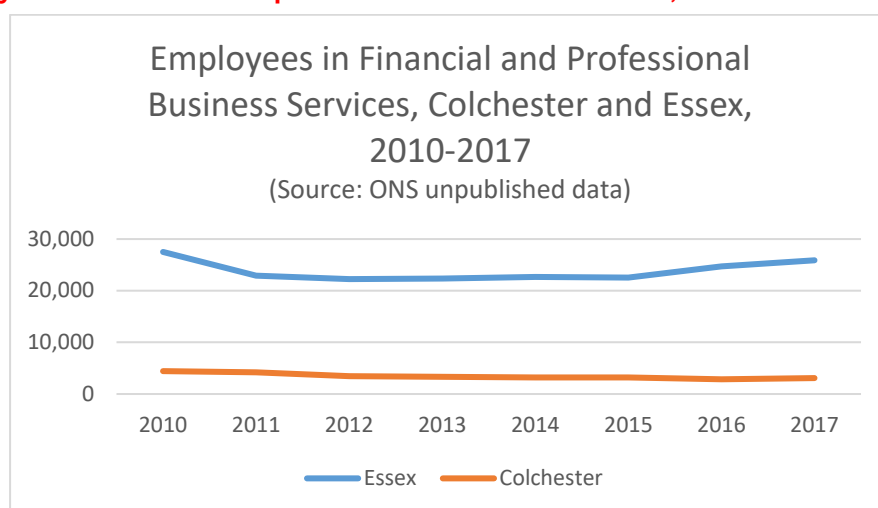
Figure 33: Local Units in Financial and professional business services, Colchester and Essex, 2010 - 2018.



Sector definition: Financial Services is Division 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 3,061 employees across 865 businesses, the Borough's sector is significant, with some 3.2% of all jobs. This sector in the Borough shows a relatively stable picture though of slight decline compared to the more volatile picture at County level.

Figure 34: Employees in Financial and professional business services, Colchester and Essex, 2010-2017.



Recent changes to the insurance market, in particular, have seen large-scale redundancies in the Borough. This sub-sector is in decline while the accounting sub-sector has also lost head-count. 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.

Sector Situational Analysis

<p>National Picture:</p>	<p>In 2017, the financial services sector contributed £119 billion to the UK economy, 6.5% of total economic output. The sector is largest in London, where 50% of the sector’s output is generated. There were 1.1 million financial services jobs in the UK, 3.2% of all jobs. Exports of UK financial services were worth £61 billion in 2016 and imports were worth £11 billion, so there was a surplus in financial services trade of £51 billion. 44% of financial services exports went to the EU and 39% of financial services imports came from the EU. The sector contributed £27.3 billion in tax in the UK in 2016/17.</p> <p>http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06193</p> <p>Brexit presents a considerable risk to the financial services industry especially with the need for ‘passporting’. Already Deutsche Bank and Lloyd’s of London have announced relocations of some of their London services to enable access to the EU.</p> <p>2018 Financial Services Outlook. Key issues identified by Deloitte</p> <ul style="list-style-type: none"> • Commercial property estate holdings by banks and other financial institutions and impact on town centres as banks withdraw • Regulation post Brexit • Insurance – impact of ‘pension freedom’ in 2015 is taking significant sums out of the system. Big data will enable a more tailored insurance policy approach. • Cyber crime risk – financial services is the leading sector when it comes to the cost of cyber crime • Brexit impact on insurers doing business in the EU – bi-located offices and relocations being reported and planned • Technology: Fintech for mobile transactions, Artificial intelligence, to replace repetitive and standardised processes and Blockchain a shared information system based on an open ledger innovating trust and enabling peer-to-peer interactions of a global scale.
<p>Interventions and Local Picture</p>	<p>This sector has seen significant development in the last year. Law firm, Birkett Long, took the lease on new 20,000sq ft office space (Amphora I) in Sheepen Road. Amphora II was completed in June 2019 for recently merged Aston Lark insurance brokers.</p>

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

7. Business Demography

Number of businesses in the Borough

The Inter Departmental Business Register provides official figures for the number of both enterprises and “business units” - that is, the number of individual business sites – in the Borough. This data is based on those enterprises and units which contribute to either VAT and/or PAYE; effectively the economically significant businesses in terms of employment generation and turnover. (There are numerous sole traders who are not therefore included in these figures and who are also important to the overall local economy).

Growth in the business stock, both enterprises and units, has returned after a decline from 2008, reflecting the impact of the recession, and has attained its highest level historically.

Evolution of the number of enterprises in the Borough from 2010-2018 reveals overall growth of 17.5% of the total stock of Enterprises and an increase in Units of 12.7%.

Figure 35: Number of Businesses in Colchester Borough, 2010-2017.

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Local units	7380	7230	7280	7245	7435	7905	8070	8265	8315
Enterprises	5990	5895	5970	5950	6130	6620	6825	6995	7040

Source: ONS, IDBR

This return to the trend of growth demonstrated up until 2008 is necessary to generate sufficient capacity to accommodate the demands of the Borough’s growing working age population.

Business formation and closure

In more detail, the longer-term pattern of growth-decline-growth in net business formation indicated above can be gauged by comparing the rates of business formation and closure for the Borough and then for the County.

Figure 36: Local units’ formation and closure levels, Colchester: 2010-2017

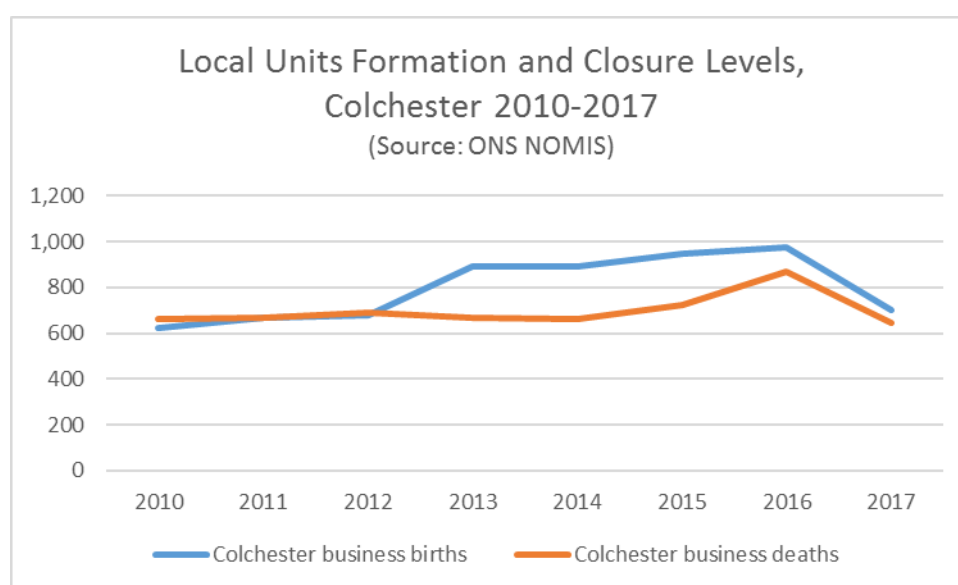
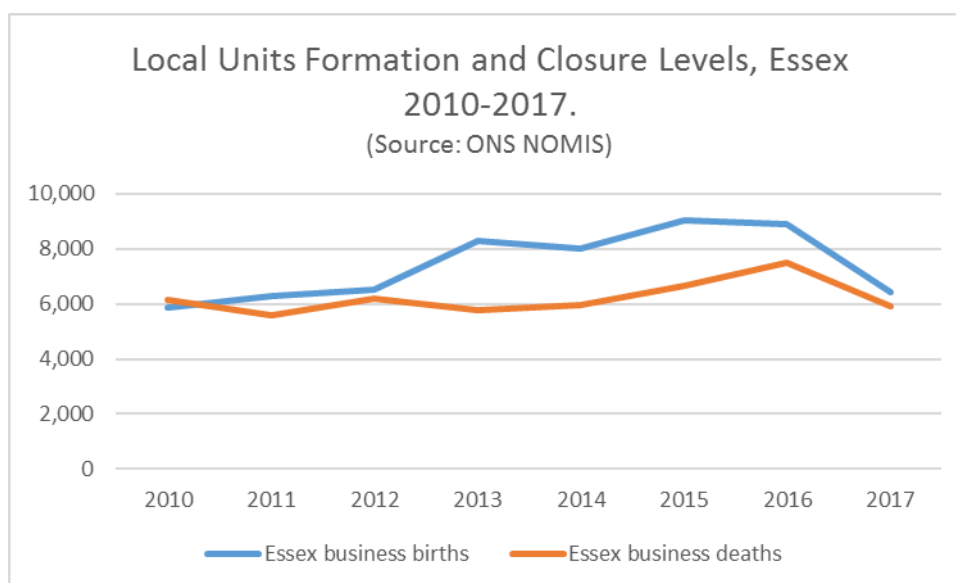


Figure 37: Local units' formation and closure levels, Essex: 2010-2017.

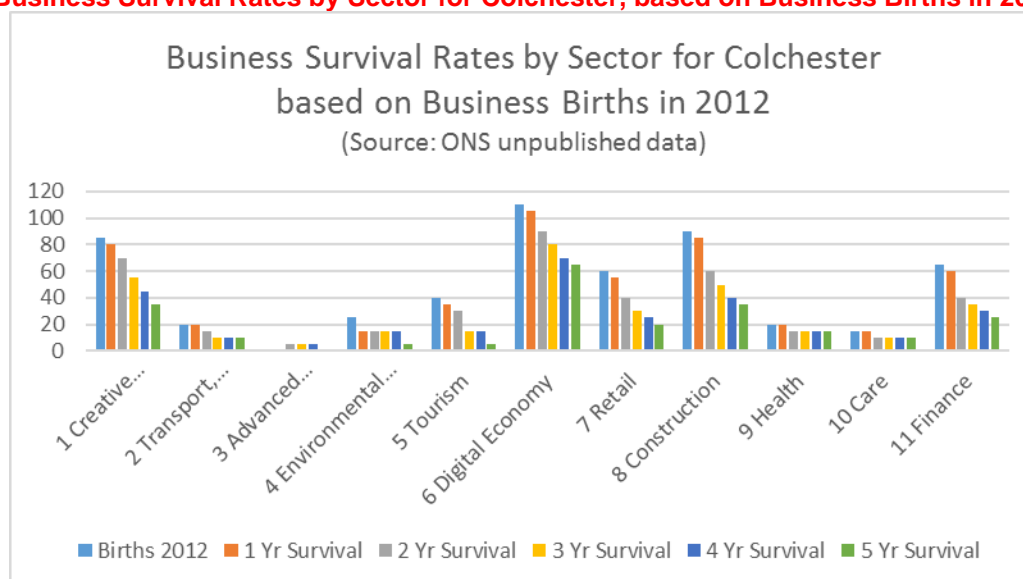


Closures of enterprises outweighed formations between 2010 until 2012 due to the recession although the net growth rate returned after that date. This was similar to the Essex picture, although the County was quicker to emerge from recession than the Borough.

Business Survival by Key Sectors

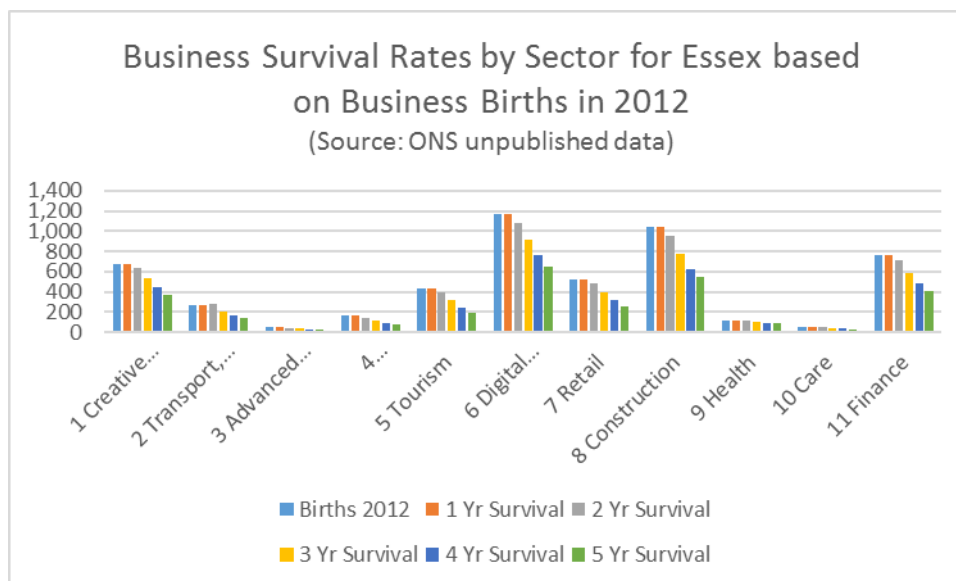
The picture of business survival in Colchester's economy is interesting. Digital businesses experienced the highest rate of failure which is to be expected given the rate of change and degree of investment required to sustain success. Construction also saw a high rate of business deaths along with the creative sector and retail which were significant but less steep. Construction is a cyclical industry requiring relatively high 'up-front' costs for materials so cash flow is vital. Although there were relatively few start-ups in transport/logistics, advanced manufacturing (3), environmental technology (4), health, care and finance most of those companies which formed were still trading five years later.

Figure 38: Business Survival Rates by Sector for Colchester, based on Business Births in 2012



The picture for Essex reflects that of Colchester though with more businesses being formed and so more failed.

Figure 39: Business Survival Rates by Sector for Essex, based on Business Births in 2012



Business turnover and employment

The economic significance of the total of enterprises in the Borough for 2018 is reflected in their total turnover - over £9.5 billion per annum - and in their contribution to employment, almost 95,000 employees.

Figure 40: Count, employment and turnover of VAT and/or PAYE based enterprises in Colchester at March 2018.

	Count	Employment	Turnover (£'000s)
Total	7,040	94,409	£9,518,994

Source: ONS, Dun & Bradstreet – unpublished data

Foreign direct investment (FDI) in the Borough's business stock

According to the ONS (January 2018) growth in the value of FDI in the UK rose due mainly to a handful of high value inward mergers and acquisitions during 2016. Exchange rate movements also supported the value of FDI assets over 2016 and that this is likely to have had an impact on the UK's position

It is acknowledged that there is much greater labour productivity in non-domestic firms which is due to higher investment and paralleled by higher skill and wage levels. FDI firms are an important driver of local economic growth in the UK.

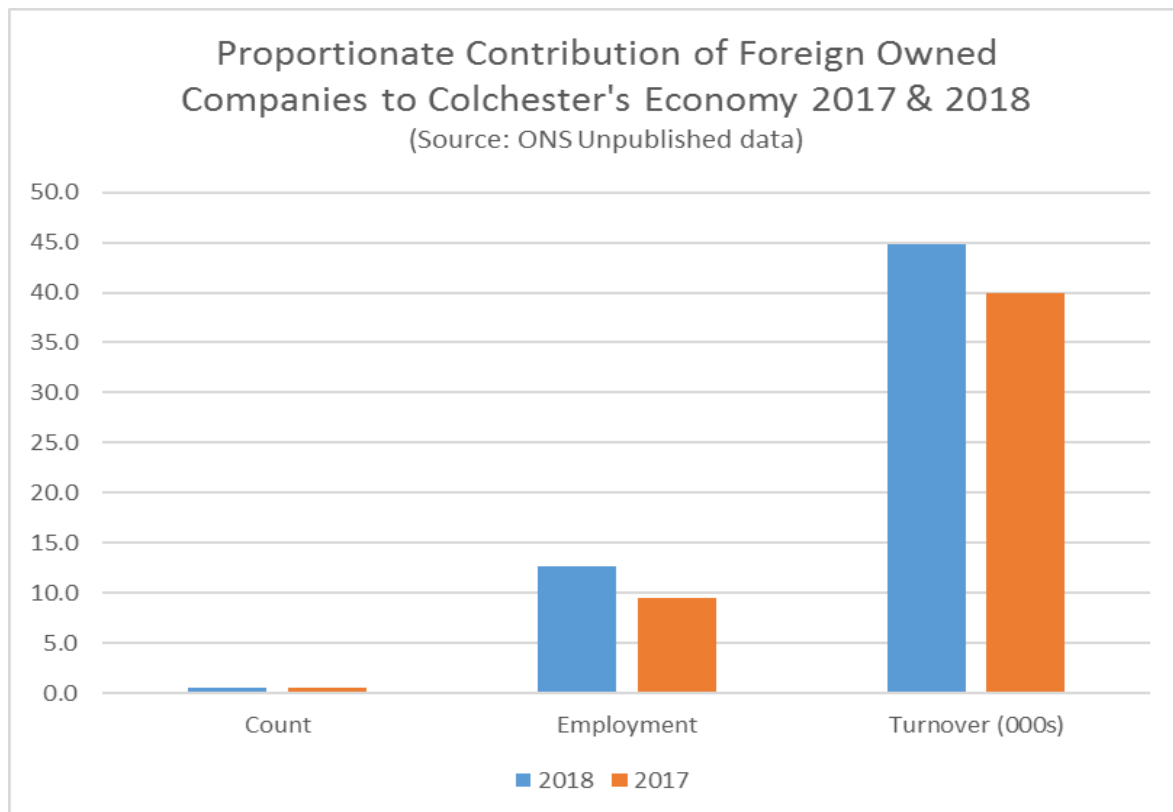
According to the report on FDI UK Attractiveness: A Survey of 440 Foreign Investors (April 2018) by Ernst & Young, there has been a shift in the consideration of the UK as a destination for FDI.

- No dramatic collapse in sentiment towards the UK as an attractive destination for foreign investment in the aftermath of referendum vote to leave the EU but there are early signs that inbound flows are slowing, and beyond the three-year horizon the outlook appears significantly more challenging.
- Around a fifth of foreign investors have changed their investment plans in the UK since 2016; either increasing, reducing or holding spend.

- After 2020, research by EY across Europe suggests that around 50% of foreign companies might move assets out of the UK.

Analysis by Dun & Bradstreet for ONS (2019) of the total units in Colchester for those which are FDI companies has revealed that while, very small in number, these companies in the Borough also account for disproportionately large shares of both employment and turnover:

Figure 41: Proportionate Contribution of Foreign Owned Companies to Colchester's Economy 2017 compared with 2018.



Source: Count, employment and turnover of VAT and/or PAYE based enterprises in Colchester by country of residence of the global ultimate, ONS, courtesy of Dun & Bradstreet March, 2018.

Although FDI companies are just 0.6 per cent (45) of all business units in the Borough (7,040), they account for 12.7% of employment (12,037) among all business units, and contribute 44.8% (£4.3bn) to total turnover.

A similar study in March 2016 revealed that:

- EU companies accounted for about 2 per cent of employment (1,794), and 5.2 per cent of turnover (£463,624,000); and
- While non-EU companies hired 9.2 per cent of Colchester's employees (8,128) and contributed 32.9% (£2,946,034,000) of turnover.

It should be noted though that many other Colchester businesses will directly or indirectly form part of the supply chain for EU products and services.

Businesses by size

These enterprises are overwhelmingly (almost 90%) micro businesses, less than 10 employees, although data is lacking on the share of turnover contributed by Micro, Small, Medium and Large businesses defined by employment size. The relative share of these businesses by size, both enterprises and local units, in contributing to the overall totals in the Borough can be clearly seen in the table below:

Figure 42: Size of Enterprises and Local Units by Employment Size Band, Colchester and East: 2018.

	Colchester (numbers)	Colchester (%)	East (numbers)	East (%)
Enterprises				
Micro (0 to 9)	6,245	88.7	236,890	89.7
Small (10 to 49)	645	9.2	22,090	8.4
Medium (50 to 249)	120	1.7	3,955	1.5
Large (250+)	30	0.4	960	0.4
Total	7,040		263,895	
Local Units				
Micro (0 to 9)	6,910	83.1	259,005	85.2
Small (10 to 49)	1,120	13.5	36,265	11.9
Medium (50 to 249)	250	3.0	7,615	2.5
Large (250+)	35	0.4	1,020	0.3
Total	8,315		303,905	

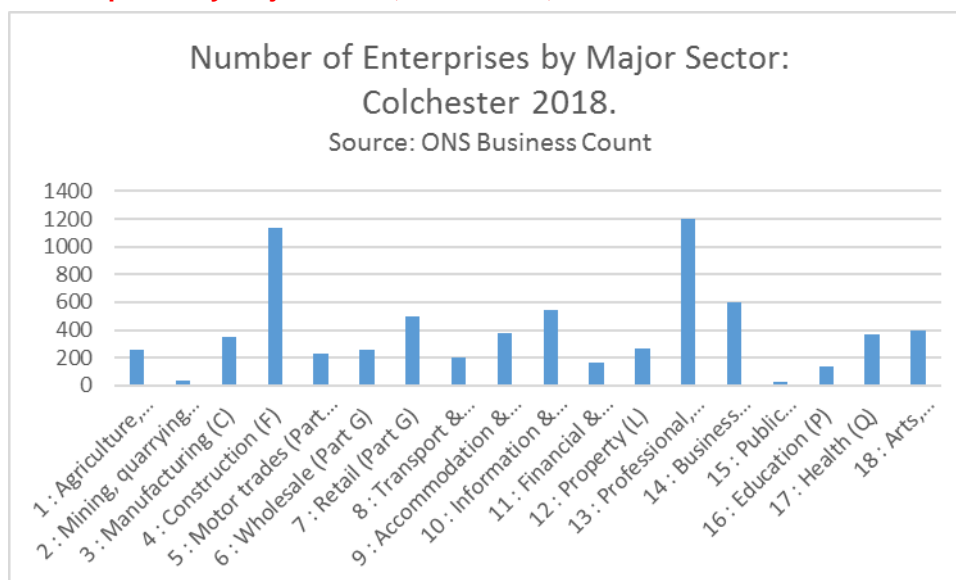
Source: Inter Departmental Business Register (ONS)

Comparatively, the distribution of enterprises and local units in Colchester is characterised by a slightly smaller share of Micro businesses and larger share of Smaller, Medium and Large businesses compared to the East.

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 43: No. of Enterprises by Major Sector, Colchester, 2018.

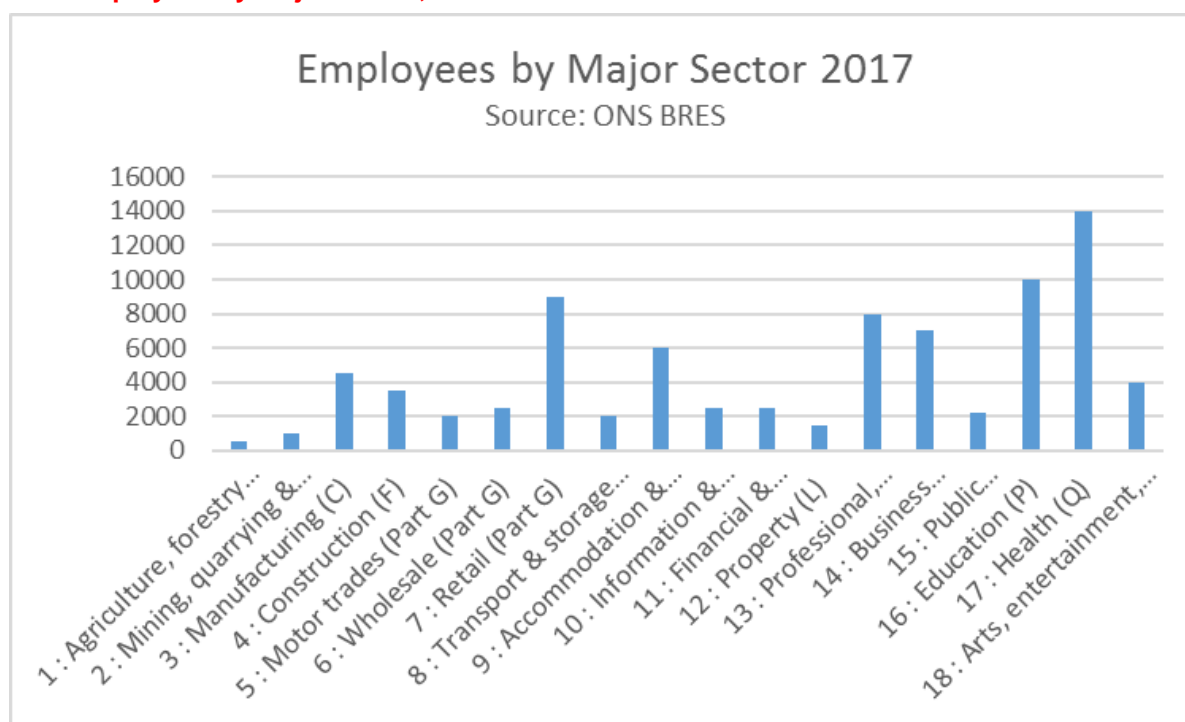


However, composition of the business stock is dominated in terms of numbers of units by construction, retail, and professional/scientific/technical categories. Accommodation and food services, Information and communication, Business and administration & support services, Health and Arts, entertainment,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

In terms of volumes of employment, Colchester has:

- Three Major Groups each providing more than 10% of total jobs in the Borough: these are, Retail, Education; and Health.
- A further six major Groups each account for between 5 – 10% of total jobs: Manufacturing; Construction; Accommodation and Food Services; Professional, Scientific & Technical; Business Administration & Support Services; and Finance and Insurance.
- The remaining nine Groups each provide between 0.1 - <5.0 % of all jobs the most significant of which is Arts, Entertainment and Recreation.

Figure 44: Employees by Major Sector, Colchester 2017.



Note: Employee numbers are rounded

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

Businesses by sector and employment-size

Additionally, the dominance of micro-businesses in the Enterprise count – 89% of all businesses – creates flexibility to opportunities and downturns but significant risk for these business facing simultaneous threats such as those that Brexit will present.

Out of the seventeen SIC major groups, the micro enterprises in five of these account for 62% of all businesses (highlighted below).

Figure 45: Business Count - Local units by size-class and Major Group, Colchester 2018.

Industry (Major Group)	Micro (0 to 9)	Small (10 to 49)	Medium (50 to 249)	Large (250+)
1: Agriculture, forestry & fishing (A)	250	10	0	0
2: Mining, quarrying & utilities (B,D and E)	40	10	5	0
3: Manufacturing (C)	300	50	15	0
4: Construction (F)	1,095	65	5	0
5: Motor trades (Part G)	210	50	5	0
6: Wholesale (Part G)	245	65	5	0
7: Retail (Part G)	610	150	25	5
8: Transport & storage (inc postal) (H)	220	25	10	0
9: Accommodation & food services (I)	320	140	15	0
10: Information & communication (J)	530	25	5	0
11: Financial & insurance (K)	175	25	10	0
12: Property (L)	275	35	5	0
13: Professional, scientific & technical (M)	1,135	85	20	5
14: Business administration & support services (N)	635	65	20	5
15: Public administration & defence (O)	25	15	15	0
16: Education (P)	95	75	40	5
17: Health (Q)	315	185	35	5
18: Arts, entertainment, recreation & other services (R,S,T and U)	425	40	10	5

Source: ONS Business Count. Note: totals rounded to nearest five.

The distribution of businesses (Local Units) – between the private and public sectors

Of note is the significance of the Professional, Scientific & Technical area which crosses a number of sector areas previously noted - Legal & Accounting; Management Consultancy; Advertising and Marketing; Specialist Design and Photography – and includes Architectural and Engineering Activities and Scientific Research.

Figure 46: Business Count - Local Units – by size-band and sector: Colchester Borough: 2018.

Employment Size-band	Total	Private sector	Public sector
Micro (0 to 9)	6910	6865	45
Small (10 to 49)	1120	1045	75
Medium-sized (50 to 249)	250	185	65
Large (250+)	35	30	5
Total	8315	8125	190

Source: UK Business Count, Nomis

The public sector has shrunk by some 21% since 2014 with the largest loss being felt in the micro size band. The private sector has grown by 15.1% with the growth coming in the micro band.

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 (including urban fringe) 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 key consideration in employment land allocation through the planning process.

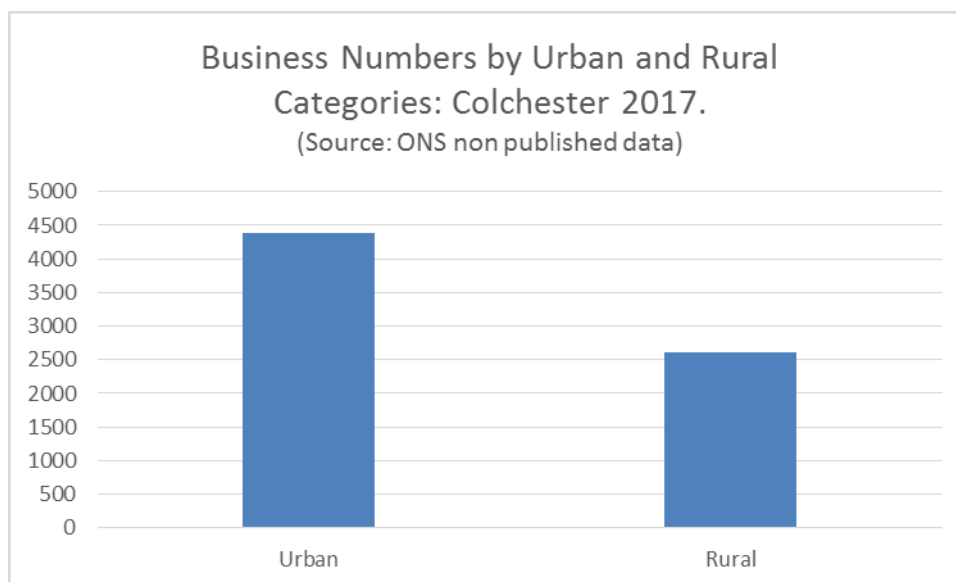
Recent data provides an update on the evolution of rural and urban jobs from 2001. Statistics showed that over the decade 2001-2014 the rural area had a higher absolute and relative rate of increase in its business stock than the urban core of the Borough. Rural businesses increased by 26.3% (570 units), compared to urban growth of 9.8% in the base (422 units).

The picture in 2017 was of 4380 urban enterprises compared to 2615 rural. However, the urban enterprises employed 80%: 18,269 people in rural enterprises compared to 71,663 in urban. The turnover figures are also interesting in that rural enterprises had a collective turnover of £1,501,575 compared to the urban turnover of £8,074,822 so urban enterprises account for 84% of the turnover.

While a proportion of this employment will be home-based, the figures suggest that the Borough's rural employment planning policies have supported employment growth in the rural area while maintaining an emphasis on Town Centre and urban locations to absorb an equal share of the increase in size of the working population.

The profiles of these changing shares in job numbers between urban and rural areas of the Borough can more readily be appreciated from the below stacked charts:

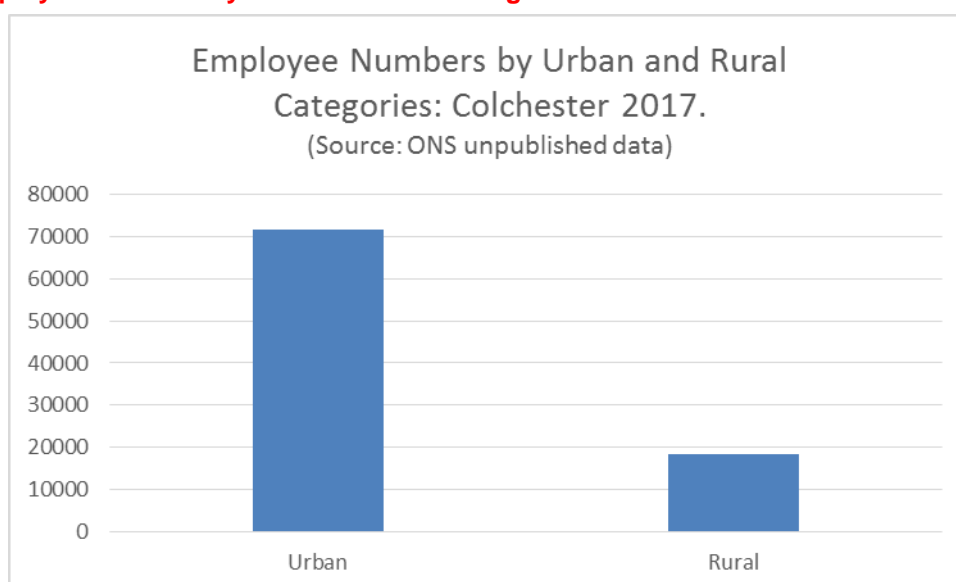
Figure 47: Business numbers by urban and rural categories: Colchester 2017.



Source: Annual Business Inquiry, ONS unpublished data

The trend below compared with the figures in the graph above show that there is an increase in both urban and rural businesses and that rural businesses are increasing very slightly as a proportion of the overall business count.

Figure 48: Employee numbers by urban and rural categories: Colchester 2017.



Source: ONS unpublished data

Notes: The definition of 'rural' and 'urban' wards is based on Census definitions for Output Areas which subdivides each category by varying levels of density ranging from 'Hamlets & isolated dwellings' and 'Town & fringe' for rural and 'City & town' and 'Major conurbation' for urban.

'Rural' wards previously included 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' wards were Berechurch; Castle; Christchurch; Harbour; Highwoods; Lexden; Mile End; New Town; Prettygate; Shrub End; St. Andrew's; St Anne's; St John's and Stanway.

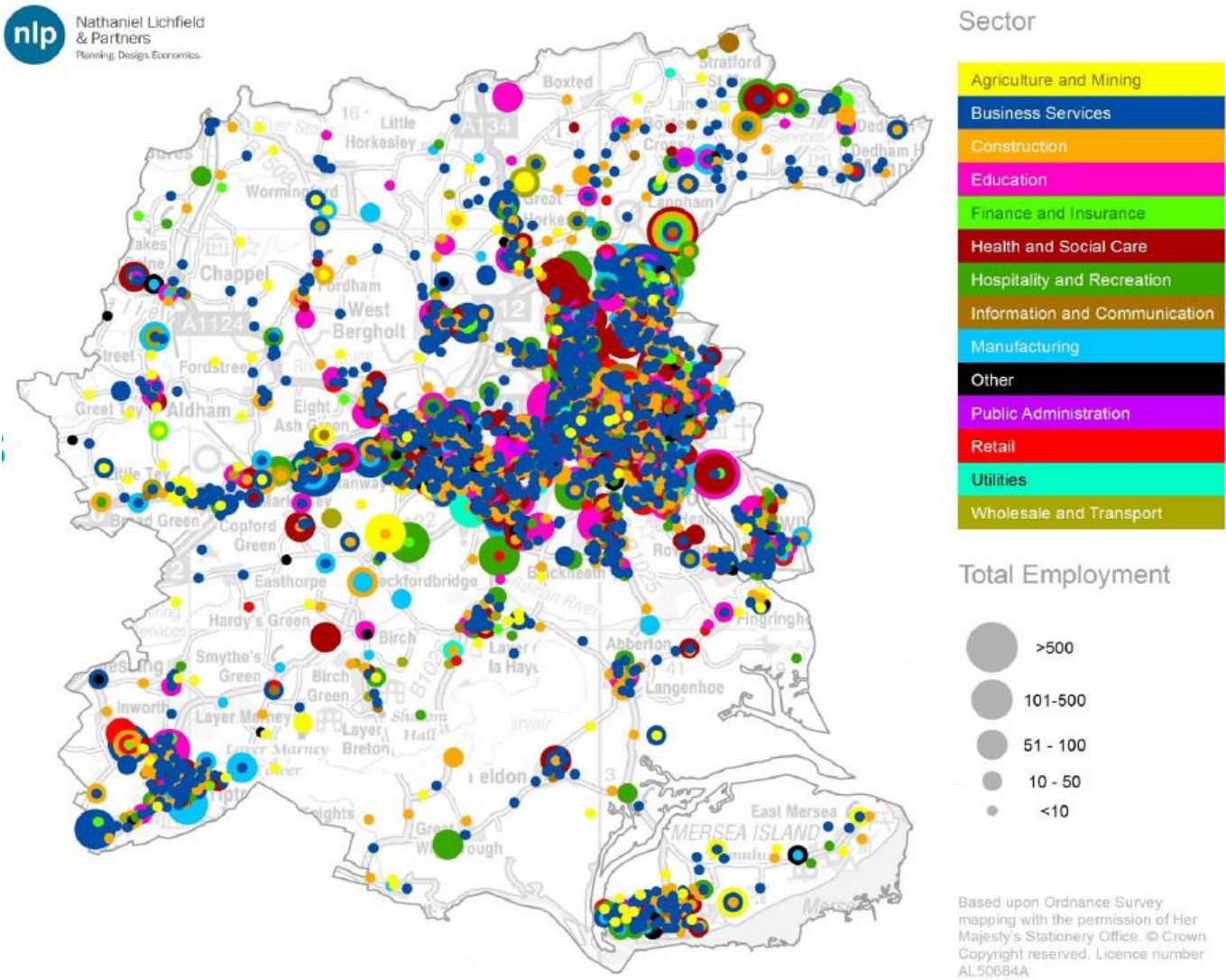
These ward boundaries have now of course changed, so future comparisons will need to reflect changed groupings. For example, Lexden and Braiswick ward includes both the 'rural' area of West Bergholt and Eight Ash Green alongside the 'urban' area of Lexden- it's not immediately obvious which category it now falls in.

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

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 Great Eastern Main Line and the reduction of travel time that brings for the expanding urban population to access jobs on these sites – the North and West of the Borough and Tiptree; and, partly due to steady demand for a rural location with purpose-built or converted commercial space at a lower total cost of occupancy than available in urban Colchester.

The map below provides an impression of the range of sectors and sizes of employment sites which are spread across the Borough:

Figure 49: Business Units by major sector and location, Colchester Borough: 2013.



Source: NLP derived from IDBR, ONS (2013)

8. 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'.

Though they have no legal status TTWA do give Planners an alternative view of boundaries which are not tied to official administrative areas.

The maps below show the changing geography of self-containment from 2001 and 2011 Census. The reach of Colchester Borough was 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 in 2001.

Figure 50: Essex Travel to Work Areas (TTWA), 2001 and 2011.



