



Colchester Town Investment Plan

Economic Evidence Base

October 2020

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London, October 2020

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Introduction

In September 2019 the government invited 100 English towns, including Colchester, to bid for a share of £3.6 billion being made available through its Towns Fund to help address persistent issues of geographical inequality and contribute to ‘levelling up’ the country. The Fund has been created to support innovative regeneration plans aimed at transforming economic growth prospects and residents’ quality of life, with a focus on digital and physical connectivity, skills, and culture. Local leaders in eligible towns now have an opportunity to draw up proposals and bid for up to £25m (or in some cases more) of government funding to help realise their vision. The £3.6 billion fund also includes money for initiatives like the Future High Streets Fund and heritage programmes.

We Are Colchester was launched in January 2020 as the vehicle for development of the Town Investment Plan to be submitted to the government. Public consultation work and its members’ prior experience and knowledge of the town have resulted in the identification of three key themes for investment:

- **How We Live:** improving Colchester’s environment, communities, and public realm to make it a better place to live and promote its arts, culture, and heritage;
- **How We Grow:** boosting skills and enterprise to support inclusive economic growth;
- **How We Connect:** focusing on connectivity, both digital and physical to support sustainability and the modern, digital economy.

Colchester is a rapidly growing town that has many distinct strengths including its cultural and heritage institutions, first-class digital infrastructure, a growing creative economy, and an ambitious nearby university with digital strengths. In some respects, however, it is not meeting its economic potential – productivity and earnings lag comparable locations, there remain barriers to the growth of its visitor economy, and there are local and strategic transport challenges. Colchester therefore has an opportunity to boost its economic performance through securing Town Deal funding to boost its existing and emerging strengths and address the constraints to its growth.

The Centre for Economics and Business Research (Cebr) has been commissioned to produce this independent economic evidence base to support Colchester’s bid. This document is structured as follows:

- A **Contextual Evidence Base** reviewing the quantitative evidence on Colchester’s economic performance and prospects, and providing commentary on how these compare with similar locations and the wider region;
- **SWOT Analysis** building on the Contextual Evidence Base, further research, and meetings with local government to highlight Colchester’s strengths and weaknesses, then identifying key opportunities for and threats to economic growth, and potential priorities for investment to address these;
- A succinct **Narrative** bringing together findings and conclusions from the Contextual Evidence Base and SWOT Analysis to clearly summarise Colchester’s economic situation and how Town Deal investment centred on the themes of How We Live, How We Grow, and How We Connect can drive growth and opportunity in the future.

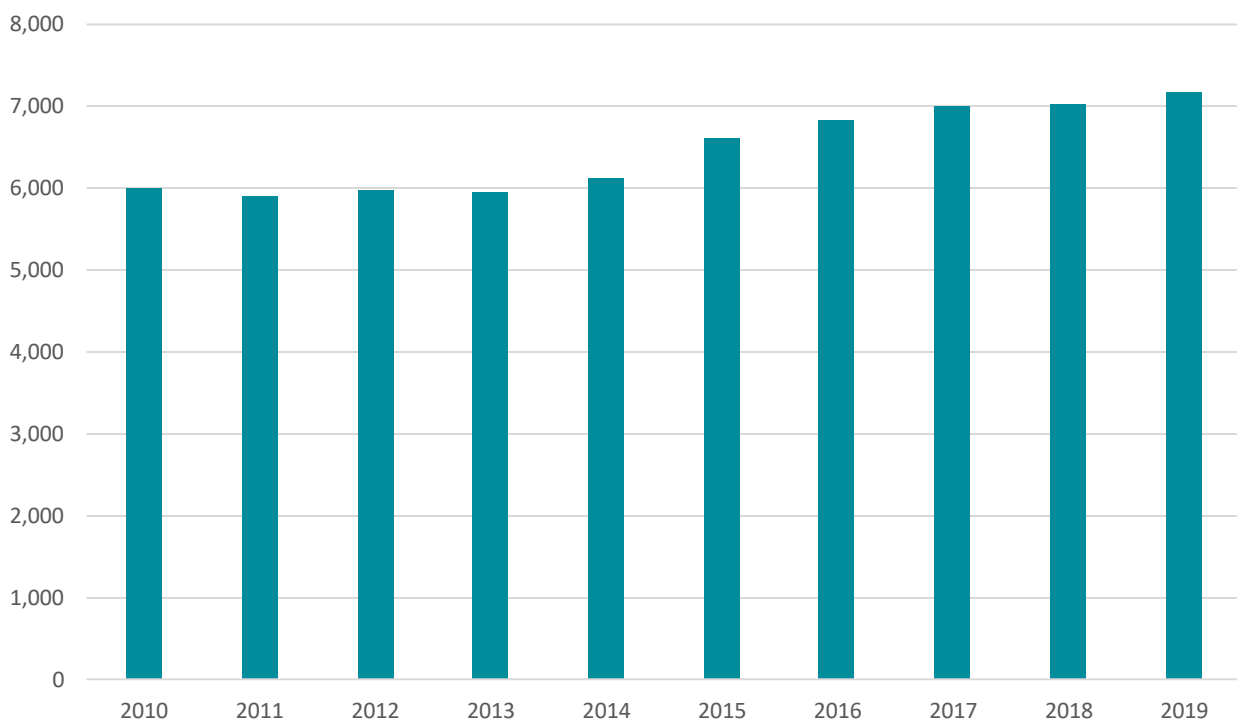
1 Contextual Evidence Base

Figures presented throughout this section for Colchester and comparator areas are for local authorities rather than towns and cities alone. This means that data for Colchester includes not just the town itself (though the town does make up the vast majority of the borough's population) but also Mersea Island, Marks Tey, Tiptree, and other smaller settlements. Among the comparators, Braintree for example includes Witham as well as Braintree itself. The decision to use this data was made as reliable, comparable figures are widely available at the local authority level but not for individual towns and cities.

1.1 Business demographics

Key to Colchester's relative recent successes has been the fostering of a business-friendly environment. Whether this be through the provision of high-quality broadband in the town centre or through the funding provided for new enterprise centres – such as the Colchester Business Enterprise Agency (Colbea) – the town has taken considerable steps to boost its offering to businesses. The result has been a fair increase in the population of businesses, of around 19.9% between 2010 and 2019. Nevertheless, this is outweighed by the equivalent growth rates seen for the UK as a whole (29.4%) and the East of England region (27.2%).

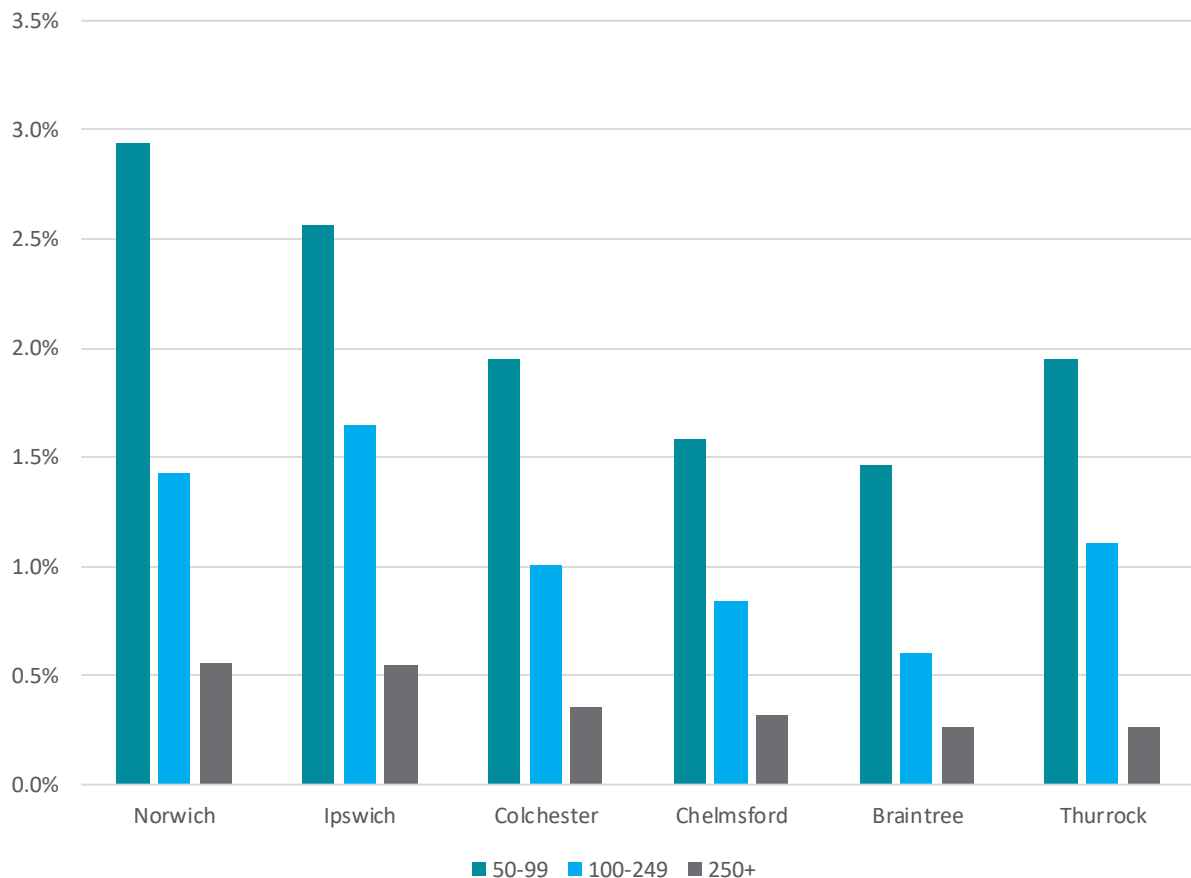
Figure 1: Total number of businesses in Colchester, 2010-2019¹



1 UK Business Counts - Nomis

The vast majority of Colchester's businesses are SMEs.² These businesses provided employment to some 38,000 individuals and generated almost £3.9 billion in turnover in 2016.³ Nevertheless, the fact that larger businesses, which are more able to secure heavy investment in the town, are relatively under-represented does represent one potential weakness, and one which was identified by several stakeholders. Large businesses make up just 0.35% of enterprises in Colchester, a slightly lower proportion than the corresponding figure for the UK as a whole (0.39%). Figure 2 shows the percentage of businesses with 50-99, 100-249, and 250+ employees in Colchester and a set of local comparators. Norwich and Ipswich not only have significantly more large businesses than Colchester, but also many more SMEs with between 50 and 249 employees. Colchester does however have more businesses with 50-99 or 100-249 employees than Chelmsford or Braintree, and more with 250+ than either them or Thurrock.

Figure 2: Percentage of businesses with 50-99, 100-249, and 250+ employees⁴



2 SMEs (small and medium-sized enterprises) are here defined in terms of employee headcount, having fewer than 250 employees. Large businesses are those with 250 or more employees.

3 Office for National Statistics (ONS) – UK Business: Activity, Size and Location

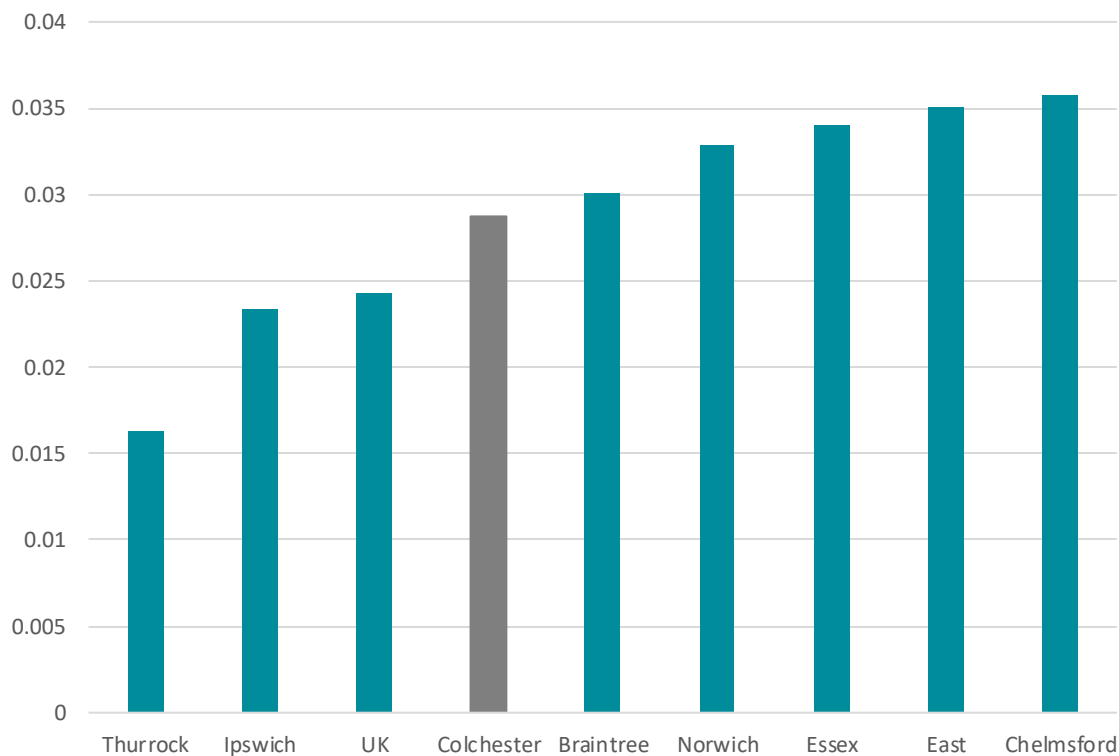
4 Office for National Statistics (ONS) – UK Business: Activity, Size and Location. Figures for 'local units' (i.e. including branches of larger organisations) used.

Growth in the number of start-ups in Colchester in recent years was similar to that for the UK as a whole. According to VAT return data, there were at least 5,595 start-up births in Colchester between 2013 and 2018. The birth rate has been on an upward trajectory in that time, growing from 890 start-ups in 2013 to 975 in 2018, an increase of 9.6%, compared to 9.9% for the UK. The digital sector, with around 1,100 new businesses between 2013 and 2018, was the most common industry for Colchester start-ups. This reflects the town's recent efforts to expand and improve connectivity, as well as its status as an emerging technology hub. The digital economy was closely followed by the construction sector, which saw 985 new businesses. The creative industries were also prominent, with around 805 start-ups.⁵

In terms of the number of start-ups per head, Colchester does fall slightly short of other comparative areas. Between 2013 and 2018, Colchester saw a rate of 0.029 start-ups per head, exceeded by Chelmsford (0.036), Norwich (0.033), and Braintree (0.030). The number of start-ups per head did, however, exceed the figure for the UK (0.024).

Colchester also displays reasonable resilience in terms of start-up longevity. 2,975 of the start-ups birthed between 2013 and 2017 were still in operation in 2018, giving a survival rate of around 53.2%. This just exceeds the equivalent start-up survival rate for the UK as a whole, which stood at 52.9% over the same time period.

Figure 3: Number of start-ups between 2013 per head of the population⁶

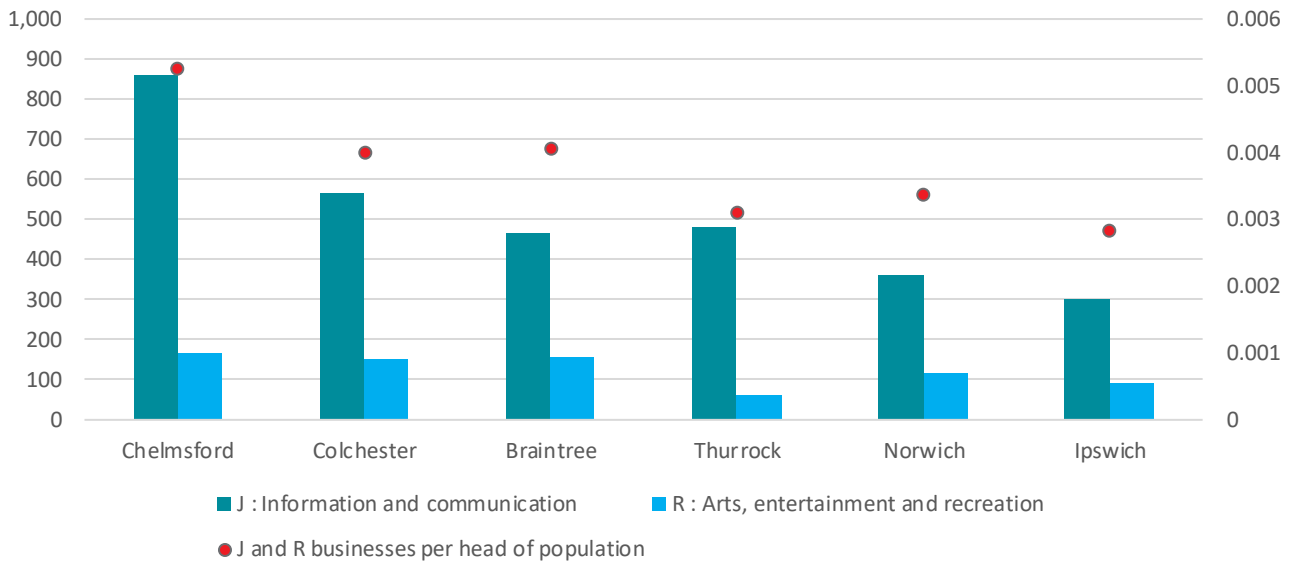


5 ONS UK Business Activity

6 ONS Business Demography 2018

The emergence of the digital and creative industries has been a noticeable trend within Colchester’s economic landscape in recent years. The town has become something of a technological hub, becoming home to many businesses for which digital connectivity and skilled workers are key. Colchester’s population of businesses in the information & communication sector and arts, entertainment & recreation sector exceeds that of most other areas within the region. An estimated 715 businesses in these two sectors combined are located in Colchester, far exceeding the corresponding figures for Braintree, Thurrock, Norwich and Ipswich, within which there are roughly 620, 540, 475, and 390 such businesses, respectively. Unsurprisingly, these businesses do remain more prevalent in Chelmsford. Per head of population, both Chelmsford and Braintree have slightly more such businesses than Colchester, but it is well ahead of Thurrock, Norwich, and Ipswich.

