

# **Ipswich Economic Area Sector Needs Assessment Final Report**

Ipswich Borough Council, Babergh District Council, Mid Suffolk  
District Council, Suffolk Coastal District Council

September 2017

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## Executive Summary

Lichfields has prepared this Sector Needs Assessment (SNA) on behalf of Ipswich, Babergh, Mid Suffolk and Suffolk Coastal councils. The purpose of the SNA is to provide a 'business as usual' assessment of the current and future growth potential of key sectors of the economy to help inform planning policy approaches to accommodating future economic growth and business needs across the Ipswich Economic Area (IEA).

Forecasts of employment growth for each sector have been sourced from the 2016 East of England Forecasting Model (EEFM) for the period 2014-2036. These forecasts represent a 'business as usual' trajectory of growth based on recent economic trends within the study area and provide a starting point view of how the IEA's economy may change over the coming years. Job growth that is higher than indicated by the EEFM could be brought about by policy or development interventions, and this is explored through consultation with a range of stakeholders including commercial agents, industry representatives and business organisations. Existing information and data sources relevant to each sector are also integrated within the analysis.

The key findings are as follows:

- 1 Between 2001 and 2016, the population of the IEA grew by nearly 12%. Nearly a third of the population growth (some 30% of the IEA total) occurred within Ipswich. Over this period, employment in the IEA saw steady growth of 7.9%. This growth was unevenly distributed across the four IEA authorities, with Suffolk Coastal seeing employment growth of 13.4%, while Mid Suffolk saw much more modest growth of 1.6%. All four authorities have shown strongest growth from 2013 onwards.
- 2 The 2016 EEFM indicates an increase in the total number of jobs in the IEA of 37,070 over the 22 years to 2036, driven by Ipswich and followed by Suffolk Coastal, Mid Suffolk and Babergh. About 8,140 of these jobs are expected to fall within 'B use class' sectors (i.e. offices, industry and warehousing), again with Ipswich anticipated to drive this growth. Across all authorities, office based jobs are expected to record the most significant growth, and to a much lesser extent, distribution based jobs. Manufacturing based jobs are forecast to decline across each authority area over the period to 2036.
- 3 When translated into spatial requirements, the 2016 EEFM forecasts imply a lower overall scale of employment land requirements across the IEA when compared with earlier 2014 EEFM data used in the 2016 Ipswich and Waveney Employment Land Needs Assessment (ELNA). This position is echoed across each individual local authority area with the exception of Ipswich where there is a projected increase in requirements.
- 4 In terms of key economic sectors, the main growth trends are summarised below with further detail set out in the body of the report:

- a **Agriculture** – employment is forecast to decline in this sector by 2,300 jobs (-38%), but growth opportunities exist through the promotion of agri-tech which is also supported by the New Anglia LEP. This presents opportunities particularly for Babergh, Mid Suffolk and Suffolk Coastal.

In overall terms, the analysis suggests that the IEA has some real strengths in agriculture related sectors and emerging USPs and competitive advantage within food and drink and agri-tech sub sectors in particular, and this provides a key area of opportunity for growth over the coming years. Whilst employment in agriculture has increased across the IEA over recent years, the latest EEFM forecasts imply a reversal of this trend going forward. As with other sectors, the IEA will need to adapt to the gradual replacement of more traditional agricultural related activity with higher value, higher tech activity which builds upon the area's existing strengths. This is likely to place an increasing emphasis upon provision of high quality business accommodation within those key areas of market demand across rural areas of Babergh, Mid Suffolk and Suffolk Coastal and within existing, specialist clusters such as Innovation Martlesham.

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- b **Business and professional services** – forecast growth of 12,400 jobs (+31%), with the majority of associated demand for office space focused within Ipswich town centre and at Martlesham Heath/Adastral Park. Ipswich has a particular strength in financial and insurance services, whilst there are also developing specialisms in creative and digital sectors. New office developments will be required in accessible locations within and close to Ipswich, for example the Princes Street Enterprise Zone, as well as potential smaller-scale growth in the A12 and A14 corridors, Felixstowe and Sudbury.

The nature of business and professional services means that the pattern of activity is inevitably dispersed widely across the IEA with many sub sectors and activities lending themselves to flexible and remote working practices (such as homeworking). Whilst larger firms will always seek to concentrate within key commercial centres to benefit from existing networks, the focus of provision of accommodation for business and professional services activity going forward will also need to be placed upon good quality, modern space within a range of out of town and semi-rural locations that benefit from strong connectivity and also proximity to key settlements across the IEA. For some sectors, there will also be a reducing requirement for large scale, large floorplate premises and a preference for flexible premises that provide opportunities for 'agile' working practices and arrangements.

- c **Computing and technology** – forecast growth of 680 jobs (+12.2%) with businesses mainly clustered around Ipswich, Martlesham Heath/Adastral Park and Woodbridge. This sector is supported by the New Anglia LEP with planned investment in the form of new broadband infrastructure and the government-backed Technology Innovation Centres (TICs) which will support growth opportunities. The Tech Nation 2017 report notes that the Ipswich area is one of the UK's key locations for computing and technology and alongside Martlesham Heath/Adastral Park, will be particularly important for the continued growth of this sector.

Whilst the overall trend across the IEA over recent years has been one of job decline within computing and technology, the analysis suggests that the inherent USPs of the area as a place to start and grow a computing and technology related business (not least the presence of Adastral Park) could be sufficient to encourage and sustain a much higher level of economic growth over the study period to 2036 than implied by the latest baseline EEFM forecasts. Notwithstanding the centre of excellence and cluster of activity accommodated at BT's global research and development HQ, sector growth strategies going forward should consider how other parts of the IEA can benefit from Adastral Park's success and profile, and what type of infrastructure and business premises are needed to encourage computing and technology related growth within other complementary locations such as Ipswich town centre and Woodbridge. Provision of high quality superfast broadband will be key, as will availability of high specification office space and a supporting network of funding opportunities, skills provision and a talented workforce pipeline.

- d **Construction** – this is forecast to be the fastest-growing sector to 2036, with growth of 7,400 jobs (+48%). This sector is distributed fairly evenly across the four local authorities and the projected growth reflects this. Firms are clustered in Ipswich, along the A12 and A14 corridors, as well as in Felixstowe and Sudbury. Feedback indicates some consolidation in the sector, particularly to a smaller number of larger offices which could increase demand for this type of premises. The development of Sizewell C would present a significant opportunity for the sector locally, although this could impact the supply of workers for other development projects.

At a macro level, the construction sector is expected to record significant levels of employment growth over the coming years and this position is echoed across the IEA. The key transport corridors represent prime areas of market demand, while smaller District settlements also represent popular locations for more localised construction based firms and this should be reflected and supported within forthcoming planning policy relating to employment land provision.

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- e **Education** – forecast growth of 1,500 jobs (+9%) which mainly reflects growth of population increasing demand for education services, particularly in Ipswich. Early years, primary and secondary education facilities are planned through their own organisation plans, but wider opportunities could arise from the expansion of the University of Suffolk and Innovation Martlesham (amongst others).

Elsewhere, planned development in the other local authorities also presents an opportunity to create demand for additional schools and associated employment, albeit future growth and development plans will inevitably be shaped by statutory agencies rather than ‘market demand’ per se. The role of ‘Greater Ipswich’ as a centre for education provides a key opportunity to grow and further accelerate the IEA’s education offer and employment growth potential going forward, as well as securing the step changes needed in workforce skills, particularly in science and technology.

- f **Energy, waste and utilities** – there is very limited forecast change in employment in this sector, although it is identified as a growth sector by the New Anglia LEP. The presence of Sizewell means that Suffolk Coastal has particular representation in energy activities, and there could be a significant uplift in employment levels if Sizewell C proceeds, both directly and through associated supply chains. The New Anglia LEP and East of England Energy Group are hoping to promote and develop East Anglia’s offshore wind sector, and the expansion of this industry as well as biomass projects also indicate greater scope for growth than implied by the forecasts.

In overall terms, the energy sector tends to be relatively self-contained within the IEA, and concentrated across a small number of key sites and locations. In employment terms, the sector has recorded limited levels of growth historically. In absence of strong anticipated future growth, the key component of economic growth going forward is therefore likely to be increased productivity, and generating higher levels of economic output from existing assets and workforce. For this reason the LEP identifies energy as one of five high impact sectors which offer the opportunity for rapid growth in absolute terms and productivity. In addition to energy assets themselves, supply chain linkages with other sectors such as agriculture are also significant. For the most part, premises requirements amongst energy related companies do not differ too far from other sectors, so a flexible approach will be required to accommodate sector growth going forward, alongside crucial infrastructure improvements and a clearer skills strategy to develop workforce skills courses in environmental sciences and energy related subjects.

- g **Health and care** – forecast growth of 7,400 jobs (+28%) which mainly reflects growth of population increasing demand for health services and an ageing population demanding care facilities. These activities are located across the IEA but focused in the main population centres. Public health services will be planned by the Ipswich and East Suffolk Clinical Commissioning Group, whilst private care facilities will be driven by private providers. Should the population of the IEA grow at a faster than projected rate, the demand for health and care services will increase.

The LEP recognises that there is likely to be an ever increasing demand on health and social care services in the future and from a practical perspective this is likely to place increased pressure upon development sites across the IEA to accommodate an increase in provision, particularly within accessible locations and urban extensions. Workforce skills represents another key challenge for health and care related growth across the study area over the coming years, with the Clinical Commissioning Group recognising the need to up-skill current members of the workforce and collaborate with local universities (e.g. University of East Anglia and University of Suffolk) to develop a workforce that is capable of responding to changing patient needs and demands.

- h **Hospitality and leisure** – employment is expected to grow by 7,500 jobs (+37%), with Ipswich and Suffolk Coastal currently having the highest levels of representation and, in turn, are forecast to see the highest absolute growth in the sectors. Tourism is an important part of this sector reflecting both the cultural offer and natural environment. Future growth of restaurants, cafes and other leisure facilities will be mainly focused in the main towns and tourism centres.
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In light of recent fluctuations and limited employment growth within the hospitality and leisure sector across the IEA, strong forecast job growth over the period to 2036 represents an encouraging trend and significant opportunity. Given the wide range of facilities that make the IEA attractive as a leisure destination, any strategy to support future growth will need to be suitably flexible and responsive to changing sector needs and demands, including factors relating to business premises, growth and expansion. A key focus going forward will also be upon improving productivity within the sector and competitiveness at a regional and national scale, and making the most of cross sector synergies and collaborations with other high impact sectors such as ICT and digital creative.

- i **Manufacturing** – this sector is forecast to decline by 4,800 jobs (-29%) by 2036, continuing the recent trend of job contraction. Notwithstanding this, the IEA is generally regarded as a strong industrial location in market terms, particularly along transport corridors including the A14, A140 and A12 corridors. Whilst the employment forecasts are negative overall, growth opportunities have been identified in higher value sub-sectors including advanced manufacturing and engineering. Sector-focused technology parks and enterprise parks with scope for university and research collaboration will be required to support these opportunities going forward.

Whilst the evolution and restructuring of the manufacturing sector is ongoing, local strategies for supporting continued manufacturing growth will need to take account of macro sector drivers such as the scope to promote co-location of R&D with production to maintain and build ‘industrial commons’, diversify the supply of manufacturing workers to avoid future shortfalls and ensure that manufacturers utilise future workers effectively.

- j **Retail** – this sector is forecast to grow by 2,780 jobs (+14%), over half of which is expected within Ipswich. The locational focus is within Ipswich town centre and various out-of-town retail parks, as well as other centres such as Stowmarket, Sudbury, Woodbridge and Saxmundham, and these locations will be the focus of future floorspace needs. Recent Retail Studies have been undertaken to estimate the overall spatial requirements that will be needed to accommodate growth in the IEA’s retail sector over the coming years, and these will be used to inform planning policy.

The retail sector has faced a series of structural challenges over recent years and this is reflected at the IEA level through fluctuating levels of employment and overall employment decline across all areas except Suffolk Coastal in recent years. The overall ‘retail hierarchy’ described above provides a strong basis for guiding future retail development across the IEA, whilst recognising the changing nature of consumer spending patterns and developer requirements, and building suitable flexibility into planning policy to enable key IEA centres to respond positively and effectively to these changing demands and retail trends.

- k **Transport and logistics** – employment is expected to grow by 960 jobs (+4.7%), and is mainly focused around the A12 and A14 corridors and port-related activities at Felixstowe. Expansion and diversification of activities at Felixstowe has been identified as a significant growth driver for this sector, in particular port-centric distribution centres which would likely be located along the A14 with good connectivity to the Port. If these opportunities can be realised, this could significantly enhance the job growth potential within transport, logistics and related sectors across the IEA and in turn, increase demand for land in strategic locations to facilitate this type of activity.

In overall terms, baseline growth forecasts for transport and logistics employment and activity across the IEA are relatively modest and are generally not considered to reflect the scale of growth potential that exists within the study area. The LEP identifies ports and logistics as one of four underpinning sectors, generating substantial freight activity along road/rail corridors to UK hubs. The ports in particular are closely linked to other sectors including energy products and offshore installation and maintenance, and represent an important component of the IEA’s economy. Wider infrastructure issues provide potential barriers to future development and growth of the sector over the coming years and would need to be overcome, including A14 congestion between Felixstowe and Ipswich.

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- 1 **Wholesale and distribution** – employment is forecast to grow by 1,050 jobs (+11%), with key locations for the sector being the A14 corridor in Mid Suffolk, Felixstowe and to the west and south-east of Ipswich. This sector is highly inter-related with transport and logistics, and therefore expansion of activities at the Port of Felixstowe would also potentially create opportunities for this sector. Transport linkages and provision of strategic infrastructure represent the key drivers and challenges for growth in this sector going forward.

Wholesale activity and employment is fairly well dispersed across the IEA and data analysis underlines the important role played by a number of centres – both small and large – in accommodating this activity. The spatial pattern of demand largely mirrors the transport and logistics sector – i.e. with a key emphasis upon the A14 corridor extending from the Port of Felixstowe to Stowmarket – but also comprises some of the IEA’s smaller settlements away from the strategic road network such as Sudbury and Woodbridge, which remain popular with smaller scale wholesale firms serving a local market or customer base.

This SNA study identifies a wide range of locally specific factors and drivers of change which are likely to influence economic growth across the IEA over the study period to 2036. These will inevitably play out in different ways across different sectors and geographies but represent important factors to consider alongside the latest ‘baseline’ EEFM forecasts within the context of planning for economic growth, diversification and change. For instance, the IEA is home to a number of economic assets and USPs (such as the Port of Felixstowe and BT Campus at Adastral Park); some of these have ambitious growth and (re)development plans which in many cases will place additional requirements and demand upon business space and land to accommodate future growth across the IEA.

For this reason, quantitative forecasts have been triangulated with a range of other sources of data and intelligence through this study to arrive at an overall view of sector growth prospects across the study area. The EEFM employment projections should be considered as an important starting point when considering the economic growth potential of the IEA, rather than a definitive guide or prescriptive requirement.

This SNA focuses upon demand side drivers and factors to consider the economic growth potential of the IEA over the coming years. The ability of each local authority area, and the IEA as a whole, to accommodate identified needs will inevitably be determined by a range of supply side factors, and these are considered in further detail within the IEA Employment Land Supply Assessments (ELSAs).

# Contents

|            |                                                  |           |
|------------|--------------------------------------------------|-----------|
| <b>1.0</b> | <b>Introduction</b>                              | <b>1</b>  |
|            | Background to Study                              | 1         |
|            | Scope of Study                                   | 1         |
|            | Study Methodology                                | 3         |
|            | Structure of Report                              | 4         |
| <b>2.0</b> | <b>Spatial Overview</b>                          | <b>5</b>  |
|            | Study Area                                       | 5         |
|            | Spatial Profile                                  | 6         |
|            | Property Market Geography                        | 8         |
|            | Economic Trends                                  | 10        |
| <b>3.0</b> | <b>Updated Employment Space Requirements</b>     | <b>25</b> |
|            | Methodology                                      | 25        |
|            | Baseline EEFM Job Growth                         | 25        |
|            | Employment Space Requirements                    | 29        |
|            | Land Requirements                                | 31        |
|            | Summary                                          | 32        |
| <b>4.0</b> | <b>Agriculture Sector</b>                        | <b>34</b> |
|            | Employment                                       | 34        |
|            | Sector Growth Potential                          | 40        |
|            | Existing Evidence on Sector Needs                | 42        |
|            | Consultation Feedback                            | 43        |
|            | Summary                                          | 44        |
| <b>5.0</b> | <b>Business and Professional Services Sector</b> | <b>45</b> |
|            | Employment                                       | 45        |
|            | Business Floorspace                              | 50        |
|            | Market Trends and Signals                        | 55        |
|            | Sector Growth Potential                          | 57        |
|            | Existing Evidence on Sector Needs                | 61        |
|            | Summary                                          | 61        |
| <b>6.0</b> | <b>Computing and Technology Sector</b>           | <b>63</b> |

---



|             |                                           |            |
|-------------|-------------------------------------------|------------|
|             | Employment                                | 63         |
|             | Market Trends and Signals                 | 69         |
|             | Sector Growth Potential                   | 71         |
|             | Existing Evidence on Sector Needs         | 73         |
|             | Consultation Feedback                     | 74         |
|             | Summary                                   | 74         |
| <b>7.0</b>  | <b>Construction Sector</b>                | <b>76</b>  |
|             | Employment                                | 76         |
|             | Market Trends and Signals                 | 81         |
|             | Sector Growth Potential                   | 83         |
|             | Existing Evidence on Sector Needs         | 84         |
|             | Consultation Feedback                     | 85         |
|             | Summary                                   | 86         |
| <b>8.0</b>  | <b>Education Sector</b>                   | <b>87</b>  |
|             | Employment                                | 87         |
|             | Business Floorspace                       | 92         |
|             | Sector Growth Potential                   | 93         |
|             | Existing Evidence on Sector Needs         | 95         |
|             | Summary                                   | 96         |
| <b>9.0</b>  | <b>Energy, Waste and Utilities Sector</b> | <b>97</b>  |
|             | Employment                                | 97         |
|             | Sector Growth Potential                   | 103        |
|             | Existing Evidence on Sector Needs         | 105        |
|             | Consultation Feedback                     | 106        |
|             | Summary                                   | 106        |
| <b>10.0</b> | <b>Health and Care Sector</b>             | <b>108</b> |
|             | Employment                                | 108        |
|             | Business Floorspace                       | 113        |
|             | Sector Growth Potential                   | 118        |
|             | Existing Evidence on Sector Needs         | 119        |
|             | Summary                                   | 120        |
| <b>11.0</b> | <b>Hospitality and Leisure Sector</b>     | <b>122</b> |

---

|             |                                       |            |
|-------------|---------------------------------------|------------|
|             | Employment                            | 122        |
|             | Business Floorspace                   | 127        |
|             | Sector Growth Potential               | 132        |
|             | Existing Evidence on Sector Needs     | 134        |
|             | Summary                               | 136        |
| <b>12.0</b> | <b>Manufacturing Sector</b>           | <b>138</b> |
|             | Employment                            | 138        |
|             | Business Floorspace                   | 143        |
|             | Market Trends and Signals             | 148        |
|             | Sector Growth Potential               | 151        |
|             | Existing Evidence on Sector Needs     | 153        |
|             | Summary                               | 154        |
| <b>13.0</b> | <b>Retail Sector</b>                  | <b>156</b> |
|             | Employment                            | 156        |
|             | Distribution of Floorspace            | 161        |
|             | Market Trends and Signals             | 166        |
|             | Sector Growth Potential               | 168        |
|             | Existing Evidence on Sector Needs     | 169        |
|             | Summary                               | 171        |
| <b>14.0</b> | <b>Transport and Logistics Sector</b> | <b>173</b> |
|             | Employment                            | 173        |
|             | Business Floorspace                   | 178        |
|             | Market Trends and Signals             | 179        |
|             | Sector Growth Potential               | 182        |
|             | Existing Evidence on Sector Needs     | 184        |
|             | Consultation Feedback                 | 185        |
|             | Summary                               | 186        |
| <b>15.0</b> | <b>Wholesale Sector</b>               | <b>187</b> |
|             | Employment                            | 187        |
|             | Business Floorspace                   | 192        |
|             | Market Trends and Signals             | 197        |
|             | Sector Growth Potential               | 198        |

---

|             |                                       |            |
|-------------|---------------------------------------|------------|
|             | Summary                               | 199        |
| <b>16.0</b> | <b>Overall Conclusions</b>            | <b>201</b> |
|             | Methodology                           | 201        |
|             | Spatial Context                       | 201        |
|             | Updated Employment Space Requirements | 201        |
|             | Sector Summary                        | 203        |

# Appendices

Appendix 1: Sector Definitions

Appendix 2: List of Consultees

Appendix 3: EEFM 2016 Methodology Note

Appendix 4: Baseline EEFM Projections

## 1.0 Introduction

- 1.1 Lichfields was commissioned by Ipswich Borough Council, Babergh, Mid Suffolk and Suffolk Coastal District Councils (“the Councils”) to prepare a Sector Needs Assessment (SNA) for the Ipswich Economic Area (IEA) covering the local authority areas of Ipswich, Suffolk Coastal, Mid Suffolk and Babergh.
- 1.2 The SNA provides an update on economic growth potential across the IEA by drawing upon the latest macro-economic outlook and assumptions. It also provides further detail on current and future needs associated with key sectors of the economy, to help inform planning policy approaches to accommodating future economic growth and business needs across the IEA as a whole and within the constituent local authority areas.

## Background to Study

- 1.3 An Employment Land Needs Assessment (ELNA) for the Ipswich and Waveney Economic Areas was prepared by Lichfields and published in March 2016. This ELNA was prepared to inform emerging Local Plans for each local authority and set out potential employment land needs to 2031 for the IEA local authority areas and Waveney District. It assessed economic development needs objectively in line with the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG), focusing predominately upon the ‘B use class’ sectors of the economy.<sup>1</sup>
- 1.4 Following publication of the ELNA, the four IEA local authorities commissioned Lichfields to prepare a series of supply side studies to assess the supply of employment land in each of the four authorities in light of identified future requirements to help inform emerging employment policies and allocations. These Employment Land Supply Assessments (ELSAs) draw together updated demand requirements and sector needs identified by this SNA with an up-to-date appraisal of employment land to consider the overall balance in both quantitative and qualitative terms.

## Scope of Study

- 1.5 The purpose of the SNA is to provide the IEA Councils with a ‘business as usual’ assessment of the current and future position of all sectors of the economy. This assessment involves a high level analysis of the relative scale, location and future growth potential (in employment terms) of each sector across the IEA, focusing on the type and location of potential requirements across different sectors.
- 1.6 These sectors cover a range of land use types including B-class sectors as well as A use classes (retail, financial and catering), C use classes (accommodation services), D use classes (community and leisure) and sui generis uses.
- 1.7 The 2016 ELNA forms the first part of the Local Plan economic evidence base. This SNA draws upon and expands analysis contained within the ELNA (rather than duplicating it) and sets out updated employment floorspace requirements based on the latest evidence. The SNA should be read alongside the ELNA.

## Limitations

- 1.8 It should be noted that there are a variety of factors and drivers to consider when objectively assessing business and sector needs for local areas. This study utilises a combination of both quantitative and qualitative analysis, primary and secondary data, to explore these issues within

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<sup>1</sup> That is, those sectors typically requiring B1 Business, B2 General Industrial and B8 Storage and Distribution space.

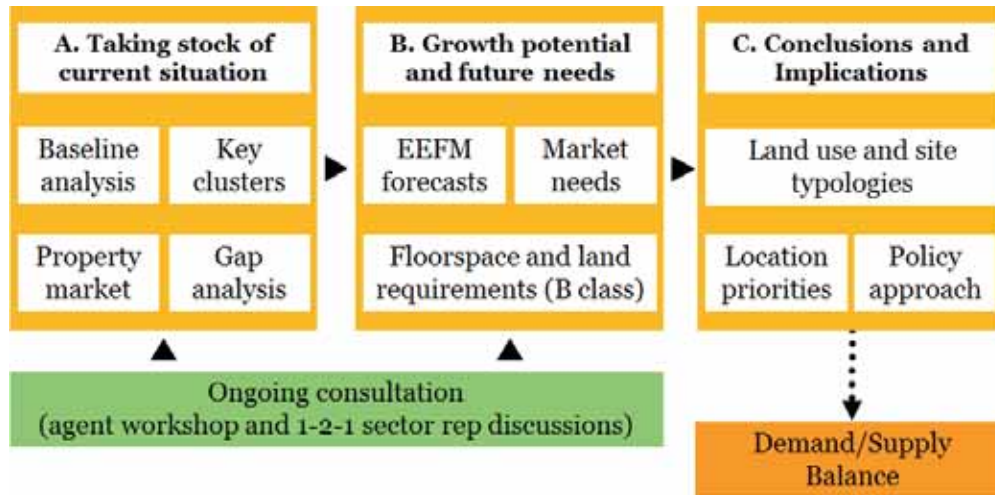
the context of the IEA and synthesises these to draw overarching conclusions and implications. This study has incorporated the latest data and other evidence available at the time of preparation. The accuracy and sources of data derived from third party sources has not been checked or verified by Lichfields.

- 1.9 Given the broad range of sectors considered as part of the study, there are a number of types of data available. For some indicators such as employment, a range of data sources have been used to analyse key trends and patterns, and overall figures may have some differences between different datasets.
- 1.10 Latest forecasts of job growth for the IEA for the period up to 2036 were sourced from the East of England Forecasting Model (EEFM), which is developed to project economic, demographic and housing trends in a consistent fashion across the East of England region and sub-regions. It should be emphasised that such forecasts tend to be most reliable at national and regional scales and consequently less so at the local economy level, but they are widely recognised as a valuable input and can indicate the broad scale and direction of economic growth in different sectors to help assess future employment space requirements. Forecasts of this nature are not a definitive indication of future growth potential; they provide a 'business as usual' view of growth potential and do not take account of planned developments or policies which could drive future economic growth. It should be noted that the latest 2016 EEFM data implies a different trajectory of growth for the study area to the 2014 EEFM data, which was used in the previous ELNA study.
- 1.11 Data on business floorspace has been sourced from the Valuation Office Agency (VOA). The VOA publishes non-domestic business rates data, including addresses and floor areas, which can be used to determine the location and size of business premises in different locations. Availability of detailed floorspace data for individual business premises varies across sectors and locations; for example, a large proportion of entries for education premises do not have floorspace data. The floorspace in a particular location or sector can also change for a number of reasons, including but not restricted to: demolished properties; new entities; reconstitution and alterations. The resulting data analysis and presentation should therefore be treated with a degree of caution.
- 1.12 Data on employment has been sourced from the Inter-Departmental Business Register (IDBR). As with all survey-based datasets, it has a potential limitation that respondents may incorrectly classify their business activity. It also has the potential drawback that it does not include businesses that fall below VAT and PAYE thresholds.
- 1.13 Where applicable, the study draws upon other evidence base work that has been prepared on behalf of the four IEA local authorities, the New Anglia LEP and other organisations. It should be noted that some of this evidence is currently being updated/prepared and has not been available to inform this SNA at the time of preparation. For example, a Retail and Leisure study is currently being prepared for Ipswich Borough Council and Suffolk Coastal District Council to provide evidence of the amounts and types of floorspace which will be required to meet retail, commercial leisure and hospitality requirements in the period to 2036.
- 1.14 An important consideration for any technical work of this type is that the study is inevitably a point-in-time assessment. The study post-dates the outcome of the UK referendum on membership of the European Union (EU) in June 2016, but does not give specific consideration for how the timing and basis for the UK's future exit from the EU could impact national or local economic change given current uncertainty regarding these arrangements. It may therefore be necessary to undertake selective updates to the study once greater economic certainty and clarity is available through econometric forecasts and other indicators.

## Study Methodology

- 1.15 The methodology that has been used to undertake the SNA conforms to the requirements of the NPPF and PPG (insofar as it relates to assessing the demand for business and employment land) and can be summarised in Figure 1.1 below.

Figure 1.1 Study Methodology



Source: Lichfields

- 1.16 For the purposes of analysis, economic sectors have been grouped into 13 broad categories which are largely consistent with the industry classification used within the EEFM<sup>2</sup> and cross-referenced to ONS SIC official definitions. These 13 sector categories cover the whole economy and are summarised below:

- 1 Agriculture
- 2 Business and Professional Services
- 3 Computing and Technology
- 4 Construction
- 5 Education
- 6 Health and Care
- 7 Hospitality and Leisure
- 8 Manufacturing
- 9 Retail
- 10 Transport and Logistics
- 11 Energy, Waste and Utilities
- 12 Wholesale
- 13 Other<sup>3</sup>

<sup>2</sup> Some EEFM sectors have been grouped/amalgamated where appropriate for the purposes of analysis.

<sup>3</sup> Other' category includes mining and quarrying, public administration and other private services. This Other category is not subject to detailed analysis in this study due to the varied mix of activities and different way in which these uses are planned for through the planning system, although commentary is provided where relevant.



- 1.17 Further information about how these sector categories align with EEFM sectors and SIC codes is provided in Appendix 1. Some of these sectors align well with EEFM sector categories, while others (such as energy) cut across a number of EEFM sectors, due to the limitations of standard industrial classifications.
- 1.18 As part of the study, consultation has been undertaken with a range of stakeholders including commercial agents, industry representatives and business organisations. This included a stakeholder workshop which was held in Ipswich on 29 November 2016 as well as a series of one-to-one discussions. A list of study consultees is included at Appendix 2.

## Structure of Report

- 1.19 The remainder of the report is structured as follows:
- **Spatial Overview** (Chapter 2) introduces the study area and provides a spatial profile of key settlements, economic clusters and characteristics.
  - **Updated Employment Space Requirements** (Chapter 3) provides an update of future employment space requirements for B Class sectors across the study area in quantitative terms, drawing on the latest economic forecasts.
  - Chapters 4 to 15 present an **overview of business needs and growth potential** associated with each of the broad sector categories (insofar as they relate to planning for employment development uses) drawing upon published data and consultation with key stakeholders and sector representatives.
  - **Overall conclusions and implications** are presented in Chapter 16.

## 2.0

## Spatial Overview

## 2.1

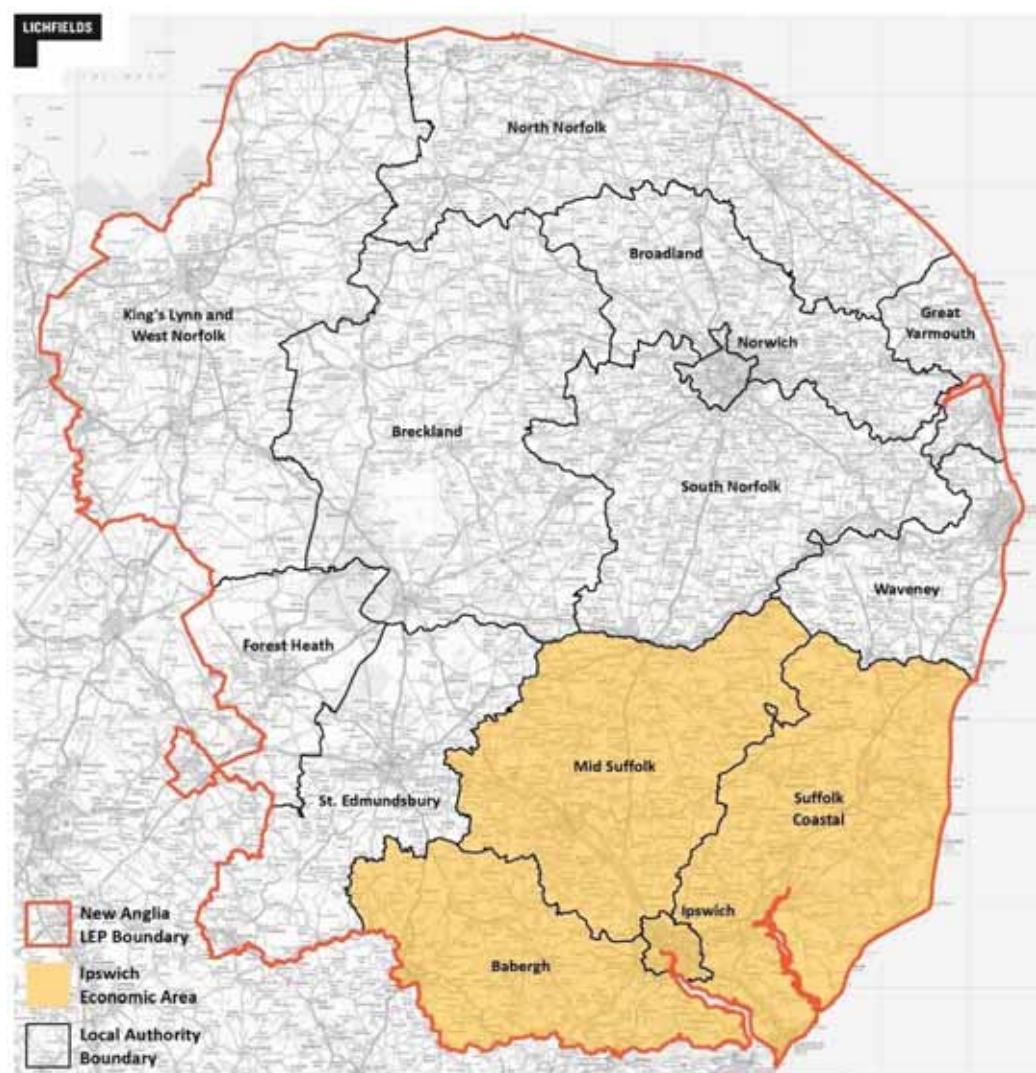
This chapter introduces the study area and provides an overview of key settlements, economic clusters and characteristics in order to frame the SNA study.

### Study Area

## 2.2

The IEA consists of the Borough of Ipswich and the Districts of Babergh, Mid Suffolk and Suffolk Coastal as shown in Figure 2.1 below, and has a total population of around 451,000.<sup>4</sup>

Figure 2.1 Ipswich Economic Area



Source: Lichfields

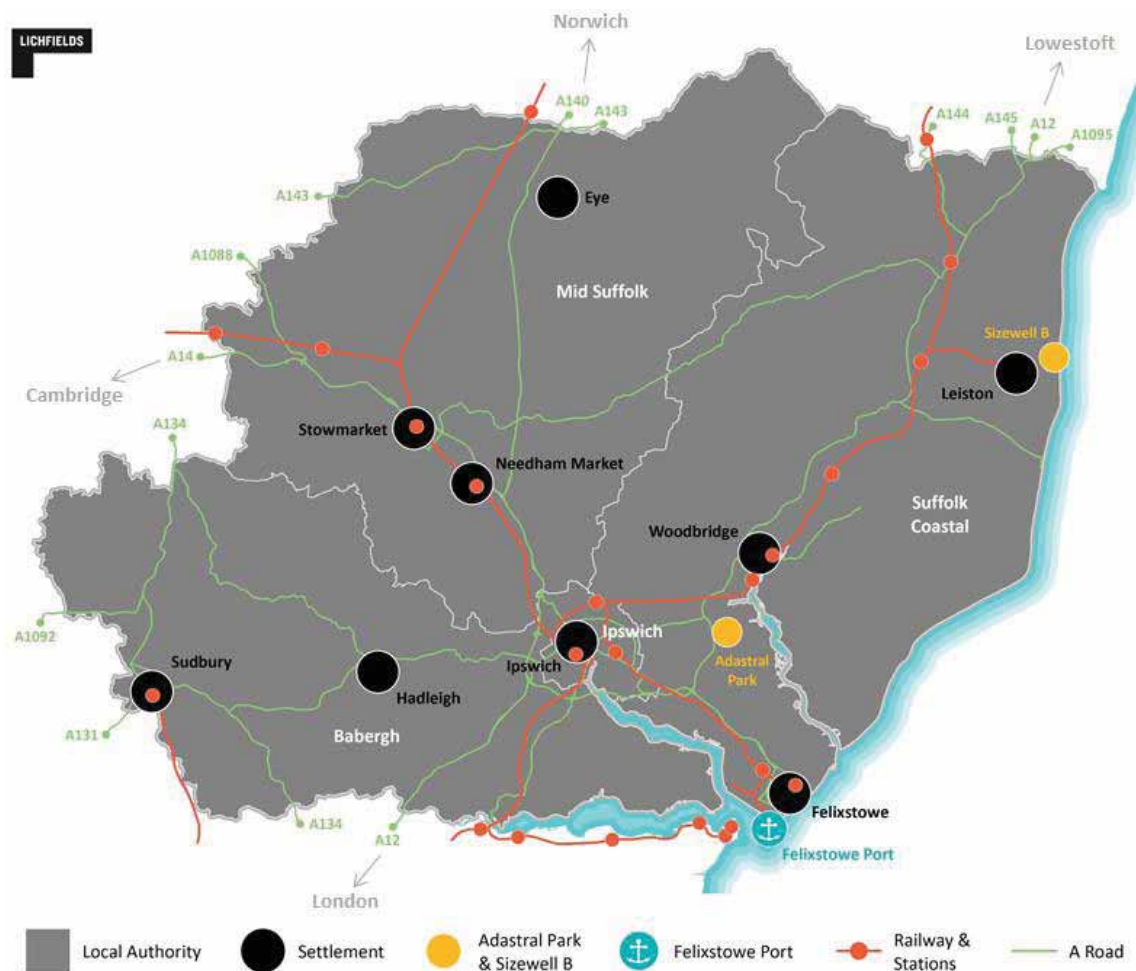
## 2.3

Ipswich and the surrounding districts are serviced by road and rail routes that provide access to the rest of the country. The role of the Port of Felixstowe as the UK's largest container port is supported by the A14 and national rail connection. Ipswich is well connected to London by rail with frequent passenger services and a travel time of between 60 and 75 minutes. Stowmarket is

<sup>4</sup> ONS 2014-based Subnational Population Estimates. Figure for 2016.

also situated on the main London to Norwich line, and there are connecting services to Felixstowe and Woodbridge (via Ipswich), to Sudbury (via Marks Tey) and to Cambridge and Peterborough (via Bury St Edmunds).

Figure 2.2 Key Infrastructure in the Ipswich Economic Area



Source: Lichfields

## Spatial Profile

- 2.4 In terms of the physical area, the IEA is largely rural in character; 11,300 square kilometres (or 4,366 square miles) are classified as rural which represents 94% of the total area. However, most (57%) of the population live in the urban areas, mainly within Ipswich and its fringes. Other urban centres include seaside and market towns such as Felixstowe, Stowmarket, Hadleigh, Sudbury and Woodbridge. An economic overview of the main settlements is included below.
- 2.5 **Ipswich** is a major regional centre and is the historic financial and administrative centre of Suffolk. A concentration of office uses related to these sectors exists in the Princes Street area of the town centre. The Port of Ipswich is a key national port for the trade of timber, aggregates and grain, and alongside this the past two decades have seen the regeneration of areas of former port land to create new uses at the Ipswich Waterfront.
- 2.6 The main strategic employment focus for Ipswich outside the town centre is currently focused to the south-east of the Borough at Ransomes Europark. Whitehouse, to the north west of the

town, is also one of the town's largest employment areas. These complement the many industrial estates and employment areas in the town, which provide opportunities for a variety of industrial and warehouse uses to locate. These uses support and relate to other aspects of the IEA economy, for example the Port of Felixstowe, Ipswich Port or in the provision of services which support the local population.

- 2.7 Three areas of Ipswich have recently been awarded Enterprise Zone status as part of New Anglia's Space to Innovate Enterprise Zone: Princes Street corridor, the Island Site and the allocated employment site at Futura Park. Part of the former sugar beet factory site on the edge of Ipswich (although just outside the Borough) which is a strategic employment allocation in the Babergh Core Strategy has also been awarded Enterprise Zone status.
- 2.8 Ipswich is home to a number of art galleries, notably Christchurch Mansion and the Town Hall. The New Wolsey Theatre is a 400 seat theatre in the town centre. Ipswich hosts the annual Ipswich Arts Festival and Ipswich Jazz Festival. The town has a strong retail offer, with both a successful town centre and out-of-town retail parks.
- 2.9 **Felixstowe** is the largest town in Suffolk Coastal and includes Britain's busiest container port, the Port of Felixstowe, which is a strategic employment site being of both national and international significance. Planning permission has recently been granted for the first phase of the 1.4 million square foot Port of Felixstowe Logistics Park. The town is an important administrative centre for smaller settlements on the Felixstowe Peninsula. Felixstowe has a role as a tourist destination and provides a range of cultural attractions to promote all year round tourism. The North Sea, River Orwell and River Deben are significant physical constraints which act as an important and valued backdrop to the town for both residents and tourists alike. The town has good transport links with the A14 and Ipswich railway link providing access to the rest of the country, both are vital to the local community and the Port of Felixstowe.
- 2.10 **Stowmarket** is an industrial market town serving the surrounding rural area. It is the largest town in Mid Suffolk and has experienced substantial housing growth in the past ten years. Its principal industries include maltings and the manufacture of agricultural equipment. It is strategically located on the A14 and on the main London to Norwich railway line. A new 40 hectare Business Park, known as Gateway 14, is being developed on the edge of the town adjacent to the A14. The site's strategic location makes this an attractive location for growth over the next 10 to 15 years.
- 2.11 **Hadleigh** is the second largest town in Babergh District. It has a large employment area adjacent to the A1071 and the smaller Pond Hall Industrial Estate is located to the east of the town. Hadleigh plays an important role as a local service centre for the surrounding rural area. It has a historic town centre with a range of independent and specialist shops that draw people from outside the immediate area. Further housing and employment growth is planned to the north-east of the town.
- 2.12 **Sudbury** is the largest town in Babergh District. It is a historic market town with an attractive and vibrant town centre. It plays an important role in serving the shopping, leisure, social and cultural needs of the western part of the District. It has experienced substantial growth in recent years with new employment areas, new retail both in town centre and out of centre locations and new housing to the north and in Great Cornard. A number of manufacturing companies operate at Chilton Industrial Estate, including Nestle Purina. Sudbury has an hourly train service to Marks Tey where there are connections to London, Colchester and Ipswich. The A131 and A134 provide Sudbury with access to destinations outside of the IEA including Bury St Edmunds and Cambridgeshire. Further housing and employment growth is planned to the north of the town at Chilton Woods.



- 2.13 **Woodbridge** is the administrative centre for Suffolk Coastal District and is located close to BT's global research headquarters and smaller ICT companies at Adastral Park. The town is defined by its built up area rather than administrative boundary, which extends into the parishes of Martlesham and Melton. The town centre fulfils an important role as a retail, employment and service hub for the wider area. Rail transport to Ipswich is available and the A12 dual carriageway runs around the built-up area, providing Woodbridge with good connections to the IEA and rest of the country.

## Property Market Geography

- 2.14 Within the IEA, the A14 represents the key commercial property market driver, with occupier movement and requirements generally flowing in an East-West direction along the A14 corridor. The road connects Britain's busiest container port at Felixstowe with distribution hubs in the Midlands and therefore carries significant volumes of freight to the Midlands and beyond.
- 2.15 With regards to the study area, these flows westwards from Felixstowe and Ipswich tend to extend as far as Stowmarket in Mid Suffolk. Beyond this, other Western Suffolk centres further westwards along the A14 such as Bury St Edmunds tend to operate within the Cambridge market area, with limited overlap or competition with the town of Stowmarket. The larger centres of Ipswich and Felixstowe tend to command a premium on business space, with the Mid Suffolk locations of Stowmarket and Needham Market representing a low price 'hollow' between Bury and Ipswich. A wider Ipswich market area can be identified comprising Ipswich town centre, edge of centre and out of town business and industrial parks as well as nearby settlements including Great Blakenham and Claydon.
- 2.16 The area's other key route, the A12, leads north-east from Ipswich and connects towns such as Saxmundham and Lowestoft (the latter is outside of the IEA) and also links to Essex and London to the south-west. It is not characterised by the same level of movement and flow of demand as the A14 in commercial property market terms. Similarly, occupier demand does not tend to extend from the Ipswich Economic Area north-eastwards along the A12 due to the lack of sizeable commercial centres within this part of Suffolk Coastal as well as the poorer road network. Elsewhere within the Ipswich Economic Area, smaller commercial centres such as Hadleigh and Sudbury are characterised by relatively self-contained property markets driven by largely localised demand. The A140 corridor to the north of Mid Suffolk provides a key arterial route for the movement of goods to and from business locations such as Eye Airfield Industrial Estate, although the scale and significance of this corridor is much lower than that of the A14.
- 2.17 Within the IEA, it is possible to identify a number of distinct economic geographies and commercial property market sub-areas as follows:
- **Felixstowe/A14 Corridor**, characterised by a high concentration of distribution related activities linked to shipping and sea freight;
  - **Wider Ipswich Market Area**, comprising the town centre, edge of centre and out of centre business and industrial parks (such as the ICT cluster at Adastral Park) as well as nearby settlements including Great Blakenham and Claydon (which fall within neighbouring Mid Suffolk). This market area overlaps with the Felixstowe/A14 Corridor;
  - **The A140 Corridor** connecting Mid Suffolk locations such as Eye and Mendlesham to Norwich in the north and the A14 to the south through an arterial road supporting the movement of goods; and
  - **Rural and agricultural** areas which make up the rest of the IEA and characterise the majority of the study area. This includes smaller settlements and rural areas across Babergh, Mid Suffolk and Suffolk Coastal.

- 2.18 Further commentary is provided below on the commercial property market geography associated with each of the local authority areas that together comprise the IEA.

### **Ipswich**

- 2.19 Ipswich Borough represents the over-riding economic driver of the IEA and wider sub-region, accommodating the largest population, employment base and concentration of employment sites and activity. As Suffolk's county town, Ipswich has traditionally accommodated the county's main office market in and around the town centre. The insurance and finance sector provides the main driver of office growth with the town having been successful in recent decades in attracting back office functions from London and other larger centres in the South East. Ipswich has growing leisure, tourism, culture and retail clusters in the town centre and at the Waterfront.
- 2.20 The industrial market in Ipswich is particularly strong, with the main driver for industrial employment and space being the nearby Port of Felixstowe, located circa 11 miles from Ipswich on the A14, and correspondingly the main distribution and industrial sites are located in the south and south-east areas of the town, such as Ransomes Europark.
- 2.21 The River Orwell provides the main focus for traditional industrial employment uses in the area dominated by Port-related activity particularly around Ipswich Port and Cliff Quay. In response to the gradual decline of this type of activity, a significant programme of regeneration has been progressing around the Wet Dock over the last few years which now provides a secondary office location for financial and business services firms. Port uses continue to function alongside the new uses.

### **Suffolk Coastal**

- 2.22 Suffolk Coastal is largely rural in nature but also accommodates some significant clusters of economic activity and employment. Felixstowe, the District's largest settlement, is dominated by its Port which is Britain's biggest and busiest container Port, and one of the largest in Europe. The Port is a recognised centre of distribution and logistics, with the vast majority of employment connected to shipping and Port activities. It represents the main driver for, and user of, industrial (distribution) land both in the District and across the wider sub-region, with Port related activity concentrated in particularly along the A14 corridor (as far as Stowmarket and beyond). The fortunes of the sub-region's industrial property market are largely linked to the health and success of the Port, and its economic influence over the wider Suffolk economy is therefore significant.
- 2.23 The town of Woodbridge to the north east of Ipswich comprises the District's administrative headquarters and accommodates some small scale, localised office based activity, although BT's campus style Adastral Park development represents the key office location in Suffolk Coastal. Adastral Park is a leading global Centre of technical communications innovation and accommodates BT as well as smaller supply chain companies largely occupying office and R&D space. It is also home to Innovation Martlesham, a joint initiative by BT and the public sector to encourage ICT related companies to 'Co-locate, Collaborate and Innovate at the Park'. Martlesham Business Park adjoins the northern side of Adastral Park and accommodates more mainstream office and industrial units and a more localised occupier base to Adastral Park which tends to be more strategic and specialised in nature.
- 2.24 Although most of the commercial activity in Suffolk Coastal is concentrated within the south of the District (at Felixstowe and Ipswich Eastern Fringe), market towns to the north such as Aldeburgh, Leiston, Framlingham and Saxmundham also accommodate a range of employment and industrial related activity on a mix of former airbases and smaller industrial parks. The

planned future development of Sizewell could also have an effect upon employment and demand for employment space in Suffolk Coastal (as well as potentially creating demand for office space in Ipswich Borough), although the nuclear power station currently has a limited cross over with the local commercial property market.

### Mid Suffolk

- 2.25 Commercial activity within Mid Suffolk is concentrated in and around the areas of Stowmarket and Great Blakenham / Claydon to the south of the District. The District's industrial market is relatively strong with the town of Stowmarket in particular historically focused on manufacturing, distribution and logistics activity. Historically, availability of flat, developable land across the District has lent itself to the development of warehousing and storage distribution units, as well as traditional manufacturing uses such as the AkzoNobel Paints factory in Stowmarket. The areas' proximity to the Port of Felixstowe and its location on the A14 corridor also explains the presence of a number of port-related companies occupying employment land in this part of the District.
- 2.26 Mid Suffolk is not characterised as a particularly strong office location, partly due to its proximity to Ipswich which tends to accommodate the majority of office based demand in the sub-region. There are some office based companies located within business parks in the Great Blakenham / Claydon area which benefit from their location on Ipswich's urban fringe. In Stowmarket, office space tends to be occupied by local firms with office use often ancillary to other uses.
- 2.27 Outside of the main centres, the majority of rural employment sites in Mid Suffolk are relatively small, with a predominance of single use owner occupiers which have grown organically in the location. Villages such as Mendlesham and Woolpit accommodate some small scale 'industrial estate' type employment sites although there is a large industrial site at a former airbase in Eye, to the north of the District which is home to a relatively successful energy and food industry cluster.

### Babergh

- 2.28 Babergh District is also largely rural in nature, with Sudbury representing the largest town in population terms with Hadleigh also being an important administrative and employment centre. Its commercial property market is dominated by industrial uses, making it one of the most economically distinct local authority areas in the IEA. A number of international companies are represented in Sudbury, including Nestle Purina, Siemens Medical and Dupont. Babergh shares a border with Ipswich and accommodates some of the town's fringe development and out-of-town employment/development sites. The Brantham Regeneration Area is a 40 ha brownfield site which is allocated for mixed use development in the Babergh Local Plan. A planning application for up to 320 residential units and employment and retail space was granted in 2016. Overall, Babergh lacks the significant economic drivers present in Suffolk Coastal but is similar in having a high amount of rural employment and diverse commercial property needs across the District.

## Economic Trends

### Population Growth

- 2.29 Over the 15 year period to 2016, the population of the IEA grew by nearly 12%, which was slightly higher than the rate of population growth recorded across the New Anglia LEP area and Great Britain over this time (11.5% and 11.1% respectively). Both Ipswich and Mid Suffolk

recorded population growth exceeding this IEA wide average. Nearly a third of the population growth (some 30% of the IEA total) occurred within Ipswich (Table 2.1).

Table 2.1 Population Growth by IEA Local Authority 2001 - 2016

| Location                     | 2001              | 2016              | % Change 2001-2016 |
|------------------------------|-------------------|-------------------|--------------------|
| Babergh                      | 83,500            | 89,200            | +6.8%              |
| Ipswich                      | 117,200           | 136,500           | +16.5%             |
| Mid Suffolk                  | 87,000            | 100,300           | +15.3%             |
| Suffolk Coastal              | 115,200           | 125,000           | +8.5%              |
| <b>Ipswich Economic Area</b> | <b>402,900</b>    | <b>451,000</b>    | <b>+11.9%</b>      |
| <b>New Anglia LEP</b>        | <b>1,468,500</b>  | <b>1,638,100</b>  | <b>+11.5%</b>      |
| <b>Great Britain</b>         | <b>57,424,200</b> | <b>63,785,900</b> | <b>+11.1%</b>      |

Source: ONS midyear population estimates

## Employment Growth

2.30

Table 2.2 provides an overview of total employment within the IEA local authorities and the New Anglia LEP area, based on the latest EEFM data. In 2016, the largest stock of employment in the IEA was recorded in Ipswich, equivalent to 78,830 jobs. Total employment within the other IEA local authorities ranged between 40,030 (Babergh) and 61,500 (Suffolk Coastal).