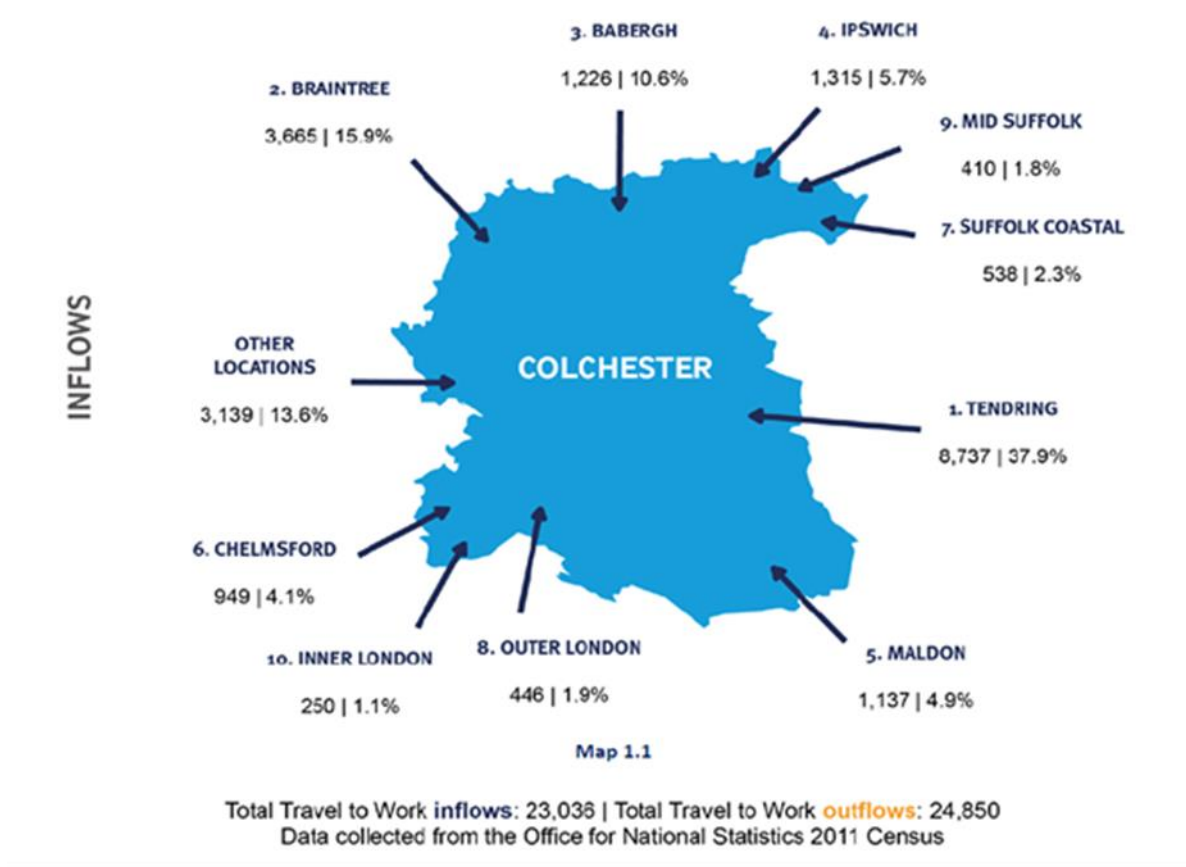
Source: ONS

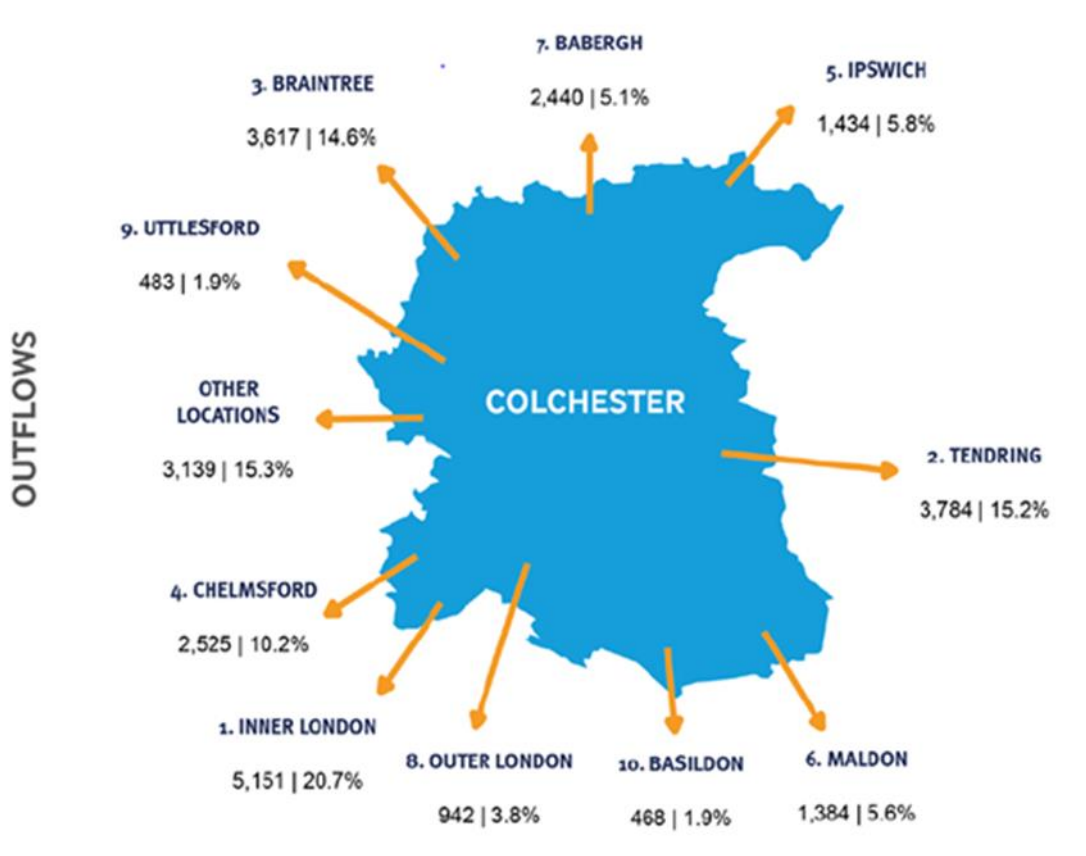
The review (2015) of the Borough’s TTWA by ONS now shows that the Borough’s catchment area now extends to encompass part of Braintree district, but less of Tendring District. This is evident from the below section on commuter flows derived from the 2011 Census.

Commuter flows: 2011

The below map provides 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 51: Travel to Work Flows, for Colchester, 2011.





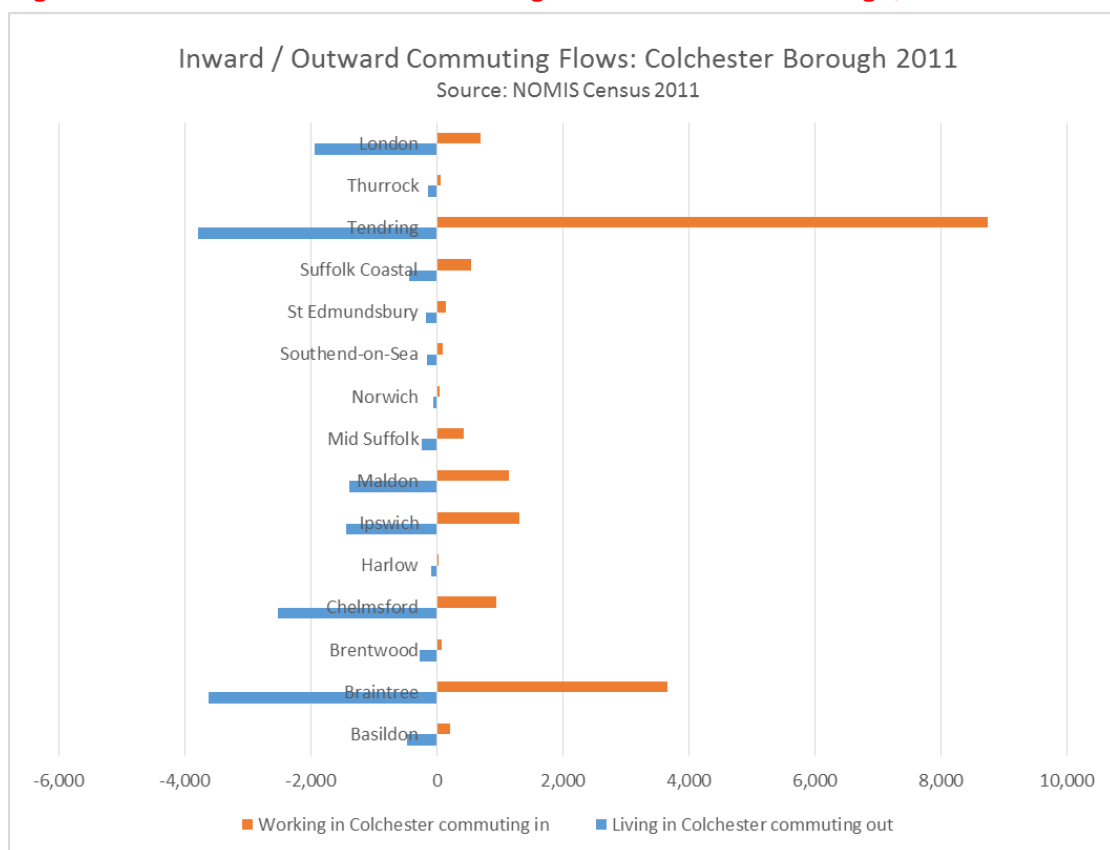
Source: ONS / Essex Skills Board Evidence Base: Colchester District Profile 2017/18

In terms of numbers of people commuting out of Colchester to work, 24,850 employed residents leave the Borough. The highest levels of commuting were to London (6,093), followed by Braintree (3,617), Tendring (3,784) and Chelmsford City (2525).

The total of people coming into the Borough was 23,036. The highest proportion of people living elsewhere and commuting into Colchester lived in Tendring, 38% (8,737) followed by 16% from Braintree (3,665) and Chelmsford (949).

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 52: 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 53: 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

Self-containment is a measure of local economic dynamism in two ways reflecting how many of the available jobs are filled by local residents and also how many residents stay in the area to work. It is therefore a measure of the ability of a place to provide work for its population. It is important and should be enhanced because providing employment opportunities within a reasonable distance of home:

- reduces the time taken to travel to work which
- contributes to an improved environment in terms of emissions and air quality as well as
- improving the quality of life for the worker.

In order to understand Colchester's commuter patterns more accurately work has been undertaken within the Council on 'Travel to work' data, collated as part of the 2011 Census.

Key findings from the Census were:

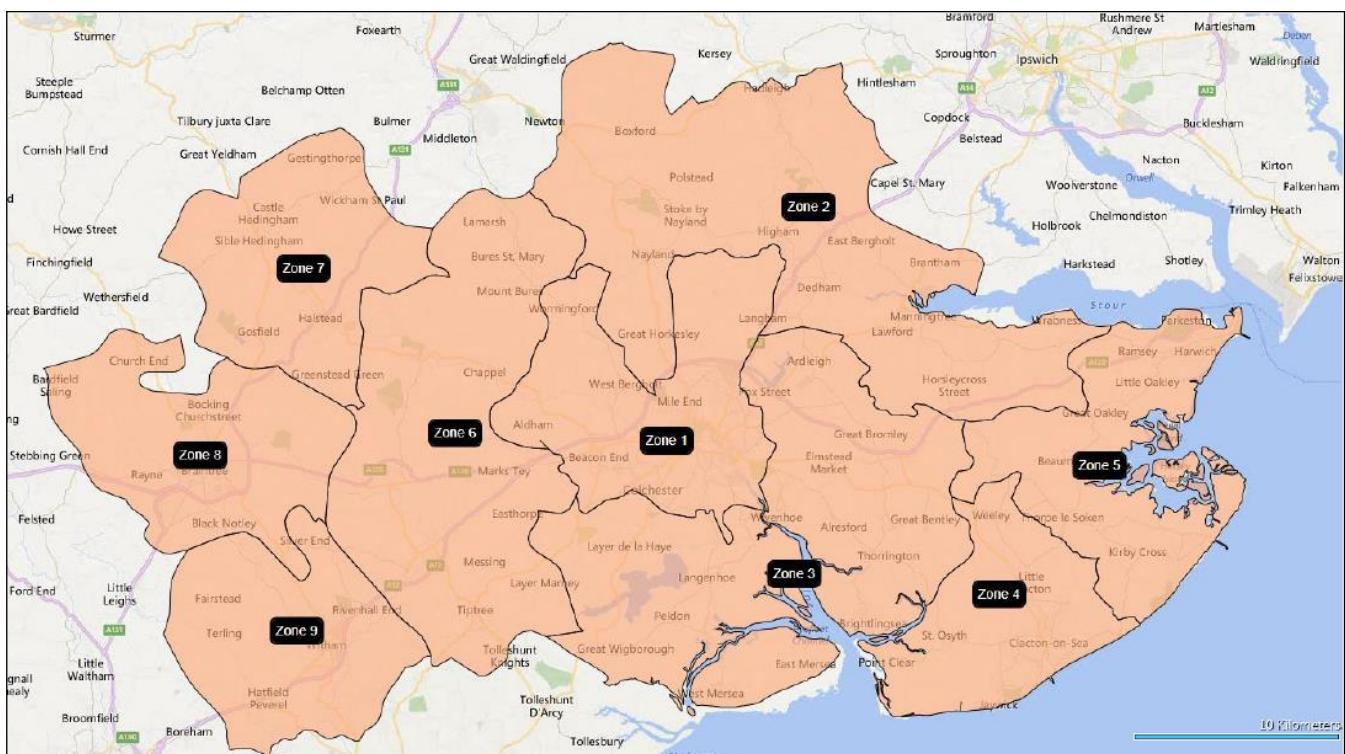
- The Borough has high levels of car ownership: 56,893 households owned a car compared to 14,741 households who did not;
- The car is the most popular method of transport used by residents in the Borough to travel to work: 49,522 people used the car, as opposed to 6,655 who used the train and 4,918 that travelled to work by bus;
- There are a total of 109,043 work related trips per day within, to, or out of the Borough;
- There are 86,075 employed residents in Colchester who either work within or outside of the Borough;
- 54,058 (69%) of employed residents make an internal trip (from any ward in Colchester to any other ward in the Borough);
- 7,167 (8%) of employed residents have no fixed place of work; and
- Colchester was a net exporter of 1,830 employees.

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 54: Colchester’s retail catchment area, 2016.



Source: Cushman Wakefield, Retail and Town Centre Study 2016

Nearly 490,000 people reside within Colchester’s full retail catchment area of which around 125,000 live within the primary area – Zone 1. 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

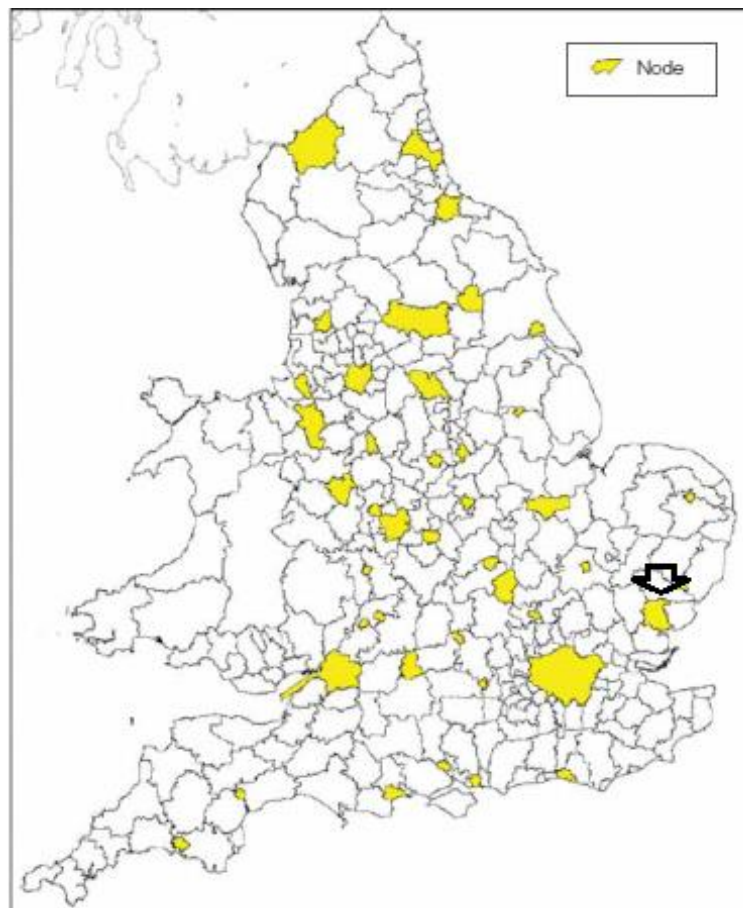
A further focus is that of the local area within the Regional and sub-Regional economies and here the concepts of 'agglomeration effects' and 'polycentrism' are important to defining the hierarchy of economic drivers of place. Two multi-functional definitions of Colchester which include these concepts 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 55: 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 former DCLG (now Ministry of Housing, Communities and Local

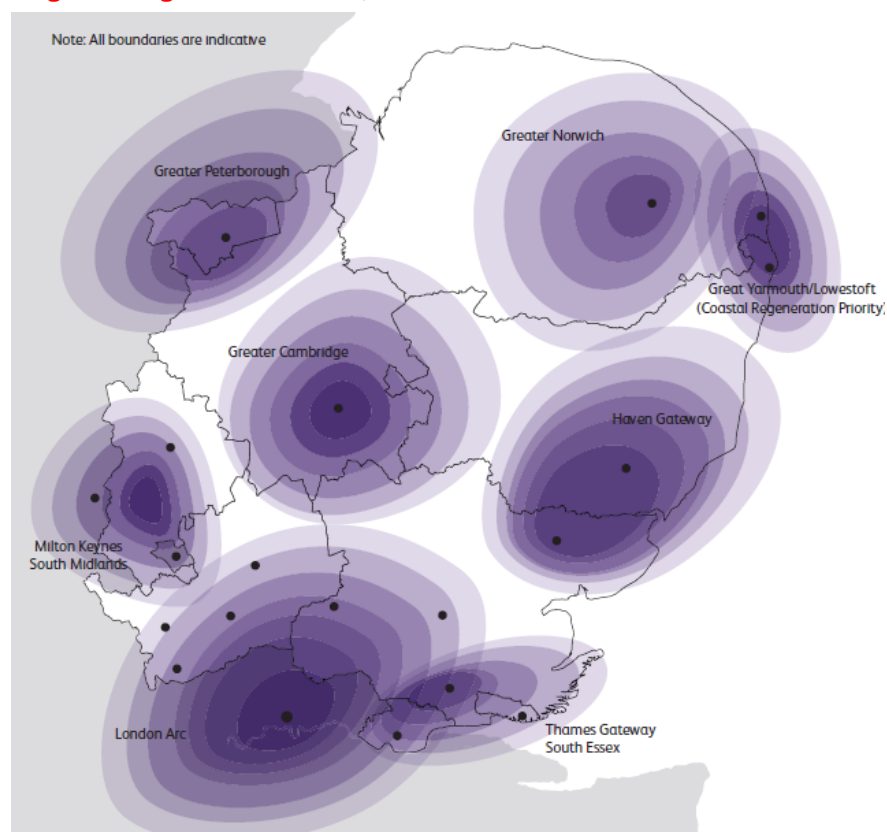
Government): that is, the built-up area has to contain a population of 125,000 or more. Colchester's urban (PUA) population in 2011 was 121,859 but this may have been the result of greater under-enumeration by the Census than was actually the case given previous APS estimates. In any event, the mid-2018 population estimates Colchester's population to be 192,500. 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 56: 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.

9. Competitive Place

UK Vitality Index

In July 2019 Colchester was ranked 10th 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 66 towns and cities outside of London which are best placed for businesses to expand and for future economic growth. In a change of methodology for 2019 there are now six elements to the indices and Colchester features in all.

Figure 57: UK Vitality Index 2019 Lambert Smith Hampton: Rankings out of 66 Places

Place	Overall Rank Nationally	Most Productive	Most Entrepreneurial	Fastest Growing	Highly Educated	Growing Affluence	Greenest
Colchester	10	22	37	4	15	14	26
Chelmsford	26	26	17	28	39	9	34
Ipswich	44	32	43	35	52	61	4
Southend	21	47	20	49	18	16	2

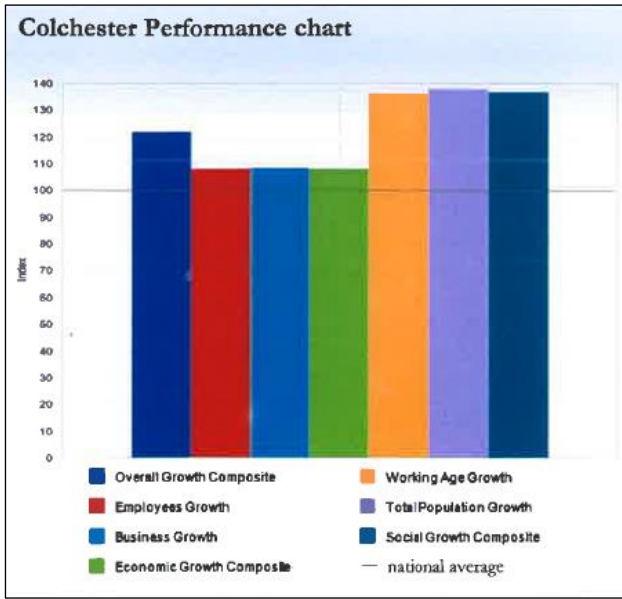
The key issue for Colchester is then to sustain its strong position, create a larger town centre (which is a key objective in the Local Plan), sustain and develop a dynamic and vibrant town centre and realise its potential as a regional centre.

Grant Thornton Growth and Dynamism Index

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. Comparison with the LSH table above shows that Colchester could still improve on its entrepreneurialism.

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.

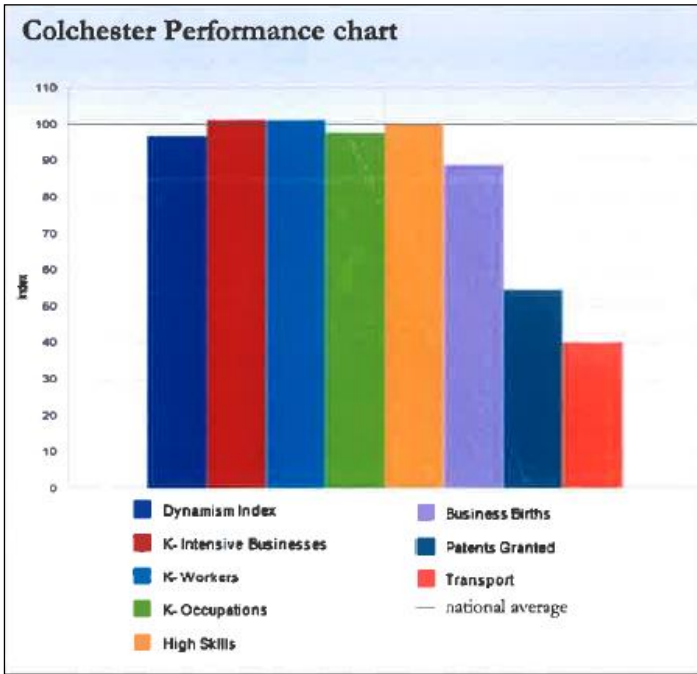
Figure 58: Grant Thornton Growth Index, Bar Graph, Colchester, 2014.



Apart from Colchester, only Uttlesford District was 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.

Figure 59: Grant Thornton Dynamism Index, Bar Graph, Colchester, 2014.



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.

10. 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 60: Population change: 2001-2011 Census to Census Comparison

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	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.

Figure 61: Colchester Estimated Population Change 2011-2018

Area	Population 2011	Estimated Population 2018	Estimated Change 2011-2018	% change
Colchester	173,100	192,500	19,400	11.2
Essex	1,393,600	#	#	#
East	5,847,000	6,201,200	354,200	6
England	53,012,500	55,977,200	2,964,700	5.6

Source: ONS mid year population estimates. # data not available

Figure 62: Colchester population age profile: 2018.

Age-group	0-19	20-29	30-44	45-64	65-74	75-79	80-89	90+	Total
Total	45,550	30,428	37,340	46,036	18,539	5,972	7,151	1,507	192,500

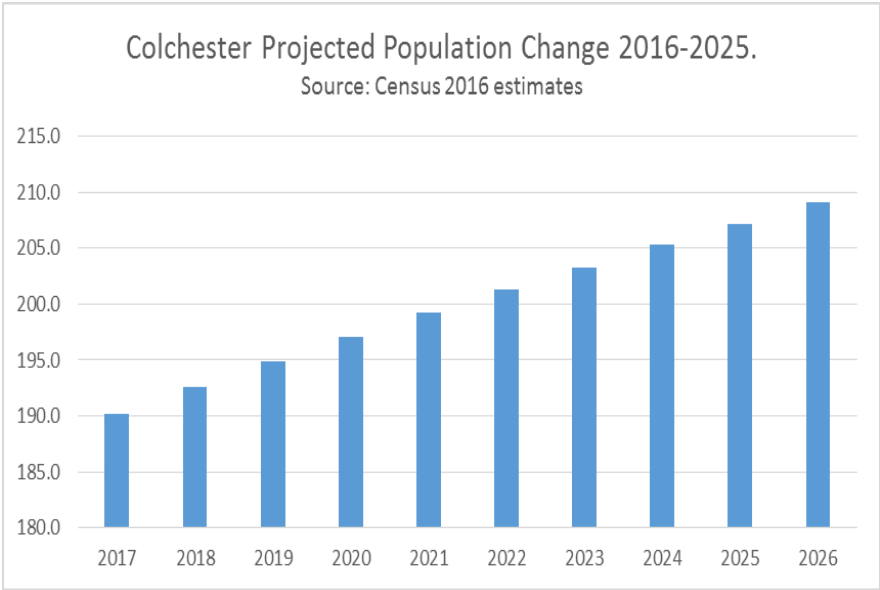
Source: ONS mid year population estimates 2018

Forecast population growth

Estimates suggest that from 2016-2026 the population of Colchester is expected to grow by 11.4% to 209,100 people. This is an increase of 21,500 people over a ten-year period and is the largest increase in any Essex district.

The following graph shows the projected population in Colchester over the next 10 years using the Interim 2016 based sub-national population projections, published in June 2018.

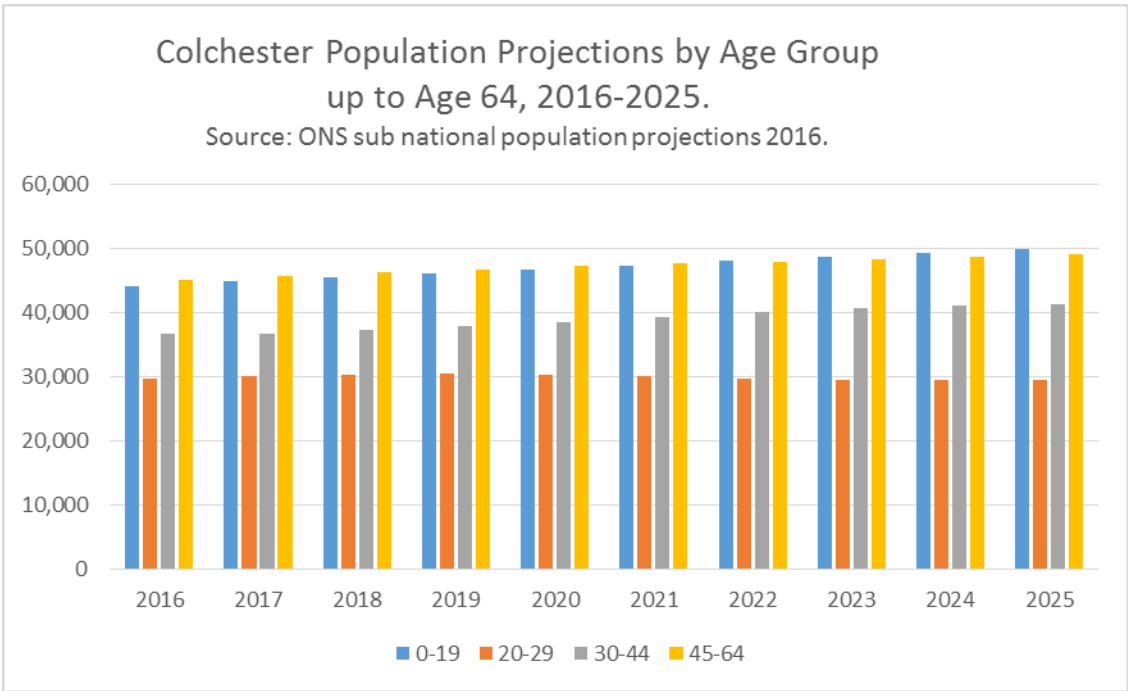
Figure 63: Projected Population Change, Colchester, 2016-2025.



Source: Interim 2016 based ONS sub-national population projection

The graph below shows the projected population change by age group between 2016 and 2025 using the Interim 2016 ONS based sub-national population projections.

Figure 64: Population Projections by Age Group, Colchester, 2016-2025.



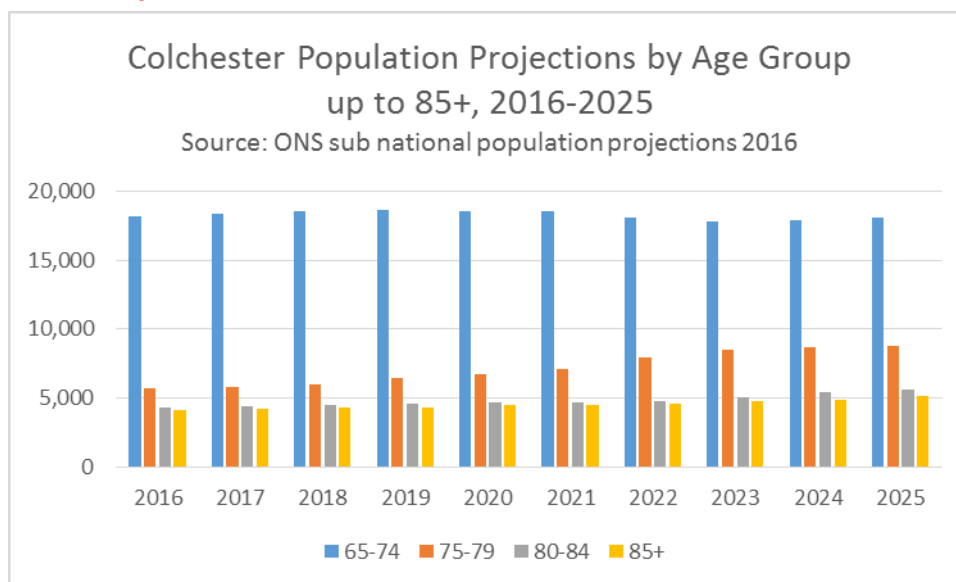
There are increases in population across all age groups except the 20-29 which falls very slightly:

- The 0-19 age group increases by 13.2% (5,800 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 falls slightly by 0.3% (100 people);

- The 30-44 age group, the main economically active and household forming and moving group, shows an overall increase of 12.6% (4,600 people); and
- The 45-64 age group shows an overall increase of 8.8% (4,000 people).

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

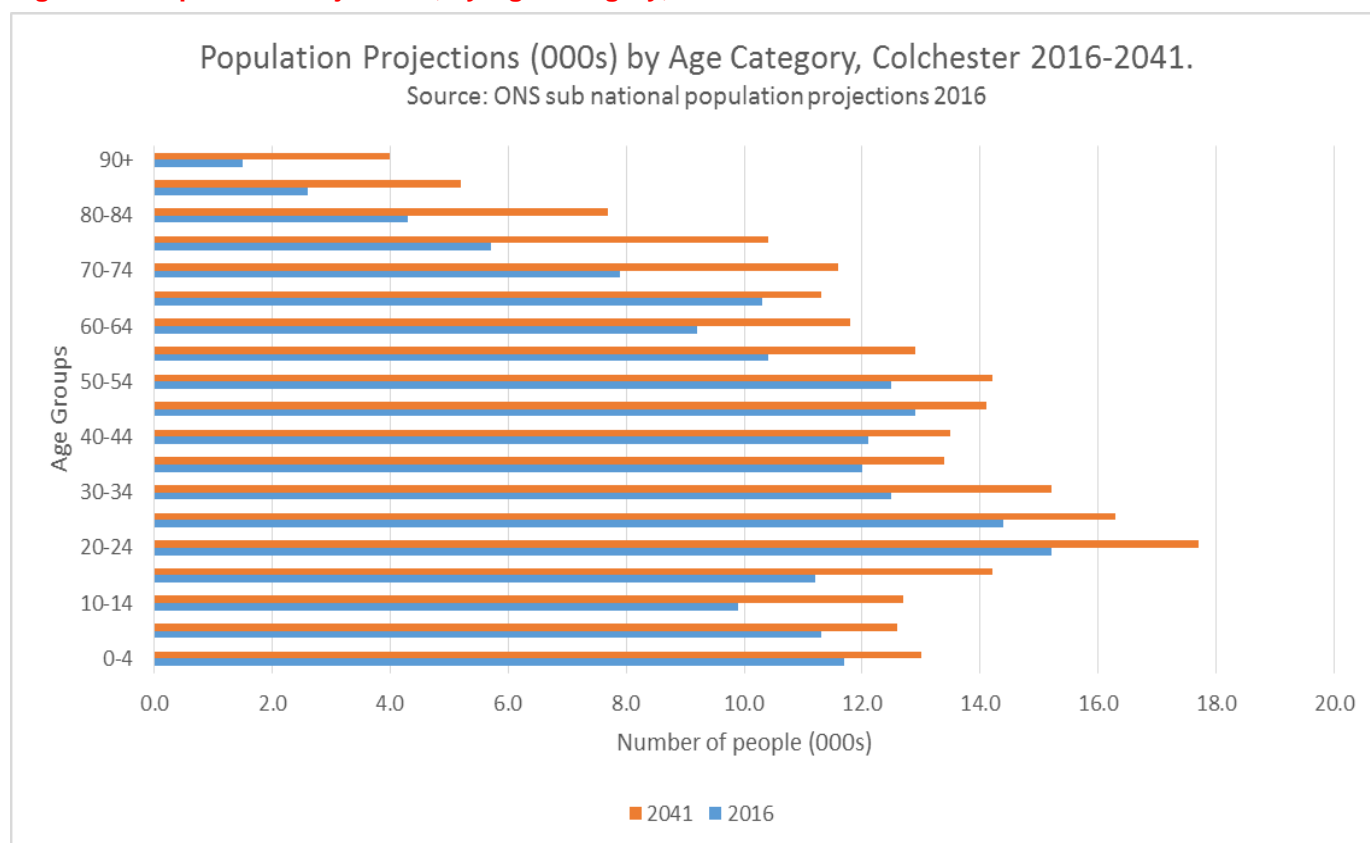
Figure 65: Increase in Population over 65, Colchester 2016-2025.



The largest proportionate growth is in the 75-79 age bracket, which shows a 54% (3,100 people) increase over this period.

The 65-74 age group falls slightly by 0.5% (100 people). The 80-89 age group increases by 27.4% (2,300 people). These figures are significant due to the resource demands for very elderly people. Over a longer forecast period, to 2037, the projections for five-year age-groups show even more pronounced growth for the over-65s:

Figure 66: Population Projections, by Age Category, Colchester 2016-2041.



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 67: Projected change in number of households 2011 – 2021.

	2011	2013	2016	2019	2021	Overall change
Colchester	71,000	73,000	77,000	80,000	82,000	+ 11,000 / 15.5%

Source: Interim 2011 ONS based sub-national household projections

The growth in households (at 15.5%) is faster than the population growth for the same period (14%). This has implications in turn for housing growth.

The increase in the number of households to 2021 can be linked to the following factors which also are reflected in the decline in household size:

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

Figure 68: Change in household size from 2016 to 2041.

Year	Household size
2021	2.35
2026	2.34
2031	2.33
2036	2.32
2041	2.27

Source: Interim 2011 ONS based sub-national household projections (@2019)

Although household size is still predicted to fall, this fall is slower than in previous decades.

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 preceding three years. The main areas that households had out-migrated from were.

Figure 69: 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' which increased the demand for larger family homes. Out-migration from Colchester was mainly to elsewhere in the UK. Significantly, the main reason for leaving the Borough was 'employment and access to work'.

The ONS mid-2016 Population estimates give more detailed information on migration and population change.

Figure 70: Migration and population change, Colchester, Mid-2016 Estimates.

	Number of people
Natural change	
Births	2204
Deaths	1609
Net natural change	+595
Migration within UK	
Into Colchester	10,555
Out of Colchester	9706
Net UK migration	+849
International migration	
Into Colchester	2151
Out of Colchester	994
Net international migration	+1157

Source ONS Mid-2016 Population Estimates

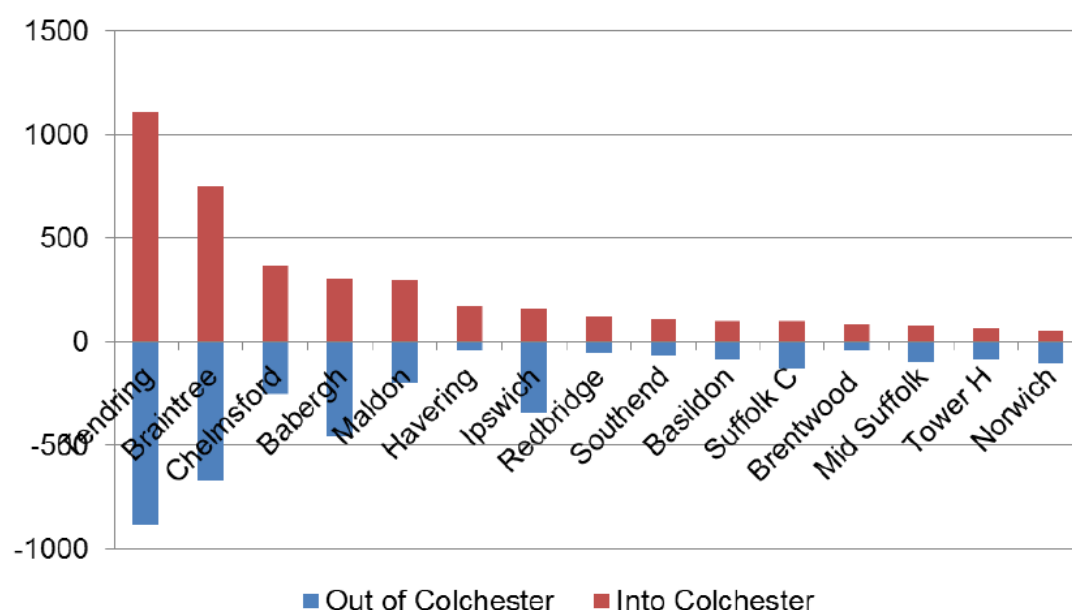
Note: Figures above do not include ONS "other" category which accounted for the loss of 80 people from the total population projection.

Growth in Colchester's population from 2015 to 2016 was due almost equally to the rate of natural increase (births minus deaths) and net in-migration compared to international migration.

The update to the Objectively Assessed Housing Need Study (Peter Brett Associates) in 2016 found that for each authority in the National Housing and Planning Advisory Unit (NHPAU) strategic Housing Market Area (HMA), the chart below shows the other authorities with which Colchester has the largest combined gross migration flows. The analysis is for the 12 months preceding the 2011 Census and excludes internal house moves within local authorities. Using these combined migration flows (in to an out of each authority) to measure the strength of links with other districts:

- Braintree's strongest links are with Chelmsford and Colchester.
- Chelmsford's strongest links are with Braintree, Basildon and Maldon.
- Colchester's strongest links are with Tendring and Braintree.
- Tendring's strongest link is with Colchester.
- Maldon's strongest links are with Chelmsford, Braintree and Colchester.