Figure 4: Number of businesses in information & communication and arts, entertainment & recreation, including total per head⁷

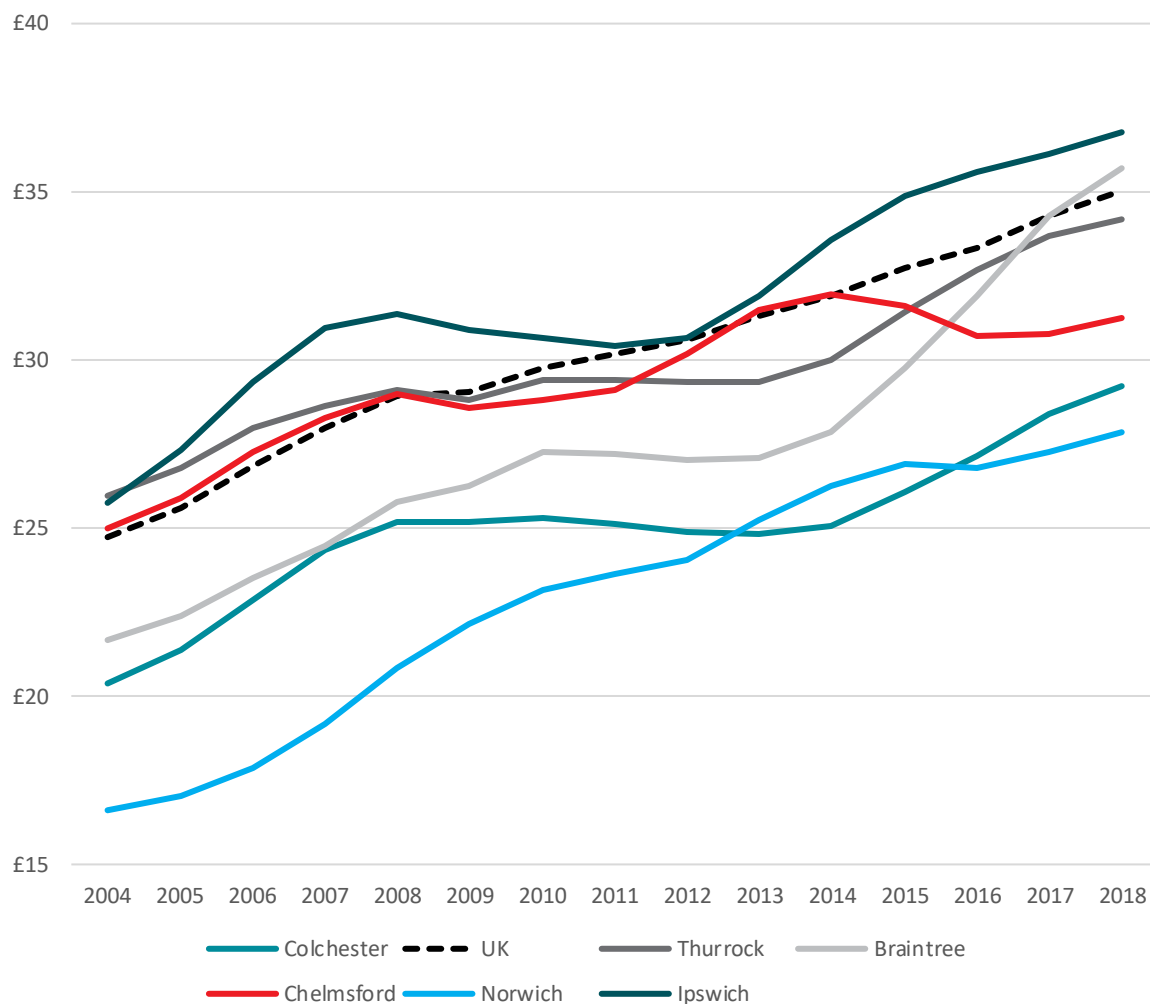


1.2 Productivity

Colchester's productivity levels have been subject to some cyclical variation in recent years. Productivity grew from 2004 to 2008 and stagnated in the aftermath of the financial crisis, falling slightly in the years up to 2013. Productivity growth has since picked up, reaching a nominal level of £29.20 in terms of GVA per hour worked in 2018.

Nevertheless, Colchester's productivity continues to lag behind that of comparable economic areas. When considering other locations within the wider East of England region, Colchester's productivity – as measured by nominal gross value added per hour worked – falls short of Chelmsford, Ipswich, Braintree, and Thurrock, and is most similar to that of Norwich. This lag in productivity is pivotal to understanding broader economic issues within the town, affecting employment opportunities, commuting patterns, and household incomes.

Figure 5: Nominal (smoothed) GVA (B) per hour worked (£); Local Authority District, 2004 - 2018⁸

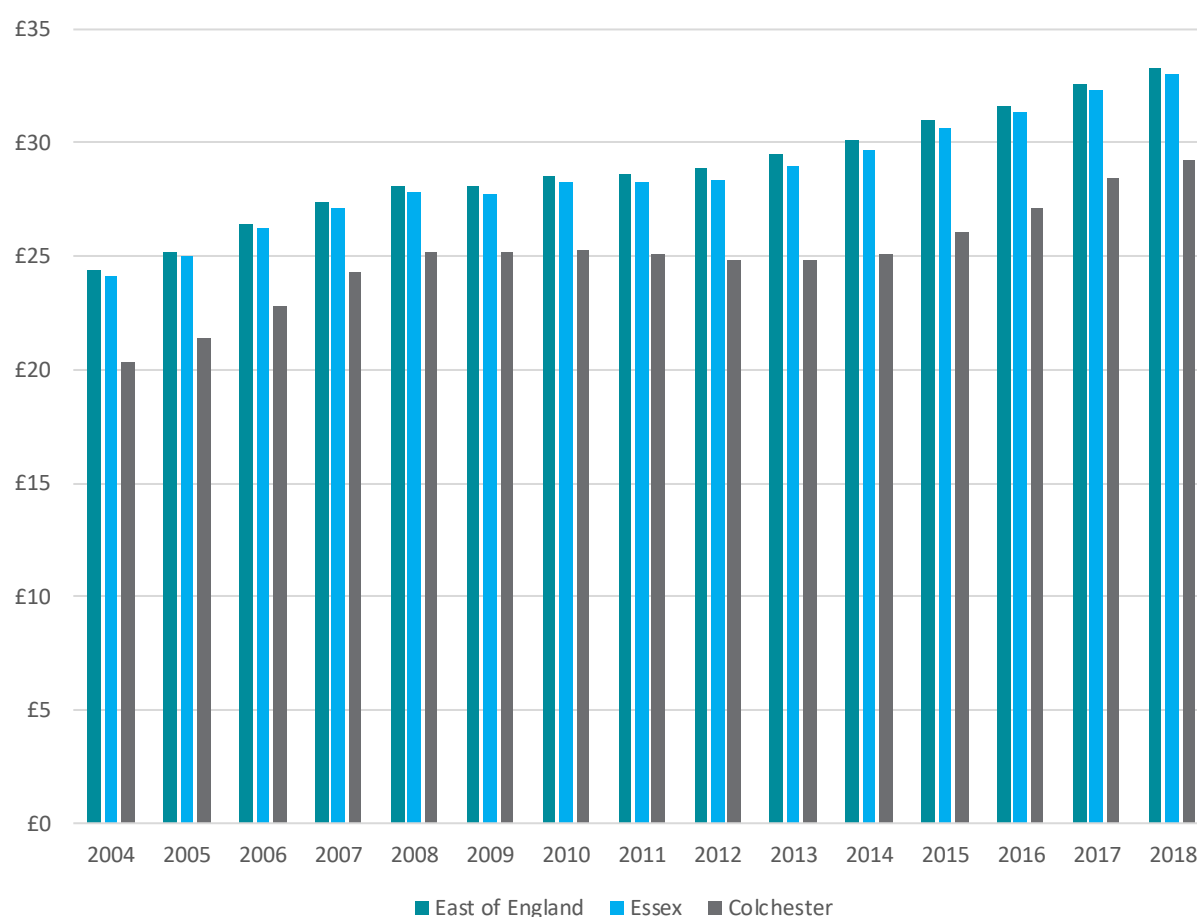


8 ONS sub-regional productivity, February 2020

Indeed, when considering the county of Essex as a whole, Colchester's productivity also falls short. A county-wide measure of productivity per hour worked has exceeded that of Colchester every year since records began, with the county being 14.4% more productive than Colchester on average. Furthermore, the gap grew as a result of Colchester's relative stagnation and subsequent decline in the aftermath of the financial crisis. Though Colchester's productivity levels have picked up slightly in recent years, the town remains approximately 13.0% less productive than the county within which it is located.

A similar story is observed when considering Colchester's position within the wider East of England region. Here, the differential is even more stark. Productivity per hour worked for the East of England exceeds that of Essex, one of its three NUTS2 regions⁹, and of Colchester. The East of England's productivity also saw a stagnation around the time of the financial crisis, though it was not subject to the slight dip witnessed in Colchester. As such, the productivity gap between Colchester and the wider region grew; in 2014 Colchester's productivity was 83.1% of the East's. Since then, there has been some slight convergence, with productivity in Colchester standing at 87.7% of the wider region's in 2018.

Figure 6: Nominal (smoothed) GVA (B) per hour worked (£); East, Essex, and Colchester, 2004-2018¹⁰



9 Alongside East Anglia (spanning Norfolk, Suffolk, and Cambridgeshire) and Bedfordshire and Hertfordshire.

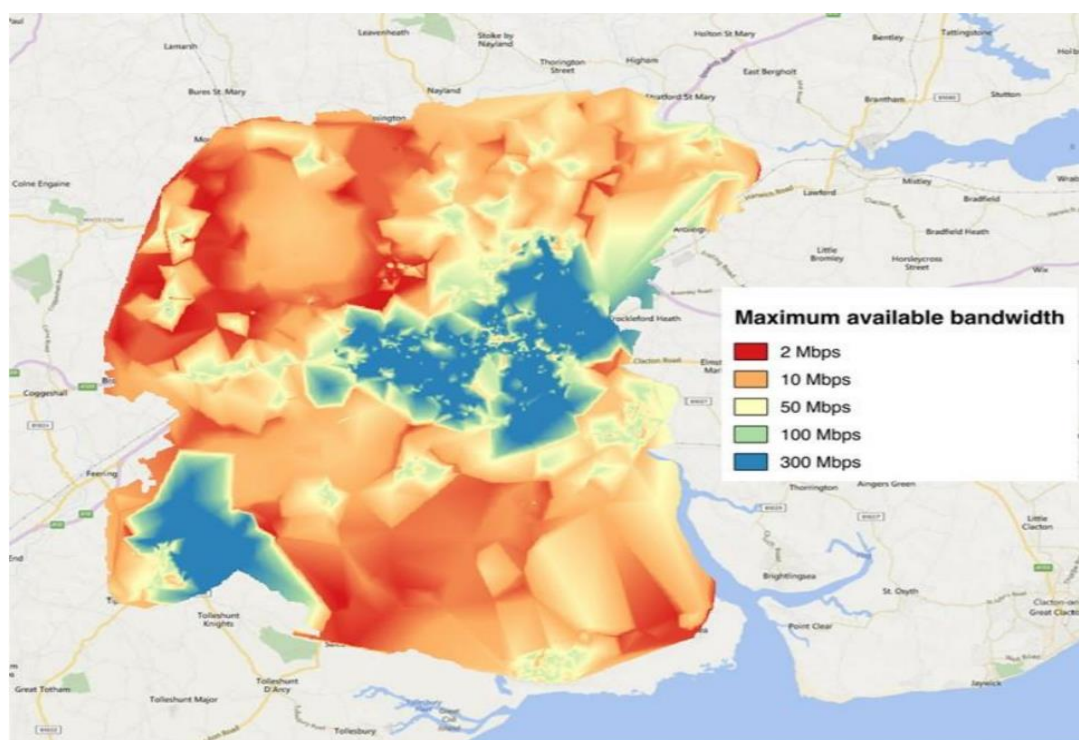
10 ONS Sub-regional Productivity, February 2020

1.3 Connectivity

Considerable efforts to improve connectivity within Colchester have been made in recent years, with the provision of high-quality broadband being a flagship scheme as part of the town's digital strategy. Such connectivity improvements are pivotal to fostering a friendly business environment, particularly for businesses that are especially reliant on technology, such as those in information and communication and in the digital and creative industries.

There is evidence that such efforts to improve connectivity have indeed been successful. In 2016, for instance, 25% of Colchester's business premises were in areas offering less than 30 Mbps (megabits per second) download speeds.¹¹ By 2018, this proportion had reduced significantly, standing at just 4%. Meanwhile, a considerable proportion also has access to much faster connectivity, with 68% of premises benefitting from broadband download speeds in excess of 100 Mbps. Nevertheless, in spite of such improvements, which as Figure 7 shows have been focused in the town centre (and therefore the Town Deal area), in 2017 Colchester Borough ranked in the bottom half of all local authorities on metrics of broadband availability and take-up. This applies to both standard and superfast broadband. Colchester ranked 260th of all local authorities nationwide in terms of a catch-all measure of broadband quality and access.¹² Interestingly, three of the top five scorers were based in the East of England.¹³

Figure 7: Colchester download speed availability heatmap¹⁴



11 Adroit Economics (2018) – Colchester: Digital Connectivity Strategy – Economic Impact

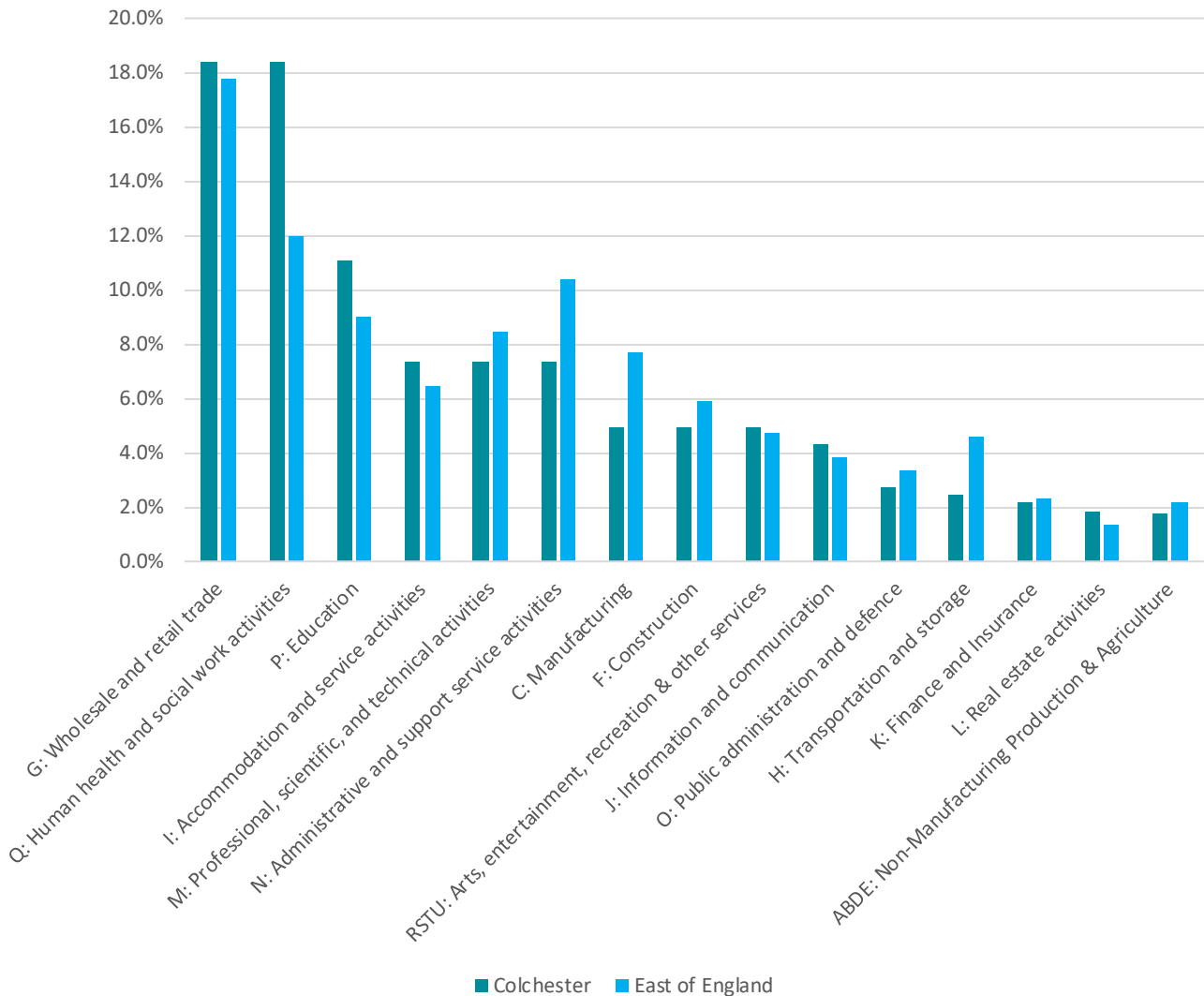
12 Point Topic (2018) – Colchester – LFFN Wave 3 Evidence Pack

13 Cambridge, Welwyn Hatfield and Watford placed 1st, 3rd, and 4th, respectively.

14 Adroit Economics (2018) – Colchester: Digital Connectivity Strategy – Economic Impact

1.4 Employment profile

Figure 8: Sectoral contribution to employment in Colchester and East of England¹⁵