Table 2.2 Total Employment 2001-2016

| Location                     | Total Employment (2016) | Absolute Change in Total Employment 2001-2016 | % Change in Total Employment 2001-2016 |
|------------------------------|-------------------------|-----------------------------------------------|----------------------------------------|
| Babergh                      | 40,030                  | +3,150                                        | +8.5%                                  |
| Ipswich                      | 78,830                  | +5,330                                        | +7.3%                                  |
| Mid Suffolk                  | 45,190                  | +720                                          | +1.6%                                  |
| Suffolk Coastal              | 61,500                  | +7,250                                        | +13.4%                                 |
| <b>Ipswich Economic Area</b> | <b>225,500</b>          | <b>+16,400</b>                                | <b>+7.9%</b>                           |
| <b>New Anglia LEP</b>        | <b>792,870</b>          | <b>+71,480</b>                                | <b>+9.9%</b>                           |

Source: East of England Forecasting Model (2016) / Lichfields analysis

2.31

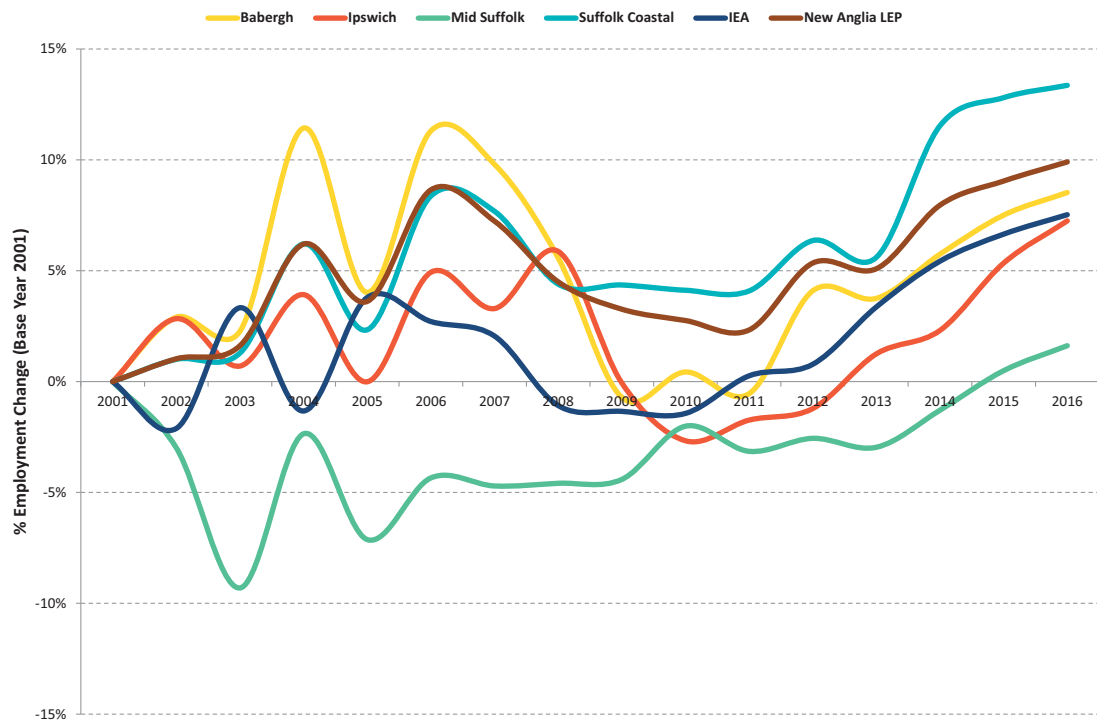
Total employment within the IEA accounts for over a quarter (28%) of all employment within the New Anglia LEP area as a whole, at 2016.

2.32

All local authorities within the IEA recorded an increase in total employment between 2001 and 2016, although this was driven in both absolute and percentage terms by Suffolk Coastal (Table 2.2). This overall growth in employment is summarised by year in Figure 2.3 below.



Figure 2.3 Change in Total Employment by Area, 2001 – 2016 (2001 = 0%)



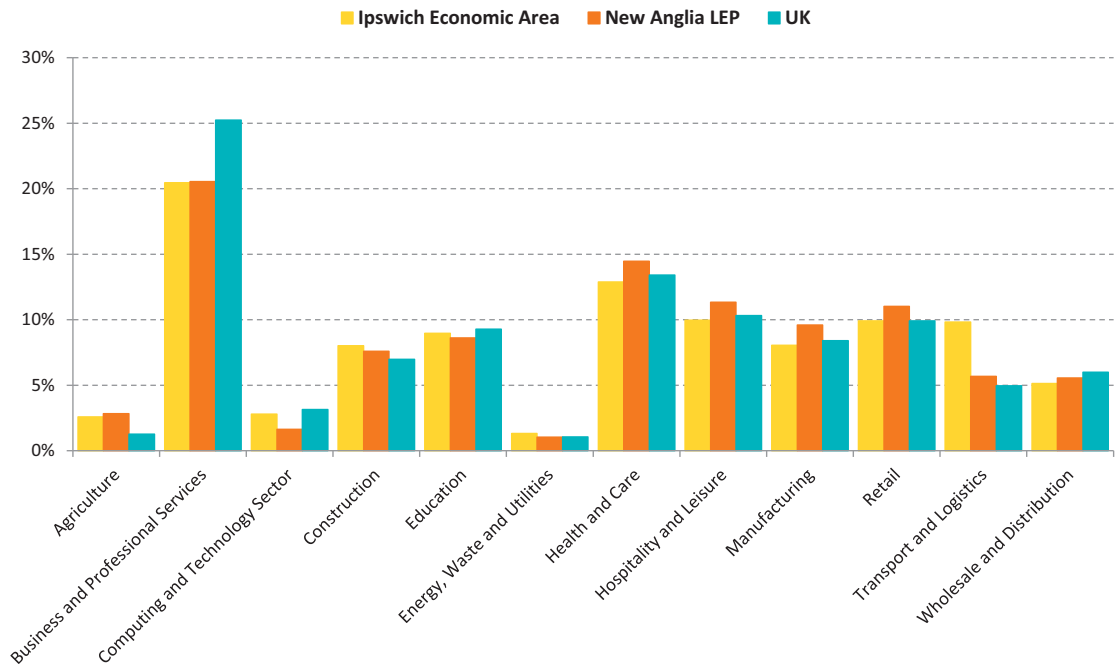
Source: East of England Forecasting Model (2016) / Lichfields analysis

- 2.33 This shows that since 2010 as the economy started to recover from recession, all authorities have recorded steady growth in total employment. Suffolk Coastal has recorded the most consistent growth comparative to its 2001 position. Employment in Mid Suffolk has not changed significantly over the overall period, having recovered from a drop in employment in the early 2000's and modestly increasing from 2013 onwards. The recorded decline in employment in Mid Suffolk between 2001 and 2003 stands out from the wider trend of job growth recorded elsewhere across the IEA.

### Sector Profile

- 2.34 Figure 2.4 provides an overview of the proportion of jobs in each sector across the IEA compared to the LEP and national averages, using the latest 2016 EEFM data. This indicates that the IEA and New Anglia LEP area are both under-represented in business and professional services related employment compared with the rest of the UK.

Figure 2.4 Percentage of Employment by Sector, 2016



Source: East of England Forecasting Model (2016) / Lichfields analysis

2.35

The IEA is comparably stronger than the UK in transport and logistics, construction and agricultural employment, while the New Anglia LEP has a higher share of employment in health and care, hospitality and leisure and manufacturing sectors compared with the IEA.

2.36 Location quotients for all sectors within the IEA compared against the New Anglia LEP area average are shown in Figure 2.5 below. Each chart within the figure shows the location quotient (LQ) for each local authority and the IEA as a whole. These highlight the most prominent sectors within each local authority in terms of scale of employment, with an LQ of more than 1.0 indicating a proportionately high presence of a particular sector.

2.37 Of particular note is Suffolk Coastal's strong concentration of computing and technology and transport and logistics sector related employment (LQ 3.25 and LQ 2.15 respectively); Mid Suffolk's construction sector (LQ 1.95); and Ipswich's strong business and professional services sector (LQ 1.29).

Figure 2.5 Sector Location Quotients, 2016



Source: EEFM (2016)<sup>5</sup> / Lichfields analysis

Note: ORANGE = LQ of 1 or greater BLUE = LQ less than 1

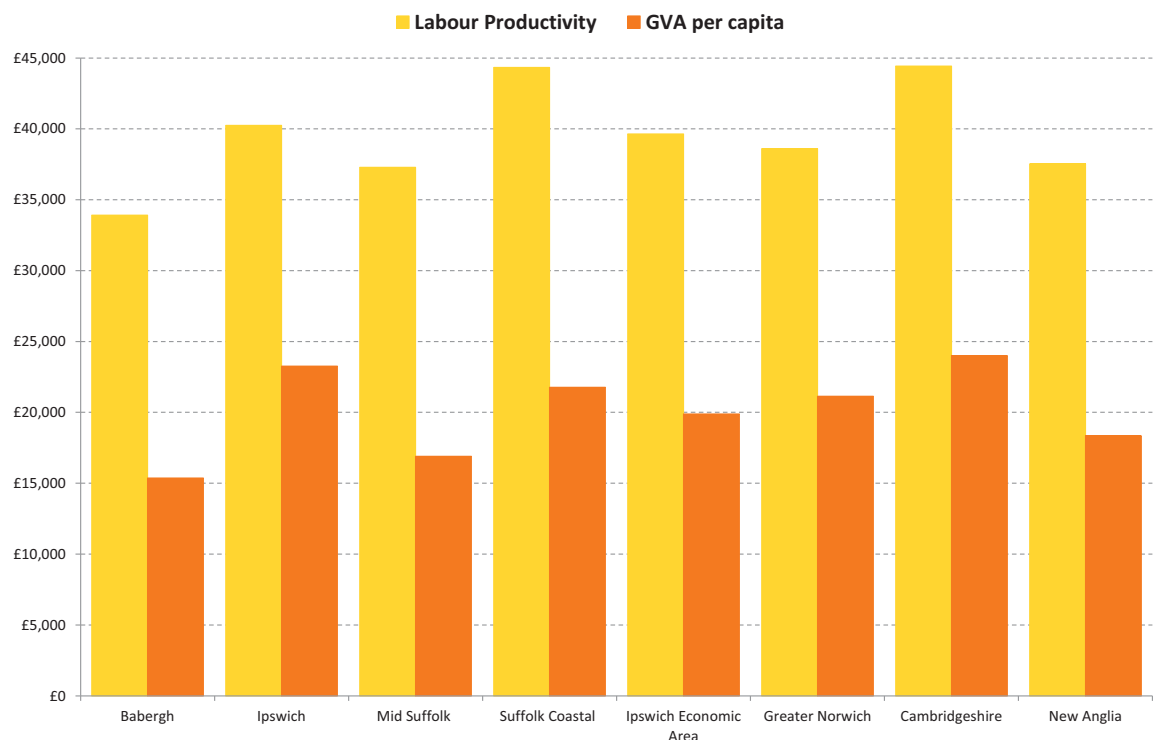
<sup>5</sup> New Anglia LEP average for each sector equals 1.0 on the X axis.

## Workforce Productivity

2.38 A summary of productivity (measured by Gross Value Added) across the IEA authorities and comparator areas is shown in Figure 2.6 below.

2.39 Within the IEA, Suffolk Coastal has the highest levels of labour productivity, while Ipswich has relatively high GVA per capita. Babergh records the lowest measures of productivity in both labour productivity and GVA per capita terms. This reflects that a number of higher value sectors are concentrated in Ipswich, which drive higher GVA per capita.

Figure 2.6 Gross Value Added (GVA) per capita and per job (Labour Productivity), 2016 (2011 prices)



Source: East of England Forecasting Model (2016) / Lichfields analysis

2.40 Average productivity measures for the IEA are largely comparable with Greater Norwich and the New Anglia LEP area, although it has a slightly lower economic output than Cambridgeshire in terms of GVA per capita and per job.

## Stock of Businesses

2.41 Drawing upon the latest available IDBR data, Table 2.3 summarises the total stock of businesses by sector for each local authority. Within the IEA, Suffolk Coastal records the highest total number of businesses (at 4,610), followed by Ipswich (4,200), Mid Suffolk (3,620) and Babergh (3,280).

2.42 Within this overall stock, business and professional service firms represent the highest proportion of firm counts across each local authority. This sector is characterised by a large number of relatively small firms (in employment size terms). Interestingly, although Suffolk Coastal has the highest number of firms in the business and professional services sector, it also has the lowest location quotient (as shown in Figure 2.5) of all IEA authorities, suggesting that

its firms operating within this sector employ fewer people on average than elsewhere across the IEA.<sup>6</sup>

Table 2.3 Total Number of Businesses by Sector, 2016

| Sector                             | Babergh      |     | Ipswich      |     | Mid Suffolk  |     | Suffolk Coastal |     |
|------------------------------------|--------------|-----|--------------|-----|--------------|-----|-----------------|-----|
|                                    | Number       | %   | Number       | %   | Number       | %   | Number          | %   |
| Agriculture                        | 110          | 3%  | 10           | 0%  | 220          | 6%  | 200             | 4%  |
| Business and Professional Services | 1,330        | 41% | 1,720        | 41% | 1,440        | 40% | 1,810           | 39% |
| Computing and Technology           | 110          | 3%  | 150          | 4%  | 100          | 3%  | 180             | 4%  |
| Construction                       | 420          | 13% | 430          | 10% | 480          | 13% | 450             | 10% |
| Education                          | 90           | 3%  | 100          | 2%  | 100          | 3%  | 120             | 3%  |
| Energy, Waste and Utilities        | 20           | 1%  | 20           | 0%  | 30           | 1%  | 20              | 0%  |
| Health and Care                    | 200          | 6%  | 370          | 9%  | 220          | 6%  | 280             | 6%  |
| Hospitality and Leisure            | 250          | 8%  | 370          | 9%  | 210          | 6%  | 440             | 10% |
| Manufacturing                      | 230          | 7%  | 140          | 3%  | 250          | 7%  | 220             | 5%  |
| Retail                             | 250          | 8%  | 460          | 11% | 210          | 6%  | 370             | 8%  |
| Transport and Logistics            | 70           | 2%  | 170          | 4%  | 120          | 3%  | 290             | 6%  |
| Wholesale                          | 200          | 6%  | 260          | 6%  | 240          | 7%  | 240             | 5%  |
| <b>Total</b>                       | <b>3,280</b> |     | <b>4,200</b> |     | <b>3,620</b> |     | <b>4,610</b>    |     |

Source: Inter-Departmental Business Register (2016) / Lichfields analysis

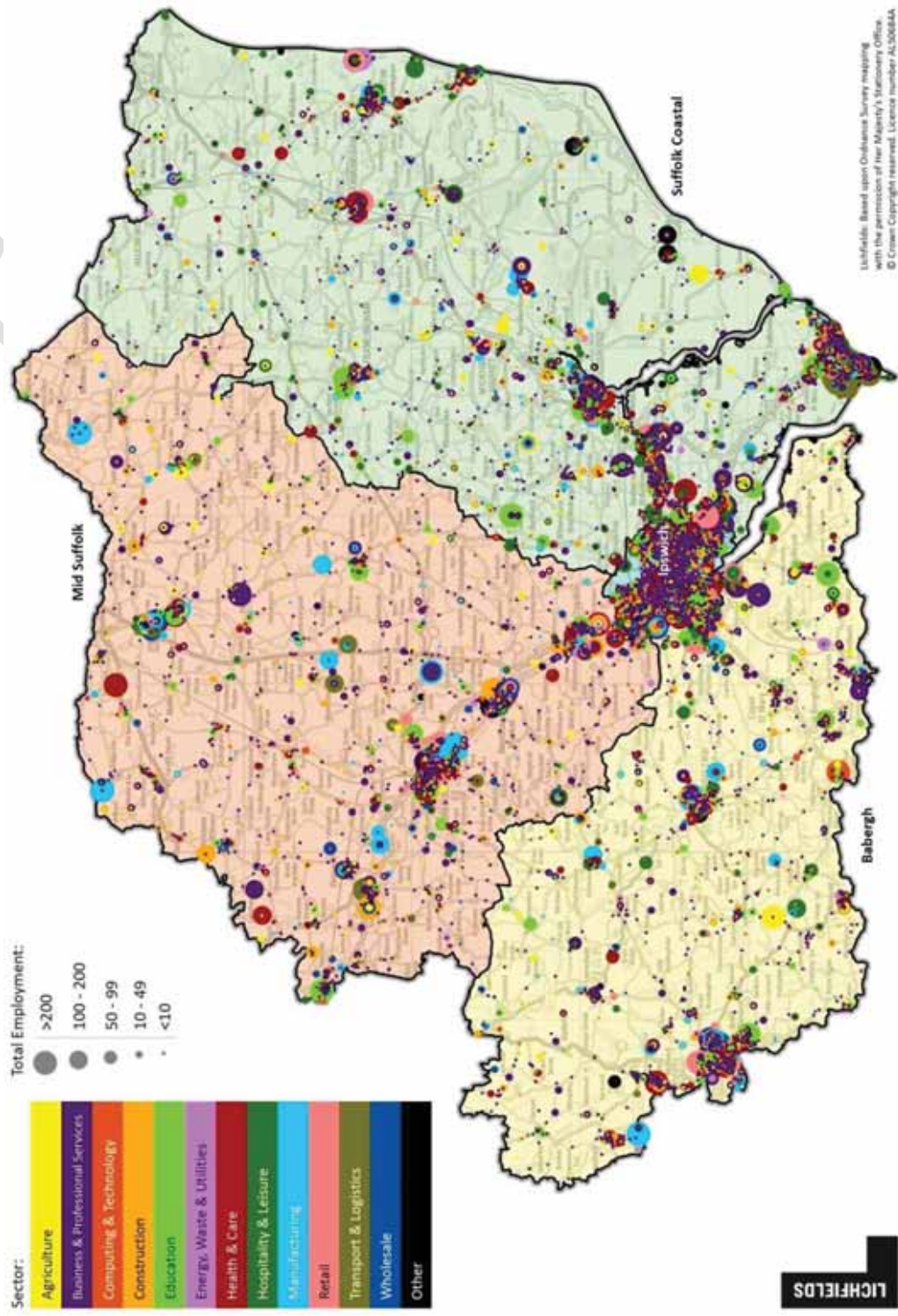
Note: figures rounded

## Spatial Distribution of Economic Activity

- 2.44 The series of maps below use the latest IDBR data to show how employment by sector is distributed across the IEA and its constituent local authorities.
- 2.45 Figure 2.7 overleaf provides an overview of patterns of economic activity across the IEA. The map shows that Ipswich provides the major focus of economic activity within the study area, alongside other smaller settlements that lie in and around its borders.
- 2.46 The second tier of economic ‘hubs’ (as defined by scale of employment) comprise Felixstowe, Stowmarket, Sudbury and Woodbridge. Together, these represent the main settlements of the three outer IEA districts and act as the main employment hubs outside of Ipswich.

<sup>6</sup> Note: Business counts based on IDBR data, LQs based on EEFM data.

Figure 2.7 IEA Employment by Sector (2016)



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

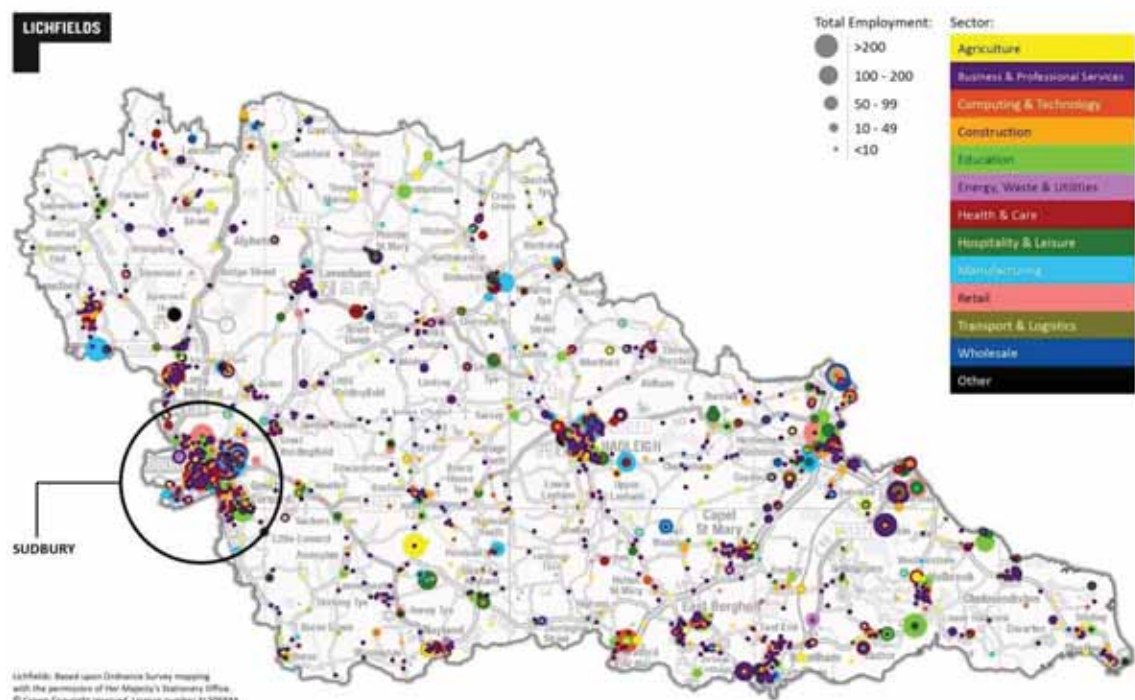




## Babergh

- 2.47 Figure 2.8 shows that Babergh's employment hubs are the market towns of Sudbury and Hadleigh, both of which accommodate a broad range of sector activity.
- 2.48 Another large concentration of employment is located where the District borders Ipswich at Copdock Interchange Retail Park and Farthing Road Industrial Estate (Sproughton). Concentrations are also found at Brantham and East Bergholt, and many smaller settlements such as Bildeston also contain clusters of employment activity including pockets of manufacturing related employment. There are concentrations of tourism businesses at Lavenham and Long Melford.

Figure 2.8 Babergh Employment by Sector (2016)

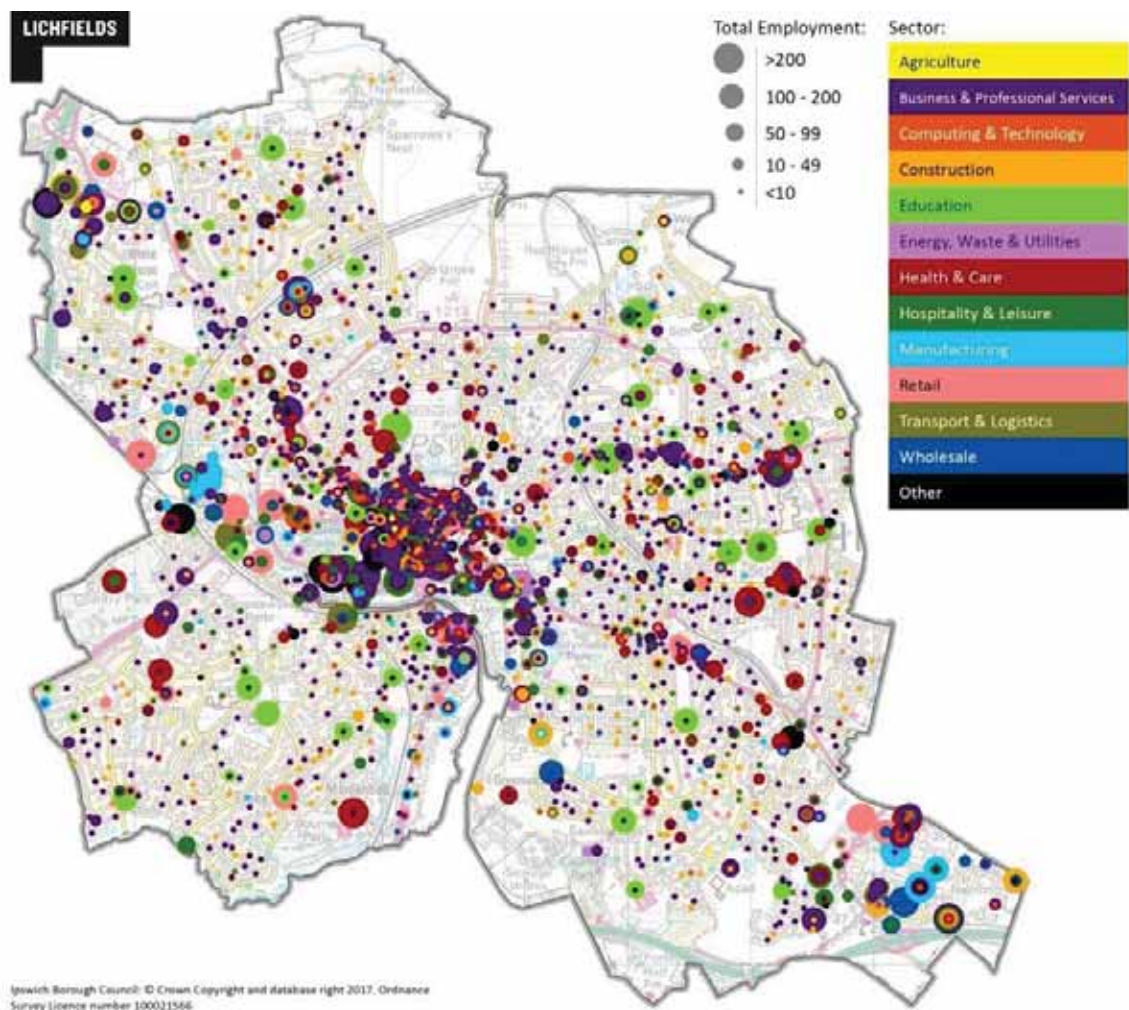


Source: Inter-Departmental Business Register (2016) / Lichfields analysis

## Ipswich

- 2.49 Employment in Ipswich is predominately focused in and near to the town centre (Figure 2.9). Here, employers operate within the majority of sectors most notably including retail, business and professional services, hospitality and leisure and computing and technology. There are some smaller clusters located along arterial roads including Woodbridge Road, Norwich Road and Felixstowe Road. Clusters of employment are also evident at Ransomes Europark which accommodates one of the largest clusters of employment in the Borough outside of the town centre, including within manufacturing and some large scale retailing uses, as well as Whitehouse, Boss Hall and Hadleigh Road employment areas. Strong concentrations of transport and logistics employment are situated along the banks of the River Orwell, some of which is likely to be directly related to or service the Port of Ipswich.

Figure 2.9 Ipswich Employment by Sector (2016)

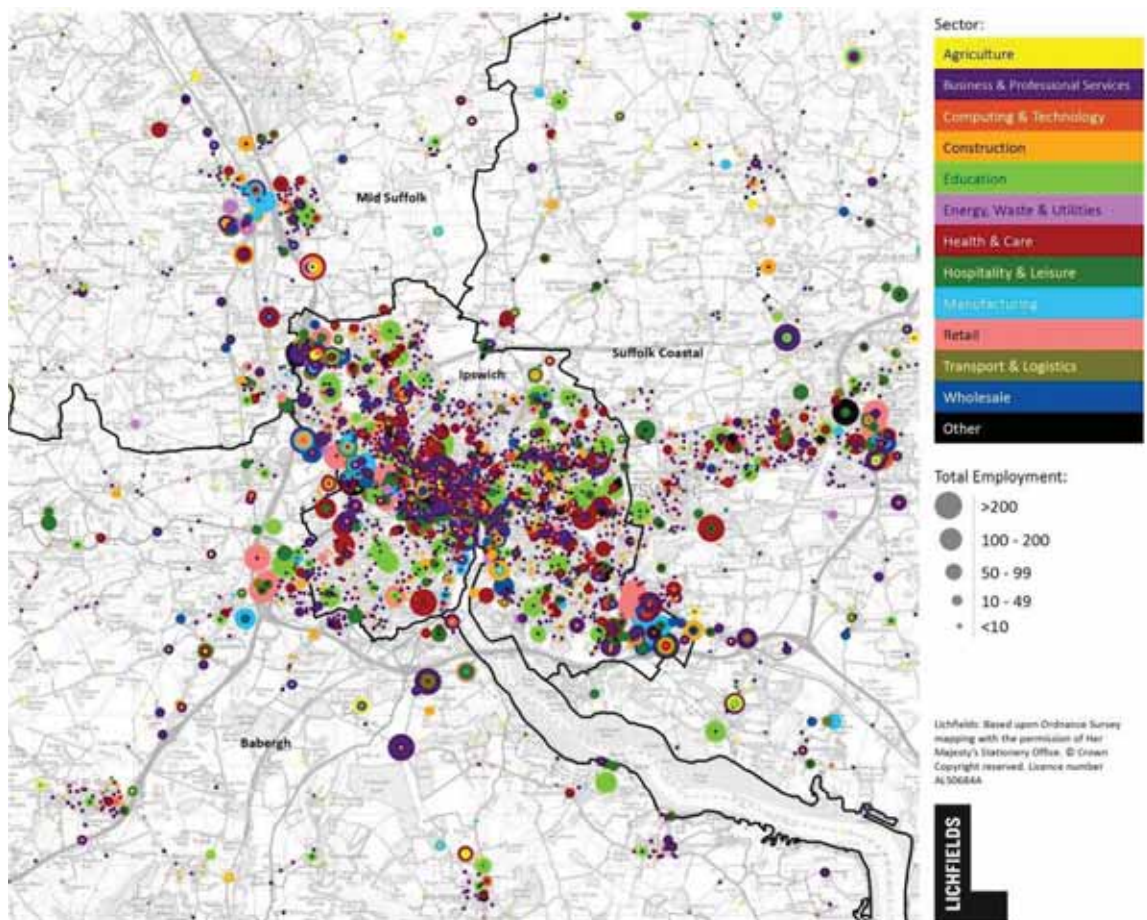


Source: Inter-Departmental Business Register (2016) / Lichfields analysis

2.50 Given the dominant role that Ipswich plays in accommodating economic activity and employment within the IEA, Figure 2.10 provides a ‘zoomed out’ view to illustrate how Ipswich’s employment clusters spill over into its adjoining local authority areas.

2.51 The greatest ‘spill overs’ can be seen in the Wherstead, Washbrook and Copdock areas of Babergh, the Ipswich Eastern Fringe ‘urban corridor’ between Ipswich and Woodbridge in Suffolk Coastal District (taking in Adastral Park and Martlesham Heath Retail and Business Park), and along the A14 into Claydon/Great Blakenham within Mid Suffolk. The A14 has an important role to play in driving these patterns of economic activity, effectively representing a southern and western boundary to the greater Ipswich urban area.

Figure 2.10 Ipswich Urban Area Employment by Sector (2016)



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

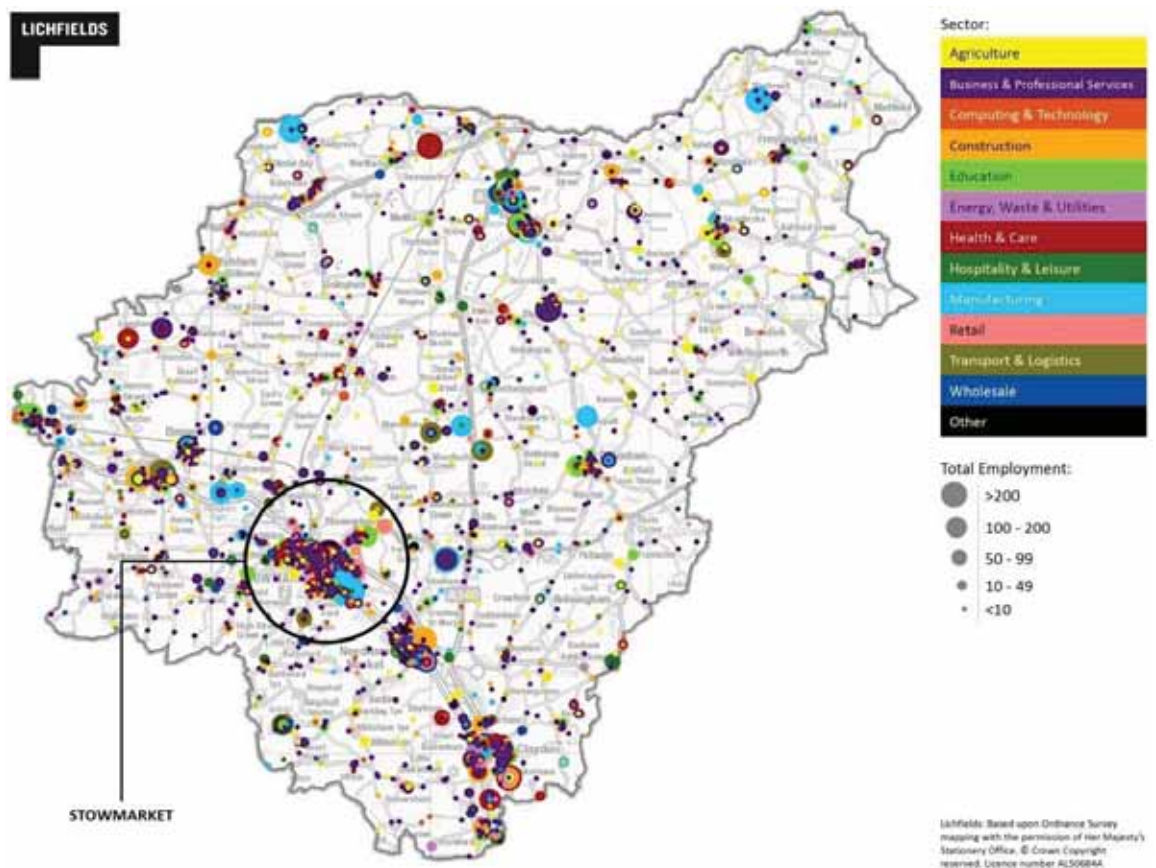


## Mid Suffolk

2.52

Figure 2.11 indicates that Mid Suffolk's main economic hubs are the settlements located along the A14 corridor. The largest hub is the market town of Stowmarket followed by Claydon and Needham Market. Each settlement contains a number of different sectors, including sizeable employment in the manufacturing, health and care and construction sectors. There is also an employment hub located on the former WWII airfield near to Eye in the north of the district. Sectors located around the airfield include manufacturers, wholesalers and agricultural businesses. Otherwise, employment across the rest of the District is fairly mixed and dispersed.

Figure 2.11 Mid Suffolk Employment by Sector (2016)

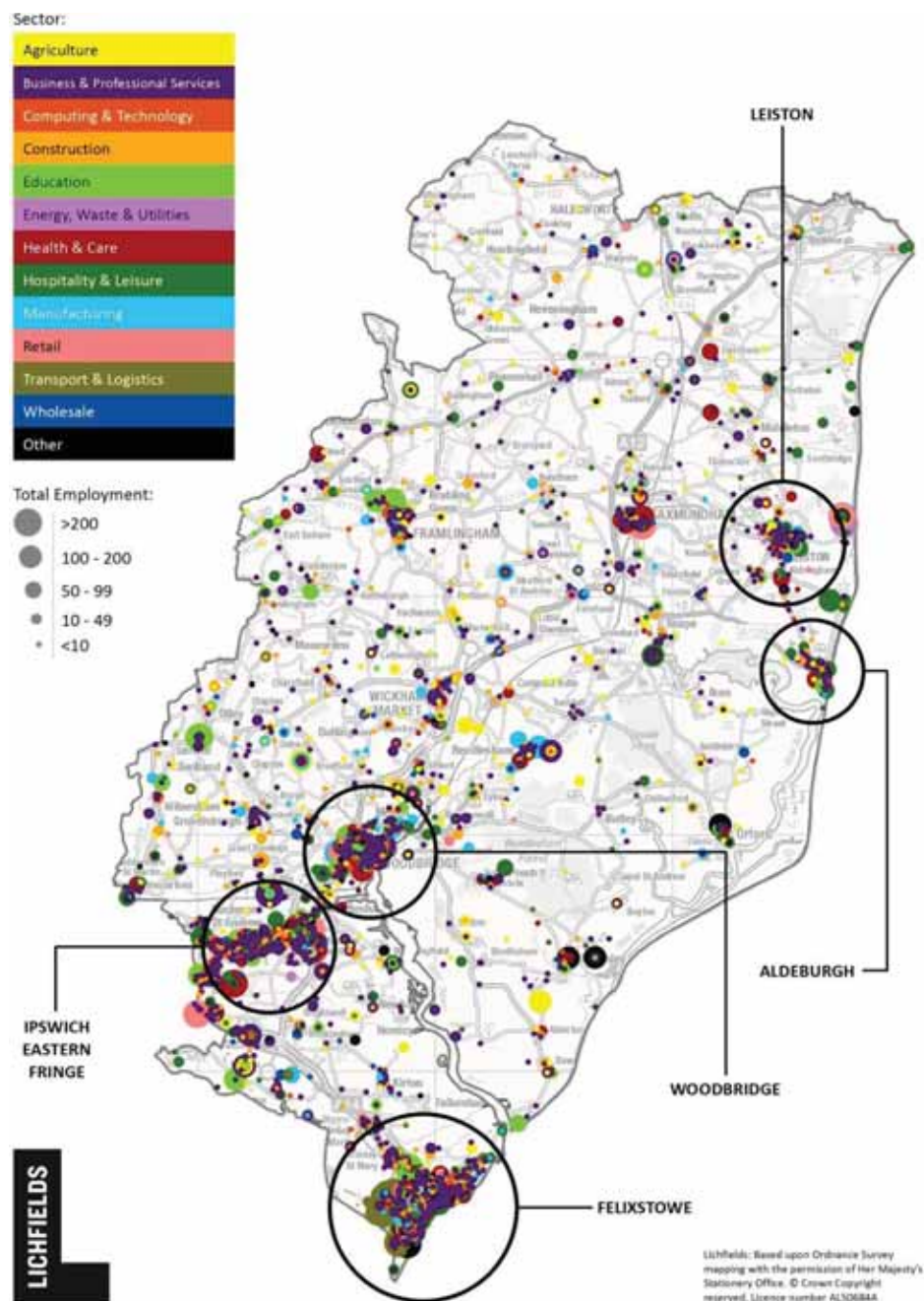


Source: Inter-Departmental Business Register (2016) / Lichfields analysis

## Suffolk Coastal

- 2.53 The majority of employment activity in Suffolk Coastal is accommodated within the district's three main centres of Ipswich Eastern Fringe, Felixstowe, and Woodbridge. Employment within each town is spread across a fairly diverse mix of sectors, although there are notable clusters of business and professional services employment at Ipswich Eastern Fringe and a large grouping of transport and logistics related employment around the Port of Felixstowe.
- 2.54 The smaller settlements of Framlingham, Leiston and Saxmundham act as the second tier of employment locations. Additionally, a large cluster of energy, waste and utilities related employment is found on the coast north of Aldeburgh at the Sizewell nuclear power plant.

Figure 2.12 Suffolk Coastal Employment by Sector (2016)



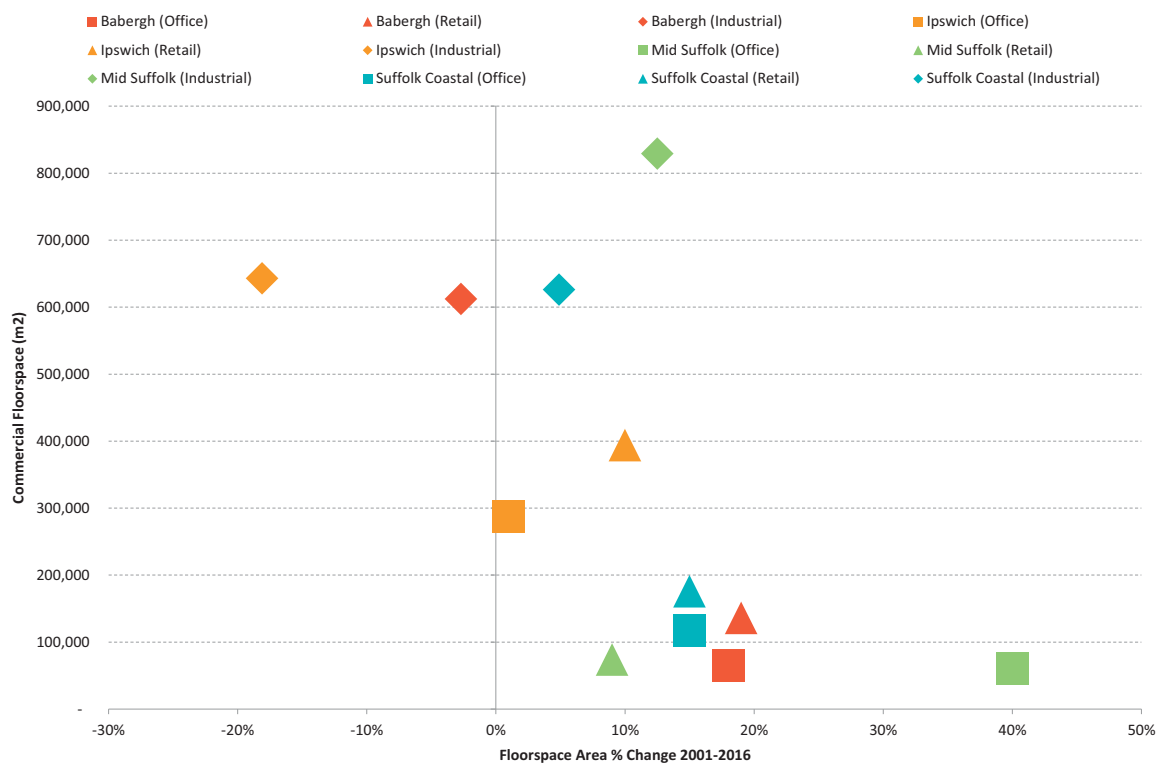
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

## Business Floorspace

2.55 Figure 2.13 summarises the stock and proportional change in office, retail and industrial floorspace in the IEA local authorities over recent years, drawing on the latest data from the VOA.

2.56 This shows that office and retail floorspace has increased in quantity across all IEA local authorities between 2001 and 2016, while industrial floorspace change has been more varied. The stock of industrial floorspace increased over this time in Mid Suffolk and Suffolk Coastal but decreased within the other two authorities. Cumulatively, the IEA lost around 38,000sq.m of industrial floorspace between 2001 and 2016.

Figure 2.13 IEA Business Floorspace Change



Source: VOA Business Floorspace (2016) / Lichfields analysis

2.57 The growth in retail and office floorspace stock across the IEA partly corresponds with employment change trends described above. For instance, employment in business and professional services has increased in all local authorities, adding 12,100 jobs in overall terms between 2001 and 2016. Meanwhile retail employment decreased across the IEA by 800 between 2001 and 2016, meaning that growth of retail floorspace across the IEA has corresponded with a reduction in retail employment. This suggests that the types of retail use that have driven growth have low employment densities.

## 3.0 Updated Employment Space Requirements

- 3.1 This chapter considers updated future economic growth needs in the IEA, drawing on guidance contained within the PPG. This provides a baseline assessment of the area's future land needs for B use class sectors of the economy (i.e. office, manufacturing and distribution uses).

### Methodology

- 3.2 The NPPF requires local authorities to, “set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth” (para 21). Considering this in evidence base terms, this should be underpinned by a “clear understanding of business needs within the economic markets operating in and across their area” (para 160).
- 3.3 Within this context, a number of potential future economic scenarios were developed as part of the 2016 ELNA to provide a framework for considering future economic growth needs and B class employment space requirements in the study area up to 2031. This included a ‘baseline’ scenario of labour demand using forecasts of job growth contained within the autumn 2014 release of the East of England Forecasting Model (EEFM).<sup>7</sup>
- 3.4 Since publication of the ELNA in March 2016, a new version of the EEFM has been released (in August 2016) and this chapter provides a summary of employment growth and associated B class floorspace and land requirements implied by the 2016 EEFM forecasts.
- 3.5 This analysis focuses upon B use class sectors only; forecasts of job growth in other, non B-class sectors are presented in the following chapters (chapters 4 to 15) to set out how the overall economy of the study area could change in the future, as they are not planned for in the same way as B class uses. The EEFM forecasts are used as the starting point for the assessment; other qualitative indicators are considered as part of this study, particularly in instances where the baseline EEFM forecasts imply a low or negative rate of employment growth in the future. The space implications of these other sectors are not specifically assessed as part of this study because they are planned for using different methodologies and considered by other forms of technical evidence (such as a retail and leisure assessment).

### Baseline EEFM Job Growth

- 3.6 This scenario uses forecasts of employment growth for the four IEA local authority areas generated by the latest (August 2016) release of the EEFM. Appendix 3 provides more information about the methodology and data sources adopted by the EEFM.
- 3.7 The forecasts of job growth by sector reflect recent trends and are based upon projections at the regional level, and how sectors within the study areas have fared relative to historic growth in the region. For example, where particular sectors have performed well compared with the regional average (i.e. East of England) the forecasts generally assume that these sectors will continue to drive growth within each Borough/District in the future. These projections also reflect the current post recession economic climate.

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<sup>7</sup> A second scenario was also considered in the 2016 ELNA which focused on the employment benefits that could arise from the construction and ongoing maintenance of a number of new offshore wind developments planned to take place off the coast of East Anglia over the study period to 2031, although this has not been revised or updated as part of the SNA



- 3.8 Table 3.1 below summarises the baseline overall job growth for the IEA as implied by the 2016 EEFM over the period 2014 to 2036. A more detailed breakdown is provided at Appendix 3.

Table 3.1 Baseline Total Jobs Growth

| Location                     | Total Number of Jobs |                | Change 2014-36 |             |
|------------------------------|----------------------|----------------|----------------|-------------|
|                              | 2014                 | 2036           | No             | %           |
| Babergh                      | 39,005               | 42,645         | 3,640          | 9.3         |
| Ipswich                      | 75,195               | 94,235         | 19,040         | 25.3        |
| Mid Suffolk                  | 43,895               | 50,345         | 6,450          | 14.7        |
| Suffolk Coastal              | 60,510               | 68,450         | 7,940          | 13.1        |
| <b>Ipswich Economic Area</b> | <b>218,605</b>       | <b>255,675</b> | <b>37,070</b>  | <b>17.0</b> |

Source: EEFM (2016) / Lichfields analysis

Note: figures rounded

- 3.9 The total number of jobs in the IEA is expected to grow by 37,070 over the 22 years to 2036, equivalent to an increase of 1,685 jobs per year. Ipswich is expected to drive the majority (51%) of this growth, followed by Suffolk Coastal, Mid Suffolk and Babergh.

### B Class Job Growth

- 3.10 Not all of the employment growth implied by the baseline EEFM forecast falls within sectors which typically require employment land (i.e. B class uses). To estimate how many of the total jobs forecast relate to B use classes, the methodology used as part of the 2016 ELNA study has been applied, as summarised in Table 3.2 and the text below. This broadly mirrors the methodology developed by Oxford Economics as set out in the EEFM Technical Report which accompanied the autumn 2014 EEFM release.

Table 3.2 Method for Converting Employment Sectors to B Use Classes

| Sector                      | B Use Class        |                   |                    |
|-----------------------------|--------------------|-------------------|--------------------|
|                             | Industry (B1c, B2) | Distribution (B8) | Offices (B1a, B1b) |
| Manufacturing               | 100%               |                   |                    |
| Utilities                   |                    |                   | 100% <sup>8</sup>  |
| Waste and Remediation       | 97%                |                   |                    |
| Wholesale                   | 25%                | 75%               |                    |
| Land Transport              |                    | 39%               |                    |
| Publishing and Broadcasting | 66%                | 23%               | 11%                |
| Telecoms                    |                    | 80%               | 20% <sup>9</sup>   |
| Computers                   |                    |                   | 100%               |
| Finance                     |                    |                   | 100%               |
| Real Estate                 |                    |                   | 100%               |
| Professional Services       |                    |                   | 96%                |
| Business Services           |                    | 10%               | 65%                |
| Research and Development    |                    |                   | 100%               |
| Employment Activities       | 12%                | 8%                | 22%                |
| Public Admin                |                    |                   | 61%                |

Source: Lichfields analysis (drawing on 2016 ELNA) Note: This table excludes those sectors which do not align with B use classes.

<sup>8</sup> Babergh, Ipswich and Mid Suffolk only; for Suffolk Coastal no B class allowance is made for utilities due to presence of Sizewell.

<sup>9</sup> Babergh, Ipswich and Mid Suffolk only; for Suffolk Coastal 80% of telecoms jobs are apportioned to office (B1a/b) use and 20% apportioned to warehousing (B8 use) to reflect the presence of Adastral Park.

- 3.11 It is important to note the following assumptions that have been applied to the methodology for apportioning total jobs to B use classes to take into account a number of specific local circumstances, as summarised below:<sup>10</sup>
- **Utilities** – across the study area (apart from Suffolk Coastal) a large number of utilities jobs are office based, for example within customer call centres which typically require office space. It has therefore been assumed that 100% of these utilities jobs fall within office (B1a/b) use classes. The key exception to this is Suffolk Coastal; in light of the significant effect that the Sizewell Nuclear Power Station has upon employment numbers in Suffolk Coastal, no B class allowance has been made for utilities employment in Suffolk Coastal as these jobs are mainly based on the Sizewell site and are less likely to require traditional B class accommodation.
  - **Telecoms** – 80% of jobs are apportioned to distribution (B8) use with the remaining 20% apportioned to office (B1a/b) use all for authorities except Suffolk Coastal which is home to BT's Adastral Park campus which largely comprises office (B1a/b) space. The split between warehousing (B8) and offices (B1a/b) has been reversed for Suffolk Coastal to reflect the anticipated office based nature of job growth within this sector. In reality, the proportion of telecoms related jobs using office space could be higher in some of the other IEA authorities, however this is a limitation of the regional EEFM model which is not always able to take account of local nuances and circumstances.
  - **Business Services** – analysis of BRES data indicates that across the IEA, cleaning services account for a significant proportion of 'business services' related employment, some of which are unlikely to require permanent B class floorspace. It has been assumed that 65% of business services employment falls within office (B1a/b) use classes and a further 10% within warehousing (B8) uses to reflect the existing pattern of activity across the study area.
- 3.12 Within office uses, it is possible to apportion employment growth to a more detailed B use class breakdown, again based on the same methodology applied by the 2016 ELNA study. The resulting methodology applied is summarised in Table 3.3 below.

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<sup>10</sup> These assumptions are consistent with those applied as part of the 2016 ELNA study.

Table 3.3 Allocation of Office Sectors to Detailed Office Use Classes

| Office Sector               | Offices B1 | Split by:                     |          |                |                                            |             |
|-----------------------------|------------|-------------------------------|----------|----------------|--------------------------------------------|-------------|
|                             |            | B1b                           |          | B1a            |                                            |             |
|                             |            | Science parks and Small Units | Tech/R&D | General Office | Serviced Business Centre and Business Park | Call Centre |
| Utilities <sup>11</sup>     | 100%       |                               |          |                | 50%                                        | 50%         |
| Publishing and Broadcasting | 11%        |                               |          | 11%            |                                            |             |
| Telecoms <sup>12</sup>      | 20%        |                               |          | 20%            |                                            |             |
| Computers                   | 100%       |                               |          | 30%            | 60%                                        | 10%         |
| Finance                     | 100%       |                               |          | 100%           |                                            |             |
| Real Estate                 | 100%       |                               |          | 90%            | 10%                                        |             |
| Professional Services       | 96%        | 7%                            | 7%       | 79%            | 2%                                         | 1%          |
| Business Services           | 65%        | 50%                           | 1%       | 6%             | 2%                                         | 6%          |
| Research and Development    | 100%       | 20%                           | 60%      | 10%            | 10%                                        |             |
| Employment Activities       | 22%        | 5%                            | 1%       | 13%            | 2%                                         | 1%          |
| Public Admin                | 61%        |                               |          | 61%            |                                            |             |

Source: Lichfields analysis (drawing on 2016 ELNA)

3.13

The resulting B class employment growth across the study area associated with the updated baseline EEFM scenario is presented in Table 3.4 below. This shows that across the IEA, B class jobs are expected to increase by 8,140 between 2014 and 2036, equivalent to 370 B class jobs per year. Ipswich is anticipated to drive more than half of this job growth, followed by Suffolk Coastal.

Table 3.4 B Class Use Jobs Growth

| Location                     | Employment Change 2014-2036 |                 |                   |                   |
|------------------------------|-----------------------------|-----------------|-------------------|-------------------|
|                              | Total B Class               | Offices (B1a/b) | Industry (B1c/B2) | Distribution (B8) |
| Babergh                      | 595                         | 2,010           | -1,570            | 155               |
| Ipswich                      | 4,415                       | 4,090           | -505              | 830               |
| Mid Suffolk                  | 1,020                       | 2,145           | -1,530            | 405               |
| Suffolk Coastal              | 2,110                       | 2,570           | -850              | 390               |
| <b>Ipswich Economic Area</b> | <b>8,140</b>                | <b>10,815</b>   | <b>-4,455</b>     | <b>1,780</b>      |

Source: EEFM (2016) / Lichfields analysis

3.14

The summary figures presented in Table 3.4 above take account of those sectors expected to grow in job terms and those expected to decline and as noted above, assume that for some sectors only a proportion of job growth will require some element of B use class floorspace.

<sup>11</sup> Given the impact of Sizewell Nuclear Power Station on employment numbers in Suffolk Coastal, no B Class/office allowance is made for utilities employment in Suffolk Coastal.

<sup>12</sup> The percentage of office based employment in 'general offices' rises to 80% in Suffolk Coastal to reflect the presence of Martlesham Heath/Adastral Park.

- 3.15 Across all authorities in the study area, office based jobs are expected to record the most significant growth, equivalent to 10,815 between 2014 and 2036 in overall terms across the IEA. Distribution based jobs are also anticipated to grow within all areas, but to a much lesser extent than offices. By contrast, manufacturing based jobs are forecast to decline across each authority area, with the most significant losses expected in Babergh and Mid Suffolk (Table 3.4).