Figure 71: Cross Boundary Migration to and from Colchester 2010- 2011, persons

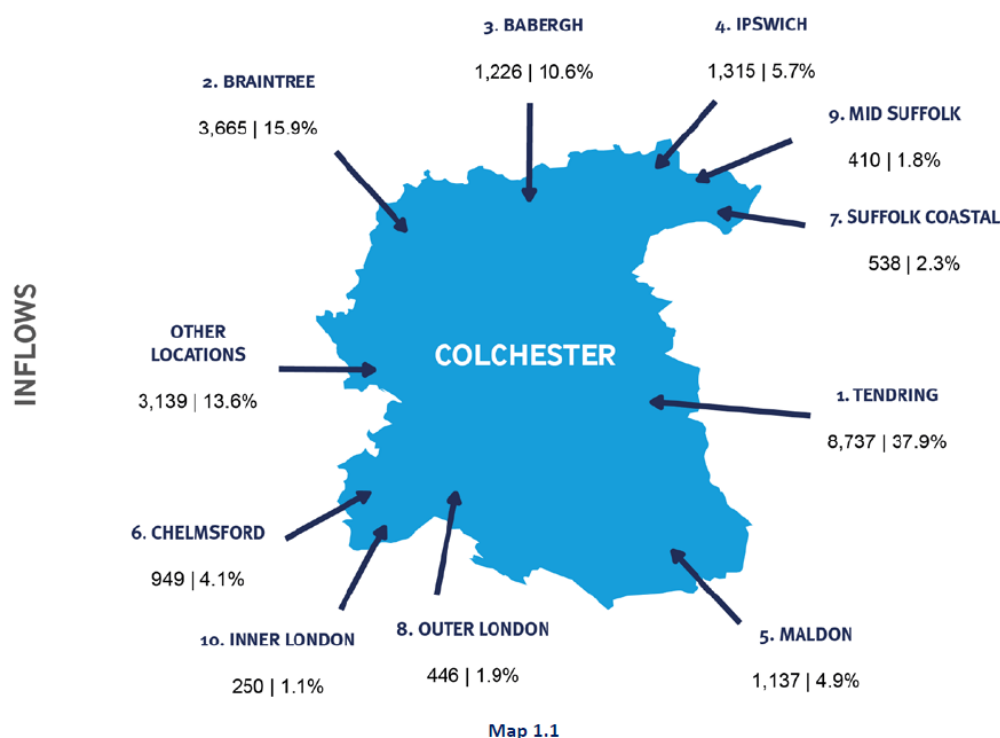


Source: ONS, PBA

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 meeting 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 there needs to be greater opportunity through allocation of employment land to retain more of the population working locally; 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 72: Travel to Work Inflows/Outflows 2011



Total Travel to Work **inflows**: 23,036 | Total Travel to Work **outflows**: 24,850
Data collected from the Office for National Statistics 2011 Census

The objectively Assessed Housing Need Study (November 2016 update) calculated the containment rate for the housing Market Area (colchester, Braintree and Tendring) at 71% for both origin and destination, marginally exceeding the 70% threshold defined by the Government below.

‘Identifying suitable thresholds for self-containment: The typical threshold for self-containment is around 70 per cent of all movers in a given time period. This threshold applies to both the supply side (70 per cent of all those moving out of a dwelling move within that same area) and the demand side (70 per cent of all those moving into a dwelling have moved from that same area).’

11. Employment

Total jobs and jobs density

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

Colchester's jobs density – the ratio of total jobs to working age residents – was 0.84 in 2016, the highest it has been although, with a jobs density figure of less than one, the Borough's labour demand is not as high as its available workforce:

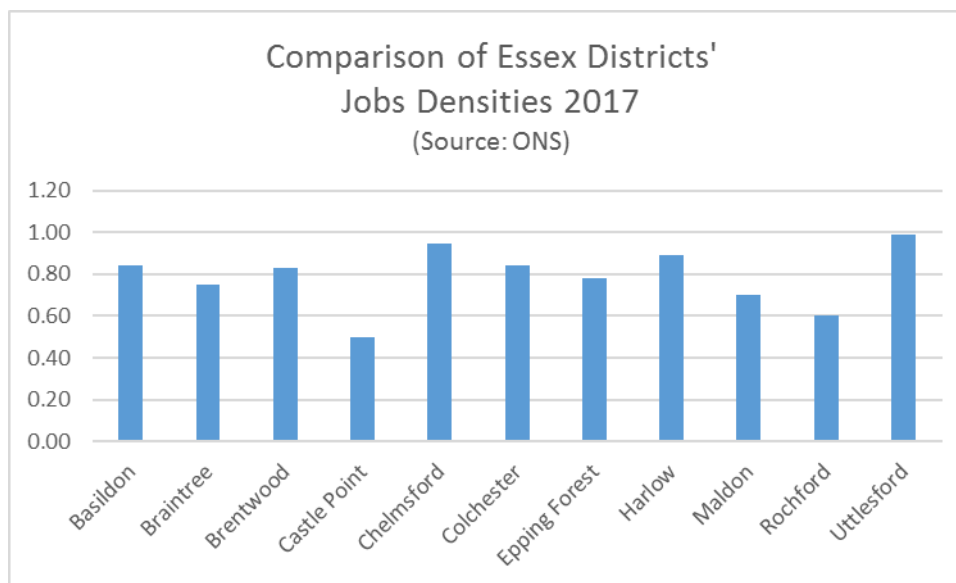
Figure 73: Job Density (Ratio), Colchester and comparator geographies: 2008-2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Colchester	0.8	0.77	0.78	0.79	0.81	0.81	0.83	0.83	0.84	0.84
Essex	0.71	0.71	0.69	0.72	0.75	0.72	0.73	0.75	0.77	0.79
East	0.77	0.76	0.75	0.76	0.77	0.78	0.8	0.81	0.83	0.85

Source: Nomis, ONS.

However, Colchester's jobs density is higher than the Essex and Regional averages. Across Essex County, only Harlow, Uttlesford (due to the impact of Stansted Airport), Chelmsford and Brentwood have higher jobs densities. Colchester's job density is equal to Basildon:

Figure 74: Jobs density in Essex by district: 2017.



Jobs and the working age population

Increasing the jobs density is particularly important given the historic, subsequent and forecast growth in the size of the Borough's working age population, 16-65.

Between the last two censuses, Colchester's working age population increased by 12% - double the rate for the County and one-third higher than for England:

Figure 75: Working age population, 2001 – 2011.

	2011		Change 2001 - 11	
	No.	% of total	No.	%
Colchester	114,200	66	12,100	12
Essex	878,290	63	47,300	6
England	34,347,400	65	2,899,800	18

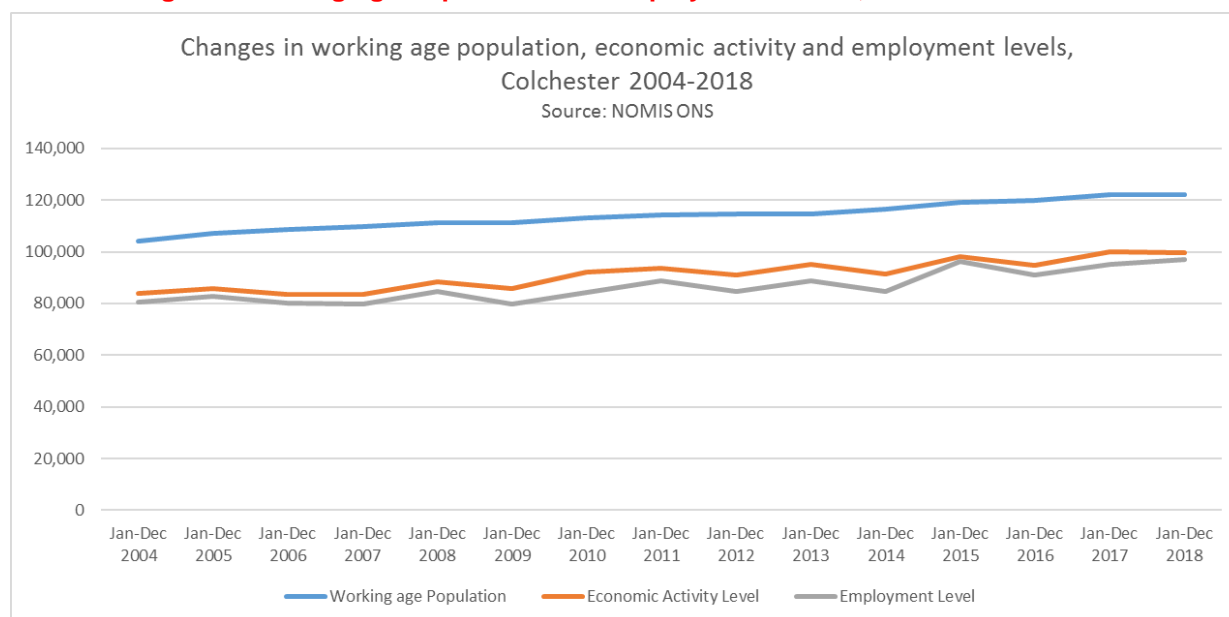
As shown in the below table and its graphed version which follows, the employment level (workforce jobs) has lagged behind growth of the working-age population in the Borough. This trend is in contrast to nearly all other local authorities within the sub-region and appears to be driven by significant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

Figure 76: Working age population, economic activity and employment: Colchester, 2004-2018.

	Working age population	Economic activity level	Employment level
Jan-Dec 2004	104,000	84,000	80,700
Jan-Dec 2005	107,000	85,600	82,600
Jan-Dec 2006	108,500	83,700	80,000
Jan-Dec 2007	109,900	83,700	79,600
Jan-Dec 2008	111,100	88,400	84,700
Jan-Dec 2009	111,300	85,800	79,800
Jan-Dec 2010	113,100	92,200	84,200
Jan-Dec 2011	114,200	93,700	88,700
Jan-Dec 2012	114,600	91,100	84,800
Jan-Dec 2013	114,700	95,000	88,900
Jan-Dec 2014	116,500	91,500	84,500
Jan-Dec 2015	119,000	98,100	96,200
Jan-Dec 2016	120,000	96,300	91,000
Jan-Dec 2017	122,000	102,400	95,100
Jan-Dec 2018	123,000	99,600	84,000

Source: ONS, Nomis

Figure 77: Changes in working age Population and Employment Levels, Colchester 2004-2018.



However, the gap between the economic activity level and the employment level is again widening very slightly as the rate of claimant unemployment has risen very slightly. Unemployment now stands at around 3.2%.

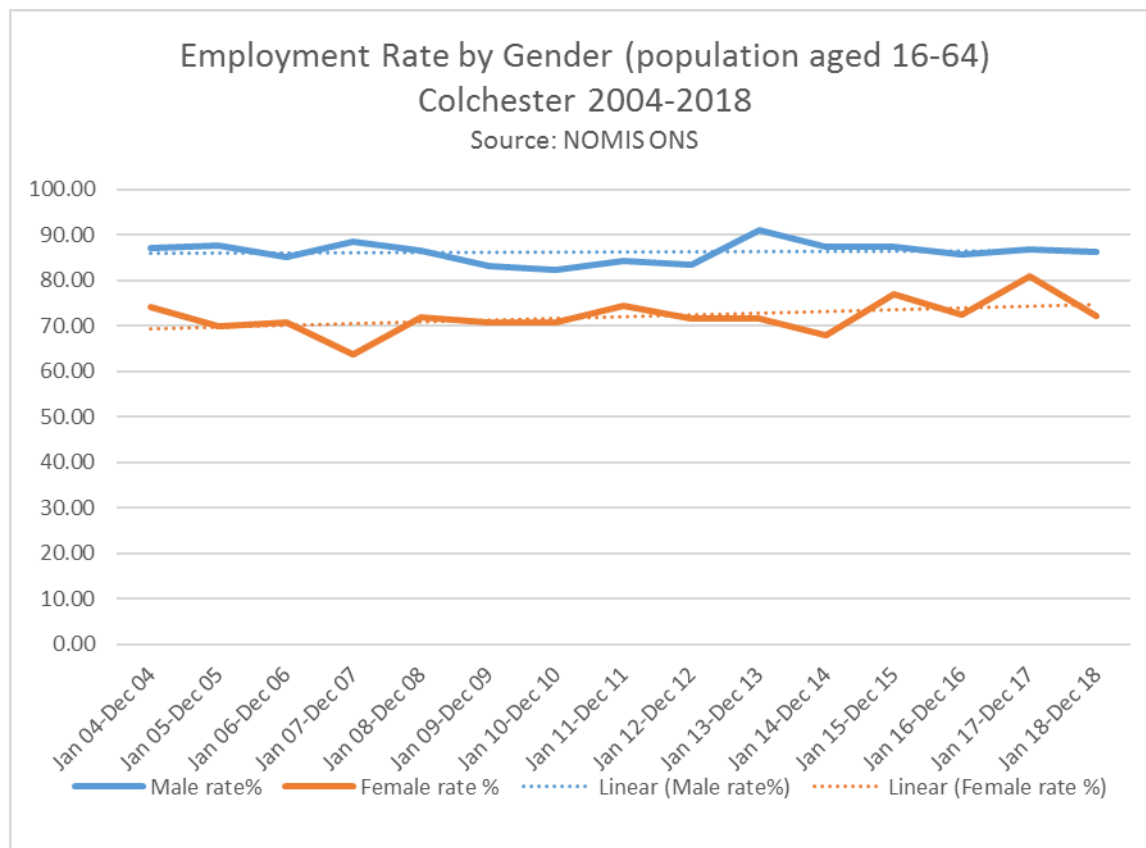
To move the employment level closer to the working age population will require more suitable job opportunities for more of the economically inactive component.

Employment by gender

Over the period 2004-2017/18, there was a slight increase in the trend for the male employment rate but none for the female rate in Colchester. But taking the average rates of participation for both genders over the period, the average rate of male employment participation was 86.17%

which compares with an average female rate of 72%; a difference of 14.2 percentage points so the gap is closing compared to previous years.

Figure 78: Employment Rate by Gender (Population Aged 16–64), Colchester, 2004-2018



Employees

Total employee numbers in the Borough demonstrate an overall increasing trend over 2001-17: the share of employees increased by 22.7%%, equivalent to an absolute increase of 15,538 people in work.

Figure 79: Number of employees – full-time and part-time:2001-2017.

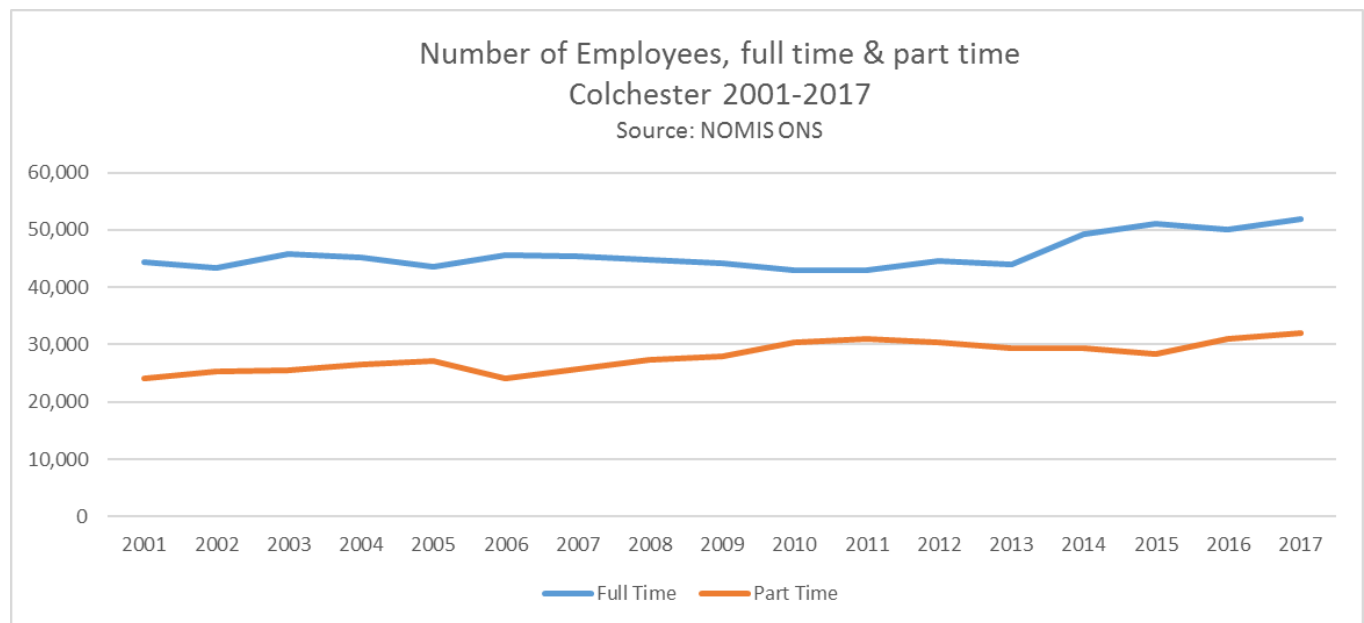
Year	Full-time	Part-time	Total
2001	44,440	24,022	68,462
2002	43,389	25,266	68,655
2003	45,767	25,616	71,383
2004	45,239	26,451	71,690
2005	43,620	27,219	70,839
2006	45,665	24,160	69,825
2007	45,519	25,740	71,259
2008	44,826	27,330	72,156
2009	44,174	27,992	72,166
2010	42,904	30,493	73,397
2011	42,930	31,090	74,020
2012	44,542	30,413	74,955
2013	44,035	29,455	73,490
2014	49,191	29,376	78,567
2015	51,122	28,326	79,448
2016	50,000	31,000	81,000
2017	52,000	32,000	84,000

Source: ONS

However, the increase in the total of employees was almost entirely accounted for the growth of part-time workers until 2014 when there was a pronounced increase in the share of full-time employees which continued into 2015. This trend has stabilised somewhat whilst part-time employee numbers saw renewed growth in 2015. This is a concerning trend as the effective stand-still in the numbers of full-time employees had 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 and its relative decline can be seen clearly in the below chart. While 65% of all employees were full-time in 2001, 61% are now:

Figure 80: Full-time and Part-time employees in Colchester, 2001-2017.



Employment by occupation

In terms of the distribution of the employed population (both full-time and part-time) by occupational type and group, the most recent data for the Borough and comparator geographies can be seen below.

Figure 81: Employment by occupation (Apr 2018-Mar 2019).

	Colchester		East	Great Britain
	(numbers)	(%)	(%)	(%)
Soc 2010 major group 1-3	42,900	44.9	46.5	46.8
1 Managers, directors and senior officials	10,300	10.8	11.9	10.9
2 Professional occupations	19,400	20.4	19.9	20.9
3 Associate professional & technical	13,200	13.8	14.6	14.8
Soc 2010 major group 4-5	19,200	20.1	21.1	20.1
4 Administrative & secretarial	8,300	8.7	10.6	9.9
5 Skilled trades occupations	10,800	11.4	10.5	10.1
Soc 2010 major group 6-7	17,600	18.5	16.2	16.5
6 Caring, leisure and Other Service occupations	12,500	13.1	9.3	9.0
7 Sales and customer service occs	5,200	5.4	6.9	7.4
Soc 2010 major group 8-9	15,700	16.5	16.1	16.6
8 Process plant & machine operatives	6,500	6.8	6.2	6.3
9 Elementary occupations	9,200	9.7	9.9	10.3

In the year between October 2015 and September 2016 the relative distribution of jobs in the Borough across the Standard Occupational Classification Major Groups showed that the Borough had a greater share than either East or Great Britain in only one of the four Groups: Managers, Professionals and Associate Professionals.

However, in the time between April 2018 and March 2019, this situation changed as Colchester now has a lower share of these jobs than the East or GB. On the other hand Colchester now has a roughly equal share of group 4-5 and a greater share of 6-7 jobs which are likely lower paid than group 1-3. Colchester's share of group 8-9 is approximately equal to both the East and GB. This has challenging implications for the Economic Growth Strategy in terms of inward investment bringing higher paid jobs and loss of spend within the local economy from the reduction in the number of those higher paid jobs.

However, within the major Groups there are variances compared to Region and GB. There more Skilled Trades and Care occupations and fewer Sales and Customer Service jobs.

This distribution reflects the industry sector profile of the Borough.

Public and Private Sector Employees

In Colchester in 2017, 16.6% of employees were employed by public sector organisations. The ratio of public/private employees demonstrates a decline in the former which reflects recent and continuing government reductions in public sector funding.

Figure 82: Public and private sector employees 2009 – 2017.

	Public	% all emps.	Private	% all emps.
2009	14249	19.4	59260	80.6
2011	15399	20.8	58622	79.2
2012	14956	20.0	59960	80.0
2013	13596	19.0	59893	81.0
2014	13434	17.1	65136	82.9
2015	13789	17.4	65659	82.6
2016	14300	17.6	67500	83.3
2017	13956	16.6	70269	83.4

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 3% of the sector total.

Figure 83: Civil service employment in Colchester: 2008-2018.

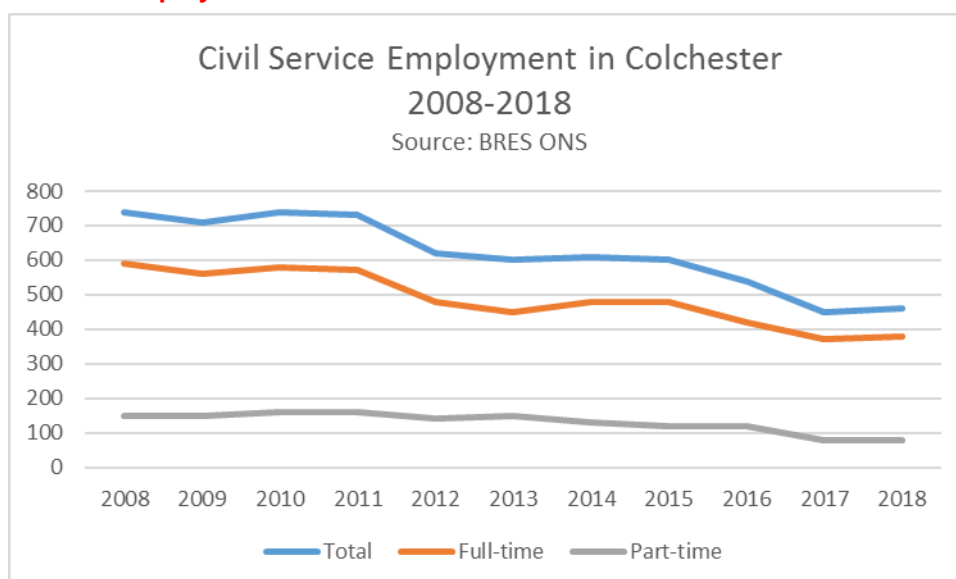
All Departments	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total	740	710	740	730	620	600	610	600	540	450	460
Full-time	590	560	580	570	480	450	480	480	420	370	380
Part-time	150	150	160	160	140	150	130	120	120	80	80

Source: Annual Civil Service Employment Survey, ONS

Note: Numbers less than 5 are suppressed; all numbers are rounded to the nearest 10.

Loss of full-time civil service jobs characterises reductions in public expenditure implemented by the coalition and subsequent governments. Job losses are accounted for by the decline in Defence (including DSG and agencies) (190 jobs), HM Revenue and Customs and Valuation Office Agency (50), Ministry of Justice and HM Courts Service (20). Job increase occurred only in the DWP (including agencies) (10) with some other Departments and Agencies having had small (<5) increases.

Figure 84: Civil service employment in Colchester: 2008-2018



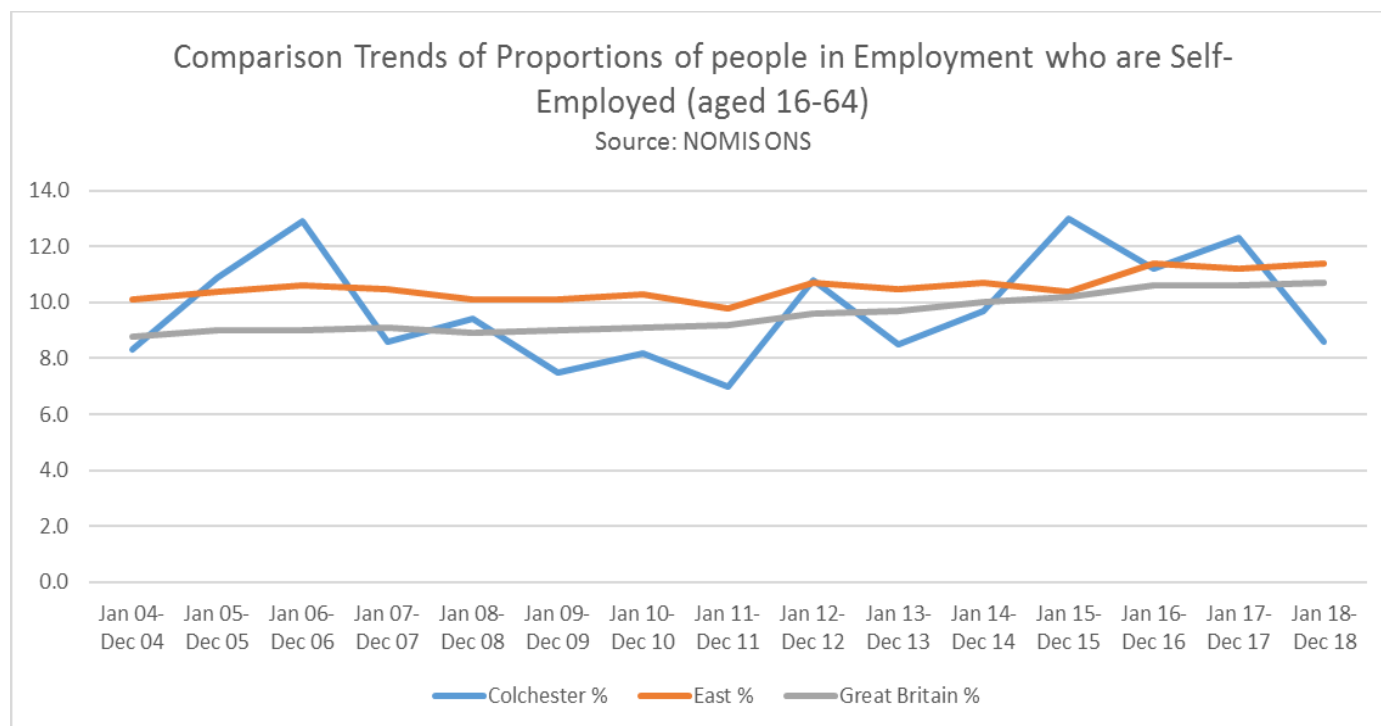
Armed forces

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 January 2018-December 2018 was 8.6% which is 2.8% points below the regional percentage of 11.4% and 2.1% points lower than the national percentage rate of 10.7%.

Figure 85: Proportion in employment who are self-employed (16–64): Colchester, East and GB, 2004–2018.



Source: Annual Population Survey, Nomis, Office for National Statistics

As can be seen from the above graphed series for self-employment rates across the three geographies, the role of sampling creates more variability at Regional and most at local level compared to the national.

Employment and unemployment

To place this data in a wider context it is useful to appreciate the relative shares of those who are employed and unemployed within the economically active population of the Borough and how this data compares to comparator geographies:

- The rate of economic activity in the Borough is significantly above the GB level at 5.4 percentage points higher in Colchester and also above the regional level by 3 percentage points. This is a significant shift from the previous evidence base where Colchester was typical of the national level and slightly below the Regional level
- Over 8 out of 10 people between 16-64 are in work or looking for work;

- Around 8 out of every 10 people are employed (employee or self-employed) - similar to the comparators but the level of self-employment is higher than in those areas, reducing the significance of the employee population share; and
- The level of unemployment is notably lower than the Great Britain rate but slightly above the regional rate.

Figure 86: Employment and unemployment (April 2018-March 2019) Colchester, East and Great Britain.

	Colchester		East	Great Britain
	(numbers)	(%)	(%)	(%)
All people				
Economically active† (in employment or actively seeking employment)	96,800	77.4	81.2	78.7
In employment†	95,400	76.3	78.4	75.4
Employee‡	84,100	67.9	66.8	64.4
Self-employed†	11,300	8.4	11.4	10.7
Unemployed (model-based) §	3,100	3.2	3.4	4.1
Males				
Economically active†	50,300	81.9	85.7	83.5
In employment†	49,900	81.2	83.1	79.9
Employee‡	42,300	70.3	67.6	65.5
Self-employed†	7,600	10.9	15.3	14.2
Unemployed§	#	#	3	4.2
Females				
Economically active†	46,500	73.1	76.7	73.9
In employment†	45,600	71.5	73.8	70.8
Employee‡	41,900	65.6	66	63.4
Self-employed†	#	#	7.7	7.2
Unemployed§	#	#	3.8	4.1

Source: ONS, Nomis, Annual Population Survey

Key: # Sample size too small for reliable estimate; ! Estimate is not available since sample size is disclosive;
† - numbers are for those aged 16 and over, % are for those aged 16-64; § - numbers and % are for those aged 16 and over. % is a proportion of economically active.

In terms of gender within these categories, Colchester is again broadly similar to Great Britain distributions in terms of the male participation rate whereas female participation is notably higher in Colchester compared to the region and GB. Where Colchester is distinct is in reporting notably higher self-employment rates for men (figures for women are unavailable).

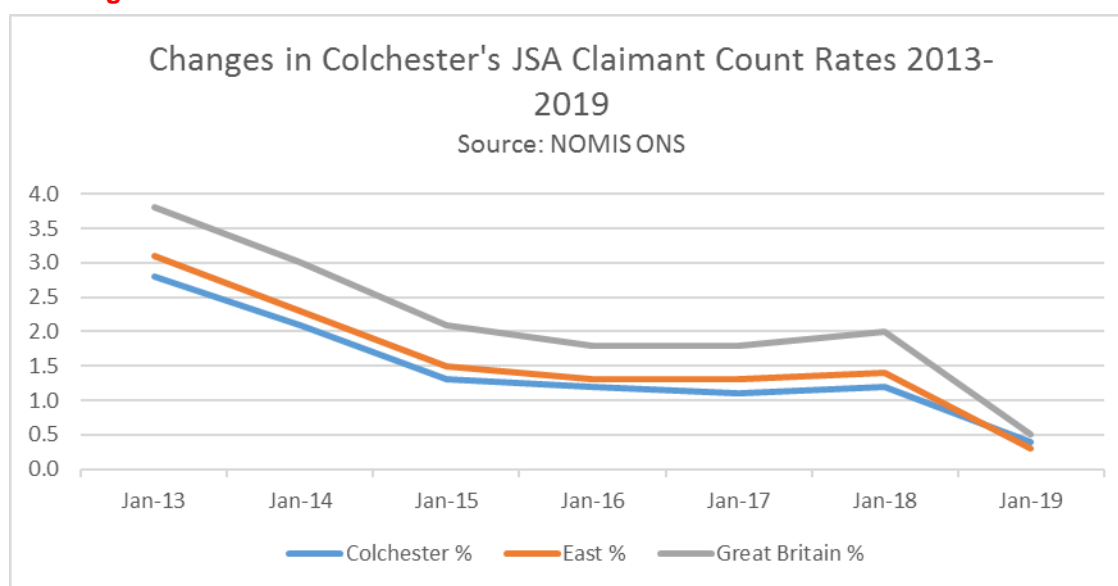
12. Unemployment and Economic Inactivity

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 in May, June and July 2015 and again in November 2016, with a rate of 1.1%.

However, the situation changed in 2018. Claimant unemployment in January 2018 – the most recent date - was 2.8%, lower than the East (3.1%) and Great Britain (3.8%).

Figure 87: Changes in JSA claimant count rates: 2013-2019.



Source: ONS claimant count

In terms of the distribution of total claimants in the Borough by age-group, the largest share of the total is the 25 – 49 years category, accounting for over half of all claimants. However, in terms of a percentage of the resident population of the same age, claimants aged between 18 – 21 years demonstrate the highest proportion of their age cohort in the wider population, although this is still only 1.5%.

Figure 88: Claimant count by age - not seasonally adjusted: May 2019

	Colchester		East	Great Britain
	(level)	(%)	(%)	(%)
Aged 16+	2240	#	3.3	2.4
Aged 16 to 17	5	#	#	#
Aged 18 to 24	470	#	#	#
Aged 18 to 21	285	#	#	#
Aged 25 to 49	1195	#	#	#
Aged 50+	570	#	#	#

Source: ONS Claimant count by sex and age

Note: % is number of claimants as a proportion of resident population of the same age

Data not available

Unemployment: claimant and non-claimant

ILO model-based unemployment is a better statistical model of total unemployment within the Borough. Unemployed people in the UK are:

- without a job, have actively sought work in the last 4 weeks and are available to start work in the next 2 weeks; or
- out of work, have found a job and are waiting to start it in the next 2 weeks.

People who meet these criteria are classified as unemployed irrespective of whether or not they claim Jobseeker's Allowance (JSA) or other benefits. The estimates are derived from the Labour Force Survey and are published for 3-month average time periods, here annualised. 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.

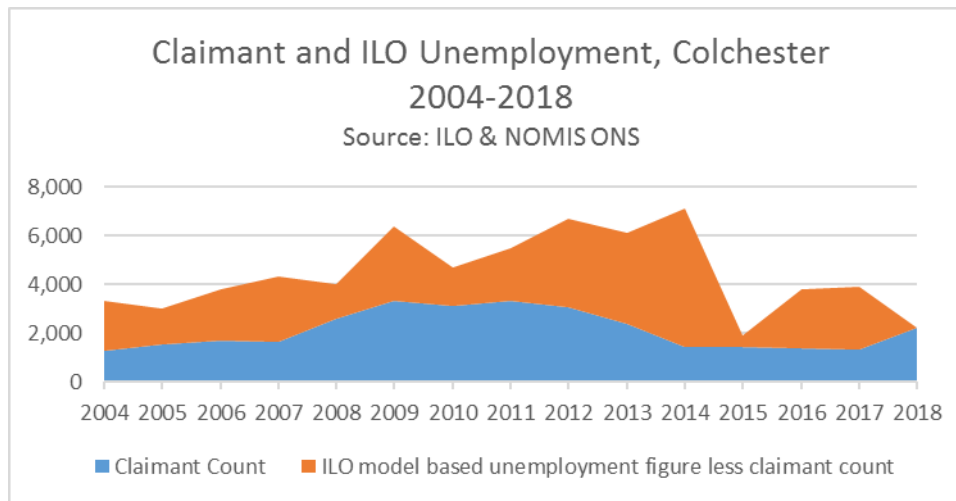
Figure 89: ILO/NOMIS unemployment rate, Colchester: 2004-2018.

Date	ILO unemployment rate - aged 16-64		
	numerator	denominator Econ Activity Rate 16-64	unemployment rate - 16-64 (%)
2004	3300	82700	4
2005	3000	84000	3.5
2006	3800	84000	4.6
2007	4300	85800	5
2008	4000	90800	4.4
2009	6400	87600	7.3
2010	4700	92200	5
2011	5500	97500	5.7
2012	6700	96200	7
2013	6100	105300	5.8
2014	7100	87900	8.1
2015	1910	93100	2.1
2016	3800	90830	3.9
2017	3900	95139	3.9
2018	2240	84,000	2.6

Source: ILOStat (until 2018 as ILOStat now only publishes data to Country level not below so taken from NOMIS)

In Colchester, this wider unemployment rate for 2018 had fallen to a low of only 2.6% of the working age population.

Figure 90: ILO Unemployment rate, Colchester, 2004-2018.



NB: ILO figures are not available for fig 90 above from 2018 as only country level data is now available.

Under Universal Credit a broader span of claimants are required to look for work than under Job Seekers Allowance. As Universal Credit is rolled out the number of people recorded as being on the Claimant Count is likely to rise. Colchester adopted Universal Credit from 4 July 2018.

Economic inactivity

Economically inactive people are not in employment but do not meet the internationally accepted ILO definition of unemployment because they have not been seeking work within the last 4 weeks and/or they are unable to start work within the next 2 weeks.

The proportion of people, aged from 16 to 64, not in work and neither seeking nor available to work is known as the economic inactivity rate. (Economic inactivity includes those who are Students, looking after family/home, Temporary sick, Long-term sick, "Discouraged" and Retired. It excludes those with part-time work).

Since comparable records began in 1971, the economic inactivity rate for people in Great Britain has been generally falling (although it increased during economic downturns) due to a gradual fall in the economic inactivity rate for women. The economic inactivity rate for men has been gradually rising.

For Colchester, the economic activity rate for people for April 2018-March 2019 was 18% of the working age population. In this respect, the economically inactive population is lower for both the East and for Great Britain.

Figure 91: Economic inactivity, Colchester, East and GB (April 2018-March 2019)

	Colchester		East	Great Britain
	(level)	(%)	(%)	(%)
Total	27,600	22.6	18.8	21.3
Student	9,600	34.7	23.1	26.8
Looking after family/home	7,500	27.2	25.3	23.6
Temporary sick	!	!	2.1	1.9
Long-term sick	#	#	21.6	22.9
Discouraged	!	!	0.5	0.4
Retired	#	#	16	13.1
Other	#	#	11.5	11.3
Wants a job	6,200	22.4	19	20.6
Does not want a job	21,400	77.6	81	79.4

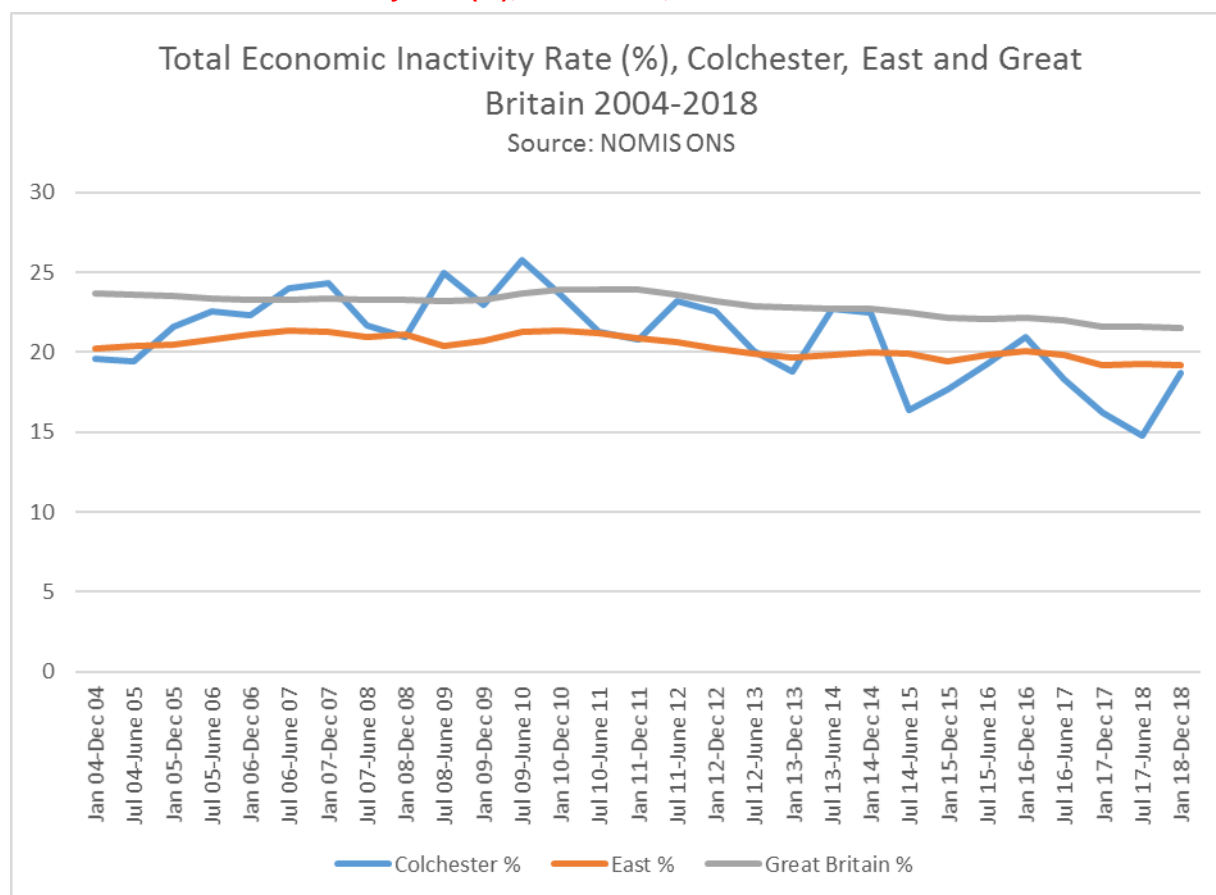
Source: ONS, Nomis, Annual Population Survey

Key: # Sample size too small for reliable estimate; ! Estimate is not available since sample size is disclosive. % is a proportion of those economically inactive, except total, which is a proportion of those aged 16-64.