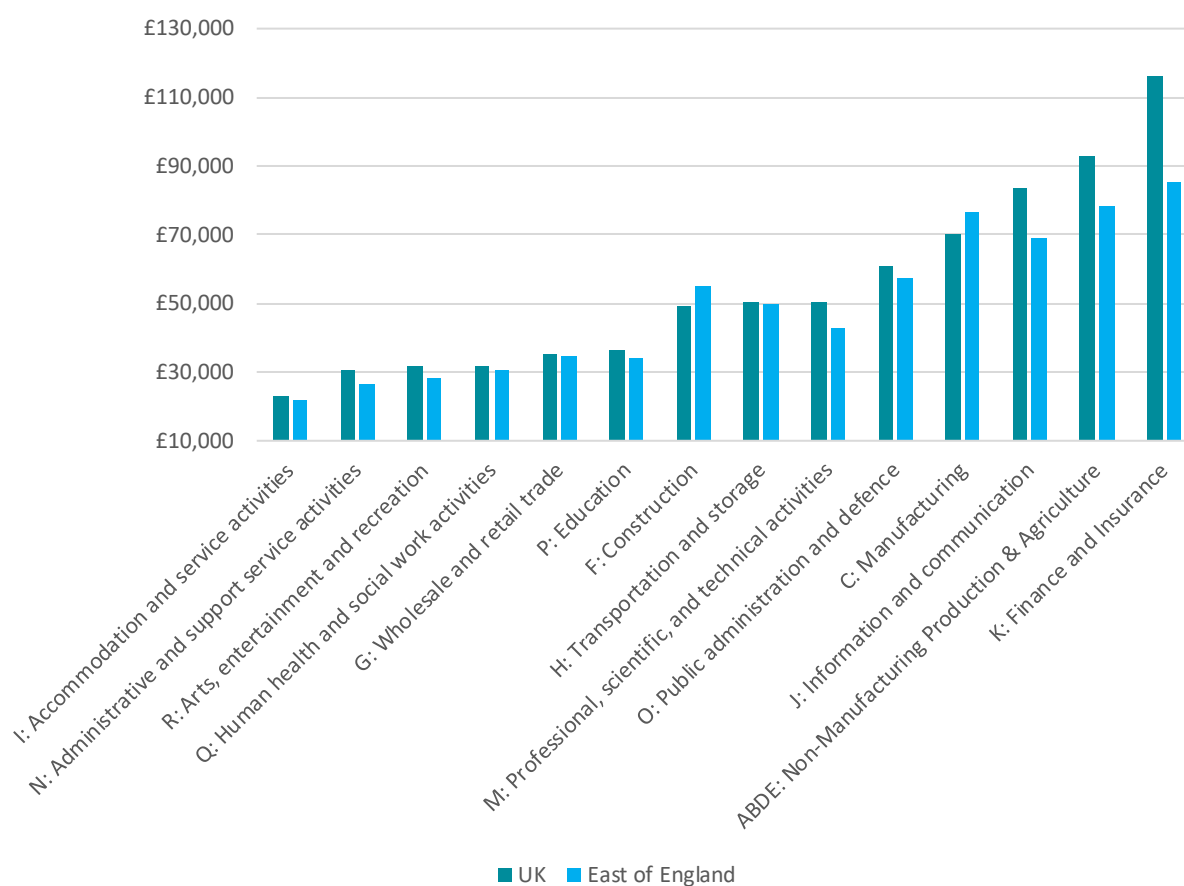
Part of the explanation for Colchester's relative lack of productivity is its employment structure, summarised in comparison to the East of England in Figure 8. Employment in the wholesale and retail sector and health and social care each make up 18.4% of employment in Colchester. As shown in Figure 9, these are amongst the UK's least productive industries in terms of output per worker. Colchester's reliance on these industries sets it apart from similar population hubs within the East of England region, which see more of their employment in other, more productive, industries. For instance:

- Transport & storage makes up 14.4% of all employment in Thurrock;
- Manufacturing makes up 13.0% of all employment in Braintree;
- Financial & insurance jobs make up 7.3% of all employment in Ipswich;

¹⁵ Business Register and Employment Survey

Furthermore, of Colchester's six most prominent industries in terms of employment, five are ranked in the bottom six when considering UK-wide sectoral productivity.¹⁶¹⁷ Apart from administrative and support service activities, these all account for a higher proportion of employment in Colchester than in the wider region. Meanwhile, highly productive sectors like finance and insurance and manufacturing are underrepresented in Colchester. The impact of such a sectoral pattern on productivity becomes even more pronounced by the fact that regional productivity levels in Colchester's six most prominent industries are low relative to national averages.¹⁸

Figure 9: UK output per worker, 2010-2018 average¹⁹²⁰



16 Office for National Statistics (ONS) – Region by industry labour productivity

17 These sectors being health & social care, education, accommodation & food services, administrative & support activities and wholesale & retail.

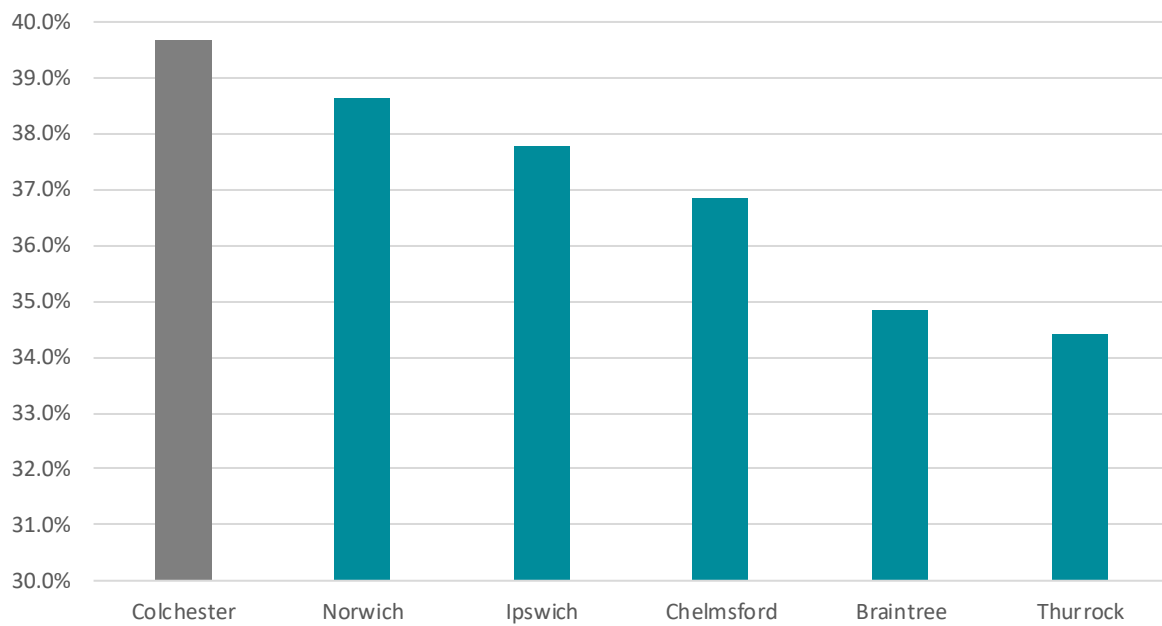
18 Ibid.

19 ONS Labour Productivity experimental Statistics

20 Real estate seen as outlier and hence excluded. Productivity per job for the UK averaged £457,692.50 between 2010 and 2018. Equivalent figure for the East of England is £469,277.46.

The greater prevalence of part-time workers in Colchester also contributes to its relative lack of productivity. This factor is not independent from that of the employment structure, given that part-time work is more common within less productive industries, but Colchester still stands out in this respect. In 2018, 39.7% of those working in the town were employed on a part-time basis, a figure far exceeding the average amongst local authorities nationally (32.4%) and in the East of England region (35.3%), and, as shown in Figure 10, comparator towns and cities.

Figure 10: Part-time workers as proportion of labour market, by local authority²¹

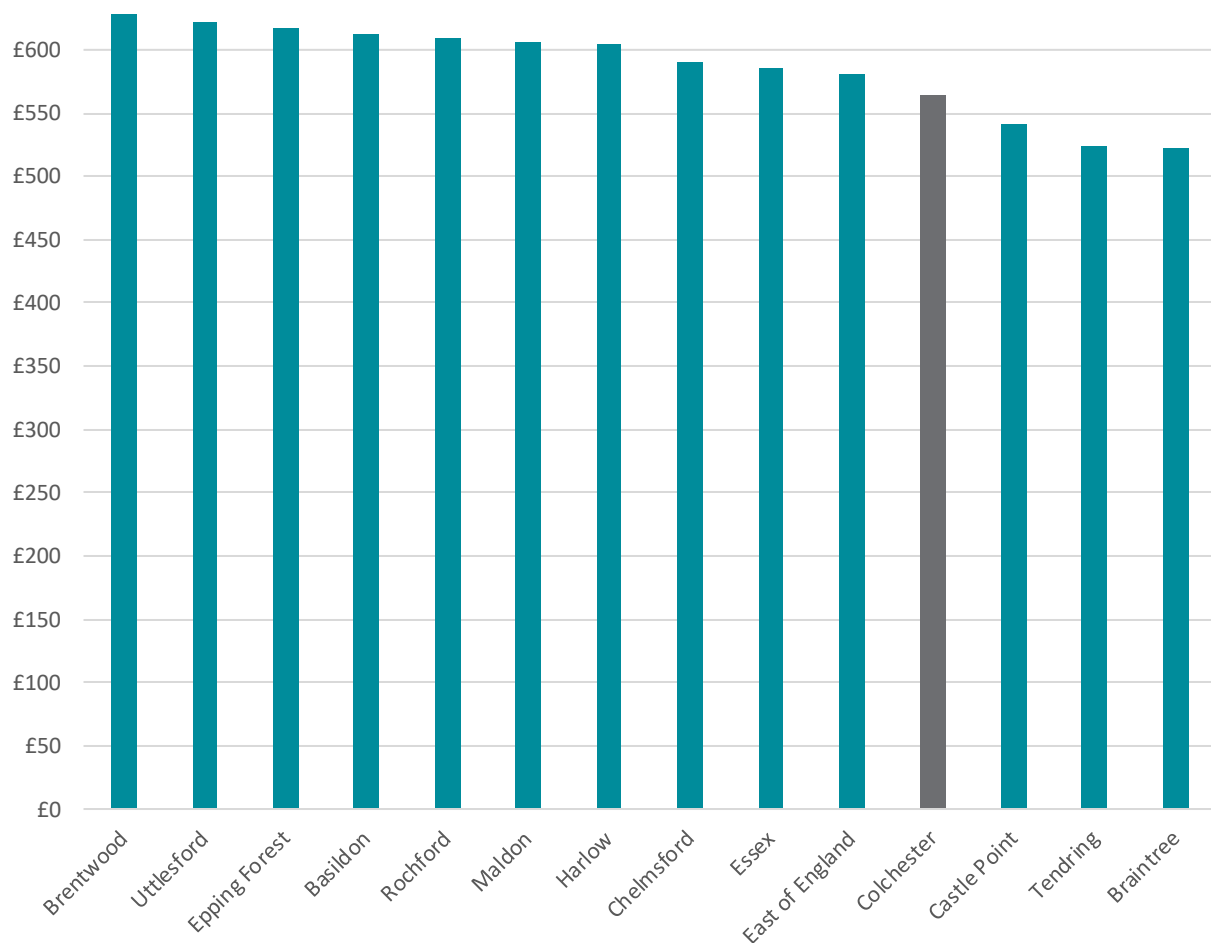


1.5 Earnings and skills

The labour market in Colchester does exhibit some relative weakness. In terms of earnings, it is amongst the poorest performers across Essex, and indeed across the wider East of England. Median weekly earnings for adults in full-time employment stood at £564 for those working in Colchester, falling significantly short of the corresponding figures for Essex (£586) and the East of England (£581). Out of 12 local authorities within the county, only three (Tendring, Braintree, and Castle Point) score lower on this measure.

Weekly earnings for *residents* of Colchester (£603) outstrip those of its workers (£564), equating to a differential of roughly £2,000 over the course of a year. This highlights the effect of outward commuting, with some people choosing to live in Colchester and work in places where salaries are higher, most notably London. The move to remote working in light of Covid-19 could present a significant opportunity, as those with previously non-Colchester-based roles shift their working patterns to spend more time within the local area, bringing more of their expenditure into the town itself.

Figure 11: Median weekly earnings of those working full-time within the local authority, April 2019-March 2020²²



Given Colchester's relatively lower levels of productivity and earnings, it is interesting to see that the town far exceeds county and regional level measures in terms of residents' overall qualifications and skills. For instance, in the 12 months to December 2019, 36.8% of Colchester residents aged 16-64 had NVQ4+ qualifications, better than the county, region, and comparator towns. Meanwhile just 4.1% had no qualifications. This compares to 8.1% for Essex as a whole and 4.1% for the wider East of England region. Comparing this to other population hubs within the area reveals a similar trend, with Colchester significantly outperforming Braintree, Ipswich, Thurrock, and Norwich which see markedly higher rates. On both skills measures, Colchester is very similar to Chelmsford. These patterns are shown in Figure 12 and Figure 13.

One explanation for the apparent disconnect between Colchester's relatively skilled workforce and its low productivity again stems from outward commuting. London has many high-skilled, well-paid employment opportunities, but a high cost of living. Therefore many of its workers chose to live in cheaper, more pleasant locations. Transport links from Colchester to the capital are plentiful, being one of the first towns on the Great Eastern Main Line outside of the metropolitan commuter belt and with an average journey time to Liverpool Street of just 57 minutes (or less to Stratford, which is itself emerging as a major employment centre).²³ At the 2011 census, 6,093 Colchester Borough residents worked in London, with these likely being amongst Colchester's most highly skilled residents. This is supported by evidence that highly-skilled people commute further. For instance, while there are an estimated 416 travel to work areas (TTWAs²⁴) for workers with low qualifications nationwide, this figure is reduced to just 153 when considering the most highly skilled members of the workforce, demonstrating that the most skilled workers tend to travel further from home and live further from work.²⁵

23 <https://www.greateranglia.co.uk/popular-journeys/london-to-colchester-train>

24 Travel to work areas are defined as approximate labour market areas, being relatively self-contained in which most people both live and work. Generally, they are areas in which of the economically active resident population, 75% work in the area. It must also be the case that 75% of workers live in the area. More travel-to-work areas suggest there are a lot of small labour markets with people doing short commutes and vice-versa.

25 ONS – Travel to work area analysis in Great Britain (2016)

Figure 12: Percentage of population with NVQ4+ qualifications - aged 16-64²⁶

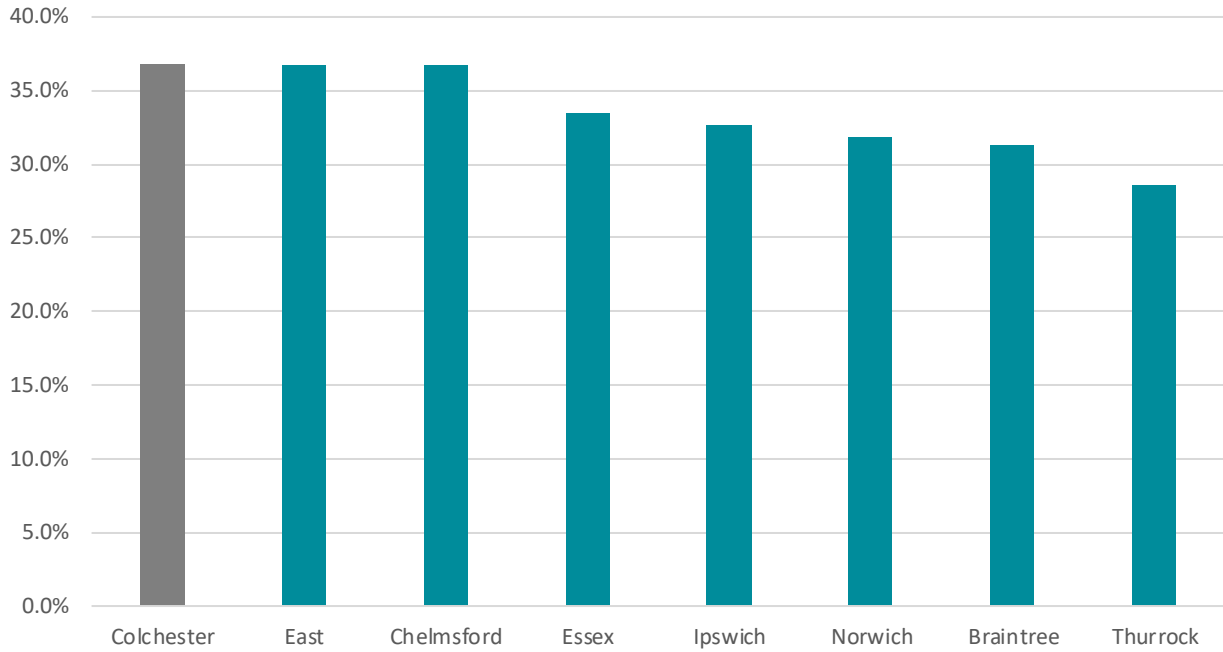
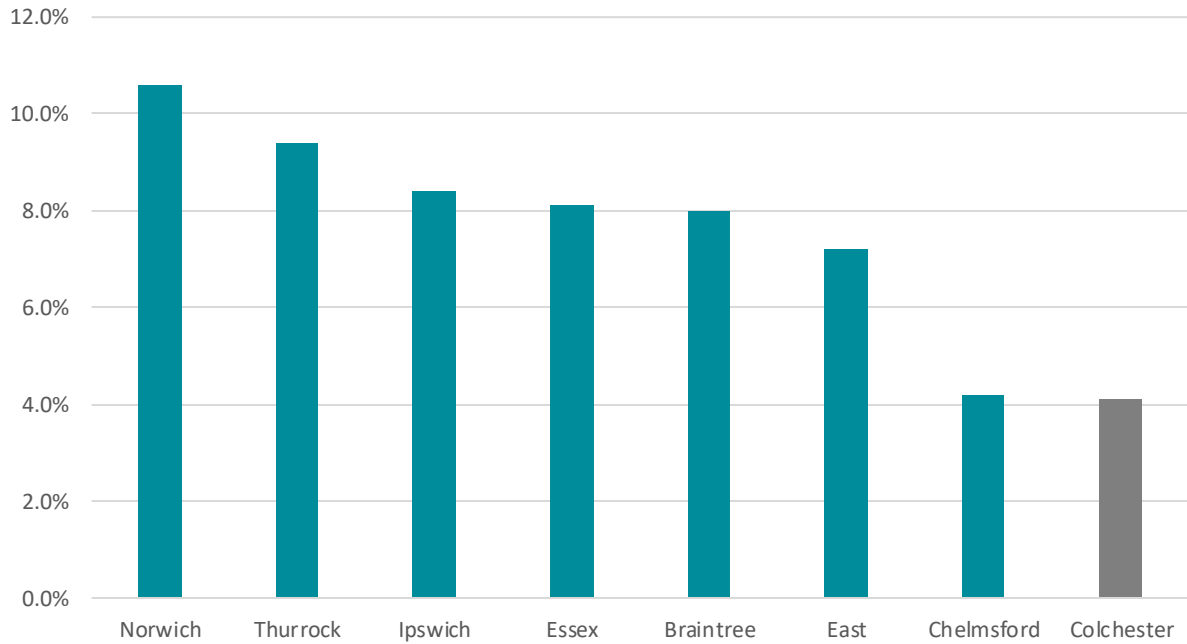


Figure 13: Percentage of population with no qualifications (NVQ) - aged 16-64²⁷



26 Annual Population Survey

27 Ibid.

Although overall skills levels are high, Colchester is not immune to the threat of skills shortages. Colchester's 2015-2021 Economic Development Strategy²⁸ identified 8 sectors which offer the greatest growth potential. These are:

- Creative & Digital Industries
- Healthcare & Assisted Living
- Tourism & Visitor Economy
- Energy & Environmental Industries
- Financial & Business Services
- Retail
- Construction
- Advanced Manufacturing

The Open University's 2018 Business Barometer²⁹ identified the sectors which bear the greatest cost from skills shortages. These costs include spending more on recruitment, recruiting at a lower level than required then training staff up, having to pay higher salaries than anticipated, leaving posts vacant, or hiring temporary workers to cover gaps. These challenges affect profitability and companies' potential for growth. Skills shortages can also result in existing staff becoming overstretched and therefore less productive and the company being unable to capitalise on commercial opportunities. 7 of the 8 sectors identified in Colchester's strategy (all except Energy & Environmental Industries) correspond to sectors in the ten most affected as identified by the OU³⁰. 'Health and social care' (corresponding to Healthcare & Assisted Living) is by far the most affected sector nationally, facing a cost of nearly £1.1 billion across the year.