### Public Administration

- 3.16 Public administration represents an important sector in employment terms within the IEA, with the Borough of Ipswich in particular accommodating significant clusters of public administration employment and public sector organisations, due in part to its role as a County Town and civic hub. The latest EEFM data suggests that employment within public administration is expected to grow over the period to 2036, albeit to a relatively modest extent in Babergh and Mid Suffolk.
- 3.17 The public administration sector is not subject to detailed analysis in this study due to the varied mix of activities and different way in which these uses are planned for through the planning system. For instance, premises and locational requirements for public sector activity will inevitably be determined by specific organisational requirements (such as consolidation and internal re-organisation) as well as organisational specific estate strategies which will change from time to time.
- 3.18 Some of the anticipated growth within office based employment in the IEA will relate to public admin; Table 3.2 above notes that 61% of employment within the EEFM public admin sector is assumed to operate within office (B1a/b) space. It will therefore be important to ensure that local planning strategies recognise this need and provide for associated floorspace, in particular within the Borough of Ipswich where spatial requirements are likely to be highest.

### Employment Space Requirements

- 3.19 The B class element of these employment growth forecasts has been converted to employment space requirements by applying published density figures for different types of employment space, which take account of recent trends in occupancy for the different B class uses. To estimate space requirements, the average ratios in Table 3.5 have been applied to 2016 EEFM B class job forecasts. Job density ratios are provided for Gross External Area (GEA) for consistency across all uses.

Table 3.5 Applied Job Densities

| B Use Class                                      | Job Density (sq.m per job) (GEA) |
|--------------------------------------------------|----------------------------------|
| B1a – General Office                             | 12.5                             |
| B1a – Serviced Business Centre and Business park | 10.5                             |
| B1a – Call centres                               | 8                                |
| B1b – Science Park and Small Business Units      | 32                               |
| B1b – High tech R&D                              | 25                               |
| B1c / B2 – Industry                              | 43                               |
| B8 – Distribution (General, Smaller Scale)       | 65                               |
| B8 – Distribution (Larger Scale, Lower Density)  | 74                               |

Source: Ipswich and Waveney Economic Areas ELNA (2016)

- 3.20 This follows the same methodology applied as part of the 2016 ELNA which used average job densities taken from the 2010 HCA/OffPAT Employment Densities Guide. It should be noted

that the HCA have subsequently published an updated edition of employment densities in November 2015, although the overall scale of difference in average floorspace density per B class job is very small across the two sets of guidance, and in some cases (e.g. B1c and B2 uses) have not changed at all.

3.21 These assumptions take into account the changing uses of employment space<sup>13</sup>, with the main change being the more efficient use of office space through flexible working and hot-desking.

3.22 An allowance of 10% is added to all floorspace requirements to reflect normal levels of market vacancy in employment space. Where a reduction in jobs is forecast (e.g. industry/manufacturing), the associated negative floorspace has been halved<sup>14</sup>. This reflects the fact that while there may be ongoing manufacturing job losses (e.g. as firms use more efficient production approaches), it does not automatically follow that the space required to accommodate this activity also reduces at the same scale.

3.23 The resulting employment floorspace requirements are summarised by area in Table 3.6.

Table 3.6 EEFM Baseline Employment Space Requirements 2014 - 2036

| Use Class                                        | Ipswich Economic Area (sq.m) |                |               |                 |                |
|--------------------------------------------------|------------------------------|----------------|---------------|-----------------|----------------|
|                                                  | Babergh                      | Ipswich        | Mid Suffolk   | Suffolk Coastal | Total IEA      |
| B1a – General Office                             | 15,050                       | 30,600         | 13,430        | 19,330          | 78,410         |
| B1a – Serviced Business Centre and Business Park | 1,490                        | 4,700          | 1,870         | 2,590           | 10,650         |
| B1a – Call centres                               | 800                          | 1,750          | 1,040         | 1,140           | 4,730          |
| B1b – Science Park and Small Business Units      | 23,320                       | 46,640         | 29,800        | 30,190          | 129,950        |
| B1b – High tech R&D                              | 2,210                        | 2,670          | 1,880         | 2,580           | 9,340          |
| <b>Offices (B1a/B1b)</b>                         | <b>42,870</b>                | <b>86,360</b>  | <b>48,020</b> | <b>55,830</b>   | <b>233,080</b> |
| B1c / B2 – Industry                              | -32,330                      | -2,730         | -30,010       | -15,980         | -81,050        |
| B8 – Distribution (General, Smaller Scale)       | 11,590                       | 49,780         | 20,840        | 24,380          | 106,590        |
| B8 – Distribution (Larger Scale, Lower Density)  | 0                            | 14,170         | 10,170        | 6,940           | 31,280         |
| <b>Industrial (B1c/B2/B8)</b>                    | <b>-20,740</b>               | <b>61,220</b>  | <b>1,000</b>  | <b>15,340</b>   | <b>56,820</b>  |
| <b>Total</b>                                     | <b>22,130</b>                | <b>147,580</b> | <b>49,020</b> | <b>71,170</b>   | <b>289,900</b> |

Source: EEFM (2016) / Lichfields analysis

Note: Totals rounded

3.24 This reflects a fairly wide range of floorspace requirements across the IEA, equivalent to 289,900sq.m of total B class floorspace between 2014 and 2036, the majority (80%) of which relates to office (B1a/b) uses.

3.25 Within the overall office use category, the majority of floorspace relates to science park and small business units (typically utilising B1b space) and general offices (typically utilising B1a space). Within the industrial category, warehousing and logistics uses (B8) dominate the floorspace requirement, with more traditional industry uses (B1c/B2) anticipated to decline in floorspace terms.

<sup>13</sup> Based on HCA/OffPAT Employment Densities Guide (2010) and converted to Gross External Area (GEA) and total workforce jobs by Lichfields (to be consistent with 2016 ELNA).

<sup>14</sup> The 10% vacancy rate and process of halving negative floorspace requirements has been applied for the purposes of the SNA based on best practice.

- 3.26 Within the IEA, Ipswich has the highest total floorspace requirement followed by Suffolk Coastal. This picture is echoed with regards to both office and industrial uses when considered separately.

## Land Requirements

- 3.27 The final step is to translate floorspace into land requirements for both office (B1a/B1b) and industrial (B1c/B2/B8) uses. This has been calculated by applying appropriate plot ratio assumptions to the floorspace estimates using the following assumptions and local adjustment factors to reflect the pattern of development in the IEA:
- **Industrial (B1c/B2/B8)** – a plot ratio of 0.4 is applied so that a 1 ha site would be needed to accommodate a footprint of 4,000sq.m of employment floorspace; and
  - **Offices (B1a/B1b)** – for Babergh, Mid Suffolk and Suffolk Coastal, it is assumed that 70% of new floorspace would be in lower density, business park developments with a plot ratio of 0.4, with 30% in higher density town centre locations at a plot ratio of 2.0. This reflects the existing pattern of office development in these areas which are characterised by limited town centre office markets and a greater prevalence of edge/out of town business parks. For Ipswich, it is assumed that 50% of new floorspace would be in lower density, business park developments with a plot ratio of 0.4, and 50% in higher density town centre locations at a plot ratio of 2.0. This reflects the way in which the town's office market is broadly evenly split between town centre and out of town locations.
- 3.28 The resulting land requirements are set out in Table 3.7.

Table 3.7 EEFM Baseline Land Requirements 2014 - 2036

| Use Class              | Ipswich Economic Area (ha) |         |             |                 |           |
|------------------------|----------------------------|---------|-------------|-----------------|-----------|
|                        | Babergh                    | Ipswich | Mid Suffolk | Suffolk Coastal | Total IEA |
| Offices (B1a/B1b)      | 8.1                        | 13.0    | 9.1         | 10.6            | 40.8      |
| Industrial (B1c/B2/B8) | -5.2                       | 15.3    | 0.3         | 3.8             | 14.2      |
| <b>All B Uses</b>      | 2.9                        | 28.3    | 9.4         | 14.4            | 55.0      |

Source: EEFM (2016) / Lichfields analysis

Note: Totals rounded

- 3.29 It should be noted that the above figures make an allowance for normal market vacancy rates, but do not allow for future replacement of losses or apply a safety margin; consideration should be given to these factors in order to identify a 'gross' requirement for planning purposes. Not all losses of employment space need to be replaced as some will reflect restructuring as less of certain types of employment floorspace are needed in the future. Monitoring data is currently unavailable in a consistent format across the study area to enable a more detailed analysis of recent trends in the take-up of B class floorspace across the IEA.
- 3.30 These requirements therefore reflect the **minimum** quantum of floorspace and land that should be planned for across the IEA over the period to 2036. Whilst no specific guidance or recommendations are provided by the PPG in terms of identifying a final 'planning requirement', the former South East England Partnership Board (SEEPB) guidance on employment land assessments recommended an allowance that is equivalent to the average time for a site to gain planning permission and be developed, typically about two years. This is equivalent to 9% of the total 22 year study period for the IEA. Each local authority will need to give further consideration to the planning requirement for employment land over and above this minimum position based on a more detailed analysis of past trends and local supply side factors, some of which are considered in later chapters of this report.



## Summary

- 3.31 An updated 'baseline' scenario of labour demand has been prepared using the latest forecasts of job growth contained within the 2016 release of the EEFM and this chapter summarises the employment growth and associated B class floorspace and land requirements implied by this.
- 3.32 This implies an increase in the total number of jobs in the IEA equivalent to 37,070 over the 22 years to 2036, driven by Ipswich and followed by Suffolk Coastal, Mid Suffolk and Babergh. 8,140 of these jobs are expected to fall within B use class sectors, again with Ipswich anticipated to drive this growth. Across all authorities, office based jobs are expected to record the most significant growth, and to a much lesser extent, distribution based jobs. Manufacturing based jobs are forecast to decline across each authority area over the period to 2036.
- 3.33 Floorspace and land requirements have been calculated to estimate the spatial implications of accommodating this level of growth, and these reflect the minimum quantum of floorspace and land that should be planned for across the IEA over the period to 2036.
- 3.34 Table 3.8 below summarises how the scale of employment growth implied by the latest 2016 EEFM forecasts compares with those (taken from the autumn 2014 EEFM release) that were applied as part of the 2016 ELNA study. At the IEA wide level, the scale of change in total employment terms is very small, although a notable shift is evident in terms of growth assumptions for those sectors typically utilising B use class space. The latest (2016) EEFM forecasts expect non B use class sectors to drive the majority of employment growth across the IEA over the period between 2014 and 2036, most notably transport (part B class sector), recreation, hospitality and retail.

Table 3.8 Employment Growth by EEFM Release / Study

| Location                         | Total Employment Change<br>p.a. |                         | B Class Employment Change<br>p.a. |                         | Direction of<br>Travel |         |
|----------------------------------|---------------------------------|-------------------------|-----------------------------------|-------------------------|------------------------|---------|
|                                  | 2011-2031<br>(2016 ELNA)        | 2014-2036<br>(2017 SNA) | 2011-2031<br>(2016 ELNA)          | 2014-2036<br>(2017 SNA) | Total                  | B Class |
| Babergh                          | 266                             | 165                     | 135                               | 27                      | ↓                      | ↓       |
| Ipswich                          | 618                             | 865                     | 201                               | 201                     | ↑                      | ↔       |
| Mid Suffolk                      | 286                             | 293                     | 116                               | 46                      | ↑                      | ↓       |
| Suffolk Coastal                  | 471                             | 361                     | 208                               | 96                      | ↓                      | ↓       |
| <b>Ipswich<br/>Economic Area</b> | <b>1,641</b>                    | <b>1,685</b>            | <b>660</b>                        | <b>370</b>              | ↑                      | ↓       |

Source: EEFM (2016) / Ipswich and Waveney Economic Areas ELNA (2016) / Lichfields analysis

- 3.35 The implied difference in employment growth across the two sets of EEFM forecasts is much more varied at the individual local authority level. The latest 2016 EEFM data provides a much less positive view of employment growth potential for Babergh and Suffolk Coastal when compared with the 2014 release, but imply a much higher scale of total employment growth within Ipswich (albeit with no change in B use class sector growth across the two sets of data).
- 3.36 The picture in Mid Suffolk is different still, with the 2016 EEFM projections providing a more optimistic view of overall employment growth potential, but assuming that B use class sectors play a less significant role in this overall growth than the 2014 data (Table 3.8).
- 3.37 When translated into spatial requirements, the latest 2016 EEFM baseline forecasts imply a lower overall scale of employment land requirements across the IEA when compared with 2014 EEFM data. This position is echoed across each individual local authority area with the exception of Ipswich (as summarised in Table 3.9). Whilst growth needs have been identified on

an individual local authority basis, there will be some degree of footloose needs that potentially operate and can be accommodated across individual local authority boundaries, but within the wider Ipswich Economic Area.

Table 3.9 Land Requirement by EEFM Release / Study

| Location                     | Land Requirement (ha)   |                          | Direction of Travel |
|------------------------------|-------------------------|--------------------------|---------------------|
|                              | 2014-2036<br>(2017 SNA) | 2011-2031<br>(2016 ELNA) |                     |
| Babergh                      | 2.9                     | 13.9                     | ↓                   |
| Ipswich                      | 28.3                    | 23.5                     | ↑                   |
| Mid Suffolk                  | 9.4                     | 14.7                     | ↓                   |
| Suffolk Coastal              | 14.4                    | 36.4                     | ↓                   |
| <b>Ipswich Economic Area</b> | <b>55.0</b>             | <b>88.5</b>              | ↓                   |

Source: EEFM (2016) / Ipswich and Waveney Economic Areas ELNA (2016) / Lichfields analysis

Note: 2017 SNA and 2016 ELNA use slightly different study periods (22 and 20 years respectively).

3.38 It should be noted that there are a number of reasons why the outputs from the EEFM datasets differ, not least of which the fact that the 2014 and 2016 releases were produced by different forecasting houses (Oxford Economics and Cambridge Econometrics, respectively), each using their own assumptions and methodology. Different sources of data have therefore been used to inform and underpin the analysis and the two sets of EEFM data referred to in Table 3.9 were released two years apart (2014 and 2016).

3.39 The EEFM models take account of the macro-economic outlook prevailing at the time of preparation, and this is continually changing. Further information about the methodology applied as part of the 2016 EEFM is included at Appendix 3. Further information about the 2014 EEFM methodology is included within the 2016 ELNA.

## 4.0

## Agriculture Sector

## 4.1

This chapter analyses the existing economic contribution and future growth potential of the agriculture sector across the IEA. It identifies what may be needed to unlock potential growth in the sector through reviewing published evidence and drawing on consultation with key stakeholders.

## 4.2

The agriculture sector comprises a range of activities including crop and animal production, forestry and logging, fishing and aquaculture. A full breakdown of the SIC codes used to define the agriculture sector for the purposes of this study is included at Appendix 1.

### Employment

#### Total Stock of Employment

## 4.3

The total stock of agricultural employment across the IEA in 2016 is summarised in Table 4.1.

Table 4.1 Agriculture Employment, 2016

| Location        | Total Agriculture Employment | Percentage of Total Employment | Number of Businesses | Average Employment per Business |
|-----------------|------------------------------|--------------------------------|----------------------|---------------------------------|
| Babergh         | 1,000                        | 3.2%                           | 110                  | 9.1                             |
| Ipswich         | 40                           | 0.1%                           | 10                   | 4.0                             |
| Mid Suffolk     | 1,210                        | 3.4%                           | 220                  | 5.5                             |
| Suffolk Coastal | 1,580                        | 3.2%                           | 200                  | 7.9                             |
| <b>IEA</b>      | <b>3,830</b>                 | <b>2.1%</b>                    | <b>540</b>           | <b>7.1</b>                      |

Source: Inter-Departmental Business Register (2016)

Note: figures rounded.

## 4.4

Mid Suffolk accommodates the highest scale of agriculture employment as a proportion of total employment, at 3.4%, reflecting the District's rural nature. Both Babergh and Suffolk Coastal have a slightly lower proportion of agricultural employment at 3.2% each.

## 4.5

By contrast, agriculture related employment in Ipswich is negligible, which is to be expected in this urban Borough.

### Spatial Distribution

## 4.6

The latest IDBR data can be used to illustrate the spatial distribution of agriculture employment across the study area, and mapping outputs from this analysis are included in Figures 4.1 to 4.4 below.

4.7

In Babergh, agriculture employment is distributed throughout the District. As would be expected, employment in the agriculture sector is generally located outside of settlements. The scale of employment is generally small, although there are a few larger clusters of employment evident as shown in Figure 4.1.

Figure 4.1 Spatial Distribution of Agriculture Employment, Babergh



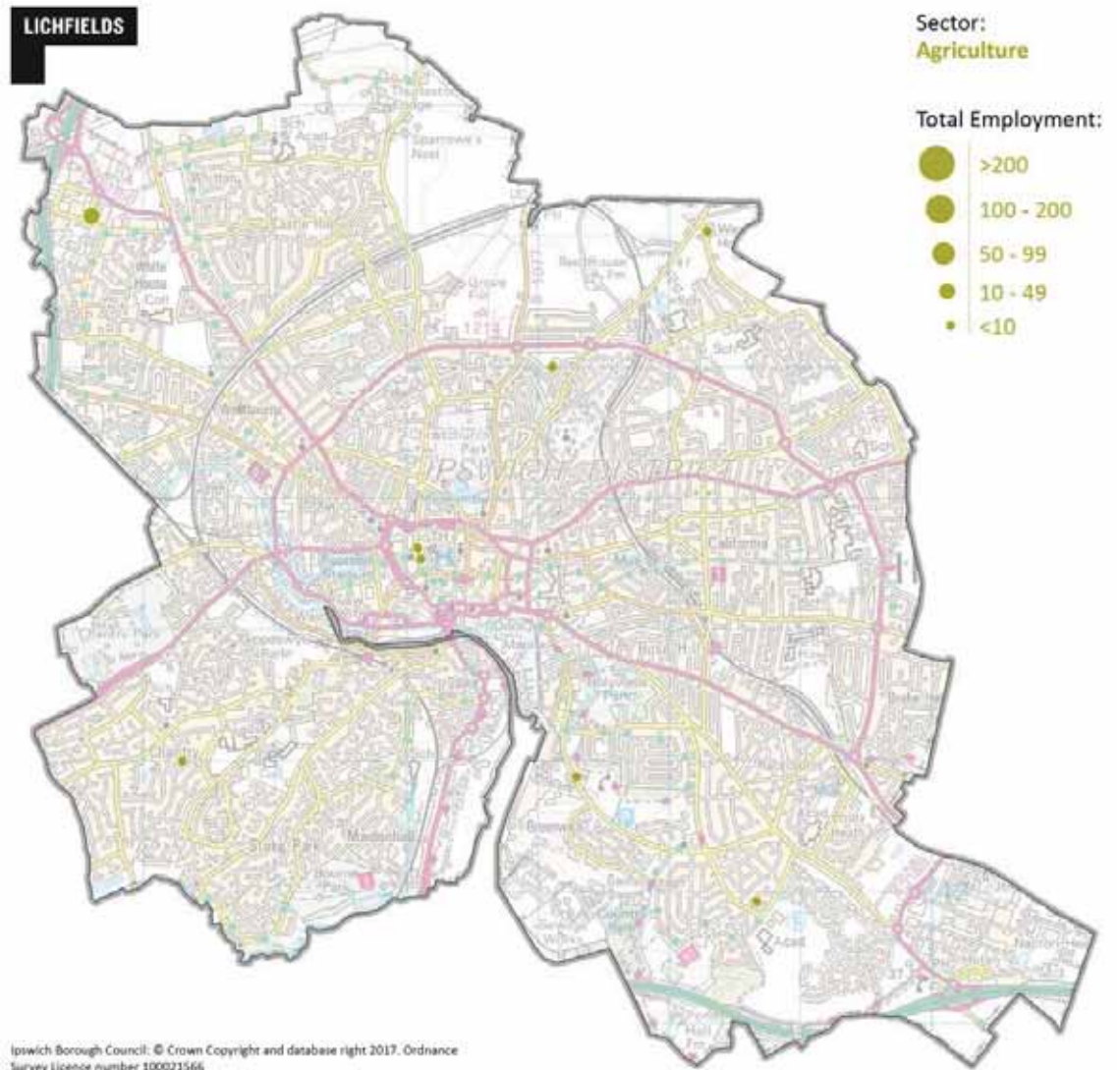
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

4.8

As noted above, the scale of agriculture related employment in Ipswich is very low. This is generally accommodated across a number of small clusters across the Borough (Figure 4.2).

Figure 4.2 Spatial Distribution of Agriculture Employment, Ipswich



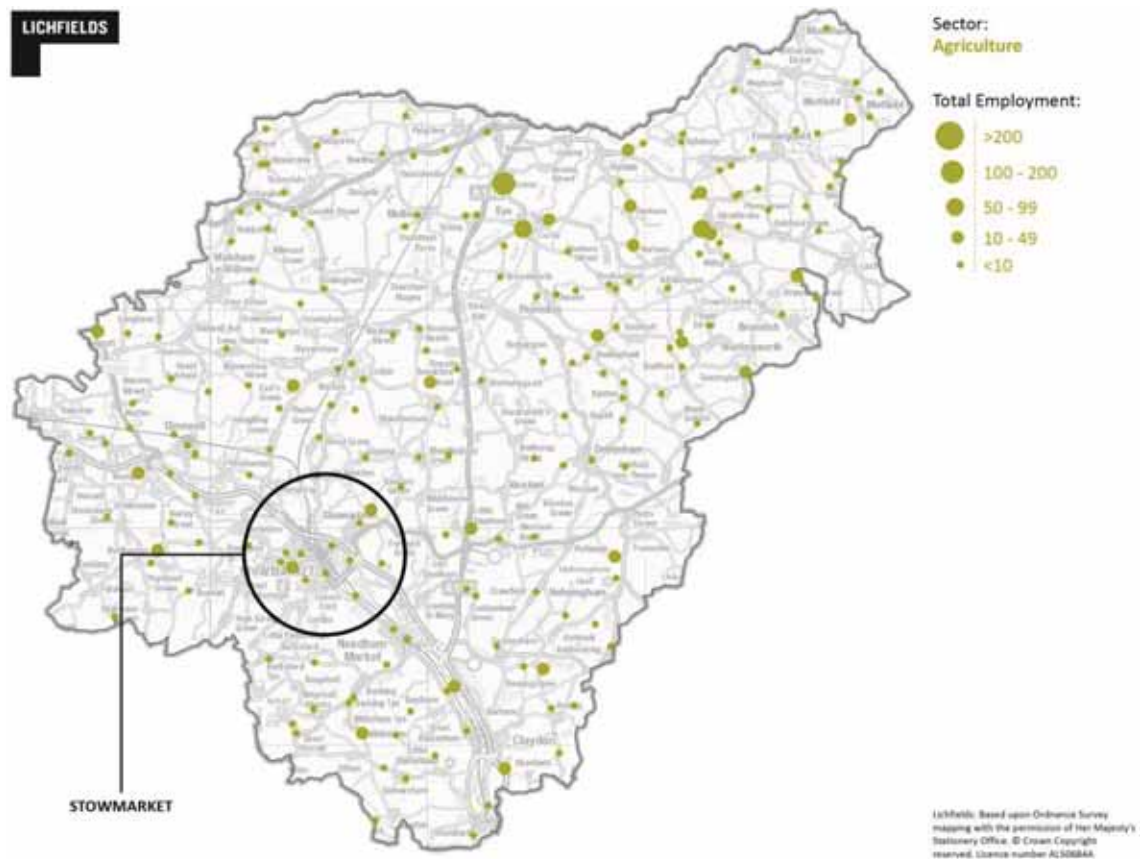
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

4.9

Mid Suffolk has the highest proportion of total employment in agriculture of all four IEA authorities. As shown in Figure 4.3, these jobs are distributed throughout the District although there are some notable clusters to the north and east of the District, near to the settlement of Eye and the border with Norfolk.

Figure 4.3 Spatial Distribution of Agriculture Employment, Mid Suffolk



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

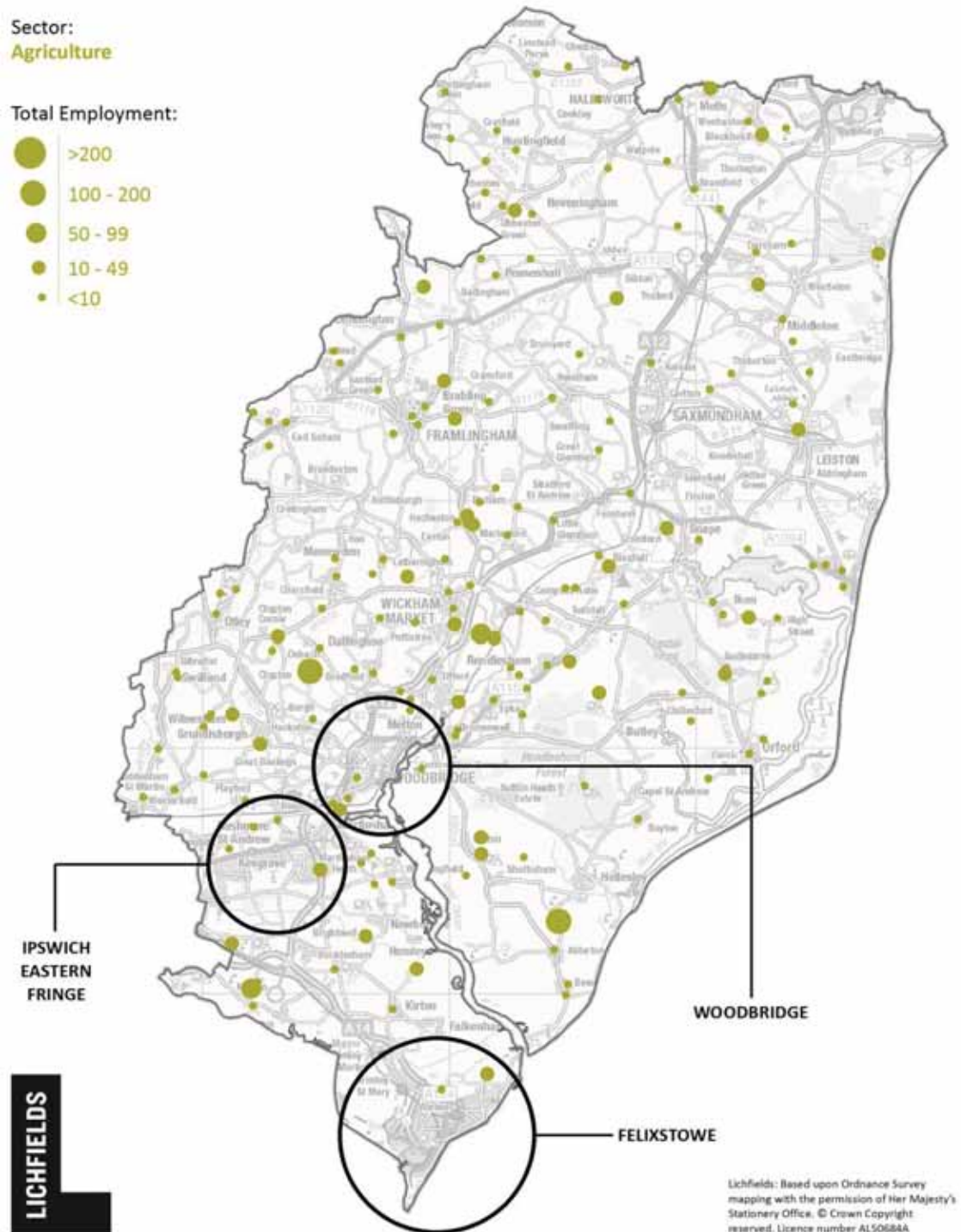
Note: dots represent individual postcodes and can represent more than one business.



4.10

Employment in agriculture is similarly spread out across Suffolk Coastal District. Some of the largest clusters are located in the south of the District, near to Woodbridge and Wickham Market. Of the four IEA authorities, Suffolk Coastal has some of the largest employment clusters in this sector.

Figure 4.4 Spatial Distribution of Agriculture Employment, Suffolk Coastal



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

## Historic Trends

- 4.11 Table 4.2 draws on 2016 EEFM data to summarise recent changes in agriculture employment across the IEA local authorities and New Anglia LEP area.

Table 4.2 Change in Agriculture Employment

| Location              | Total Employment Change<br>2001-2014 | Percentage Employment Change p.a.<br>2001-2014 |
|-----------------------|--------------------------------------|------------------------------------------------|
| Babergh               | +800                                 | +11.0%                                         |
| Ipswich               | +30                                  | +47.6%                                         |
| Mid Suffolk           | +1,460                               | +10.7%                                         |
| Suffolk Coastal       | +900                                 | +5.0%                                          |
| Ipswich Economic Area | +3,190                               | +8.2%                                          |
| New Anglia LEP        | +11,450                              | +7.1%                                          |

Source: East of England Forecasting Model (2016)

Note: figures rounded

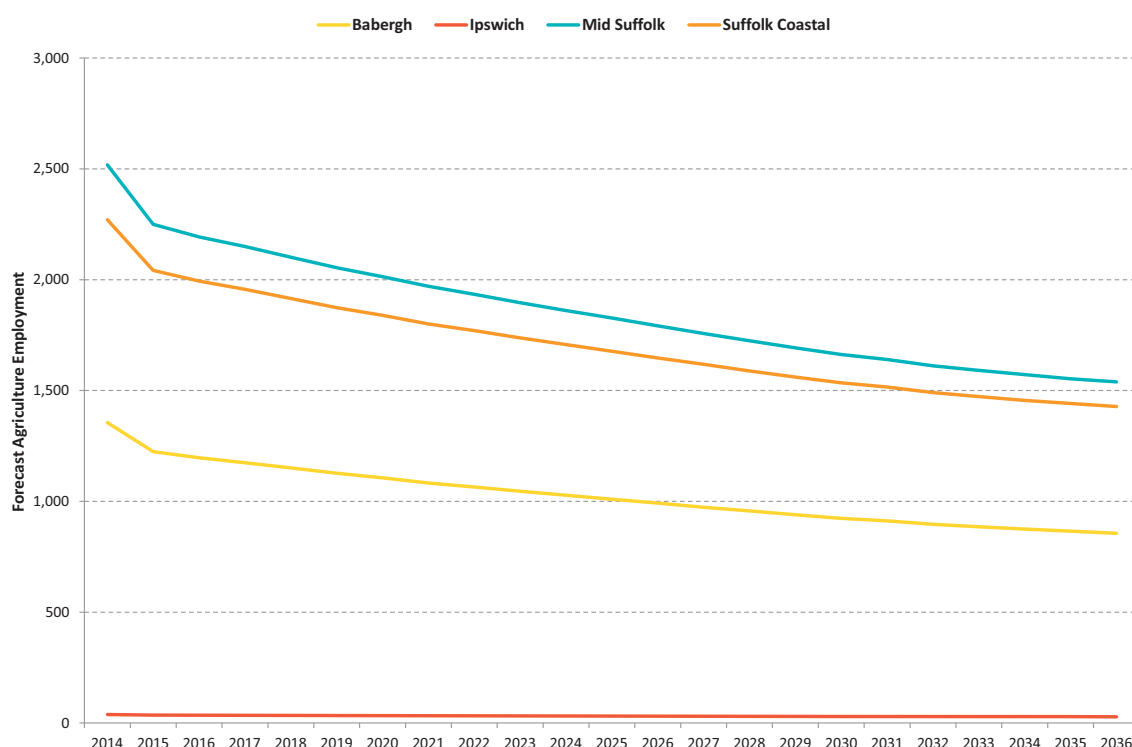
- 4.12 The sector expanded across the IEA and New Anglia LEP over the period between 2001 and 2014. The scale of growth ranges from +5.0% to +47.6% per annum, which in most cases was higher than the New Anglia LEP area as a whole (+7.1%). It should be noted that the high rate of per annum growth in Ipswich (47.6%) is distorted by the very low base level of agriculture employment in the Borough. Overall, the IEA recorded an overall growth in agriculture employment of 8.2%, exceeding the LEP-wide average.
- 4.13 In absolute terms, the IEA local authority recording the highest job growth in the sector was Mid Suffolk (+1,460 jobs), although in percentage terms this was the second lowest rate (+10.7%). In comparison, Suffolk Coastal recorded the second highest increase in jobs (+900 jobs) but grew at the lowest rate (+5.0%). Babergh and Ipswich gained +800 and +30 jobs respectively over the 13 years to 2014.

## Sector Growth Potential

4.14 Using the latest (2016) EEFM data, it is possible to identify the future employment growth potential of the agriculture sector across the four IEA local authority areas.

4.15 Figure 4.5 and Table 4.3 summarise the outputs from this analysis covering the forecasting period 2014 to 2036. This is based on the 'Agriculture' EEFM sector.

Figure 4.5 Forecast Agriculture Employment, 2014 - 2036



Source: East of England Forecasting Model (2016) / Lichfields analysis

Table 4.3 Forecast Change in Agriculture Employment, 2014-2036

| Location        | Total Employment Change 2014-2036 | Total Percentage Employment Change 2014-2036 | Employment Change Per Annum |             |
|-----------------|-----------------------------------|----------------------------------------------|-----------------------------|-------------|
|                 |                                   |                                              | 2001 – 2014                 | 2014 – 2036 |
| Babergh         | -500                              | -36.8%                                       | +11.0%                      | -1.7%       |
| Ipswich         | -10                               | -26.5%                                       | +47.6%                      | -1.2%       |
| Mid Suffolk     | -980                              | -38.9%                                       | +10.7%                      | -1.8%       |
| Suffolk Coastal | -840                              | -37.1%                                       | +5.0%                       | -1.7%       |
| IEA             | -2,330                            | -37.7%                                       | +8.2%                       | -1.7%       |
| New Anglia LEP  | -8,810                            | -36.9%                                       | +7.1%                       | -1.7%       |

Source: East of England Forecasting Model (2016)

Note: figures rounded

4.16 Overall, agriculture employment is expected to decline across the IEA up to 2036. The three authorities which currently have significant agriculture employment (Babergh, Mid Suffolk and Suffolk Coastal) are all expected to experience similar levels of decline over this period.

4.17 Mid Suffolk and Suffolk Coastal currently accommodate the highest scale of agriculture employment, reflecting the more rural nature of these two Districts. From 2014 to 2036, Mid Suffolk's agriculture employment is expected to decrease from 2,518 to 1,539 (a 38.9% decrease,

while employment in agriculture in Suffolk Coastal is forecast to decrease from 2,270 to 1,428 (a 37.1% decrease).

- 4.18 In 2014, Babergh's stock of agriculture employment was just over half that of Mid Suffolk's, at 1,355. According to the 2016 EEFM, this is expected to decrease by 36.8% to 2036, down to 856.
- 4.19 Ipswich has a very low proportion of its workforce employed in agriculture, reflecting the urban nature of the Borough. Little change is forecast for Ipswich in the period 2014-2036.
- 4.20 This forecast contraction of agriculture employment in the period 2014-2036 marks a significant shift from the trend recorded during the period 2001-2014, during which time agriculture employment grew in each authority area. Discounting Ipswich, where the number of people employed in agriculture is very low, both Babergh and Mid Suffolk recorded per annum growth of over 10%, higher than the New Anglia LEP average of 7.1%.

## Sector Opportunities

- 4.21 The New Anglia LEP identify food, drink and agriculture as some of the largest employment sectors across the Norfolk and Suffolk area, accounting for over 81,000 jobs and 12.7% of total employment in the LEP area<sup>17</sup>. The most significant employment subsector within food & farming is that of food retail, which accounts for nearly 33,000 jobs. Agriculture and food processing are also large employment subsectors within the LEP context. Overall, the sector contributes over £2bn to GVA, equivalent to 9.7% of total GVA.
- 4.22 Within its 2013 Sector Growth Strategy, the LEP notes that the GVA generated by food, drink and agriculture fell by £200m between 2008 and 2010, a decline of just over 8%, and that the sector also experienced a 3% decline in employment between 2008 and 2010 equating to a loss of 2,477 jobs overall and a more dramatic decline than the overall national experience. The latest EEFM data summarised in Table 4.3 above suggests that this recent pattern of employment decline has not been echoed across the IEA, in fact employment within agriculture is identified by the 2016 EEFM as having increased between 2001 and 2014 across the IEA as a whole and each constituent local authority area.
- 4.23 From a New Anglia perspective, food and drink is represented in all districts, although the scale and level of importance does vary from place to place. Analysis of IDBR data presented above shows that there are particular concentrations of agriculture related employment in Mid Suffolk and Suffolk Coastal, and Babergh to a lesser extent. The area has a growing reputation for its excellent food and drink festivals and the quality of the local food offer at other cultural events across both counties.
- 4.24 The LEP recognise that the scale and depth of the food, drink and agriculture sector is a tremendous asset to Norfolk and Suffolk, and that its strong relationship with the tourism sector in particular is an important factor in determining how both of those sectors will grow in the short term. It also notes that exploiting links to other growth sectors offers good scope to grow the sector – integrating tourism promotion with the area's food and drink specialisms being a notable example. Energy, biotechnology and advanced manufacturing also offer up interesting connections with the sector.
- 4.25 Helping local producers to compete and/or develop alternative markets is also considered by the LEP to be paramount to achieving sustainable growth. Producers need to consider options for expanding local reach (e.g. through food festivals and other events), moving into new domestic or international territory (through more proactive promotion at food fayres), or diversifying their products for alternative uses (e.g. crops for bio fuel production).

<sup>17</sup> New Anglia LEP, Sector Growth Strategy, February 2013

- 4.26 The key challenges impacting on the growth prospects of the agriculture sector include tackling skill shortages, overcoming negative perceptions and reducing reliance on migrant labour to fill gaps. Resources and infrastructure are also important; agricultural areas can be disproportionately affected by infrastructure restraints such as slow broadband speed and poor road connections. Promotion of suitable locations across the region to attract supply chain companies will also impact on growth as will improving access to business support services and overcoming 'red tape' issues.
- 4.27 Within its Strategic Economic Plan (SEP), the LEP identify 'agri-tech' as one of five high impact sectors which offer the opportunity for rapid growth in absolute terms and productivity. Agri-tech involves using technology to add value to the agriculture, food and drink sector, and the sector is considered to offer huge commercial potential for New Anglia. It is considered to be as much a strategy as a sector, with a strong overlap with life sciences and advanced manufacturing; the joint collaboration of agri-tech and life sciences sectors is central to the LEP's ambition to develop a super-cluster, leveraging both their combined strengths. To support the growth in the agri-tech sector, a £2 million RGF Agri-tech Fund has been established by the Greater Cambridge Greater Peterborough (GCGP) LEP, with New Anglia LEP a key partner. Operating in a similar way to the Growing Business Fund, the scheme is specifically targeted at developing innovation within the agri-tech sector.
- 4.28 A combination of a range of sector specific support, relative resilience of employment within the agriculture sector across the IEA and funding opportunities available to encourage growth within specific sub-sectors such as agri-tech suggest that the scale of employment growth could be significantly higher than implied by the latest (2016) EEFM projections, and as a minimum could result in a positive trajectory of job growth over the period to 2036 rather than one of decline. Key to achieving this will be the gradual replacement of more traditional agricultural related activity with higher value, higher tech activity which builds upon the area's existing strengths as acknowledged by the LEP.

## Existing Evidence on Sector Needs

- 4.29 A summary is provided below of existing published evidence and studies on the sector, as well as any specific sub-group needs.

### Why Farming Matters in Coastal Suffolk (2010)

- 4.30 The 'Why Farming Matters in Coastal Suffolk' report published in 2010 by Why Farming Matters and the National Farmers Union covers a large area of Suffolk's coastline, taking in Woodbridge, Martlesham Heath, Felixstowe and Leiston.<sup>18</sup> The report notes that the East Suffolk is particularly suitable for agriculture as it has fertile and free-draining soils. Coastal Suffolk achieves high levels of agricultural output. One third of the county's potatoes, vegetables and salad crops are grown on just one fifth of Suffolk's farmed area.
- 4.31 The report identifies a number of challenges for agriculture in Suffolk, including:
- 1 Mitigating sea level rise and salt water incursion onto agricultural land;
  - 2 As coastal Suffolk is one of the driest parts of the country, the risk of drought is likely to increase; and
  - 3 Balancing the needs of the agriculture sector with the maintenance and preservation of meadows, heaths and grazing marshes of coastal Suffolk.

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<sup>18</sup> Why Farming Matters and the National Farmers Union (2010) 'Why farming matters in Coastal Suffolk'. Available at: <https://www.nfuonline.com/assets/23992>

- 4.32 The following recommendations are made in order to support the agriculture sector in Suffolk to meet these challenges:
- 1 Research and development programmes that give farmers the tools they need to meet future food and energy needs;
  - 2 Initiatives to encourage more efficient use of water through, for example, benchmarking;
  - 3 Committed long-term investment in the maintenance of existing sea and river defences;
  - 4 Carefully targeted advice and information to help farmers improve their soil management techniques, thereby conserving the long-term fertility and productivity of this precious resource;
  - 5 Planning policies that allow farm businesses to diversify to help meet tourism demand; and
  - 6 Simplified and flexible rural development schemes that support farm modernisation and diversification.

## Consultation Feedback

- 4.33 This section summarises key feedback obtained for IEA's agriculture sector through stakeholder consultations.
- 4.34 East Suffolk and the east of England more generally is one of the most productive agricultural areas in the world. Historically, a number of agricultural businesses have been based in the IEA, including major fertilisers and feed businesses.
- 4.35 The agri-tech sector in particular (a sub sector of agriculture) is identified in the New Anglia LEP's Strategic Economic Plan as one of five high impact sectors which offer the opportunity for rapid growth.<sup>19</sup> It refers to the process of using technology to add value to the agriculture, food and drink sector, and the LEP notes that while the UK economy only grew by 4% in GVA terms between 2007 and 2010, food processing grew by 13% and agriculture by 25%.
- 4.36 A key strength of the IEA in regards to the agri-tech sector is that business space is significantly less expensive than in Norwich and Cambridge, where other East of England agri-tech clusters can be found. This offers the IEA an important competitive advantage, although the IEA is thought to be less well known for its agri-tech industry than Norwich and Cambridge, both of which have a strong international reputation for innovation in science and technology.
- 4.37 The Ports of Felixstowe and Ipswich represent key assets of East Suffolk, with the former in particular offering potential to add value to agriculture related goods coming in and out of the Port. The area boasts a strong agricultural base to test new product development. Stakeholders also noted that Innovation Martlesham in Suffolk Coastal District accommodates a number of high tech businesses which are capable of handling large amounts of data, which is crucial in the use of remote sensing in agriculture.
- 4.38 In order to support the agriculture sector to grow in future, stakeholders believe there is scope for IEA Councils to more pro-actively support the clustering and networking of businesses and other actors involved in this sector. Existing assets such as Innovation Martlesham should be promoted further, while there could also be opportunities for a small, locally-responsive grant system to SMEs in the sector that want to grow.

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<sup>19</sup> 'Agri-tech' refers to the use of technology to add value to the agriculture, food and drink sector.



## Summary

- 4.39 Babergh has seen employment in agriculture increase in recent years, with the 1,000 agriculture jobs in 2016 representing 3.2% of total jobs. These jobs are generally spread throughout the District and tend to be outside of the larger settlements. The sector is expected to undergo some decline up to 2036, in a manner which is consistent with Mid Suffolk and Suffolk Coastal. However, the EEFM for job change is just one indicator, and other factors may help to drive growth in the agriculture sector.
- 4.40 Ipswich has a low number of jobs in agriculture, with just 40 recorded in 2016. This reflects the fact that the Borough boundary covers Ipswich town and therefore the authority is urban in nature. It is possible that if the agri-tech sector experiences growth that companies in this sector may take up office space in Ipswich.
- 4.41 Mid Suffolk has seen growth in agriculture in recent years, with the 1,210 agriculture jobs in 2016 representing 3.4% of total jobs. There are some large clusters of agriculture jobs in the north of the District, near to the town of Eye. There are also clusters of agriculture jobs surrounding Stowmarket, in the south of the District. Similarly to Babergh, agriculture jobs are expected to decline up to 2036. The EEFM forecast indicates that of the four local authorities Mid Suffolk will see the biggest decline in agriculture jobs, of 1.8% per annum. However, opportunities in growing sub-sectors such as agri-tech may allow this forecast decline to be reversed.
- 4.42 Suffolk Coastal has also seen growth in the agriculture sector in recent years, with the 1,580 jobs in 2016 representing 3.2% of total jobs. The biggest clusters are near to Wickham Market, Melton and Woodbridge in the centre of the District. Agriculture employment in Suffolk Coastal is expected to decline up to 2036. It is expected to decrease by 1.7% per annum and is expected to follow a similar trend to Mid Suffolk. However, given the opportunities for the agri-tech sector at business locations such as Innovation Martlesham, it may be possible that the forecast decline in traditional agricultural activities will be offset by growth in agri-tech.
- 4.43 In overall terms, the analysis suggests that the IEA has some real strengths in agriculture related sectors and emerging USPs and competitive advantage within food and drink and agri-tech sub sectors in particular, and this provides a key area of opportunity for growth over the coming years. Whilst employment in agriculture has increased across the IEA over recent years, the latest EEFM forecasts imply a reversal of this trend going forward. As with other sectors, the IEA will need to adapt to the gradual replacement of more traditional agricultural related activity with higher value, higher tech activity which builds upon the area's existing strengths. This is likely to place an increasing emphasis upon provision of high quality business accommodation within those key areas of market demand across rural areas of Babergh, Mid Suffolk and Suffolk Coastal and within existing, specialist clusters such as Innovation Martlesham.

## 5.0 Business and Professional Services Sector

- 5.1 This chapter analyses the existing economic contribution and future growth potential of the business and professional services sector across the IEA. It identifies what may be needed to unlock potential growth in the sector through reviewing published evidence documents and studies.
- 5.2 The business and professional services sector is highly diverse. Activities include: scientific research and development; veterinary services; legal and accounting activities; and creative services such as marketing and architecture. A full breakdown of the SIC codes used to define the sector for the purposes of this study is included at Appendix 1. The analysis included within this chapter focuses upon private sector activity; therefore public administration activities are not specifically included.

### Employment

#### Total Employment

- 5.3 The total stock of business and professional services employment across the IEA in 2016 is summarised in Table 5.1.

Table 5.1 Business and Professional Services Employment, 2016

| Location        | Total Business and Professional Services Employment | Percentage of Total Employment | Number of Businesses | Average Employment per Business |
|-----------------|-----------------------------------------------------|--------------------------------|----------------------|---------------------------------|
| Babergh         | 6,200                                               | 19.8%                          | 1,330                | 4.7                             |
| Ipswich         | 20,220                                              | 28.8%                          | 1,720                | 11.8                            |
| Mid Suffolk     | 7,260                                               | 20.6%                          | 1,440                | 5.0                             |
| Suffolk Coastal | 7,430                                               | 15.1%                          | 1,810                | 4.1                             |
| <b>IEA</b>      | <b>41,110</b>                                       | <b>22.1%</b>                   | <b>6,300</b>         | <b>6.5</b>                      |

Source: Inter-Departmental Business Register (2016)

Note: figures rounded.

- 5.4 Business and professional services is a major employer in all of the IEA local authorities. Between 15.1% and 28.8% of each local authority's workforce is employed in the sector, with Ipswich having the highest rate (28.8%) and absolute number of jobs (20,220 jobs). Babergh has the lowest number of jobs (6,200 jobs) in the sector with Suffolk Coastal having the lowest workforce proportion (15.1%).

#### Spatial Distribution

- 5.5 IDBR data can be mapped to show where business and professional services employment in IEA local authorities is located (Figures 5.1 to 5.4).

Figure 5.1 Spatial Distribution of Business and Professional Services Employment, Babergh

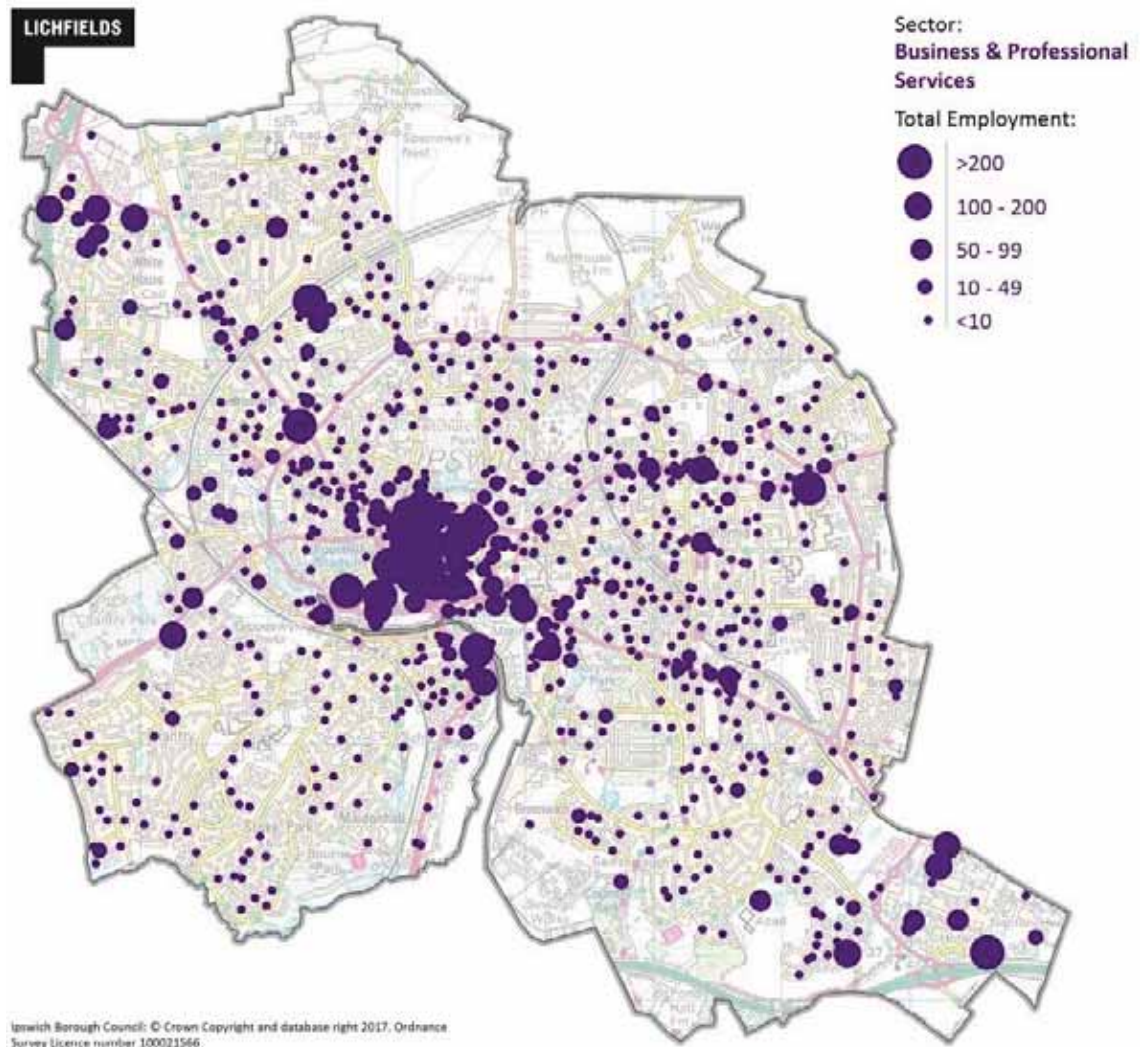


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Pg 46

- 5.7 In Ipswich, business and professional services employment tends to be concentrated in and around the town centre. Reflecting the diverse nature of firms operating within the sector, it is typical to see a range of small, medium and large scale employers, with small scale clusters of employment generally located within the more residential areas of the Borough, which will include people working from home (although those home workers that do not exceed VAT or PAYE thresholds will not be included in this data).
- 5.8 Other sizeable employment clusters are located in the north western corner of the town near to Whitehouse and along arterial roads including Woodbridge Road, Norwich Road and Felixstowe Road, as well as at Ransomes Europark (Figure 5.2).