Small sample sizes prevent comparison within the table for most sectors but is noteworthy that Colchester has a significantly higher proportion of carers of family/home at 27.2% compared to the Eastern and GB figures. Similarly a lower proportion of people do not want a job compared to the Eastern and GB figures.

The below graph shows the estimated rates of overall economic inactivity for the Borough, the Region and Great Britain since 2004.

Figure 92: Total economic inactivity rate (%), Colchester, East and Great Britain: 2004 – 2018

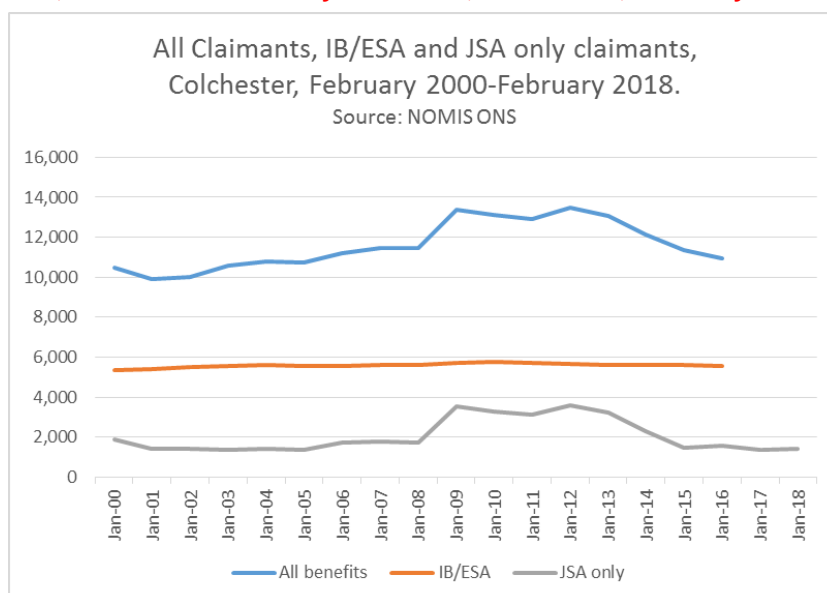


Source: ONS annual population survey

Overall, economic inactivity has been falling, continuing the long-term trend noted above. Colchester has mostly occupied an intermediate place, between a higher Great Britain rate and a lower regional rate but this trend has changed since 2016 when Colchester fell significantly below both the national and regional rate. (Again, sampling variability which is more pronounced at the local level creates peaks and troughs which mask the long-term trend).

This fall is principally due in recent years in Colchester to the reduction in the number of Jobseekers Allowance claimants. The numbers of those on some element of Incapacity Benefit or Employment Support Allowance has remained relatively constant over the period 2000-2017 as have those individuals receiving other benefits. This can be appreciated from the graph below. However, when Universal Credit was introduced in Colchester in July 2018 it replaced JSA, ESA and Income Support (Income Benefit). Only JSA data is still available.

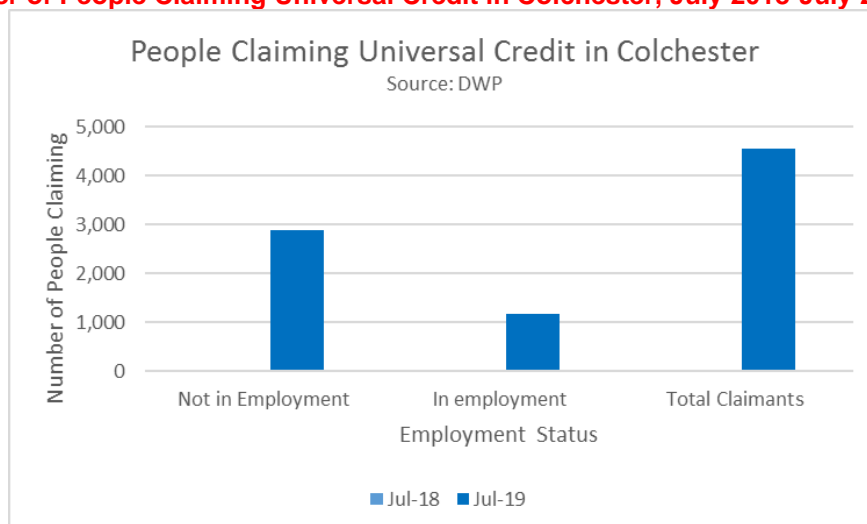
Figure 93: All claimants, IB/ESA and JSA only claimants, Colchester, February 2000-February 2018



Universal Credit was rolled out in Colchester in July 2018. Under UC a broader span of claimants are required to look for work than under JSA. As UC is rolled out the number of people recorded as being on the Claimant Count is likely to rise. Universal Credit is a means-tested benefit for people of working age who are on a low income. It replaced six means-tested benefits:

- Income Support
- Income-based Job Seekers' Allowance
- Income-related Employment and Support Allowance
- Housing Benefit
- Child Tax Credit
- Working Tax Credit

Figure 94: Number of People Claiming Universal Credit in Colchester, July 2018-July 2019.



The other benefit claimant groups which are minor can be seen in the below snapshot of recipients.

Figure 95: Number of Households on Universal Credit in Colchester, June 2018-May 2019.

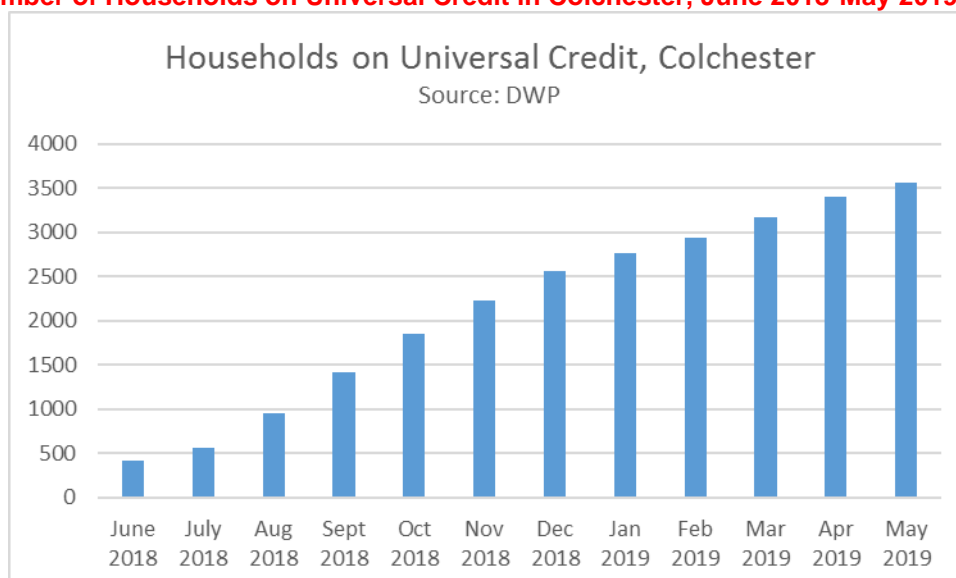


Figure 96: Working-age client group - main benefit claimants - not seasonally adjusted: November 2016. (Discontinued dataset)

	Colchester		East	Great Britain
	(numbers)	(%)	(%)	(%)
Total claimants	10,570	8.8	9	11
By statistical group				
Job seekers	1010	0.8	0.8	1.1
ESA and incapacity benefits	5570	4.6	4.8	6.1
Lone parents	1220	1	0.9	1
Carers	1530	1.3	1.5	1.7
Others on income related benefits	170	0.1	0.1	0.2
Disabled	880	0.7	0.7	0.8
Bereaved	200	0.2	0.2	0.2
Main out-of-work benefits	7960	6.6	6.6	8.4

Source: ONS

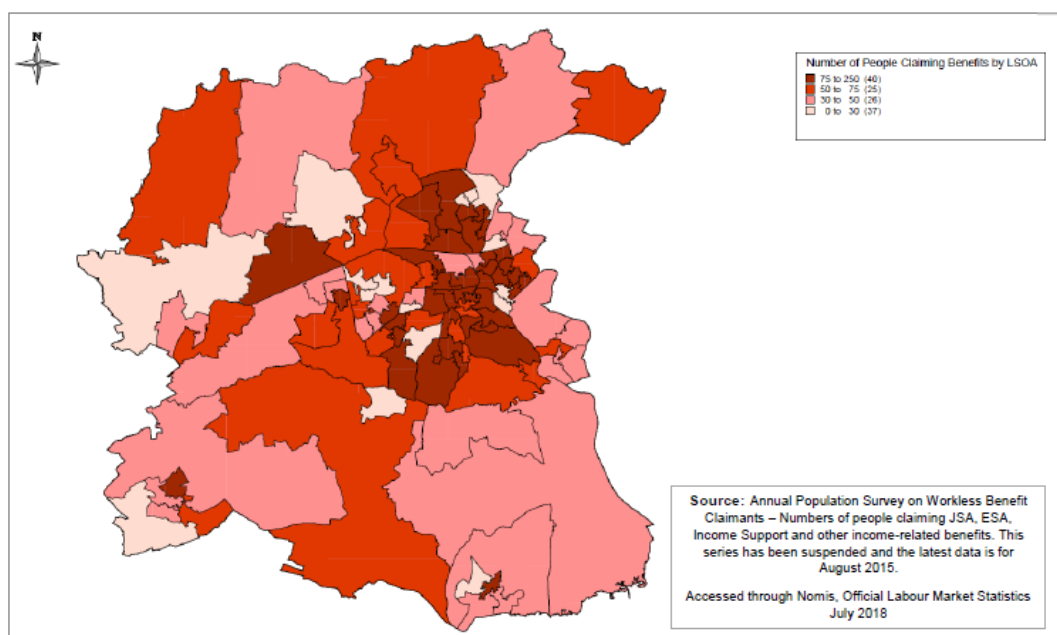
The percentage of all claimants that receive 'main out of work benefits' in the Borough is notably lower than that for Great Britain but approximately equal to that for the Region.

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.

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.

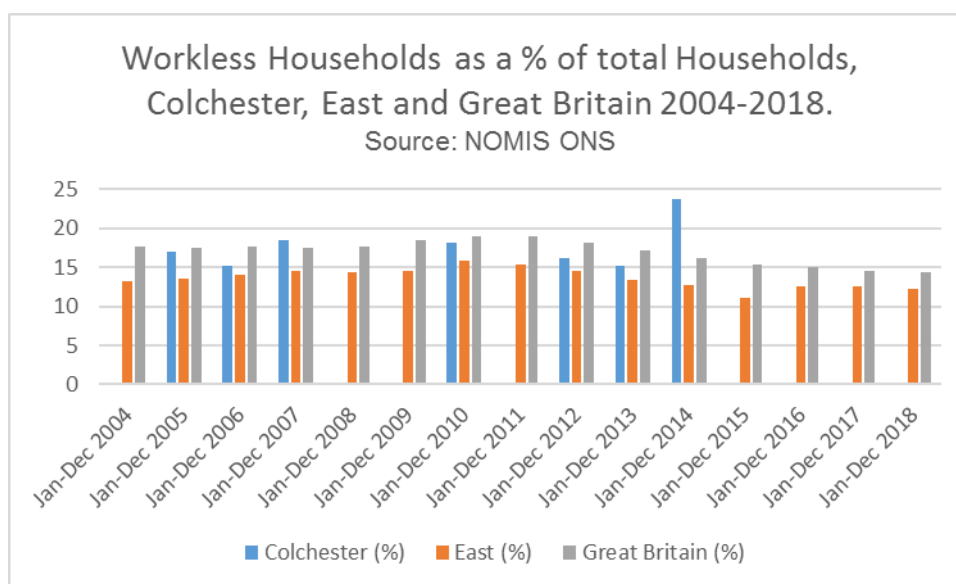
Figure 97: Worklessness Population per 1,000 by LSOA, Colchester, 2015.



Sources: DWP; CBC research

A more recent measure of worklessness has been produced by ONS to measure the number of workless households. This measure, again subject to sampling variability and not continually available in a long series, indicates that the Borough has a greater share of its households without work than the Region but less than for Great Britain:

Figure 98: Workless households as a % of total households, Colchester, East and Great Britain: 2004-2018.



The data underlying this table suggests that, on average, from 2005-14 around 17.7% of Colchester households were workless, compared to 12.5% for the Region and 14.5% for Great Britain. Colchester data is not available from 2015-2018.

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

The Department for Education and Skills now officially encourages young people to participate in education or training until age 18. The change in statutory reporting requirements has meant that there is a change to the methodology of statistical collection so that it is not possible to update previous tables in this Evidence Base and only the most basic information is now available.

Essex County Council is now only required to track 16 – 18 year olds and only two years of data is available so it is not possible to produce a trend, just a snapshot.

Although the raising of the Participation Age was introduced a few years ago there are still some young people who are NEET. The expectation is that they will stay in some form of learning until they are 18, but not all do.

The table below shows that over the year from February July 2018-July 2019 NEET figures fell in real terms and as a percentage of the 16-19 population. This is a reflection of the national picture as the number of young people not in education, training or employment fell by 24,000 to 764,000 in the three months to March 2019 compared with the previous quarter. The number of NEETS peaked at 1.25m nationally in September 2011 at 16.9% of the age group.

Figure 99: Comparison of NEET figures for Colchester with Essex, 2019 and 2018

	Jul-19	Total NEET	Jul-18	Total NEET
Colchester	2.7%	100	3.4%	133
Essex	2.7%	842	3.3%	1048

Source: ECC

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 July 2019:

Figure 100: NEET Total Ranked by Ward, Colchester 2019

Ward data	Jul-19
Old Heath and The Hythe	13
New Town and Christ Church	11
Berechurch	10
Prettygate	9
Greenstead	8
Mile End	8
St Anne's and St John's	6
Lexden and Braiswick	6
Shrub End	6
Rural North	5
Highwoods	5

Ward level data – numbers greater than 5

Source: ECC

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

Indices of Multiple Deprivation

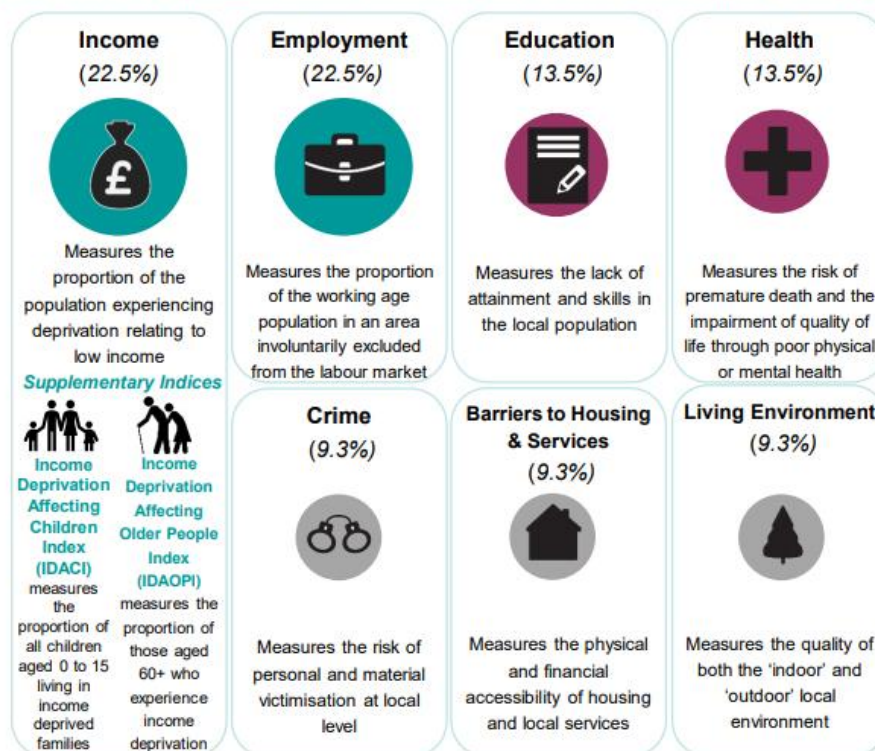
National and local organisations use the IoMD, often in conjunction with other data, to distribute funding or target resources to areas. It is widely used across central government to focus programmes on the most deprived areas. Locally, it is often used as evidence in the development of strategies, to target interventions and in bids for funding. The voluntary and community sector also uses the Index, for example, to identify areas where people may benefit from the services they provide.

Colchester is characterised as having relatively low levels of deprivation, ranking 181st (compared with 185th in 2014 and 206th in 2010) out of 317 local authority areas on the Index of Multiple Deprivation (2019).

Interventions in these locations would arguably assist economic growth and community confidence and aspiration.

Figure 101: Seven Domains of Deprivation

There are 7 domains of deprivation, which combine to create the Index of Multiple Deprivation (IMD2019):



Each authority is ranked out of 317 nationally in the following categories:

- **Average Score and Average Rank** measure how the average level of deprivation in each authority compares nationally
- **Extent** refers to the proportion of the district's population living in the most deprived LSOAs
- **Local Concentration** highlights the severity of multiple deprivation in each district, measuring hotspots of deprivation.

The table below shows how each authority ranks out of 317 for each of the above categories. Higher rankings indicate higher levels of deprivation.

Deprivation in Colchester

The map in Fig 103 shows a combined measure for deprivation, which takes into account all seven domains of deprivation using the following weights:

- Income deprivation (22.5%)
- Employment deprivation (22.5%)
- Education, Skills and Training Deprivation (13.5%)
- Health deprivation and disability (13.5%)
- Crime deprivation (9.3%)
- Barriers to housing and services deprivation (9.3%)
- Living environment deprivation (9.3%)

* LSOAs are small areas designed to be of a similar size, with an average population of around 1,500 residents or 650 households and so are below Ward level. They were produced by the Office for National Statistics for the reporting of small area statistics. There are a total of 105 LSOAs in the Borough.

Figure 102: Comparison of Domains of Deprivation across the Most Deprived Wards in Colchester 2019 compared with 2015

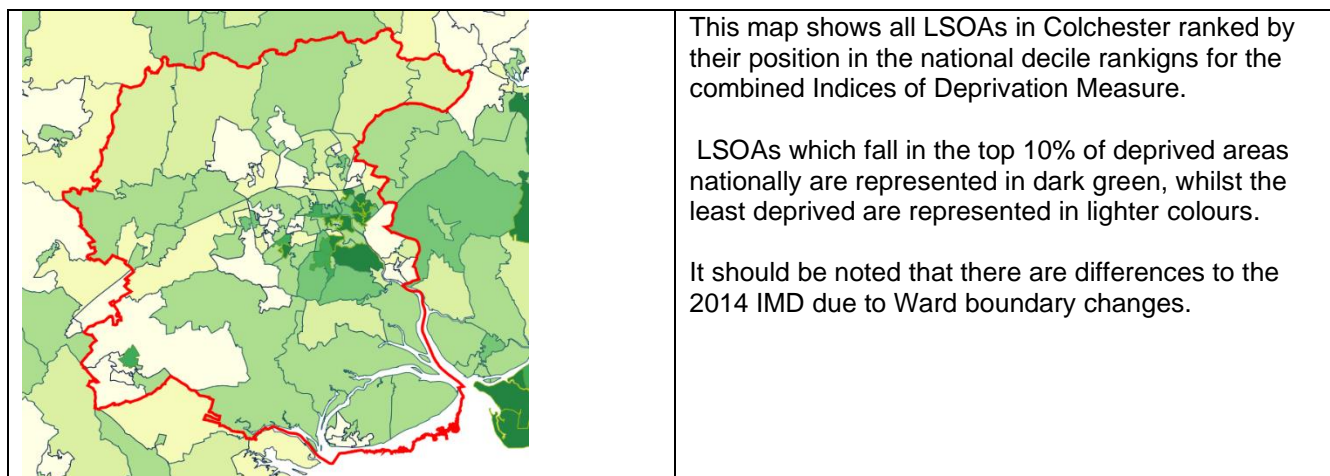
Ward	LSOA	Overall IMD Score		Income Deprivation		Employment Deprivation		Education, Skills and Training		Health Deprivation and Disability		Crime		Barriers to Housing and Services		Living Environment Deprivation		Income Deprivation Affecting Children		Income Deprivation Affecting Older People	
		2015	2019	2015	2019	2015	2019	2015	2019	2015	2019	2015	2019	2015	2019	2015	2019	2015	2019	2015	2019
Greenstead	008A	1,912	1,927	2,618	2,056	1,980	2,144	1,193	1,768	1,302	1,550	4,428	4,681	9,281	5,476	25,140	31,511	4,538	1,884	2,871	2,136
	008E	3,133	3,616	2,971	3,297	5,071	5,529	666	1,473	5,350	5,510	4,127	3,553	6,713	6,723	24,963	31,023	687	752	4,798	7,477
	008D	4,519	3,456	6,093	4,954	5,046	5,193	1,655	2,451	3,741	1,688	4,514	3,195	11,793	7,576	23,302	25,588	5,005	2,938	6,520	6,987
New Town and Christ Church	011D	4,024	5,142	6,113	4,162	4,985	6,526	14,185	10,119	3,688	5,536	1,125	5,571	12,289	12,472	1,441	4,102	7,831	2,857	6,243	4,481
Old Heath and the Hythe	011C	5,015	6,467	3,348	6,205	9,056	11,331	6,758	8,820	6,187	6,404	2,527	2,921	6,431	3,392	11,017	17,269	460	1,213	8,176	8,879
	016D	3,131	5,168	2,930	4,305	3,298	4,896	4,696	4,943	4,167	7,501	1,261	6,039	8,267	5,622	21,539	28,471	2,890	5,213	5,111	6,186
St. Anne's and St John's	022E	3,198	3,972	2,566	3,934	3,679	5,162	1,602	1,789	3,813	2,840	6,751	9,724	12,192	8,865	18,284	27,159	2,084	4,120	3,099	4,434

It should be noted that the comparison between 2015 and 2019 should be used with care as the methodology is not directly comparable due to boundary changes among others. So more formal analysis is taking place by ECC. However, what is clear is that there is a continuing deterioration of health and wellbeing in some parts of the borough, and increased rates of child poverty – this is in-line with wider trends in Essex and England.

It is not clear what the relationship these trends have with income deprivation and housing costs, an assumption could be that house prices (and rentals) continue to rise in Colchester yet incomes have remained largely stagnant and this is placing additional pressure on household budgets. Whilst the crime scores may be linked to the growth of County Lines and wider issues of drug and alcohol misuse that are a national phenomenon.

Conclusion: deprivation in Colchester is long standing in these Wards. It should be noted that projects such as the redesign of the central community facilities in Greenstead should bear in mind this information ideally to assist build capacity, confidence and aspiration in these communities. This information might also inform future projects / investments by Colchester Borough Council and other organisations.

Figure 103: Map of Colchester Borough LSOAs by Overall Deprivation Decile 2019



The most deprived LSOA in Colchester is Magnolia in the Ward of Greenstead, which is ranked as the 1927th (from 1912th in 2015) most deprived in England (out of 32,844 LSOAs nationally). It was also recorded as the most deprived LSOA in Colchester in 2015.

Magnolia is now the only Colchester LSOA that falls within the top 10% of deprived areas in England. Barnhall LSOA in Old Heath and The Hythe, Salary Brook South in Greenstead and St Anne's Estate in St Anne's and St John's have all fallen into the 11-20% most deprived bracket.

Colchester has 27 Lower Super Output Areas* (LSOAs) that fall into the top 40% of most deprived LSOAs in the county. These LSOAs are largely concentrated in the wards of Berechurch, Greenstead, New Town and Christ Church, Old Heath and The Hythe and St Anne's and St John's. Colchester has one LSOA in the most 10% deprived in the country which is found in Greenstead ward.

Colchester has 24 LSOAs that fall in to the 20% least deprived in England. The LSOA ranked as the least deprived is Rectory, in the Ward of Wivenhoe). Wivenhoe, Lexden, Braiswick, Mersea and Pyfleet and Tiptree all have 3 LSOAs which fall into the 20% least deprived classification..

Changes in Deprivation Since 2015

In the 2015 Indices of Deprivation, Colchester had 4 LSOAs in the 10% most deprived nationally. These were Barnhall, Magnolia, Salary Brook South and St Anne's Estate. Since then, the number of LSOAs in the 10% most deprived has fallen to just one, with Barnhall, Salary Brook South and St Anne's Estate moving down to the 11-20% most deprived decile.

In 2015 Colchester had 32 LSOAs in the top 40% most deprived in England, this has since decreased to 27.

Rectory in Wivenhoe is not the least deprived LSOA in Colchester. This replaces Bergholt which was the least deprived LSOA in 2015, and which however remains within the 91-100% least deprived LSOAs in England.

In 2015 Colchester had 22 LSOAs which fell into the 20% least deprived in England. This has now risen by 2 to 24 LSOAs.

The Rise of the Working Poor

The Joseph Rowntree Foundation has studied the concept of the working poor. The conclusion of three studies found that:

- Low-wage sectors are a problem for our economy. German, French and Dutch workers in these sectors produce more in four days than British workers do in five. The high incidence of low pay in these sectors means that retail and hospitality alone account for a third of workers in poverty.
- The UK's productivity gap with its competitors in low-wage sectors is not due to a lack of capital investment or workers' formal skills but how well we use workers in these sectors – or Total Factor Productivity (TFP).
- But raising productivity in low-wage sectors and in low productivity firms is not guaranteed to drive up pay. Analysis of the period between 2011 and 2015 suggests no strong links between increasing productivity at either the firm, sector or local labour market area and the level of wages.

With care, retail and hospitality being key sectors in Colchester's economy the implications for Colchester are serious. Figure 120 on page 139 shows that the modal household income for the UK is £28,358 however, Colchester's largest modal income band is significantly lower at £15,000-£20,000. The impact of low wages, is evidenced by tracking the trend in use of Colchester Foodbank.

The Foodbank is operated by the Trussell Trust, which operates 1200 foodbanks around the country and is responsible for around two thirds of foodbank provision nationally. The remaining third is provided by other charitable organisations.

The Trussell Trust reports (October 2019) that nationally there has been a 30 per cent increase in emergency food parcels provided over the 12 months from when Universal Credit went live; the data indicates that food bank demand continues to rise rather than level off after an initial jump upwards and this picture is reflected in Colchester.

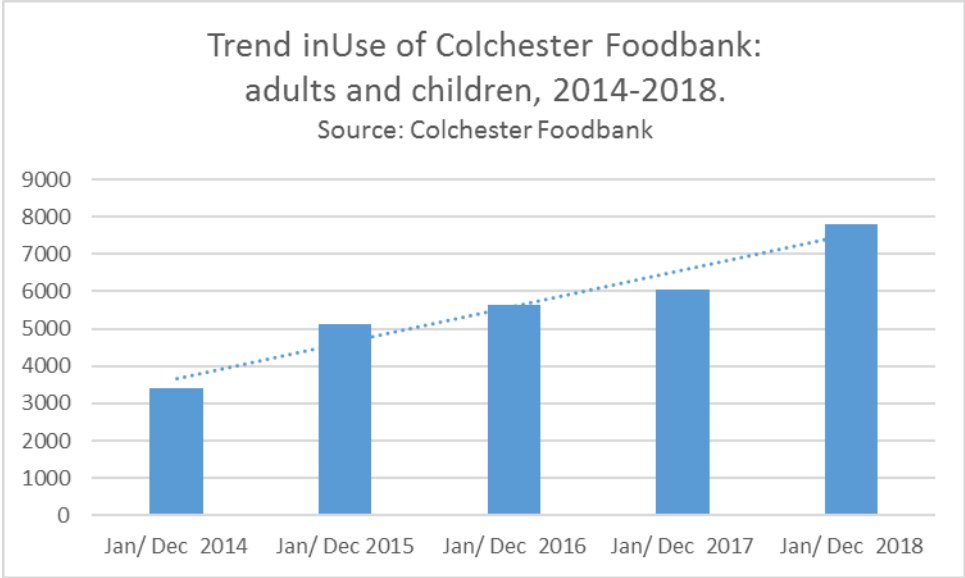
The report concludes by emphasising that the five week wait for UC can lead to severe hardship; the impact of the wait is also felt by organisations supporting claimants, including local welfare schemes, advice organisations, food banks, and social housing providers; it is recommended that the DWP restructure the assessment cycle to end the five week wait for the first payment.

The Colchester figures are for overall use for adults and children and it is acknowledged that, on average nationally, people need approximately two foodbank referrals a year. Foodbank clients are provided with three days emergency supplies.

The Colchester Foodbank has been in operation for ten years though in different locations. Currently it comprises Colchester central, Wivenhoe and Brightlingsea. The figures below are for Colchester Borough only as the Brightlingsea Foodbank is located in neighbouring Tendring District. Primary reasons for the use of Foodbanks are benefit changes and delays, low income and insecure work. Universal Credit was introduced in Colchester from 4th July 2018 and it has been a significant contributor to increasing demand for Colchester Foodbank

The graph below shows that Foodbank use has risen by 130% since it opened in 2014 from 3395 users to 7800 in 2018.

Figure 104: Trend in Colchester Foodbank Use, 2014-2018.



13. Skills

Qualifications

In 2018, there were 6,800 people in Colchester with no qualifications, accounting for 5.7% of the population aged 16 to 64. This is steady trend as in 2015 there were 8,900 people accounting for 7.8% of the population whereas in 2009 it was 9.6% of the population. Colchester is lower than both the Region (7.4%) and Great Britain (7.8%).

Figure 105: Qualification levels (Jan 2018-Dec 2018): Colchester, East and Great Britain.

	Colchester		East	Great Britain
	(level)	(%)	(%)	(%)
Individual levels				
NVQ4 and above	46,000	38.3	35.2	39.3
NVQ3 and above	64,900	54.1	53.1	57.8
NVQ2 and above	87,800	73.2	72.8	74.9
NVQ1 and above	106,000	88.3	86.0	85.4
Other qualifications	7,300	6.0	6.5	6.8
No qualifications	6,800	5.7	7.4	7.8

Source: ONS annual population survey

Sample size too small for reliable estimates. Numbers and %s are for those aged 16-64. % is a proportion of resident population of area aged 16-64.

Improvement is taking place within qualification levels too. In terms of qualification levels, in 2015 the Borough was generally lower than comparator geographies at higher level (NVQ3 and above). However, that has changed and Colchester is now ahead of both the region and GB.

Of the working age population in Colchester in 2018:

- 38% held at least a Level 4 or higher qualification (in 2015 it was 32.2%)
- 54.1% held at least a Level 3 or higher qualification (in 2015 it was 53.7%) - higher than the Region and lower than Great Britain
- 73.2% of the population held at least a Level 2 qualification (in 2015 it was 74.4%) rising proportionately faster than both the Region but just lower than GB.

The following bar charts show the evolution of both high-skilled (NVQ4 and above) and no skills population shares for the Borough, Great Britain and the region.

Figure 106: Percentage of population aged 16-64 with NVQ4 or higher.

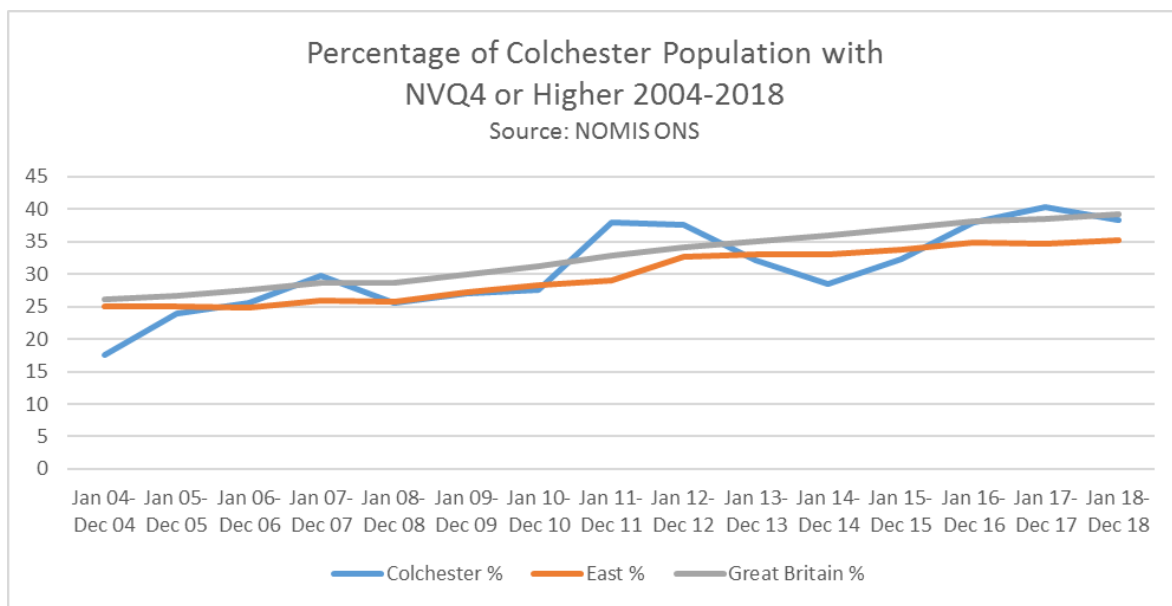
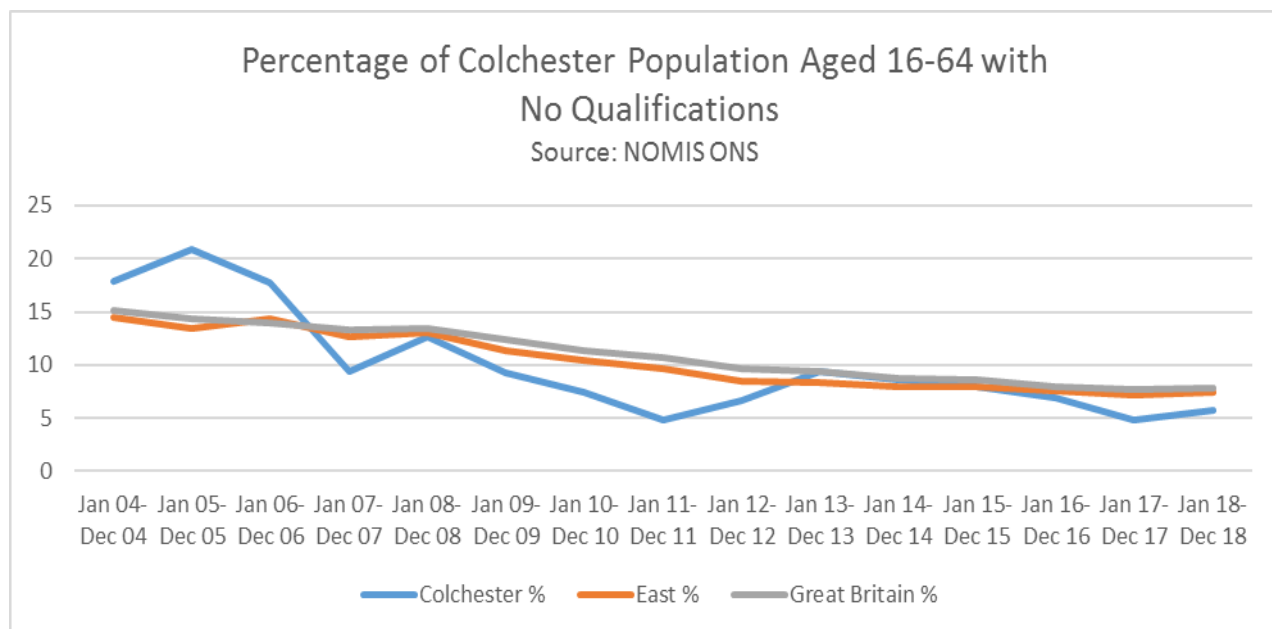
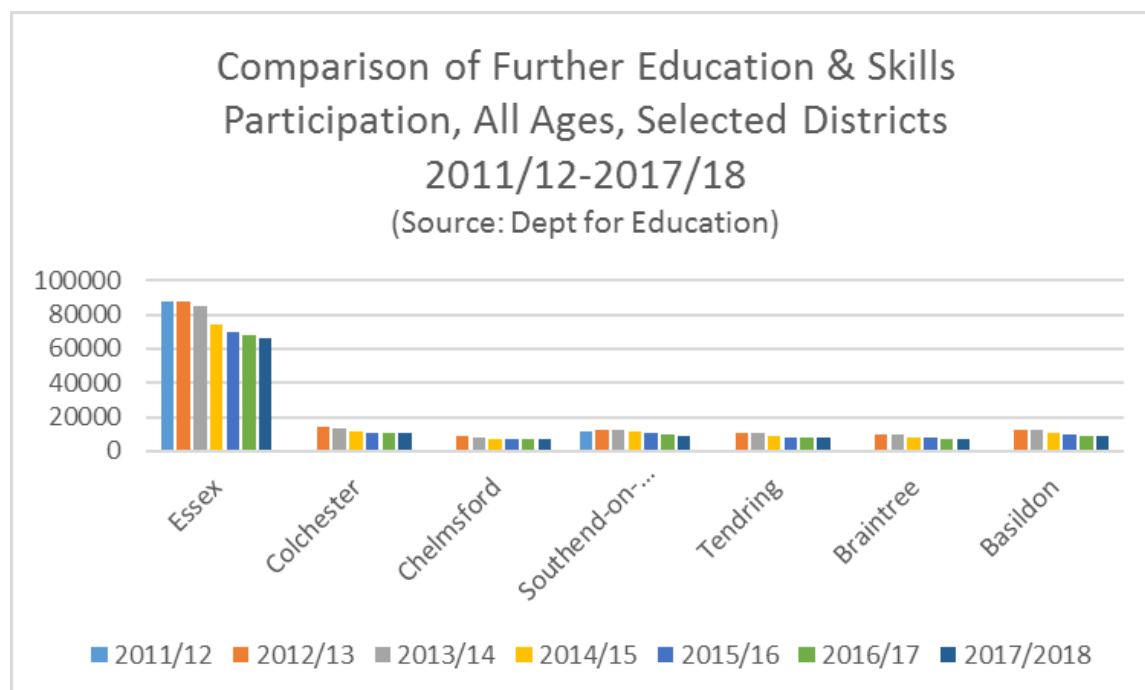


Figure 107: Percentage of population aged 16-64 with no qualifications.