To some extent the correspondence between Colchester's key sectors and the most affected sectors as identified by the OU is down to the size of these sectors – for instance health and social care and retail are major employers across all parts of the UK. There are, however, reasons to believe Colchester may be particularly affected – the OU research finds that SMEs appear to be most acutely affected as they lack the financial resources of their larger competitors, and smaller businesses are particularly prevalent in Colchester.

28 *Colchester Economic Growth Strategy 2015 to 2021*, Colchester Borough Council, June 2015. [Link](#).

29 *The Open University Business Barometer 2018*, Open University, 2018. [Link](#).

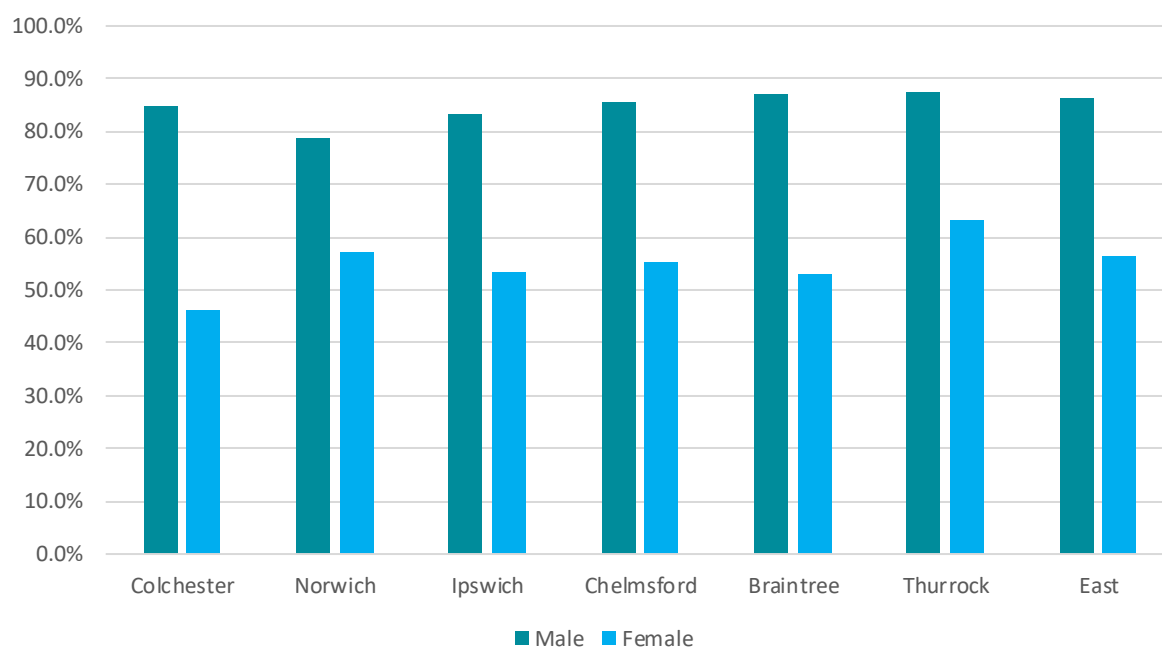
30 Slightly different sector names are used in each document, but we refer to obvious correspondences between the two. For example, 'Manufacturing' in the OU report to 'Advanced Manufacturing' in the CBC document or 'Hospitality' to 'Tourism & Visitor Economy'.

1.6 Gender disparities

As set out above, a relatively high proportion of Colchester's employees are part-time and earnings are generally lower than in comparators. Looking at this data by gender reveals some further interesting patterns.

Looking first at the proportions of men and women in full-time work, there is a clear disparity across the East, but particularly in Colchester. 85.0% of men resident in Colchester and in work are employed full-time, just below the 86.3% for the East; the 46.3% figure for women is, however, much lower than the regional figure of 56.5%. The comparators shown all have a higher proportion of employed women working full-time.

Figure 14: percentages of males, females in employment and resident in Colchester in full-time employment, 2019³¹



Looking at the difference between male and female weekly earnings in Figure 15, the figure of £247 in Colchester is well above the £222 for the East, but in fact lower than for Chelmsford, Braintree, or Thurrock. When looking at full-time workers only, in Figure 16, Colchester's disparity is only £100, much lower than the region or any of the comparators apart from Norwich – where earnings are low for both sexes but the difference in weekly earnings is just £63.

³¹ Annual Survey of Hours and Earnings – Resident Analysis. UK comparison not included as not all data is available for all local authorities.

Figure 15: weekly earnings by males, females in employment and resident in Colchester, 2019³²

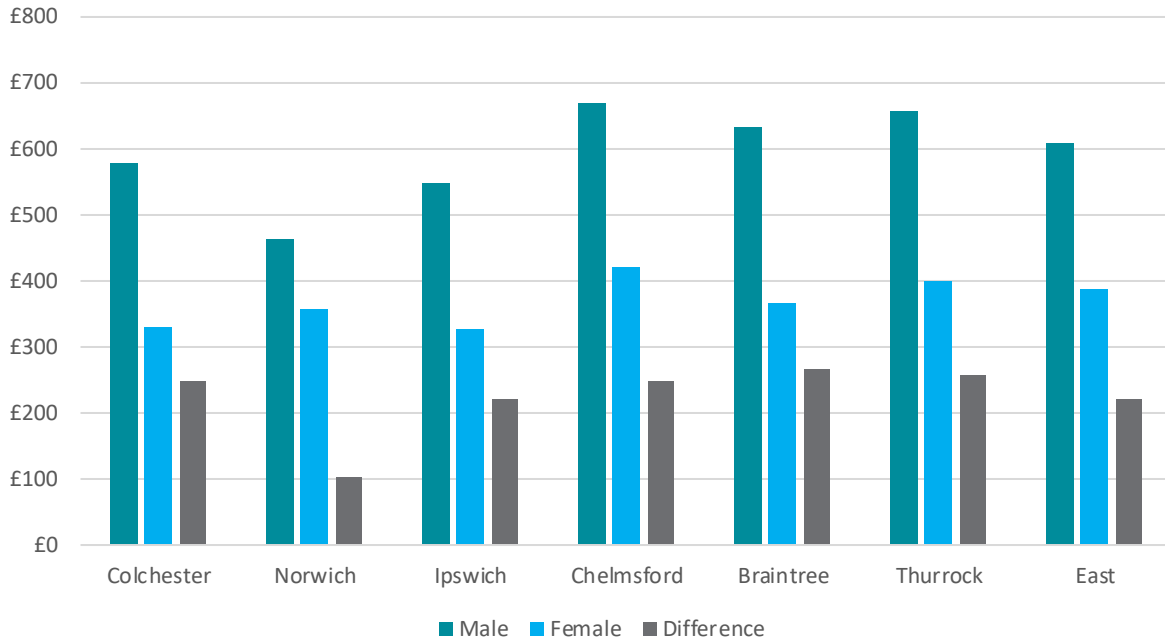
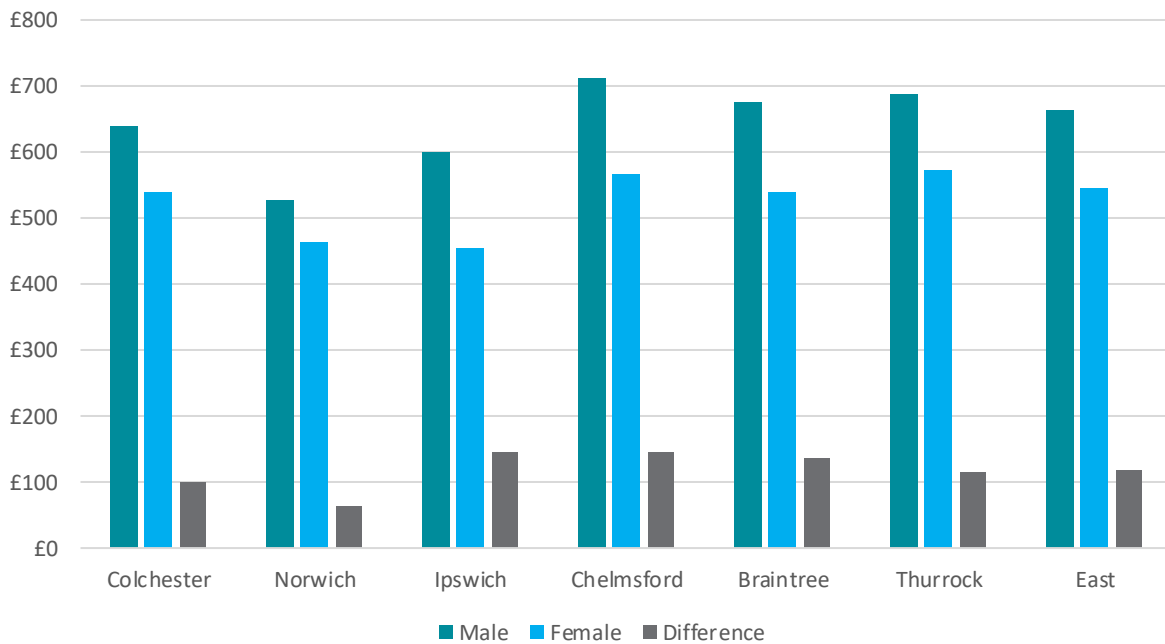


Figure 16: weekly earnings by males, females in full-time employment and resident in Colchester, 2019³³



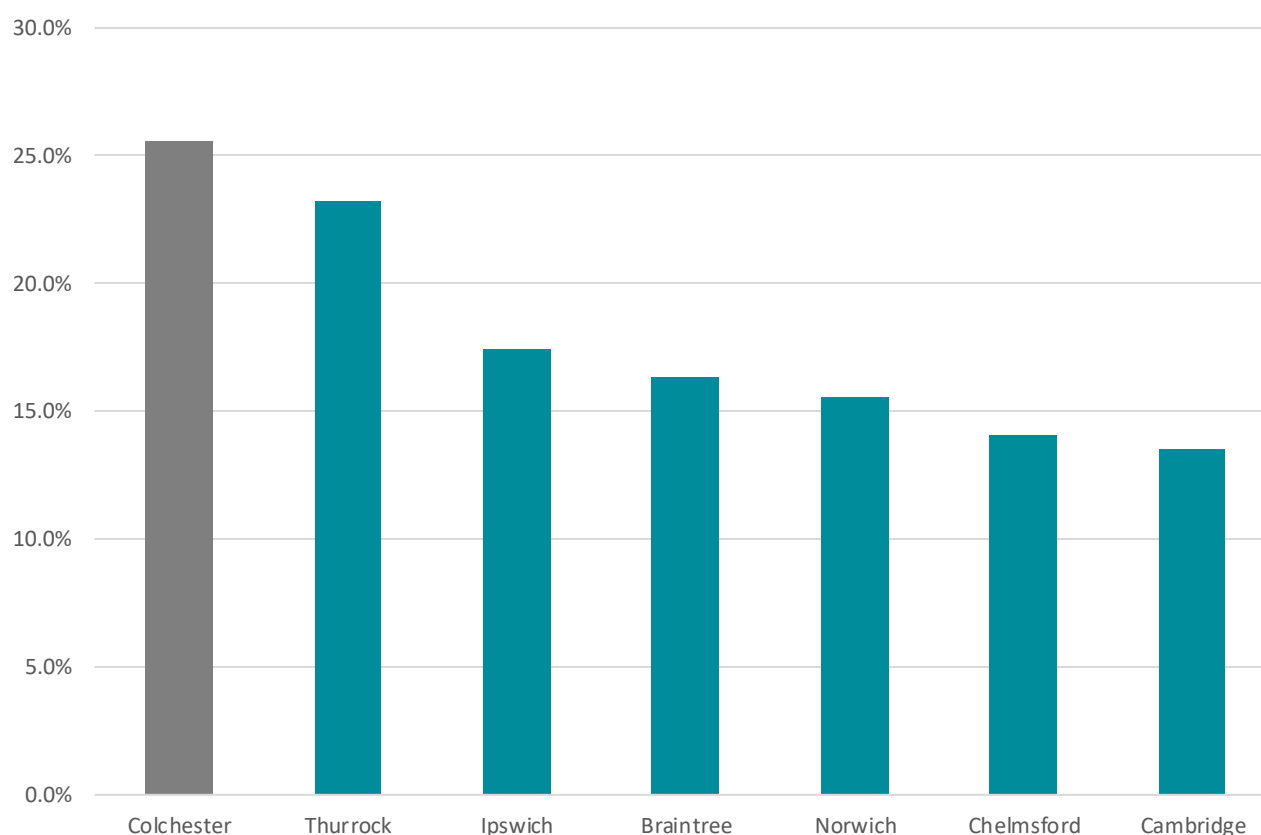
32 Ibid.

33 Ibid.

1.7 Population and property price growth

Colchester's population has increased drastically in the past two decades, with an estimated 195,000 people living within the local authority in 2019, up from 155,000 in 2000. This represents growth of over a quarter (25.6%). This makes Colchester one of the fastest growing urban areas in the UK, far exceeding the average population growth rates for local authorities in the East of England (16.5%) and nationally (12.3%). Of the 195,000 people in the borough, approximately 136,000 live in the continuous built up area of Colchester town itself.

Figure 17: Population growth estimates, 2000-2019³⁴



One consequence of such population growth is increased demand for housing, which puts upward pressure on prices. This has been clearly evident in Colchester in recent years. The median property price within the town has grown by 247.1% in nominal terms between 2000 and 2019, exceeding the median growth rate for local authorities nationally (207.3%). There has also been significant growth in house prices amongst comparators. Thurrock, Chelmsford, Braintree, and Ipswich have seen growth rates of 299.7%, 274.3%, 241.2%, and 222.6%, respectively, over the 2000-2019 timeframe.³⁵ This has likely been driven by rapid employment growth and housing affordability issues in London – Thurrock and Chelmsford, the comparators closest to the capital, have seen the highest growth.

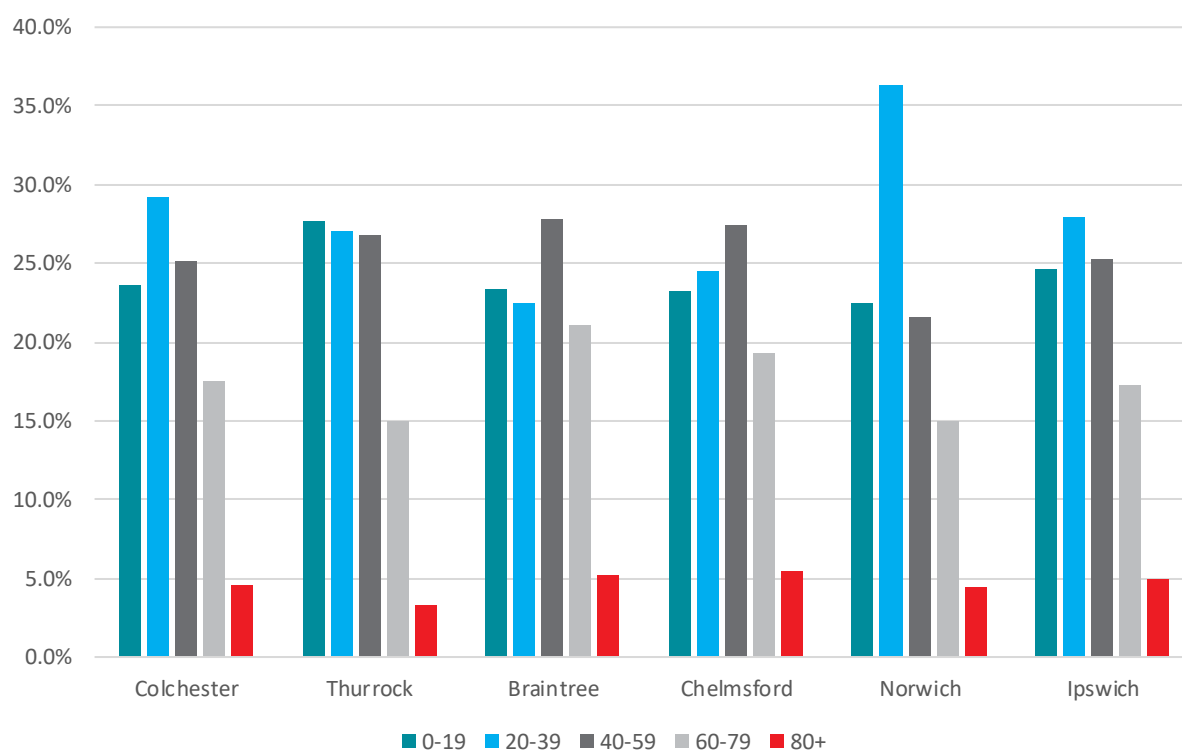
34 Nomis Population Estimates

35 ONS – House price to workplace-based earnings ratio

Earnings within Colchester have also grown over that time period, though more slowly than average house prices. Median workplace-based earnings in Colchester in 2019 are 54.1% higher than those witnessed in 2000, a rate lower than the UK-wide median for local authorities (57.9%). As house prices have risen more quickly, their affordability has fallen. While in 2000 Colchester's ratio of median house price to median earnings was 4.2:1, this has since widened considerably, standing at 9.5:1 in 2019.³⁶

Colchester's population is also relatively young, as shown in Figure 18. It has a higher proportion of residents aged 20-39 than the UK and any of the comparators, other than Norwich³⁷, and relatively low shares in the two oldest categories. This helps to explain Colchester's relatively skilled population, as younger people are more likely to have completed higher education.