Figure 5.2 Spatial Distribution of Business and Professional Services Employment, Ipswich



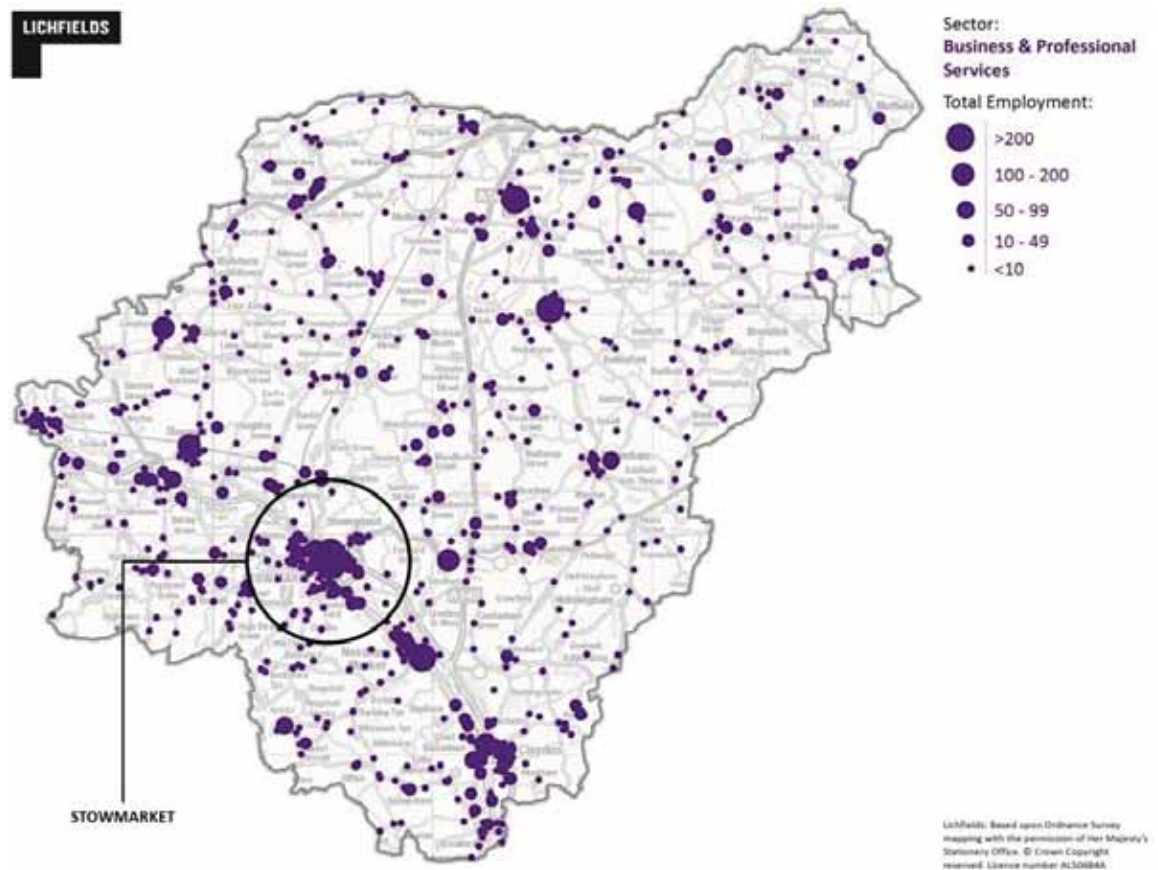
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

5.9

Mid Suffolk's business and professional services sector is primarily concentrated along the A14 corridor, as shown in Figure 5.3. The largest clusters of employment can be found in Stowmarket, Claydon and Needham Market. Outside of these settlements, employment clusters tend to be smaller in scale, and this is likely to reflect patterns of home based working for which business and professional services is particularly well suited to. The area around Eye Airfield to the north of the District also accommodates a cluster of business and professional services employment.

Figure 5.3 Spatial Distribution of Business and Professional Services Employment, Mid Suffolk



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

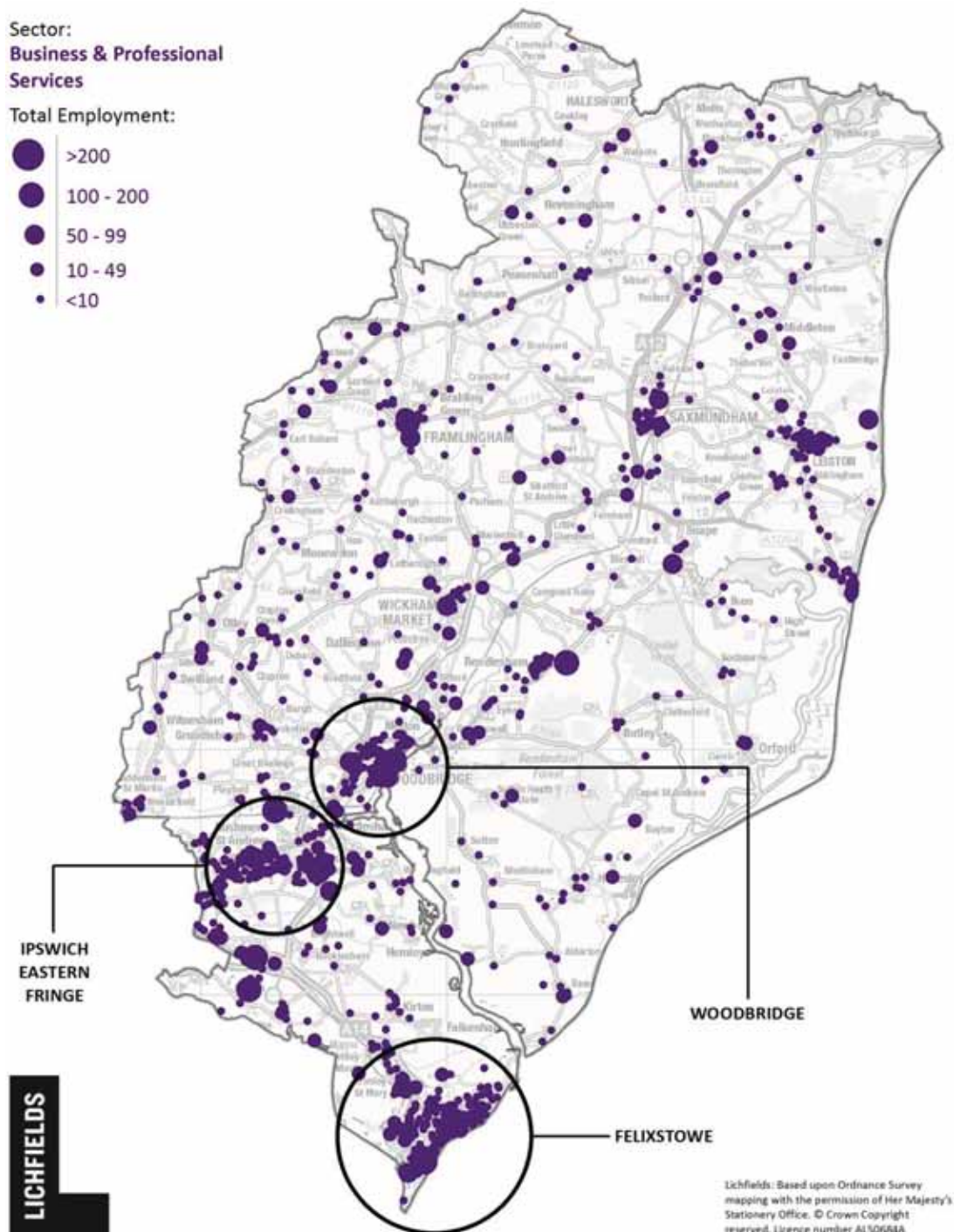
Note: dots represent individual postcodes and can represent more than one business.



5.10

Felixstowe, Woodbridge and Ipswich Eastern Fringe together accommodate the largest clusters of business and professional services sector employment in Suffolk Coastal (Figure 5.4). There are also smaller pockets of sector employment in Framlingham, Leiston and Saxmundham, with employment elsewhere (including in the more rural areas of the District) generally much smaller in scale. There are very few significant business and professional services employers located along the North Sea coastline.

Figure 5.4 Spatial Distribution of Business and Professional Services Employment, Suffolk Coastal



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.



## Historic Trends

- 5.11 Table 5.2 draws on 2016 EEFM data to summarise recent changes in business and professional services employment across the IEA local authorities and New Anglia LEP area.

Table 5.2 Change in Business and Professional Services Employment

| Location              | Total Employment Change<br>2001-2014 | Percentage Employment Change p.a.<br>2001-2014 |
|-----------------------|--------------------------------------|------------------------------------------------|
| Babergh               | +2,750                               | +4.8%                                          |
| Ipswich               | +3,270                               | +1.6%                                          |
| Mid Suffolk           | +1,460                               | +2.2%                                          |
| Suffolk Coastal       | +2,300                               | +3.0%                                          |
| Ipswich Economic Area | +9,780                               | +2.5%                                          |
| New Anglia LEP        | +33,650                              | +2.2%                                          |

Source: East of England Forecasting Model (2016)

Note: figures rounded

- 5.12 This shows that the sector expanded across the IEA and New Anglia LEP over the period between 2001 and 2014. Growth rates in the IEA local authorities range from +1.6% to +4.8% per annum, while the New Anglia LEP workforce grew by +2.2% per annum. Two of the IEA local authorities (Babergh and Suffolk Coastal) grew at higher rates than the LEP, while the other two matched or grew at a slower rate (Mid Suffolk and Ipswich). Overall, the IEA experienced an annual growth rate of business and professional services employment equivalent to 2.5%, higher than the LEP-wide average.
- 5.13 The IEA local authority that gained the highest number of jobs in the sector over this period was Ipswich (+3,270 jobs), although in percentage terms this was the lowest (+1.6%). In comparison, Babergh added the second highest number of jobs (2,750 jobs) and grew at the fastest rate (+4.8% per annum). Mid Suffolk and Suffolk Coastal gained +1,460 and +2,300 jobs respectively.

## Business Floorspace

- 5.14 VOA business floorspace statistics provide insight into how the supply of floorspace that business and professional services employers are likely to occupy has changed; offices in this case. Table 5.3 shows in all IEA local authorities the stock of office floorspace from 2000/01-2015/16 increased (+45,000sq.m cumulatively). Ipswich currently has the largest stock (288,000sq.m), with Suffolk Coastal having the second highest (117,000sq.m). Babergh and Mid Suffolk each have around 60,000sq.m of office floorspace.
- 5.15 Between 2000/01 and 2015/16, office floorspace supply grew fastest in Mid Suffolk and Babergh (39.5% and 18.2% respectively). Suffolk Coastal grew at a slightly lower rate (+14.7%) than the top two local authorities, while Ipswich's stock only expanded by +1.1% over the time period. The expansion in floorspace correlates with the increase in businesses and professional services employment that is shown in Table 5.2. Of note is that Ipswich has the lowest absolute increase in employment floorspace (+3,000sq.m) and the highest in employment (+3,270 jobs), suggesting that job densities may be increasing there, or that vacant floorspace has been re-occupied.

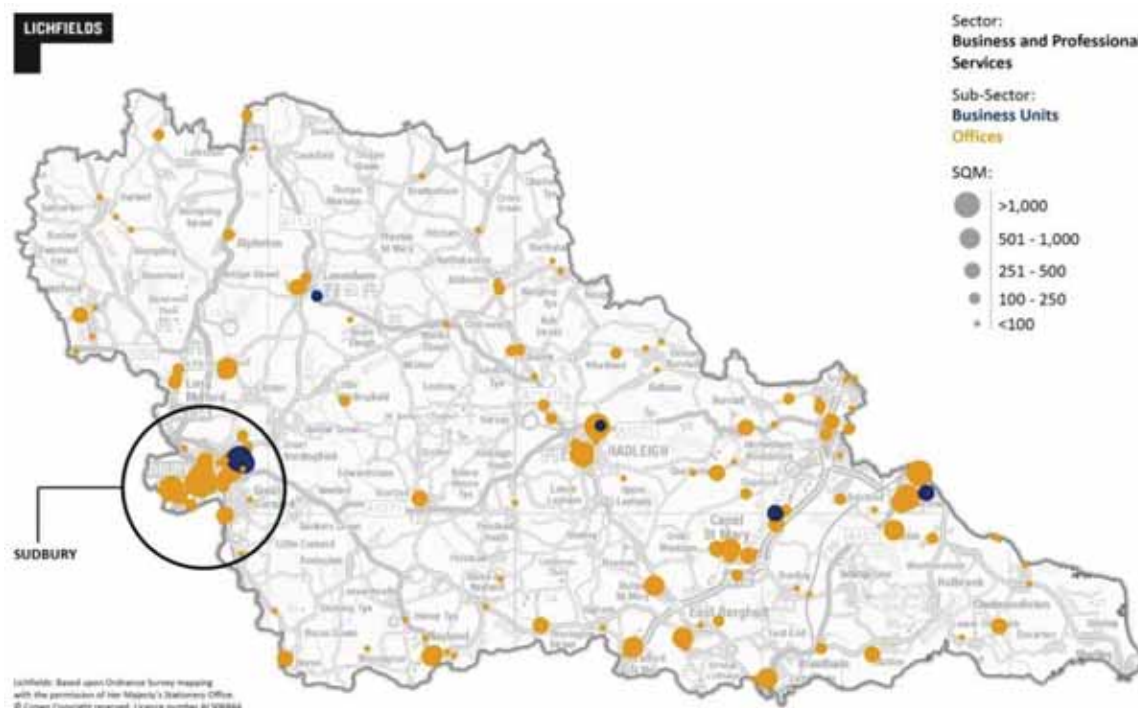
Table 5.3 Office Floorspace

| Location              | Total Stock 2015/16 (sq.m) | Absolute Change 2000/01-2015/16 (sq.m) | % Change 2000/01-2015/16 |
|-----------------------|----------------------------|----------------------------------------|--------------------------|
| Babergh               | 65,000                     | +10,000                                | +18.2%                   |
| Ipswich               | 288,000                    | +3,000                                 | +1.1%                    |
| Mid Suffolk           | 60,000                     | +17,000                                | +39.5%                   |
| Suffolk Coastal       | 117,000                    | +15,000                                | +14.7%                   |
| Ipswich Economic Area | 530,000                    | +45,000                                | +9.3%                    |

Source: VOA, Business Floorspace (2016)

- 5.16 Using the latest ratings data from the VOA, it is possible to analyse the spatial distribution of business and professional services floorspace across the IEA, using the VOA category codes of 'commercial offices' and 'business units' as a proxy. The outputs from this mapping analysis are shown in Figure 5.5 to 5.8. It should be noted that availability of detailed floorspace data from the VOA for individual business premises varies across sectors and locations and floorspace records can change for a number of reasons, including but not restricted to: demolished properties; new entities; reconstitution and alterations. The resulting data analysis and presentation should therefore be treated with a degree of caution.
- 5.17 Floorspace associated with business and professional services in Babergh is situated mostly in and around Sudbury (Figure 5.5). Units range in size from under 100sq.m to over 1,000sq.m. There are other smaller clusters in Hadleigh and where the district borders Ipswich, including some office premises over 1,000sq.m in size.
- 5.18 Business units tend to comprise small scale office suites located within an enterprise centre type facility. There are very few examples in the District and are generally located within one of Babergh's towns or along one of its road networks.

Figure 5.5 Spatial Distribution of Business Units and Office Floorspace, Babergh



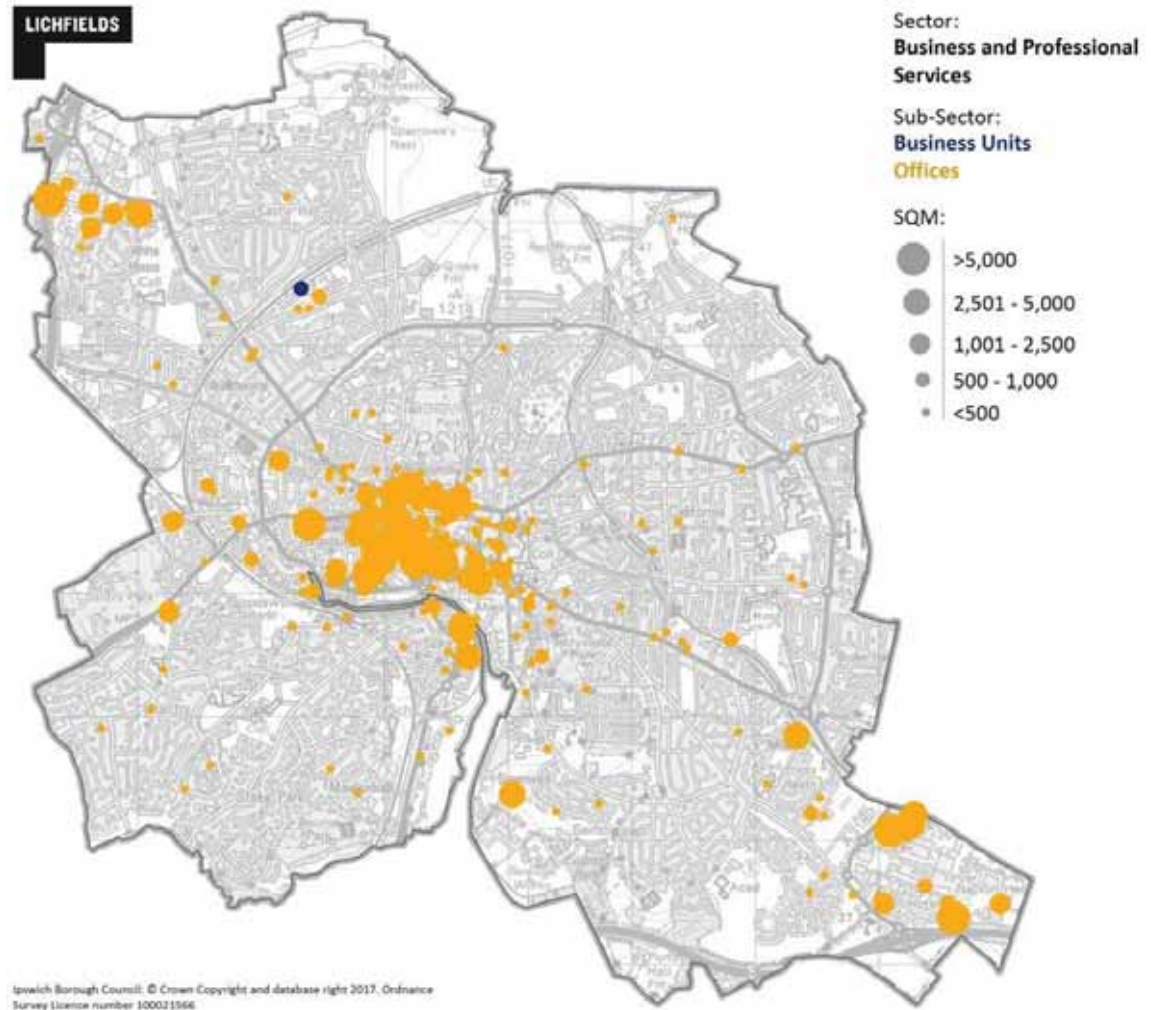
Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

5.19

In Ipswich, business and professional services floorspace is mainly focused in and around the town centre. Premises range from under 500sq.m to over 5,000sq.m in size, reflecting the town's diverse base of professional services firms. Outside of the town centre, there are also smaller clusters of office floorspace to be found at Whitehouse Industrial Estate and Ransomes Europark on the Borough's periphery (Figure 5.6).

Figure 5.6 Spatial Distribution of Business Units and Office Floorspace, Ipswich



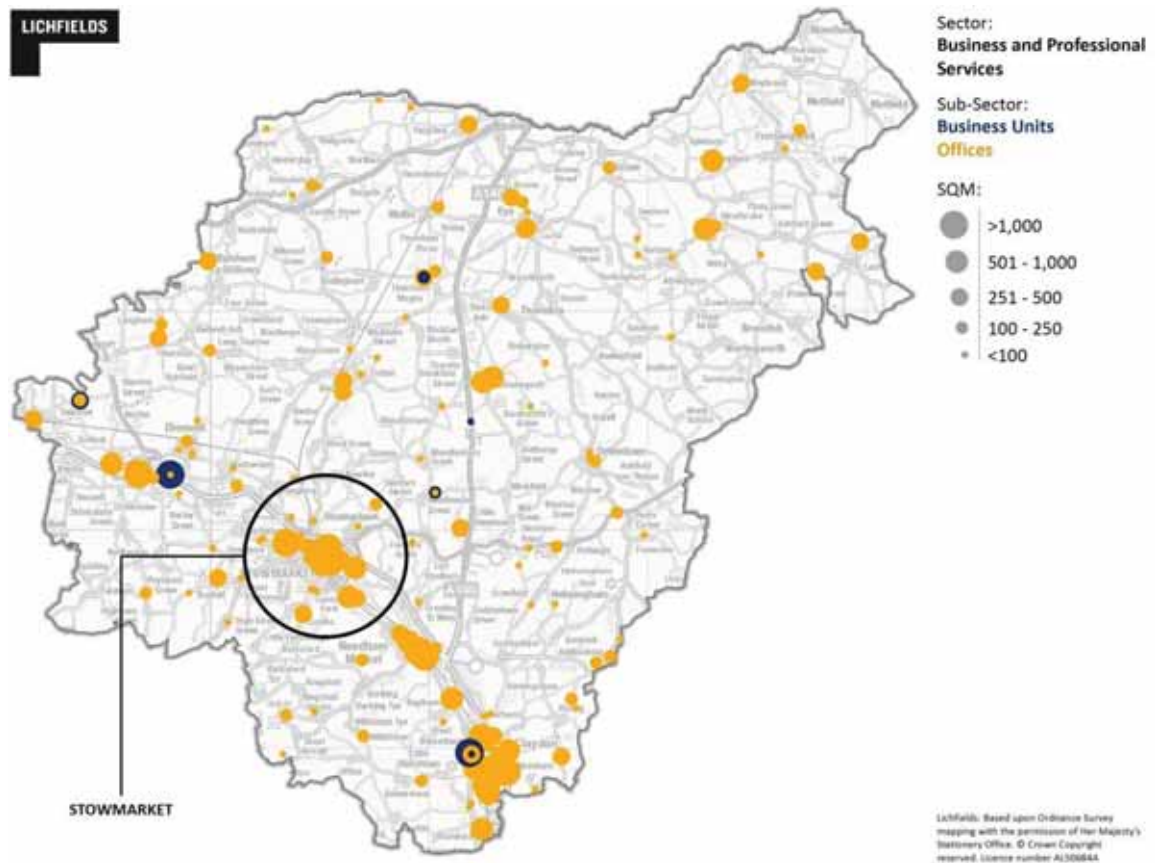
Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent one or more premises.

5.20

Office space in Mid Suffolk tends to be focused along the A14 corridor, with the largest clusters found in Stowmarket and Claydon. This correlates with where business and professional services employment is located (as described above). Outside of the A14 corridor a number of smaller clusters of office space are evident, although these are dispersed relatively widely (Figure 5.7). Business units are limited in number, with the largest units located in Claydon and near to Woolpit.

Figure 5.7 Spatial Distribution of Business Units and Office Floorspace, Mid Suffolk



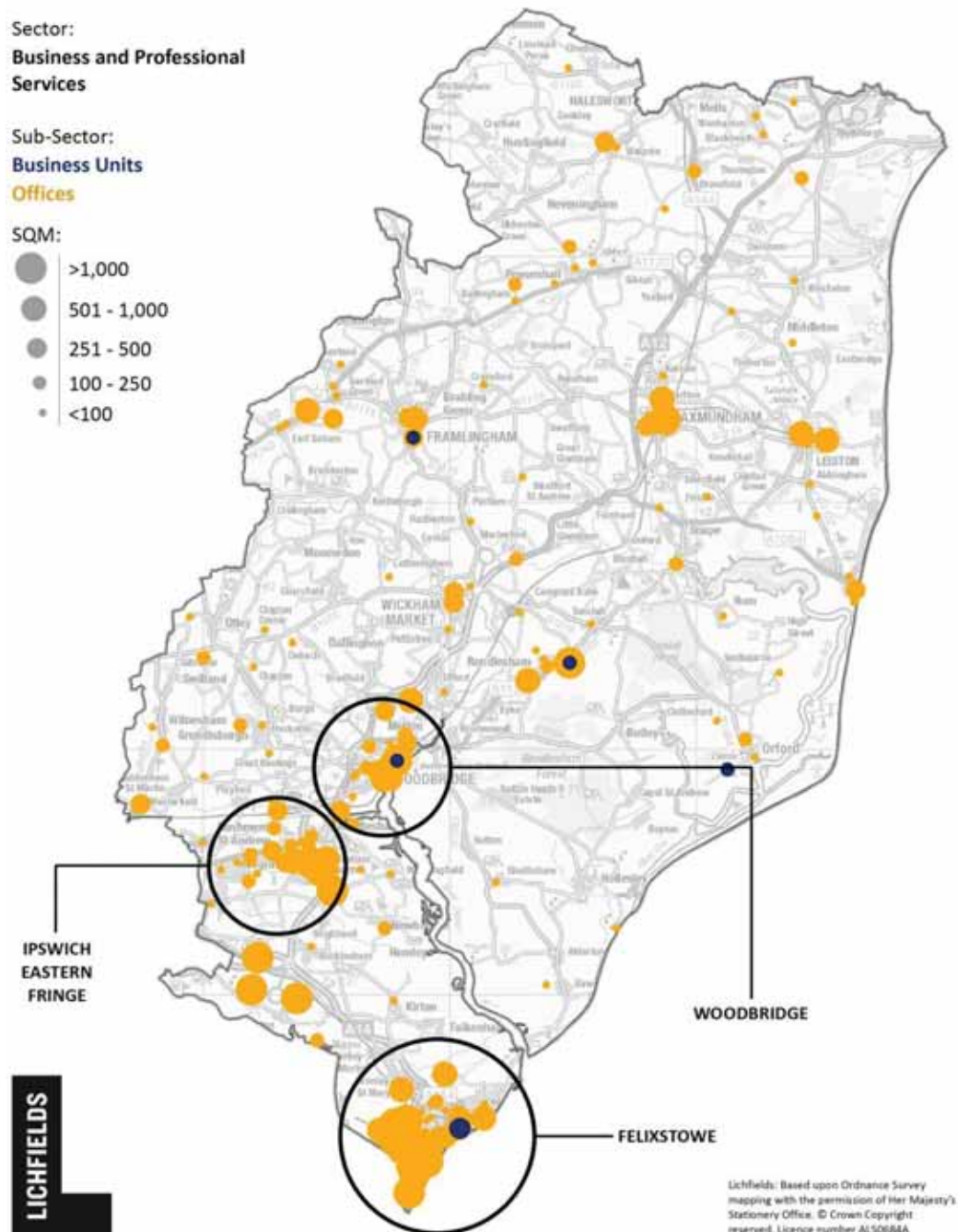
Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent one or more premises.



- 5.21 The main clusters of office space in Suffolk Coastal are found in Felixstowe, Ipswich Eastern Fringe and Woodbridge (Figure 5.8). A particularly large concentration of floorspace is accommodated in and around Felixstowe on the mouth of the River Orwell. In general terms, office premises in Suffolk Coastal tend to be located in close proximity to the District's road networks, with only small pockets of space located in the more rural areas.
- 5.22 Following the same trend as the other IEA local authorities, there are very few premises categorised as business units and these are dispersed relatively widely (Figure 5.8).

Figure 5.8 Spatial Distribution of Business Units and Office Floorspace, Suffolk Coastal



Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent one or more premises.

## Market Trends and Signals

- 5.23 Within the IEA, the town of Ipswich is the primary location for professional and business services related sectors, with office space representing the main type of premises sought by firms operating in these sectors. As Suffolk's county town, Ipswich has traditionally accommodated the county's main office market in and around the town centre and the insurance and finance sector has traditionally been the main driver of office growth with the town. Ipswich has been successful in recent decades in attracting back office functions from London and other larger centres in the South East, with insurance companies such as Willis Towers Watson and AXA occupying large office premises in Ipswich town centre. More recently however, the sector has seen much consolidation and this has had a direct impact upon demand for office space in and around Ipswich.
- 5.24 Ipswich accommodates both town centre and out of town office space, with demand and rental values broadly even between the two types of market. Even within this relatively large economic centre, the office market is very price sensitive, as occupiers continue to demand incentives and breaks which in the current climate is reported to be stifling new development (it should be noted that this situation is not unique to Ipswich). As a result, much of the town's office stock is secondary and of a relatively poor quality, with occupiers often citing inadequate car parking provision. The stock of 'Grade A' office space is limited, although the recent development of the Connexions building on the corner of Princes Street and Grafton Way has added a further 44,646sq.ft of new Grade A office space to the market.
- 5.25 Beyond Ipswich, the office market across the rest of the IEA is relatively small in scale and characterised by limited activity and localised demand. Key clusters tend to operate from well-located towns such as Woodbridge (which commands some of the highest office rents in the IEA) and high quality urban fringe/rural business parks such as those at Claydon/Great Blakenham and the Three Rivers Business Centre on the eastern fringes of Ipswich. These examples all benefit from good access and proximity to the areas key routes of the A14 and A12.
- 5.26 The other key cluster of office based activity includes BT's Adastral Park campus to the east of Ipswich (located within Suffolk Coastal) which accommodates a critical mass of office and R&D space. However this cluster of high value activity operates on a relatively self-contained basis, with occupiers generally linked to BT and its supply chains in some way. The benefits and opportunities associated with this activity are not currently perceived to spill over into the wider local economy, and the business space available at Adastral Park is not genuinely 'open market' provision.
- 5.27 By contrast, Mid Suffolk and Babergh are not characterised as a particularly strong office locations, partly due to their proximity to Ipswich which tends to accommodate the majority of office based demand in the sub-region. There are some office based companies located within business parks in the Great Blakenham / Claydon area which benefit from their location on Ipswich's urban fringe. In Stowmarket, office space tends to be occupied by local firms with office use often ancillary to other uses. Within Babergh, the market towns of Sudbury and Hadleigh accommodate some small scale business and professional services activity and associated office space, mainly accommodating local firms seeking a presence in the towns.
- 5.28 In general, the office market across the IEA is significantly weaker than other commercial uses such as industrial, with very few established, recognised office centres outside of Ipswich itself. The office market is very localised, largely driven by existing occupier churn, with local firms looking to move from outmoded to modern office space. Demand is reported to have picked up since the recession, with the majority of requirements ranging up to 3,000sq.ft/280sq.m, with Ipswich occasionally attracting enquiries as high as 10,000sq.ft/900sq.m or slightly above. More recently, wider economic and political uncertainty is reported to have subdued the office

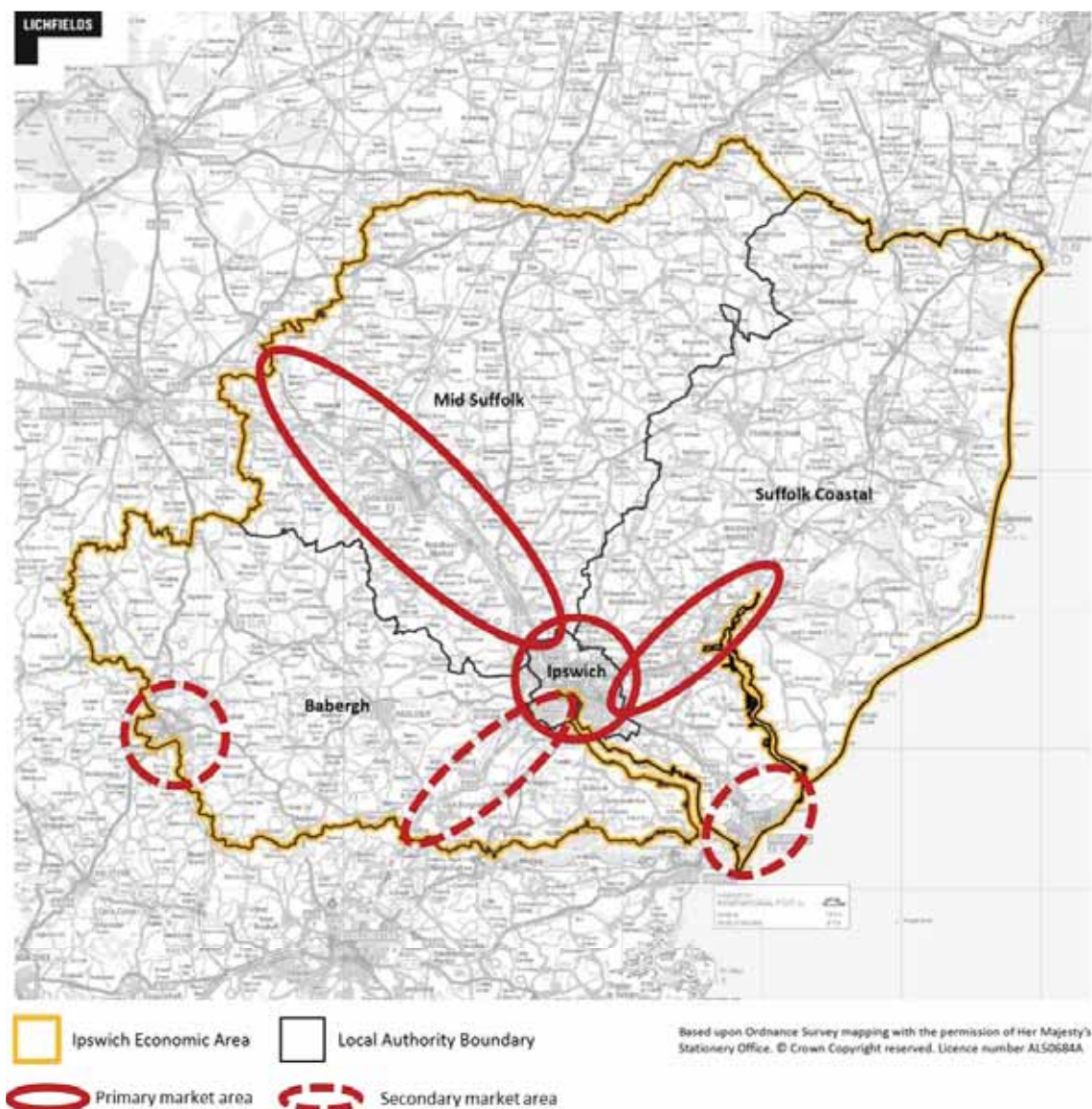


market in and around Ipswich, alongside the ongoing consolidation of key sectors which have traditionally been relied upon to drive office demand such as finance and insurance and the public sector.

- 5.29 In the current market, viability remains a key barrier to new office development, with achievable rents (which generally extend to a maximum of £14sq.ft/£140sq.m) currently lagging behind those required to enable new development (circa £18sq.ft/£180sq.m) by around £4sq.ft/£40sq.m. This issue is not unique to the IEA and reflects the situation across many parts of the country. It does however provide a key challenge for delivering new office space at least over the short term unless pro-active measures can be taken to kick-start development, for example through enabling development.
- 5.30 For business and professional services occupiers in the IEA, key premises and location requirements include digital connectivity and access to good broadband facilities. Whilst the majority of urban areas in the IEA are generally well served by digital connectivity, in the more rural areas away from key settlements coverage can be patchy and this largely inhibits business growth within business and professional services in these locations. Car parking provision is also reported by local agents to be a critical factor influencing premises decisions, particularly in areas away from public transport hubs. Whilst the majority of occupiers would prefer to be operating from high quality office space, in the current price sensitive market many firms are willing to compromise by paying lower rents for secondary quality space. A recent example of this is the Connexions building on the corner of Princes Street and Grafton Way in Ipswich town centre which was recently completed as a speculative development, and so far has reportedly struggled to attract occupiers willing to pay premium rates.
- 5.31 Going forward, well connected locations on the fringes of the Ipswich urban area are considered to provide good opportunities for future office development to accommodate business and professional services related growth, as well as small scale development in the town centre. There are also opportunities for larger scale office developments in and around Princes Street in Ipswich town centre; the area has recently been granted Enterprise Zone status and represents a key location for office growth in the town centre.
- 5.32 Unless congestion and accessibility issues associated with the A14 corridor and Orwell Bridge to the south east of Ipswich (i.e. near to the Ransomes Europark site) can be resolved, key opportunity areas are considered to include the IP8/Copdock and sugar beet factory site to the south and west of the town, the latter having recently been granted Enterprise Zone status and is currently subject to master planning work.
- 5.33 Agents cited the Three Rivers Business Centre scheme on the eastern fringes of Ipswich as a good example of the type of new office provision required to satisfy latent demand across the Ipswich Economic Area. This comprises a high quality terrace of office units ranging in size from 500sq.ft/45sq.m to 3,500sq.ft/325sq.m and benefiting from easy access to the A12 and A14, modern accommodation and good parking provision.

- 5.34 In drawing this analysis together, Figure 5.9 below provides an overview of the key property market areas for the business and professional services sectors in the IEA and those areas and locations which attract the strongest levels of market demand.

Figure 5.9 Key Property Market Areas and Demand - Business and Professional Services



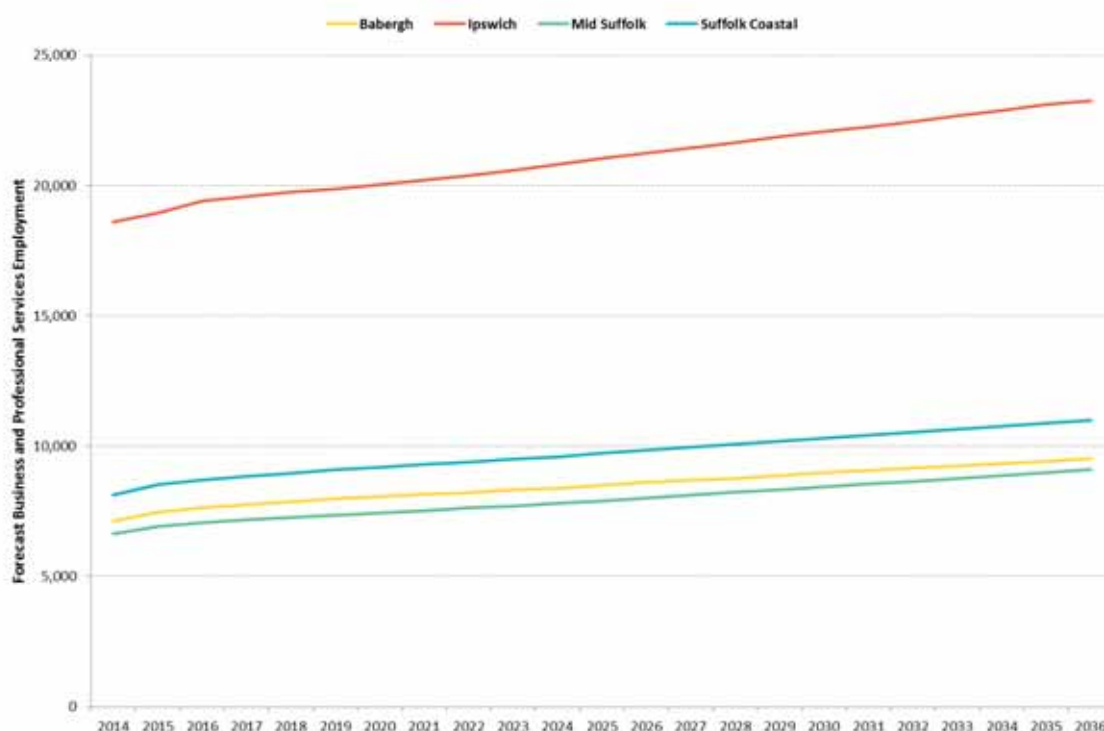
Source: Lichfields analysis

## Sector Growth Potential

- 5.35 Using the latest (2016) EEFM data, it is possible to identify the future employment growth potential of the business and professional services sector across the four IEA local authority areas. Figure 5.10 and Table 5.4 summarise the outputs from this analysis covering the forecasting period 2014 to 2036.
- 5.36 The life sciences and financial and insurance services sub-sectors of the wider business and professional services industry are included in New Anglia LEP's SEP. The sub-sectors are viewed as key growth sectors for driving the LEP economy forward. Features that could enable the IEA to grow strongly in these sub-sectors include the presence of the University of Suffolk campus in

Ipswich and finance firms (such as AXA, Willis and LV) which already have a base in the IEA. Figure 5.10 shows the long-term EEFM growth forecast for the sector across the IEA local authorities.

Figure 5.10 Forecast Business and Professional Services Employment, 2014-2036



Source: East of England Forecasting Model (2016) / Lichfields analysis

Table 5.4 Forecast Change in Business and Professional Services Employment, 2014-2036

| Location        | Total Employment Change 2014 - 2036 | Total Percentage Employment Change 2014 - 2036 | Employment Change Per Annum |             |
|-----------------|-------------------------------------|------------------------------------------------|-----------------------------|-------------|
|                 |                                     |                                                | 2001 - 2014                 | 2014 - 2036 |
| Babergh         | +2,430                              | +34.2%                                         | +4.8%                       | +1.6%       |
| Ipswich         | +4,660                              | +25.1%                                         | +1.6%                       | +1.1%       |
| Mid Suffolk     | +2,460                              | +37.1%                                         | +2.2%                       | +1.7%       |
| Suffolk Coastal | +2,870                              | +35.4%                                         | +3.0%                       | +1.6%       |
| IEA             | +12,430                             | +30.7%                                         | +2.5%                       | +1.4%       |
| New Anglia LEP  | +30,970                             | +20.7%                                         | +2.2%                       | +0.9%       |

Source: East of England Forecasting Model (2016)

Note: figures rounded

- 5.37 Between 2014 and 2036, the sector is forecast to grow in all of the IEA local authorities and across the New Anglia LEP area as a whole. All IEA local authorities are expected to grow at higher annual rates (Mid Suffolk +1.7%, Babergh +1.6%, Mid Suffolk +1.6% and Ipswich +1.1%) than the New Anglia LEP area (0.9%), underlining the relative contribution that the IEA is expected to make to driving forward LEP wide growth.
- 5.38 The EEFM forecast does indicate that employment growth in the sector is set to slow in comparison to the historic period between 2001 and 2014. However, employment change remains positive, so the sector still represents a key opportunity to drive growth in the IEA.

- 5.39 Babergh is forecast to gain 2,430 jobs in the sector between 2014 and 2036, increasing the overall size of the sector by 34.2% over the period. This rate of growth is in line with the forecasts for Mid Suffolk and Suffolk Coastal, though the number of jobs added in total is lower due to the smaller scale of the District's current sector workforce.
- 5.40 The largest absolute increase in business and professional services employment (+4,660 jobs) is expected to be recorded in Ipswich. This is equivalent to an annual increase of +1.1% which is the lowest rate forecast for all IEA authorities.
- 5.41 An additional 2,460 jobs are forecast to come forward in the sector in Mid Suffolk, representing a 37.1% increase over and above the District's 2014 workforce. This represents the highest growth rate of all IEA local authorities but does imply a slowdown compared with recent employment growth trends.
- 5.42 Suffolk Coastal is expected to gain an additional 2,870 business and professional services jobs over the forecast period, equivalent to a 35.4% expansion over and above the District's 2014 based workforce at an annual rate of +1.6%. This rate of growth is down from the 3.0% recorded over the thirteen years between 2001 and 2014.
- 5.43 Chapter 3 provides a baseline assessment of the IEA's future land needs for B use class sectors of the economy based on the latest (2016) EEFM employment growth projections. For office (B1a/b) uses – assumed to represent the primary type of premises sought by the majority of firms operating in the business and professional services sector – this baseline requirement varies from 42,870sq.m (Babergh) to 86,360sq.m (Ipswich) of office floorspace between 2014 and 2036. The equivalent figures in land terms range from 8.1ha to 13.0ha over this period.

### Sector Opportunities

- 5.44 Within the Business and Professional Services sector, there are two key sub-sectors which are identified by the New Anglia LEP as offering particular opportunities and prospects for growth over the coming years, namely financial services and creative industries.

### Financial and Insurance Services

- 5.45 Financial and insurance services is identified within the LEP's SEP as a 'high impact sector'; a long-established sector towards which the New Anglia area's economy is heavily weighted and which underpins its performance. It makes the largest contribution to the New Anglia area's GVA, at £3.1bn or 13.4% of total and employs almost 21,000 people (3.2% of employment).
- 5.46 Ipswich represents one of two 'hubs' of activity (the second being Norwich) and is acknowledged as a leading centre in the UK finance and insurance services market. Ipswich is the location for insurance firms AXA and Willis Towers Watson, both employing in excess of 1000 people as well as Legal and General, Swinton Insurance, Aviva and several high street banks. Small and medium sized businesses are thriving are growing niche, innovative, technology driven enterprises in support of the wider sector.
- 5.47 The LEP notes within its 2013 Sector Growth Strategy that the sector has been seriously affected by the economic downturn and suffered significant job losses and productivity decline during the recent recession. That said, the sector is well established with over 200 years of history and two distinct, globally competitive hubs based in Norwich and Ipswich with additional strengths across the counties. The area presents an attractive proposition for financial service and insurance business, with USPs including an excellent quality of life, a committed and skilled workforce, low cost base (both for land and wages) and close proximity to the capital.
- 5.48 Over the short term, the LEP do not expect to see significant growth within the sector; maintaining competitiveness is the primary goal using technological innovation and attracting



mobile investment opportunities from home and overseas. Larger companies are in consolidation mode, driven by cost saving directives from HQs. In contrast, SMEs are expected to continue growing and developing niche, technology driven specialisms around the sector. Helping that supply base to grow and innovate should be the focus for LEP, local authority, education and business attention. Keeping pace with the skills needed to drive technological change is key to make sure local provision is available and fit for purpose.

- 5.49 The growth in small and medium sized enterprises in the supply chain is significant, particularly as this activity cuts across other sectors. The use of technology and ‘enablement’ platforms for call centres and mobile phone applications is just one example of this; ‘old’ meets ‘new’ with the application of creative, digital and ICT excellence to the established strength of financial services. Technological developments will continue to drive this element of the sector, particularly around customer engagement, online interfaces and mobile phone enabled payment methods. It is clear there is a strong correlation between the creative, ICT, digital sectors and future developments for financial services.
- 5.50 Key challenges to growth within the financial and insurance services sector include deficiencies in superfast broadband, poor road and rail access into and around the region and the potential lure of London or Cambridge to young people in particular. Land availability is less of an issue, particularly within Ipswich town centre, as there are opportunities to develop office space at the Princes Street Enterprise Zone. Princes Street is the main gateway from Ipswich railway station to the town centre, is already home to a number of large professional and financial businesses and is viewed as the ‘office corridor’ of Ipswich. Princes Street has been selected to benefit from Enterprise Zone status whereby occupiers can benefit from rates relief of up to £55,000 per annum over a five year period. Princes Street is also an Assisted Area, where grants for up to 10% of capital investment are available for larger businesses and up to 30% for smaller businesses.

### Creative Industries

- 5.51 The second key sub-sector of particular economic significance across the IEA is creative industries, which employ 10,844 people representing 1.7% of total employment in Norfolk and Suffolk combined.<sup>20</sup> The vast majority of jobs are in the cultural creative sector (9,457) with 1,387 people employed in the digital creative sector. Significant sub-sectors include music, visual and performing arts, crafts and publishing. Advertising, architecture, video, film and photography are also important. In Suffolk there is anecdotal evidence that there are a large number of smaller arts and crafts enterprises (some of which might be considered as hobby businesses).
- 5.52 In terms of the digital creative sector in Suffolk, the majority of workplaces in software consultancy and supply are located in Suffolk Coastal, with a cluster of activity located at Martlesham Heath/Adastral Park, demonstrating the close link between digital industries and ICT businesses. There is growing potential in the gaming industry linked to the University of Suffolk in Ipswich and at Norwich University of the Arts (NUA) which is one of only a handful of UK universities offering games art and design degree courses.
- 5.53 The LEP’s 2013 Sector Growth Strategy identifies opportunities to exploit the potential for growth in the digital industries across the area. Graphic design and communications agencies are growing in importance in Norwich and Ipswich and in rural areas such as Southwold. The sub-sector’s brand, image and profile locally is really important for the sector’s future growth both in indigenous markets and further afield.

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<sup>20</sup> New Anglia LEP, Sector Growth Strategy February 2013.

- 5.54 'Culture Drives Growth', the LEP's Cultural Strategy for the period 2016 – 2022 sets out a priority objective of accelerating creative job growth.<sup>21</sup> This will be achieved by securing Arts Council funds to deliver StartEast, a targeted, specialist business support to SMEs and start-ups in the cultural sector. The LEP will aim to work with the Arts Council to broker high level deals to attract national cultural organisations seeking to move out of London.
- 5.55 Maximising the potential for growth in the sector will rely in part on exploiting the significant links between cultural, creative and digital businesses and other sectors of the economy. For example, the links between digital creative industries and the ICT sector are strong and the opportunity to build upon existing clusters of activity around Adastral Park should not be ignored.
- 5.56 As with many other growth sectors, two of the most pressing challenges relate to skills and fast broadband. Access to superfast broadband is essential for developing digital and multimedia content. Estimates by Creative and Cultural Skills reveal that the current shortfall of skilled technical staff in the creative sector will continue to rise until 2017.
- 5.57 Whilst growth projections implied by the latest (2016) EEFM are already relatively strong for the business and professional services sector across the IEA (in particular within the Borough of Ipswich), intelligence presented by the New Anglia LEP indicates that the area's existing sector strengths within financial services and creative industries have the potential to be exploited further through specific initiatives and wider business support, including by partners working together to overcome barriers to growth such as access to superfast broadband and recruitment/skills deficiencies in particular technical sub-sectors. Additional interventions, such as those set out in the 'Culture Drives Growth' strategy, could deliver job growth that is higher than indicated than the EEFM. Growth is expected to be driven by companies in the small and medium size bands operating within business and professional services supply chains.

## Existing Evidence on Sector Needs

- 5.58 A summary is provided below of existing published evidence regarding sector needs and growth potential, including any specific sub-sector growth needs.

## Ipswich and Waveney Economic Areas Employment Land Needs Assessment (2016)

- 5.59 The 2016 study found that key growth constraints in the financial and business services subsector were related to current infrastructure provision. Broadband speeds and the road network needs to be improved to continue attracting new businesses to the area. There has been a lack of grade A office space in Ipswich for new firms to occupy and bring investment to the area, the majority of growth is generated by current businesses. It should be noted that increasing levels of home working and shared workspaces could impact upon future office floorspace requirements, if levels continue to go up.

## Summary

- 5.60 Babergh from 2001-2014 experienced the highest rate of growth (+4.8% per annum) in the sector out of the IEA local authorities, adding a total of +2,750 new jobs. The major concentration of business and professional services employers in the district is in Sudbury, with smaller clusters in Hadleigh and on the border with Ipswich. In the future the industry is forecast to add another +2,430 jobs between 2014 and 2036, though at a lower rate of +1.6% per annum.

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<sup>21</sup> New Anglia LEP, Culture Drives Growth: The East's Cultural Strategy: 2016-2022.



- 5.61 From 2001 to 2014 Ipswich had the largest absolute increase in business and professional services jobs (+3,270), at the lowest rate (+1.6% per annum) out of the authorities. The borough's sector is forecast to continue to grow in the long-term (+4,660 jobs from 2014 to 2036). The focus of growth will likely be in the town centre, considering the majority of employers and available premises are located there. The close proximity of employers in the centre also introduces the largest chance for businesses to benefit from 'knowledge spill overs', generating agglomeration economies which are typically associated with higher value industry clustering.
- 5.62 Mid Suffolk is forecast to have the highest rate of growth (+1.7% per annum) out of the local authorities between 2014 and 2036. A change from the previous thirteen years when the district was growing at the second lowest rate (+2.2% per annum). The A14 acts as the main corridor of business and professional services employers and premises, but there are a high number of both scattered around the remainder of the district. If growth were to be spatially equal then the majority of the district's settlements would likely benefit, though development of space in particular locations could lead future growth being concentrated in a smaller number of locations (e.g. Stowmarket).
- 5.63 Suffolk Coastal between 2001 and 2014 experienced an absolute expansion in jobs of +2,300. An additional +2,870 jobs are forecast to be added in the period from 2014 to 2036, the second highest out of the authorities. If the current spatial profile of the sector was maintained, new jobs and premises would be concentrated in Felixstowe, linked to the Port and the business and professional services found in that location. It is likely that new jobs would also be created at Ipswich Eastern Fringe and Woodbridge. Growth could partly be driven by firms located at Adastral Park, current and new links could be improved and created with the computing and technology businesses located there (e.g. BT).
- 5.64 Based upon the current locations of business and professional services employers across the IEA, growth in this sector is likely to continue to cluster in the main towns. Ipswich town centre will likely remain as the major IEA sector centre and looks set to benefit from improved rail services on the Great Eastern main line. This would improve interconnectivity with London and Norwich, helping enhance the business and professional services corridor along the line. The new rail depot at Brantham in Babergh will improve rail capacity and likely result in new job opportunities. All local authorities could also benefit from improving grade A office stock, which is considered in short supply by employers in the sector.
- 5.65 The nature of business and professional services means that the pattern of activity is inevitably dispersed widely across the IEA with many sub sectors and activities lending themselves to flexible and remote working practices (such as homeworking). Whilst there will always be key centres where larger firms seek to concentrate and benefit from existing networks, the focus of provision of accommodation for business and professional services activity going forward will also need to be placed upon good quality, modern space within a range of out of town and semi-rural locations that benefit from strong connectivity and also proximity to key settlements across the IEA. For some sectors, there will also be a reducing requirement for large scale, large floorplate premises and a preference for flexible premises that provide opportunities for 'agile' working practices and arrangements.

## 6.0

## Computing and Technology Sector

- 6.1 This chapter analyses the existing economic contribution and future growth potential of the computing and technology sector across the IEA. It identifies what may be needed to unlock potential growth in the sector through reviewing published evidence and drawing on consultation with key stakeholders.
- 6.2 The computing and technology sector includes a range of activities including: computing programming, technology consultancy, information service activities and telecommunications. A full breakdown of the SIC codes used to define the sector for the purposes of this study is included at Appendix 1.

### Employment

#### Total Stock of Employment

- 6.3 The total stock of computing and technology related employment across the IEA in 2016 is summarised in Table 6.1.