In the previous Evidence Base data on FE and Skills Learners by age group was available from the Skills Funding Agency. However, since the SFA was replaced by the Education and Skills Funding Agency in April 2017 the data is no longer available. The closest comparison of data is now a comparison of the trends in participation in general rather than by age band which was available previously.

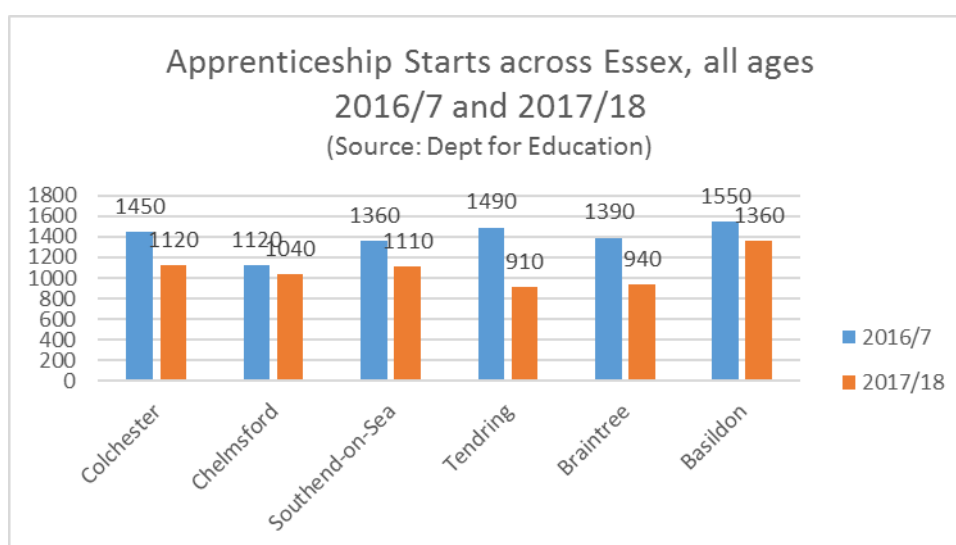
Figure 108: Comparison of Further Education and Skills Learners in Essex, by selected districts, all ages 2011/12-2017/18



Colchester's consistent 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 a significant number of 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 109: Starts across Essex, all ages 2016/17 and 2017/18.



The graph above shows that Colchester is the second only to Basildon in the number of apprenticeship starts across a selection of Essex districts.

Figure 110: Apprenticeship starts by subject area, Colchester Borough: 2013/4 – 2017/18

	Total of Female and Male Apprenticeships, all ages.													
	Agriculture, Horticulture and Animal Care	Arts, Media and Publishing	Business, Administration and Law	Construction, Planning and the Built Environment	Education and Training	Engineering and Manufacturing Technologies	Health, Public Services and Care	Information and Communication Technology	Leisure, Travel and Tourism	Preparation for Life and Work	Retail and Commercial Enterprise	Science and Mathematics	Unknown	Total
2013/14	20	0	380	30	30	160	470	20	30	0	280	0	0	1430
2014/15	20	10	450	40	50	150	530	10	30	0	290	0	0	1570
2015/16	10	0	410	50	20	140	490	30	40	0	270	0	0	1460
2016/17	20	0	370	60	50	190	500	20	50	0	190	0	0	1450
2017/18	20	na	320	40	30	30	360	50	20	0	140	0	0	1120

Source: Government Further Education and Skills, Apprenticeships data

This table shows the importance of the health and care sector in Colchester with some 360 apprenticeships in that sector, more than any other, and this has been broadly consistent over the past four years. Construction is also notable given the very strong pipeline of work coming through and the need to supply labour to deliver it. Engineering and manufacturing is also encouraging given the national shortage of engineers. It is also notable that the business and administration sector is relatively variable whilst retail is falling; possibly reflective of the structural changes taking place in that sector.

The overall fall in the number of apprenticeships is reflected across Essex, and indeed GB, and masks the fact that higher level apprenticeships are rising but intermediate and advanced level apprenticeships are falling. Funding therefore is being diverted to more expensive apprenticeships which is putting the whole scheme under financial pressure.

Skills gaps

The Essex Employment and Skills Board (ESB) was established in order to give employers a platform to shape skills provision across Essex. By working with large employers, academic institutions, SMEs and local government, the ESB creates solutions to the skills challenges that industries face and helps provide opportunities for people to build long-term careers.

The ESB's mission is to build a productive, responsive and inclusive Essex skills system that delivers growth for local people and employers and is established as a national exemplar. Through our research, we have identified seven priority sectors which are set for growth and are suffering skills shortages:

- Advanced Manufacturing and Engineering
- Care
- Construction
- Financial & Related Services
- Health
- IT, Digital and Creative
- Logistics

The Essex Employment and Skills Board (2017/18) notes that skills gaps are being taken seriously as since the previous edition of the its Evidence Base, there has been an awakening to the skills shortages that face the UK, for example, the Chancellor of the Exchequer

committed £500m to fill post-Brexit skills gaps. However, there are many other factors which affect the skills gaps (such as the Apprenticeship Levy and the devolution of skills budgets).

The headlines below demonstrate the effects of the skills gaps across sectors:

“The introduction of the Apprenticeship Levy provides the perfect opportunity for companies to up-skill their existing staff and to introduce new talent into the sector. Employing apprentices and training them on the job in built environment disciplines provides them with skills that are immediately relatable to the workplace, meaning we can begin to grow our workforce almost immediately” – *Stephen Bartle, Head of Commercial & Business Development at the University College of Estate Management, Property Wire, 16 March 2017*

“Britain’s cyber security chiefs warned that skill shortages threaten to leave companies vulnerable to a “significant and growing wave of cyber-crime” – *Robert Hannigan, Outgoing Director of GCHQ, Financial Times, 14 March 2017*

“Only 15,000 UK students sat a computing ICT A-Level this summer – accounting for less than 2% of the overall exams sat. Although there was a slight year-on-year increase... only 500 students [entered]... far below the growing number of jobs being created in the technology sector” – *Madeline Bennett, What is the UK Doing About its STEM Skills Shortfall?, The Telegraph, 28 November 2016*

“We have a challenge to encourage more youngsters into engineering but in the meantime we have to rely heavily on recruiting people with the appropriate skills from abroad to fill the gap” – *Professor Dame Anne Dowling, President of the Royal Academy of Engineering, The Telegraph, 17 October 2016*

“The digital skills gap costs the UK economy £63 billion a year, according to a report by the House of Commons Science and Technology Committee, and MPs are calling on the government to take action.” – *Lis Evenstad, Computer Weekly, 13 June 2016*

“Recruitment and retention is without a doubt the biggest issue for adult social care employers because to have sufficient [levels] of the right people with the right skills is absolutely fundamental to providing quality care and support. It is a big concern for everybody and we’re trying to help promote careers in social care... but there are many challenges.” – *Sharon Allen, Chief Executive of Skills for Care, The Guardian, 8 March 2017*

‘There is very limited training in business-specific, non-technical skills and knowledge [within the construction sector]. For instance 4% of respondents have training in business planning; 5% in business development and 6% in the day-to-day business running.’ – *Grant Modernisation Phase 2 Employer Consultation, CITB, March 2016.*

Priority sectors for Essex 2017 (Colchester 2019) 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 highlighted below:

Construction

- There were more than 12,200 (2685, 7% of all vacancies in Colchester) job postings advertised in the construction sector across Essex during 2016.
- Top baseline skills in demand: Communication, Planning, Customer Service, Problem Solving, Microsoft Office and Writing
- Districts with most vacancies: Chelmsford, Colchester, Basildon and Thurrock.
- Top Occupations in demand: Quantity Surveyors, Electrical & Electronic Trades, Elementary Construction Occupations, Electricians and Plumbers.

Advanced Manufacturing and Engineering

- There were more than 15,500 (2741, 7% of all vacancies in Colchester) job postings across Essex in 2016.
- Top baseline skills in demand: Communication, Organisational, Planning, Problem Solving, Detail Orientation, Team Work and Customer Service.
- Local authority areas with highest number of vacancies: Chelmsford, Colchester, Basildon, Braintree and Harlow.
- Top occupations in demand: Plant & Machine Operative; Engineering Technician; Design & Development Engineer; Production Manager & Directors in Manufacturing & Science;

Care

- There were more than 7,100 (2070, 6% of all vacancies in Colchester) job postings advertised in the care sector across Essex during 2016.
- Top baseline skills in demand: Communication, Organisational, Writing, English, Mathematics, Leadership, Listening and Creativity.
- Districts with most vacancies: Chelmsford, Colchester, Basildon, Southend-On-Sea and Epping Forest.
- Top Occupations in demand: Care workers and home careers, Social workers, Nursery nurses, Childminders and Youth and community workers.

Health

- There were more than 14,500 (4012, 11% of all vacancies in Colchester) job postings in the health sector during 2016.
- Top baseline skills in demand: Communication, Organisational, Planning, Leadership, Mentoring, Research, Computer Skills and Teamwork.
- Local authority area with most vacancies: Chelmsford, Colchester, Southend-On-Sea, Basildon and Harlow.
- Top occupations in demand: Nurses, Medical practitioners, Health associate professionals, Physiotherapists and Nursing auxiliaries and assistants.

Financial & Related Business Services

- There were more than 10,000 (2468, 7% of all vacancies) job postings in the financial & related services sector during 2016.

- Top baseline skills in demand: Communication, Microsoft Excel, Invoicing, Business Management and Customer Service
- Local authority area with most vacancies: Chelmsford, Colchester, Basildon, Harlow and Brentwood.
- Top occupations in demand: Bookkeepers, Chartered and Certified Accountants, Estimators, Valuers and Assessors, Finance & Investment Analysts & Advisers and Financial Managers and Directors.

IT, Digital & Creative

- There were more than 17,000 (3412, 9% of all vacancies) job postings advertised for IT, Digital and Creative occupations across Greater Essex in 2016.
- Top baseline skills in demand: Communication, Organisational, Writing, Problem Solving, Customer Service, Microsoft Office and Detail Orientation.
- Local authority area with the most vacancies: Chelmsford, Colchester, Basildon, Brentwood and Harlow.
- Top occupations in demand: Programmers and software development professionals, Marketing associate professionals, IT user support technicians, IT business analysts, architects and systems designers and Web design and development professionals.

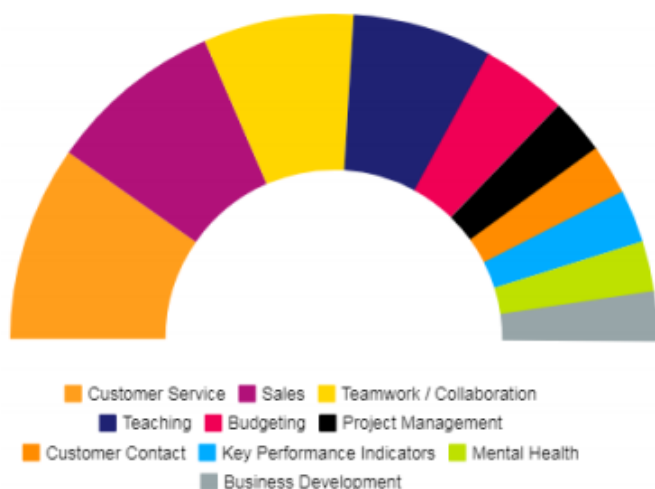
Logistics.

- There were more than 8,200 (1691, 5% of all vacancies) job postings advertised in the Logistics Sector during 2016.
- Top baseline skills in demand: Communication, Organisational, Customer Service, Detail Orientation, Planning, Team Work, English and Computer Skills
- Local authority area with most vacancies: Thurrock, Chelmsford, Harlow, Basildon, Colchester.
- Top occupation in demand: Large goods vehicle drivers, Van Drivers, Elementary Storage Occupations, Fork-lift Truck Drivers and Importers and Exporters.

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

Figure 111: Specialist skills in greatest employer demand, Essex: 2017.

Skills in greatest demand – Top 10 specialised skills



Specialised Skills	Job Postings
Customer Service	3,924
Sales	3,513
Teamwork / Collaboration	3,031
Teaching	2,834
Budgeting	1,732
Project Management	1,146
Customer Contact	1,036
Key Performance Indicators (KPIs)	1,026
Mental Health	1,022
Business Development	995
Postings with unspecified skill:	16,239

Source: Essex Skills Board Colchester Profile 2019

Figure 112: Other skills in employer demand, Colchester: 2017.

Skills in greatest demand – Top 10 baseline skills		Skills in greatest demand – Top 10 computer skills	
Baseline Skills	Job Postings	Computer Skills	Job Postings
Communication Skills	7,392	Microsoft Excel	1,972
Organisational Skills	3,386	Microsoft Office	1,164
Planning	2,471	SQL	672
Detail-Orientated	2,230	Microsoft Word	535
Microsoft Excel	1,972	Software Development	411
Creativity	1,847	JavaScript	403
Research	1,379	AutoCAD	398
Building Effective Relationships	1,350	Java	374
English	1,276	Microsoft Powerpoint	355
Writing	1,216	Microsoft C#	343
Postings with unspecified skill:	16,239	Postings with unspecified skill:	16,239

Source: Essex Skills Board 2019

Training opportunities

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.

Figure 113: Job Postings by District: 2017.

Job Postings by District



Source: Essex Skills Board 2017

14. 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 114: Earnings by residence (2018)

	Colchester £	East £	Great Britain £
Gross weekly pay			
Full-time workers	570.40	590.30	571.10
Male full-time workers	612.50	639.80	612.20
Female full-time workers	514.70	521.20	510.00
Hourly pay - excluding overtime			
Full-time workers	14.23	14.77	14.36
Male full-time workers	15.82	15.56	14.89
Female full-time workers	12.78	13.75	13.56

Source: ONS annual survey of hours and earnings - workplace analysis. Notes: Median earnings in pounds for employees working in the area

Earnings by residence show that Colchester's full-time workers receive gross (median) have now fallen below the regional and national levels. Gross weekly pay for a full time worker equates to an annual salary of £29,660.

While male full-time workers are in higher paying jobs than female in Colchester as elsewhere, it is good to see that women in full-time work now earn less than the regional but more than the national average. This is particularly positive given 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 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 National levels and slightly above regional level for both men and women. Gross weekly pay for a full time worker equates to an annual salary of £29,125.

Figure 115: Earnings by workplace (2018)

	Colchester £	East £	Great Britain £
Gross weekly pay			
Full-time workers	560.10	558.10	570.90
Male full-time workers	579.90	602.30	611.80
Female full-time workers	447.70	493.10	509.80
Hourly pay excluding overtime			
Full-time workers	13.47	13.85	14.35
Male full-time workers	13.73	14.45	14.88
Female full-time workers	13.11	12.95	13.55

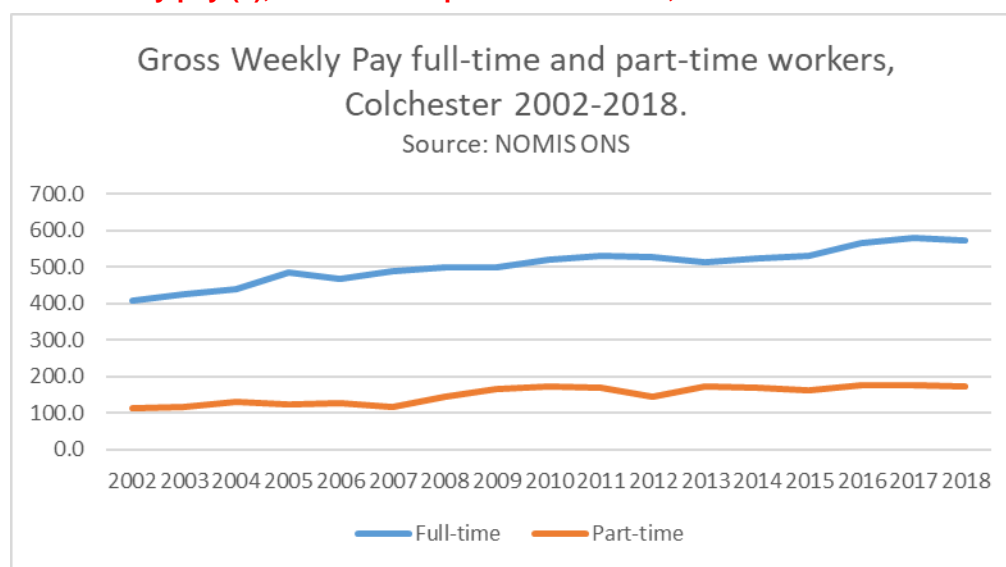
Source: ONS annual survey of hours and earnings - workplace analysis. Notes: Median earnings in pounds for employees working in the area.

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

As approximately 71% of all Colchester's (HMA) 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 County, Regional and National rates.

Reasons for the disparity between earnings by residence and by workplace and the low level of the latter reflect 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 116: Gross weekly pay (£), full-time and part-time workers, Colchester: 2002-2018.



Source: ONS, Nomis, ASHE.

The Minimum/Living Wage

In Colchester 5.8% of workers (5000 people) are paid at or below the National Minimum Wage/Living Wage which ranks Colchester 262nd out of 379 local authorities nationally (where 1st is the worst rank)

Figure 117: Coverage of NMW/LW for Workers Aged 16+ Ranked by % Coverage by Local Authority 2018

Location	Rank	% Coverage	Number of workers
Maldon	84	10%	1,700
Colchester	241	6.4%	6,000
Chelmsford	312	4.6%	3,700
Ipswich	179	7.6%	3,500
Braintree	197	7.2%	3,200
Tendring	20	13.2%	4,300

Source: Low Pay Commission Report 2018

In its 20th anniversary report in 2019 the Low Pay Commission found that the introduction of the Living Wage had encouraged the employment of young people and that this had raised their pay by £5000 therefore:

- The minimum wage has reversed the pre-1999 trend of pay growth inequality.
- Last year the lowest-paid workers earned £2.70 per hour more in real terms than if there had been no minimum wage - £5,000 a year for a full-time worker.
- 30% of workers have benefited either directly or indirectly from the minimum wage – with up to 7 million individuals a year feeling the benefits.
- The LPC has not found significant negative effects on employment from raising the minimum wage.

For Colchester there is relevance in that NLW workers are concentrated in the low-paying sectors which have been identified as growth or core sectors of the Borough's economy. Retail, hospitality and cleaning and maintenance are the biggest NLW sectors. But it should be noted that a significant number NLW workers are employed in sectors not generally identified as low-paying.

While employment growth in low-paying sectors slowed after the introduction of the NLW in April 2016, it has since picked up, and grew by more than 1% nationally in the year to June 2017.

The impact on business and its response to the NMW/LW has been as follows:

- Fall in profits
- Rise in prices
- For some it has led to a greater focus on productivity to save costs to fund it
- Investment decisions: for SMEs either cancelled or delayed; for larger companies it is driving automation
- Hours reductions to help pay for it rather than redundancies. However, lost hours in low-paying sectors have been more than offset by increases in non low-paying sectors
- Manage staff costs through reducing differentials between lower paid and higher paid workers. This pattern was consistent across most low-paying sectors, indicating that to accommodate the cost of the NLW increase, employers have limited the pay increases of higher-paid staff.

The Colchester 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.

Personal and Household Debt

Although high or low levels of personal and household debt are not necessarily an indicator of economic health; when looked at in conjunction with other measures it can help to inform some local policy decisions.

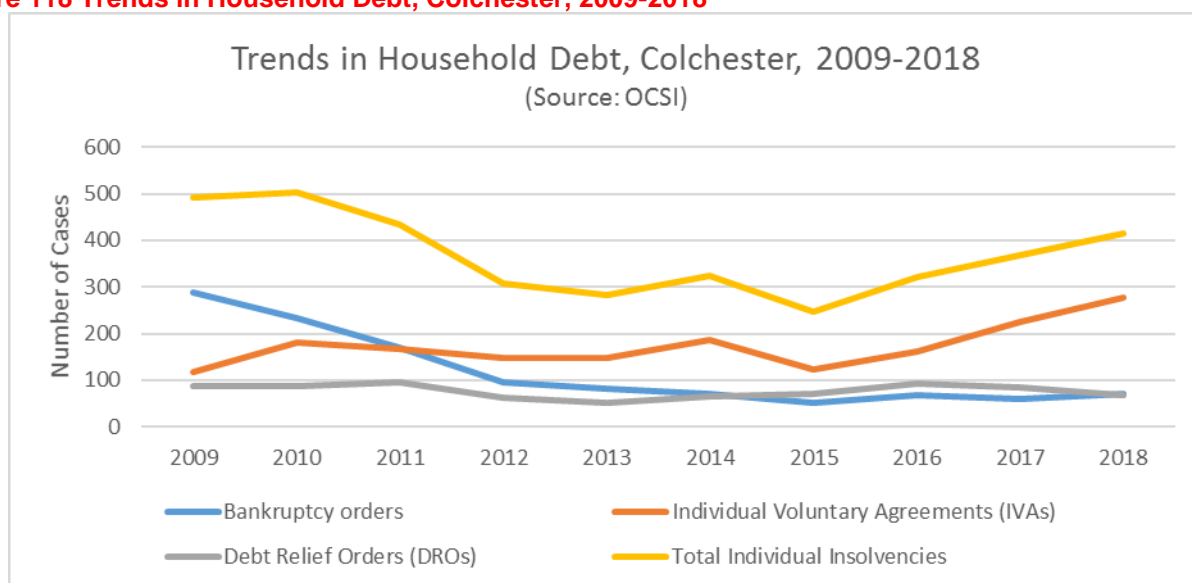
For example; areas in which there are high levels of personal debt combined with low wages or high unemployment, could suggest that some people in these areas were struggling to make ends meet and resorting to credit in order to meet living costs and everyday needs.

Equally, areas where there are high levels of personal loans and / or mortgages are likely to be less resilient to stagnating wages and rising interest rates; which could lead to loan and mortgage repayments becoming a burden.

Identifying these areas that are likely to be at greater risk of unmanageable debt, could be useful in helping to target crisis support schemes or short-term loan schemes.

In addition; it could inform decisions around where best to target preventative advice programmes. Citizens Advice Bureau talks about a 'preventive advice gap' – the concept that one of the reasons people don't get money advice is that it is not designed, or delivered, in a way that helps to avoid getting into financial difficulties. Local level data on personal debt, could support service providers to better collaborate and target early intervention programmes.

Figure 118 Trends in Household Debt, Colchester, 2009-2018



There are relatively low levels of landlord possession claims in Colchester. OCSI figures FOR Q2 2018 show that there were 67 claims in the Borough. Similarly, there were 27 mortgage possession claims/orders in Colchester over the same period.

This represents 10.6% of Essex landlord possession claims (633) and 19% of mortgage possession claims/orders (142) over the same period.

In terms of personal mortgage debt, Colchester as a Borough, had a total mortgage debt of £3bn in Q3 2018. This compares with the Essex figure of £28.8bn. This represents an indicative mortgage debt per household in the Borough of £40,832 compared with the Essex figure of £47,834.

In Q3 2018 the total personal debt in the Borough for unsecured loans for people aged 18+ was £105.8bn making the debt per person in the Borough aged 18+ £703 (the Essex figure was £741). But it should be noted that this does not include credit card debt.

The Bank of England revealed in 2019 that in 2017 Britain owed a staggering £72.5billion in credit card debt but since then the annual growth rate of credit card lending has been falling. However, the Financial Conduct Authority estimated in 2017 that more than 3-million credit cardholders are in persistent debt. With the rise in credit card debt affecting more and more families every day it is useful to compare generational credit card debt.

Experian has identified two key trends in consumer debt:

YERNS: Young, Earning, Renting, Non-Savers

The towns with the highest levels of credit card debt are usually urban and especially in London. Experian research has found a new generation known as the YERNS that reside in many of the urban towns with the highest levels of credit card debt.

YERNS are young people that have good earnings but also have the highest outgoings, debt and social aspirations. This puts significant pressure on their financial stability. Many are forced to rent rather than own their homes, have high expenses that come with raising a family, and are increasingly reliant upon their credit cards for large purchases and living costs.

A large proportion of the capital's population are made up of these YERNS, with urban London areas such as Cheapside, Stratford and Tooting ranking high on the list of areas most likely to be in credit card debt. YERNS are also often found in places with a younger working population such as Brighton, Cambridge, Edinburgh and central Glasgow.

MORS: Mature, Owning, Risk-Averse, Savers

In comparison, towns with an older demographic, rank amongst the towns where there's likely to be high levels of credit card debt. The MORS generation have lower living costs, a lifetime of saving and are far less likely to owe money, which means they don't want, or need, to borrow on credit cards. Already owning their properties, these MORS have other alternative sources of borrowing or have assets that they can tap into.

Figure 119: Credit Card Consumer Debt Rankings 2018: East of England Region compared with UK Ranking

The higher the ranking, the greater the chance of that area having a higher proportion of credit card users with outstanding debt.

Regional Rank	Town/City	UK Rank
1	Hatfield	10
2	Cambridge West, Cambridge	21
3	Lakeside Retail Park	24
4	St Albans	26
5	Cambridge, Central	28
6	Harlow	49
7	Stevenage	50
8	Bedford	55
9	Chelmsford	65
10	Cheltenham	76
11	Welwyn Garden City	82
12	Southend on Sea	94
13	Bishop's Stortford	104
14	Brentwood	105
15	Basildon	126
16	Peterborough	128
17	Grantham	155
18	Luton	159
19	Colchester	161
20	Ipswich	176
21	Norwich	196
22	Bury St Edmunds	201
23	Lowestoft	249
24	Great Yarmouth	264
25	King's Lynn	273

Source: Experian 2018 <https://www.experian.co.uk/consumer/credit-card-hotspots/>

Looking at Colchester's population age profile (Fig 62) and age band projections (Fig 64) it is clear that for credit card debt at least the 20-29 age band remains largely stable at just under 30,000 people going forward. All age bands above the age of 30 show a rising trend. On this basis Colchester as a place is relatively unexposed in terms of credit card debt. However, taking total debt together and adding projected estimated losses of tax credits/benefit receipts in low income households (Fig 120 below) there is a very high risk of exposure for some households in Colchester.

Looking at the picture nationally, consumers increased their borrowing in April 2019 at the slowest rate since June 2014 showing a reluctance to extend their credit in a climate of economic uncertainty.

Credit increased by £900m in the month but the annual growth rate slowed to 5.9% from its peak of 0.9% in November 2016. High Street banks and Building Societies curbed the supply of credit in the first quarter of 2018 by more than at any time since records began in 2017 making April 2019's borrowing rise the slowest for five years.

Income distribution of households

Wage levels are significant in influencing overall household income levels; of all those in employment, 102,000 are employees and only 11,300 self-employed (August 2019). Collectively, some 83.6% of the working age population are economically-active which leaves 16.4% of the 16 – 64-year-old population as economically-inactive, including those on income-replacement benefits, retired and studying.

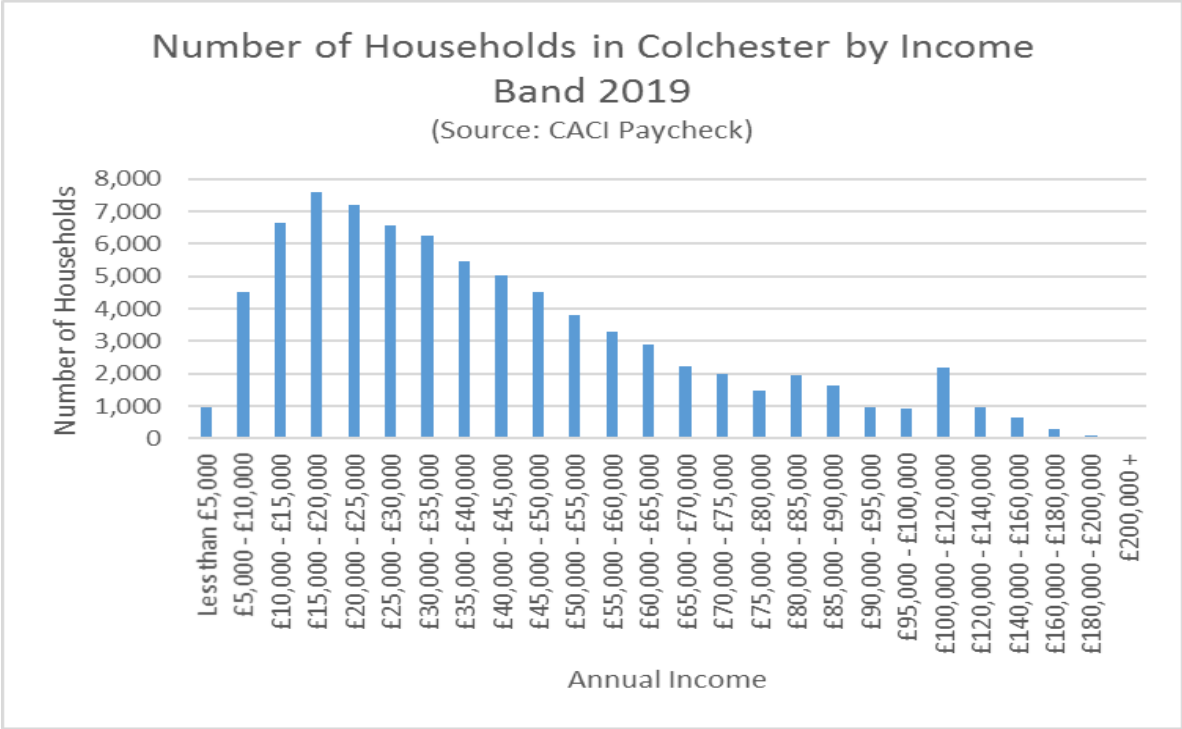
Recent information on Household Incomes in the UK from the ONS (2019 provisional) on the distribution of households indicates that the average (median) household income is £35,300 per annum. However, the same data on further analysis for Colchester reveals that the median household income is about the same at £35,285 per annum.

The Institute of Fiscal Studies recognised in 2016 how wealth is concentrated among a small number of households and is much more concentrated than incomes. Younger generations are on course to have less wealth at each point in life than earlier generations and inheritances do little to even out wealth holdings. It also draws attention to the relative lack of data on wealth holdings, especially among the very wealthiest. Wealth is a key determinant of wellbeing. It matters to households whether they have enough savings to see themselves through retirement and it matters for how they would respond to economic shocks and to fiscal and monetary policy. So understanding the distribution of wealth matters.

The graph below is significant for Colchester as it shows that household incomes are concentrated towards the lower end of the curve whilst the tail shows an outlier at £100,000-£120,000pa possibly due to the impact of commuter salaries/bonuses.

Comparing Colchester to the national picture it is clear that Colchester's largest modal household income band is £15,000-£20,000 with 7957 households in this band. The modal income (or middle of the range of household incomes) is much less at £28,400.

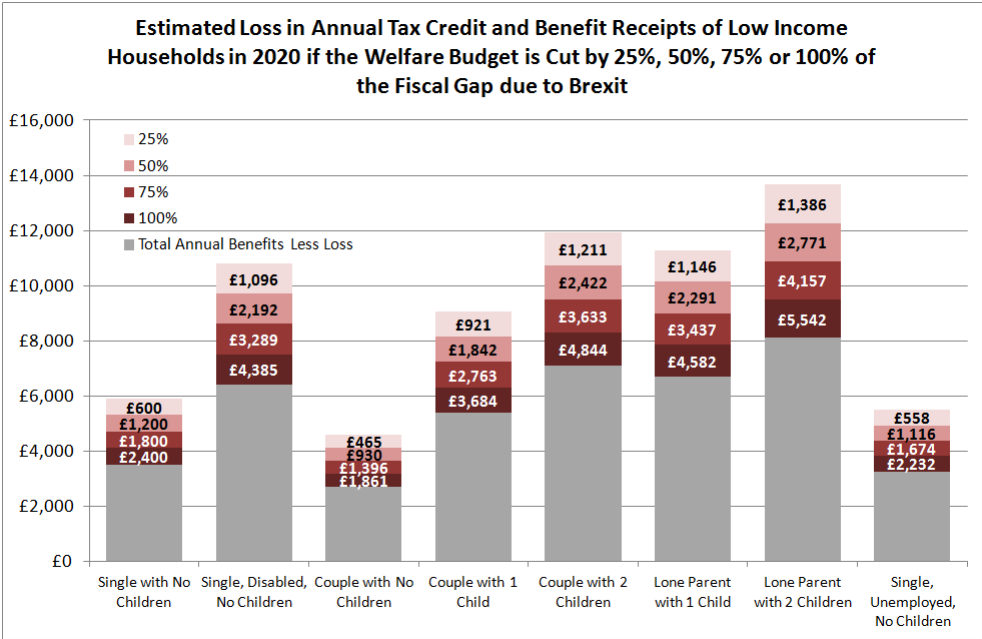
Figure 120: No. of households by gross household income band, Colchester: 2019.



Source: CACI from Paycheck

The National Institute of Economic and Social Research (NIESR) has analysed the potential effect of Brexit on low income families* (2016) and found that the effect on the incomes of low income families could be substantial. In a scenario where welfare spending bears 50% of the burden of adjustment low income households stand to lose between £930 and £2771 a year in 2020 (based on 2014 figures). This represents a sizeable portion of income for low income households.

Figure 121: Estimated Loss Scenarios in Annual Tax Credits and Benefit Receipts of Low Income Households in 2020



Source: NIESR Brexit and Low Income Families. *Low income household for the purposes of this report is defined as a household in receipt of tax credits or jobseeker's allowance.

NIESR states that Brexit has already induced a devaluation of sterling of around 14% since June 2016, which has started to work through to consumer prices: between June 2016 and July 2017 consumer prices increased by around 2.5%. While it is not government policy, nor the desire of the UK public, that the outcome of negotiations is a 'Most Favoured Nation (MFN) Brexit', this remains a distinct possibility. NIESR has researched how the imposition of tariffs on imports from the EU will work through into consumer prices. Making very *conservative* assumptions, they conclude that 'MFN Brexit' will increase the average cost of living by around 1% and increase it for 8% of households by 2% or more. NIESR presents results for different groups of households according to their employment and structural characteristics and show that the impact will generally be largest on unemployed, single parent and pensioner households.

It is likely that Colchester Borough Council and other services will be called upon to provide a variety of assistance to these families.

Changes to the World of Work

Advances in technology and wider societal trends are changing how, when and where we work. This has enabled the emergence of the Gig Economy, the Shared Economy and the Circular Economy.

The Taylor Review of Modern Working Practices (February 2018) was a independent review submitted to the UK Government of modern employment practices in the UK concerning employee and worker rights in UK labour law. It was chaired by Matthew Taylor, Chief Executive of the Royal Society of Arts. Its aim was to consider how employment practices need to change in order to keep pace with modern business models and the report made a series of recommendations for reform.

Published in July 2017, the Review made more than 50 recommendations. It set out an ambition that all work in the UK economy should be fair and decent with realistic scope for development and fulfilment. In February 2018 the Government responded to the review and committed to taking forward most of the recommendations in *The Good Work Plan* published in December 2018.

15. Commercial Space

Evolution of rateable properties and floor space by major category

Demand for commercial space is largely a derived demand from the levels of business formation and expansion in the economy in which continuing deindustrialisation and the growth of the service economy are reflected in changes in business stock. It is also subject to wider changes in working practices, such as hot desking, flexible and home-working in B1 jobs leading to intensification in the use of existing space.

Available data for each year from 2000/2001–2018/2019 covers four major categories of rateable property – Office, Retail, Industrial (including factories and warehouses) and ‘Other’ and is a useful measure of local and wider economic changes.

The below summary provides the absolute and relative changes in the total number and floor area of commercial and industrial premises in the Borough.

Figure 122: Commercial and industrial floor space, Colchester: 2000-2019.

Rateable Properties					
	2000/01	2009/10	% change 2000 to 2010	2018/19	% change 2010 to 2019
Retail	1240	1220	-1.6	1260	3.2
Office	870	1010	16	1260	24.8
Industrial	1130	1240	9.7	1350	8.9
Other	1620	1800	11	2150	19
TOTAL	4860	5270	8.4	6020	14.2

Floor Space (000m2)					
	2000/01	2009/10	% change 2000 to 2010	2018/19	% change 2010 to 2019
Retail	346	364	5.2	374	2.7
Office	203	207	1.9	182	-12
Industrial	666	625	-6.1	601	-3.4
Other	134	164	22.4	198	20.7
TOTAL	1349	1360	0.8	1355	-0.4

Source: VOA, December 2019

Over 2000/01-2018/19 the stock of rateable properties increased by 23.8% but the total floor space increase was effectively nil, being 0.44%.

Within the major categories, there has been:

- A marginal increase in the number of retail properties but a notable positive increase in total floor space, possibly reflecting locally the national trend in contraction of retail space
- Significant increase in the number of office properties (constructed and in various stages of being let) but no net floor space growth reflecting the growth in start-up space
- A notable decline in the number and principally the floor space of industrial properties; and

- Significant increase in the number and especially the area of 'Other', encompassing, health and social care, leisure, tourism, hospitality and *sui generis*.

The figures above are the latest available but in reality there is currently a fast rising market for office and industrial and Colchester has a deficit in both as set out below.

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 123: Total number of Rateable Properties by Major Class, Colchester: 2001-2019.

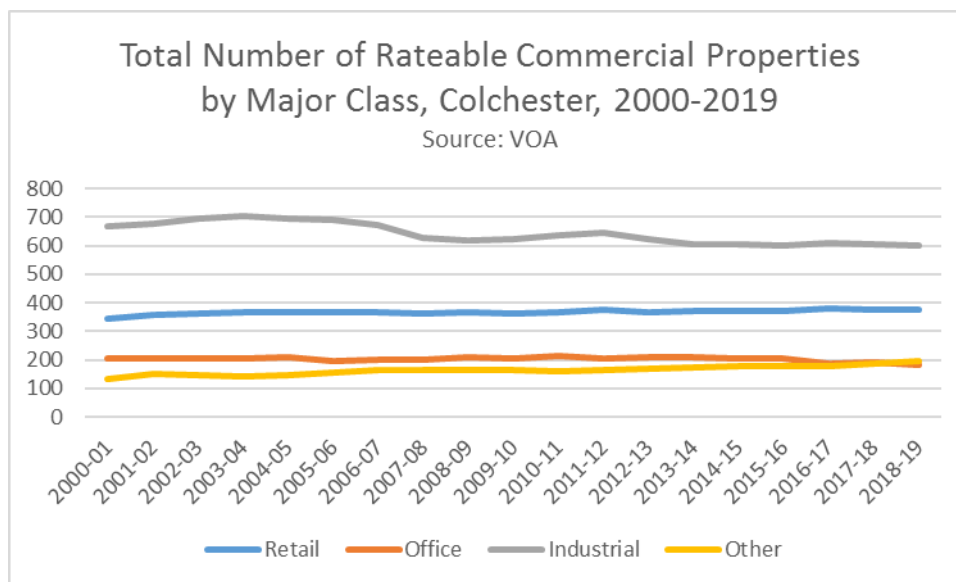
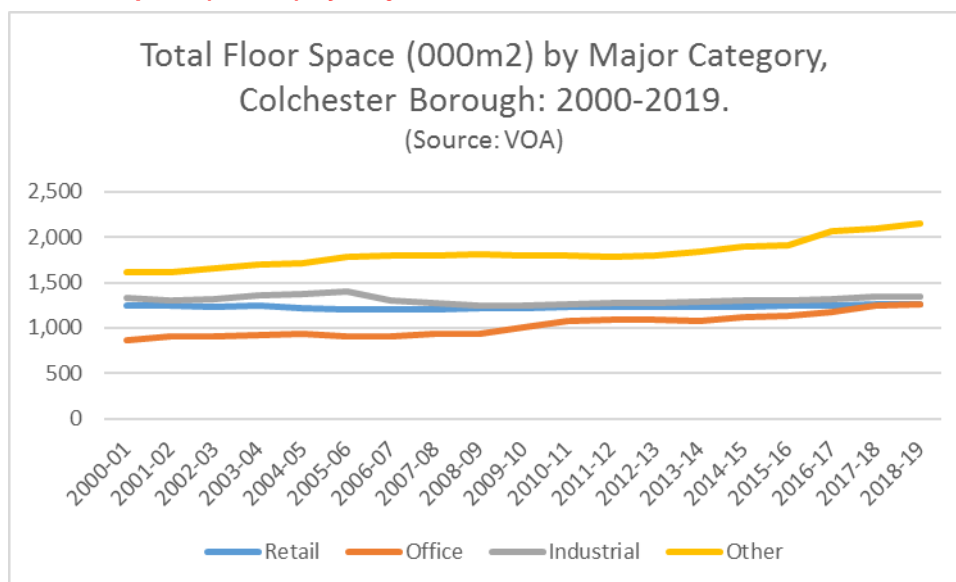


Figure 124: Total Floor Space (000m2) by Major class, Colchester: 2001-2016.