Figure 18: Distribution of population by age, 2019³⁸



36 Ibid.

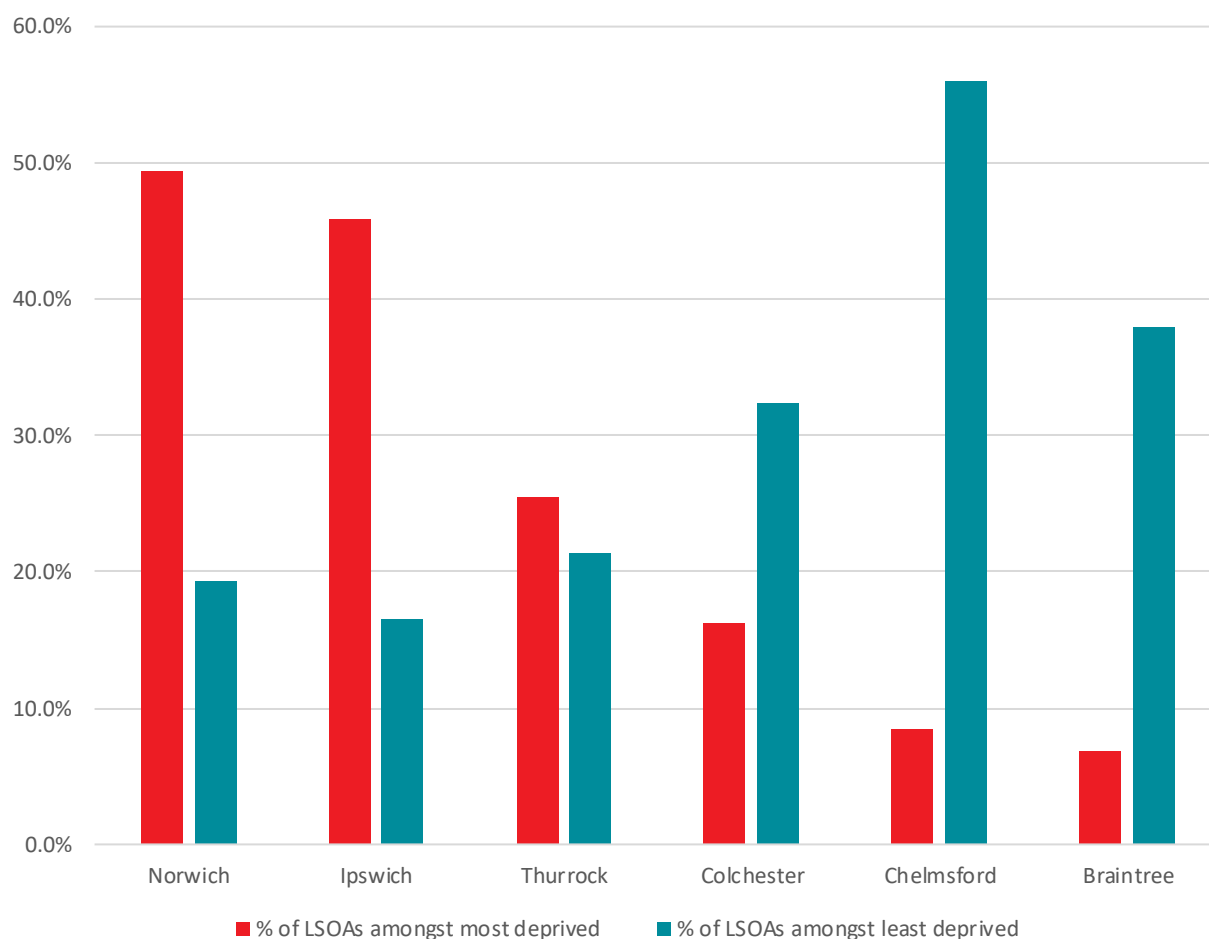
37 This may be partly explained by boundary effects – most of these local authorities include some small villages, which are likely to have an relatively old age profile, whereas Norwich District only includes the city itself.

38 ONS Population estimates for the UK, England and Wales, Scotland and Northern Ireland: mid-2019

1.8 Deprivation

Colchester has fairly similar deprivation levels to England as a whole. Using English Indices of Deprivation 2019 data, Cebr has analysed the Indices of Multiple Deprivation for Lower Super Output Areas (LSOAs) within local authorities. Colchester comprises 105 LSOAs, 17 of which ranked amongst the 30% most deprived nationally³⁹ and 34 amongst the 30% least deprived nationally.⁴⁰ In terms of a percentage breakdown, this meant that 16.2% of Colchester's LSOAs were in the most deprived 30%, while 32.4% of Colchester's LSOAs were in the least deprived 30%.⁴¹ Overall then Colchester has relatively few highly deprived areas but does not have a particularly high proportion of the least deprived areas. As Figure 19 shows, it compares favourably to Thurrock and particularly to Norwich and Ipswich, which have substantially higher levels of serious relative deprivation, though Chelmsford and Braintree perform better still.

Figure 19: % of LSOAs amongst most/least deprived, according to Index of Multiple Deprivation



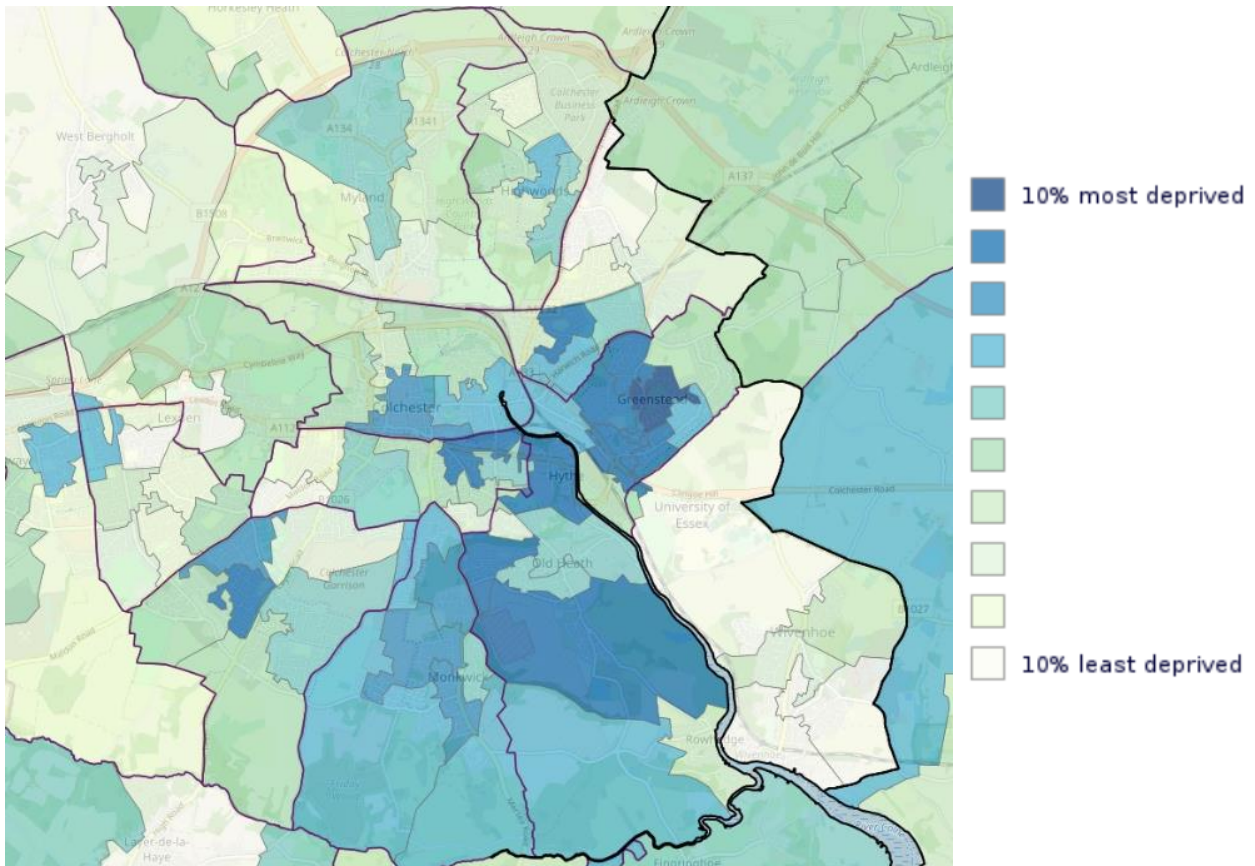
39 Defined as the bottom 30% when ranking LSOAs from least deprived to most deprived.

40 Defined as the top 30% when ranking LSOAs from least deprived to most deprived.

41 Cebr analysis

Looking at deprivation within Colchester, a clear geographical pattern emerges, as shown in Figure 20.⁴² There are some patches of deprivation in the town centre and to the south, but the largest area of high deprivation – and the area with the most severe levels – is Greenstead, located between the town centre and University of Essex. At a household level, net annual income after housing costs in Greenstead is just 30.7% of that of the least deprived area, Marks Tey and Layer.⁴³

Figure 20: Map of deprivation by MSOA in Colchester

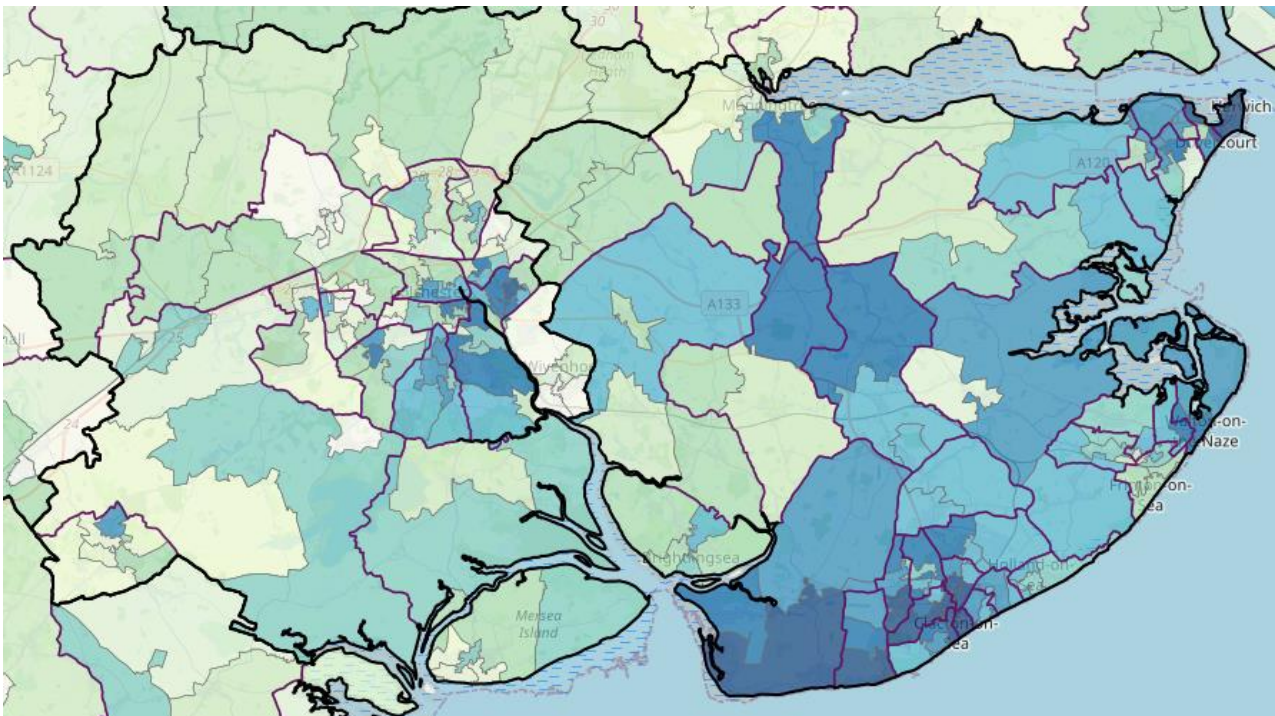


42 Map from DCLG. [Link](#). Darker blue corresponds to higher deprivation, greens to lower deprivation.

43 Colchester Insight Pack – Essex County Council (2019)

It is important to put Colchester's deprivation profile in a sub-regional context. Rural areas immediately around Colchester town have generally low deprivation. Nearby Tendring, on the other hand, has severe deprivation challenges, seen in Figure 21, primarily in its main population centres of Clacton and Harwich. Growth in Colchester could help to address them by providing more and better employment opportunities within commutable distance. Transport links are fairly good (about half an hour by train from Clacton to Colchester).

Figure 21: Map of deprivation by MSOA in North East Essex ⁴⁴



44 Indices of deprivation – Ministry of Housing, Communities and Local Government

2 SWOT Analysis

2.1 Overview

Table 1 reiterates key economic strengths and weaknesses identified above, and summarises additional points from the following SWOT Analysis section.

Table 1: Summary of SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Rapidly growing creative and digital economy supported by the University of Essex, ultrafast network, and upcoming 5G investment • Emerging visitor economy based on heritage and cultural strengths • Good connectivity to London is attractive to high-earning commuters • Relatively young, skilled population is a source of economic potential (36.8% of Colchester residents have NVQ4+ qualifications, 33.5% in Essex; 4% have no qualifications, 8% in Essex) • Lack of severe deprivation overall (16% of LSOAs are in the 30% most deprived in England), though there are pockets in the east of the town 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Since 2010, number of businesses has grown slowly (by 19.9%, compared to 27.2% in the East of England) • Productivity and earnings remain low (GVA/hour is 87.7% of the East of England's) due to prevalence of low-productivity sectors, part-time work, and out-commuting of skilled workers • Lack of large employers (0.35% of companies in Colchester employ 250+ people, 0.55% in Ipswich, 0.56% Norwich) • East-west connectivity limits opportunity from Stansted and Cambridge • Local transport challenges, including between the most deprived areas and emerging employment centres • Public realm in town centre compares unfavourably to neighbouring shopping and visitor destinations
<p>Opportunities</p> <ul style="list-style-type: none"> • Growth of economic opportunity in Colchester could help address deprivation across North East Essex • Full-fibre rollout and Covid-19 may increase the number of high-earning home workers living in Colchester and their spending in the economy • Continued growth including scale-ups in the creative and digital sectors could drive employment and productivity growth • A120 dualling or rail investment could unlock opportunities to the west • Development in the town centre could maintain it as an employment centre and support growth 	<p>Threats</p> <ul style="list-style-type: none"> • The large leisure and hospitality sector is very vulnerable to Covid-19 • Stansted Airport has experienced setbacks to its expansion planning and been affected by Covid-19 • Changes to the immigration system following Brexit may create labour supply issues, particularly in creative and digital sectors, and intensify existing issues in sectors like hospitality, health and social care, and retail • Full fibre rollout nationally will make the ultrafast network a less distinctive asset

2.2 Strengths

The creative and digital sectors and digital infrastructure

Colchester is rapidly emerging as a regional centre of creative and digital industry, fuelled by a nearby university with relevant research specialisms and ambitious plans for growth and an ultrafast broadband network in the town centre. As discussed in the Contextual Evidence Base, this investment has radically improved Colchester's digital connectivity, mainly in the town centre.

The 2016 Nesta report *The Geography of Creativity in the UK* drew on travel-to-work area analysis to identify and categorise the UK's creative clusters. Colchester was identified as a cluster with particularly fast growth in creative employment (the 8th-fastest, out of 47) and specialism in publishing (making up about 50% of creative employment). This is a rapidly-growing sector nationally, and it has a strong tendency to cluster – therefore this has the potential to power much of Colchester's growth in the coming years.⁴⁵ Colchester is also part of the Thames Estuary Production Corridor, which spans several centres of creative industry across east London, Essex, and Kent. The South East LEP (spanning Kent and Essex) is supporting the corridor's growth by lobbying for government support to develop it and much-needed transport improvements like the Lower Thames Crossing^{46,47}.

Ultrafast Broadband went live in Colchester's town centre in 2017, providing businesses that locate there with a distinct advantage shared by very few places – connection speeds of up to 1 Gbps. There are plans to expand this coverage to other new developments, including the Northern Gateway. Locations benefitting from this connectivity include the creative hub at 37 Queen Street, which provides 12,000 square feet of co-working and creative space for SMEs.⁴⁸ Colchester is also looking to establish itself as a leader in 5G by investing in the technology to support key applications in areas like tourism and social care, with the aim of stimulating demand and therefore private investment.

The University of Essex (just outside Colchester town) has strengths in artificial intelligence and automation. It also hosts a research and technology park, the Knowledge Gateway, which provides significant employment space for digital and creative businesses at Parkside Office Village and the Innovation Centre.

Culture and the visitor economy

Colchester's proximity to the coast and Constable Country, nearby zoo, unique Roman and Norman history, and emerging cultural offer in the town centre have the potential to make it a significant visitor destination. While this has not yet been fully realised, Colchester's visitor economy has grown strongly in

45 *The Geography of Creativity in the UK*, Nesta, July 2016. [Link](#).

46 *Government awards £4.3m to develop the Thames Estuary Production Corridor putting the creative industries at the heart of the Estuary's industrial strategy*, South East Local Enterprise Partnership, January 2019. [Link](#).

47 *Our Strategy: Lower Thames Crossing*, South East Local Enterprise Partnership. [Link](#).

48 *SPACE Colchester, 37 Queen Street*, SPACE Studios. [Link](#).

recent years and should continue to do so. A report about the economic impact of tourism on Colchester's economy in 2018⁴⁹ estimated that:

- 6.8 million tourist trips to the borough⁵⁰ were made in 2018;
- Total visitor spend was £290 million with indirect/induced spending of £90 million;
- Total actual tourism related employment was just over 7,000 (including indirect/induced) – 9% of all employment.

The opening of several new hotels and investment in existing hotels (including a mix of affordable and luxury) in and around Colchester has helped it to become more of a short break rather than day-trip destination. However, given that 6.5 million of the 6.8 million tourist trips made in 2018 were day trips, this remains the most important market. Colchester's hospitality and retail offer is also moving upmarket – a new 4-star hotel and restaurant (Greyfriars) opened in 2015, and the Fenwick department store recently benefitted from a major investment and expansion. This could help Colchester to become more of a destination for well-off visitors – for instance from the town's wealthy hinterland in south Suffolk.

Tourism and hospitality have traditionally created low-wage jobs – this is no bad thing, as it helps to create opportunity and employment in certain parts of the labour market: for instance those who want part-time or shift work, the low-skilled, and semi-retired people seeking pleasant if less well-paid jobs (i.e. in tourism). Nevertheless, as these sectors move upmarket in Colchester, they will create a greater variety of jobs, including more highly-skilled, better-paid ones, resulting in bigger economic multipliers through employees' spending in the local economy.