Table 6.1 Computing and Technology Employment, 2016

| Location        | Total Computing and Technology Employment | Percentage of Total Employment | Number of Businesses | Average Employment per Business |
|-----------------|-------------------------------------------|--------------------------------|----------------------|---------------------------------|
| Babergh         | 630                                       | 2.0%                           | 110                  | 5.7                             |
| Ipswich         | 1,150                                     | 1.6%                           | 150                  | 7.7                             |
| Mid Suffolk     | 390                                       | 1.1%                           | 100                  | 3.9                             |
| Suffolk Coastal | 3,220                                     | 6.6%                           | 180                  | 17.9                            |
| <b>IEA</b>      | <b>5,390</b>                              | <b>2.9%</b>                    | <b>540</b>           | <b>10.0</b>                     |

Source: Inter-Departmental Business Register (2016)

Note: figures rounded.

- 6.4 This shows that Suffolk Coastal accommodates the highest level of computing and technology employment, with 6.6% of its total employment recorded in this sector. This is a significantly higher proportion than the IEA average of 2.9% (Table 6.1).
- 6.5 Mid Suffolk has the fewest people employed in computing and technology at 390, which represents 1.1% of the District's total employment.

#### Spatial Distribution

- 6.6 The spatial distribution of computing and technology related employment across the study area can be analysed using the latest data from the IDBR (Figures 6.1 to 6.4).

- 6.7 In Babergh, the largest cluster of computing and technology employment is found in Sudbury (Figure 6.1). Other computing and technology employment clusters are dispersed across the remainder of the District, including most notably in Hadleigh. In general, employers in the computing and technology sector in Babergh are small in scale, with many employing c. 10 people.

Figure 6.1 Spatial Distribution of Computing and Technology Employment, Babergh



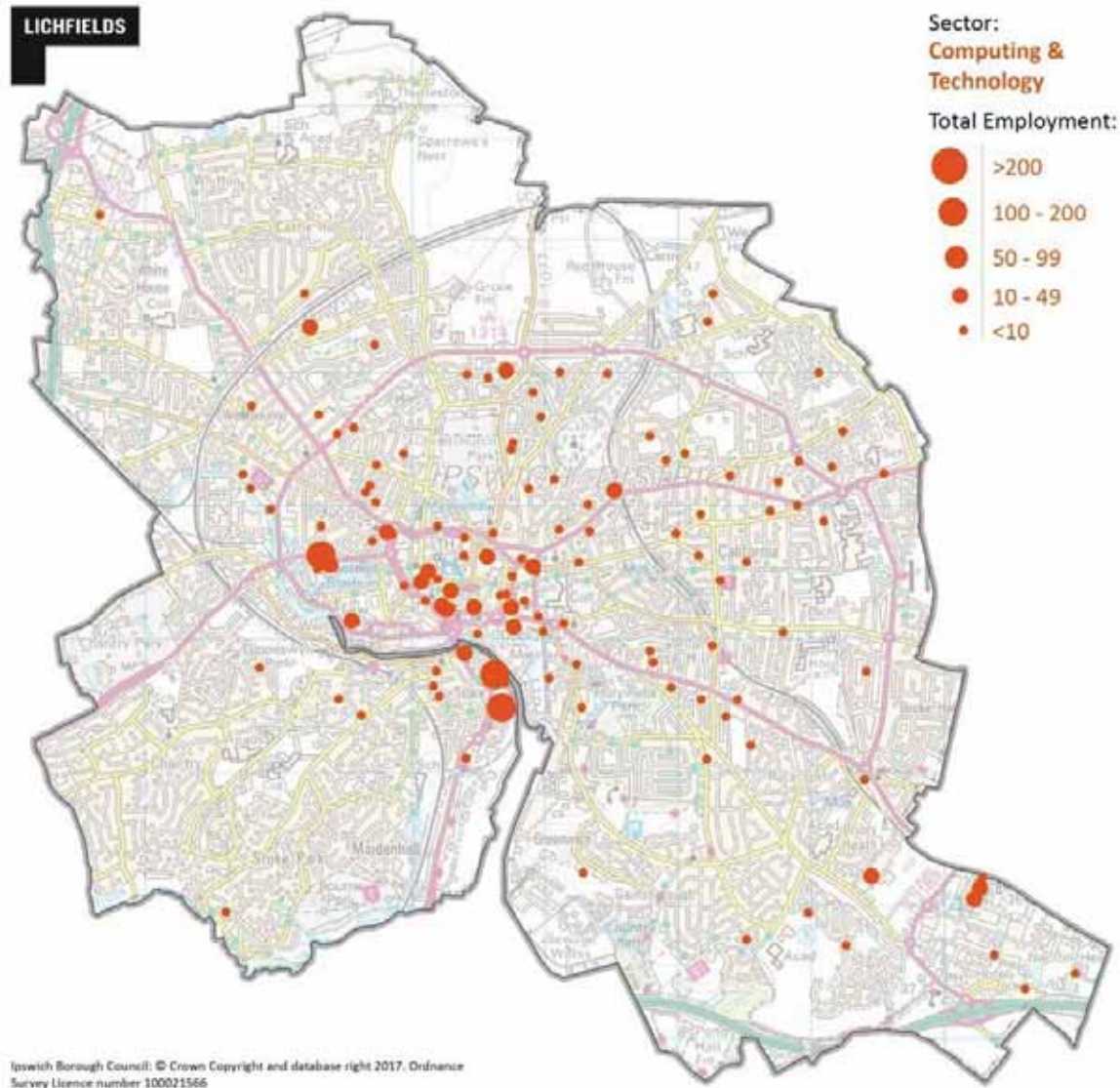
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

6.8

Computing and technology employment in Ipswich Borough is predominantly concentrated in and around the town centre, and this is where the largest clusters of employment can be found. Two sizeable concentrations include IP-City and Felaw Maltings, which prove to be particularly popular among computing and technology based firms (Figure 6.2).

Figure 6.2 Spatial Distribution of Computing and Technology Employment, Ipswich



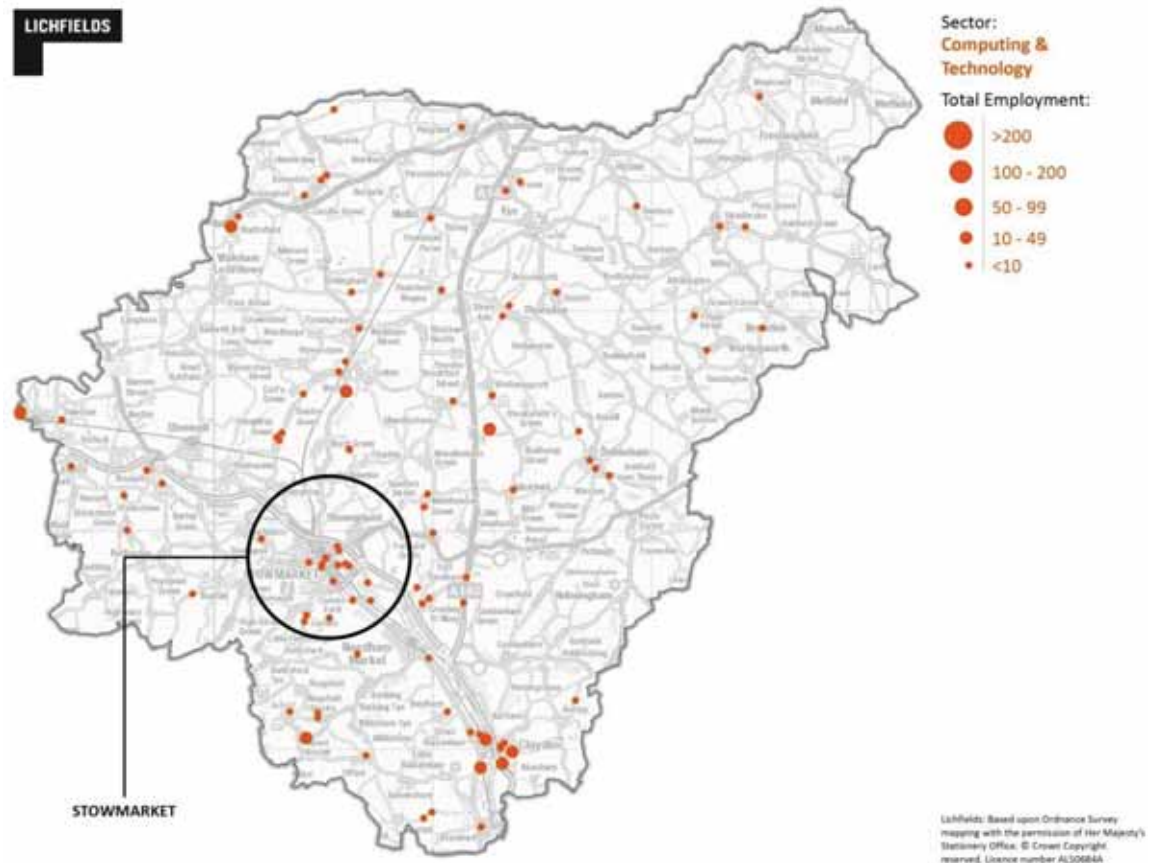
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

6.9

In Mid Suffolk, computing and technology employment is generally located around Stowmarket and Claydon (Figure 6.3). Beyond these two towns, employment in this sector is generally located along major roads such as the A140. It is notable that Mid Suffolk does not have any particularly large businesses operating in the sector as measured by employment. It appears that all computing and technology businesses in Mid Suffolk have fewer than 100 employees.

Figure 6.3 Spatial Distribution of Computing and Technology Employment, Mid Suffolk



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

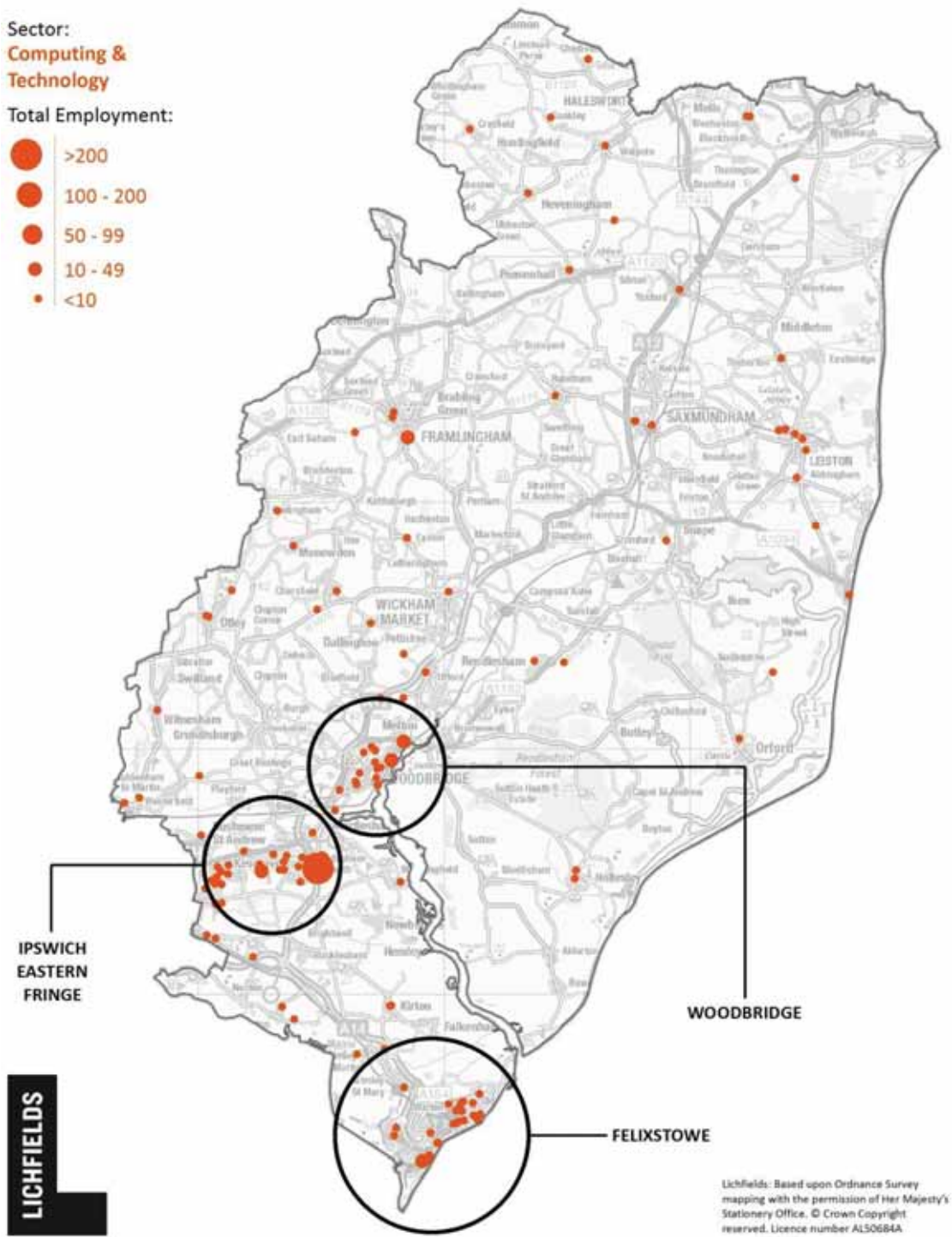


- 6.10 In Suffolk Coastal, Felixstowe, Woodbridge and Ipswich Eastern Fringe host the majority of the District's computing and technology related employment. The latter is explained by the presence of Adastral Park, BT's Global Research and Development Headquarters and also the home of Innovation Martlesham – an established cluster of 95 high-tech ICT Companies.<sup>22</sup>
- 6.11 There are also a number of employers in Leiston and Framlingham in the more northern parts of the District. Echoing the position in a number of other IEA authorities, companies are generally small in terms of employment.

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<sup>22</sup> <http://www.innovationmartlesham.com/>

Figure 6.4 Spatial Distribution of Computing and Technology Employment, Suffolk Coastal



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

### Historic Trends

6.12 Table 6.2 draws on 2016 EEFM data to summarise recent changes in computing and technology related employment across the IEA local authorities and New Anglia LEP area.

Table 6.2 Change in Computing and Technology Employment

| Location              | Total Employment Change<br>2001-2014 | Percentage Employment Change p.a.<br>2001-2014 |
|-----------------------|--------------------------------------|------------------------------------------------|
| Babergh               | -190                                 | -1.6%                                          |
| Ipswich               | -210                                 | -1.0%                                          |
| Mid Suffolk           | -70                                  | -0.9%                                          |
| Suffolk Coastal       | -3,210                               | -4.0%                                          |
| Ipswich Economic Area | -3,670                               | -3.0%                                          |
| New Anglia LEP        | -3,470                               | -1.8%                                          |

Source: East of England Forecasting Model (2016)

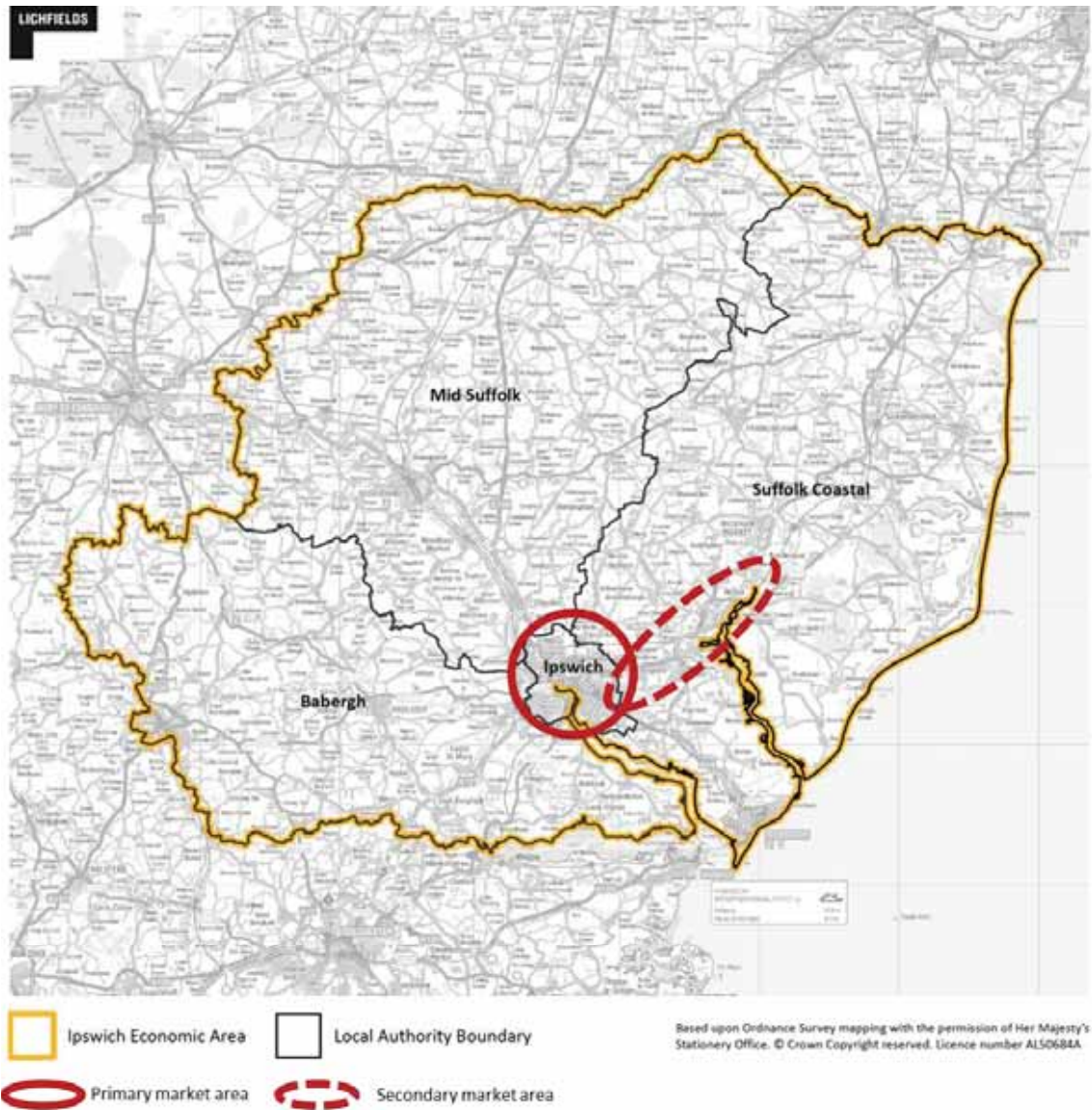
Note: figures rounded

- 6.13 The sector contracted across the IEA and New Anglia LEP over the period between 2001 and 2014. Rates of decline in the IEA local authorities range from -0.9% to -1.6% per annum, while the New Anglia LEP workforce declined by -1.8% per annum. Three of the IEA local authorities (Babergh, Ipswich and Mid Suffolk) declined by less than the LEP average, while computing and technology employment fell in Suffolk Coastal to a greater extent over this period. In overall terms, employment reduced by -3.0% per annum over this time across the IEA.
- 6.14 The IEA local authority that lost the highest number of jobs in the sector was Suffolk Coastal (-3,210 jobs), and had the highest annual change rate (-4.0%). In comparison, Ipswich lost the second highest number of jobs (-210 jobs) and had the second highest annual change rate (-1.0% per annum). Babergh and Mid Suffolk lost -190 and -70 jobs respectively.

## Market Trends and Signals

- 6.15 As the maps above show, the IEA's employment within computing and technology related sectors tends to be clustered in and around the town of Ipswich and along a corridor to the north and east of Ipswich taking in BT's campus at Adastral Park and the market town of Woodbridge. Not surprisingly, demand among IT companies for business space echoes this spatial pattern, as shown in Figure 6.5. Ipswich town centre in particular acts as a hub for IT companies in the IEA alongside the recently regenerated Waterfront area, drawn in part by the town's good digital connectivity and critical mass of similar firms. The recently designated University of Suffolk, with its main campus at the Waterfront, has the potential to stimulate growth within the sector over the coming years, and to overcome current skills and recruitment difficulties cited by local firms operating in the sector.
- 6.16 The other primary location for computing and technology firms is BT's campus style Adastral Park development at Martlesham Heath, which represents the key office location in Suffolk Coastal. Adastral Park is a leading global Centre of technical communications innovation and accommodates BT as well as smaller supply chain companies largely occupying office and R&D space. It is also home to Innovation Martlesham, a joint initiative by BT and the public sector to encourage ICT related companies to 'Co-locate, Collaborate and Innovate at the Park'. This cluster of high value activity operates on a relatively self-contained basis, with occupiers generally linked to BT and its supply chains in some way. The benefits and opportunities associated with this activity are not currently perceived to spill over into the wider local economy, and the business space available at Adastral Park is not genuinely 'open market' provision. In this respect, Adastral Park and Ipswich town centre are considered to operate as two separate markets, with little interaction or overlap. Adastral Park and Innovation Martlesham should seek to work with partners including the University of Suffolk to develop a wider cluster to realise benefits to the sector.

Figure 6.5 Key Property Market Areas and Demand - Computing and Technology



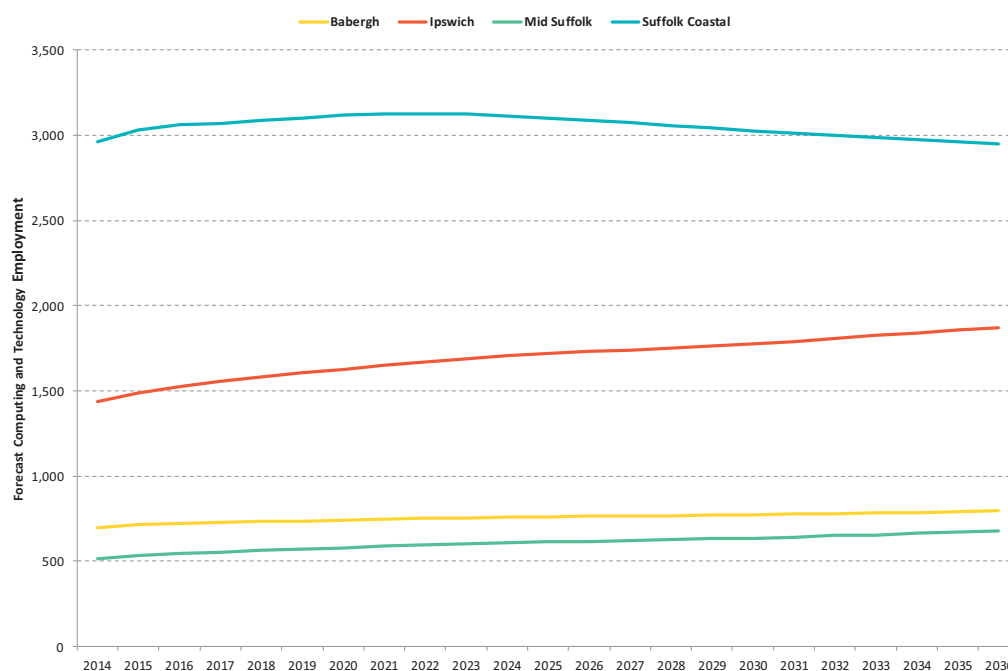
Source: Lichfields analysis

## Sector Growth Potential

6.17

Using the latest (2016) EEFM data, it is possible to identify the future employment growth potential of the computing and technology sector across the four IEA local authority areas. Figure 6.6 and Table 6.3 summarise the outputs from this analysis covering the forecasting period 2014 to 2036. This is based on the ‘Telecoms’ and ‘Computer related activity’ EEFM sectors.

Figure 6.6 Forecast Computing and Technology Employment, 2014-2036



Source: East of England Forecasting Model (2016) / Lichfields analysis

Table 6.3 Forecast Change in Computing and Technology Employment, 2014 - 2036

| Location        | Total Employment Change 2014-2036 | Total Percentage Employment Change 2014-2036 | Employment Change Per Annum |             |
|-----------------|-----------------------------------|----------------------------------------------|-----------------------------|-------------|
|                 |                                   |                                              | 2011 – 2014                 | 2014 – 2036 |
| Babergh         | +90                               | +13.6%                                       | -1.6%                       | +0.6%       |
| Ipswich         | +440                              | +30.6%                                       | -1.0%                       | +1.4%       |
| Mid Suffolk     | +160                              | +31.4%                                       | -0.9%                       | +1.4%       |
| Suffolk Coastal | -10                               | -0.3%                                        | -4.0%                       | 0.0%        |
| IEA             | +680                              | +12.2%                                       | -3.0%                       | +0.6%       |
| New Anglia LEP  | +1,580                            | +13.5%                                       | -1.8%                       | +0.6%       |

Source: East of England Forecasting Model (2016)

Note: figures rounded

6.18

Suffolk Coastal has the highest level of employment in the computing and technology sector of the four local authorities (as at 2014). This is expected to grow modestly from the 2014 level of 2,961 until around 2022, when the level of employment in the sector is expected to begin to drop, and by 2036 is anticipated to stand at 2,952. This is a negligible overall decrease of 0.3%.

6.19

Although starting from a lower base, the computing and technology sector in Ipswich is expected to experience stronger growth, increasing from 1,433 in 2014 to 1,871 in 2036 (an uplift of 30.6%).



- 6.20 Babergh and Mid Suffolk have a similar base in terms of computing and technology employment, and both Districts are forecast to see modest growth in this area. Computing and technology employment in Babergh is expected to increase from 699 to 793 from 2014 to 2036 (growth of 13.6%), and for Mid Suffolk is 513 to 674 (growth of 31.4%) over the same period.
- 6.21 The growth forecast for the period 2014-2036 marks a shift from the historic period 2001-2014, during which time employment fell in each local authority area and across the New Anglia LEP area as a whole. Table 6.3 summarises these past and forecast employment changes.
- 6.22 Chapter 3 provides a baseline assessment of the IEA's future land needs for B use class sectors of the economy based on the latest (2016) EEFM employment growth projections. For office (B1a/b) uses – assumed to represent the primary type of premises sought by the majority of firms operating in the computing and technology services sector – this baseline requirement varies from 42,870sq.m (Babergh) to 86,360sq.m (Ipswich) of office floorspace between 2014 and 2036. The equivalent figures in land terms range from 8.1ha to 13.0ha over this period.

### Sector Opportunities

- 6.23 Information and communications technology (ICT) represents one of the five 'high impact sectors' within the LEP's SEP which offer the opportunity for rapid growth in absolute terms and productivity. It plays an important role in the Norfolk and Suffolk economies, encompassing a wide range of businesses and a diverse set of technological tools and resources. The ICT sector is worth £1.3bn to New Anglia, with over 1,400 companies employing 10,300 people and GVA of £131k per head pa. It is a sector in its own right and supports other sectors and there is also a strong overlap in the New Anglia area with digital creative industries. Greater Ipswich represents one of two ICT clusters in the LEP area.
- 6.24 IEA's most significant ICT asset is acknowledged by the LEP as Adastral Park on the edge of the Ipswich urban area (in Suffolk Coastal District), BT's global research and development HQ. The campus site is home to around 4,000 employees working for BT and supply chain technology companies such as Alcatel-Lucent, Cisco, Ericsson and Fujitsu.
- 6.25 It is also home to the Innovation Martlesham ICT cluster, where over 90 businesses have taken up residence, generating 240 jobs since 2009. It aims to transform BT's research and development operation at Adastral Park into an open innovation park and offering networking, co-location and incubation opportunities. Early negotiations are underway to discuss Innovation Martlesham activities being expanded to link with Ipswich waterfront and the University of Suffolk where the Ipswich Waterfront Innovation Centre will combine life sciences with ICT and digital creative.
- 6.26 In 2013, BT commissioned 'The Social Study' which estimated that BT enables about £618m of GVA in the New Anglia area and supports 7,280 direct, indirect and induced jobs. This demonstrates the potential for IT businesses to make a significant contribution to the wider economy.
- 6.27 The sector was hit hard by the recent economic downturn, with employment dropping by 14.7% across the LEP area, significantly worse than the national picture. The business base fell by 3.1% during the same period, with most of the losses occurring in Suffolk. This is reflected in the pattern of job losses which have occurred within the ICT sector across the IEA between 2001 and 2014, as summarised in Table 6.3.
- 6.28 Going forward, the ICT sector is expected to be one of fastest growing sectors in the UK. The anticipated investment in broadband infrastructure across Suffolk will create new business opportunities and the LEP expect that there may also be new opportunities associated with the government backed Technology Innovation Centres (TICs). The Tech Nation 2017 report

highlights the centrality of technology to future growth ambitions in the UK, and identifies Ipswich as one of 30 key locations for this sector in the UK.<sup>23</sup> The Strategic Economic Plan Impact Report notes that ICT is a key sector for driving economic growth, improving productivity and stimulating innovation across East Anglia.

- 6.29 BT's proposals to expand Adastral Park and include the regeneration of the Park and surrounding land. The proposals aim to deliver fit for purpose research and development facilities and a leading supply chain location to ensure Adastral Park can maintain its position as a world-leading centre of excellence in technology and innovation. There is also scope to develop closer links between the Park and the University of Suffolk Enterprise Hub. It is expected that BT and new firms locating at the expanded site could create 2,000 new jobs.
- 6.30 In terms of challenges to achieving growth, the LEP's 2013 Sector Growth Strategy notes that one of the key issues facing companies across Norfolk and Suffolk is access to high speed (next generation access) broadband. This is especially important for the ICT sector, most notably for digital technology companies, but impacts on all businesses and their ability to carry out day-to-day operations. Access to a skilled workforce of sufficient scale and quality is also an area of concern and there is a perception that the quality of ICT teaching in UK schools is lacking, particularly when compared to overseas.
- 6.31 The significance of the IEA's existing economic assets within the ICT sector suggests that the scale of employment growth could be somewhat higher than implied by the latest (2016) EEFM projections, which indicate relatively modest job growth across all local authorities except Suffolk Coastal where ICT employment is projected to decline. This anticipated trajectory of (negative) growth appears surprising given the presence of Adastral Park in Suffolk Coastal and the significant existing cluster of ICT activity that operates here. If BT's plans to expand Adastral Park can be realised over the coming years, this has the potential to deliver a scale of employment growth that greatly exceeds the 'baseline' EEFM projections, with the latest estimates suggesting that 2,000 new jobs could be created on site.

## Existing Evidence on Sector Needs

- 6.32 A summary is provided below of existing published evidence regarding sector needs and growth potential, including any specific sub-sector growth needs.

### Tech Nation 2017

- 6.33 Tech Nation 2017 is the third annual report on the UK's digital tech economy.<sup>24</sup> Ipswich is highlighted as one of 30 key locations for this sector in the UK.
- 6.34 The Report notes that telecoms are important to the Ipswich area's computing and technology sector, and underlines the significant role that Adastral Park plays within this:
- "BT's Global Research & Development Campus, Adastral Park, employs more than 3,000 people. Former BT employees have gone on to set up successful businesses in the area, including Sharedband and Zog Energy. Also based at Adastral Park is Innovation Martlesham, a cluster of more than 90 high-tech ICT companies, which also runs its own ICT business incubator."*
- 6.35 The previous edition of Tech Nation, published in 2016, notes that Ipswich generates a disproportionately high number of computer science graduates.

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<sup>23</sup> Tech City UK (2017) Tech Nation 2017. Online report, available at: <http://technation.techcityuk.com/>.

<sup>24</sup> Tech City UK (2017) Tech Nation 2017. Online report, available at: <http://technation.techcityuk.com/>.

- 6.36 Tech Nation 2017 notes that the New Anglia LEP has launched both a micro grant scheme and a new co-investment fund, New Anglia Capital, providing match funding with ‘angel’ investors.

## Consultation Feedback

- 6.37 This section summarises feedback from consultees on the computing and technology sector. Several consultees referred to the strength of Ipswich Eastern Fringe and Innovation Martlesham and the specialised, high-tech businesses located there. As noted in Chapter 4, Innovation Martlesham is also considered to be important in supporting the growing agri-tech sector, through facilitating activities such as GIS and remote sensing. These require the handling of large quantities of data and Innovation Martlesham is considered to provide an ideal location to undertake this.
- 6.38 The strength of Ipswich Eastern Fringe is such that businesses located at other business parks outside the IEA, such as Hethel Innovation, report benefits of having access to the area. These benefits include being able to access services and use suppliers at Martlesham Heath/Adastral Park and the potential for joint ventures.
- 6.39 A number of consultees suggested that though a number of specialised, international companies have premises at Ipswich Eastern Fringe, it is still not as well established as equivalent Norwich and Cambridge Business Parks. It was suggested that more could be done to promote the location across Suffolk and the East of England, and integrate the site and its occupiers more closely into the wider economy to ensure it remains competitive and can drive economic growth in the computing and technology sector over the coming years.

## Summary

- 6.40 Babergh’s computing and technology sector has declined slightly in recent years, by 1.6% over the period 2001 to 2011. The 630 jobs in the sector recorded in 2016 represented 2.0% of total jobs. These jobs are located throughout the District, with a number of clusters in and around Sudbury. There is also one large cluster near to Stratford St Mary. Little change in total employment in the computing and technology is forecast up to 2036. Jobs are expected to increase by 0.6% per annum in this period, which is lower than Ipswich and Mid Suffolk.
- 6.41 Ipswich’s computing and technology sector declined by 1.0% in the period 2001-2014. In 2016, there were 1,150 jobs in the sector, representing 1.6% of total employment. These jobs are generally located in the centre of the town in key business locations. The sector is forecast to see growth of 1.4% per annum up to 2036, equal to Mid Suffolk and the highest percentage growth among the IEA authorities.
- 6.42 Mid Suffolk has seen marginal decline in the computing and technology sector in recent years. There were 390 jobs in the sector in 2016, which at 1.1% of total employment is the lowest of the four authorities. The most significant clusters are at Stowmarket and Claydon. Mid Suffolk is expected to see the same percentage growth in computing and technology sector, albeit from a lower base.
- 6.43 The computing and technology sector in Suffolk Coastal declined by 4.0% between 2011 and 2014, the most significant of the four authorities. However, it has the largest computing and technology sector within the IEA, with 3,220 jobs representing 6.6% of total employment, with these jobs predominantly clustered at Ipswich Eastern Fringe, Felixstowe and Woodbridge. Some job growth is expected by the EEFM up to 2023, although the most significant growth potential is likely to come from BT’s proposals to expand and regenerate Adastral Park and the surrounding area, coupled with strong growth prospects nationally for the ICT sector and anticipated investment in broadband infrastructure across Suffolk.

- 6.44 Whilst the overall trend across the IEA over recent years has been one of job decline within computing and technology, the analysis suggests that the inherent USPs of the area as a place to start and grow a computing and technology related business (not least the presence of Adastral Park) could be sufficient to encourage and sustain a much higher level of economic growth over the study period to 2036 than implied by the latest baseline EEFM forecasts. Notwithstanding the centre of excellence and cluster of activity accommodated at BT's global research and development HQ, any sector growth strategy going forward should consider how other parts of the IEA can benefit from Adastral Park's success and profile, and what type of infrastructure and business premises are needed to encourage computing and technology related growth within other complementary locations such as Ipswich town centre and Woodbridge. Provision of high quality superfast broadband will be key, as will availability of high specification office space and a supporting network of funding opportunities, skills provision and a talented workforce pipeline.

## 7.0

## Construction Sector

## 7.1

This chapter analyses the existing economic contribution and future growth potential of the construction sector across the IEA. It identifies what may be needed to unlock potential growth in the sector through reviewing published evidence and drawing on consultation with key stakeholders.

## 7.2

The construction sector includes activities such as construction of buildings, civil engineering and other specialised construction activities. A full breakdown of the SIC codes used to define the sector for the purposes of this study is included at Appendix 1.

### Employment

#### Total Stock of Employment

## 7.3

The total stock of construction related employment across the IEA in 2016 is summarised in Table 7.1.

Table 7.1 Construction Employment, 2016

| Location        | Total Construction Employment | Percentage of Total Employment | Number of Businesses | Average Employment per Business |
|-----------------|-------------------------------|--------------------------------|----------------------|---------------------------------|
| Babergh         | 1,710                         | 5.5%                           | 420                  | 4.1                             |
| Ipswich         | 2,710                         | 3.9%                           | 430                  | 6.3                             |
| Mid Suffolk     | 2,980                         | 8.4%                           | 480                  | 6.2                             |
| Suffolk Coastal | 1,900                         | 3.9%                           | 150                  | 12.7                            |
| <b>IEA</b>      | <b>9,300</b>                  | <b>5.0%</b>                    | <b>1,480</b>         | <b>6.3</b>                      |

Source: Inter-Departmental Business Register (2016)

Note: figures rounded.

## 7.4

Mid Suffolk has the highest level of employment in the construction sector, at 2,980 representing 8.4% of its total employment, significantly higher than the IEA average of 5.0%.

## 7.5

Babergh also has a relatively high proportion of construction employment, at 5.5% of total employment. As shown in Table 7.1, both Suffolk Coastal and Ipswich have a lower proportion of total employment within the construction sector, below the IEA-wide average.



## Spatial Distribution

- 7.6 The spatial distribution of construction employment across the study area can be analysed using data taken from the latest IDBR (Figures 7.1 to 7.4).
- 7.7 The largest cluster of construction employment in Babergh can be found in Sudbury, followed by clusters in Hadleigh and on the south-western edge of Ipswich (Figure 7.1). The sector is dominated by smaller businesses which generally employ up to 50 people.

Figure 7.1 Spatial Distribution of Construction Employment, Babergh

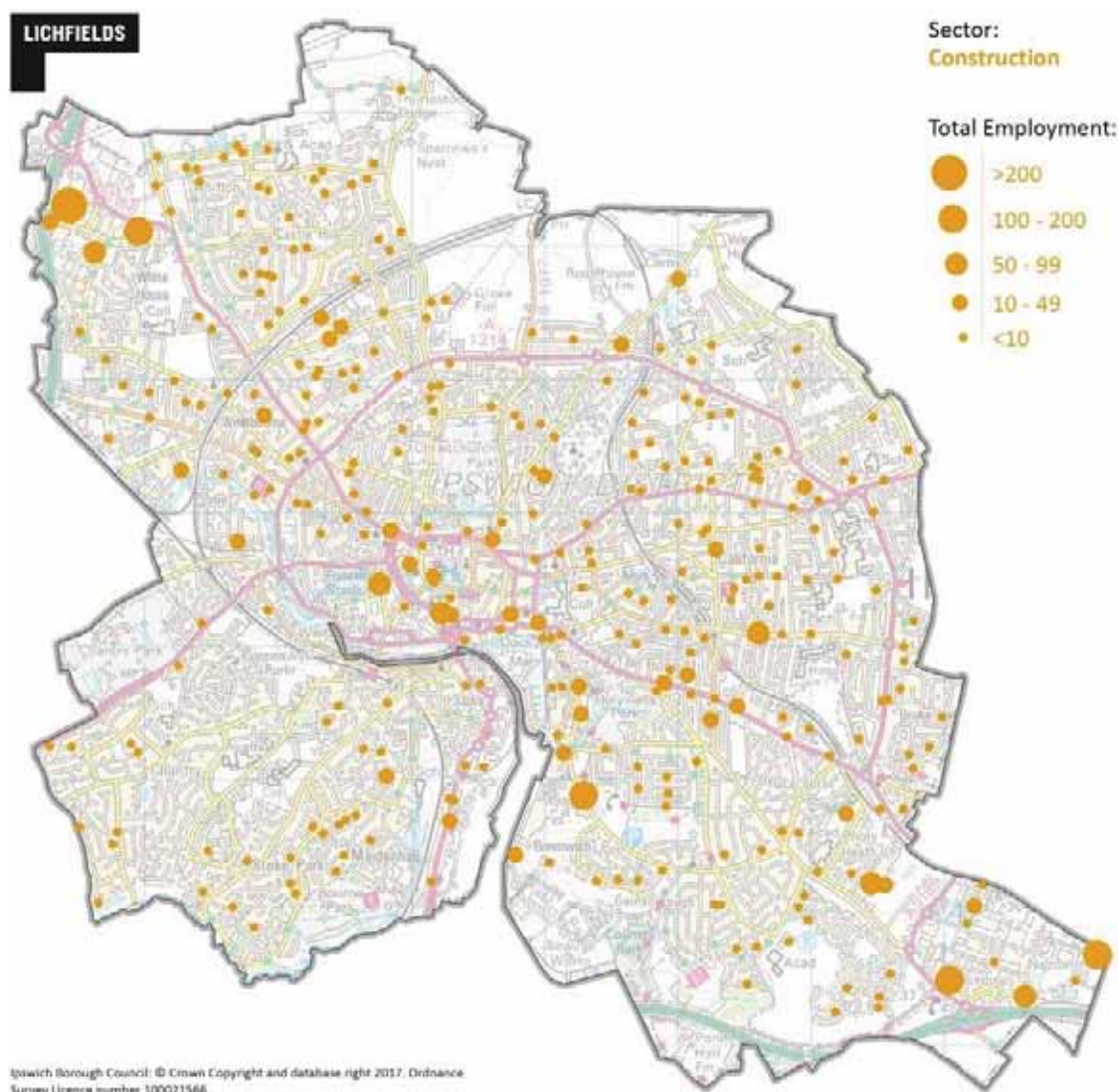


Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

- 7.8 In Ipswich, employment in construction is distributed throughout the Borough (Figure 7.2). Some of the largest clusters are located on the edge of the town, in the north-west and south-east. In contrast, south western parts of the Borough accommodate much less employment within this sector.
- 7.9 Compared to Babergh, Ipswich has a number of larger construction related businesses which employ between 100 – 200 people. This is likely to reflect major construction and engineering firms which have a presence in the town.

Figure 7.2 Spatial Distribution of Construction Employment, Ipswich



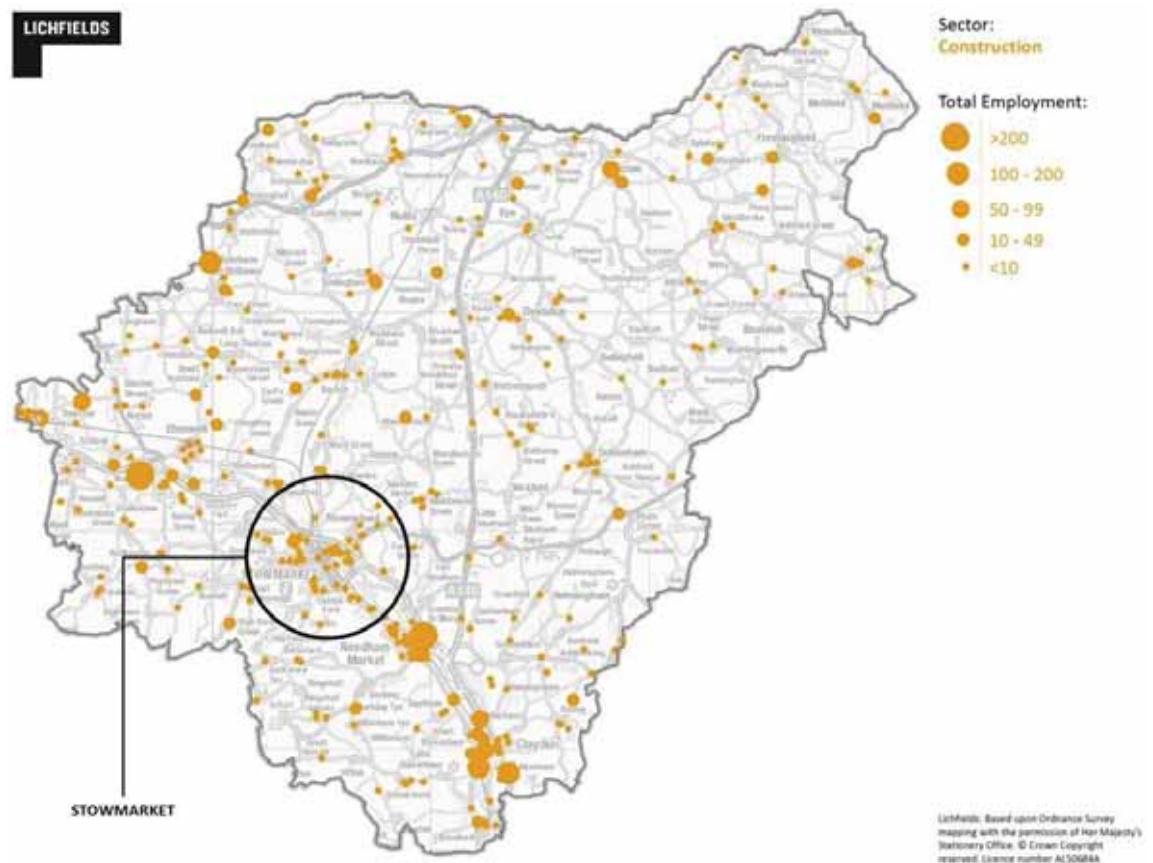
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

7.10

In Mid Suffolk, construction employment is predominantly located in the south of the District along the A14, with a number of businesses which employ between 100 and 200 people and some which employ over 200 staff. There are clusters at Claydon, Needham Market and Stowmarket (Figure 7.3). The locations which have the highest levels of employment are generally located along the A14 corridor. Smaller employers, employing fewer than 50 people, are found in locations that are more peripheral to the main settlements in Mid Suffolk.

Figure 7.3 Spatial Distribution of Construction Employment, Mid Suffolk



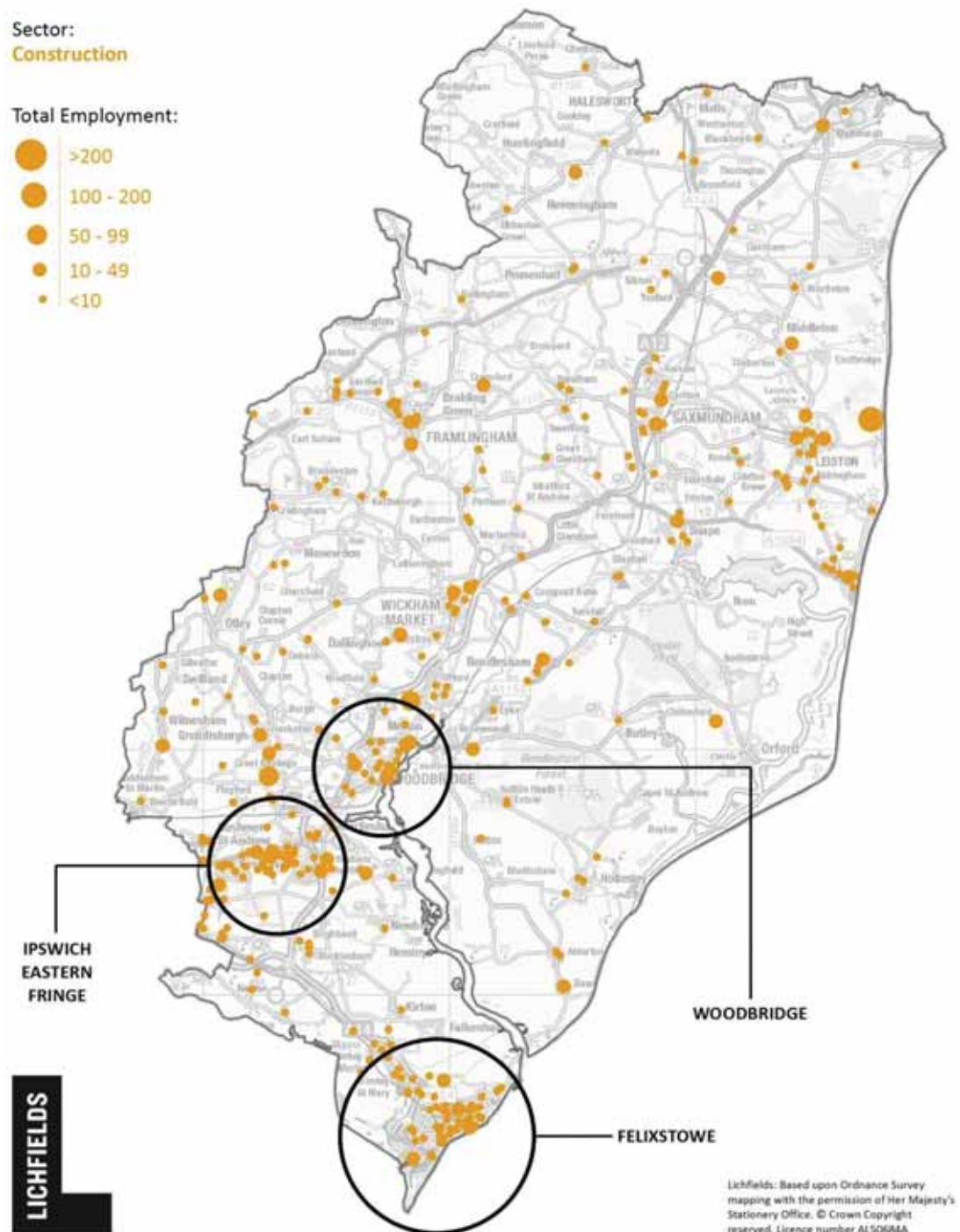
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

7.11

The three main construction related employment clusters in Suffolk Coastal District are located in and around Felixstowe, Woodbridge and Ipswich Eastern Fringe (Figure 7.4). Saxmundham, Framlingham and Leiston also have notable pockets construction employment, the latter of which is likely to be associated with Sizewell nuclear power station. Employers in the construction sector in Suffolk Coastal tend to be smaller than in Ipswich and Mid Suffolk, with the vast majority having below 100 employees.

Figure 7.4 Spatial Distribution of Construction Employment, Suffolk Coastal



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.



## Historic Trends

- 7.12 Table 7.2 draws on 2016 EEFM data to summarise recent changes in construction-related employment across the IEA local authorities and New Anglia LEP area.

Table 7.2 Change in Construction Employment

| Location              | Total Employment Change<br>2001-2014 | Percentage Employment Change p.a.<br>2001-2014 |
|-----------------------|--------------------------------------|------------------------------------------------|
| Babergh               | +160                                 | +0.4%                                          |
| Ipswich               | +540                                 | +1.5%                                          |
| Mid Suffolk           | +720                                 | +1.1%                                          |
| Suffolk Coastal       | -240                                 | -0.5%                                          |
| Ipswich Economic Area | +1,180                               | +0.6%                                          |
| New Anglia LEP        | -3,150                               | -0.4%                                          |

Source: East of England Forecasting Model (2016)

Note: figures rounded

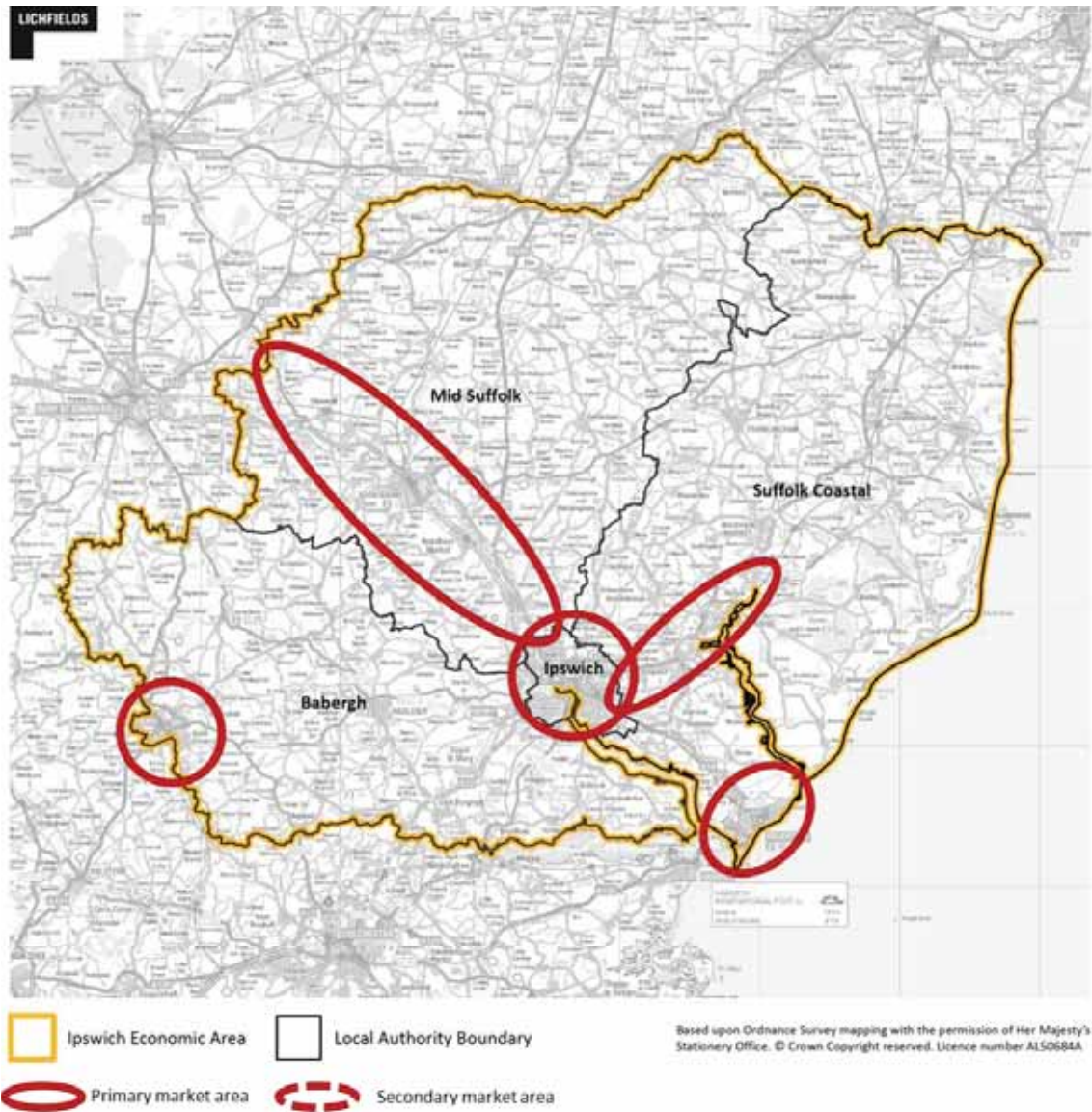
- 7.13 The sector expanded across three of the IEA authorities and New Anglia LEP over the period between 2001 and 2014 but contracted in Suffolk Coastal and across the New Anglia LEP area. Growth rates in the IEA local authorities range from -0.5% to +1.5% per annum, while the New Anglia LEP workforce declined by -0.4% per annum. Three of the IEA local authorities (Babergh, Ipswich and Mid Suffolk) grew at higher rates than the LEP, while Suffolk Coastal experienced a reduction of workers in this sector comparable with the New Anglia LEP. Overall, the IEA experienced an overall employment growth rate of 0.6% per annum within construction sectors, higher than the LEP-wide average.
- 7.14 The IEA local authority that gained the highest number of jobs in the sector was Mid Suffolk (+720 jobs) and had the second highest annual growth rate (+1.1%). In comparison, Ipswich added the second highest number of jobs (540 jobs) and grew at the fastest rate (+1.5% per annum). Babergh gained 160 jobs, while Suffolk Coastal lost 240 jobs.