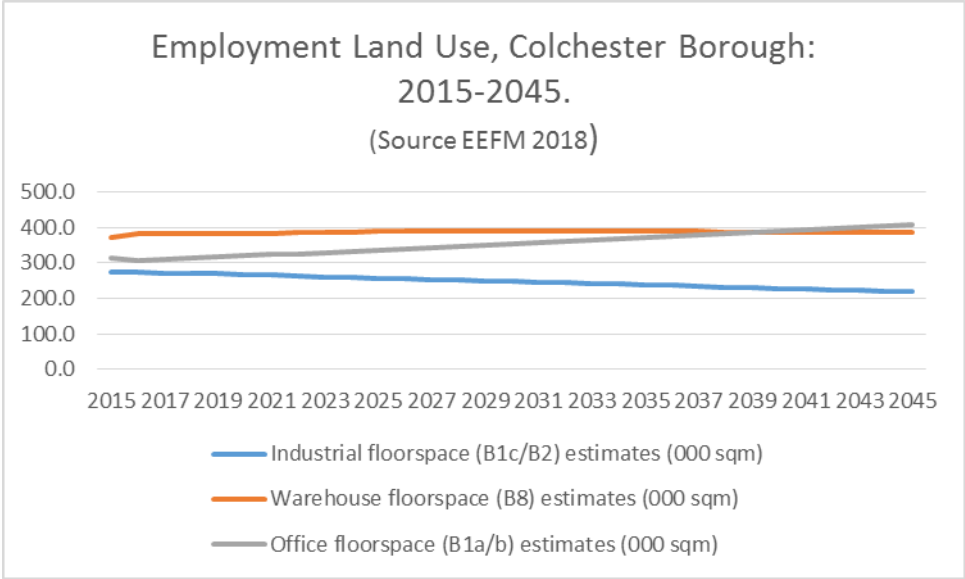
In recent years public sector intervention has delivered significant new office space which is enabling company formation and SME growth particularly in the creative, digital and tech sectors.

Forecast Employment Land Floorspace

The below chart indicates the forecast position to 2045 for increases in B Use Class floor-space in the Borough. Effectively, this is a “policy off” forecast, excluding interventions by the public

sector and significant changes in the perception of the Borough as a destination for office and industrial location.

Figure 125: Employment land floor space, Colchester: 2015-2045.



In this forecast, only office floor space is predicted to increase, moving from 313,000 m2 in 2018 to 409,200 by 2045.

Location of Commercial Space

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 126: Location of B Class Commercial Space, Colchester Borough.

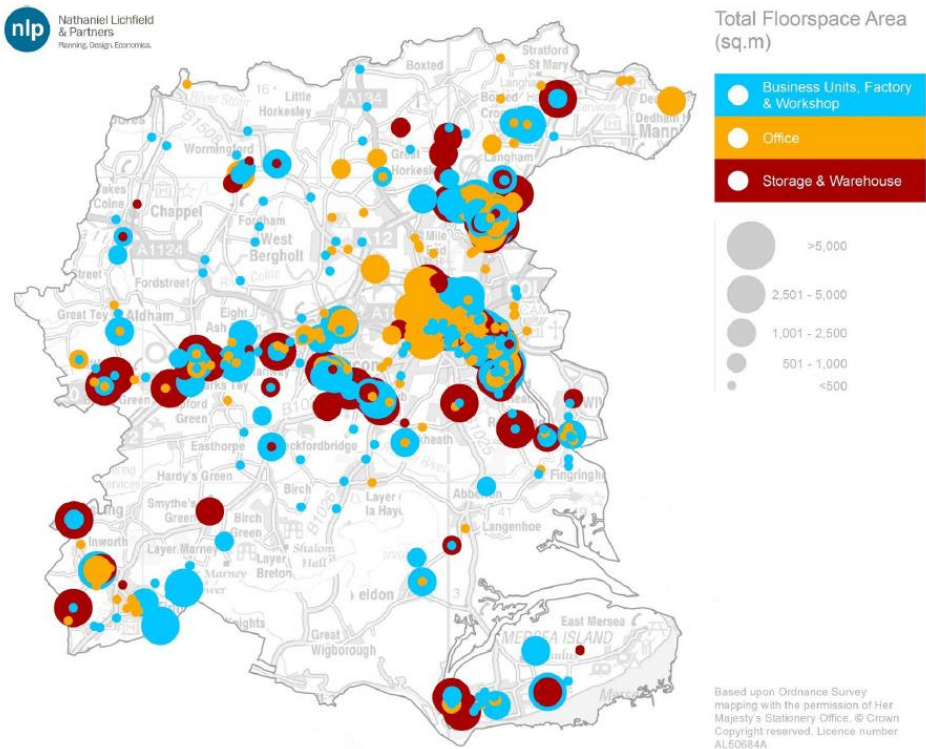
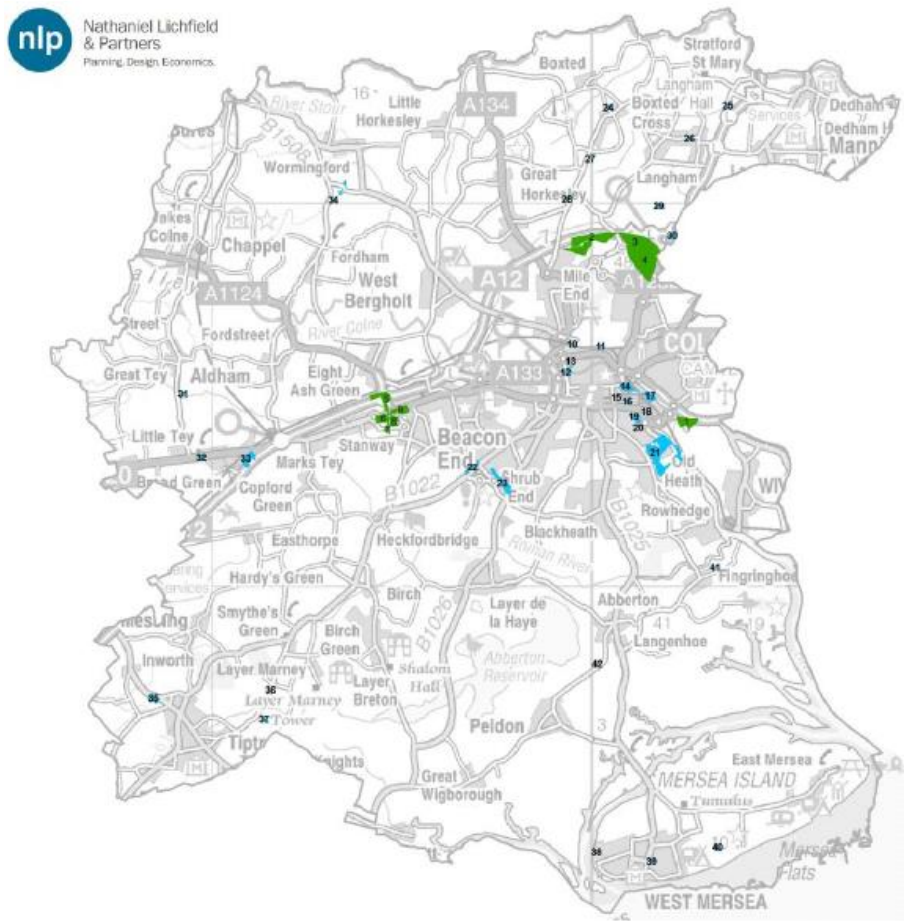


Figure 127: Major Employment Sites and 'B' Use Floor Space, Colchester, 2014.

It should be noted that this diagram is from 2014.

The current planned space for Colchester Northern Gateway (Cuckoo Farm) is around 500,000sq ft, significantly more than was anticipated in 2014.

Employment Site/Area (Ref)	Total B Class Floorspace (sq.m)
Severalls Industrial Park (4)	125,700 (13.6%)
Whitehall Industrial Estate (21)	107,500 (11.6%)
Colchester Business Park (3)	39,000 (4.2%)
Depot, Old Ipswich Road, Dedham (25)	33,600 (3.6%)
Gosbecks Road (23)	31,600 (3.4%)
Cuckoo Farm / Colchester Northern Gateway (2)	29,000 (3.1%)



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. However, as the following pages show, the market has delivered significant volumes of office space since 2014.

Commercial property and the market

Despite the wider UK economic challenges including concerns over Brexit, the commercial property markets have generally seen increased activity in 2019 according to leading property consultancy, Glenny, (operational area Essex, Kent, Hertfordshire and East, North and South East London). Across all markets, occupiers are continuing to favour grade A stock but with supply continuing to be close to an all-time low, landlords are holding out for improved terms and the strongest covenant available.

According to Glennys, 2018 was a disappointing year for take up in the industrial market. However, 2019 has seen greater activity with take up in the Essex market performing solidly in comparison to the long-term average. Industrial prime rents have broadly stabilised in Essex over the past year.

Activity in the Essex office market has remained below trend since 2016, with take up in the first nine months of the current year standing at 108,600 sq ft, compared to trend levels of activity of 320,000 sq ft p.a. Take up has been focused on lettings of 10,000 sq ft and below, which accounts for 76% of activity so far in 2019. Supply remains constrained, particularly for Grade A space. Demand has eased and prime rents have stabilised.

The Colchester Commercial Property Situation

Industrial

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 Colchester industrial property viewed as a good long-term investment. The market has been characterised by stable and rising rental levels, driven by restricted supply and steady take-up of space since the financial crisis of 2008.

Current market feedback (Q3 2019) evidences prime industrial rents for the best locations in the Borough remain stable at £7.00 to £7.25 per sq ft. However, the lack of supply in the market means that the most recent transactions on units of 18,500 to 30,000 sq ft at this level at Easter Park and Severalls Industrial Estate were in 2018.

Local industrial agent Harwin Property Consultants report that there is good demand from local firms for small to medium sized industrial premises up to 10,000 sq ft and also reasonably strong demand in the “Mid Box” sector (20,000 to 50,000 sq ft). However, there is a significant lack of supply of industrial development land and units across the Colchester Borough.

Whilst Colchester is attractive to the industrial, logistical and manufacturing sector, the lack of availability means that such firms are now having to look at alternative locations. Nearby areas such as Witham and Tendring are attracting interest from occupiers unable to find accommodation in Colchester, but they are also considering locations further afield such as Ipswich and Braintree.

Just outside of Colchester Borough, Tendring Business Park, adjoining the A120 at Horsley Cross will bring forward 26 acres of industrial land for larger scale B2/B8 development and the Crown Business Centre at Ardleigh will provide additional space for small business occupiers and start-ups.

Agents are of the view that Colchester should consider allocating more land for B2/B8 uses as there is market demand for warehousing space with good proximity to the regional main road network to service the logistics sector. Currently there is limited availability of land for this purpose but it remains an opportunity.

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. Although this rental level remains in excess of the current headline achieved in Colchester, the point is approaching where new industrial developments will be more viable. 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 the next phase of new development opportunities.

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.

In the Colchester office market, there continues to be a notable lack of grade ‘A’ office space and this has resulted in occupiers taking up good quality refurbished grade B offices, reducing available stock. Although occupier demand for town centre offices has been slack, the supply position has been exacerbated by the relaxation of planning laws relating to office to residential conversion introduced in 2013. This has seen a very significant trend in these forms of development being undertaken and generally with considerable success. In view of the difference in value between the higher priced residential accommodation compared to prices for offices, it is anticipated that this trend will continue whilst the housing market has the appetite.

Colchester Borough Council, acting as developer, have let two new prime grade A spec buildings at their Amphora Place scheme at headline rents of up to £18.50 per sq ft in 2017 and 2018. In addition, good quality second hand space in buildings such as the Octagon has recently let well, with headline rental levels reaching £17.00 per sq ft.

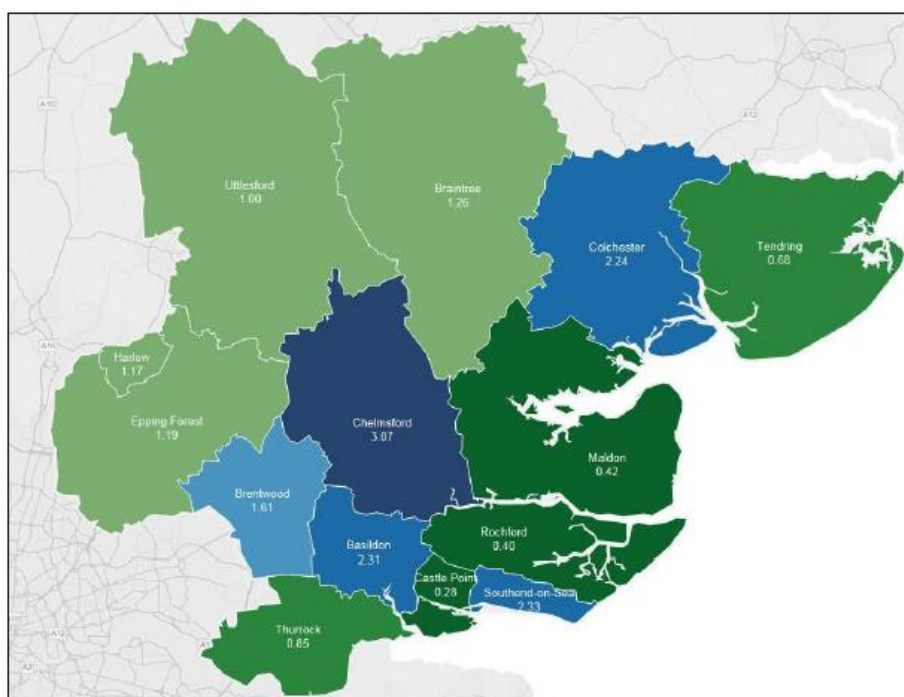
Rental levels remain at a significant discount to the Chelmsford market, but recent lettings are showing upward pressure on rents as supply remains restricted. The level of current occupier enquiries suggests that the market is approaching the £20+ per sq ft level at which new development becomes viable.

Average prime office and industrial rents for Colchester and comparator locations (Q1 2018) were as below:

Figure 128: A Comparison of prime office and industrial rents: major locations.

	April 2016 - LSH			Q1 2019		
Location	Rent per sq ft			Rent per sq ft		Source
	Office	Industrial		Office	Industrial	
Basildon	16.00	7.25		21.00	9.75	Glenny's Databook Q1 2019
Chelmsford	24.00	8.50		30.00	9.75	Glenny's Databook Q1 2019
Colchester	18.00	6.75		18.50	7.00	CBC/Colliers Industrial Rents Map H2 2019
Harlow	16.00	7.25		18.50	9.50	Glenny's Databook Q1 2019
Ipswich	Na	Na		18.00	5.50	Penn Commercial/Colliers Industrial Rents Map H2 2019
Norwich	Na	Na		17.00	7.00	Bidwells Spring 2019 View on Norfolk & Suffolk Offices Summer 2019/View on Industrial Spring 2019

Figure 129: Office stock by local authority area in Essex, 2015 (million square feet).



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

In order for Colchester to increase the number of jobs in the local economy and better balance the labour market, it is crucial that sufficient commercial space is provided as a platform for business development. The Emerging Local Plan 2017-2033 allocates 126,112m² for Office (B1) use and 61,091m² for Industrial (b1/c/2/8) and includes the Garden Communities below. 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’.

Colchester’s Emerging Local Plan (ELP) 2017-2033 considers Colchester’s needs alongside those of Tendring and Braintree Districts.

In terms of the Annual Jobs Forecast the ELP projects that, under the East of England Forecasting Model 2016, Colchester will require an additional 928 jobs per annum.

- Braintree (EEFM) 490
- Colchester (EEFM) 928
- Tendring (Experian) 490

In terms of specific B use land provision, each local authority has undertaken work to establish what quantum of employment land would be required within the Plan period to meet the demand identified below for additional B use employment land. These B use employment areas are distributed between each local authority area and are based on achieving a sustainable balance between jobs and the available labour force through population growth.

As noted above, calculations of employment land required are affected by a range of issues that lead to different employment land portfolios for each local authority area, resulting in a proportionately greater quantum of new floor-space per job in Braintree and Tendring than in Colchester. This is a function of the prominence of higher density office requirements in Colchester and lower density logistics and industrial uses in Braintree and Tendring. The table below sets out the three authorities’ employment land requirements for the period 2016 – 33 for two plausible scenarios, baseline and higher growth. These two bookends provide flexibility to allow for each authority’s supply trajectory to reflect their differing requirements.

Hectares of B use employment land required:

	Baseline (2012 Based Sub National Population Projections)	East of England Forecasting Model
Colchester	22.0	29.8

Retail

The Retail sector in Colchester, both in and out of town, remains sluggish, reflective of wider trends in retail nationally as evidenced across the country. Figure 130 below shows transaction volumes in 2017 down notably in the Borough. The last year has seen a number of business failures and store closures in both the retail and restaurant sectors. Town centres are facing an unprecedented situation.

According to Costar, there has been a fairly sharp increase in retail vacancy rates since 2017 which mirrors the national picture. The leading cause of vacancy has been long term negative absorption (i.e. existing let units falling vacant, or becoming available to let) which has struggled to be positive since 2015, but was particularly poor in 2018.

Agents report a dramatic reduction in new good quality conventional retail requirements for the town. There is still demand for space but this has been dominated over the past few years by discount retailers, charity shops, hairdressers/barbers and very significantly the hot food and beverage sector.

Changes in consumer behaviour are seeing a shift towards a service economy leading to a profusion of outlets offering services which cannot be replicated on-line, greater levels of car ownership are making out of town shopping more attractive and there is ever-increasing demand for on-line shopping and more 'experiential' trips which can be shared on social media. It is clear that there are major challenges ahead for retail which will last beyond the life of this strategy.

Colchester Commercial Transactions

Data on the volumes of commercial floorspace transacted in the Borough to 2018 indicate the positive resurgence of demand since the recession with the office market returning to pre-crash levels of activity and very strong growth for industrial space.

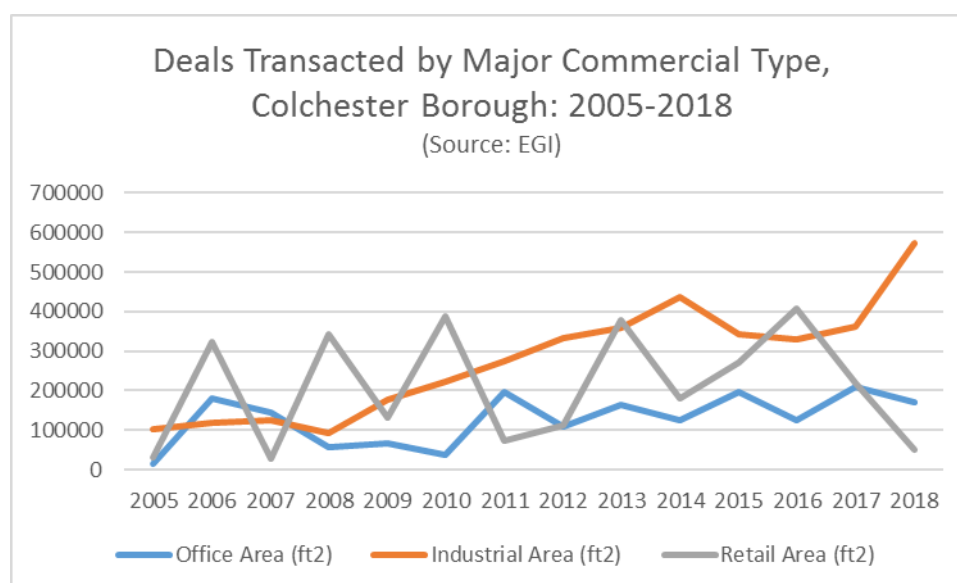
Figure 130: Commercial property transacted by major commercial type, Colchester: 2005-2018.

Year	Office		Industrial		Retail	
	No of deals	Area (ft2)	No of deals	Area (ft2)	No of deals	Area (ft2)
2005	10	14,886	10	101,903	20	32,116
2006	35	178,848	22	119,705	40	322,414
2007	23	145,048	16	125,099	20	26,527
2008	14	55,691	13	93,359	43	342,304
2009	20	66,283	19	177,415	28	131,109
2010	14	37,882	16	221,791	34	388,246
2011	35	195,539	28	275,150	40	73,850
2012	41	109,550	33	334,341	52	113,102
2013	65	162,971	37	359,019	50	378,396
2014	41	124,654	44	437,818	53	180,099
2015	48	198,113	32	344,105	63	271,333
2016	43	124,545	45	328,985	59	409,170
2017	na	210,389	na	361,302	na	219,744
2018	70	171,686	85	571,811	45	49,868

Source: EGi

The graph below 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 131: Deals (ft2. transacted) by major commercial type, Colchester Borough: 2005-2018



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.

Between 2011–2017 average total floorspace transacted per year has been around 160,000 square feet of office, 350,000 square feet of industrial and 235,000 square feet of retail.

For retail the significant peaks in area transacted reflect years in which one or other of the two main Town Centre shopping centres have been sold, altering the underlying trend which could be closer to the troughs for that sector of the market.

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. However, this will depend on awareness of Colchester being raised and interest in the area being generated by commercial agents and investment partners as well as Colchester Borough Council.

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 labour costs in the County are up to 48% cheaper than the capital and office costs are almost 74% cheaper compared to other financial and business centres in the UK and Western Europe.

North Essex Garden Communities

A key element of the spatial growth strategy for North Essex is the development of new sustainable garden communities. The Emerging Local Plans for Colchester, Tendring and Braintree aim to deliver their housing and employment needs.

The Employment and Jobs Plan for three new communities (Colchester/Tendring border, Colchester/Braintree border and West of Braintree) states that provision for a wide range of job, skills and training opportunities will be created in the garden community. This may include B1 and/or non B class employment generating uses towards the south of the site in proximity to the existing University of Essex and Knowledge Gateway and provision for B1, B2 and B8 businesses to the north of the site close to the A120. In addition, high speed and reliable broadband will be provided and homes will include specific spaces to enable working from home.

Town Centre

Town and city centres have always faced challenges but the volume and complexity of issues and challenges currently affecting town and city centres could have the most profound impact to date. Changes in consumer spending habits in relation to out-of-town shopping and online shopping are key drivers of change along with leisure activities and increased housing due to a change in the National Planning Policy Framework which enables this change of use under permitted development rights.

Colchester's town centre embraces a Conservation Area as well as a recognised regeneration area for which funding is being sought to bring improvements to encourage and sustain footfall and spend.

The Emerging Local Plan 2017-2033 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'. However, these policies have been 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 and other services which cannot be replicated online). In the Emerging Local Plan the Council will seek to maintain at least 70% retail use on each Primary Street Frontage. A3 (restaurant/café) uses will be considered acceptable below this threshold if, despite marketing, retail use cannot be secured.

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 the Curzon art house cinema, new boutique hotels, and restaurants aimed at an older market. This diversification of the night time economy together with effective Licensing policies and partnership work is helping to support a town centre that is more

welcoming to families and older people after dark, encouraging both more frequent and higher spend and new business opportunities.

Colchester Start-Up / Grow-On Space

The years since the ELNA 2014 have seen significant growth in the volume of start-up space (SPACE Studios, the University of Essex's Parkside Office Development which has expanded with Phase II and is fully let, the University's forthcoming Innovation Centre and also the Weston Homes Business Centre) but which now needs grow-on space to accommodate those expanding companies in order to retain them and their skills base in the Colchester economy.

Colchester has had a significant increase in the supply of start-up space in recent years as this table shows clearly:

Figure 132: Colchester Supply of Start-Up Space 2018

Name	Location	Lettable Space (sq ft)	Units	Specialism
SPACE Studios	37 Queen Street	7,000	c. 40 units (65-549sq ft but mostly 150-200sq ft)	Creative/digital
Parkside Office Village	Knowledge Gateway University of Essex	20,000 phase I 14,000 phase II	20 units To be configured	University connected businesses/spin outs
Innovation Centre	As above	21,000	50 units	Games, Big Data, AI and AR, CDI
COLBEA I	George Williams Way	c8,500	34 offices (197-500sf but typically 250sf)	Mixed
COLBEA II	Severalls	c7,000	28 offices	Mixed
15 Queen St	Queen St	1916	10 studios	Creative/digital
Pappus House	Stanway	7,732	24 offices	Mixed
Weston Homes Business Centre	Hawkins Road, The Hythe	#	40 offices + 20 virtual	Mixed
Seedbed Centre	Severalls	35,500 sq. ft of light industrial space and 6,500 sq. ft of office / studio space.	43 units (20 office and 23 warehouse/workshop spaces)	Mixed
Lodge Park	Langham	Varies	Planning application for further space provision with CBC September 2019.	More mature SMEs

data not available.

The table also shows the importance of local authority intervention (and the University of Essex in Colchester's case) in this market given that the private sector is not building speculatively has been underlined in both the Creative Space Management report (2018) and also the report of the Essex Economic Commission (2018) which identified the deficit in commercial premises as a key barrier to growth and recommended placing emphasis on ensuring more commercial premises are made available to growing businesses across the county.

From the available data (SQW, BPP Regeneration, ECC Grow On Space Report 2016), it is clear that there is a mismatch between the supply of, and demand for, grow-on space across Essex, for both office and industrial space. There is currently just one year's worth of supply of industrial space available in Essex, and 2.5 years' worth of office space available.

There are various reasons posited as to why there is a shortage. Essentially, there is a market failure in Essex, whereby the development of grow-on space is not an attractive proposition for the private sector: the returns on their investment are more favourable with other types of development, and the risks are perceived to be relatively high, as smaller, often younger, businesses look for short tenancies.

In addition, a shortage of available land, and focus on housing development, has in many places pushed land values up to the extent that development of this space would not be viable in much of Essex.

Affordability seems to be less of an issue than the supply of space and its quality. However, this does not mean that affordability is not an implicit concern. If developers were able to charge more for space, they would most likely do so, as there is little point in developing space that no-one can afford. As it is, they are unable to charge rents sufficiently high enough to make development viable, and so development is not taking place at all.

This has become a key issue as the economic impacts of not providing expansion space are that:

- Firms hold back on expansion plans, and do not move from their current space. If they do, it is possible that they may move outside Colchester.
- As these firms remain in what has become sub-optimal accommodation, this also prevents other businesses from taking the start-up space that would aid their survival and growth.
- Colchester would miss out on potential inward investment opportunities, due to a lack of appropriate space for firms to move into.
- The result is a reduction in business rates, incomes, jobs and GVA

However, if sufficient grow-on space was provided the positive economic benefits would see a rise in job growth, improved contribution to GVA, improved skills retention, increased business rates and inward investment from relocations.

This market failure is being addressed in Colchester as the Council and the University have played significant roles in stimulating the office and commercial market in Colchester by offering flexible development, flexible tenancies and land packages, installing infrastructure and acting as developer on some occasions. This approach has been strongly supported with funding from the South East Local Enterprise Partnership (SELEP).

Much work is taking place around the digital/creative sector to secure additional grow on space following the success of the development of 37 Queen Street creative business centre.

In addition, The Knowledge Gateway at the University of Essex is a hub for enterprises in science, technology and the creative sector. This research and technology park has attracted 18 companies interested in all the advantages of co-location at a research-intensive University with expertise in key tech fields. Expansion is underway with 14,000sq ft of additional space opening later this year. The completion of the £12m Innovation Centre at the University of Essex will host more than 50 start-up and small high-tech businesses. At the time of writing 18 units have been let.

However, as set out above, consideration should be given to a more general need for growth space in both the office and industrial sector.

This raises the question of 'churn' within local business centres. The current rate of churn is unknown but it is worth considering if churn is desirable and if yes, at what rate. By some companies moving on to bigger premises churn allows growth by providing space for more start-ups. However, growth often does not require more space. With technological developments it is possible to improve productivity without moving. It is clear that consideration should be given to a more targeted approach to understanding the nature of the businesses concerned and their propensity for growth into larger spaces before considering how that could be facilitated.

There is also an opportunity for the workspace providers to work together more effectively to promote Colchester as a place for entrepreneurialism, share insights into trends and encourage churn on to larger space.

16. Connectivity

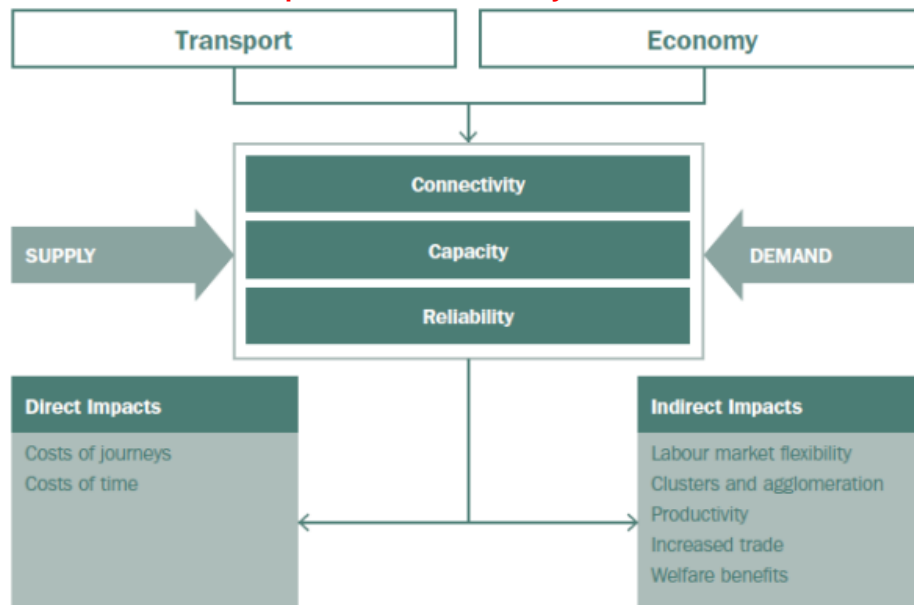
Transport

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. Although there have been a number of changes in economic conditions and transport demand since the publication of this study in 2006, the broad analysis of the linkages still remain the same today. This has also been supported by the report of the Essex Economic Commission (2018) which cites upgrading transport infrastructure in key arterial road routes as being vital to maximise opportunity from Essex's proximity to London, two airports and Harwich International Port.

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

Figure 133: Interactions between Transport and the Economy.



Source: 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 current Essex County Council Local Transport Plan (the Essex Transport Strategy 2011) covers a 15 year period and sets out aspirations for improving travel in Essex, demonstrating the importance of the transport network to achieving sustainable long-term economic growth. The Transport Strategy prioritises the effective use of the current transport network, focussing on the effective movement of people and goods. Investment is also targeted at local improvements such as addressing pinch points, improving sustainable transport and providing access to new developments.

The main inter-urban transport corridors across the borough, both road and rail, have a key role to play supporting the economy of Colchester, North Essex and the Haven Gateway. They provide essential routes between urban centres, and to and from Haven Gateway, Stansted Airport and London. The two main strategic road routes in Colchester Borough are the A12 and the A120 and are managed by Highways England. The main railway line is the Great Eastern mainline, connecting Norwich with London, via Colchester. These routes support the economy of Colchester, North Essex and the Haven Gateway.

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 recession 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 South East Local Enterprise Partnership (SELEP) has helped to redress the infrastructure deficit using a 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.

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 plan to construct an additional £6.8bn Lower Thames Crossing (2020-7)
- 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 Great Eastern Main Line;
- The Davies commission on air travel and the aspirations of the airports including expansion plans for London Stansted Airport
- The impact of Crossrail 1 and potentially Crossrail 2, and HS2; and
- The Development Plans of the two major ports: Harwich and Tilbury

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 including HIF Colchester East Link Road, unlocking the potential Garden Communities and enabling the Knowledge Gateway at the University of Essex to unlock more of its economic potential.

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 SWOT matrix below, undertaken as part of the Colchester Integrated Transport Package Business Case, highlights issues specific to Colchester in which transport improvements can contribute to the Borough's economic growth:

Figure 134: Transport SWOT matrix of issues specific to Colchester.

Strengths: <ul style="list-style-type: none"> • Largest town in Northeast Essex with fastest growing population • Well-established partnership working with ECC • Strong and unique connectivity to the markets of London and the Southeast with onward connections to Europe and other international markets • High employment rate • Significant environmental and historical assets • Cultural and tourism appeal • Served by major railway line with good connectivity to London 	Weaknesses: <ul style="list-style-type: none"> • Major road congestion at peak times within Colchester on the principal roads and junctions and in the Town Centre • Restricted land availability for development in some areas • Disconnected sustainable transport links – lack of connected cycle ways
Opportunities: <ul style="list-style-type: none"> • Fully utilise land, labour and capital assets to achieve Colchester's economic and growth potential • Large pockets of land available for housing development • Important location for housing development • Making transport links more resilient to incidents and congestion • Fully realise the potential of economic links with London, including capacity to accommodate growth to the City and the East of London 	Threats: <ul style="list-style-type: none"> • Potential decline of London as a world financial services centre • Prevailing economic conditions discourage private sector investment, including bringing forward key development sites • Continuing/increasing threat to Town Centre viability • Lack of value employment stunting economic growth and increasing the level of underemployment • Public concern that growth will lead to increased congestion as a result of failure to invest in adequate infrastructure improvement

Source: ECC

Colchester is one of the fastest growing towns in the country. Over the period 2001-2023, Colchester has allocated land for 19,000 new houses and is on course to deliver this target. The

adopted Core Strategy for Colchester also allows for the creation of 14,000 new jobs over the same period.

The town centre is the major employment area for Colchester, providing approximately 20,000 jobs. Maintaining reliable access between North Colchester and the town centre is essential for employment and other town centre opportunities, such as further education, retail and leisure. There are 15,000 existing jobs in the area to the north of Colchester, with a substantial proportion working at Colchester General Hospital.

To date, there has already been significant growth in north Colchester, and approximately 3,000 dwellings with planning permission remain to be completed in the total northern area in the remainder of the strategy period, along with 3,500 jobs in 56,696m² of employment and commercial floor space in the Strategic Employment Zone adjacent to the A12, which will balance the new homes and growth in population. Colchester town centre, already a major regional shopping centre, will also see substantial growth, reflecting Core Strategy targets of 2,000 new homes and planned increases in office and retail floorspace of 40,000m² and 67,000m², respectively.

However, it should be acknowledged that the role and nature of town centres is changing. Consumer behaviour and policy change is delivering a more social space and places where people live rather than shop. Retail is in a period of great change being challenged by major industry disruptors such as Amazon. The Council is responding appropriately, and though it is difficult to estimate how the floorspace figures above will change, changes of traditional use is delivering footfall and jobs in the town centre. An example is the Creative Business Centre in Queen Street operated by SPACE Studios. Formerly a night club and the town's Police Station, 37 Queen Street now hosts more than 40 creative and digital companies and is a major contributor to that sector in Colchester.

Transport in Colchester

Congestion in Colchester negatively affects the local economy, especially at key pinch points. These issues restrict traffic flows across the town centre, which leads to unreliable journey times, late deliveries and significant congestion. In addition to this, air quality is a significant problem in Colchester and the town centre has a declared Air Quality Management Area in a sector of the town that exceeds pollution limits as a result of transport emissions.

The Essex Business Survey (2010) found that 35% of businesses are concerned about local traffic congestion, with the road / transport network being identified as a priority for investment. The A133 is the main East-West route across Colchester without travelling through the town centre. Any improvements to this corridor will inevitably also have a positive effect on the Town Centre and on all North-South movements across this route.

A number of transport schemes have been delivered in recent years in Colchester that support growth and release land for housing and employment. These include:

- A12 new junction - Junction 28 which provided a new access point into North Colchester;
- United Way and Axial Way – linking into the A12 Junction 28;
- Via Urbis Romanae (Northern Approach Road Phase 3) linking Junction 28 into the existing Northern Approach Road
- Park and Ride site north of Junction 28

The Northern Approach Road Phase 3 (now named Via Urbis Romanae) was opened in 2015. The opening of Junction 28 on the A12, and the Park and Ride site in north Colchester, both of which connect onto Via Urbis Romanae, have delivered further transport capacity and a new strategic access into Colchester from the north. Public transport movements along Via Urbis Romanae are supported by a segregated bus-only carriageway running in parallel with the main carriageway providing a reliable and rapid connection to the town centre.

Colchester-related Transport Schemes

The Borough Council is working with Highways England and Essex County Council to ensure the transport infrastructure that facilitates growth through Colchester's Local Plan can be provided.

The following is a list of projects which will directly benefit Colchester. More detail can be found below the table.

Figure 135: National Strategic Projects directly benefitting Colchester.

Details	Type of work	Assumed construction period
A12 Chelmsford to A120 widening	Widening to three lanes. Consultation on options held 2017. Preferred route announcement for Junction 19 to Junction 23 October 2019. Consultation on options for Junction 23 to Junction 25 are taking place in October 2019.	From 2023/24
A12 Colchester Bypass	Widening between junction 25 and 29	Second Roads Investment Period (RIS2)
A120 Improvement Package	New dual carriageway between Braintree and the A12. ECC consultation on route options in 2017. ECC favoured route announced in June 2018. Once funding is secured, Highways England will announce preferred route for the scheme and consultation will follow.	From 2023+ (based on inclusion of the scheme in the RIS2)
Great Eastern Main Line (GEML) rail corridor capacity improvements.	To deliver more and faster trains including improvements at London Liverpool Street station, capacity and signalling improvements.	2019+

Figure 136: Colchester Schemes

Details	Type of work	Start date/ Delivery date
A133 Ipswich Road Improvement Scheme	Part of a package of improvements included in the Integrated Transport Package for Colchester to upgrade the A133 Ipswich Road. Overall objective is to alleviate congestion and improve access for all modes.	2019/20 Completion due April 2020
A133 Colne Bank Avenue Widening	Part of package of improvements to reduce congestion along the A133 corridor.	Completed 2017
Lexden Road Improvement Scheme	Improvements along the route designed to support traffic flow, reduce journey times and build in resilience for future growth.	Completed June 2018
A120 to A133 Link Road and Rapid Transit System	Successful Housing Infrastructure Fund bid to help support planned housing growth. A120 to A133 Link Road serving new Park and Choose site and Rapid	Construction target starts 2022

	Transit System to prioritise public transport on key route through Colchester.	
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Strategic Road Projects

Highways England published the East of England Route Strategy in April 2015 which outlines priorities for the strategic road network and informed the Government's Road Investment Strategy (December 2015). The Roads Investment Strategy (RIS1) set out route investment priorities for the period 2015 to 2020 which included the following schemes:

- A12 Chelmsford to A120 widening – widening to three lanes to start by March 2020
- A12 Colchester Bypass – widening of the A12 between junction 25 and 29 to three lanes and improvements to local junction layout, to start in the second roads investment period (RIS2) by March 2025

Highways England consulted on options for widening the A12 between Chelmsford and the A120 in 2017. Highways England made a Preferred Route Announcement in October 2019, confirming plans for the first section of the scheme from Junction 19 (Boreham Interchange) to Junction 23 (Kelvedon South). Highways England also held a public consultation in October and November 2019 on four new route options between Junctions 23 and 25.