The Firstsite art gallery was a major public sector investment intended as an anchor institution to attract cultural and creative activities to the east of the town centre – this has not yet occurred on the scale that was hoped for, though a new cinema has opened in the area. On the other side of the town centre the Mercury Theatre, a long-standing and successful institution, is undergoing a £9m major modernisation. The wider growth of Colchester's leisure and hospitality sectors as a result of these factors is welcome.

It is not, however, just leisure and hospitality that is boosted by the development of culture. Research by Cebr on the 'Flat White Economy' – the merge of the digital and creative sectors that dominates parts of East London, e.g. in Shoreditch,⁵¹ and is beginning to grow in Colchester – suggests that the predominantly young workers who work in this sector want to spend their disposable income on city-based experiences, such as cultural activities. Thus, developing Colchester's cultural activities and urban realm is a prerequisite for continued growth of creative and digital activity.

49 *Economic Impact of Tourism, Colchester Borough - 2018*, Colchester Borough Council/Destination Research. [Link](#).

50 Of the 6,549,000 day visits 4,033,000 were urban visits, 1,316,000 were countryside visits, and 1,200,000 were coastal visits – this suggests that most of the tourism and resulting benefits was to Colchester Town itself rather than the surrounding area.

51 *The Flat White Economy has overtaken industry to become the UK's largest economic sector in 2018*, Centre for Economics and Business Research, April 2019. [Link](#).

National and international connections

London is the UK's centre of high-skill, high-earning service industries, and Colchester enjoys a good rail connection to it (along with Norwich, Ipswich, and Chelmsford) via the Great Eastern Main Line. Colchester's connection to London makes it an attractive residential location for those who work in the capital. It also supports employment in sectors such as insurance; Hiscox is already a major employer in Colchester Town and has recently committed to increasing employment there⁵². It has an underwriting syndicate based at its London office, and Colchester hosts further staff in underwriting and several 'back-office' functions like HR and compliance.

The opening of the Elizabeth Line's central section (now expected in 2022) is set to improve this connectivity through increased capacity and new interchange opportunities at Liverpool Street, Stratford, and Shenfield. Colchester will become better connected to key London employment centres like Canary Wharf and Tottenham Court Road, improving commuting and business journeys⁵³.

Colchester also has nearby international connections for leisure visitors, business travel, and freight via Stansted Airport and Harwich International Port. The Elizabeth Line will directly serve Heathrow Airport from Liverpool Street, further improving Colchester's international connections.

Skills provision

As the UK's economy has become more heavily based on knowledge-intensive services, workforce skills have become increasingly important as a driver of growth. Furthermore, traditionally low-skill industries like manufacturing and construction have become more high-tech, creating fewer, but more highly-skilled jobs. Therefore, quality skills provision – both academic and vocational – is important in creating widespread economic opportunity. Colchester already has a relatively highly skilled population, and hosts several quality skills providers:

- As previously mentioned, the University of Essex, with around 15,000 students, has digital strengths which dovetail well with – and have already helped to drive the growth of – Colchester's creative and digital economy. Although the nature of university education is that graduates will often look for work in big cities or return to their home towns (or indeed home countries) after their studies, the continued growth of the creative and digital economy should provide more and more relevant opportunities and boost graduate retention. There are of course opportunities beyond these sectors – Hiscox specialises in cybercrime coverage; the university offers courses relevant to this, including those relating to artificial intelligence, which has applications in detecting and preventing attacks.

⁵² *Hiscox commits to regions and moves 300 staff out of London*, Insurance Age, January 2020, already a major employer in Colchester town centre and has recently committed to increasing employment there. [Link](#).

⁵³ Current journey time from Liverpool Street to Canary Wharf is roughly 20 minutes via the Central Line to Bank and DLR. The Elizabeth Line will reduce this to 6 minutes with no interchange (a similar journey time will be available from Stratford, but not all fast trains from Colchester stop there at present). Current journey time from Liverpool Street to Tottenham Court Road is 11 minutes on the Central Line, and the Elizabeth Line will reduce this to 4 minutes. It will also provide a very high frequency (a train through central London every 2.5 minutes at peak time) and large increases in capacity. Current journey times from Google Maps, future journey times from Crossrail website. [Link](#).

- Colchester Institute provides a mixture of academic and vocational courses, including adult education and apprenticeship courses, for over 8,000 students. As well as traditional vocational courses in areas such as construction, hairdressing, and accounting, it offers courses (including degree-level qualifications) in computing, media, and website and game design – which have obvious relevance for Colchester’s creative and digital strengths.
- In Wivenhoe (just outside Colchester Town), the Edge Hotel School (part of the University of Essex) provides foundation and bachelor’s degrees in hotel and events management, including industry experience at the 4* Wivenhoe House hotel. Graduates from here could be an asset for Colchester’s leisure and hospitality industry – both supporting overall growth and ensuring that a move upmarket is not hampered by skills shortages.

2.3 Weaknesses

Productivity and business size

As identified in the contextual evidence base, Colchester's productivity is relatively low, and this is a key economic weakness to address. Colchester also attracts relatively few large employers compared to locations such as Norwich and Ipswich. There is a relationship between these two issues. Although the growth of Colchester's creative sector is a positive development, it is not yet highly productive. Whilst creative employers are more productive than others when controlling for firm size, less productive micro-businesses are over-represented in the creative sectors – and this pattern is certainly reflected in Colchester with its preponderance of SMEs. This suggests that for Colchester's creative businesses to lift its productivity, scale-ups as well as start-ups will need to be encouraged, and larger employers need to be attracted. Importantly, this need not be an either/or. Whilst a start-up culture provides the economy with dynamism, larger employers can offer major investments, career progression, and more long-term employment. The findings from our research and stakeholder engagement strongly suggest that a lack of suitable commercial space has hindered inward investment by large employers. Priorities for these employers will include digital connectivity (certainly full fibre broadband, and in some cases 5G) and availability of co-working facilities as well as traditional offices.

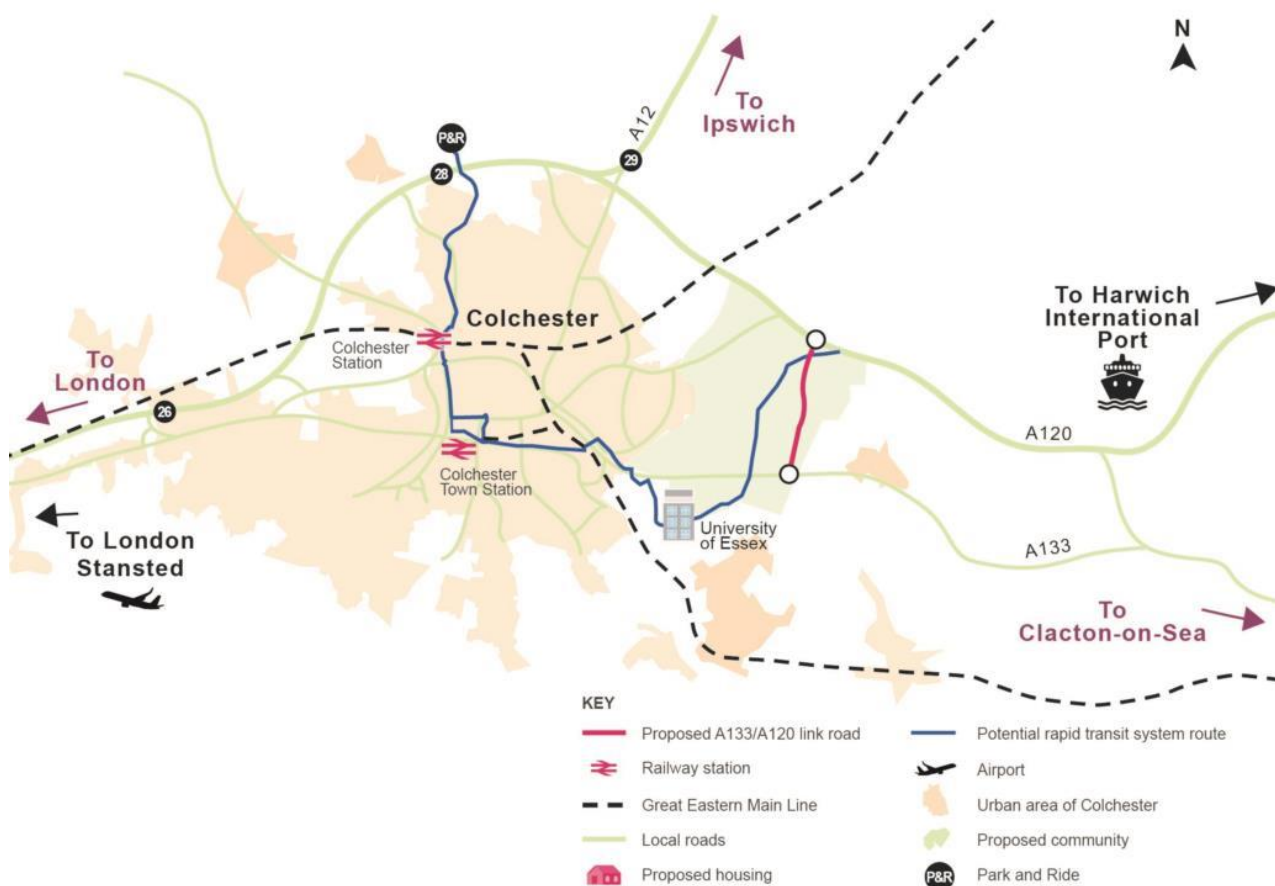
Furthermore, some highly productive industries are relatively under-represented in Colchester. For example, manufacturing, which formerly created large numbers of relative low-skilled jobs across the UK, now creates a smaller number of high-skill, high-tech jobs in an industry increasingly based on automation. Like many places, Colchester has lost several industrial employers in the last few decades. A prominent manufacturer that remains is Fläkt Woods, a maker of heating, ventilation, and air conditioning (HVAC) systems for mainly industrial applications. In principle Colchester's international connections and research-oriented university with specialisms in AI and automation could make it a location for growth of modern manufacturing. Manufacturing-oriented vocational skills provision, including apprenticeships, and improved transport links could support such growth.

Strategic transport constraints

Substandard east-west connectivity is a clear obstacle to growth in Colchester. The nearby London Stansted Cambridge Corridor, roughly following the route of the M11, is an area that has enjoyed remarkable growth, particularly in digital and scientific sectors. Colchester's ability to capitalise on the opportunities this offers (elaborated further under 'Opportunities') is constrained by the absence of rail connectivity and the limitations of the A120, which is notoriously congested on the single-lane stretch between Braintree and Colchester. There has been a concerted campaign to dual this road, and its success would remove a major constraint to growth not just in Colchester but across North Essex.

Efforts to relieve other strategic transport constraints are closer to being realised. In August 2019 the A120/A133 link road and Colchester Rapid Transit System (RTS) secured funding following a bid by Essex County Council. A preferred route for the link road was announced in May 2020. Provided planning approval is received, construction is expected to be completed in March 2024. A preferred route for the RTS has not yet been announced, but it is expected to connect the Tendring Colchester Borders Garden Community to the Park and Ride via the university, town centre, and both main railway stations. Construction is expected to be completed slightly later in 2024, and it will support active transport through 'micromobility hubs', with bicycle and electric scooter facilities at its stops. These schemes are expected to support housing and employment growth and ease congestion across Colchester. Figure 22 illustrates the proposals, along with road infrastructure, rail infrastructure (Great Eastern Mainline and Clacton branch) international connections, and the proposed garden community.

Figure 22: Link road and RTS schemes⁵⁴



Local transport constraints

There are also more specific transport challenges within Colchester. For example, Greenstead, a relatively deprived area of the town⁵⁵ has a reasonably good connection by bus to the town centre, but journeys to the north of Colchester and station require long, convoluted journeys, sometimes involving interchange in the town centre. This poor connection to the growing and future employment centres at Colchester Business Park and the Northern Gateway will only serve to increase Greenstead's economic disadvantage – particularly as many of its residents do not have access to private car transport. This problem is illustrated by the example in Figure 23, which shows the public transport route recommended by Google Maps for a morning peak journey from Greenstead to Colchester Business Park⁵⁶. The journey

54 Image from Essex Highways. [Link](#).

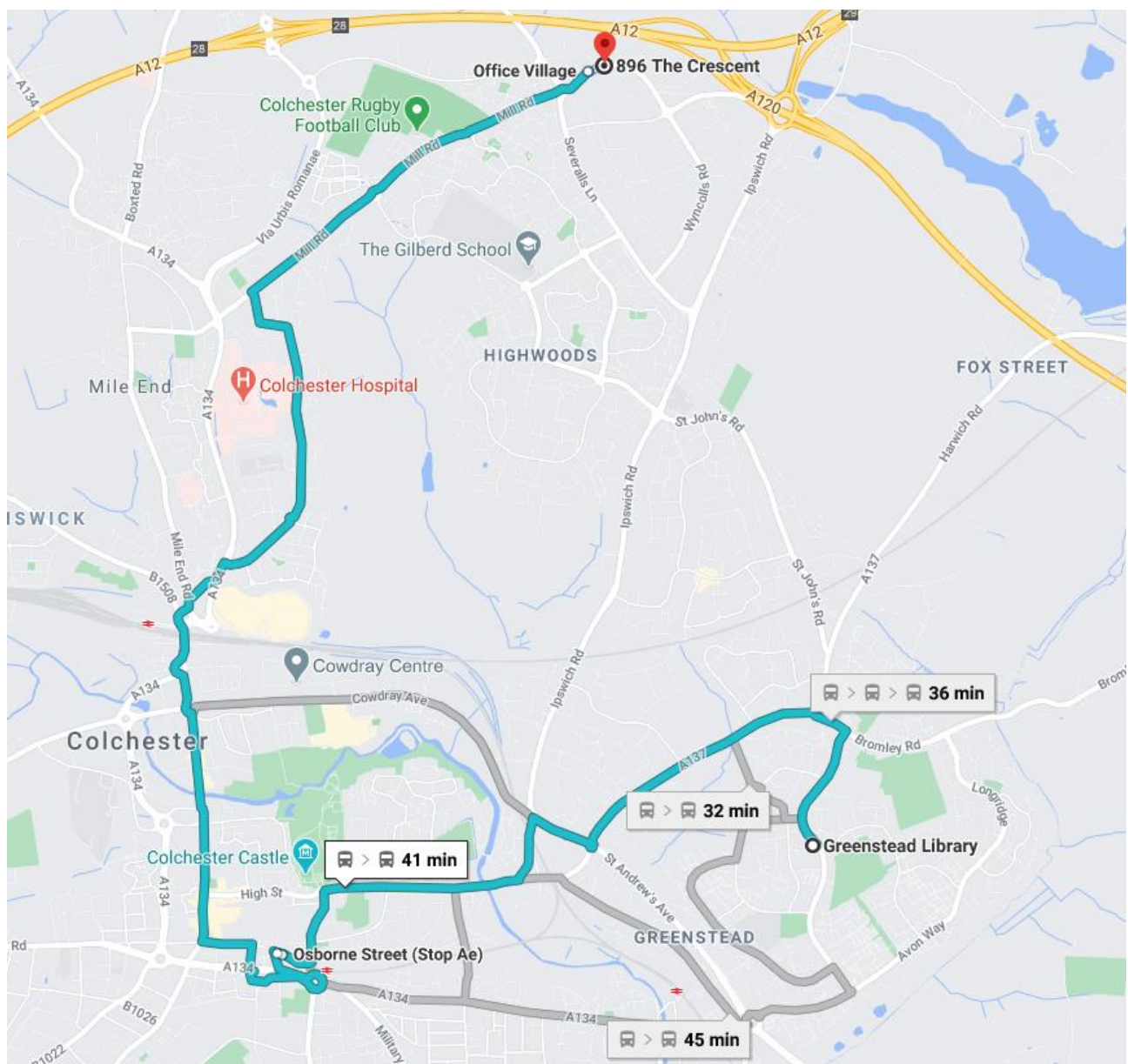
55 Colchester's only LSOA in top decile of deprivation in England is located in Greenstead.

56 From Greenstead Library to 896 The Crescent, arriving by 8:30 AM on Monday the 14th of September 2020. Two routes with shorter journey times (32 minutes and 36 minutes) were also available but not recommended by Google Maps as they would involve leaving earlier and arriving much earlier than planned (8:02 AM). All suggested journeys went via the town centre rather than directly and involved at least two buses.

shown takes 41 minutes and includes interchange at the bus station in Osborne Street. For comparison, the estimated driving time is no more than 12 minutes, while walking the direct route would take 53 minutes (cycling would take 16 minutes – but not everyone is willing or able to travel in this way). The RTS will not provide a direct route from Greenstead to these employment centres, though it will improve connectivity to the station if existing public transport is well integrated with it.

Improving public and active transport connections to new employment centres and to jobs in London via more direct routes to north Colchester and the station will improve residents' employment and earnings through access to a greater variety of jobs, and make Greenstead a more appealing place to live.

Figure 23: Google Maps recommended public transport route for journey from Greenstead to Colchester Business Park



Public realm and retail offer

Colchester's public realm compares poorly to that of nearby cities and towns like Chelmsford and Ipswich, and this will inevitably affect its ability to attract shoppers, tourists, and investors, and to fully take advantage of recent and future investments in the visitor economy, retail, and transport.

One of Colchester's greatest assets is its abundance of historical buildings. Some of them – notably Colchester Castle – are well used and contribute to the visitor economy. Others are not fulfilling their potential and risk falling into disrepair – for instance a series of schemes for the conversion of Jumbo Water Tower into a heritage attraction have been proposed, but none have yet come to fruition.

Immediately beyond the town centre (but still largely within Colchester's Town Deal area), efforts are underway to improve public realm by developing green infrastructure, e.g. by planting trees⁵⁷ and improving walking and cycling routes⁵⁸. Initiatives like these have the potential to make Colchester a nicer place to live, work, and visit but the 'missing piece' is the quality of the town centre itself. A further advantage of investment in this green infrastructure is that it would help address issues of air quality. Colchester has some identified three Air Quality Management Areas (AQMAs), locations at which emissions from road traffic cause excessive concentrations of Nitrogen Dioxide. The most recent ASR⁵⁹ found that air quality is only slowly improving at these locations. Reducing road traffic and congestion through increased active travel would certainly help to address this issue.

57 *Tree planting launch success*, Colchester Borough Council, November 2019. [Link](#).

58 *Council supports Colchester orbital project*, Colchester Borough Council. [Link](#).

59 *2020 Air Quality Annual Status Report (ASR)*, Colchester Borough Council, June 2020.