## Market Trends and Signals

- 7.15 Compared with other sectors of the economy, the spatial distribution of construction related activity is relatively dispersed across the IEA (as shown in the above maps) and this partly reflects the flexible nature of day-to-day operations in the sector. For example, many smaller firms may be registered at an owner's home address, with their workforce operating from various sites at different time.
- 7.16 However, many firms will also require more formal workshop and/or warehouse type space for storage and assembly purposes, and will therefore have similar premises requirements to other industrial related sectors.
- 7.17 Figure 7.5 provides an overview of the strongest areas of market demand among construction related sectors in the IEA, and these include the greater Ipswich urban area, smaller settlements such as Felixstowe and Sudbury, as well as the A14 corridor north west of Ipswich and the Ipswich Eastern Fringe corridor. Aside from these locations, there will be an ongoing requirement for industrial space and premises right across the IEA including within smaller settlements and rural areas to satisfy the local demand which is relatively widely dispersed.



Figure 7.5 Key Property Market Areas and Demand - Construction



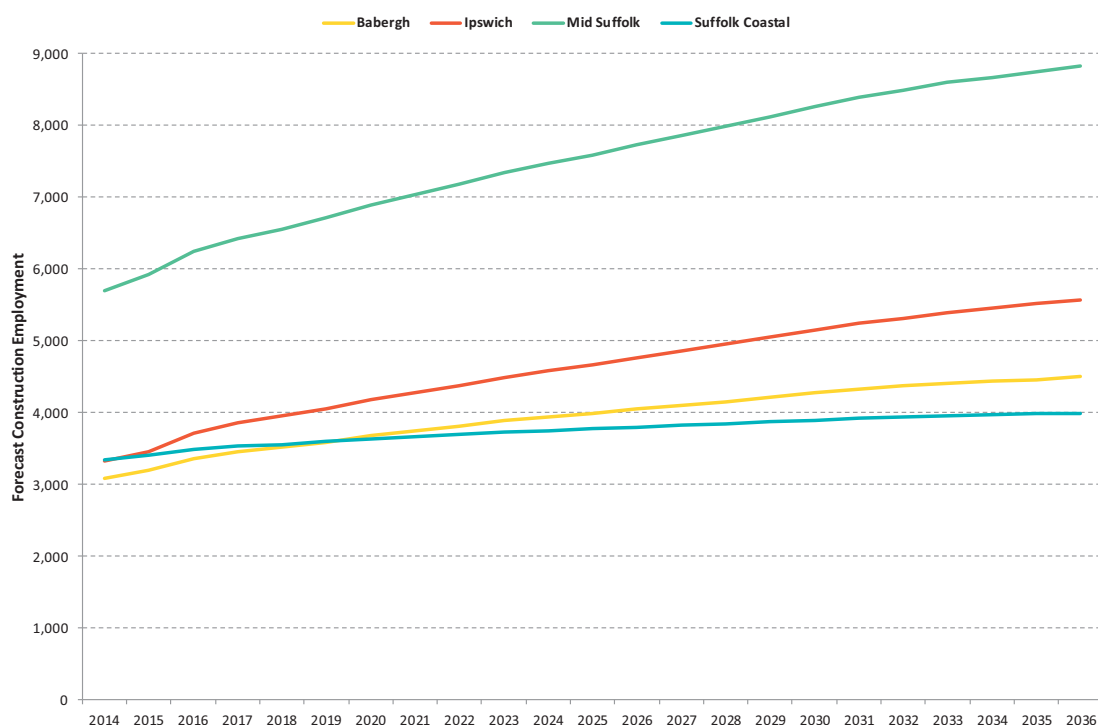
Source: Lichfields analysis

## Sector Growth Potential

7.18

Using the latest (2016) EEFM data, it is possible to identify the future employment growth potential of the construction sector across the four IEA local authority areas. Figure 7.6 and Table 7.3 summarise the outputs from this analysis covering the forecasting period 2014 to 2036. This is based on the 'Construction' EEFM sector.

Figure 7.6 Forecast Construction Employment, 2014 - 2036



Source: East of England Forecasting Model (2016) / Lichfields analysis

Table 7.3 Forecast Change in Construction Employment, 2014 - 2036

| Location        | Total Employment Change 2014-2036 | Total Percentage Employment Change 2014-2036 | Employment Change Per Annum |             |
|-----------------|-----------------------------------|----------------------------------------------|-----------------------------|-------------|
|                 |                                   |                                              | 2001 – 2014                 | 2014 – 2036 |
| Babergh         | +1,410                            | +45.9%                                       | +0.4%                       | +2.1%       |
| Ipswich         | +2,230                            | +67.0%                                       | +1.5%                       | +3.0%       |
| Mid Suffolk     | +3,130                            | +54.9%                                       | +1.1%                       | +2.5%       |
| Suffolk Coastal | +660                              | +19.7%                                       | -0.5%                       | +0.9%       |
| IEA             | +7,430                            | +48.1%                                       | +0.6%                       | +2.2%       |
| New Anglia LEP  | +21,810                           | +41.9%                                       | -0.4%                       | +1.9%       |

Source: East of England Forecasting Model (2016)

Note: figures rounded

7.19

All four local authorities are expected to see growth in construction employment in the period 2014-2036. Mid Suffolk recorded the highest base figure of 5,702 in 2014, which is expected to increase to 8,834 in 2036 (an increase of 54.9%). This growth is expected to be steady over this period.

7.20

Babergh, Ipswich and Suffolk Coastal have a broadly similar base position in terms of construction employment in 2014. Ipswich is expected to record the highest level of employment

growth in percentage terms, up to 5,562 in 2036, an increase of 67.0%. Babergh is expected to see growth of 45.9%, from 3,081 in 2014 to 4,495 in 2036. Suffolk Coastal is expected to record the lowest percentage growth in construction employment, from 3,334 in 2014 to 3,991 in 2036.

- 7.21 For each local authority, forecast growth up to 2036 is higher than that seen in the period 2001-2014. Table 7.3 summarises this past and forecast employment change.
- 7.22 Chapter 3 provides a baseline assessment of the IEA's future land needs for B use class sectors of the economy based on the latest (2016) EEFM employment growth projections. For industrial (B1c/B2) uses – assumed to represent the primary type of premises sought by some firms operating in the construction sector – this baseline requirement varies from -2,730sq.m (Ipswich) to -32,330sq.m (Babergh) of industrial floorspace between 2014 and 2036. The equivalent figures in land terms range from -0.7ha to -8.1ha over this period.
- 7.23 Floorspace requirements for construction activities (a minor user of industrial space) specifically have not been modelled as part of this study, and the floorspace and land requirements noted above refer to all industrial sectors of the economy.

## Existing Evidence on Sector Needs

- 7.24 A summary is provided below of existing published evidence regarding sector needs and growth potential, including any specific sub-sector growth needs.

### New Anglia LEP – Construction Labour and Skills Research Report (2016)

- 7.25 The New Anglia LEP and Construction Industry Training Board recently prepared a research report on the construction sector in the New Anglia area and to consider the issues and opportunities in the sector.<sup>25</sup> The report identifies a number of potential 'policy on' developments, which are therefore not accounted for in the EEFM. Key findings are summarised below.

#### Demand

- 7.26 The Report assesses the level of labour demand for construction employment based on projects currently in the pipeline. In the period 2015-2019, labour demand was expected to peak in 2016 as a result of a number of significant housing projects in the pipeline. Towards the end of this five year period there is expected to be a ramp up in construction labour demand for infrastructure and energy projects. This is particularly driven by offshore wind projects.
- 7.27 The Report also identifies considerable labour demand that could arise from the proposed Sizewell C nuclear power station. Should this development go ahead, it is likely that it would generate construction labour demand in the period 2021 to 2028, peaking in 2024. Sizewell C would therefore generate considerable construction labour demand across Suffolk and Norfolk. Should there be any changes in timescales to the works then the increased demand will be delayed.

#### Supply

- 7.28 The Report notes that the New Anglia LEP accounts for 24% of the East of England's construction employment (approximately 59,500 workers). Construction employment and businesses are fairly evenly split within the LEP area between Suffolk and Norfolk.

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<sup>25</sup> CITB and Whole Life Consultants Limited (2016) 'New Anglia LEP – Construction Labour and Skills Research' Final Report. Available at: <http://www.newanglia.co.uk/wp-content/uploads/2016/10/New-Anglia-LEP-Construction-Labour-and-Skills-Research.pdf>

- 7.29 Construction employment in the East of England has largely recovered since a significant decline during the recession. Up to 2019, the current forecast is for continued growth, though this is still expected to be below the 2008 peak.
- 7.30 The Research notes that there are significant opportunities in construction in neighbouring LEP areas, which heightens the risk of construction workers based in New Anglia commuting to other LEP areas.
- 7.31 Potential gaps exist in non-construction operatives, civil engineering operatives, and specialist building operatives. It is noted that surveyors, glaziers, roofers, labourers and plant operatives are occupations to monitor.

### Recommendations

- 7.32 The Report makes a number of recommendations, including:
- 1 Preparing a dedicated Construction Action Plan that is underpinned by an Investment Plan that will enable the skills challenges to be acted on and regularly updated evidence base that will inform decision making;
  - 2 Opportunities in the housing sector represent a real opportunity for the LEP to support; business and education providers through a well-developed partnership approach;
  - 3 Ensuring skills gaps are addressed through training interventions in both the short and longer term and that curriculum across the area is well planned; and
  - 4 Occupations highlighted as having pinch-points should form part of an early action plan to assess what short-term interventions can be activated to address these concerns.

### New Anglia LEP – Sector Skills Plan – Construction (2016)

- 7.33 Following the publication of the Construction Labour and Skills Report, the New Anglia LEP prepared a Sector Skills Plan for the construction sector.<sup>26</sup> In order to address the challenges identified, it outlines three main priorities:
- 1 **Provision** – training provision to match forecast need;
  - 2 **Perception and Inspiration** – enhance sector image to increase volume and diversity; and
  - 3 **Meeting Demand** – plan to address the forecast growth in labour demand.
- 7.34 The Plan also outlines specific actions in relation to each priority. This plan is owned and overseen by the New Anglia Building Growth Group working with the New Anglia Skills Board.

### Consultation Feedback

- 7.35 This section summarises feedback from consultees on the construction sector. Stakeholders reported that Suffolk is strong as a County in terms of its construction sector, but that infrastructure issues, such as the lack of motorway and perceived poor connections to London, provide a constraint on the sector's future growth potential.
- 7.36 The growth potential of the sector is highly contingent on the strength of the rest of the economy. There is also considerable uncertainty relating to Britain's exit from the European Union, given that a large proportion of construction employees are drawn from Eastern Europe. This could lead to a skills gap in the sector.

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<sup>26</sup> New Anglia LEP (2016) 'Sector Skills Plan – Construction'. Available at: <http://www.newanglia.co.uk/wp-content/uploads/2016/10/2016-10-05-Construction-Sector-Skills-Planv4.pdf>

- 7.37 In terms of business location preferences, construction companies do not need to be based near to where they operate. In general, the current model for construction companies is to have fewer large offices. Office provision for construction related firms is considered to be adequate, though there is thought to be a shortage of good quality space in Ipswich town centre with car parking.
- 7.38 The proposed Sizewell C power station would present a significant opportunity for the construction sector in the IEA, though there is a risk it could 'drain' construction workers from other construction sites in the area. It was reported that Help to Buy has provided a boost to house building in the IEA, with housing now accounting for circa 35% of construction output. It was suggested that further Council intervention in housing would help to speed up delivery and would be helpful to the construction sector.

## Summary

- 7.39 In Babergh, employment in construction has grown in recent years and in 2016 represented 5.5% of total employment, the second highest proportion of the four IEA local authorities. Construction employment is spread throughout the District, with the biggest clusters at Sudbury and Hadleigh. The sector is forecast to grow by 2.1% per annum up to 2036 and is likely to overtake Suffolk Coastal to be the third largest construction sector in the IEA.
- 7.40 Ipswich's construction sector had the highest percentage growth of the four IEA authorities between 2001-2014 and now represents 3.9% of total employment in the Borough. Construction employment is spread across the Borough, with the largest clusters in the town centre and Whitehouse Industrial Estate and Ransomes Europark. The sector is expected to grow more quickly than in Babergh or Suffolk Coastal, with a 3.0% per annum forecast up to 2036. There will therefore be a need to ensure that there is sufficient business floorspace that meets the operational requirements of businesses in the construction sector to accommodate this growth.
- 7.41 Mid Suffolk's construction sector has grown in recent years and the 2,980 construction jobs that were recorded in 2016 represented 8.4% of total employment. Construction employment is predominantly located in the south of the District along the A14, with clusters at Claydon, Needham Market and Stowmarket. The sector is expected to grow in coming years, with forecast increases of 2.5% per annum up to 2036. Similarly to Ipswich, this future growth needs to be accommodated with sufficient premises.
- 7.42 Suffolk Coastal's construction sector has declined in recent years and is the second smallest in terms of employment of the four IEA authorities with 1,900 jobs. Settlements in the south of the District such as Martlesham, Woodbridge and Felixstowe have the highest levels of construction employment. Of the four IEA authorities, percentage forecast growth is the lowest at 0.9% per annum until 2036. Therefore, there will be a need to ensure that there are sufficient business premises for construction premises, though this will be less pronounced than in Ipswich and Mid Suffolk where forecast growth is higher.
- 7.43 At a macro level, the construction sector is expected to record significant levels of employment growth over the coming years and this position is echoed across the IEA. Compared to some other sectors, construction related activity tends to be fairly widely dispersed across the study area, and this pattern of activity will influence how space will need to be planned for to accommodate business growth going forward. The key transport corridors (A12, A14) represent prime areas of market demand, while smaller District settlements also represent popular locations for more localised construction based firms and this should be reflected within forthcoming planning policies relating to employment land provision.



## 8.0

## Education Sector

- 8.1 This chapter analyses the existing economic contribution and future growth potential of the education sector across the IEA. It identifies what may be needed to unlock potential growth in the sector through reviewing published evidence and studies.
- 8.2 The education sector primarily comprises activities to educate adults and children. This can be carried out at pre-primary education (including child day-care activities), state and private primary and secondary schools, universities and further learning courses in local libraries.

### Employment

#### Total Employment

- 8.3 The total stock of education related employment across the IEA in 2016 is summarised in Table 8.1.

Table 8.1 Education Employment, 2016

| Location        | Total Education Employment | Percentage of Total Employment | Number of Businesses | Average Employment per Business |
|-----------------|----------------------------|--------------------------------|----------------------|---------------------------------|
| Babergh         | 2,800                      | 8.9%                           | 90                   | 31.1                            |
| Ipswich         | 5,500                      | 7.8%                           | 100                  | 55.0                            |
| Mid Suffolk     | 2,470                      | 7.0%                           | 100                  | 24.7                            |
| Suffolk Coastal | 4,220                      | 8.6%                           | 120                  | 35.2                            |
| <b>IEA</b>      | <b>14,990</b>              | <b>8.1%</b>                    | <b>410</b>           | <b>36.6</b>                     |

Source: Inter-Departmental Business Register (2016)

Note: figures rounded.

- 8.4 There are currently around 14,990 people employed in the education sector in the IEA. The proportions of total employment range from 7.0% to 8.9%. Mid Suffolk accommodates the lowest proportion at 7.0% and also the smallest overall stock of employment. The overall scale of education employment is highest in Ipswich at 5,500 and this represents 7.8% of the Borough's total workforce. This reflects the fact that the Borough is home to a large number of schools and the main University of Suffolk campus and Suffolk New College located on the waterfront.

## Spatial Distribution

- 8.5 Using IDBR data it is possible to map education employment clusters in each of the IEA local authorities (Figures 8.1 to 8.4).
- 8.6 Employment in Babergh is focused in and around Sudbury, Hadleigh and the area of the District near to Ipswich (Figure 8.1). There are other employers located in the district's smaller settlements (such as village primary schools) including at Great Waldingfield. The larger employers are located in the District's main urban areas, where the largest schools are situated.

Figure 8.1 Spatial Distribution of Education Employment, Babergh

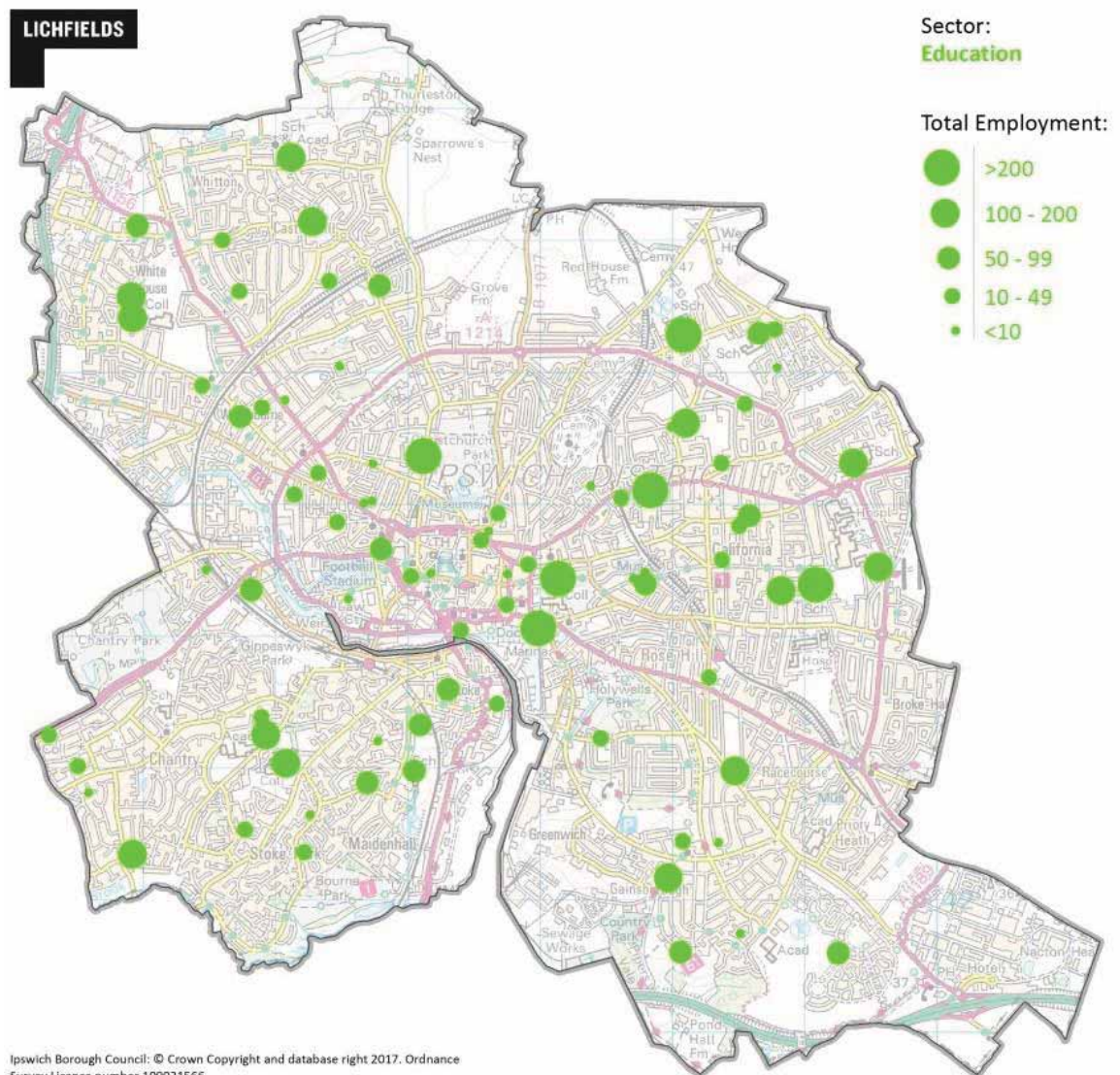


Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

- 8.7 There are no particularly strong concentrations of education clusters in Ipswich, with schools and educational institutions spread out relatively evenly across the town (Figure 8.2). However, there are some notable pockets such as the Suffolk New College and University of Suffolk campuses located on the waterfront near to Ipswich town centre (both employ in excess of 200 people).
- 8.8 Within the wider IEA context, higher education is largely centred upon Ipswich within an education quarter that includes the main hub of the University of Suffolk and student halls of residence at Athena Hall on the Waterfront, alongside Suffolk New College.

Figure 8.2 Spatial Distribution of Education Employment, Ipswich



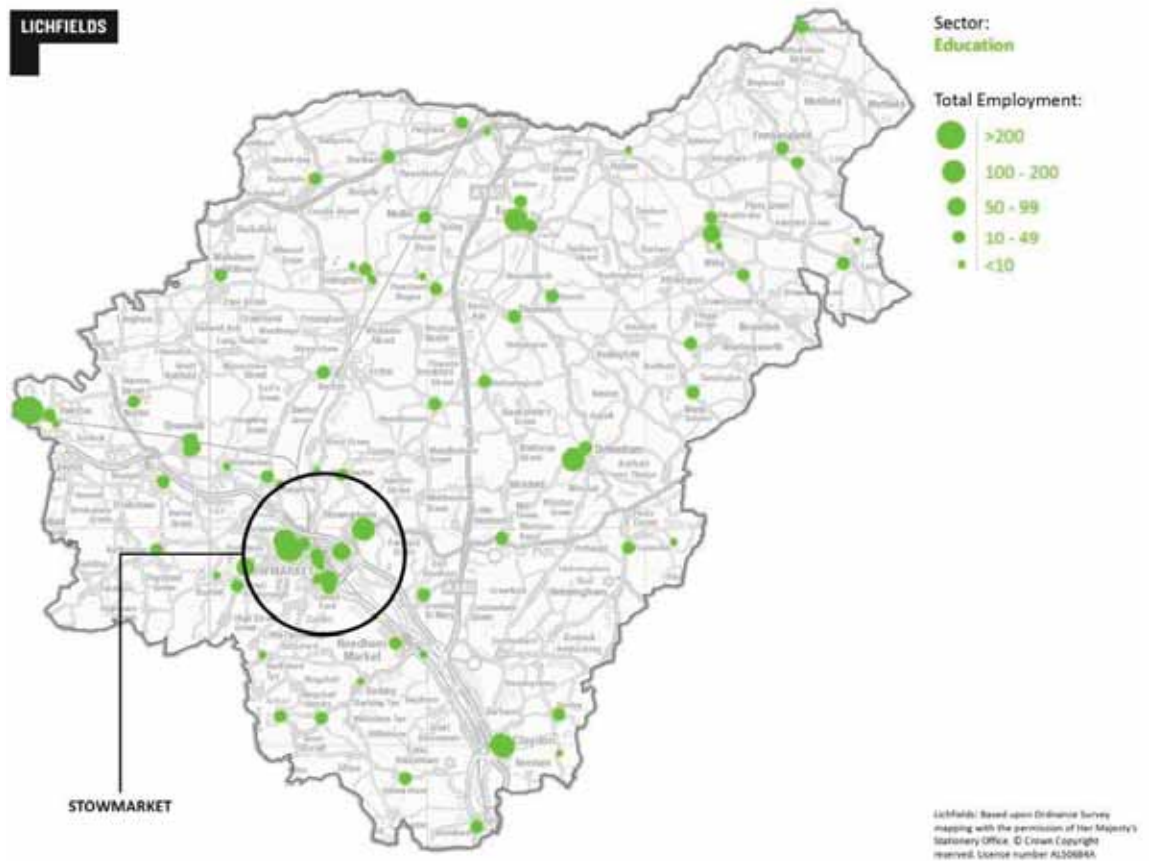
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

8.9

In Mid Suffolk the main cluster of education related employment is located in Stowmarket, with smaller clusters situated in Debenham, Eye and near to Thurston (Figure 8.3). Smaller scale employers are also located in a number of the District's smaller settlements, for example to service village primary schools.

Figure 8.3 Spatial Distribution of Education Employment, Mid Suffolk



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

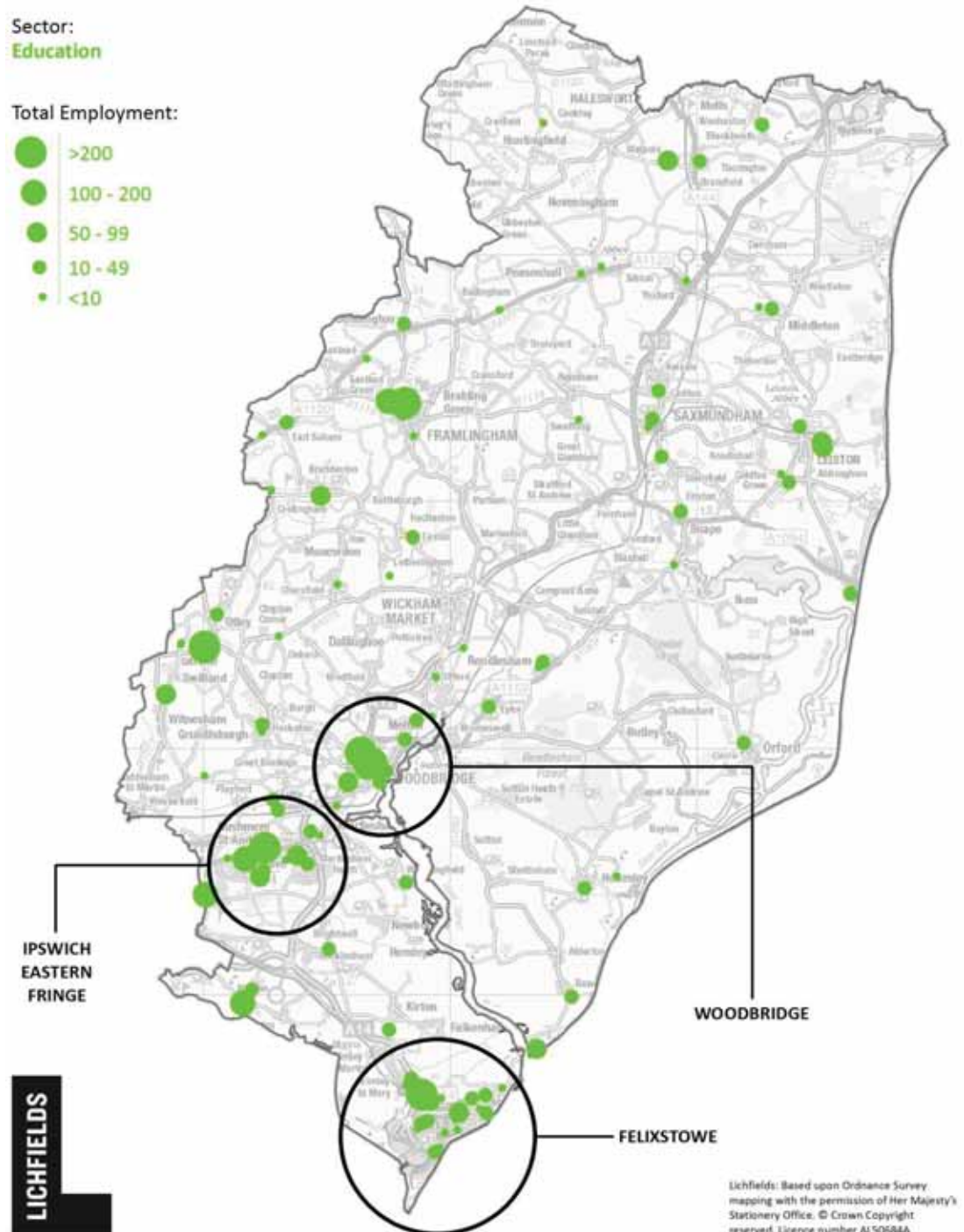
Note: dots represent individual postcodes and can represent more than one business.



8.10

Felixstowe, Ipswich Eastern Fringe and Woodbridge accommodate the main clusters of education related employment in Suffolk Coastal (Figure 8.4). Notable schools in the towns include Farlingaye High School, Felixstowe Academy, Kesgrave High School and Woodbridge School. As with the other more rural IEA districts (i.e. Babergh and Mid Suffolk), there are also a number of employers located in Suffolk Coastal's smaller settlements, to serve local Primary Schools.

Figure 8.4 Spatial Distribution of Education Employment, Suffolk Coastal



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.



## Historic Trends

- 8.11 Table 8.2 draws on 2016 EEFM data to summarise recent changes in education related employment across the IEA local authorities and New Anglia LEP area.

Table 8.2 Change in Education Employment

| Location              | Total Employment Change<br>2001-2014 | Percentage Employment Change p.a.<br>2001-2014 |
|-----------------------|--------------------------------------|------------------------------------------------|
| Babergh               | +1,830                               | +8.4%                                          |
| Ipswich               | +2,000                               | +3.6%                                          |
| Mid Suffolk           | +1,380                               | +6.2%                                          |
| Suffolk Coastal       | +1,890                               | +5.3%                                          |
| Ipswich Economic Area | +7,100                               | +5.2%                                          |
| New Anglia LEP        | +20,730                              | +3.8%                                          |

Source: East of England Forecasting Model (2016)

Note: figures rounded

- 8.12 Absolute employment within the IEA local authorities increased by between +1,380 and +2,000 workers (+3.6% to +8.4% per annum) over the period between 2001 and 2014. Ipswich experienced the highest absolute increase in education employment (+2,000) and the lowest proportional increase (+3.6% per annum), while Babergh saw the second lowest absolute increase (+1,830) and highest proportional increase (+8.4% per annum).
- 8.13 The New Anglia LEP area experienced an annual rate of education employment growth (+3.8 per annum) that fell below all of the IEA local authorities except from Ipswich. The other IEA local authorities experienced per annum increase rates of 1.5% more at a minimum. Combined, education related employment within the IEA local authorities grew at a rate of 5.2% per annum.

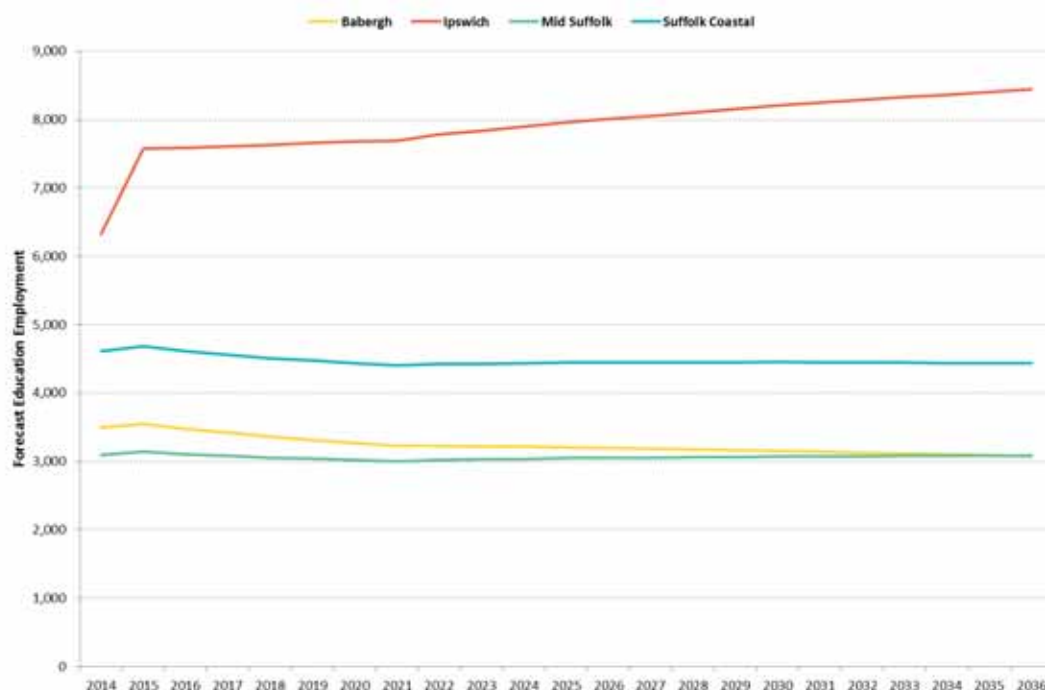
## Business Floorspace

- 8.14 As most educational premises do not pay business rates, availability of VOA data for educational premises is limited. It is therefore not possible to accurately map floorspace for this sector.

## Sector Growth Potential

- 8.15 Using the latest (2016) EEFM data, it is possible to identify the future employment growth potential of the education sector across the four IEA local authority areas. Figure 8.5 and Table 8.3 summarise the outputs from this analysis covering the forecasting period 2014 to 2036.

Figure 8.5 Forecast Education Employment, 2014-2036



Source: East of England Forecasting Model (2016) / Lichfields analysis

Table 8.3 Forecast Change in Education Employment, 2014-2036

| Location        | Total Employment Change 2014 – 2036 | Total Percentage Employment Change 2014 – 2036 | Employment Change Per Annum |             |
|-----------------|-------------------------------------|------------------------------------------------|-----------------------------|-------------|
|                 |                                     |                                                | 2001 – 2014                 | 2014 – 2036 |
| Babergh         | -420                                | -12.0%                                         | +8.4%                       | -0.5%       |
| Ipswich         | +2,110                              | +33.4%                                         | +3.6%                       | +1.5%       |
| Mid Suffolk     | -10                                 | -0.4%                                          | +6.2%                       | 0.0%        |
| Suffolk Coastal | -180                                | -3.8%                                          | +5.3%                       | -0.2%       |
| IEA             | +1,510                              | +8.6%                                          | +5.2%                       | +0.4%       |
| New Anglia LEP  | +510                                | +0.8%                                          | +3.8%                       | +0.0%       |

Source: East of England Forecasting Model (2016)

Note: figures rounded

- 8.16 The data shows that education related employment growth in comparison to past trends is expected to level off across the IEA as a whole, with only Ipswich expected to see an increase in employment between 2014 and 2036.
- 8.17 Table 8.3 shows that education employment within the New Anglia LEP area is also expected to increase, but by just 510 jobs to 2036. At the same time, education employment in Ipswich is anticipated to grow by 2,110, suggesting that other local authorities within the New Anglia LEP area (like the other three IEA districts) are forecast to lose education jobs in future.

- 8.18 Babergh is forecast to lose -420 jobs from 2014-2036 (-0.5% per annum). The decrease in numbers and proportional rate are the highest out of the IEA local authorities (-420 jobs and -0.5% per annum). However, considering the substantial gains the district made in the sector before 2014, the decrease does not represent a major decline in the district's sector over the longer term.
- 8.19 Out of the three IEA districts, Mid Suffolk is forecast to experience the smallest decrease in education jobs (-10). The decrease is negligible and suggests that the district's education sector will remain largely unchanged over the forecast time period, albeit the EEFM does not reflect local circumstances. Therefore, if educational requirements increase as a result of population growth there is likely to be a commensurate increase in education employment.
- 8.20 Suffolk Coastal is forecast to lose the second highest number of education related jobs (-180) out of the three IEA districts, equivalent to -3.8% of its total education workforce as of 2014. Overall, this is a small decrease and given that the local authority's education clusters are located close to Ipswich, it is likely that some of the jobs may migrate across the Borough boundary.
- 8.21 It is somewhat surprising to see forecasts of employment decline within the education sector across Babergh, Mid Suffolk and Suffolk Coastal given the strong interdependence of the sector with population change and growth and associated demand upon education services. It should be noted that aforementioned limitations of the EEFM model mean that employment growth forecasts to 2036 for the IEA authorities are largely driven by macro-economic projections and do not specifically take account of local drivers of growth or planned provision of new facilities such as schools.

### Sector Opportunities

- 8.22 The New Anglia LEP's SEP identifies Greater Ipswich (incorporating Ipswich itself and parts of the surrounding districts of Mid Suffolk, Babergh and Suffolk Coastal) as a centre for education, with key assets including the University of Suffolk which offers teaching and research in key sectors including medicine and public health, tourism, business, technology, and the creative industries.
- 8.23 It acknowledges that real progress has been made in developing education and skills provision across the LEP area over recent years, including the establishment of the University of Suffolk in Ipswich, but that there is a need to further accelerate the role of our further and higher education institutions in driving growth in key sectors and locations to secure the step changes needed in workforce skills, particularly in science and technology. Opportunities are identified to align this with existing innovation assets at Innovation Martlesham (amongst others).
- 8.24 Skills and training are identified as key barriers to achieving future growth across a number of key growth and 'high impact' sectors considered as part of this study, and overcoming these barriers provides opportunities in turn for the education sector across the IEA. Particularly relevant sectors include ICT, advanced manufacturing and life sciences, where plans are underway to develop skills and innovation centres, research centres and other initiatives and interventions to support and drive growth in these sectors. If these opportunities can be realised, it is possible that the scale of employment growth within the education sector could significantly exceed that implied by the 2016 EEFM, in particular for the local authority areas of Babergh, Mid Suffolk and Suffolk Coastal where education is forecast to decline over the period to 2036 under the 'baseline scenario' of growth.

## Existing Evidence on Sector Needs

- 8.25 A summary is provided below of existing published evidence regarding sector needs and growth potential, including any specific sub-sector growth needs.

### Suffolk County Council Education and Learning Infrastructure Plan (2014)

- 8.26 Suffolk County Council published the Education and Learning Infrastructure Plan in 2014. It covers the current supply of education and learning infrastructure in the IEA local authorities and what infrastructure may be required to meet future demand. Additional education infrastructure has the potential to provide space for more jobs and growing the sector in the IEA. The areas which are forecast to have the largest school place shortages in the IEA are focused in and around Ipswich town.
- 8.27 The Plan identifies that there are more children of primary and secondary school age in Babergh than school places<sup>27</sup>. To meet additional demand created by future potential housing developments in the district. The largest interventions identified are as follows:
- Chilton Woods - Sudbury: 315 place primary school to cater for demand from up to 1,250 new dwellings;
  - East of Sudbury: a new primary school to support the development of 500+ dwellings on a locally designated site; and
  - Wolsey Grange: a 210 place primary school to support the development of 475 dwellings.
- 8.28 At the time the report was published, Ipswich had the highest forecast rate of population change and basic education needs growth. There is also a large expansion planned on the northern side of the town. The following interventions represent the largest planned to meet increased future demand:
- Ipswich Garden Suburb: development of three new primary schools (315 places per school) and a new high school is expected to be needed in the future to support the development of 3,500 new dwellings.
  - Ravenswood: potential need to expand a local primary school from 420 to 630 places to support the development of 250-300 new dwellings; and
  - Population growth: expansion of current facilities in east/central Ipswich, Westbourne locality and Chantry Academy locality to handle increased demand created by general population growth.
- 8.29 Mid Suffolk has recently experienced a large increase in the population of the district. This pattern is likely to continue in the future with more residential developments planned. These are the largest developments which may require interventions to mitigate increased demand:
- Chilton Lees – Stowmarket: one 210-315 place primary school support the potential development of 1,000 dwellings.
  - Great Blakenham: investment to in Claydon Primary School to take on additional child residents from 500 new dwellings. Monitoring of numbers at Claydon High School.
  - Ashes Farm –Stowmarket: increase the capacity of Chilton Primary School to 315 to support the development of 400 new dwellings.

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<sup>27</sup> Note that not all of these children will attend state schools within Babergh, some are likely to attend schools in other local authority areas or go to non-state funded schools.

- 8.30 The natural population of Suffolk Coastal is not expected to grow at the same level as the rest of the county. However, new development may cause the need for additional school places at:
- Adastral Park – Martlesham: potential need for a new primary school to support the development of 2,000 new dwellings. An additional secondary school may be required depending upon the future of the development.
  - Felixstowe/Trimleys: new schools and expansions of existing facilities due to the development of over 1,800 new dwellings.
  - Framlingham: expansion of Sir Robert Hitchams CEVC Primary School to provide places for children who may occupy one of the 600 plus houses proposed for development in the area.

## Summary

- 8.31 Babergh's education sector grew at a rate of +8.4% per annum from 2001-2014, but is forecast to decline up to 2036 (-420 jobs). However, the number of developments that may come forward in the short-term could boost demand for school places and therefore teachers, countering the forecast decrease. This trend is present across all of the local authorities and points that the majority of education employment is in the public sector and not firms providing supplementary educational services.
- 8.32 Between 2001 and 2014, Ipswich experienced growth of +3.6% per annum, adding +2,000 jobs to the borough's work force. Growth is expected to slow to a rate of +1.5% per annum from 2014-2036.
- 8.33 Mid Suffolk's education workforce is forecast to decrease from 2014 to 2036 (-10 jobs), a turnaround from the previous years when the sector grew strongly (+1,380 jobs). The decrease in jobs is small and could easily be changed via a private or public sector intervention to drive demand for school places, such as developments at Chilton Lees and Great Blakenham.
- 8.34 Education employment in Suffolk Coastal is forecast to shrink by -180 jobs from 2014-2036, a change of course in comparison to the previous thirteen years when an additional +1,890 jobs were created. Substantial urban extensions are planned around Felixstowe and Martlesham (1,800 dwellings and 2,000 dwellings), offering the opportunity to potentially turnaround the decrease. Both developments would create substantial demand for new education places and therefore more teachers.
- 8.35 Education will continue to expand in the IEA. Growth is likely to be driven by Ipswich with the other local authorities experiencing small drops in employment (according to baseline EEFM forecasts). Growth in Ipswich will likely be driven by the expansion of the University of Suffolk and general increases in demand for school places, created by large scale developments such as the planned Ipswich Garden suburb. Planned developments in the other local authorities also present an opportunity to create demand for additional schools and associated employment, albeit future growth and development plans will inevitably be shaped by statutory agencies rather than 'market demand' per se. The role of 'Greater Ipswich' as a centre for education provides a key opportunity to grow and further accelerate the IEA's education offer and employment growth potential going forward, as well as securing the step changes needed in workforce skills, particularly in science and technology.



## 9.0 Energy, Waste and Utilities Sector

9.1 This chapter analyses the existing economic contribution and future growth potential of the energy, waste and utilities sector across the IEA. It identifies what may be needed to unlock potential growth in the sector through reviewing published evidence and drawing on consultation with key stakeholders.

9.2 A wide variety of activities are undertaken within the energy, waste utilities sector including: energy production (including nuclear and offshore wind), business and domestic energy supply, and waste collection, treatment and disposal. A full breakdown of the SIC codes used to define the sector for the purposes of this study is included at Appendix 1.

### Employment

#### Total Stock of Employment

9.3 The total stock of energy, waste and utilities employment across the IEA in 2016 is summarised in Table 9.1.

Table 9.1 Energy, Waste and Utilities Employment, 2016

| Location        | Total Energy, Waste and Utilities Employment | Percentage of Total Employment | Number of Businesses | Average Employment per Business |
|-----------------|----------------------------------------------|--------------------------------|----------------------|---------------------------------|
| Babergh         | 210                                          | 0.7%                           | 20                   | 10.5                            |
| Ipswich         | 1,560                                        | 2.2%                           | 20                   | 78.0                            |
| Mid Suffolk     | 460                                          | 1.3%                           | 30                   | 15.3                            |
| Suffolk Coastal | 880                                          | 1.8%                           | 20                   | 44.0                            |
| <b>IEA</b>      | <b>3,110</b>                                 | <b>1.7%</b>                    | <b>90</b>            | <b>34.6</b>                     |

Source: Inter-Departmental Business Register (2016)

Note: figures rounded.

9.4 In employment terms, the energy, waste and utilities sector is strongest in Ipswich and Suffolk Coastal, with 1,560 and 880 employed in this sector respectively. The relative proportions of total employment both exceed the IEA wide average of 1.7%.

9.5 Mid Suffolk and Babergh have lower levels of employment in the energy, waste and utilities sector. In Mid Suffolk, the figure of 460 represents 1.3% of total employment. In Babergh, employment of 210 represents 0.7% of total employment.

### Spatial Distribution

9.6 Using IDBR data it is possible to map energy, waste and utilities employment clusters in each of the IEA local authorities (Figures 9.1 to 9.4).

9.7

As highlighted above, Babergh has a relatively low level of employment in the energy, waste and utilities sector. A number of employers are located in Sudbury, with some smaller clusters in Hadleigh (Figure 9.1). These are relatively small employers, with a number employing c. 10 people.

Figure 9.1 Spatial Distribution of Energy, Waste and Utilities Employment, Babergh



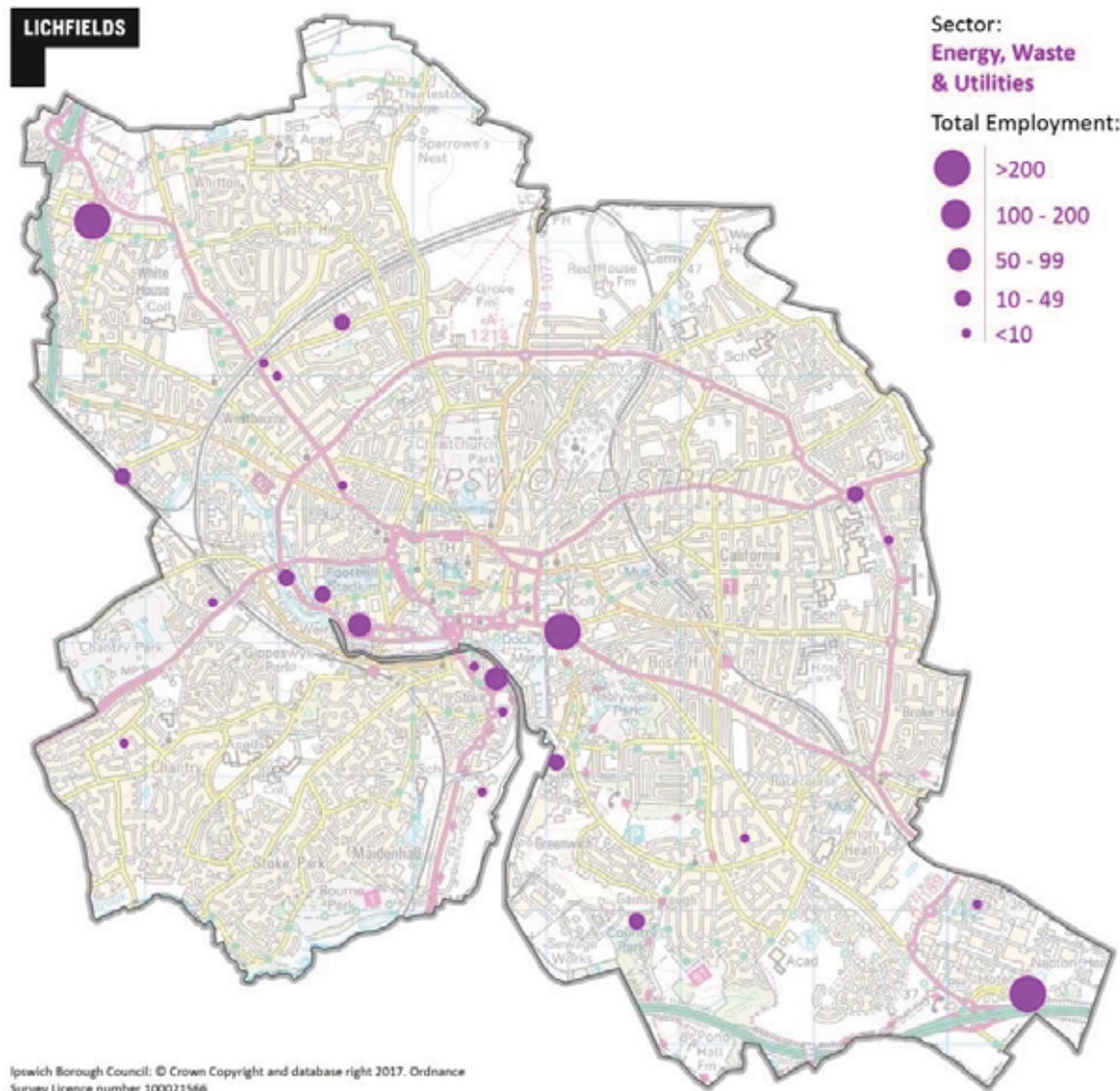
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

9.8

In Ipswich Borough, there are also a relatively small number of employers operating in the energy, waste and utilities sector, although the town is home to a number of larger firms, some of which employ over 200 people, including the UK Power Networks facility in central Ipswich (Figure 9.2).

Figure 9.2 Spatial Distribution of Energy, Waste and Utilities Employment, Ipswich



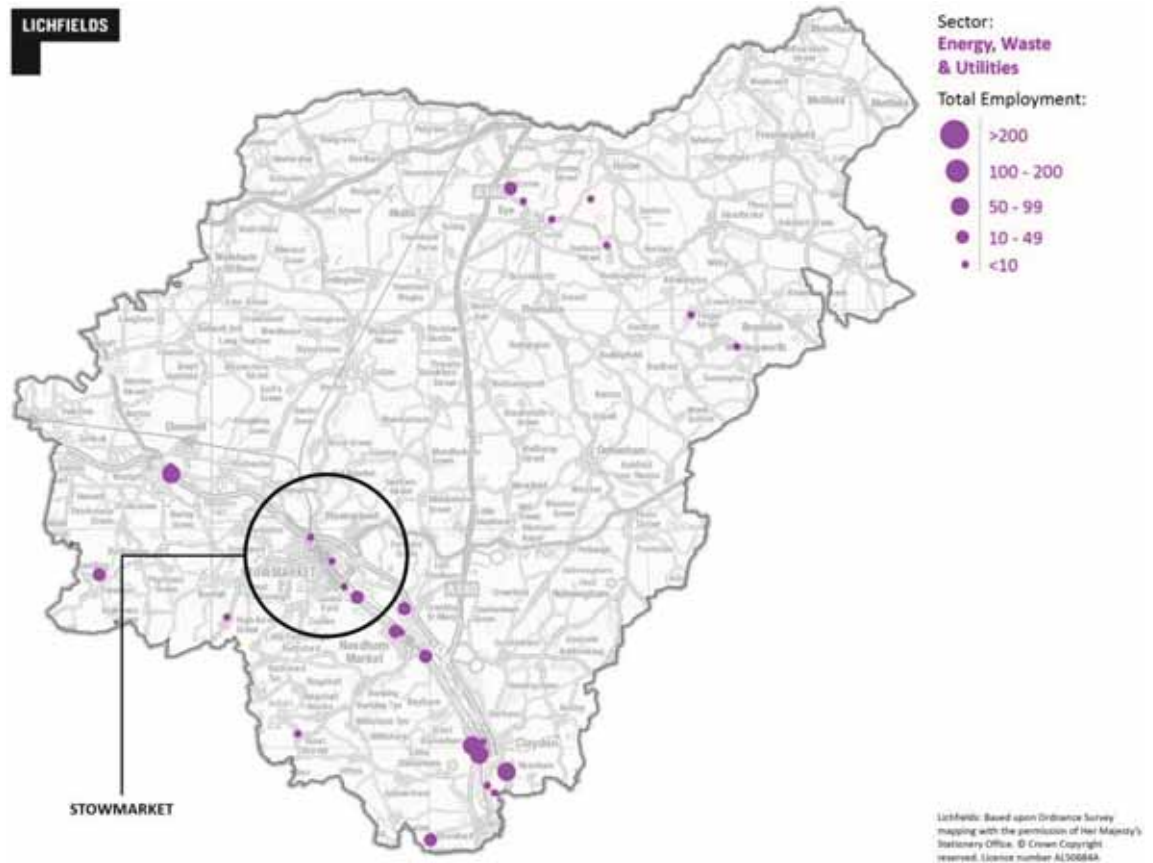
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

9.9

In Mid Suffolk, employment in the energy, waste and utilities sector is generally located in the south of the District, along the A14 between Claydon and Stowmarket (Figure 9.3). There are no employers in the centre of the District, with a few smaller-scale operations in the north, near to Eye. Firms tend to be much smaller in employment terms than those found in Ipswich.