In 2015, it was agreed that Essex County Council (ECC) would undertake work to determine the way forward for an upgraded A120 between Braintree and the A12. Essex County Council consulted on route options in 2017 and have announced their favoured route option. A Preferred Route Announcement can only be made by Highways England in association with the Department for Transport. The ECC favoured route option has been recommended to the Department for Transport and Highways England with the aim that it is included in the next funding period for the Strategic Road Network (RIS2).

Great Eastern Main Line (GEML)

All of the passenger services on the Great Eastern mainline are operated by, and stations managed by, Abellio as part of the Greater Anglia franchise which runs until 2025. The train operating company is investing in rolling stock to provide new faster, higher capacity trains. The new trains will be introduced from 2019/20.

Network Rail manages and maintains the infrastructure and has identified projects in the Great Eastern Main Line Study (July 2019) to support demand and future growth in rail passenger demand over a 25 year period and the likely increase in train services and changes to the rail network to support this growth. A timetable assessment in the Study has indicated that, to achieve the outputs of the study, a number of enhancements are required to increase the capacity of the route. These include:

- Passing loops between Chelmsford and Witham
- Passing loops south of Colchester
- Haughley Junction doubling
- Other schemes to be determined as part of more detailed timetable assessments

By 2026 it is estimated that rail capacity 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.

Local Transport Schemes

In July 2014, a number of projects across the SELEP area, principally transport-focused, gained £442m of funding under the Growth Deal which could leverage a further £260m of private sector investment. Colchester was successful in gaining almost £20m 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 £17.7m towards a total cost of £26.5m for delivery from 2015 onwards.

The Colchester Integrated Transport (ITP) package is a package of schemes that delivers a range of initiatives to encourage and improve access for all modes travelling from the north of Colchester to the and from the town centre, and along the central A133 corridor. The package will also help to reduce general traffic in the town centre as this is an alternative to the main congested route.

The schemes focus on traffic and congestion reduction, traffic management measures and replacement of highway infrastructure, to improve the economic vitality of the town centre while delivering operational improvements across the wider area. The ultimate plan is to dual the length of the A133. The ITP package provides improvements to key elements of this route in two strategic areas and is complimentary to the introduction of Park and Ride in Colchester. It consists of the following improvement schemes:

Colne Bank Avenue widening: The carriageway has been widened to two lanes each way between Colne Bank roundabout and the Albert roundabout.

Cowdray Avenue Bridge Replacement: Replacing the bridge across the railway line with a new structure providing two lanes each way.

A133 Ipswich Road Improvement Scheme: Replacement of the double roundabout junction at Ipswich Road with a single roundabout to improve performance of this key intersection. The carriageway between Ipswich Road and Harwich Road junctions will be widened to accommodate two lanes in each direction.

Cost and economic benefits of Colchester ITP

Total infrastructure investment in Colchester by Essex County Council, including funding from SELEP, is about £50 million. In addition, ECC has given the Local Highways Panel £4 million over 2012-2016 which has been spent on schemes such as cycling and walking initiatives, safety schemes, highway improvements, public rights of way and passenger transport improvements. It is estimated that this will facilitate 8,295 homes and 1,293 jobs.

Figure 137: Estimated jobs and homes enabled by CBC's Integrated Transport Package (ITP).

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/25	Post 2025	Total
Jobs	81	81	81	81	81	518	345	1293
Homes	1444	1444	1444	1444	1444	587	488	8295

Source: ECC

Digital Distinctiveness

One of the ways in which Colchester wants to boost economic growth and inward investment is by improving its digital connectivity infrastructure. The Council's Digital Strategy, 2017-2022, aims to make the borough one of the best-connected places in the East of England.

Objectives of the Digital Strategy are:

- Extending the reach of Ultrafast, pure fibre broadband right across the borough
- Ensuring every new development and re-development includes fibre, by adopting an infrastructure-first approach
- Targeting tech companies for inward investment
- Promoting Colchester as a testbed for forthcoming 5G mobile technology
- Showcasing Smart City innovations aimed at better traffic management and improving air quality
- Demonstrating to business and consumers how ultrafast can promote productivity and reduce costs

The Council is currently bidding for a multi-million pound slice of the Government's Local Full Fibre Network Fund to help implement the aspirations in the Strategy. A decision on funding is imminent and if successful, work will begin early in 2020 year on some of our key deployments outlined in the Current Situation section below.

Among these are extending fibre-to-the-premises connectivity in the town centre to make it accessible to every property; laying a state-of-the-art fibre infrastructure in the Severalls Business Park as well as the key Northern Gateway development zone with its future commercial and leisure spaces; and integrating the town centre network with the University of Essex where some of the country's best 5G research is taking place.

Colchester can successfully position itself as a leader among the UK towns and cities vying for investment in digital innovation, mobile telephony of the future, software development and the development of 'Smart' devices. The Strategy describes how ultrafast and the Smart City technologies it enables, can be best shaped to the profile of the economy of the Borough. Key interfaces with the education, care and health sectors are identified, as well as how the challenges of road congestion, air quality and the ever-growing demand for energy, can be better addressed.

The importance of broadband connectivity improvements in both coverage and speed was also recognised in the report of the Essex Economic Commission (2018) which recommends this as a key driver of further economic growth. In pursuing Ultrafast Broadband Colchester exceeds the ambition of a further roll out of Superfast as recommended in this report.

Current Situation: Fixed Broadband

Business connectivity in Colchester Town Centre has been vastly improved with the introduction of Ultrafast Broadband Gigabit connectivity in the town centre, North Hill, Middleborough and Charter Hall in 2017. However, subscription take up rates have been slow due to price sensitivity. It is hoped that availability of Government funded vouchers to enable connection to this service will encourage higher take up rates. These actions as part of Colchester's Digital Strategy 2017-2021, were implemented to address the very poor ranking of

Colchester as 57th of 65 benchmarked towns and cities in a Centre for Cities study published in January 2016.

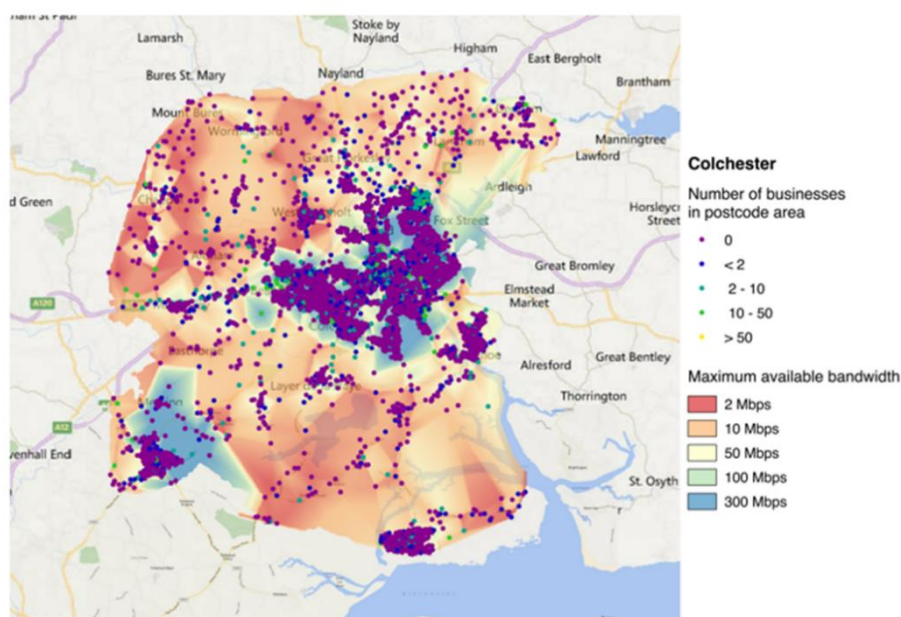
The economic impact of the ambitions in the Council's Digital Strategy has been assessed (Sept 2018) and the headlines are as follows:

- 25% of Colchester's businesses are in locations where broadband speeds are lower than 30Mbps; compared to 1% of businesses in the best-ranking towns in the UK.
- Overall, connectivity across the Borough remains poor, with Colchester ranked 312th of 391 local authorities analysed comparatively.
- As you will see from the heat-maps, a very significant part of the Borough is still stuck on 2-10Mbps connectivity. These largely rural areas will be addressed by Superfast Essex and are not included within our proposals.
- Gigabit connectivity remains an elusive prize - 95% of offices, 100% of retail, 95% of warehouses, 97% of industry - a total of 98% of all business premises - do not have current access to it.

If funded the proposals in the Digital Strategy will have a significant economic impact in terms of GVA uplift. Notably:

- Upgrading connectivity to 10% of the businesses within the proposed deployment areas would produce a GVA uplift of £33m per annum, but making better connectivity available to 70% of businesses in the target areas would deliver a massive £233m p/a GVA uplift.
- There is granular analysis of the impact of our proposals for the town centre, Northern Gateway and Severalls Business Park (1,807 existing businesses, with 17,000 employees). Making gigabit available to 70% of town centre businesses would deliver a GVA uplift of £171.2m, with a similarly impressive uplift in the other key deployment sites. This is particularly important in the context of the integration of the proposal to the development timeline of the Northern Gateway.

Figure 138: Broadband coverage in Colchester Borough: 2017.

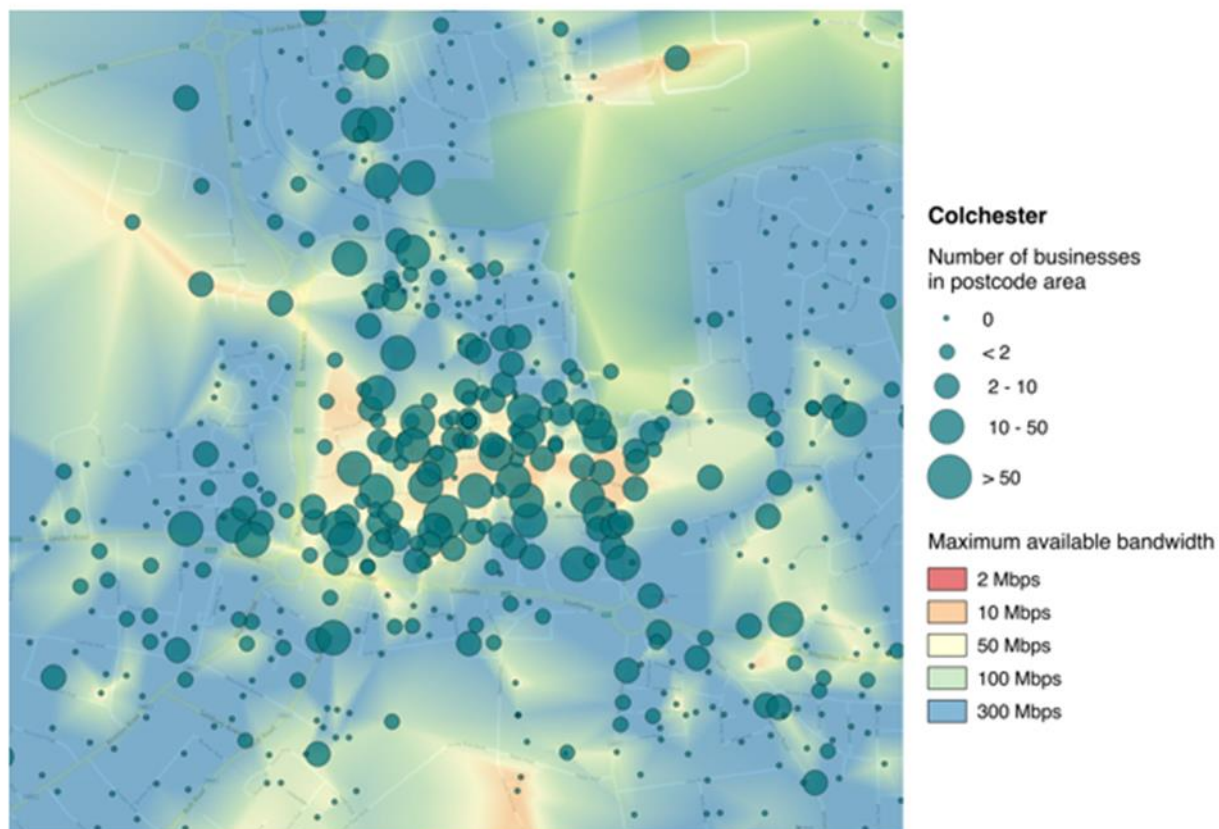


Source: Local Full Fibre Network Fund Bid Evidence Report, Point Topic, June 2018.

The diagram above shows that a significant area of Colchester has Superfast and Ultrafast Broadband coverage. Colchester is 260th out of 418 places for Superfast Broadband take-up, testing and download speeds. However, in order to drive the next round of technology more work is needed, especially given the relative lack of coverage by FTTP/B (Fibre to the Premises/Box) see the diagram below.

Figure 139: Businesses in Low Bandwidth Areas: Colchester 2017.

Businesses in low bandwidth areas

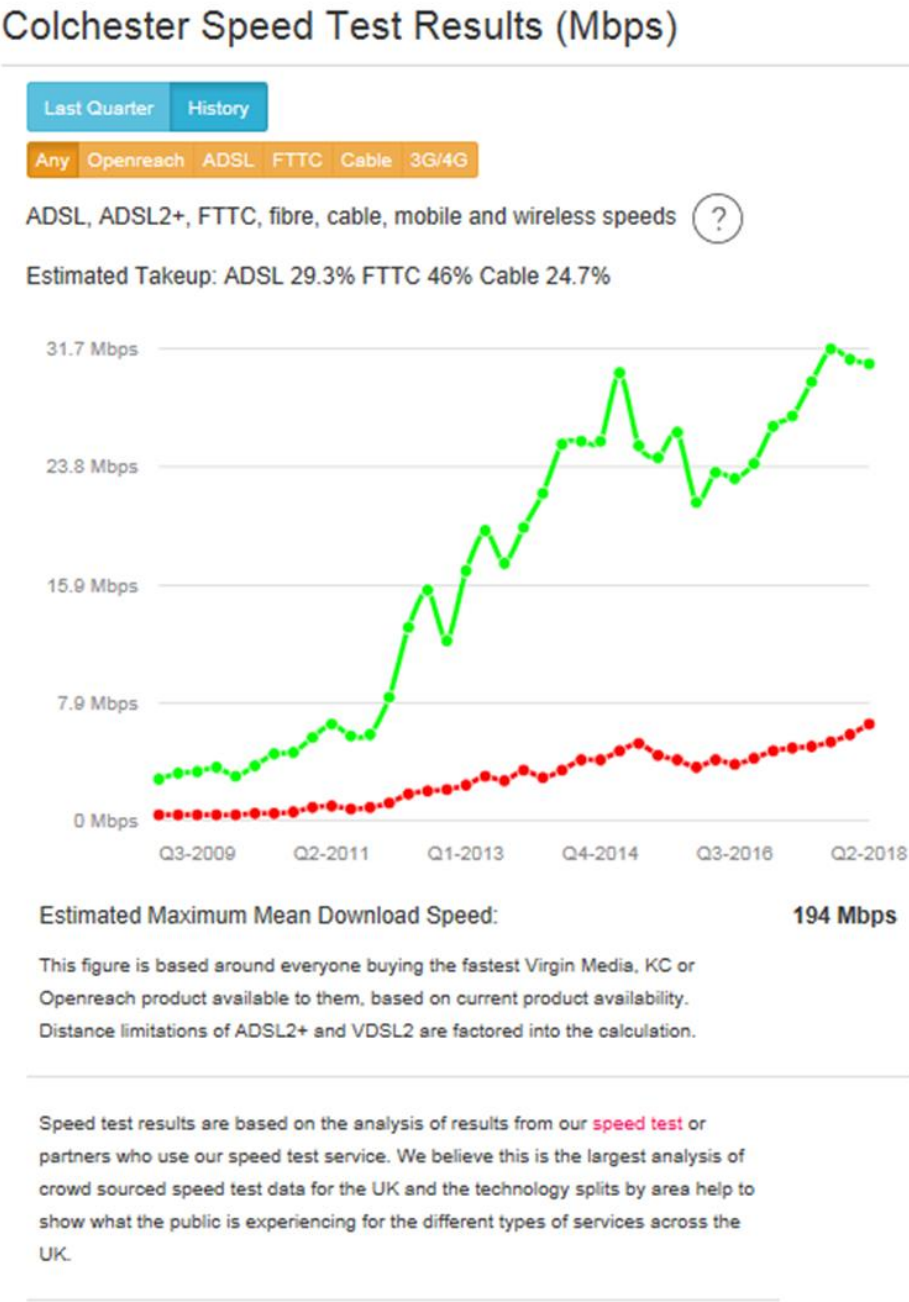


Source: Point Topic LFFN Report June 2018

The two following diagrams below show improvement in download speed via Superfast Broadband and availability from BT since 2009, which contrasts sharply with a lower degree of improvement in upload speeds).

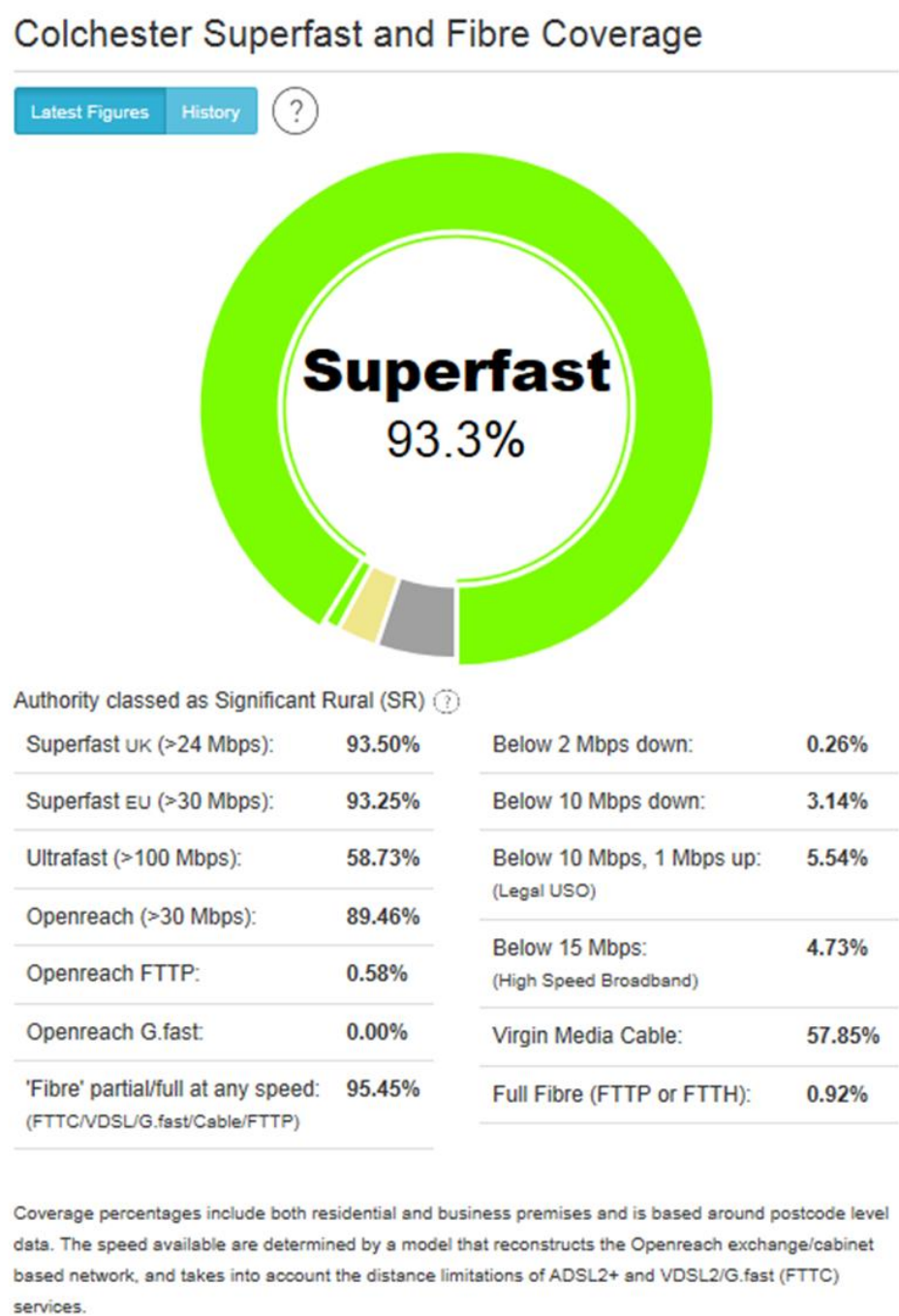
Businesses and residents in the town centre can secure up-to-gigabit speeds (100mbps upload and download), fifty times faster than those previously available, from a CBC-owned fibre network built in 2016. The range of businesses using this network is growing, and now includes an architectural practice, a taxi company, an optician and the Council's own administrative and leisure facilities. The network has made it possible to host annual large gaming events, during which it supported hundreds of connections across laptops, PCs, mobile phones and gaming consoles.

Figure 140: Improvements in average Upload and Load throughput (line speed) from BT in Colchester, 2009-2018.



Source: ThinkBroadband (Green line download speed, red: upload speed)

Figure 141: Illustration of overall “superfast” broadband availability, July 2018.



Source: ThinkBroadband

Broadband Aspirations

The provision of high-speed broadband has long been known to provide local and national uplift across a number of metrics.

According to the data, bandwidth is growing in importance. Many tagged optimistic models from the noughties and earlier this decade were showing return on investment of 10:1 and that has been part of the assumption set for much decision making globally.

The update resulting from a study by Point Topic and Adroit Economics 2018 indicating a return of 28:1 is significant. More projects in more places become far more attractive for policy makers and those deploying networks, and economic uplift follows.

So, given the continuing need for improvement, the LFFN bid, if successful, will enable extension of fibre-to-the-premises connectivity in the town centre to make it accessible to every property; laying a state-of-the-art fibre infrastructure in the Severalls Business Park as well as the key Northern Gateway development zone with its future commercial and leisure spaces; and integrating the town centre network with the University of Essex where some of the country's best 5G research is taking place.

One of the key aspirations of the strategy is to build a data backbone all the way to the key internet exchange at Telehouse in London Docklands. This will provide Colchester with unlimited connectivity not dependent on the prohibitive pricing of the big, incumbent telecoms operators. The Council is in talks with key players about how this could be achieved.

The Strategy comes at a crucial time. Over the next decade, Colchester's population is predicted to increase significantly. One of the key challenges that comes with this is providing high-quality employment opportunities and making the best possible use of the available employment land. This is embedded in the parts of the Digital Strategy focused on east and west Colchester, as well as the Northern Gateway.

In addition to large population growth, the near future will see a dramatic increase in demand for Ultra-fast connectivity, driven by Smart Cities, the introduction of 5G mobile technology, ultra-high-definition video streaming services and the 'Internet of Things' (a mesh of connected devices, including household appliances and personal health monitors).

The Council is helping local businesses secure connection vouchers, worth up to £3000 each, and available to businesses with fewer than 500 employees. These pay for the works required to connect to our gigabit network and mean that businesses have no up-front costs to do so.

If funded then the anticipated Ultrafast Broadband availability in 2021 is shown in the table and the map below:

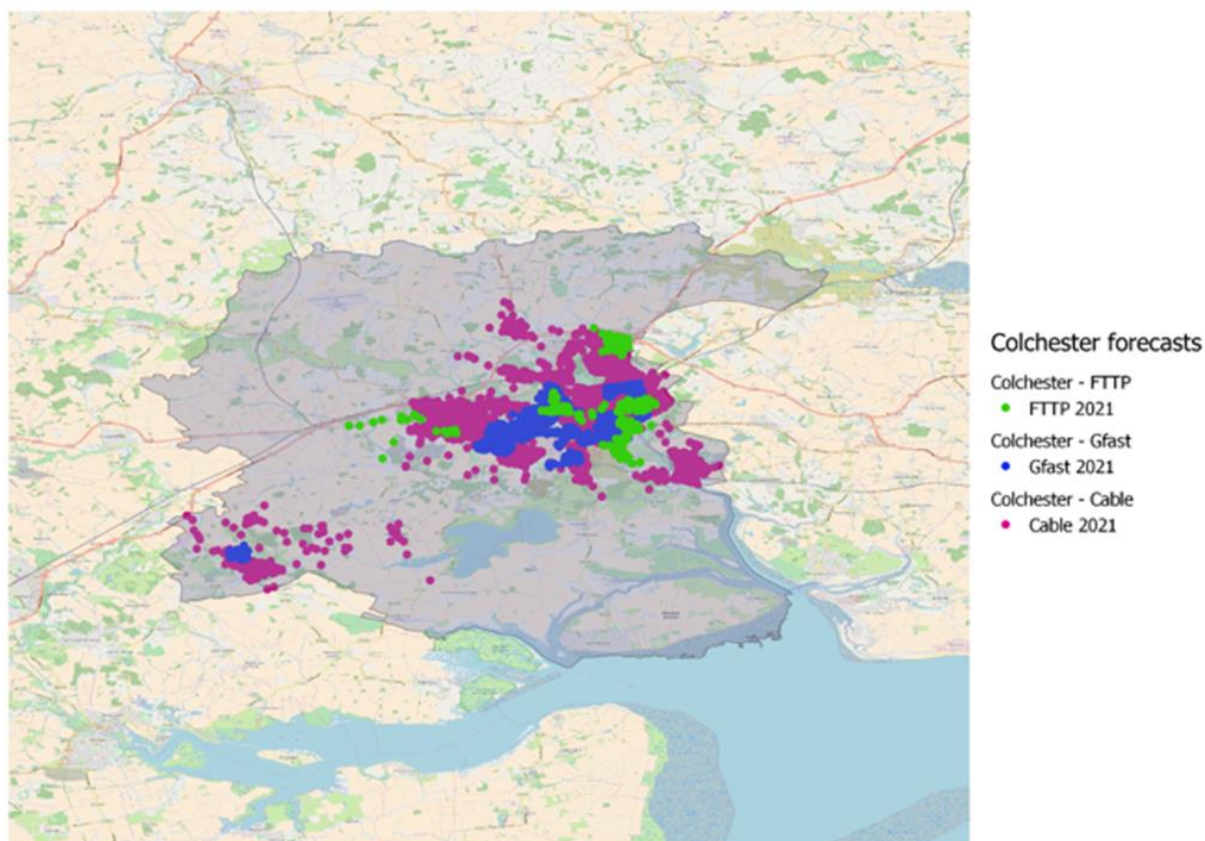
Figure 142: Forecast Expected Ultrafast (Gigabit) Availability by 2021

Expected coverage in 2021 (commercial deployment scenario)			
	Households	Business sites	
Gfast 2021	16,127	594	
FTTP 2021	3,790	1,899	
Cable 2021	58,661	3,244	

Source: Point Topic June 2018

Figure 143: Forecast Expected Ultrafast (Gigabit) Availability by 2021 from Cable, Fibre to the Premises and Gigabit Connectivity

Expected Cable, FTTP and G.fast



Source: Point Topic June 2018

Town Centre WiFi

Colchester town centre already has a head-start having Ultrafast Broadband installed through the CCTV network and free to use WiFi connectivity on street which has around 16,000 unique users a month, but the focus now is on making the borough a magnet for creative, digital, technology and IT businesses. It is critical that the infrastructure is extended to help Colchester compete with cities like Cambridge and Peterborough, which have seen significant investment in connectivity. To this end there is an aspiration to upgrade to enable 5G technology when that comes on-stream.

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

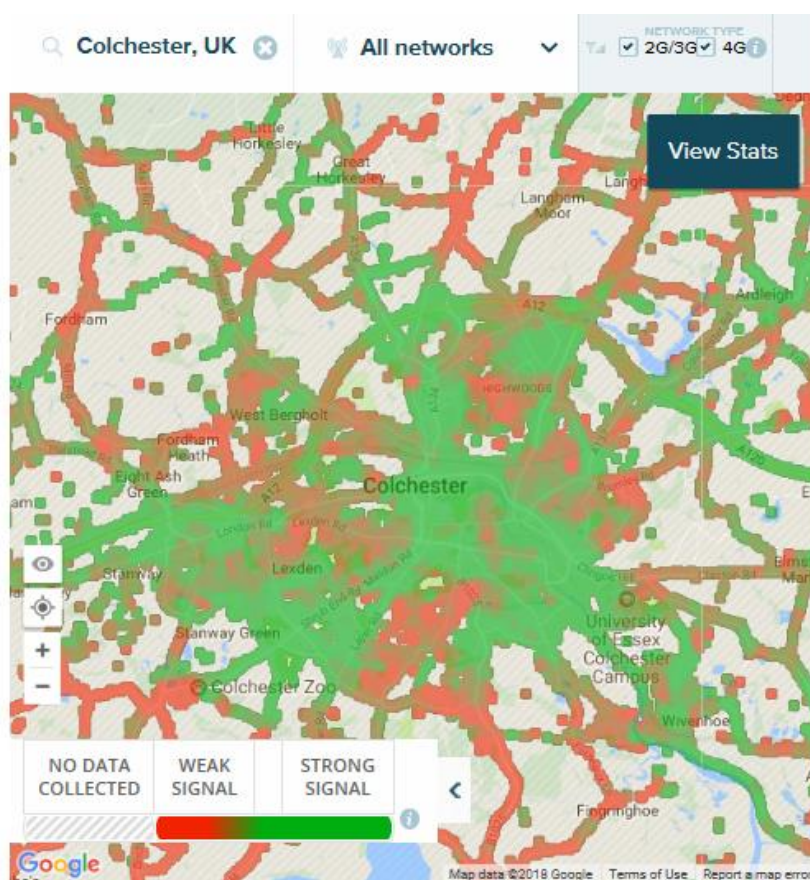
offering users higher speeds, with regular speeds of 15 to 30Mbps. In practice, such speeds are restricted in availability by location (mainly to certain areas of cities) although they will become more widespread in the near future.

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.

A recent report by Ofcom, *Economic Geography 2017: an analysis of determinants of 3G and 4G (mobile) coverage in the UK* found that much of the variation in 3G and 4G coverage between different parts of the UK can be explained by likely demand for and cost of providing mobile services.

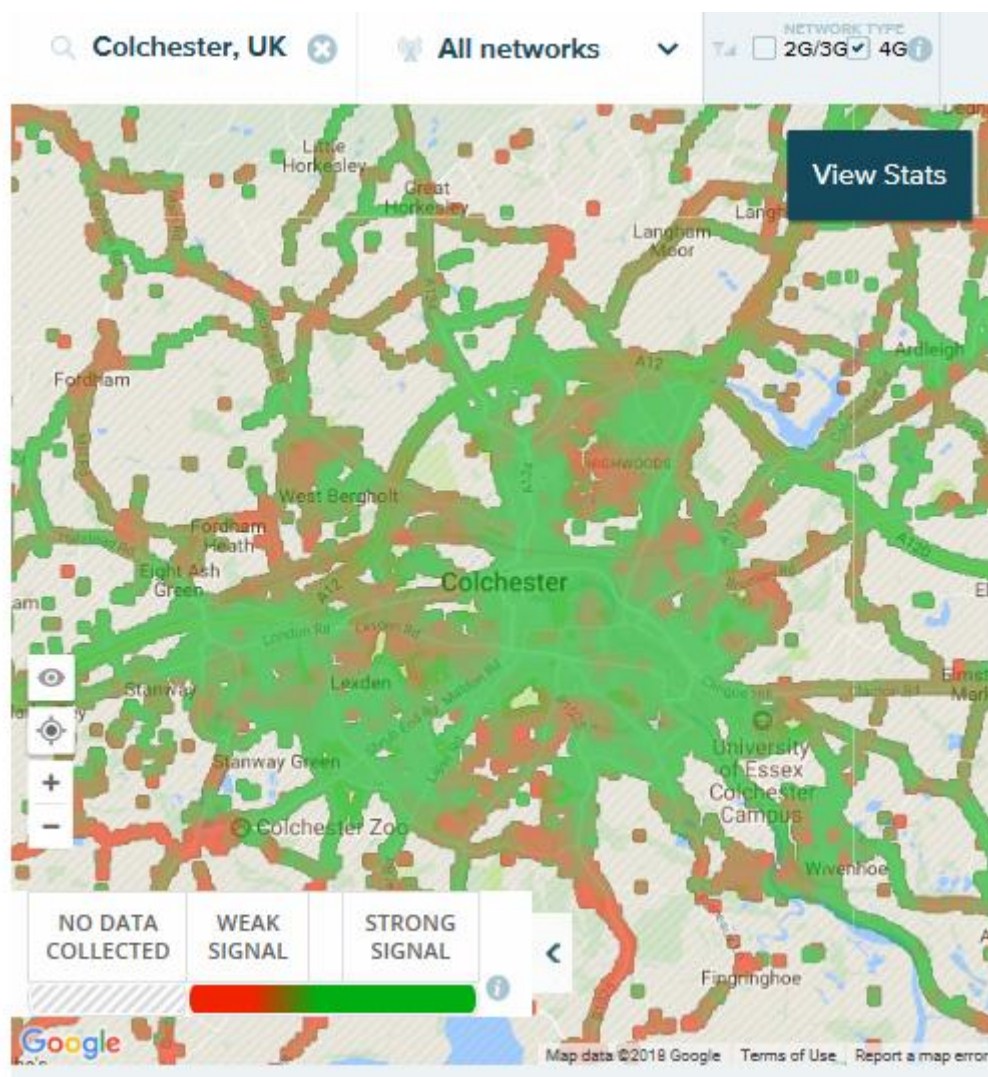
The below maps show first, the combined the coverage of the four Mobile Network Operators for 3G and 4G services in the Borough and, secondly, for 4G alone. Both maps show that the network infrastructure of towers and transmitters supporting coverage for this form of broadband targets urban and high footfall areas but is much less available across 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 144: 3G and 4G coverage heat map of Colchester Borough – 2018



Source: www.which.co.uk Mobile Heat Maps

Figure 145: 4G only heat map coverage of Colchester Borough – 2018.

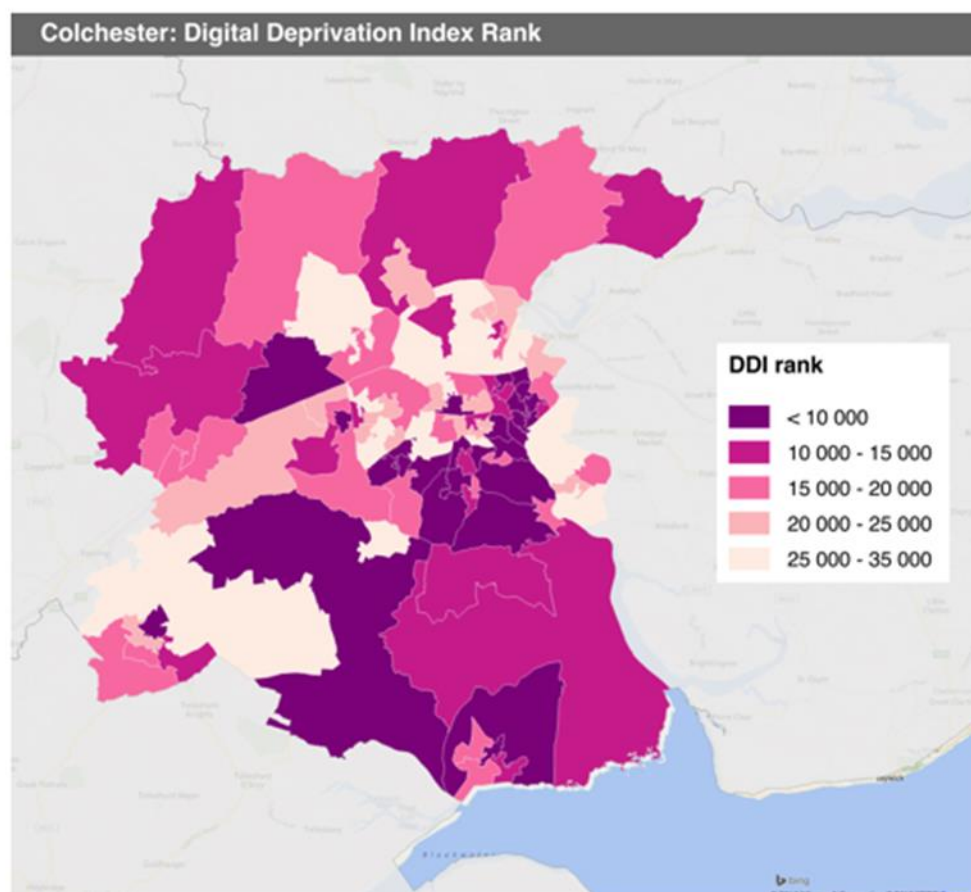


Source: www.which.co.uk Mobile Heat Maps

Broadband Improvements: Dependencies and Risks

The Point Topic report features analysis which highlights that adoption of faster broadband services are more likely among the better off and younger. A Digital Deprivation Index has been developed (Fig 144 below) based on the national Indices of Multiple Deprivation to help understand barriers to adoption of improved broadband services in the residential market. The risk of non-adoption in Colchester rose between 2013-2015. Another factor in access to improved Broadband is availability of supply and this is a key factor in Colchester compared with other local authorities. This is important as it could curtail entrepreneurialism and also the ability to purchase online services in local businesses.

Figure 146: Digital Deprivation Index Rank 2013-2015



Source: Point Topic June 2018

Colchester's Digital Strategy - Update 2019

The Council announced its Digital Strategy 2017-22 (www.colchesterultraready.co.uk/digistrat) and its technical partners have been building a pure-fibre, open-access network across the town centre since 2017. This delivers gigabit services to SMEs wishing to secure very high-capacity services. The network's footprint now extends across the whole of the town centre, with new nodes in the southern and northern parts of urban Colchester now under construction. Some 20% of the businesses in the town centre are connected to the network, with more than 2,200 daily users accessing it by wired, fibre and wireless connections. The customer base ranges from small single-person businesses, to large corporate users, including all of CBC's key facilities.

As many commercial-to-residential conversions get underway in Colchester, as in many other town centres, the network will during 2020 begin to deploy to residential customers too. Very few households in the UK are able to access gigabit broadband services, but the Council's work means we have a headstart compared with the majority of comparable towns. Additionally, the Council has been successful in bidding for £3.5m in Government (DCMS) funding, to greatly expand the network during 2020-21. By the end of this period, it will be making gigabit services available across most of the urban part of the borough, with the first connections to the rural parts likely to be driven by a new rural gigabit voucher scheme, worth up to £3,500 to an SME wishing to access ultra-fast services.