2.4 Opportunities

Remote working and Covid-19

At the 2011 Census 6,093 workers resident in Colchester Borough worked in London. These commuters earn relatively high salaries in the capital and support local economic activity and employment through their spending in Colchester. The greater the extent to which they work from home, the more they will spend in Colchester and the greater the economic boost they will deliver. The combination of improving digital infrastructure and the Covid-19 pandemic could dramatically increase the number of London workers living in Colchester and the proportion of their earnings they spend there.

Previous Cebr work on the impact of full-fibre rollout⁶⁰ suggested that as improved digital infrastructure makes remote working more viable, changes in the spatial distribution of the UK's population could result, with workers who need to physically commute to an office only a few days a week choosing to live further from London and other big cities. The study showed that the biggest beneficiaries in relative terms will be rural and coastal areas far from London, but also indicated that areas such as Colchester – towns within reasonable commutable distance of London – would see new home-working residents. It also suggested that a culture of flexible and remote working could allow more carers, parents, and older people to enter the workforce, raising economic participation and employment. As discussed, Colchester already has good digital infrastructure – which is of course essential to fully realising these opportunities – and this will improve further as full-fibre is rolled out nationwide.

This work predated the Covid-19 pandemic, which has caused an unprecedented enforced shift towards home working, which may not be fully reversed. It is difficult to tell precisely what the 'new normal' will look like but the early signs are that the benefits of more home working are being realised by both employees (saved time and money costs of commuting, greater flexibility over hours and where to live) and employers (improvements to morale, reduced office space requirements). In the future, employers may require employees to attend the office less frequently than before, and the emphasis is likely to be more on co-working spaces than traditional offices. Some employers may decide to move their operations out of London altogether.

An acceleration in the trend towards remote work therefore presents the opportunity for Colchester to attract even more affluent new residents and support increased local economic activity – particularly if it can offer them the quality of life attributes, housing, and digital infrastructure they require. In light of this, the commercial, residential, and leisure development underway in Colchester – notably at the Northern Gateway – could prove to be an even greater asset than originally anticipated.

Scale-up potential in creative and digital

Colchester has a lot of creative microbusinesses. While the creative economy is growing rapidly, scale-up of businesses is essential for it to create more secure, well-paid jobs and close the productivity gap between Colchester and its comparators. The employment space being provided at the University of Essex and Northern Gateway may facilitate further start-ups and, more importantly, scale-ups across the Colchester Town area. Given the strong tendency of firms in these industries to cluster together, a virtuous cycle of growth could occur, and it will be important to ensure that factors such as availability of employment space (as discussed in 'Weaknesses') and public transport capacity do not act to constrain

60 *Full fibre broadband: A platform for growth*, Openreach, October 2019. [Link](#).

this growth, which would be enormously significant in building on existing strength to make Colchester a centre of high-skilled, modern employment.

Provided that the Tendring Colchester Borders Garden Community goes ahead, it will provide opportunities to support the growth of the creative economy through development near existing centres of activity at the University of Essex and in eastern Colchester. High quality, affordable housing with good digital infrastructure will be highly appealing to young, skilled workers. As part of the garden communities vision, it is expected that employment space and public transport provision (including the RTS) will accompany this development, ensuring that sustainable growth can proceed.

Realising economic potential to the west

Although Colchester's connection to London is an important engine of growth, there is also untapped economic potential to its west. The London-Stansted-Cambridge Corridor (Innovation Corridor) is a fast-growing area, but one to which Colchester is relatively poorly connected. Major transport projects are planned or underway across the UK⁶¹, and it is vital that Colchester is able to benefit from these – otherwise its connectivity to the rest of the UK will deteriorate in relative terms, affecting its competitiveness.

Cambridge is a highly prosperous, productive, and competitive city⁶², but one facing constraints to growth. As the corridor's population, employment, and number of businesses have grown much more quickly than the UK as a whole, it has faced rising residential and commercial prices and skills shortages, threatening its continued success. In principle this creates an opportunity for Colchester, which is relatively nearby and could therefore host high-productivity businesses, benefit from supply chain opportunities, and provide a place to live for some of the corridor's high-earning workers. This does not yet appear to be happening⁶³.

Should the A120 between Colchester and Braintree be upgraded, journey times by road would become shorter and more reliable, boosting Colchester's appeal as a place for knowledge-intensive businesses related to the corridor to locate and for their workers to live. It would also better connect Colchester's businesses, residents, and visitor attractions to Stansted Airport. If the proposed Oxford to Cambridge Expressway goes ahead, Colchester would then have much improved road access to the Oxford-Milton Keynes-Cambridge arc. Development on the Expressway, however, was paused in March – but if it does not go ahead Cambridge-based businesses and workers may be more likely to look to the east for places to invest or live.

Colchester lacks good rail connectivity to the west. Changing this would require an ambitious capital project (outside the scope of the town deal) but could provide fast, sustainable transport options not just

61 Notably the Elizabeth Line (from which Colchester will see some benefits), HS2, East West Rail, Northern Powerhouse Rail, the Oxford Cambridge Expressway, and – possibly – Crossrail 2. Recent improvements to the Great Western Railway network have also improved the connectivity of the M4 Corridor.

62 The 2016 report of the London Stansted Cambridge Corridor Growth Commission noted that Cambridge placed 10th on a ranking of European cities for investor attractiveness (London was 1st). Given that this list is dominated by national capitals, this is a significant achievement and puts Cambridge ahead of many major European cities. [Link](#).

63 For example, according to 2011 Census figures just 59 Colchester Borough residents worked in the City of Cambridge (23 Cambridge residents worked in Colchester).

to Stansted and Cambridge but to Milton Keynes, Oxford, and other locations along East West Rail (on which construction is currently underway, with the Oxford-Bicester section already operational). Further opportunities arising from being connected to some of the most productive, knowledge-intensive parts of the UK could also be realised as a result. Options include the restoration of the Braintree-Bishop's Stortford branch line with further investment to allow direct journeys between Colchester and Braintree (i.e. a chord north of Witham), or the more ambitious proposal for a highspeed line connecting Stratford, Stansted, and the Great Eastern Main Line⁶⁴.

Developing the town centre and meeting housing demand

As a rapidly growing town, Colchester will need to find ways of sustainably meeting housing demand. The borough has a five-year housing supply target of 5,659 (based on 1,078 per year plus the standard 5% buffer)⁶⁵. The conclusion of the Planning Inspector that the Colchester Braintree Borders Garden Community is not viable⁶⁶ means that alternative locations for housing growth in Colchester will inevitably need to be sought in the longer term. The key is to find ways of moving forward with development that are not detrimental to existing residents' quality of life. The traditional model of development is sprawling and car dependent – this results in the loss of green space and intensifies congestion.

Meanwhile – like high streets across the country – Colchester's town centre has seen some closures in recent years, although some more upmarket restaurants and shops (notably Fenwick) have invested in the town. This is the inevitable result of the move towards online retail, which Covid-19 has accelerated at least in the short term, and possibly the long term.

These two issues could be addressed together through new, high-density residential or mixed-use development and intensification of existing development in, and immediately around, the town centre. This could include repurposing commercial buildings that have fallen out of use. This policy has several advantages:

- New residents in these developments will be relatively likely to shop in the town given its proximity to them, helping to maintain it as an employment and retail centre.
- Living immediately in or near the town centre is very desirable for certain groups of people, particularly those without access to private transport, for instance:
 - young professionals who work in the town centre and want ready access to culture and nightlife;

64 One of the proposals outlined in *Beyond HS2*, a report by Greengauge 21. [Link](#).

65 *2020 Housing Land Supply Annual Position Statement*, May 2020, Colchester Borough Council. [Link](#).

66 This settlement, the largest of the three proposed, would have largely been located in Colchester Borough, with a small amount in Braintree District, and would have provided a significant proportion of Colchester's housing need in future local plans. The West of Braintree Garden Community, also deemed not viable, would have been in Braintree and Uttlesford. The Tendring Colchester Borders community, which received a positive response and may therefore go ahead, is to be located mainly in Tendring District.

- older people who may appreciate convenient access to shops, healthcare, and public transport⁶⁷ as well as leisure and cultural facilities. Providing high quality, attractive accommodation for them would also free up larger suburban family houses, of the sort that young and growing families aspire to, elsewhere in the town.
- These developments would not be at the cost of green space, maintaining quality of life for existing residents and reducing the chance of local opposition. It is of course important that they also do not compromise the historic nature of the town centre.
- Provided that public transport improvements and provision for active transport are delivered alongside them, these developments need not be car-dependent and would not bring the congestion problems usually associated with new housing.

Realistically, such developments would not meet the entirety of Colchester Borough's housing needs. They could, however, satisfy a large part of them in a way that supports sustainable economic growth and protects quality of life for existing and new residents.

The Creffield Road project being undertaken by Colchester Amphora Homes is an example of such a development. This is a renovation and conversion of existing Victorian property immediately outside the town centre into a mixture of high-quality flats and houses. In line with Amphora's infrastructure-led approach, full fibre will be installed. Further developments of this nature – including some with a focus on affordability – could provide attractive living options and help drive growth.

⁶⁷ The Northern Gateway will provide such purpose-built housing for the elderly and be well-integrated with public transport – nevertheless there may be the demand to justify further such housing more centrally.

2.5 Threats

Covid-19 and key town centre industries

Employment in Colchester and particularly its centre is dependent on leisure, hospitality, food service, and cultural activities. These sectors are and always will be vulnerable to macroeconomic shocks which force people to limit their discretionary spending – and of course stand to benefit disproportionately from increased expenditure during better economic times. Covid-19 represents a major negative shock: these sectors largely closed during lockdown and are currently operating at reduced capacity to allow for social distancing; but even after these restrictions end, people whose incomes have been reduced by the crisis will have less to spend. In the long run, it is likely that demand will return to normality – particularly if Colchester’s London commuters continue to work from home more and spend locally. However, some businesses may not survive the medium-term economic challenges they face. Therefore, some of the growth in these sectors that Colchester has enjoyed could be reversed, causing immediate problems of unemployment and vacant buildings in the town centre. A decline in these industries could also threaten the growth of the creative and digital sectors. As discussed under ‘Strengths’, they are a key factor in attracting the young, skilled workers on which the ‘Flat White Economy’ relies.

This has already been acknowledged as a potential problem and steps are being taken to mitigate impacts. These impacts go beyond the economic prospects of staff and owners of businesses which close, but also include the wider negative perceptions of town centres as retail destinations caused by vacancies (leading to further potential business closures) and crime and anti-social behaviour. The Our Colchester Business Improvement District⁶⁸, which represents over 400 businesses in Colchester, is pioneering a project to display artwork in vacant units in order to maintain the appearance of the town centre, support footfall, and ensure that Colchester’s vacancy rate remains below the regional average. If this scheme succeeds it will help to head off a significant challenge to growth.

Threats to the growth of Stansted Airport

Colchester’s nearby international connections are a potential source of strength, but recent events put these at risk. Few industries have been more negatively affected by the Covid-19 pandemic than aviation, and this is evident at Stansted. EasyJet, the second-largest budget airline in Europe, has already closed its base there and will only be offering flights to a few destinations⁶⁹. Thus, Stansted’s ability to provide international business, leisure, and freight connections to Colchester has been limited for the time being. Furthermore, ambitious plans for expansion (increasing annual passenger capacity from 35m to 43m with a view to an increase in long-haul, business-oriented flights) were rejected by Uttlesford District Council in January 2020, a decision which is currently being appealed.

Labour supply issues following Brexit

Britain has now formally left the EU, though the exact relationship that will follow the transition period is not yet clear. One thing that is clear is that full freedom of movement will end, and this may pose labour supply issues if the new immigration system does not deliver on its ambition to continue allowing skilled EU27 workers to work in Britain. This is particularly pertinent in creative and digital industries – the ‘Flat White Economy’ in London has relied heavily on young graduates from the Continent for its growth.

68 [Link](#).

69 Edinburgh, Glasgow, Belfast, and Amsterdam.

There are also concerns in academia, including the University of Essex. Whilst senior, high-earning academics should be able to come to Britain relatively easily, their more junior colleagues may fail to meet salary thresholds and struggle to obtain permission to work.

Leisure and hospitality may also face some issues (particularly as the new system will be more restrictive for less skilled workers), but in the immediate aftermath of Covid-19 their growth is likely to be limited in any case. Health and social care, which is important in all parts of the country, has traditionally relied strongly on workers from overseas. As identified in the Contextual Evidence Base, this sector already faces issues with skills gaps, like several key growth sectors for Colchester, and these may intensify.

New trade barriers may also emerge, particularly in the event of a 'no deal' outcome. The effects of these on service industries like creative and digital would be relatively limited, but they could be more profound in sectors that rely on imports and exports – for instance manufacturing and food services.

Loss of competitive edge in digital infrastructure

The ultrafast broadband network in Colchester's town centre provides it with a distinct competitive advantage. Two phenomena occurring over the next few years may, however, reduce this:

- Nationwide full fibre rollout will make higher Internet speeds the norm across the UK.
- The move towards home working (accelerated by Covid-19) will make speeds in residential areas relatively more important – Colchester does not currently have a big advantage here.

This is particularly relevant for the creative and digital industries that Colchester hopes will power its economic growth in the future. Given their strong tendency to cluster, the more established they are in Colchester, the more they are likely to continue to grow. Colchester should, therefore, seek to 'lock in' its existing advantage as soon as possible to secure its future as a technology hub. Increasing ultrafast provision in residential areas will also make Colchester more attractive for home workers from all industries.

This has already been identified as a priority and work is underway to address it. Colchester Borough Council and Amphora Trading have secured DCMS investment to connect a further 25,000 properties (residential and commercial) to the gigabit network over the next 5 years⁷⁰.

⁷⁰ Colchester Green Lights Dark Fibre and 1Gbps Broadband Rollout, ISP Review, May 2020. [Link](#).

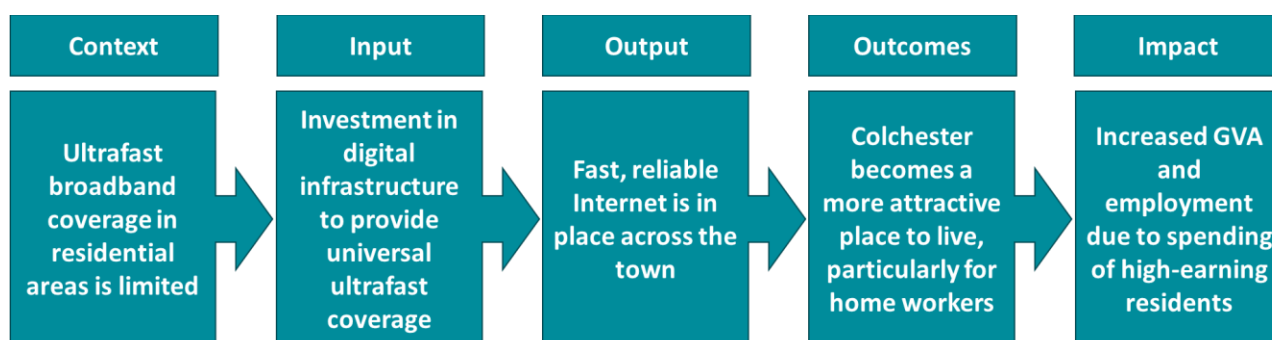
2.6 Potential investment priorities

Based on the above SWOT analysis, a set of high-level priorities for investment to support Colchester's economic growth and quality of life has been drawn up. In discussing these, it is important to be clear about what they can be expected to achieve and whether or not they are within the scope of investment for Town Deal funding. Therefore, we illustrate the impact of interventions through logic mapping (context-input-output-outcomes-impact) and make it clear if they are beyond the scope of the Town Deal. We also discuss the relative importance of the investments.

Residential broadband investment

Two of the biggest economic opportunities available to Colchester are the further growth of the creative and digital economy and the attraction of high-earning London commuters who may work from home more in future. They rely on providing **fast, reliable Internet in residential areas** – not just in the town centre and new commercial developments. Given the potential for national full fibre rollout to erode Colchester's current advantage in digital infrastructure, continuing to address this is a **very high priority**.

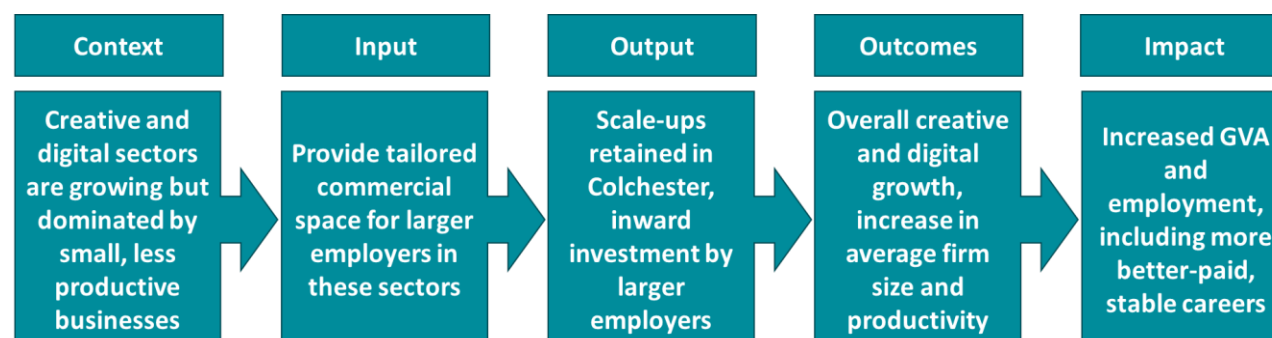
Figure 24: Logic map - residential broadband investment



Providing employment space for large creative and digital employers

The creative and digital economy is a rapidly emerging strength of Colchester's. It is dominated, however, by small and generally less productive employers. By **providing space suitable for larger creative and digital businesses**, Colchester can encourage scale-up and larger inward investments, creating more productive (and therefore better-paid) skilled jobs. Large employers may also be able to offer more stable employment and opportunities for career progression. Given the existing strength in these sectors, there is strong potential to realise a significant economic opportunity here, making it a **very high priority**.