Figure 9.3 Spatial Distribution of Energy, Waste and Utilities Employment, Mid Suffolk



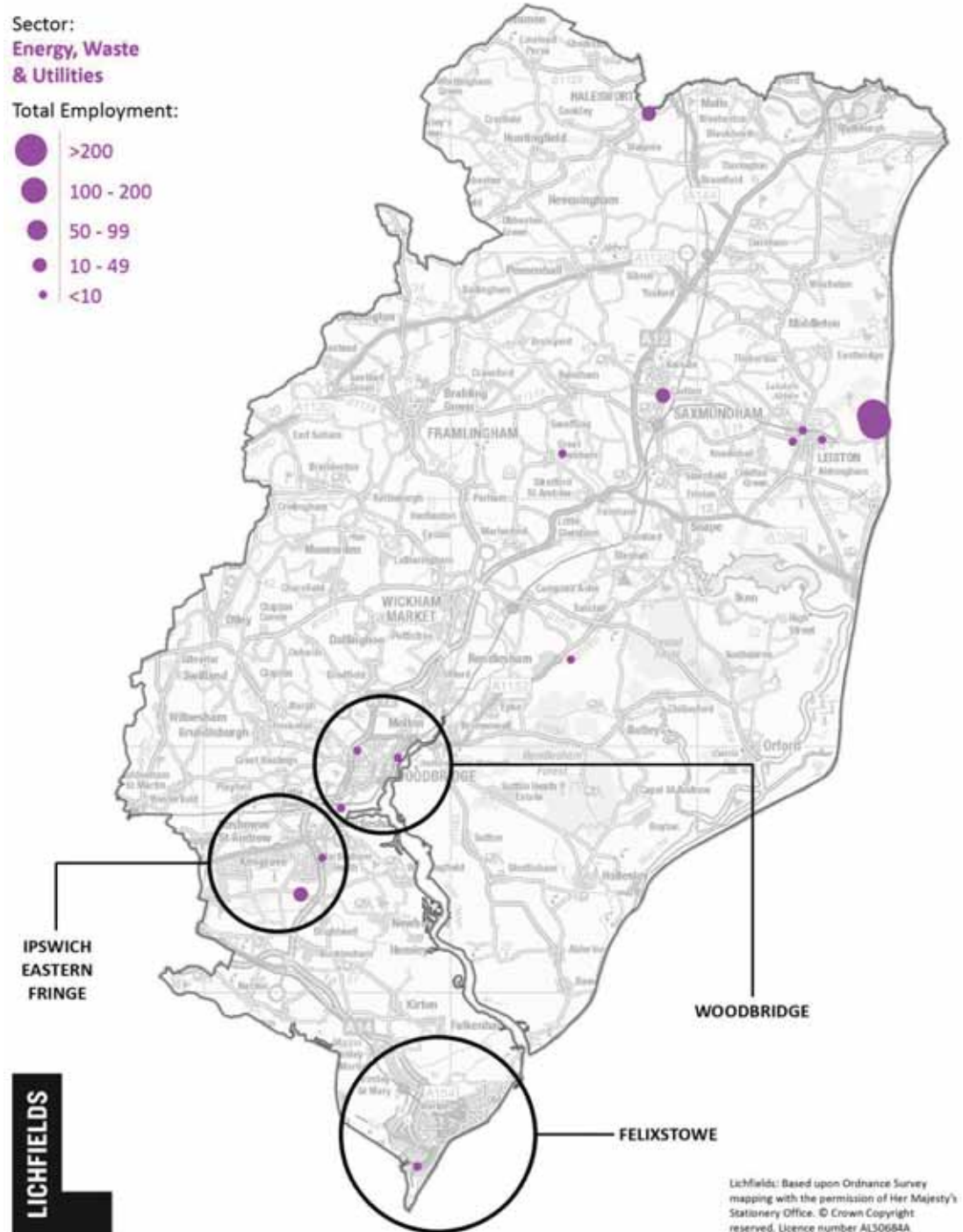
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

9.10

There are relatively few clusters of energy, waste and utilities employment in Suffolk Coastal, and in this sense the District is dominated by a small number of locations to the east of Leiston, including Sizewell B power station. In addition to this, there are some notable operations in Leiston itself, as well as some employers located in Woodbridge and Ipswich Eastern Fringe (Figure 9.4).

Figure 9.4 Spatial Distribution of Energy, Waste and Utilities Employment, Suffolk Coastal



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.



## Historic Trends

- 9.11 Table 9.2 draws on 2016 EEFM data to summarise recent changes in energy, waste and utilities related employment across the IEA local authorities and New Anglia LEP area.

Table 9.2 Change in Energy, Waste and Utilities Employment

| Location              | Total Employment Change<br>2001-2014 | Percentage Employment Change p.a.<br>2001-2014 |
|-----------------------|--------------------------------------|------------------------------------------------|
| Babergh               | +100                                 | +6.4%                                          |
| Ipswich               | +340                                 | +3.6%                                          |
| Mid Suffolk           | +130                                 | +3.7%                                          |
| Suffolk Coastal       | +80                                  | +0.7%                                          |
| Ipswich Economic Area | +650                                 | +2.6%                                          |
| New Anglia LEP        | +3,130                               | +5.6%                                          |

Source: East of England Forecasting Model (2016)

Note: figures rounded

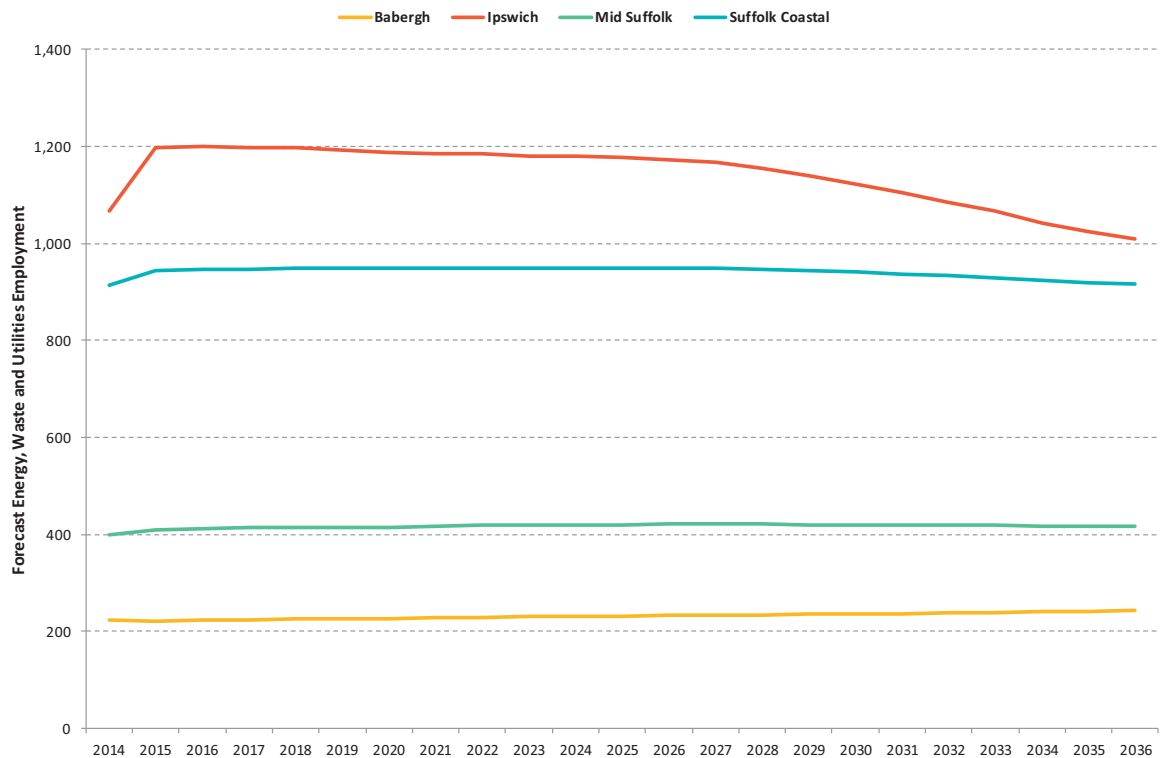
- 9.12 The sector expanded across the IEA and New Anglia LEP in employment terms over the period between 2001 and 2014. Growth rates in the IEA local authorities range from +0.7% to +6.4% per annum, while the New Anglia LEP workforce grew by +5.6% per annum. One of the IEA local authorities (Babergh) grew at a higher rate than the LEP, while the other three grew at a slower rate (Ipswich, Mid Suffolk and Suffolk Coastal). Overall, the IEA experienced a cumulative growth rate of 2.6%, which was lower than the LEP.
- 9.13 The IEA local authority that gained the highest number of jobs in the sector was Ipswich (+340 jobs), but had the third lowest annual growth rate (+3.6%). In comparison, Mid Suffolk added the second highest number of jobs (130 jobs) and grew at the second fastest rate (+3.7% per annum). Babergh and Suffolk Coastal gained +100 and +80 jobs respectively.

## Sector Growth Potential

9.14

Using the latest (2016) EEFM data, it is possible to identify the future employment growth potential of the energy, waste and utilities sector across the four IEA local authority areas. Figure 9.5 and Table 9.3 summarise the outputs from this analysis covering the forecasting period 2014 to 2036. This is based on the 'Utilities' and 'Waste & remediation' EEFM sectors.

Figure 9.5 Forecast Energy, Waste and Utilities Employment, 2014 - 2036



Source: East of England Forecasting Model (2016) / Lichfields analysis

Table 9.3 Forecast Change in Energy, Waste and Utilities Employment, 2014 - 2036

| Location        | Total Employment Change 2014-2036 | Total Percentage Employment Change 2014-2036 | Employment Change Per Annum |             |
|-----------------|-----------------------------------|----------------------------------------------|-----------------------------|-------------|
|                 |                                   |                                              | 2001 – 2014                 | 2014 – 2036 |
| Babergh         | +20                               | +8.7%                                        | +6.4%                       | +0.4%       |
| Ipswich         | -60                               | -5.3%                                        | +3.6%                       | -0.2%       |
| Mid Suffolk     | +20                               | +4.4%                                        | +3.7%                       | +0.2%       |
| Suffolk Coastal | +2                                | +0.2%                                        | +0.7%                       | 0.0%        |
| IEA             | -20                               | -0.7%                                        | +2.6%                       | 0.0%        |
| New Anglia LEP  | +170                              | +2.3%                                        | +5.6%                       | +0.1%       |

Source: East of England Forecasting Model (2016)

Note: figures rounded

9.15

Of the four local authorities, Ipswich had the highest number of people employed in the waste, energy and utilities sectors in 2014, at 1,067. From 2025, this is expected to decrease, down to 1,010 in 2036. This represents a decrease of 5.3% over the entire forecast period.

9.16

Suffolk Coastal also has a relatively high base of energy, waste and utilities employment, reflecting the presence of Sizewell. This is forecast to remain stable up to 2036, increasing from 914 to 916 (an increase of 0.2%). Detailed consultation exercises are currently underway for

Sizewell C. Should the project come forward, it would generate a significant uplift in employment in the energy sector in Suffolk Coastal, as well as offering business opportunities throughout the supply chain. As noted previously, the forecast does not take account of any potential uplift associated with Sizewell C.

- 9.17 Both Mid Suffolk and Babergh have significantly less employment in this sector. Neither are expected to undergo much change in employment terms – Mid Suffolk is forecast to change from 399 to 417 while Babergh is forecast to increase from 223 to 242 over the 2014-2036 period.
- 9.18 Forecast changes to employment in this sector are much less significant than the growth seen in the period 2001-2014, implying a slowdown in growth compared with recent trends.
- 9.19 From 2001 to 2014, Babergh saw the strongest growth in energy, waste and utilities employment as a proportion, albeit it has the lowest levels of employment in this sector. Ipswich, Mid Suffolk and Suffolk Coastal all recorded lower growth than the New Anglia LEP average of 5.6% per annum. Forecast change for the period 2014-2036 is negligible in comparison, with little overall decrease or increase in the sector.
- 9.20 Chapter 3 provides a baseline assessment of the IEA's future land needs for B use class sectors of the economy based on the latest (2016) EEFM employment growth projections. For industrial (B1c/B2) uses – assumed to represent the primary type of premises sought by some firms operating in the energy, waste and utilities sector – this baseline requirement varies from - 2,730sq.m (Ipswich) to -32,330sq.m (Babergh) of industrial floorspace between 2014 and 2036. The equivalent figures in land terms range from -0.7ha to -8.1ha over this period.

### Sector Opportunities

- 9.21 Energy is identified as a 'high impact sector' by the New Anglia LEP within its SEP and provides a particular focus for targeted interventions. The sector employs 7,700 people directly in New Anglia, and thousands more indirectly, and is worth about £994m pa with a GVA per job of £129k. This makes it one of the most productive sectors in the LEP area. The area has a long standing North Sea oil and gas industry, now expanding into offshore wind. There is a third nuclear plant proposed at Sizewell while several biomass plants are being developed across the LEP area.
- 9.22 The energy industry is witnessing rapidly developing technologies in renewable and low carbon sectors coupled with major investment in offshore wind and civil nuclear power generation. Norfolk and Suffolk is at the centre of the world's largest market for offshore wind energy and the UK's most dense offshore development. Most of this activity is clustered in and around Great Yarmouth and Lowestoft which (together with Harwich) form one of the UK's six Centres of Offshore Renewable Engineering, although this continued growth could generate spill over effects into the wider IEA economy for example through supply chain linkages.
- 9.23 Nuclear power is witnessing substantial investment too with the decommissioning and new power stations proposed at Sizewell in Suffolk. This will result in significant employment prospects in construction, engineering and maintenance and 900 jobs once operational.
- 9.24 Companies across Suffolk are also exploring 'early stage' subsectors such as carbon capture and storage, biomass energy, fuel cell technology and biofuels. Sita UK are building the Suffolk Energy from Waste Plant at Great Blakenham and there are already proposals to use its excess heat to grow tomatoes in a 230 job business.
- 9.25 The projected economic growth from off-shore wind and the potential from new nuclear generation are clear examples of how this sector can build on its substantial base but there are

also many linkages to other sectors such as agriculture with advances in biomass and through the supply chain.

- 9.26 The Government highlights the need to maximise UK oil and gas reserves and have secure energy supply chains for UK imports. The New Anglia LEP area is well placed to capture these growth opportunities by exploiting its existing economic strengths and assets.<sup>28</sup> Norfolk and Suffolk has offshore, marine, and subsea engineering, drilling technology and offshore decommissioning capabilities and the local supply chain has over 40 years expertise of oil & gas, nuclear, bio-energy and wind power. It is exploring prospects within 'new or early stage' subsectors such as CCS, gas storage, biomass energy, fuel cell technology and biofuels. The decommissioning of offshore gas platform is a major growing business opportunity too. The companies that installed, operated and maintained gas platforms and pipelines are now turning to the fast new markets of off shore wind and wave and nuclear clean-up and new build. The area has to position itself to capitalise on this growth whilst ensuring a sustainable, prosperous future based on secure and balanced energy supplies, transmission and distribution. The two counties account for £2.9 billion of turnover per annum in the Energy Supply Chain. The area has an energy business worth billions and some £30.8 billion investment is anticipated in major projects over £10m within five years.
- 9.27 In achieving these growth prospects, the energy sector faces a number of key challenges including the requirement to develop a new generation of skilled and qualified workers as much of the sector's labour force is due to retire. The Norfolk and Suffolk Energy Alliance cites several barriers to supply chain development including utility/distribution and transport capacity, high speed broadband and transport infrastructure. There is also a need to provide serviced land and speculative units to accommodate new business opportunities from energy companies. Without suitable sites and premises (serviced and not just allocated) Norfolk and Suffolk could be constrained.
- 9.28 The combination of existing sector strengths and upcoming investment in key energy facilities such as Sizewell indicate that the scale of employment growth within the energy sector could significantly exceed that implied by the 2016 EEFM, particularly if barriers to supply chain development can be overcome, and strategies are put in place to maximise any spill over effects within the wider IEA area.

## Existing Evidence on Sector Needs

- 9.29 A summary is provided below of existing published evidence regarding sector needs and growth potential, including any specific sub-sector growth needs.

### New Anglia LEP – Strategic Economic Plan (2014)

- 9.30 The Strategic Economic Plan identifies energy as one of five high impact sectors which offer the opportunity for rapid growth in absolute terms and productivity.<sup>29</sup>
- 9.31 New Anglia has a longstanding North Sea oil and gas industry, which is expanding into offshore wind energy. There is now a third nuclear plant proposed at Sizewell and there are several biomass plants being developed across the New Anglia LEP area.

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<sup>28</sup> New Anglia LEP Sector Growth Strategy, February 2013.

<sup>29</sup> New Anglia LEP (2014) 'Strategic Economic Plan'.

## Consultation Feedback

- 9.32 This section summarises key feedback obtained for the energy, waste and utilities sector in the IEA obtained through stakeholder consultations.
- 9.33 The energy sector is considered to represent one of the IEA's key economic strengths. In general, this is related to energy supply businesses, which can have a varied range of locational and premises requirements. In terms of energy generation, the key areas of growth for East Suffolk are likely to be Sizewell C and commercial wind farms.
- 9.34 There are a number of energy companies located within edge/out of town locations such as Felaw Maltings and Ransomes Europark in Ipswich. Some firms are also reported to have secondary offices in Ipswich town centre in effort to attract staff who value a town centre location and also because the requirements of smart metering are often more easily met in smaller office premises than larger premises on industrial estates.
- 9.35 Key weaknesses of the IEA from an energy, waste and utilities sector perspective include reported issues in recruiting to the area, while train services and connections are also perceived to be relatively poor within a UK context.
- 9.36 In terms of future opportunities to achieve growth in the sector, infrastructure improvements are considered to be crucial, for example improving facilities to encourage the use of electric vehicles and the construction of heat networks. Barriers to growth are perceived to be the lack of a high status university in East Suffolk with an environmental sciences / energy degree course.

## Summary

- 9.37 Babergh has seen growth in its energy, waste and utilities sector in recent years, though the 210 recorded jobs in 2016 mean it has the smallest sector of the four IEA authorities. These jobs are clustered in Sudbury and, to a lesser extent, Hadleigh. Based on EEFM forecasts, there is little by way of growth potential for the sector, with 0.4% growth per annum expected up to 2036. This would indicate that there is no significant requirement for new premises to support the energy, waste and utilities sector in Babergh.
- 9.38 Ipswich has only seen modest growth in the energy, waste and utilities sector in recent years, however, the Borough has by far the largest sector of the four IEA authorities. In 2016, the 1,560 jobs in the sector made up 2.2% of total jobs. Activity in this sector is predominantly located in a small number of key locations. The EEFM suggests that employment in the energy, waste and utilities sector will decline by 0.2% per annum up to 2036. However, Ipswich has traditionally had a strong energy sector, and there is a new emphasis on the sector through the New Anglia LEP and East of England Energy Group.
- 9.39 Mid Suffolk's energy, waste and utilities sector grew modestly in the period 2001 – 2014. There were 460 people employed in the sector in 2016, representing 1.3% of total employment. These jobs are generally located along the A14 near to Stowmarket and Claydon, as well as some smaller clusters in the north of the District. Modest growth of 0.2% per annum is predicted for the sector. Given the relatively small size of the sector and the low levels of growth anticipated, there is no specific need to plan for more energy, waste and utilities premises in Mid Suffolk.
- 9.40 Suffolk Coastal's energy, waste and utilities grew the least of the four IEA authorities in the period 2001-2014. The 880 jobs recorded in 2016 represented 1.8% of total jobs. The biggest cluster of jobs is at Sizewell, with small clusters at Woodbridge and Ipswich Eastern Fringe. No overall change in employment in the sector is predicted up to 2036. The proposals for Sizewell C are important for the energy sector in Suffolk Coastal, and would provide a fillip to the sector should the scheme come forward.



- 9.41 In overall terms, the energy sector tends to be relatively self-contained within the IEA, and concentrated across a small number of key sites and locations. In employment terms, the sector has recorded limited levels of growth historically, and the latest EEFM baseline projections imply no real change to existing levels of employment by 2036. The key component of economic growth going forward is therefore likely to be increased productivity, and generating higher levels of economic output from existing assets and workforce. For this reason the LEP identifies energy as one of five high impact sectors which offer the opportunity for rapid growth in absolute terms and productivity. The area has a longstanding North Sea oil and gas industry, which is expanding into offshore wind energy, a third nuclear plant proposed at Sizewell and several biomass plants being developed across the New Anglia LEP area. Supply chain linkages with other sectors such as agriculture are also significant. For the most part, premises requirements amongst energy related companies do not differ too far from other sectors, so a flexible approach will be required to accommodate sector growth going forward, alongside crucial infrastructure improvements and a clearer skills strategy to develop workforce skills courses in environmental sciences and energy related subjects.

## 10.0

## Health and Care Sector

## 10.1

This chapter analyses the existing economic contribution and future growth potential of the health and care sector across the IEA. It identifies what may be needed to unlock potential growth in the sector through reviewing published evidence and recent studies.

## 10.2

The health and care sector is made up of firms and public bodies which provide a wide range of services including primary healthcare, residential care and social work. A full breakdown of the SIC codes used to define the sector for the purposes of this study is included at Appendix 1.

### Employment

#### Total Employment

## 10.3

The total stock of health and care employment across the IEA in 2016 is summarised in Table 10.1.

Table 10.1 Health and Care Employment, 2016

| Location        | Total Health and Care Employment | Percentage of Total Employment | Number of Businesses | Average Employment per Business |
|-----------------|----------------------------------|--------------------------------|----------------------|---------------------------------|
| Babergh         | 3,370                            | 10.8%                          | 200                  | 16.9                            |
| Ipswich         | 11,220                           | 16.0%                          | 370                  | 30.3                            |
| Mid Suffolk     | 4,230                            | 12.0%                          | 220                  | 19.2                            |
| Suffolk Coastal | 4,970                            | 10.1%                          | 280                  | 17.8                            |
| <b>IEA</b>      | <b>23,790</b>                    | <b>12.8%</b>                   | <b>1,070</b>         | <b>22.2</b>                     |

Source: Inter-Departmental Business Register (2016)

Note: figures rounded.

## 10.4

Health and care employment represents between 10.1% and 16.0% of all employment within the IEA local authorities. The largest absolute workforce is located in Ipswich (11,220 workers), partly due to the presence of Ipswich hospital. The other local authorities have workforces that are under half that size.

#### Spatial Distribution

## 10.5

Using IDBR data it is possible to map health and care employment clusters in each of the IEA local authorities (Figures 10.1 to 10.4).

10.6

Health and care employment in Babergh is focused in the towns of Sudbury and Hadleigh (Figure 10.1). There are small clusters located elsewhere in the district including near Long Melford and Lavenham. Other pockets of health and care related employment are scattered across the remainder of the Borough, employing smaller numbers of people.

Figure 10.1 Spatial Distribution of Health and Care Employment, Babergh



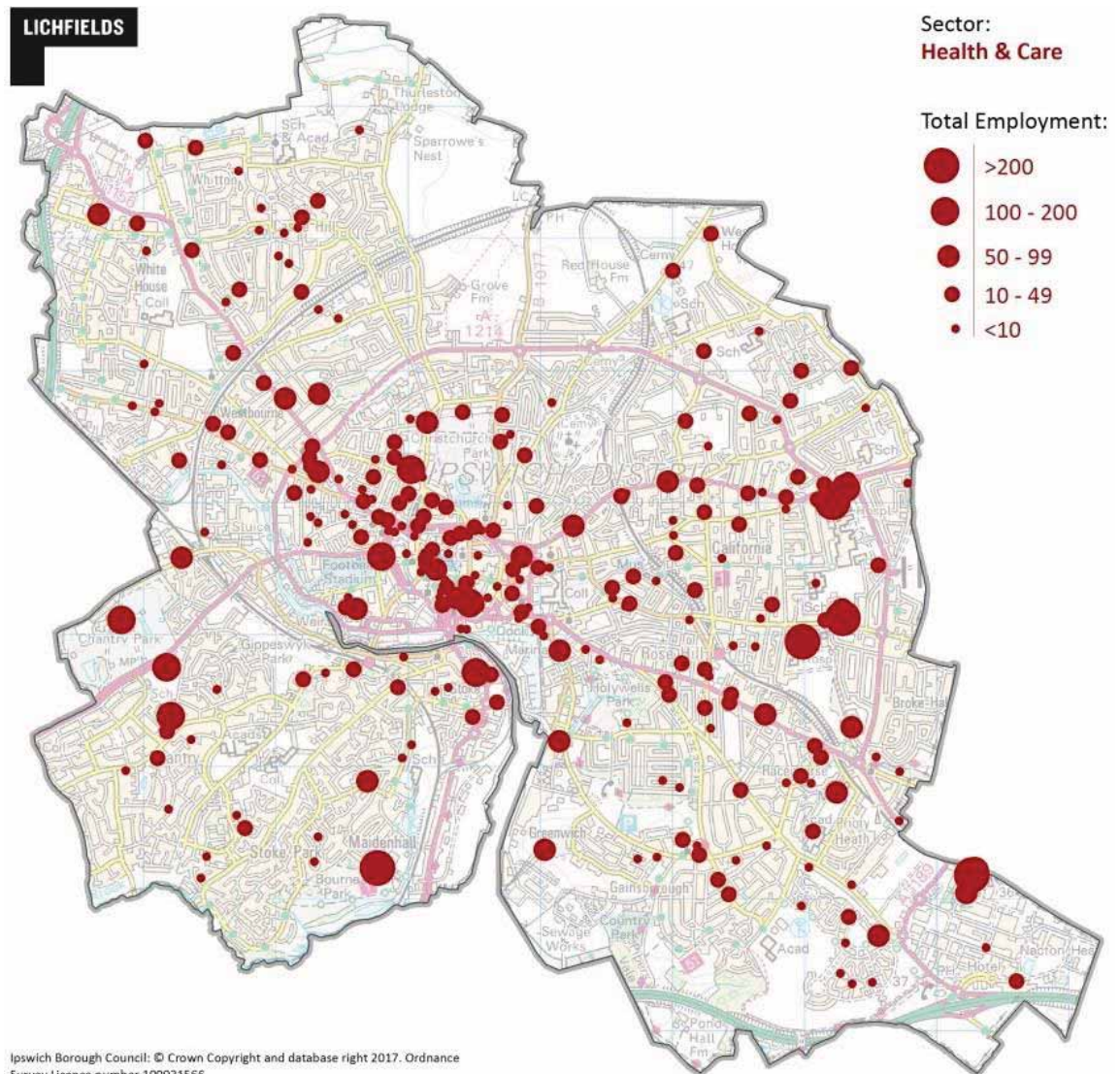
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

10.7

The focus of health and care employment in Ipswich is focused in and near to the town centre, just north of the University of Suffolk campus (Figure 10.2). Many of these firms employ between 10 and 49 people. Other employment clusters is located around Ipswich Hospital, Ransomes Europark, south-west Ipswich and along Norwich and Woodbridge Roads.

Figure 10.2 Spatial Distribution of Health and Care Employment, Ipswich



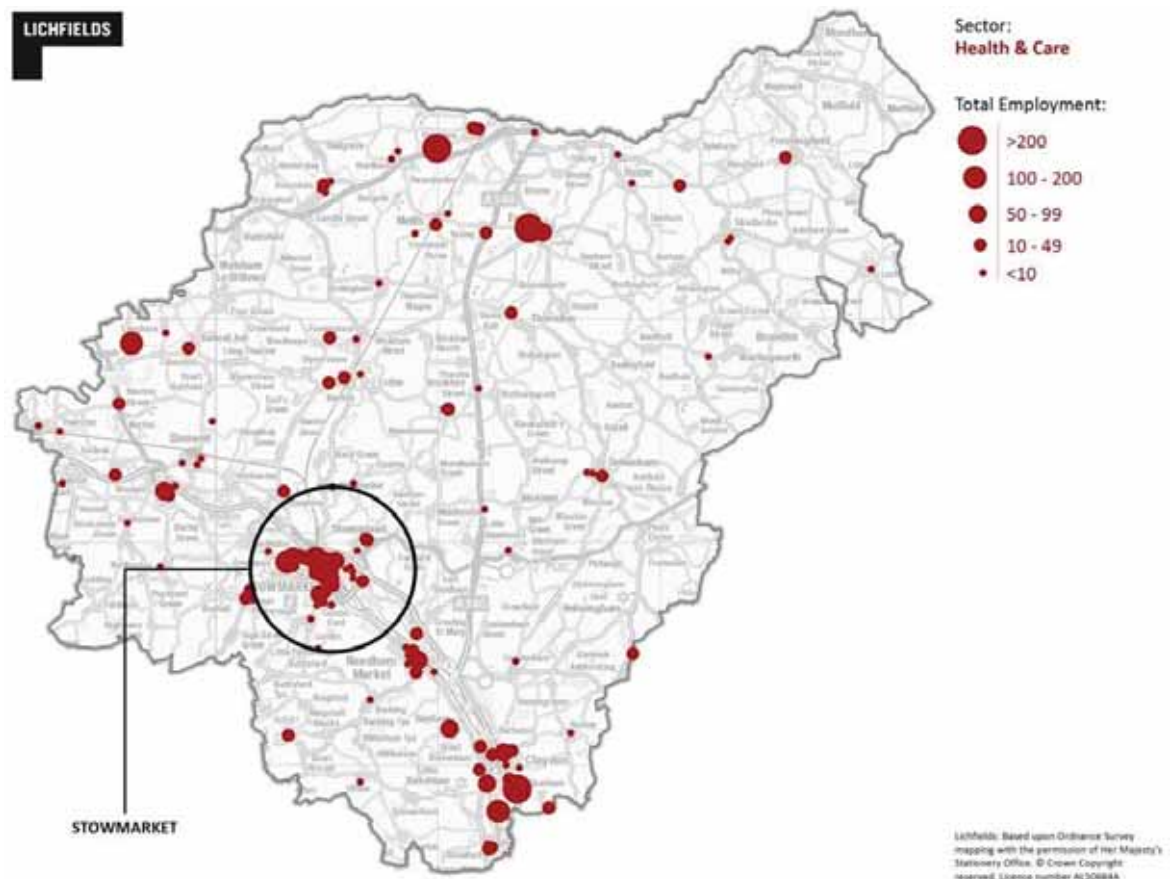
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

10.8

The A14 acts as the main corridor for health and care related employment in Mid Suffolk, where the main concentrations tend to be located (Figure 10.3). For example, there are notable clusters in Claydon and Stowmarket along this corridor. Health and care employers range from having under to ten to over 200 employees.

Figure 10.3 Spatial Distribution of Health and Care Employment, Mid Suffolk



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

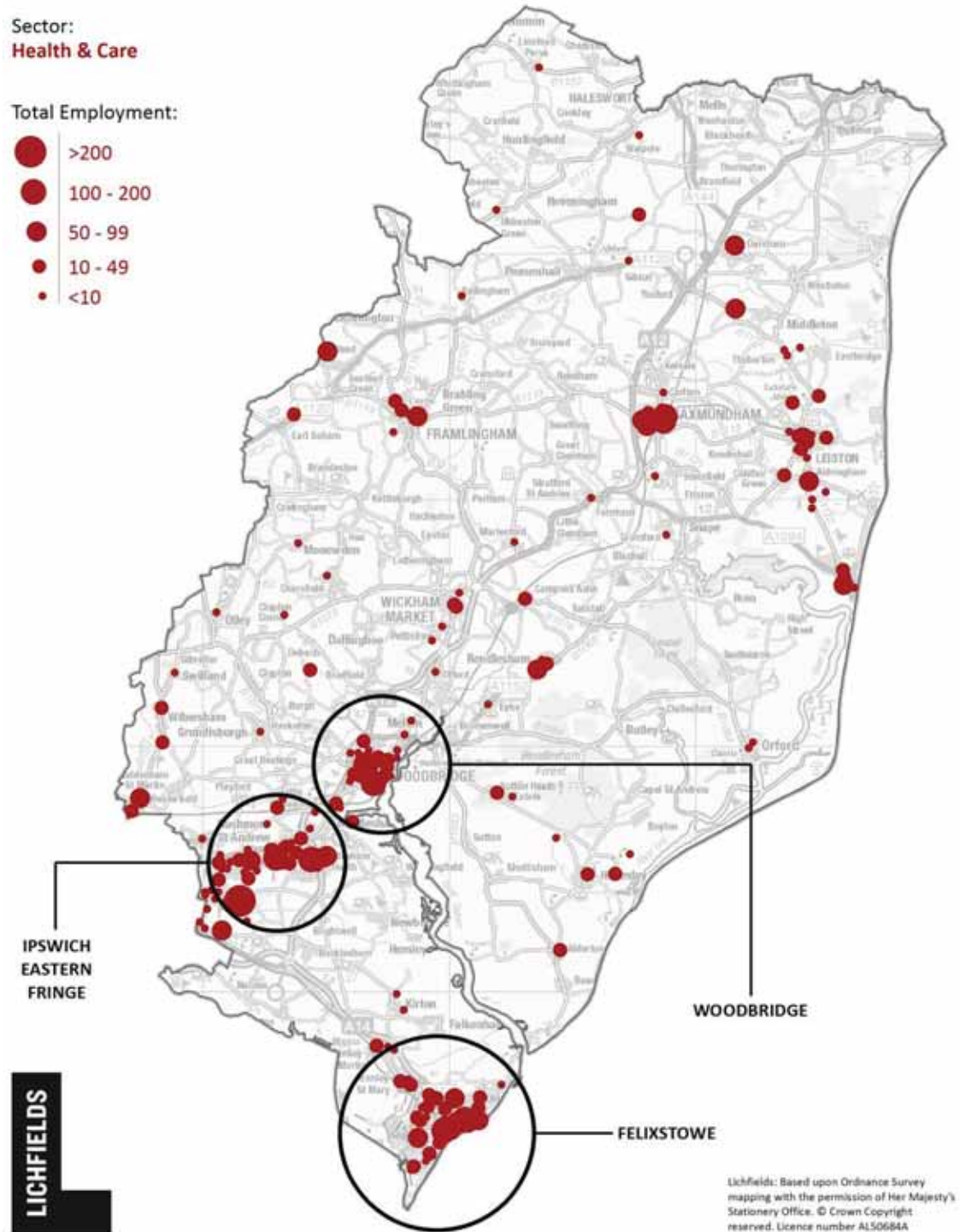
Note: dots represent individual postcodes and can represent more than one business.



10.9

Health and care employment in Suffolk Coastal is focused in the district's main urban areas of Felixstowe, Ipswich Eastern Fringe, Saxmundham and Woodbridge (Figure 10.4). There are smaller concentrations of employment in the urban areas along the A12, travelling up from Ipswich Eastern Fringe to Saxmundham.

Figure 10.4 Spatial Distribution of Health and Care Employment, Suffolk Coastal



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

## Historic Trends

- 10.10 Table 10.2 draws on 2016 EEFM data to summarise recent changes in health and care related employment across the IEA local authorities and New Anglia LEP area.

Table 10.2 Change in Health and Care Employment

| Location              | Total Employment Change<br>2001-2014 | Percentage Employment Change p.a.<br>2001-2014 |
|-----------------------|--------------------------------------|------------------------------------------------|
| Babergh               | +1,600                               | +5.1%                                          |
| Ipswich               | +2,700                               | +2.2%                                          |
| Mid Suffolk           | +800                                 | +1.6%                                          |
| Suffolk Coastal       | +2,400                               | +5.4%                                          |
| Ipswich Economic Area | +7,560                               | +3.0%                                          |
| New Anglia LEP        | +26,300                              | +2.5%                                          |

Source: East of England Forecasting Model (2016)

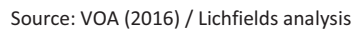
Note: figures rounded

- 10.11 Health and care related employment grew across all of the IEA local authorities and New Anglia LEP area from 2001 to 2014. The largest increases were recorded in Ipswich and Suffolk Coastal (+2,700 and +2,400 new workers respectively). The absolute increases in Babergh and Mid Suffolk were not as large, though proportionally Babergh's employment increase (+5.1%) is the second highest, falling just below Suffolk Coastal (+5.4%).
- 10.12 Babergh and Suffolk Coastal have both experienced proportionally larger increases in health and care employment than the New Anglia LEP, with smaller increases in Ipswich and Mid Suffolk.

## Business Floorspace

- 10.13 Using the latest ratings data from the VOA, it is possible to analyse the spatial distribution of health and care related floorspace across the IEA, using the VOA category code of 'health centre and surgery' as a proxy. The outputs from this mapping analysis are shown in Figures 10.5 to 10.8.
- 10.14 It should be noted that availability of detailed floorspace data from the VOA for individual business premises varies across sectors and locations and floorspace records can change for a number of reasons, including but not restricted to: demolished properties; new entities; reconstitution and alterations. The resulting data analysis and presentation should therefore be treated with a degree of caution.

Figure 10.5 Spatial Distribution of Health Centre and Surgery Floorspace, Babergh



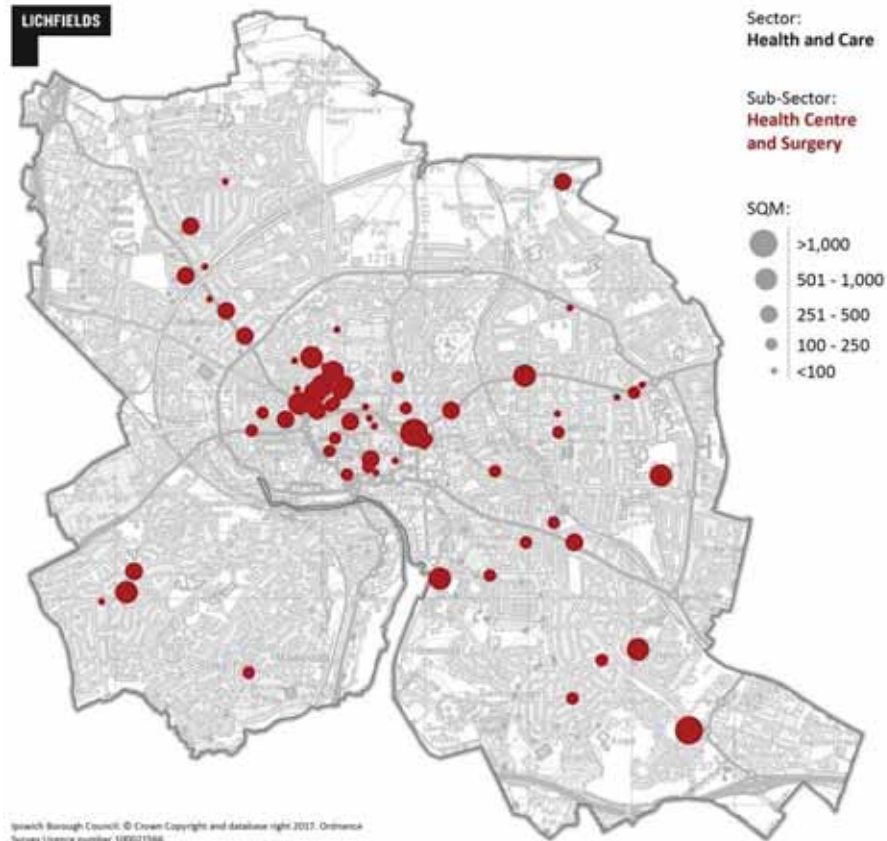
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Pg 114

10.16

Health and care floorspace in Ipswich is concentrated around the town centre (Figure 10.6). There are a large number of GP surgeries and health centres on the south west boundary of Christchurch Park. One premises designated as a hospital is located in the town centre, but the main Ipswich hospital in the east of the borough is shown as a 'health centre and surgery' by the VOA data.

Figure 10.6 Spatial Distribution of Health Centre and Surgery Floorspace, Ipswich



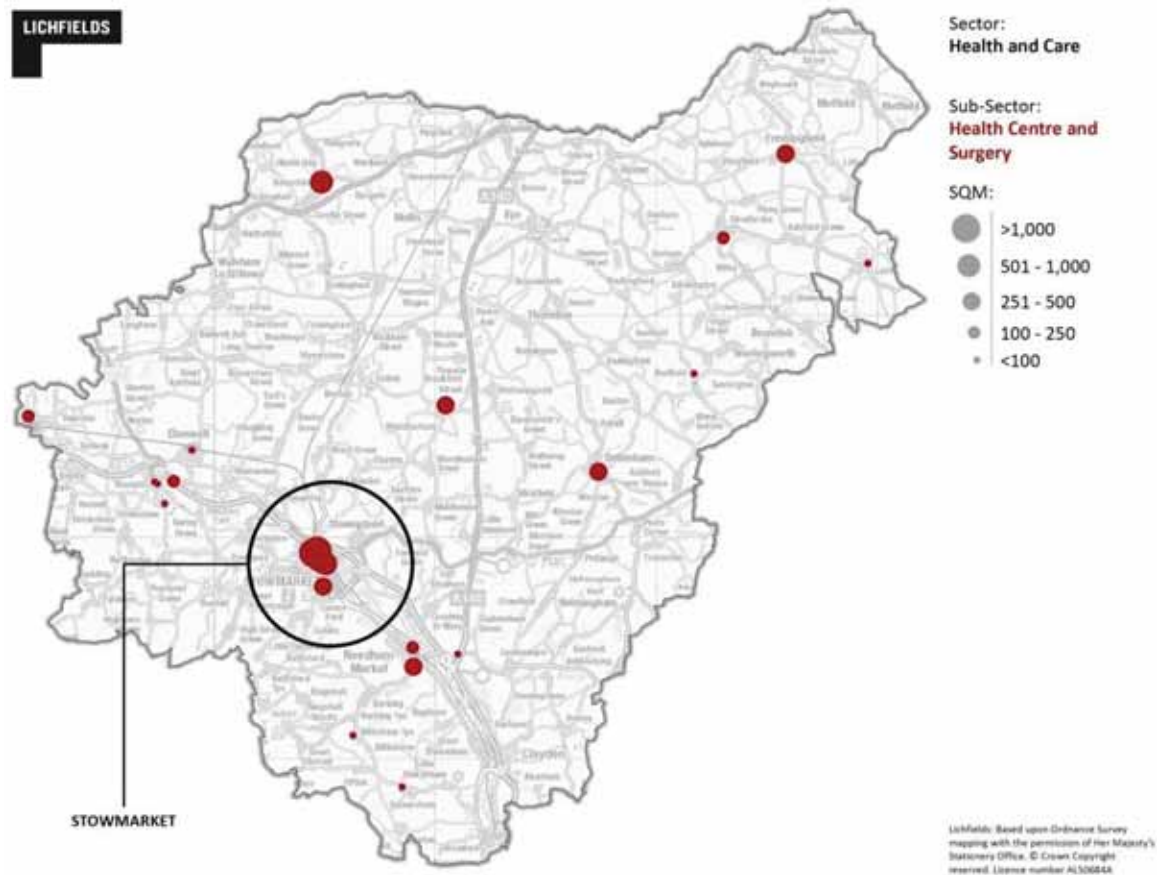
Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one premises.

10.17

In Mid Suffolk the largest concentrations of healthcare related premises are located in Stowmarket with other premises scattered across the remainder of the District (Figure 10.7). Needham Market has a cluster of healthcare related businesses.

Figure 10.7 Spatial Distribution of Health Centre and Surgery Floorspace, Mid Suffolk



Source: VOA (2016) / Lichfields analysis

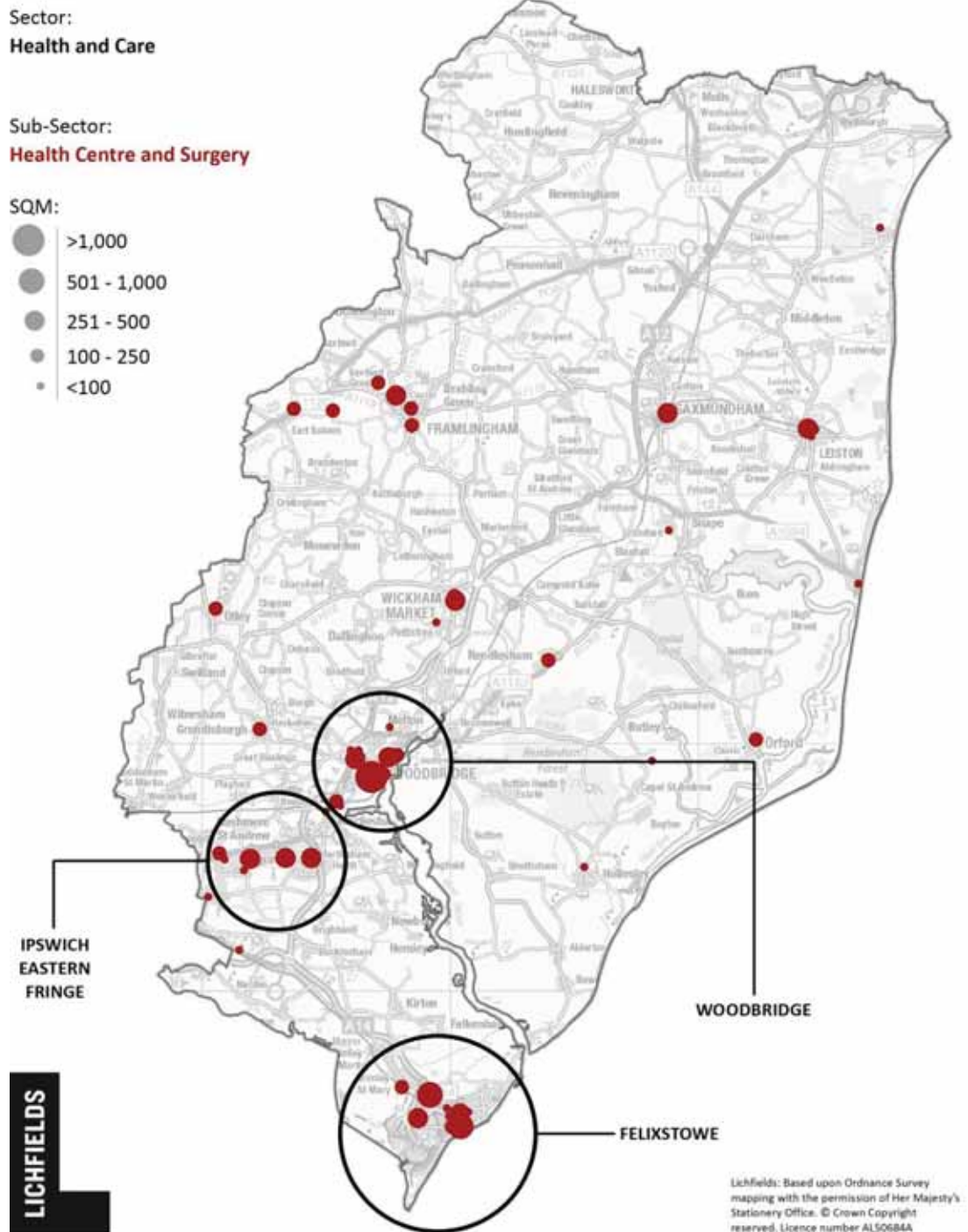
Note: dots represent individual postcodes and can represent more than one premises.



10.18

In Suffolk Coastal the three settlements of Felixstowe, Ipswich Eastern Fringe and Woodbridge accommodate the majority of health centres and GP surgeries (Figure 10.8). These can range between 500sq.m and 1,000sq.m in size. There are also four health centres or GP surgeries located near to the market town of Framlingham.

Figure 10.8 Spatial Distribution of Health Centre and Surgery Floorspace, Suffolk Coastal



Source: VOA (2016) / Lichfields analysis

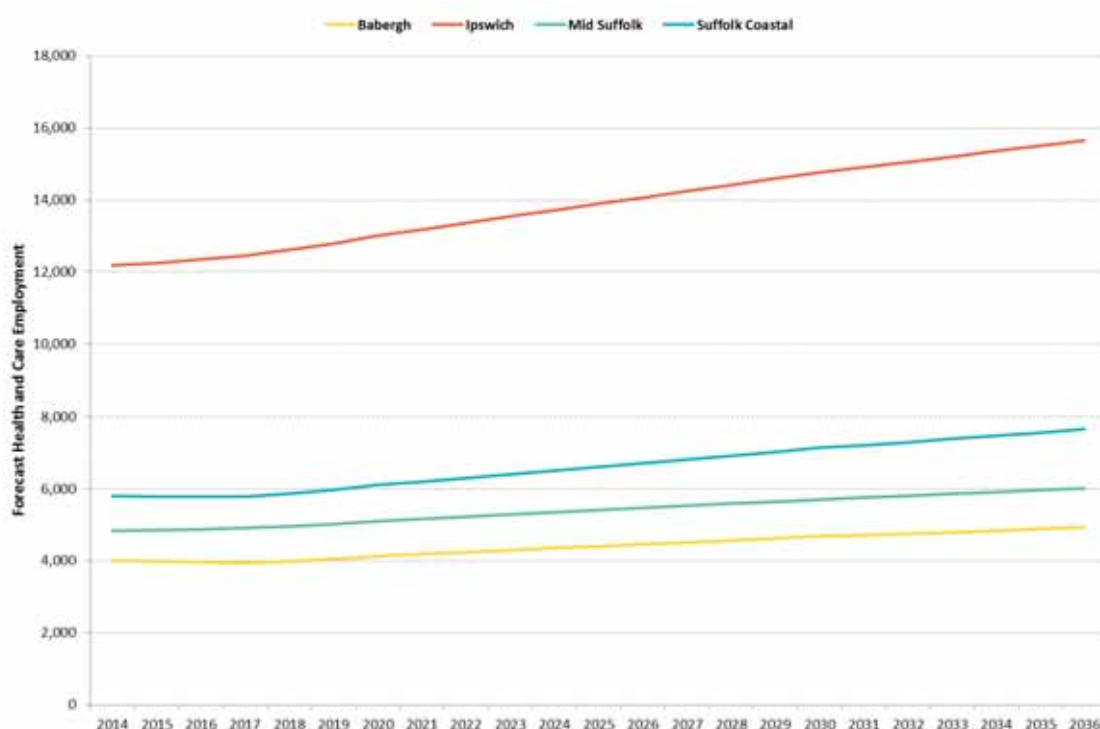
Note: dots represent individual postcodes and can represent more than one premises.

## Sector Growth Potential

10.19

Using the latest (2016) EEFM data, it is possible to identify the future employment growth potential of the health and care sector across the four IEA local authority areas. Figure 10.9 and Table 10.3 summarise the outputs from this analysis covering the forecasting period 2014 to 2036.

Figure 10.9 Forecast Health and Care Employment, 2014-2036



Source: East of England Forecasting Model (2016) / Lichfields analysis

Table 10.3 Forecast Change in Health and Care Employment, 2014-2036

| Location        | Total Employment Change 2014 - 2036 | Total Percentage Employment Change 2014 - 2036 | Employment Change Per Annum |             |
|-----------------|-------------------------------------|------------------------------------------------|-----------------------------|-------------|
|                 |                                     |                                                | 2001 - 2014                 | 2014 - 2036 |
| Babergh         | +900                                | +23.0%                                         | +5.1%                       | +1.0%       |
| Ipswich         | +3,500                              | +28.5%                                         | +2.2%                       | +1.3%       |
| Mid Suffolk     | +1,200                              | +24.4%                                         | +1.6%                       | +1.1%       |
| Suffolk Coastal | +1,800                              | +31.8%                                         | +5.4%                       | +1.4%       |
| IEA             | +7,410                              | +27.6%                                         | +3.0%                       | +1.3%       |
| New Anglia LEP  | +25,800                             | +24.2%                                         | +2.5%                       | +1.1%       |

Source: East of England Forecasting Model (2016)

Note: figures rounded

10.20

The health and care sector is expected to grow in employment terms across the IEA local authorities from 2014 to 2036. Employment is forecast to increase by +7,400 jobs in total or +1.3% per annum. This rate of growth is slightly higher than the wider New Anglia LEP average (1.1%), with new jobs in the IEA local authorities representing 28.7% of the total forecast to come forward in the LEP (25,800 jobs). The forecast rate of growth in the IEA and New Anglia LEP area is lower than the scale of growth recorded over recent years, between 2001 and 2014.

- 10.21 Health and care employment in Babergh is forecast to increase by +900 jobs between 2014 and 2036, equivalent to a rate of +1.0% per annum. This rate of growth is lower than the other IEA authorities and New Anglia LEP, although the difference is not significant.
- 10.22 Ipswich is forecast to experience slightly higher annual health and care employment growth (+1.3%) than the other IEA authorities and New Anglia LEP. In total, +3,500 new jobs in the sector are forecast to come forward in the Borough, representing 46.8% of the IEA total.
- 10.23 The forecast for Mid-Suffolk suggests that employment will grow in line with the New Anglia LEP average (+1.1% per annum). As a result of this growth, an additional +1,200 health and care related jobs are expected to be created in the district from 2014 to 2036.
- 10.24 Health and care employment in Suffolk Coastal is forecast to grow at a rate of 1.4% per annum from 2014-2036. This is the highest rate of the IEA local authorities and larger than growth forecast for the LEP area. This would result in an additional +1,800 jobs to the district.