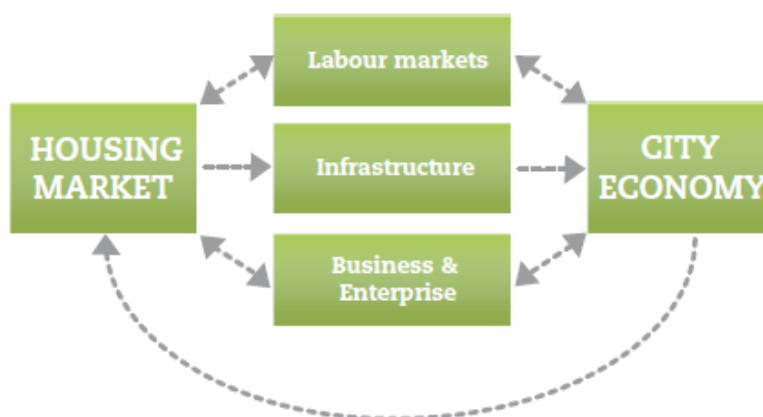
Additionally, the Council is exploring the opportunities for follow-on, large private investment to expand the network at a local and suburban level, with the ambition that 20,000 premises should be connected to the network within five years. This would make it one of the largest networks of its type in the UK outside the major cities, and is seen by the Council as a key factor in promoting Colchester's inward investment attractiveness.

17. 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.

A shortage of housing can lead to instability in the wider economy, through restricting labour market mobility, raising business costs and increasing inequality. The chart below shows these links:

Figure 147: Housing markets and city economies.



Source: Centre for Cities, November 2008

In Colchester, which has a relatively strong local economy, the issue is to ensure that housing shortage is avoided which could otherwise slow down economic growth. There is a significant delivery pipeline of new dwellings which include affordable housing. However, since new supply is only a small percentage of total stock, housing policy is also focused on addressing the housing needs of different groups.

Housing supply

From the Census, 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 148: Pattern of Housing Tenure, Colchester, 2011.

Type of home	Percentage of total housing %
Owner Occupied with Mortgage	33.7
Owner Occupied without mortgage	31.4
Private rented	16.2
Rented from Colchester Borough Council	9.5
Rented from a Registered Provider	6.5
Shared ownership	0.3
Living in tied accommodation* or rent free	2.4
Total	100

* tied accommodation is accommodation provided as a condition of employment

Source: Census 2011

The table below shows the number of dwellings in Colchester by tenure as at 1st April 2018 (most recent data available).

Figure 149: Colchester Dwellings by Tenure, 2018

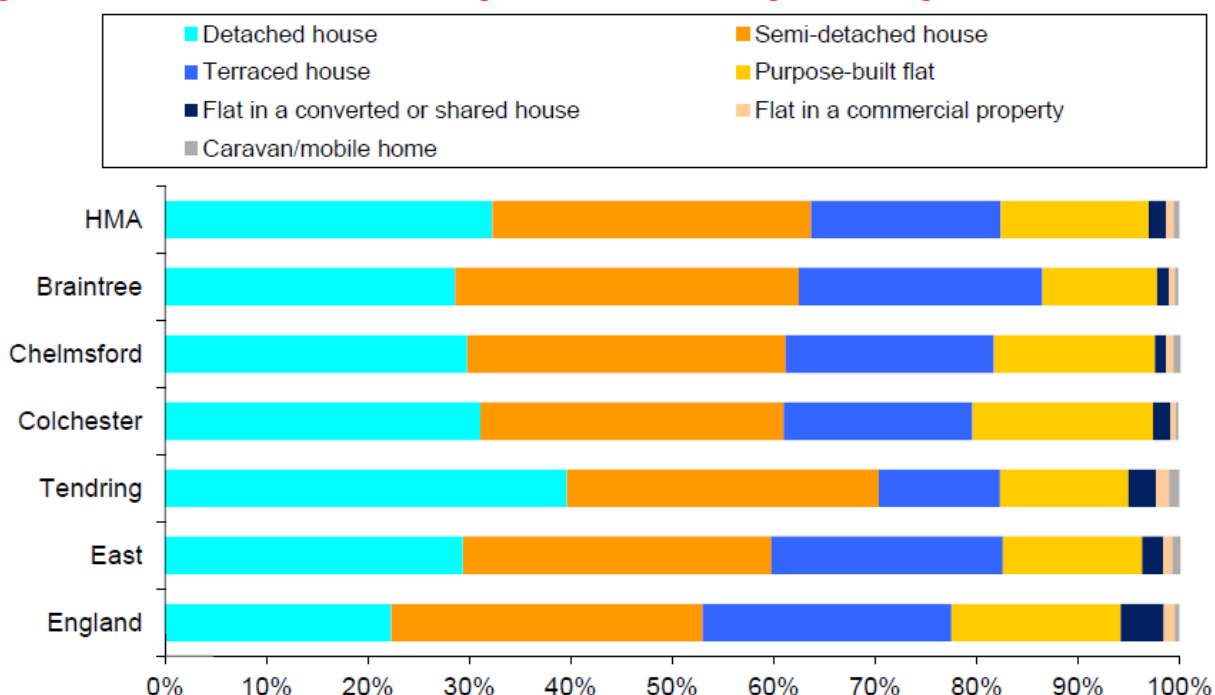
Local Authority (incl. owned by other LAs)	Private Registered Provider	Other public sector	Private sector	Total
5,950	5,150	20	69,450	80,570

Source: MHCLG live tables

Tenure of existing households

The chart below shows the summary tenure profile of existing households in Colchester taken from the Census data 2011 and the Strategic Housing Market Assessment 2015.

Figure 150: Tenure Profile in the Housing Market Area, East Region and England, 2011.



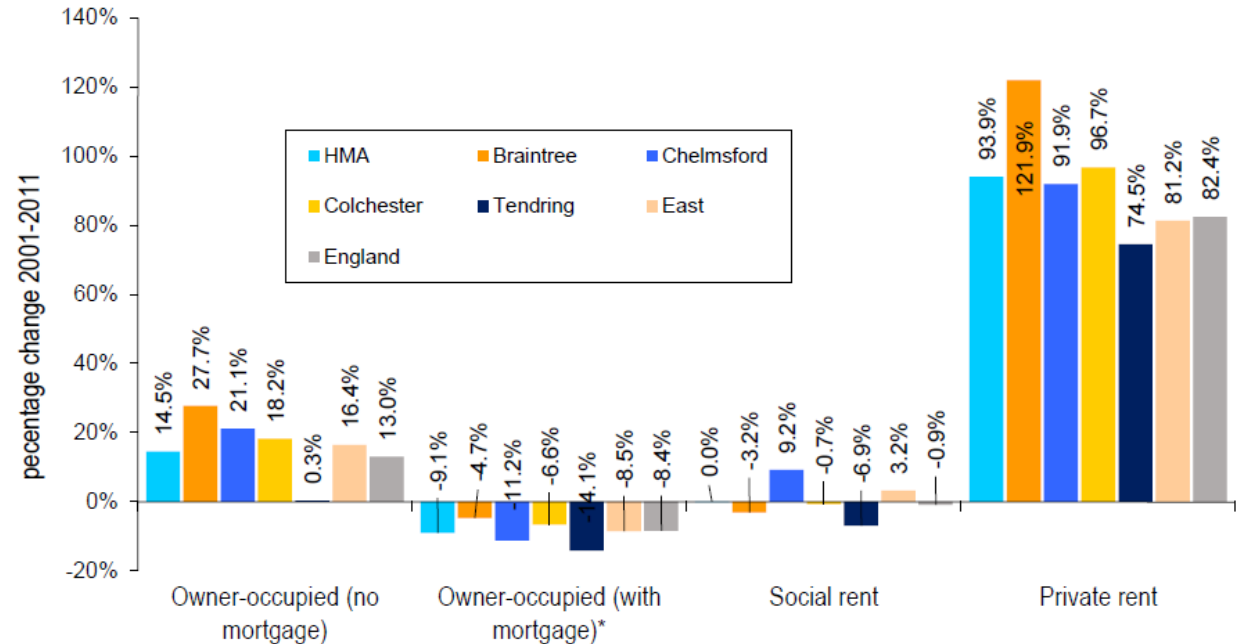
Source: SHMA 2015.

Detached and semi-detached properties account for around 65% of the owner-occupied sector, which is broadly in line with the 56% recorded nationally in the English Housing Survey 2016/17. 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 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.

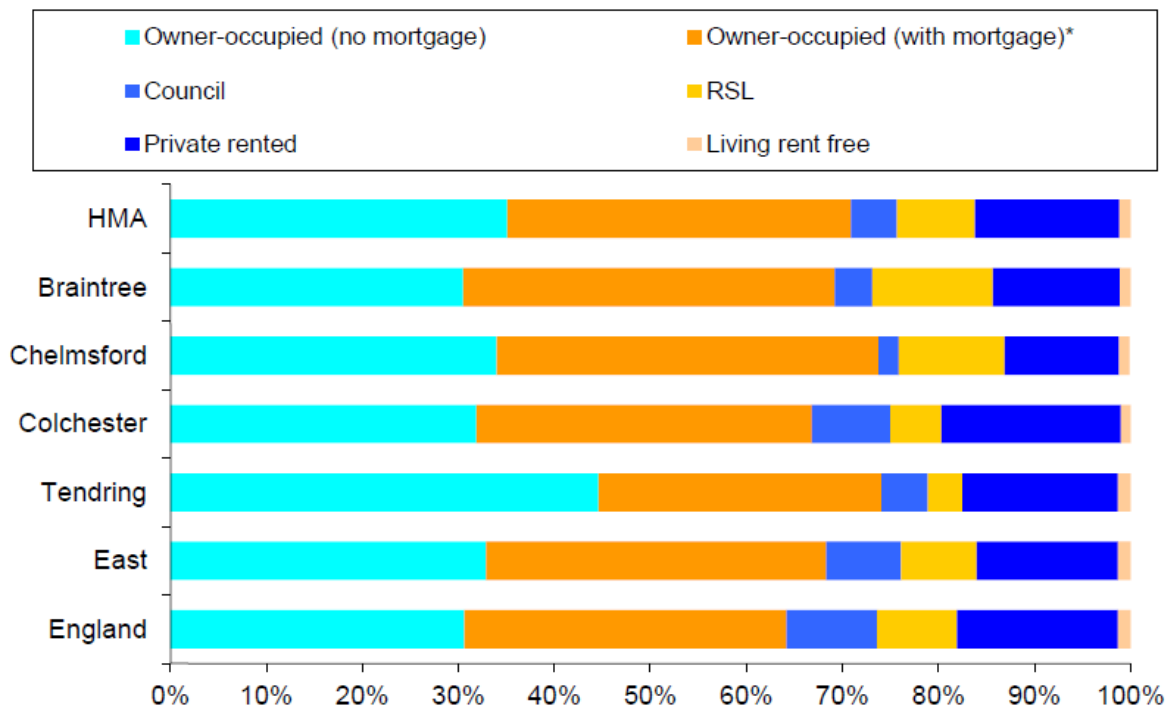
Figure 151: Changes in tenure profile in Colchester between 2001 and 2011.



Source: ONS Census data 2001 and 2011 from SHMA 2015. Includes shared ownership.

The table below shows the percentage of property types in Colchester by tenure from the SHMA 2015.

Figure 152: Property types by tenure in the HMA, East and England, 2011



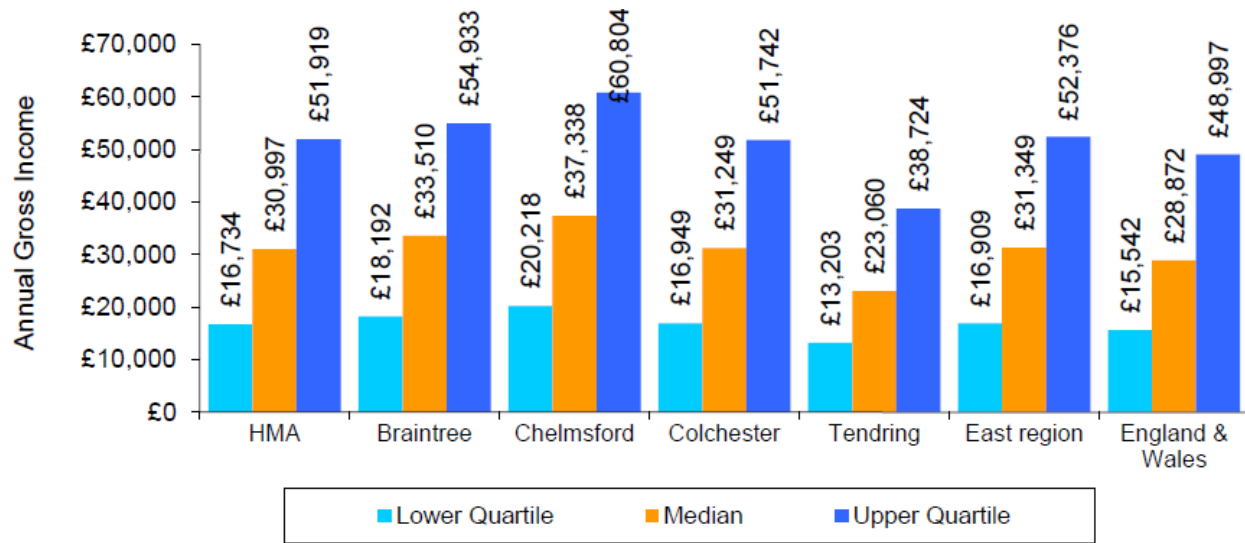
Source: Census 2011 and SHMA 2015

Household income

Information on income from the SHMA 2015 update provides a good indication of the distribution of income levels in the Borough and how that compares over the HMA.

The graph below (Fig 151) shows how household income at various points on the income distribution for each local authority and the HMA itself compares with the region-wide and national equivalents. The data indicates that households in Chelmsford are the most affluent in the HMA, followed by households in Braintree and then Colchester. Household incomes in Tendring are not only notably lower than the other authorities in the HMA but also lower than the national and regional averages.

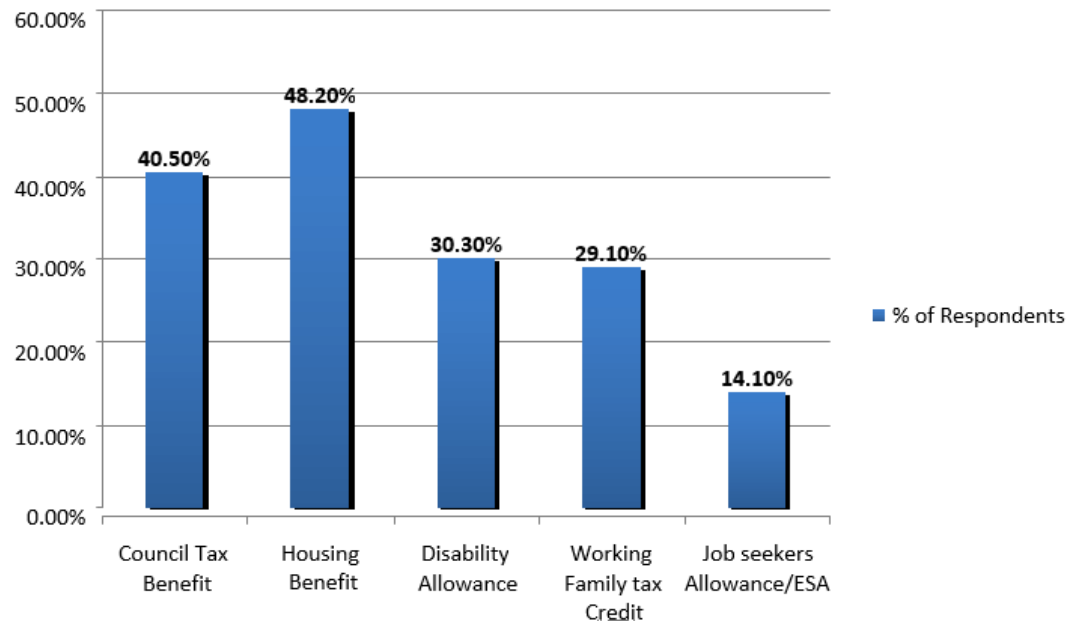
Figure 153: Distribution of Gross Annual Household Income across the HMA, East and England and Wales: 2015.



Source: SHMA 2015 (CACI Paycheck)

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

Figure 154: Percentage of households receiving financial support from welfare benefits: 2013.



Source: Housing needs survey 2013
(2019: These individual benefits are now delivered within Universal Credit and so are not statistically tracked individually)

Affordability

Assessing the affordability of market housing in an area is crucial to understanding the sustainability of the housing market.

The affordability of housing in an area is measured by the ratio of market housing costs to income in that area. Initially the general authority-wide entry-level cost of market housing will be compared to different points on the earnings distribution of residents in the area to consider affordability in historical terms. This will be followed by an analysis that assesses the ability of households in the HMA to afford market accommodation of the size they require, using data on the household income distribution and the household composition in each council area.

The figures show that full-time workers with earnings at the upper-quartile level in Colchester and Tendring would just be able to purchase an entry-level property in the authority, whilst those with earnings at the upper-quartile level in Braintree and Chelmsford would not be able to purchase.

The below table shows the percentage of households priced out of the market in the Borough across a range of annual income multiples. Affordable demand, assuming a 3x income multiplier, shows that 58.4% of FTB households are priced out of the market for flats ranging up to 93.4% of households priced out of purchasing detached houses. The situation is only slightly better for owner occupiers:

Figure 155: Colchester: Percentage of households priced out of market – May 2018-Sept 2019

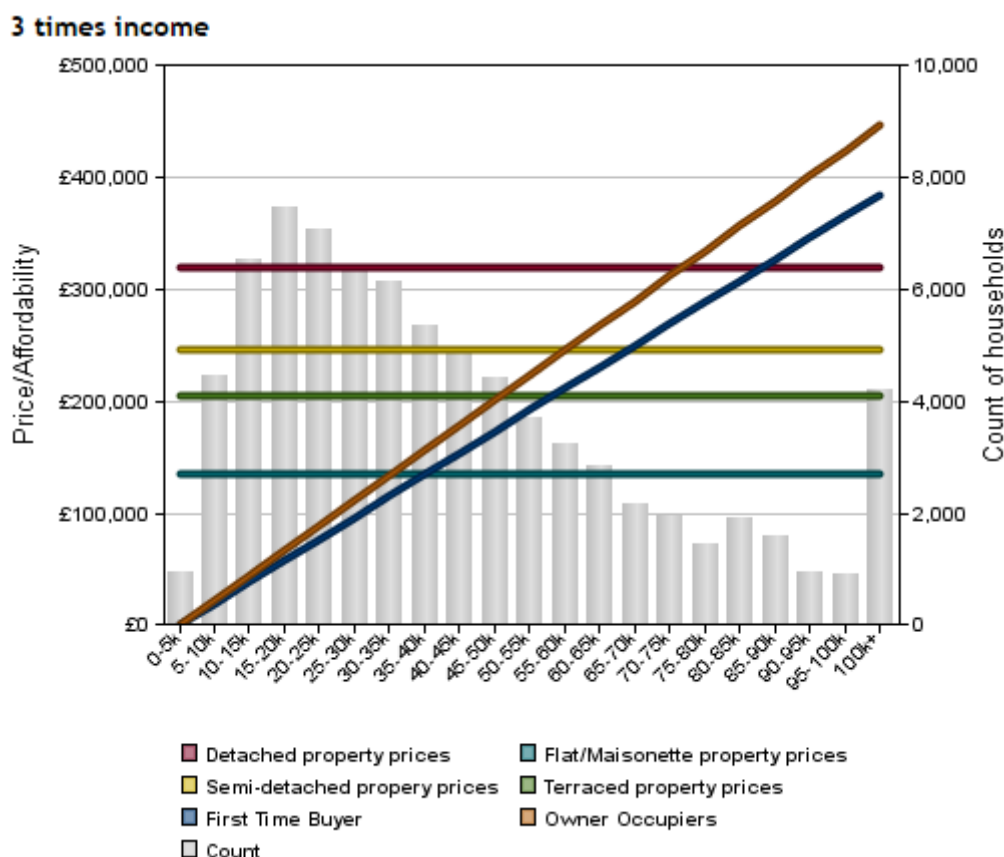
	3x income		3.5x income		4x income	
FTB households - Flats	56.4%	-1.9%	49.6%	-2.0%	41.8%	-2.1%
FTB households - Terraced houses	73.0%	-5.6%	68.2%	-1.7%	56.4%	-8.3%
FTB households - Semi-detached houses	80.7%	-4.4%	73%	-5.6%	68.2%	-6.4%
FTB households - Detached houses	90.3%	-3.1%	85.9%	-3.3%	80.7%	-4.4%
Owner occupier - Flats	49.6%	-2%	41.8%	-1.9%	33.6%	-10.1%
Owner occupier - Terraced houses	68.3%	-1.6%	56.4%	-8.3%	49.6%	-8.8%
Owner occupier - Semi-detached houses	77.1%	-1.5%	68.3%	-6.3%	62.7%	-2.0%
Owner occupier - Detached houses	85.9%	-3.3%	80.7%	-4.4%	73.0%	-5.6%

Source: Hometrack HIS,

Note: Comparisons made between May 2018 to September 2019 figures

The chart below shows the number of households in different household income bands in the area (bars) compared to the lower quartile price for different property types in the same area (horizontal lines). The diagonal lines rising from left to right show the value of property that can be afforded at different income bands of a first-time buyer and owner occupiers.

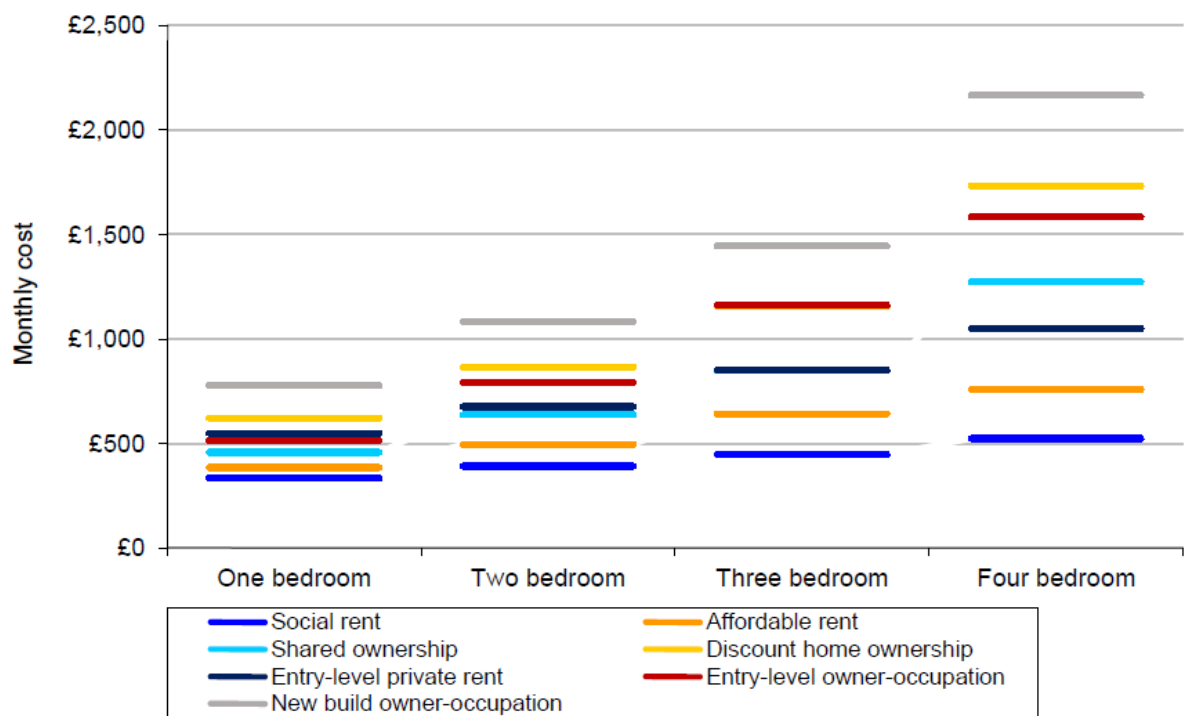
Figure 156: Households priced out of the market at 3x income by type of property, Colchester 2019.



Source: Hometrack HIS

A first-time buyer of a Flat/Maisonette at an average purchase price of £134,823 will need to be earning an income of £35-40k and for a terraced property at £211,864 an income of £55-60k is needed.

Figure 157: Monthly cost of housing in Colchester, by number of bedrooms, 2015

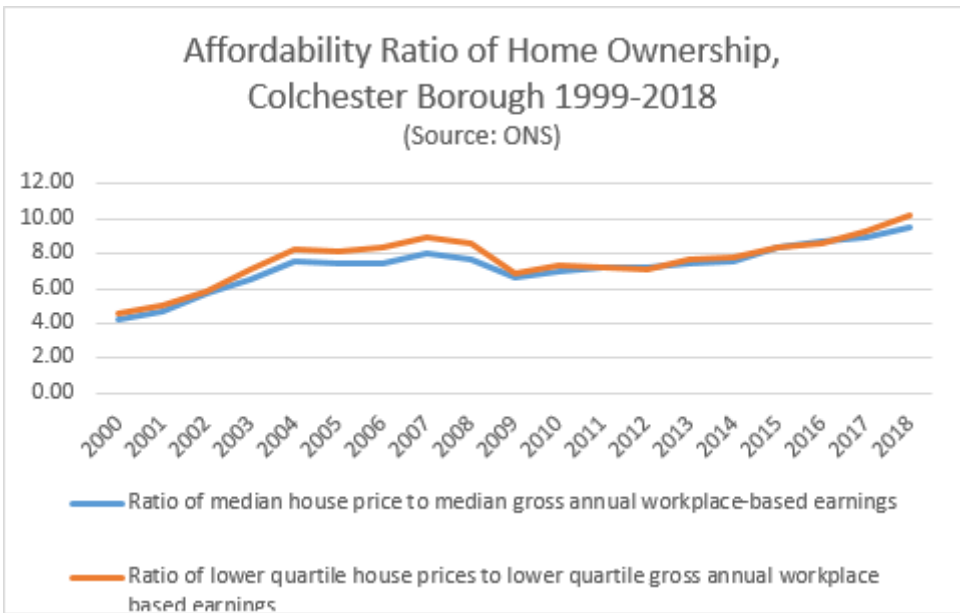


Source: Online survey of property prices September 2015, HCA's Statistical Data Return 2014, Councils LAHS 2015

The updated SHMA in 2015 states that the data indicates that 43.3% of lone parent households in Colchester would be unable to afford market housing (if they were to move home now). Single non-pensioner households are also relatively unlikely to be able to afford, whilst couple households without children are most likely to be able to afford market housing in Colchester. Households requiring a four bedroom home are least likely to be able to afford this size market housing in all parts of the HMA.

Taking workplace-based earnings rather than residence-based to assess the affordability of housing over time in the Borough provides a more accurate measure of the distance between income and house price over time. (Note: earnings data relates to a single person in full time employment and the majority of households have more than one earner).

Figure 158: Affordability ratio of home ownership, Colchester Borough: 1999-2018.



For both median or lower-quartile income, the trend is very similar and overall upward for the series – with a fall from the high ratio of 2007 which has recovered, moving from just over 4x average income in 2000 to 9.51/10.17 x income in 2018.

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 September 2019, the average house price in Colchester was £286,380 which was a decrease of 2.15% from December 2017's average price of (£292,678). Hometrack states that the house price to earnings ratio based on the average house price in Colchester was 8.9 times the average annual salary, which compares to the 10.1:1 regional figure. This figure derives from the Annual Survey of Hours and Earnings and sales and valuations over the last 12 months based on a single person in full time employment.

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 c£520 per month but a significant number of all newly forming households could not afford this monthly payment. According to CBC's Housing Market Trends Report (May 2018) a first-time buyer of a flat/maisonette at an average purchase price of £135,000 will need to be earning an income of £30,000-£35,000 and for a terraced property at £202,500 an income of £45,000-£50,000 is needed. 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 30 April 2019 was 3107 while the number of affordable homes let from April 2018 to March 2019 was 658.

Figure 159: Lettings of Affordable Housing, 2019

Landlord	Number of homes let April 2018 - March 2019
Colchester Borough Council	360
Registered Providers	296
Colchester Borough Homes	2
Total	658

Source: Civica 30 April 2019

Affordable housing includes both Council owned and Registered Provider homes. The table below shows the number of properties let during 2018-2019. Registered Providers of social housing are independent societies, bodies of trustees or companies established for the purpose of providing low-cost housing for people in housing need on a non-profit making basis. They are also known as housing associations.

The revived national Right to Buy continues to contribute to the decline in local authority homes available, with 29 properties sold during 2018-19. 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.

Lack of affordable housing remains a significant issue in Colchester. 33.6% of first-time buyers are unable to afford a flat or maisonette based on a mortgage at 4x their income. 49.6% of first-time buyers are unable to buy a terraced house (Hometrack HIS).

Property prices

The simple average house price in Colchester borough is currently £306,500 (based on sales and valuations Sept 2019) compared to a regional average of £354,900. The lower quartile house price in Colchester is currently £213,300 compared to a regional average of £216,500.

The table below compares the changes in both the overall average house prices and the average lower quartile house price from the previous year. The lower quartile house prices is the bottom of the market – usually smaller homes and flats.

Date	April 2019	April 2018
Average price of home	£291,855	£291,226
Lower quartile price	£210,000	£207,000

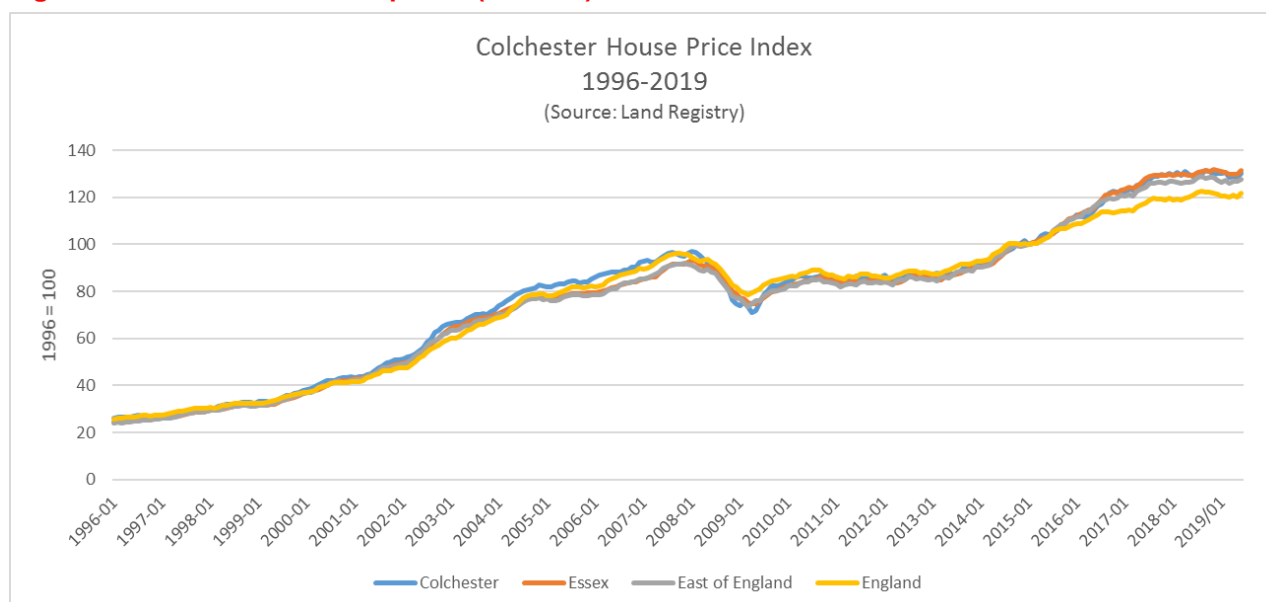
Source: Hometrack

The number of bedrooms is a key determinant of price, current average prices in Colchester by bedroom count and property type are as follows:

- 1 bedroom flat £128,300
- 2 bedroom flat £172,600
- 2 bedroom house £219,600
- 3 bedroom house £294,000
- 4 bedroom house £415,100

(Source: Hometrack)

Figure 160: Colchester house prices (indexed) 1996-2019



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

The average weekly cost for renting a two-bed Housing Association property at September 2019 was £103.80 through a Registered Provider. Privately renting a two-bed property would cost £172 a week.

Without taking into account the qualifying conditions to access a mortgage and the 25% deposit required to purchase a property, the weekly cost of buying a lower quartile resale one and two-bedroom property remains cheaper than renting privately in all three local authorities. For a three-bed property, it is cheaper to rent than to buy in all three local authorities across the HMA. (CBC Housing Market Trends May 2018).

Housing planning: targets and delivery

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 Essex and Southend Structure Plan requirements which a plan target of 11,000 homes (773 dpa). 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.

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.

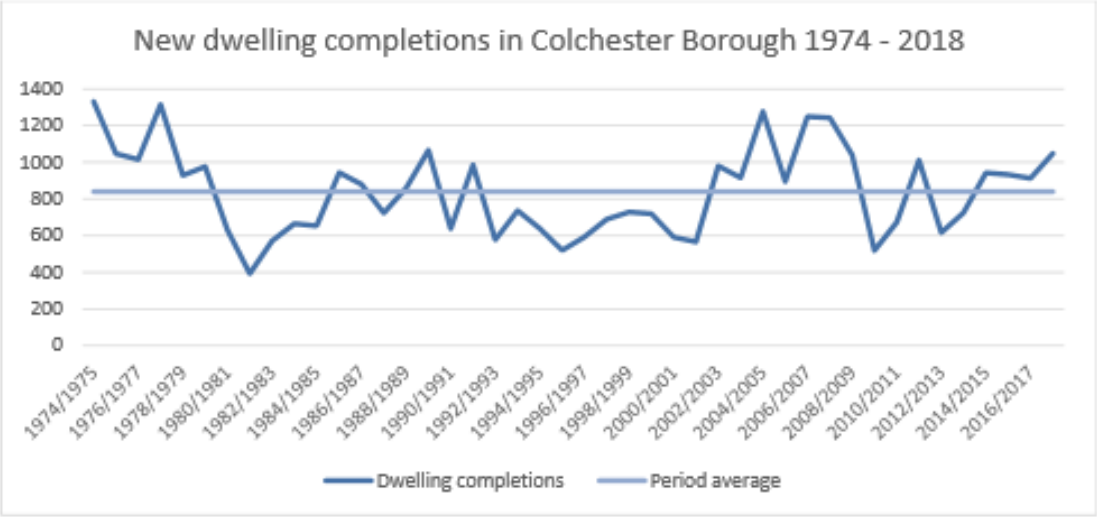
The era of regional planning through the RSS has been replaced by a more localised approach to decision making regarding local growth and future development. The Strategic Housing Market Needs Assessment was commissioned to review housing need

and provide an objective assessment of future provision. The target for Colchester’s annual housing delivery is 920pa which was set in 2014/15.

Housing delivery

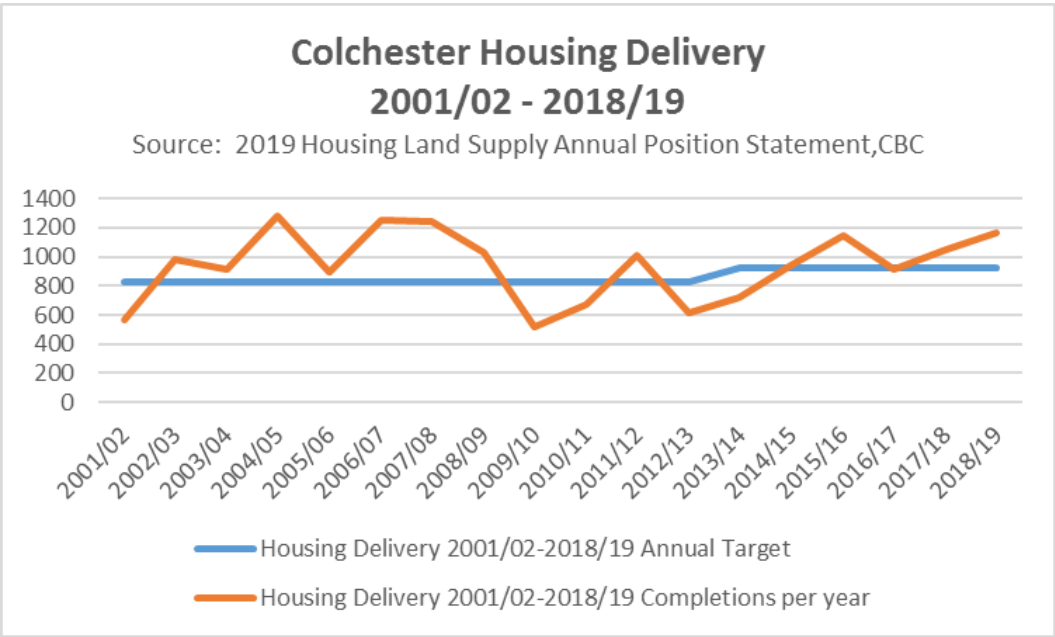
The table below shows net housing completions in Colchester Borough from 2001/02 to 2016/17 against the Local Plan delivery targets applicable at the time.

Figure 161: Colchester housing completions, 1974-2019



Source: Historic Colchester Borough Council Housing Land Supply Position Statement, June 2018

Figure 162: Colchester housing delivery 2001/2-2018/9



From 1996 to 2001 housing completions in the Borough were below the Structure Plan target of 773 dwellings per annum 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. The introduction of a new, higher, target of 920 dwellings per annum commenced in 2014/15 and this graph shows that, between March 2018 and April 2019, Colchester was ahead of target at 1165 completions.

Economic impact of housing delivery

Through the Local Plan, Colchester has targeted housing development on previously developed land which delivers a number of sustainable growth benefits: re-use of unsightly urban areas, improving the environment; reduction of sprawl and avoidance of car-borne journeys and congestion; greater housing density; and access to existing infrastructure.

During 2017/18 there were 1048 net additional dwellings completed across the Borough, of these 648 units were completed on previously developed land (brownfield), which accounts for 62% of the total. The chart below illustrates the historic delivery of new dwellings on PDL and greenfield land along with the Core Strategy target throughout the corresponding plan period.

Figure 163: Percentage of new dwellings on Brownfield land, Colchester: 2001/02-2017/18.



Source: Colchester Borough Council Authority Monitoring Report 2018

Colchester Borough's target for delivering new dwellings on brownfield land has been over 80% of the total during the first part of the plan period. The chart shows that this has been achieved with the vast majority of new housing built on PDL.

The impact of constructing 920 homes, the annual target for the Borough, is estimated by the Home Builders Federation to, among other benefits:

- Support the employment of 2,852 people;
- Provide 31 apprentices, graduates or trainees;
- Create 211 "affordable" homes;
- Provide £741,704 towards education spending; and
- Increase open space, community sport, leisure spending by £273,580
- Increase spending in local shops by £24,232,064

(Source: HBF Housing Calculator – July 2018)

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