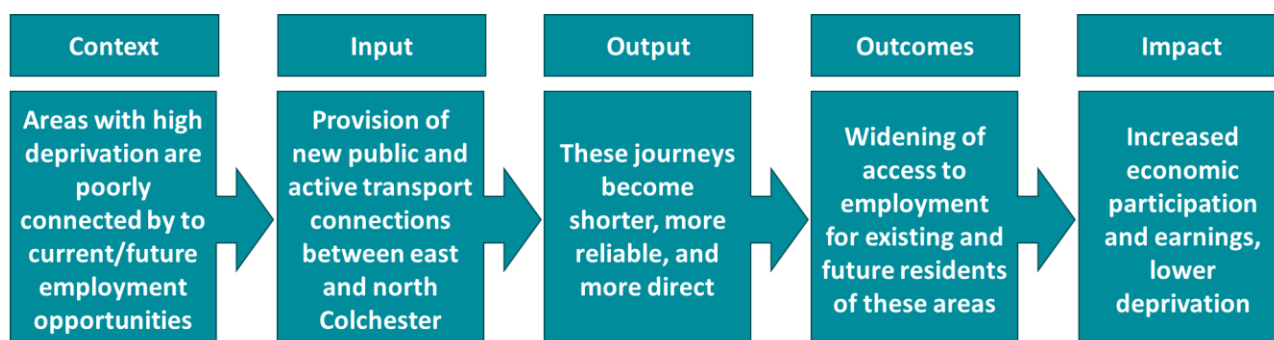
Figure 25: Logic map - providing employment space for large creative and digital employers



Connecting deprived areas and employment centres

If Colchester's future economic growth is to be inclusive, it needs to lift up the economic prospects of the most deprived areas. One way of doing this is to **improve public and active transport connections between deprived areas and employment centres** both within Colchester and in the wider region (i.e. via the station) – both via new, direct connections and integration of existing public transport with the RTS. This will open up new opportunities for residents of deprived areas, make them more attractive places to live, and support the growth of Colchester's employment centres through better access to labour. The reduced deprivation that would result brings with it a lowering of associated social costs like crime, health inequalities, and welfare dependency. The economic, environmental, and equality benefits this could bring make it a **high priority**.

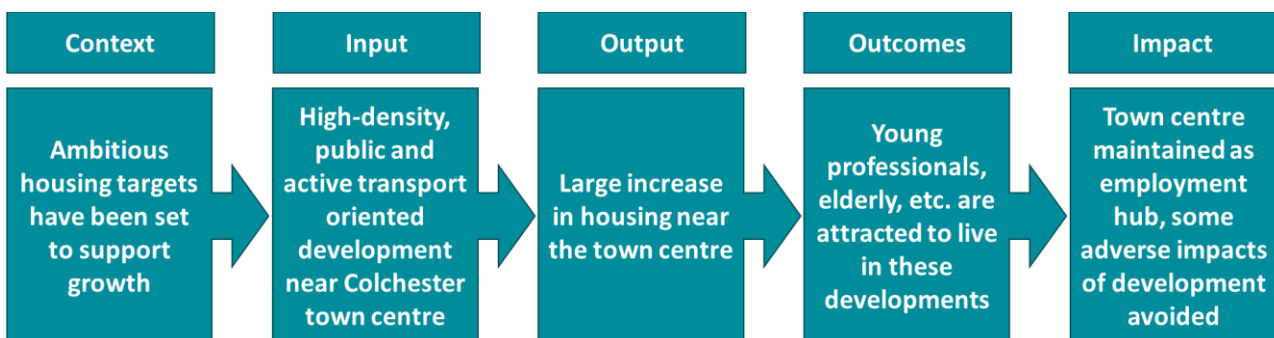
Figure 26: Logic map - connecting deprived areas and employment centres



Residential development near the town centre

To support its rapid population and economic growth without creating housing affordability problems, Colchester needs to meet its ambitious housebuilding targets. It needs to find ways of doing this that do not create or intensify quality of life issues such as congestion or loss of local green space. In particular, following the verdict on the Colchester Braintree Borders Garden Community, more housing will need to be allocated in Colchester itself. Therefore, **increasing and intensifying development in and immediately around the town centre** could meet some of Colchester's housing need, while avoiding these problems, which often generate local opposition to development. It would also increase the population with ready access to the town centre, helping to maintain employment there. Sustainably meeting housing need is vital, so this is a **high priority**.

Figure 27: Logic map - residential development near the town centre



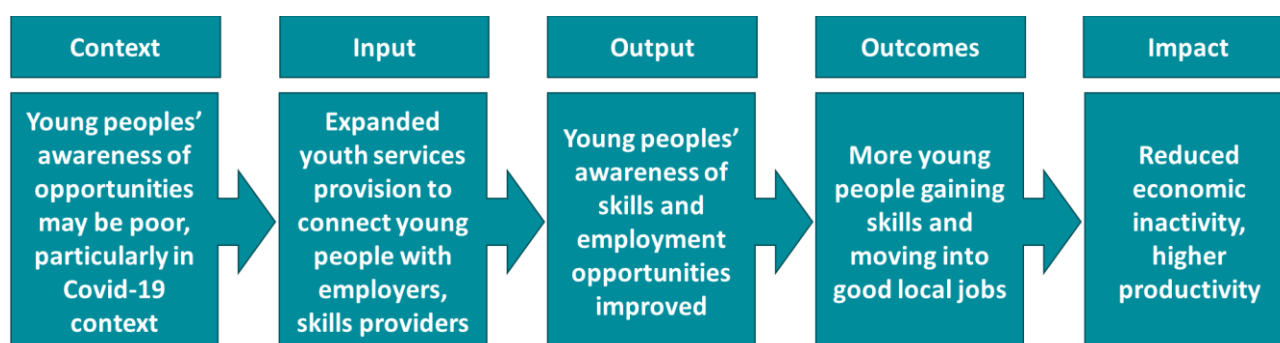
Improving youth services

Colchester has a young, skilled population that can help it to achieve its full economic potential. Further intervention may be needed to achieve this:

- Colchester’s economy has seen rapid changes in recent years. Stakeholders have reported that public awareness of growth in the creative, digital, and leisure sectors is low – it therefore follows that young people may not be aware of employment opportunities available here.
- Any labour supply gaps – both skilled and unskilled – may be exacerbated following Brexit, depending on the final outcome.
- The economic impact (if not the health impact) of Covid-19 has fallen most heavily on younger people as employment and especially education have been disrupted. It is important to ensure that affected young people do not ‘fall through the cracks’ into economic inactivity or underemployment.

Bringing together employers, skills providers, and young people themselves can help to ensure improved awareness of qualifications, training, and jobs available, and to improve job matching between employers and employees. This may take the form of **new or improved youth services provision**, including existing youth centres or the new ‘Youth Zones’ model. This can help to improve overall economic growth, and to ensure that it is inclusive. It is therefore a **high priority**.

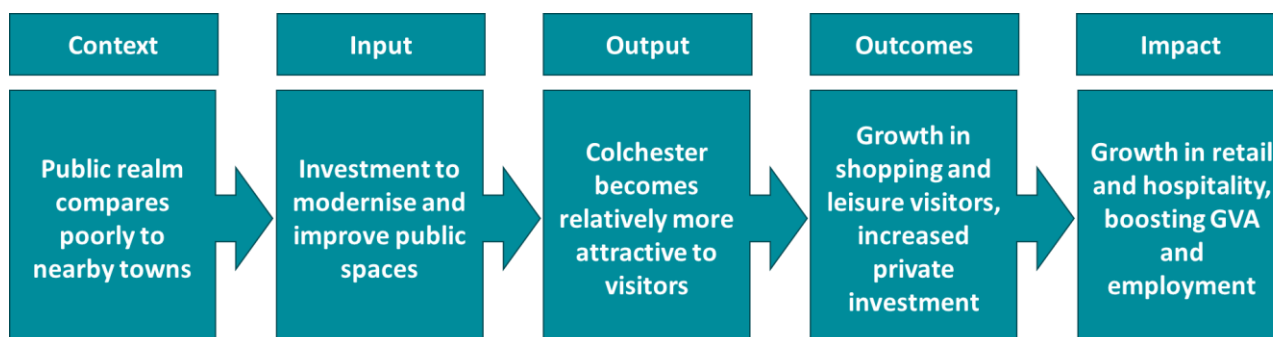
Figure 28: Logic map - improving youth services



Investing in public realm

The quality of Colchester’s public realm, particularly relative to places like Chelmsford and Ipswich, has been identified as a weakness which limits its potential for growth as a shopping and leisure destination. It also means that Colchester’s significant heritage assets are not fully utilised – for example development of the area around it may spur investment in Jumbo Water Tower (currently privately-owned), which has the potential to be a distinctive visitor attraction. **Investment to upgrade public realm** could therefore help to bring more shoppers and visitors into the town, unlocking further private investment in sectors like leisure and hospitality. This would deliver growth and employment benefits and is therefore a **high priority**.

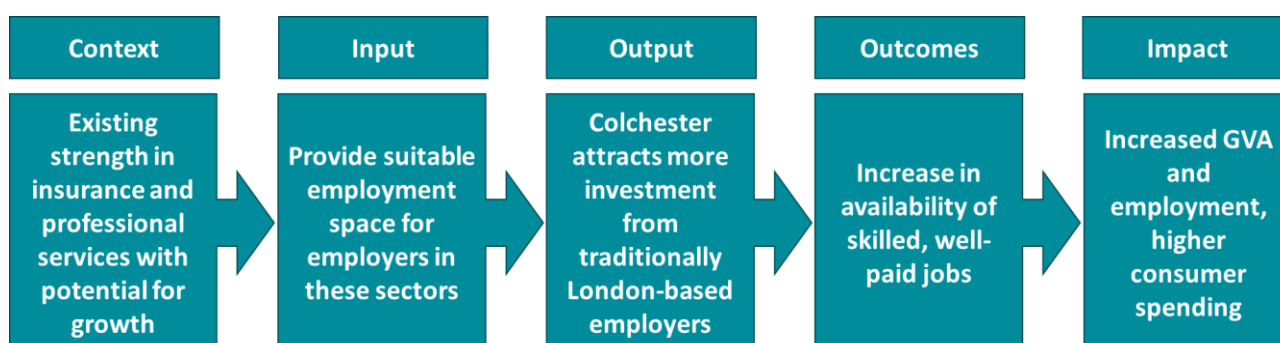
Figure 29: Logic map - investing in public realm



Providing employment space for finance, insurance, and professional services

Colchester already hosts some employers in traditionally London-based, white collar industries like finance, insurance, and professional services – like many locations on the Great Eastern Main Line these companies see it as a suitable place to locate back-office functions (alongside some core operations). Hiscox is a long-standing example, whilst Birkett Long and Aston Lark have located in Colchester more recently. This is a strength but not a highly distinctive one; there are for instance major insurance operators in other towns and cities along the Great Eastern Main Line into London, namely Chelmsford (Aon), Ipswich (Willis Towers Watson, AXA), and Norwich (Aviva). The likely growth of remote working following Covid-19 may encourage these industries to expand in locations outside London but well connected to it. Existing connectivity from Liverpool Street and Stratford to central London employment centres is set to improve following the opening of the Elizabeth Line. Colchester therefore stands to attract more of this highly-skilled, highly-productive employment by **providing office space suitable for knowledge-intensive service industries**. As it is not distinctive to Colchester, it is important to be realistic about the scale of this opportunity – nevertheless it is an existing strength to build on and therefore a **medium priority**.

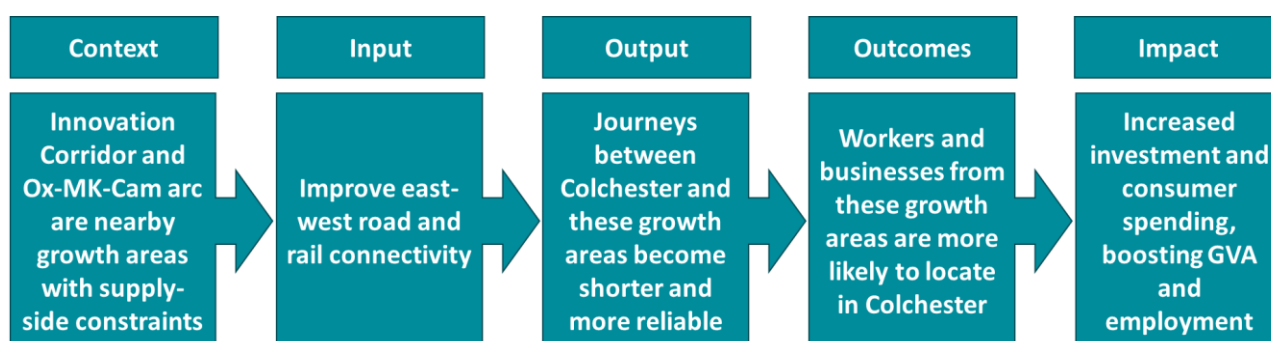
Figure 30: Logic map - providing employment space for finance, insurance, and professional services



Securing improved east-west connectivity

Colchester is close to the Innovation Corridor (London Stansted Cambridge Corridor), but is relatively poorly connected to it, limiting opportunities from the international connectivity at Stansted Airport and clusters of knowledge-intensive activity throughout the corridor. The corridor is experiencing severe supply-side constraints to its growth, presenting an opportunity for Colchester. Cambridge is also part of the Oxford-Milton Keynes-Cambridge arc, another growth area and one which will shortly become better connected with East West Rail (and possibly the Oxford-Cambridge Expressway). Lobbying for **investment in road and rail links to the west** is therefore a **high priority** for Colchester, though one which is **beyond the scope of Town Deal funding**.

Figure 31: Logic map - securing improved east-west connectivity



3 Narrative

Colchester has many reasons to be positive about its economic performance and growth prospects. Its connection to London allows it to serve as a home for affluent commuters and professional services employers. A bold, trailblazing approach to digital infrastructure, a young, skilled population, and the nearby University of Essex are driving the growth of modern creative industries ranging from digital marketing to computer gaming. It is near an international airport, seaport, and the city of Cambridge, perhaps the UK's most dynamic centre of knowledge-intensive industry outside London. Its unique Roman and Norman history, nearby coast and countryside, and improving retail and cultural offer all contribute to a growing and increasingly upmarket visitor economy.

Despite these strengths, Colchester is clearly not fulfilling its economic potential. Whilst it does not face the severe deprivation challenges seen in some parts of the region, it falls short on measures of earnings and productivity. Whilst the abundance of creative start-ups in Colchester is exciting, more large employers are needed to deliver higher productivity and better-paid careers, and pivot Colchester's employment away from a reliance on low productivity sectors. Strategic and local transport challenges limit Colchester's ability to benefit from the centres of knowledge-intensive activity to its west, and its poorest citizens' ability to benefit from growing opportunities in the town itself. Poor public realm in parts of the town centre and under-utilisation of heritage assets represent a barrier to Colchester realising its ambitions to establish itself as a retail, leisure, and short break destination. As long as these weaknesses persist, the town will continue to fall short of what it could achieve for residents, investors, and visitors.

In the current context of Covid-19, a changing relationship with the EU, and rapid technological change, the future is more uncertain than ever. Nevertheless, it clearly poses both challenges to and opportunities for Colchester's economic growth. Preparing for and responding appropriately to these is essential.

The pandemic has led to a fundamental rethinking of how work can and should be organised, following the enormous experiment in home working which resulted from lockdown. More home working in the future will lead to increased spend in the local economy by high-earning London workers, helping to create employment for other residents and maintain the town centre as an employment location. Furthermore, people currently living and working in London who no longer need to travel to an office every day may consider moving further out, for example to Colchester, in order to enjoy lower property prices and better access to green space. Future housing policy should aim to support this by providing quality homes which are suitably located and well-connected both physically and digitally – for instance forthcoming public and active transport improvements can ensure that growth and development do not compromise quality of life or sustainability objectives by creating pollution and congestion problems.

Colchester can also take the opportunity, when investing in new commercial space, to factor in a likely shift in demand away from the traditional office environment towards flexible co-working; this is particularly important for digital and creative industries, which could transform Colchester's economic performance and its residents' prospects if given the space and infrastructure to grow into larger, more established businesses.

Colchester has also had some success in attracting employers in the legal and financial sectors, who require a good connection to central London – something which Colchester already enjoys, and which will improve significantly once the full extent of the Elizabeth Line is in operation. These companies create stable, high-earning jobs so building on this strength by providing appropriate commercial space, housing, and transport infrastructure is a further major opportunity for Colchester. It should be stressed

once again that the capital is not the only nearby centre of high-skilled employment – Cambridge, while smaller, is a world leading centre in a range of science and technology based sectors and also faces constraints to growth. As long as Colchester’s road and rail connectivity to it remain poor, however, the opportunities it presents will be largely unrealised. Addressing these issues would allow Colchester to benefit fully from its proximity to some of the most dynamic areas of scientific and digital activity in Europe and from major investments like East West Rail.

At present the Colcestrian economy is, however, heavily dependent on retail and hospitality. These sectors were hardest-hit by lockdown, and will face prolonged difficulties and constraints. A significant number of businesses may not survive, and this could both cause immediate economic problems, threatening the growth of Colchester’s creative economy and prospects as a shopping and visitor destination. A further risk factor is the persistent turmoil in the aviation industry caused by Covid-19, diminishing the opportunities for Colchester from nearby Stansted Airport.

The success of the creative economy thus far has been driven by Colchester’s distinctive ultrafast broadband network, but national full fibre rollout could undermine this advantage. Therefore it is imperative that planned investments in 5G and residential digital infrastructure proceed successfully – in this way Colchester can continue to support modern businesses and home workers.

Concluding remarks

Colchester has a distinctive and truly exciting set of opportunities. Its performance on measures such as productivity and earnings demonstrates that these have not yet been fully translated into economic strength and high standards of living – but they can be. We Are Colchester identified three themes for investment, and this research reinforces them as priorities for economic growth which is both sustainable and inclusive.

- **How We Live:** Improving Colchester’s public realm and promoting its arts, culture, and heritage are vital to building on the town’s status as a retail and visitor destination – a source of both civic pride and employment growth. Improving quality of life and ensuring that it is not compromised by development is a worthwhile end in itself, and will make Colchester more appealing to high-earning home workers.
- **How We Grow:** To address its persistent productivity challenges, Colchester needs to support scale-ups and inward investment, for instance through the continued provision of suitable employment space. A focus on skills will ensure that these opportunities are inclusive.
- **How We Connect:** Colchester’s most distinctive economic strength is its growing creative and digital economy, and it makes sense to build on this by staying competitive in digital infrastructure. This will also support increased home working. There are also physical connectivity and public transport challenges – addressing these will ensure that growth is sustainable and not accompanied by congestion and air quality issues.

By investing to address the challenges which hold back its growth and build on existing strengths, Colchester can improve its citizens’ lives, provide economic opportunities for residents elsewhere in the region, and make a much greater contribution to the UK’s ambitions for modern, sustainable growth.