## Existing Evidence on Sector Needs

- 10.25 A summary is provided below of existing published evidence regarding sector needs and growth potential, including any specific sub-sector growth needs.

### NHS Five Year Forward View (2014)

- 10.26 The report was created to review how the NHS may need to change over the five years from 2014. It outlines that the NHS was extremely successful in the previous five years, maintaining high levels of care during a time economic depression and austerity. However, there are a number of oncoming factors that are likely to lead to the NHS changing the way it operates. These include:
- Changes in the health needs of patients and personal preferences towards treatments;
  - Changes in the types of treatments, technologies available and ways to deliver care; and
  - Changes in the pace at which funding will increase in the future.<sup>30</sup>
- 10.27 In order to change how the NHS operates the report provides a number of solutions including “*accelerating innovation in new ways of delivering care*” through developing test bed sites, increasing operational research and supporting the development of health and care ‘new towns’, which allow for the design of health and care services from scratch.

### Ipswich and East Suffolk Clinical Commissioning Group – Future of Healthcare in Ipswich and East Suffolk 2017/18 – 2018/19

- 10.28 The Ipswich and East Suffolk Clinical Commissioning Group (CCG) report aims to deliver upon the 5 Year NHS vision. The report notes that in line with the vision there is a need to deliver efficiencies to help close the funding gap the NHS is facing. The CCG expects to run a surplus of £4.9m in the 2018/19 year, but it also believes it will face a number of other challenges to maintain healthcare standards and support the health and care sector.
- 10.29 In response to the GP Forward View paper published in April 2016 the CCG outlines a number of issues in sustaining primary care in Ipswich and East Suffolk. These include: recruiting and retaining staff (especially GPs and nurses); increased demand; higher patient expectations; and increasingly complex patients who suffer from multiple conditions.

<sup>30</sup> NHS forecasts from May 2016 indicate that the NHS may face a funding gap of £30bn by 2020. Source: NHS, (2016); Five Year Forward View: Recap briefing for the Health Select Committee on technical modelling and scenarios.

- 10.30 The CCG is putting measures together to respond to these problems such as increasing funding and developing the CCGs workforce through up-skilling current members and collaborating with local universities (University of East Anglia and University of Suffolk).

### **New Anglia LEP – Sector Skills Plan – Health and Social Care (2016)**

- 10.31 The Sector Skills Plan for Health and Social Care identifies that this is an important sector for New Anglia, with GVA of £2.8 billion making it the third largest sector by economic output. While the sector has grown steadily over recent years, the Plan notes that there is likely to be an ever increasing demand on health and social care services in the future.
- 10.32 The Sector Skills Plan identifies three key areas of focus:
- 1 Entrance and retention to the health and social care sector with a particular focus on adult social care;
  - 2 Recruitment and retention of registered nurses in nursing homes; and
  - 3 Leadership and succession planning for registered managers and owners of adult social care businesses.
- 10.33 The Plan sets out specific actions to support these key aims, such as cross-regional campaign to increase recruitment into the health and social care system, the establishment of a 'recruitment centre' for adult social care, and improving opportunities for nurses through training and support.

### **Summary**

- 10.34 Health and care employers and premises in Babergh are focused around the towns of Sudbury and Hadleigh. There are significantly more employers than premises, suggesting a high number of employers are in the public sector (i.e. NHS and Suffolk County Council). Health and care is expected to continue growing like in between 2001 and 2014 (+5.1% per annum), but a lower annual rate (+1.0% per annum).
- 10.35 Ipswich has the largest health and care workforce (11,220 jobs) of the local authorities, making up 16.0% of the borough's total workforce in 2016. The sector is forecast to continue growing at a lower rate (+1.3% per annum from 2001-2014) than in the thirteen years prior to 2014 (+2.2% per annum). The new jobs could be located in a number of locations in the town including around the hospital and/or the town centre where there are a high number of employers and premises currently.
- 10.36 The sector in Mid Suffolk is forecast to grow between 2014 and 2036 (+1,200 jobs at a rate of +1.1% per annum). The main concentrations of employers are in Claydon, Needham Market and Stowmarket, along with the bulk of health and care premises. These will likely be the centres of future growth as the settlements are the districts main population centres, some jobs could also come forward in the north of the district around Palgrave.
- 10.37 From 2001 to 2014, Suffolk Coastal had the largest proportional health and care workforce increase (+5.4% per annum) out of the local authorities, and is forecast to continue growing at the highest rate up to 2036 (+1.4% per annum). The new jobs will likely be focused in Felixstowe, Ipswich Eastern Fringe and Woodbridge, with some in coastal settlements to cater for retirees. It is noted that Suffolk Coastal has a relatively elderly population compared to the national average, which would suggest that there will be heightened demand for health and care services in the future.
- 10.38 Overall, health and care is forecast to continue to grow in the IEA, though at a lower rate than in the past. Based upon the NHS' current funding situation, more jobs could be created in the

future by the private sector than in the public sector. Drivers for increased private health and care demand could include elderly care services, caused by the UK's ageing population. It is noted that the impact of the ageing population is likely to create increased demand for healthcare services, which may generate job requirements that exceed the baseline growth as implied by the EEFM. Suffolk is a popular retirement location, so stands to potentially benefit from the trend with its scenic coastline and attractive countryside.

- 10.39 The LEP also recognise that there is likely to be an ever increasing demand on health and social care services in the future and from a practical perspective this is likely to place increased pressure upon development sites across the IEA to accommodate an increase in provision, particularly within accessible locations and urban extensions. Workforce skills represents another key challenge for health and care related growth across the study area over the coming years, with the Clinical Commissioning Group recognising the need to up-skill current members of the workforce and collaborating with local universities (e.g. University of East Anglia and University of Suffolk) to develop a workforce that is capable of responding to changing patient needs and demands.



## 11.0

## Hospitality and Leisure Sector

## 11.1

This chapter analyses the existing economic contribution and future growth potential of the hospitality and leisure sector across the IEA. It identifies what may be needed to unlock potential growth in the sector through reviewing published evidence and recent studies.

## 11.2

The hospitality and leisure sector includes a wide variety of activities such as food and beverage services, providing overnight accommodation and providing entertainment and cultural experiences. A full breakdown of the SIC codes used to define the sector for the purposes of this study is included at Appendix 1.

### Employment

#### Total Employment Stock

## 11.3

The total stock of hospitality and leisure employment across the IEA in 2016 is summarised in Table 11.1.

Table 11.1 Hospitality and Leisure Employment, 2016

| Location        | Total Hospitality and Leisure Employment | Percentage of Total Employment | Number of Businesses | Average Employment per Business |
|-----------------|------------------------------------------|--------------------------------|----------------------|---------------------------------|
| Babergh         | 2,940                                    | 9.4%                           | 250                  | 11.8                            |
| Ipswich         | 5,360                                    | 7.6%                           | 370                  | 14.5                            |
| Mid Suffolk     | 2,120                                    | 6.0%                           | 210                  | 10.1                            |
| Suffolk Coastal | 5,500                                    | 11.2%                          | 440                  | 12.5                            |
| <b>IEA</b>      | <b>15,930</b>                            | <b>8.6%</b>                    | <b>1,270</b>         | <b>12.5</b>                     |

Source: Inter-Departmental Business Register (2016)

Note: figures rounded.

## 11.4

The scale of hospitality and leisure employment represents between 6.0% and 11.2% of total employment within each IEA authority. The highest level of employment is recorded in Suffolk Coastal and the lowest in Mid Suffolk (11.2% and 6.0% respectively), Babergh and Ipswich sit in the middle of the range (9.4% and 7.6% respectively).

#### Spatial Distribution

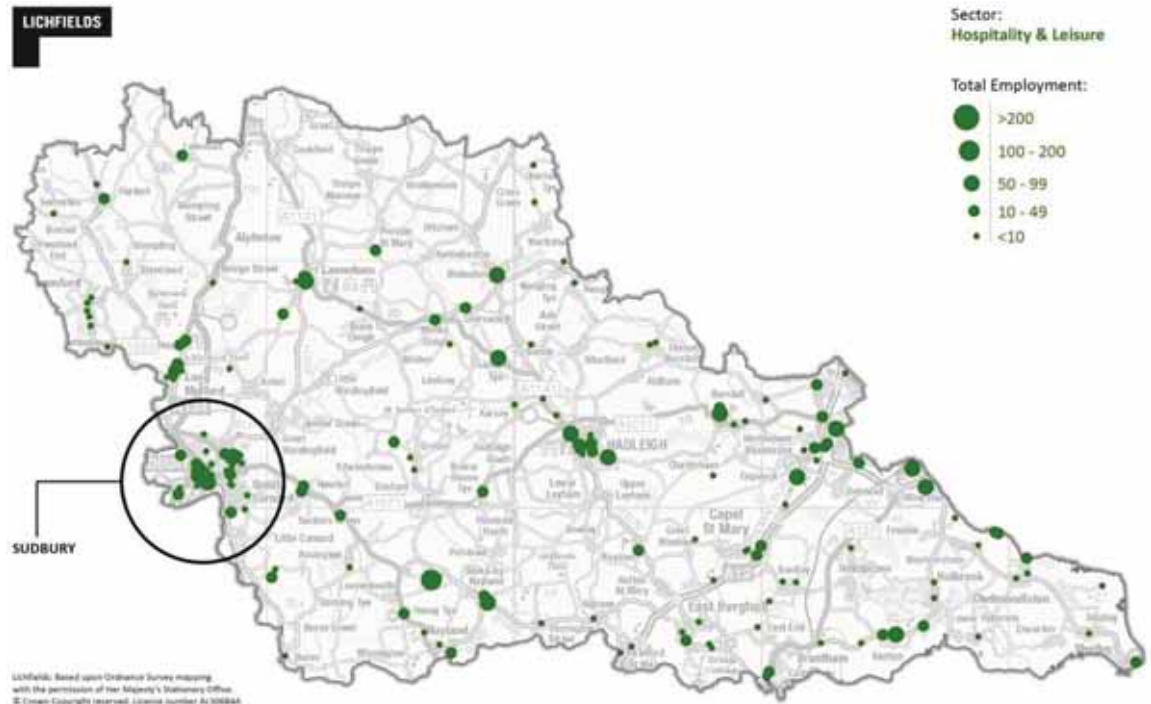
## 11.5

Using IDBR data it is possible to map hospitality and leisure employment clusters in each of the IEA local authorities (Figures 11.1 to 11.4).

11.6

Employment within the hospitality and leisure sector in Babergh is dispersed right across the District (Figure 11.1). There are small clusters in the main towns of Sudbury and Hadleigh with the largest organisations employing between 50 and 99 people. Smaller scale employers are located in the District's smaller and more rural settlements such as Lavenham.

Figure 11.1 Spatial Distribution of Hospitality and Leisure Employment, Babergh



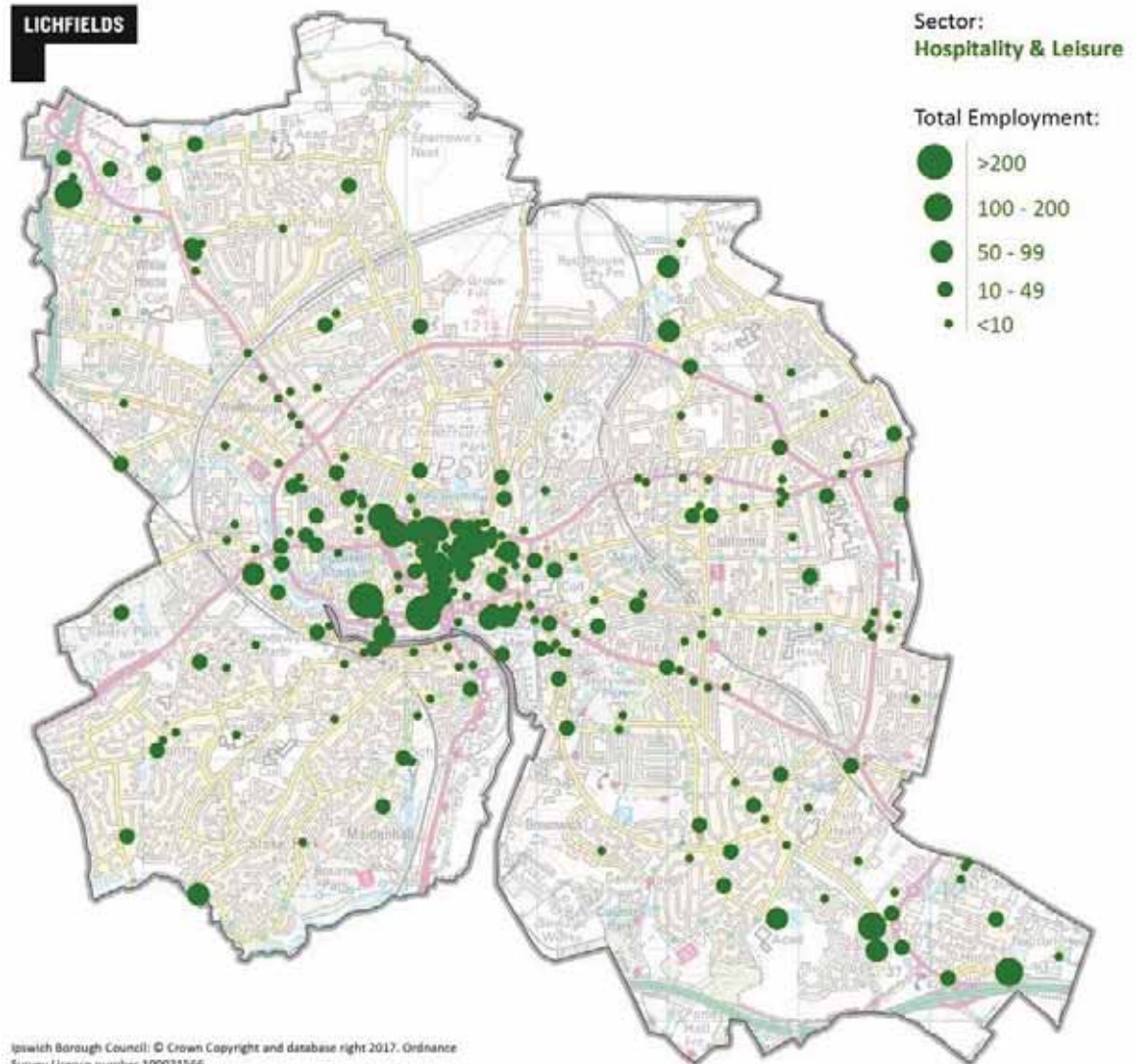
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

11.7

Ipswich's hospitality and leisure related employment tends to be focused in and around the town centre and Waterfront (Figure 11.2). There are a variety of different scale employers including a number who have a workforce of over 200. A small cluster of employment is also evident in the south east corner of the Borough where there are several large scale employers near to the A14.

Figure 11.2 Spatial Distribution of Hospitality and Leisure Employment, Ipswich



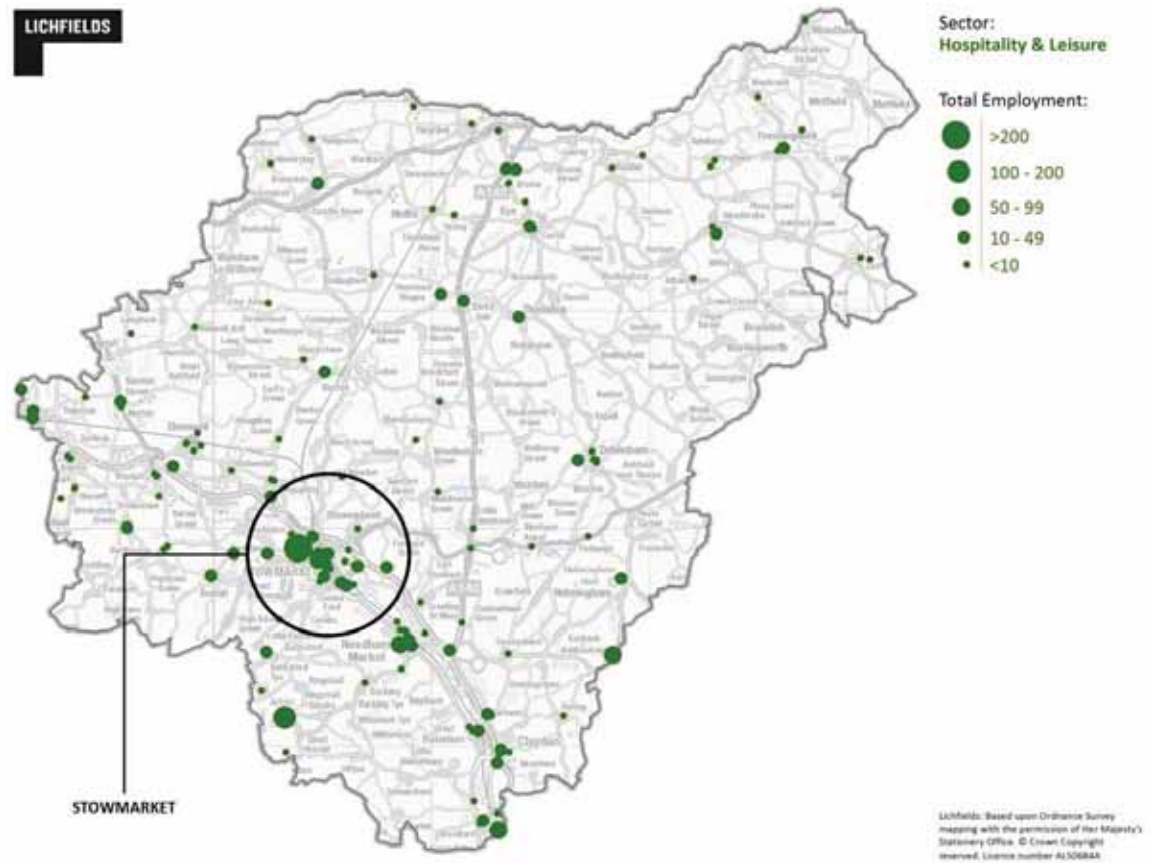
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

11.8

Mid Suffolk's hospitality and leisure employment is mainly concentrated along the A14 corridor (Figure 11.3), with the largest clusters situated in Stowmarket and Needham Market. Elsewhere, employment is more scattered and generally smaller in scale, especially to the north of the A14 corridor.

Figure 11.3 Spatial Distribution of Hospitality and Leisure Employment, Mid Suffolk



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

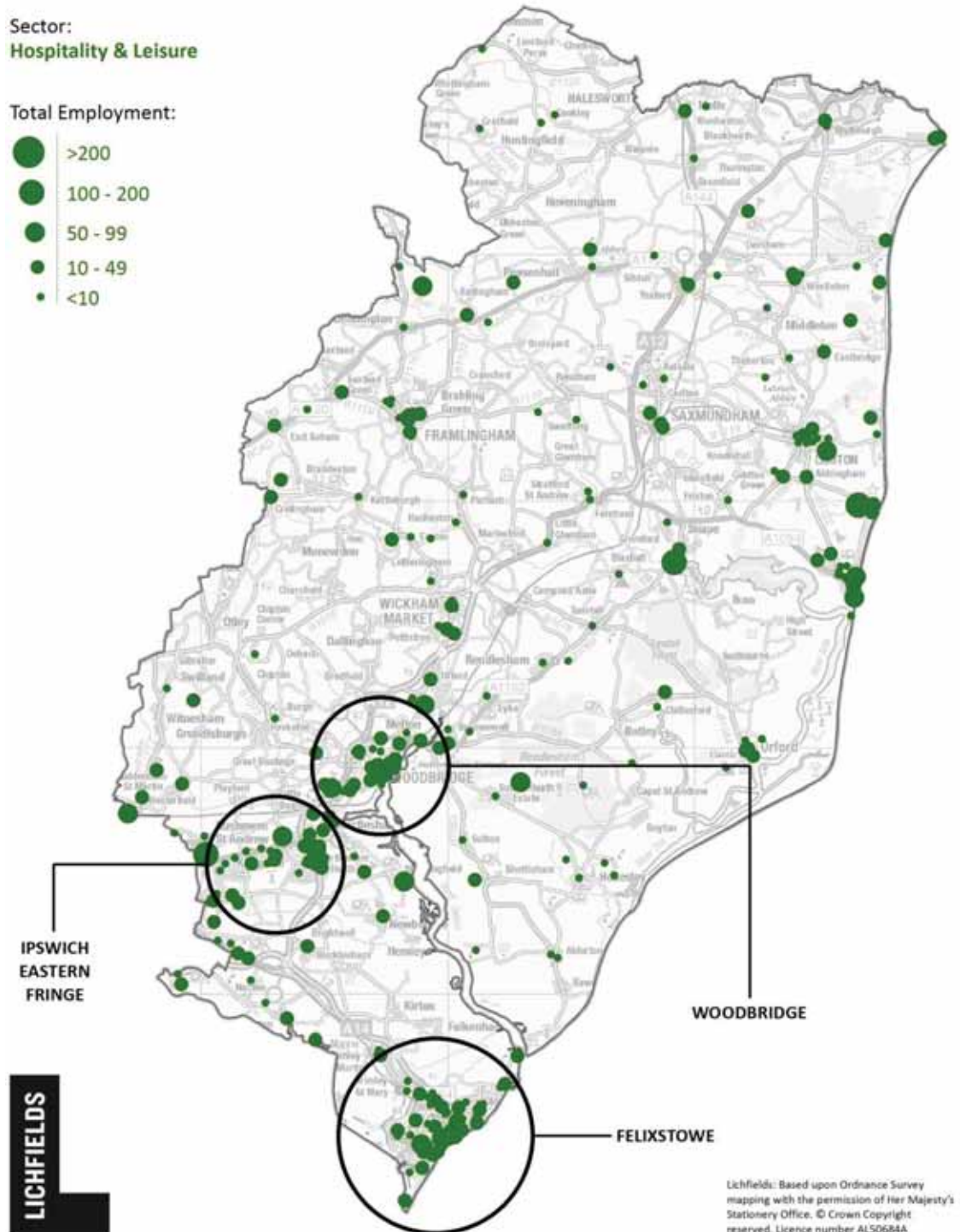
Note: dots represent individual postcodes and can represent more than one business.



11.9

Hospitality and leisure related employment in Suffolk Coastal tends to be clustered in and around Felixstowe, Ipswich Eastern Fringe and Woodbridge (Figure 11.4). There are smaller clusters located at or near to popular tourist destinations such as Aldeburgh and Thorpeness. Outside of these clusters, there are smaller employers scattered across the more rural areas of the District.

Figure 11.4 Spatial Distribution of Hospitality and Leisure Employment, Suffolk Coastal



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.



## Historic Trends

- 11.10 Table 11.2 draws on 2016 EEFM data to summarise recent changes in hospitality and leisure related employment across the IEA local authorities and New Anglia LEP area.

Table 11.2 Change in Hospitality and Leisure Employment

| Location              | Total Employment Change<br>2001-2014 | Percentage Employment Change p.a.<br>2001-2014 |
|-----------------------|--------------------------------------|------------------------------------------------|
| Babergh               | -100                                 | -0.2%                                          |
| Ipswich               | -1,200                               | -1.2%                                          |
| Mid Suffolk           | -200                                 | -0.5%                                          |
| Suffolk Coastal       | +800                                 | +1.0%                                          |
| Ipswich Economic Area | -670                                 | -0.2%                                          |
| New Anglia LEP        | +13,500                              | +1.5%                                          |

Source: East of England Forecasting Model (2016)

Note: figures rounded

- 11.11 From 2001 to 2014, the total stock of hospitality and leisure employment increased in Suffolk Coastal (+800 jobs), and decreased in Babergh, Ipswich and Mid Suffolk (-100, -1,200 and -200 jobs respectively). Rates of annual employment change range from -1.2% to +1.0%, with Ipswich and Suffolk Coastal at the low and high ends of the range respectively.
- 11.12 The New Anglia LEP area has seen an overall growth in hospitality and leisure employment over this time (+13,500), while the IEA authorities cumulatively have seen a decrease in jobs (-700). Within the IEA, this overall pattern suggests that the industry has grown along East Suffolk's coastline, while at the same declining inland.

## Business Floorspace

- 11.13 Using the latest ratings data from the VOA, it is possible to analyse the spatial distribution of hospitality and leisure related floorspace across the IEA, using the VOA category codes of 'cafe and restaurant', 'club', 'guest house' and 'other leisure' as a proxy. The outputs from this mapping analysis are shown in Figures 11.5 to 11.8.
- 11.14 It should be noted that availability of detailed floorspace data from the VOA for individual business premises varies across sectors and locations and floorspace records can change for a number of reasons, including but not restricted to: demolished properties; new entities; reconstitution and alterations. The resulting data analysis and presentation should therefore be treated with a degree of caution.

11.15

The majority of Babergh's hospitality and leisure floorspace is located in Sudbury (Figure 11.5). The town has a number of large leisure premises along with a high number of small café and restaurants, clubs and a few guest houses. There are also some larger café and restaurant units located in Hadleigh and on the edge of Ipswich.

Figure 11.5 Spatial Distribution of Café, Restaurant, Club, Guest House and Other Leisure Floorspace, Babergh



Source: VOA (2016) / Lichfields analysis

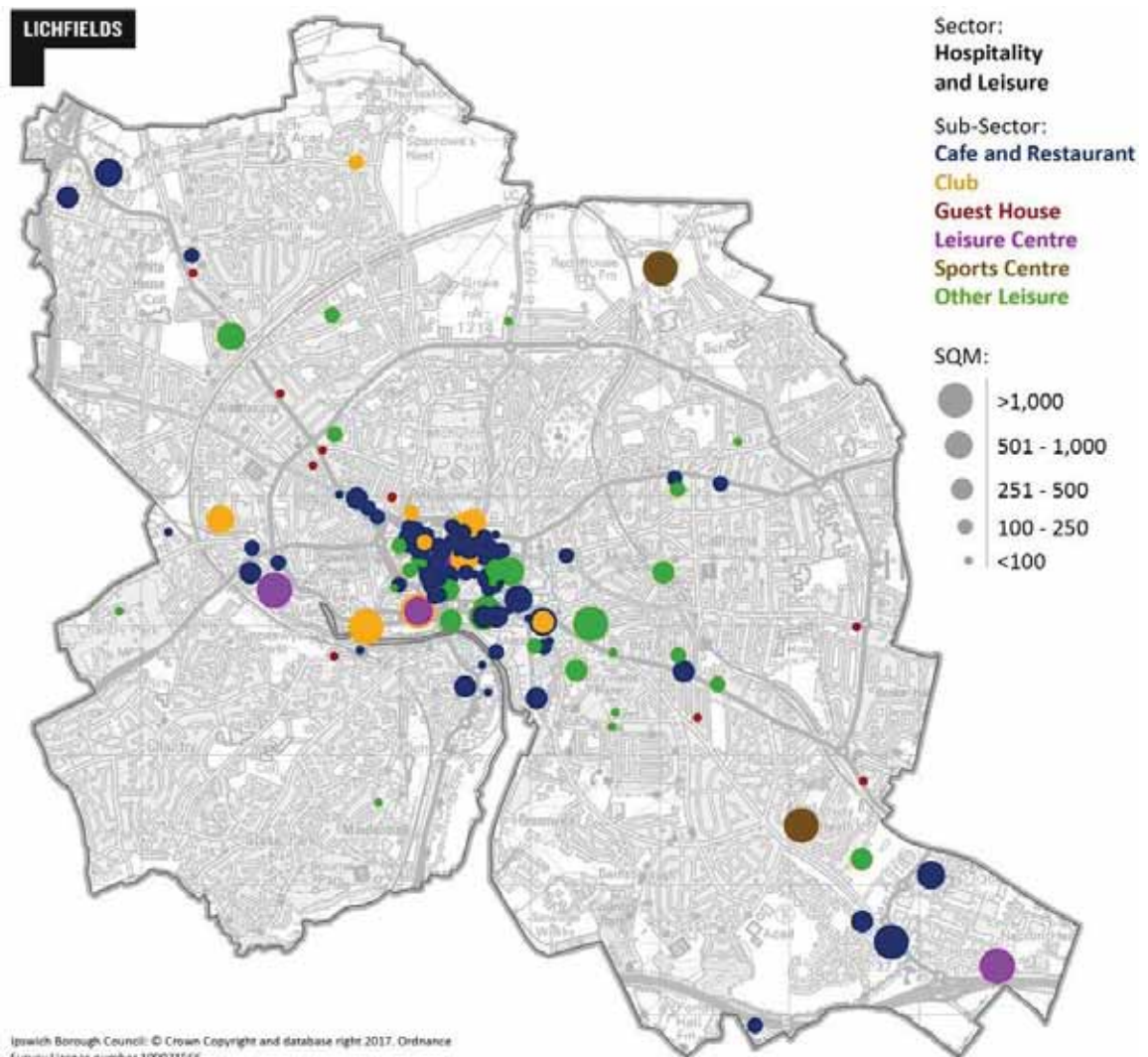
Note: dots represent individual postcodes and can represent more than one premises.

Note: The VOA does not publish detailed floorspace data for hotels or sports centres.

11.16

The majority of hospitality and leisure related premises in Ipswich are located within the town centre (Figure 11.6). This includes a large number of restaurant and café units, several clubs and other leisure units. Other clusters of space can be found at parts of Ravenswood, on Ranelagh Road next to the River Orwell and next to Ipswich hockey club.

Figure 11.6 Spatial Distribution of Café, Restaurant, Club, Guest House and Other Leisure Floorspace, Ipswich



Source: VOA (2016) / Lichfields analysis

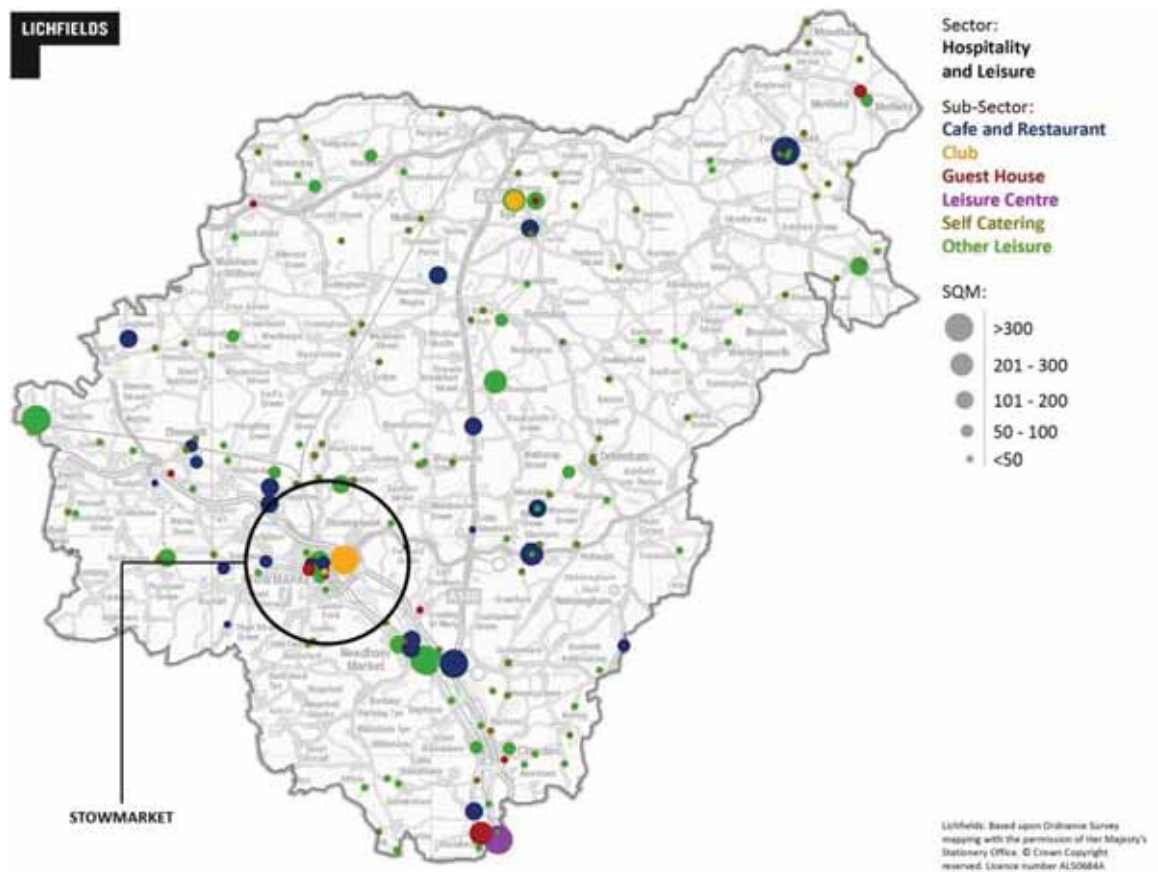
Note: dots represent individual postcodes and can represent more than one premises.

Note: The VOA does not publish detailed floorspace data for hotels or sports centres.

11.17

The two largest clusters of hospitality and leisure space in Mid Suffolk are found in Stowmarket and Needham Market (Figure 11.7). There are a limited number of large premises in Stowmarket, but the high number of cafes and restaurants suggests that the centre of the town has a high number of food and drink outlets. Needham Market has fewer leisure related premises than Stowmarket, but these tend to be larger with several restaurants and cafes and other leisure facilities larger than 300sq.m in size.

Figure 11.7 Spatial Distribution of Café, Restaurant, Club, Guest House and Other Leisure Floorspace, Mid Suffolk



Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one premises.

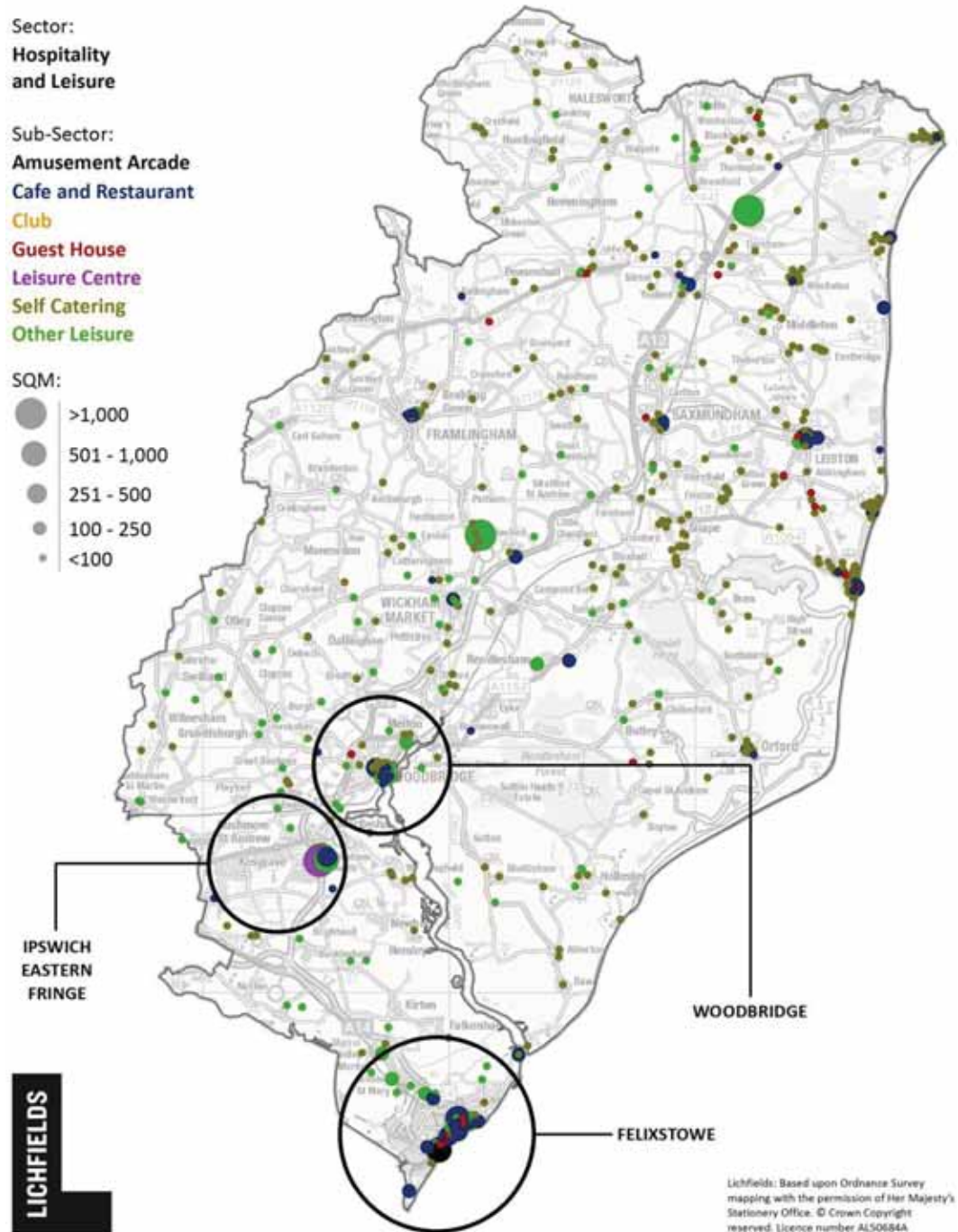
Note: The VOA does not publish detailed floorspace data for hotels or sports centres.



11.18

The largest clusters of hospitality and leisure floorspace in Suffolk Coastal are in the centre of Woodbridge, around Ipswich Eastern Fringe, and on the seafront at Felixstowe (Figure 11.8). In comparison to the other Districts, Suffolk Coastal has a high number of self-catered premises located outside of the main settlements in the more rural areas of the District. Hubs of these premises include Aldeburgh and Thorpeness on the North Sea coast.

Figure 11.8 Spatial Distribution of Café, Restaurant, Club, Guest House and Other Leisure Floorspace, Suffolk Coastal



Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one premises.

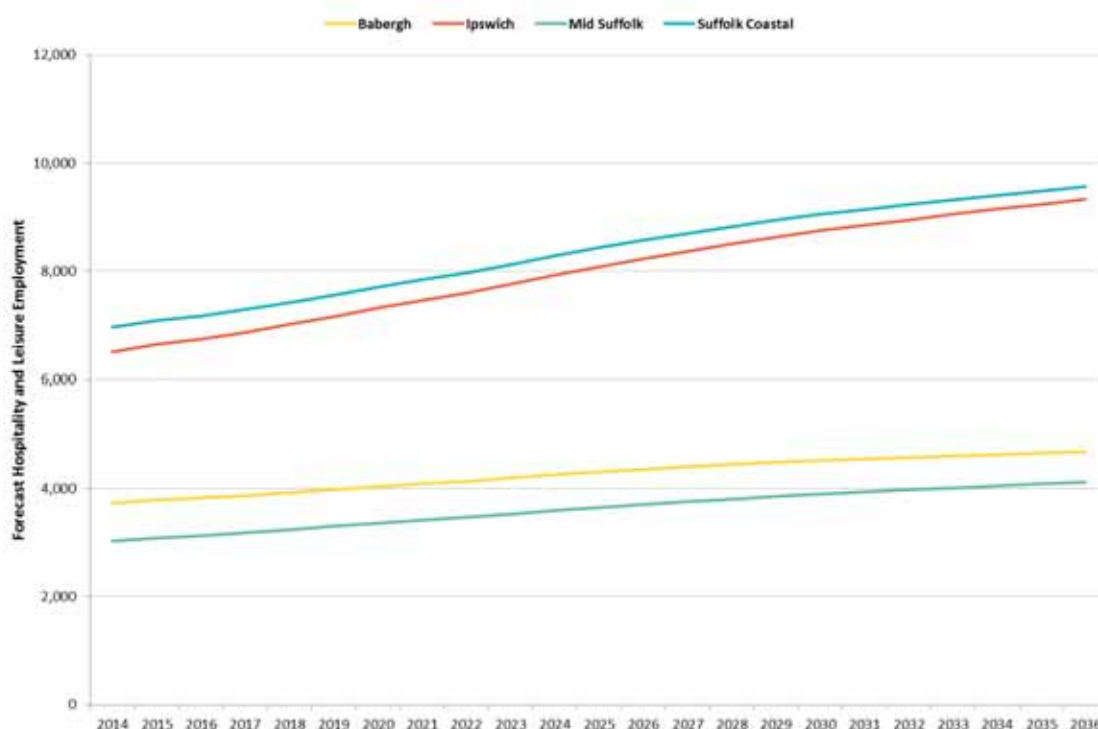
Note: The VOA does not publish detailed floorspace data for hotels or sports centres.



## Sector Growth Potential

- 11.19 Using the latest (2016) EEFM data, it is possible to identify the future employment growth potential of the hospitality and leisure sector across the four IEA local authority areas. Figure 11.9 and Table 11.3 summarise the outputs from this analysis covering the forecasting period 2014 to 2036.

Figure 11.9 Forecast Hospitality and Leisure Employment, 2014-2036



Source: East of England Forecasting Model (2016) / Lichfields analysis

Table 11.3 Forecast Change in Hospitality and Leisure Employment, 2014-2036

| Location        | Total Employment Change 2014 - 2036 | Total Percentage Employment Change 2014 - 2036 | Employment Change Per Annum |             |
|-----------------|-------------------------------------|------------------------------------------------|-----------------------------|-------------|
|                 |                                     |                                                | 2001 - 2014                 | 2014 - 2036 |
| Babergh         | +900                                | +25.3%                                         | -0.2%                       | +1.1%       |
| Ipswich         | +2,800                              | +43.4%                                         | -1.2%                       | +2.0%       |
| Mid Suffolk     | +1,100                              | +36.3%                                         | -0.5%                       | +1.7%       |
| Suffolk Coastal | +2,600                              | +37.4%                                         | +1.0%                       | +1.7%       |
| IEA             | +7,470                              | +36.9%                                         | -0.2%                       | +1.7%       |
| New Anglia LEP  | +24,000                             | +29.4%                                         | +1.5%                       | +1.3%       |

Source: East of England Forecasting Model (2016)

Note: figures rounded

- 11.20 Between 2014 and 2036, the hospitality and leisure sector is forecast to grow in all IEA local authorities as well as the New Anglia LEP area (+7,500 and +24,000 jobs respectively). The expansion in the IEA represents a rebound from the cumulative decrease in the sector between 2001 and 2014, surpassing the New Anglia LEP area which previously expanded at a higher rate (1.5% per annum). All of the local authorities (Ipswich +2.0%, Mid Suffolk +1.7% and Suffolk

Coastal +1.7%) except for Babergh (+1.1%) have higher implied annual growth forecasts than the New Anglia LEP area (+1.3%).

- 11.21 Hospitality and leisure employment in Babergh is projected to increase by +900 jobs over the forecast period, equivalent to a total uplift of +25.3% jobs. The expansion like in the other IEA local authorities represents a turnaround from the previous thirteen years when Babergh's hospitality and leisure workforce decreased slightly in size.
- 11.22 Ipswich is expected to experience the largest absolute and proportional increases in hospitality and leisure employment, with an additional +2,800 jobs expected over the forecast period. This is major change in comparison to the prior thirteen years when Ipswich experienced the largest numerical (-1,200 jobs) and proportional decreases (-1.2% per annum) out of the local authorities. However, more recently, Ipswich has seen a leisure-led redevelopment of the Buttermarket Centre and hotel developments at the Waterfront.
- 11.23 The hospitality and leisure workforce in Mid Suffolk is forecast to increase in size at a rate of +1.7% per annum from 2014-2036, adding an additional +1,100 jobs and expanding the sector workforce by 36.3%. The rate of expansion suggests that Mid Suffolk will grow at a similar rate to Ipswich and Suffolk Coastal.
- 11.24 Suffolk Coastal, behind only Ipswich, is forecast to record the highest number (+2,600) of new hospitality and leisure jobs between 2014 and 2036. This is equivalent to a +37.4% overall increase in the workforce and annual growth of +1.7%, in line with Mid Suffolk.

## Sector Opportunities

- 11.25 Tourism and culture is identified by the New Anglia LEP as one of the four SEP underpinning sectors representing the largest employers in the economy and which will continue to be supported in order to improve their productivity and competitiveness. The sector employs about 74,000 people and tourism is worth £1.3bn in GVA to New Anglia. Tourism is underpinned by a strong cultural offer including the Aldeburgh and Latitude festivals. The area is home to a number of unique natural assets including the Broads National Park, Brecks, Fens, Dedham Vale and Suffolk Coast and Heaths AONBs and heritage sites, such as Sutton Hoo in Suffolk.
- 11.26 All of these tourism sub-sectors key sectors have an important role to play, providing jobs and growth throughout the wider New Anglia economy. They make important contributions to the area's growth locations and will actively be encouraged to develop synergy with high impact sectors; for instance, the excellent existing cultural and tourism offer can benefit from the major developments in ICT and Digital Creative; and the Ports and Logistics sector benefits from Energy sector developments.
- 11.27 Employment within tourism has remained healthy over the downturn with a slight increase of 1.2% between 2008 and 2010. This is especially positive when compared with employment in the East of England and England as a whole – which both suffered falls in employment over the same period. Identified as one of the top two growth sectors in the New Anglia Business Plan, it is felt that tourism has the ability to respond rapidly to market stimulation and also contribute to putting the area on the map as a significant economic entity and a great place to live, work, invest and play.
- 11.28 The LEP considers that the biggest opportunity for growth in terms of employment numbers is through the creation of new, large visitor attractions, especially those with year round appeal. The LEP and local authorities need to make sure opportunities like this are progressed as quickly as possible or risk losing them to other parts of the country.

- 11.29 Building on the success of day visits in the area is another growth opportunity. Attracting new first time visitors through targeted marketing to the domestic market (particularly from London, South East and neighbouring regions) is another growth priority, as is translating one day visits into repeat or extended stays.
- 11.30 Exploiting links with other sectors such as the wider 'green economy' and sustainable tourism, particularly food and drink, cultural events, festivals and speciality retail in market towns will also add to the growth mix.
- 11.31 The diversity and geographic spread of the tourism sector is part of its appeal, but also brings significant challenges. The sector's business base is dominated by micro-businesses and SMEs who have limited time for training. There is an acknowledged shortage of skills in leadership, management, marketing and customer services. Career opportunities within the tourism sector are often viewed as limited and more work needs to be done to highlight the opportunities for development beyond typical tourism related (and often seasonal) jobs.
- 11.32 In light of these identified opportunities for the hospitality and leisure sector, employment growth prospects appear to be positive within the IEA over the study period to 2036, and could exceed those implied by the latest (2016) EEFM projections.

### **Existing Evidence on Sector Needs**

- 11.33 A summary is provided below of existing published evidence regarding sector needs and growth potential, including any specific sub-sector growth needs.

### **Visit Britain Domestic Leisure Tourism Trends for the Next Decade (2013)**

- 11.34 The Visit Britain report outlines that over the next decade from 2013 the tourism industry will need to adapt to changes in the economic environment. In particular, changing population characteristics mean that the industry will need to provide flexible products that meet the needs of a wider range of people. Characteristic changes include family structures and ethnic profiles. Additionally, consumers are now seeking out better value products than before, access to finance for business expansion remains tight and consumer behaviour is beginning to revolve more around technology.

### **Babergh and Mid Suffolk Town Centres and Retail Study (2015)**

- 11.35 In 2015, Babergh Council and Mid Suffolk Council published the joint Town Centres and Retail Study. The study found that larger centres such as Ipswich and Bury St Edmunds provided a wider commercial leisure offer and that the focus of development in Babergh and Mid Suffolk should be on complementary leisure offers, accepting that residents will continue to visit the larger centres.
- 11.36 The report summarises there is potential to expand the leisure offer of local centres, particularly in the main market towns of Stowmarket and Sudbury. Two new branded health and leisure clubs could be supported based upon projected population growth. More cinema capacity could be added through the development of local arthouse cinemas and increasing the number of screenings in local theatres. An increased number of food and drink outlets could be supported in the market towns of Stowmarket and Sudbury. The introduction of new chain outlets could add to the offer, but independents should also be supported to maintain the unique characteristics of each town.
- 11.37 The study includes a high level capacity forecast for A3-A5 uses in both districts. Babergh is forecast to have capacity for between 2,236sq.m - 3,726sq.m (gross) of additional floorspace by

2031, Mid Suffolk is forecast to have capacity for between 675sq.m - 1,126sq.m of additional floorspace up to the same year.

### **Ipswich Retail and Commercial Leisure Study (2010)**

- 11.38 The Ipswich Retail and Commercial Leisure Study was published in 2010. The study includes an assessment of commercial leisure needs to help develop the sector. It should be noted that a Retail and Leisure Study update, commissioned jointly by Ipswich and Suffolk Coastal, is currently underway, although full study findings are not available at the time of writing.
- 11.39 The 2010 study found Ipswich has a good commercial leisure offer. To develop the sector, additional cinema screens and a new ten-pin bowling alley may be needed in the long-term (it is noted that new cinema screens have been delivered at the Buttermarket Centre). The study forecasts there may be potential for an additional 14,290sq.m – 21,440sq.m of A3/A4/A5 floorspace by 2031. Additionally, it suggests that cultural activities provide an important link between commercial leisure and tourism. These should be maintained and marketing to a wider audience should be reinforced.

### **Ipswich Economic Development Strategy 2013-2026**

- 11.40 The Strategy considers the tourism and culture sub-sectors of hospitality and leisure as sources of future economic growth. However, while Ipswich in 2013 attracted 2 million visitors, the majority were day visitors and 75% lived within 62 miles of the Borough. To boost the sector the borough will need to better promote itself as a tourist destination to a wider audience, and increase average visitor trip duration, thereby increasing expenditure in local businesses.
- 11.41 The Ipswich Destination Management Organisation (DMO) was formed in 2015 to promote Ipswich as a destination for visitors and as a gateway to Suffolk. The DMO works in partnership with Ipswich Vision to enhance the visitor offer, helping to attract both tourists and business visitors.
- 11.42 A Visitor Destination Plan for Ipswich was developed in 2015 and the baseline work identified that Ipswich's key hubs lack connectivity, especially on foot with the busy road network believed to be a barrier to movement between them. It also found that although significant in the context of Suffolk and urban centres of its size, the provision of accommodation within Ipswich is limited when reviewed against its potential. Indeed, accommodation is operating at a high level of capacity. The analysis also estimated that the overall value of the visitor sector is nearly £180 million per annum, nearly 30% of the total for Suffolk (£614 million).
- 11.43 A series of actions are identified for developing Ipswich's destination offer, and these include improving the visitor experience of the Ipswich Waterfront Area to ensure that the experience matches if not surpasses expectation; championing the improvement of the retail offer; maximising the potential of sports tourism; and utilising the strengths of Ipswich to attract and disperse visitors to other Suffolk destinations.

### **Suffolk Coast Tourism Strategy 2013-2023.**

- 11.44 The strategy was commissioned by the Suffolk Coast and Heaths AONB Partnership and Suffolk Coast Destination Marketing Organisation 2013. The strategy includes seven objectives to improve the tourist industry along the Suffolk coast and actions that can be taken to meet the objectives. Under objective four the following physical improvements are identified for helping develop the industry in the future:
- Encouraging improvements in key towns and villages to enhance the aesthetics and visitor experience;

- Examine prospects and strategic roles of providing new visitor attractions such as developing the roles of Rendlesham and Tunstall Forest, development of family friendly facilities at the Suffolk Punch Trust and consider the potential for a visitor centre at Sizewell C;
- Support existing accommodation and the ability to develop new accommodation in select locations where market demand exists; and
- Integrate public transportation along the coastline and increase awareness of the improved transport.

### **Building Cultural Tourism in New Anglia (2013)**

- 11.45 The report was produced by Creative Tourist Consultants for the New Anglia LEP to assess the potential to develop cultural tourism in Suffolk and Norfolk. The report identifies a number of short to long term requirements for developing cultural tourism including: improving infrastructure and partnerships through initiatives such campaigns and projects; diversifying funding sources to create a longer-term portfolio; develop current and new products; and build capacity based upon opportunities and clusters.

### **‘Culture Drives Growth’ – Cultural Strategy 2016-2022 (2016)**

- 11.46 ‘Culture Drives Growth’, the LEP’s Cultural Strategy for the period 2016 – 2022 sets out a priority objective of accelerating creative job growth.<sup>31</sup> This will be achieved by securing Arts Council funds to deliver StartEast, a targeted, specialist business support to SMEs and start-ups in the cultural sector. The LEP will aim to work with the Arts Council to broker high level deals to attract national cultural organisations seeking to move out of London.

### **Summary**

- 11.47 Hospitality and leisure is forecast to grow in all IEA local authorities from 2014 to 2036, a turnaround in comparison to the previous 13 years when the sector only grew in Suffolk Coastal. Each of the local authorities has unique resources to draw upon to help grow the sector, but improvements may need to be made to unlock future growth. This could include improving services on the Greater Anglia Mainline to improve access to destinations for tourists and adapting products to meet customer needs in the changing market place. Promoting the IEA as a location for tourism would also support growth in the hospitality and leisure sector.
- 11.48 As of 2016, 2,940 people were employed in the sector in Babergh. The sector is forecast to grow at a rate of +1.1% per annum from 2014-2036. The largest concentration of new employment will likely be in Sudbury, which contains the most employers and premises. Other locations could include along the A12. There are a number of employers and premises along both sides of the road.
- 11.49 Ipswich is forecast to experience the largest absolute and proportional increases in hospitality and leisure employment (+2,800 jobs at a rate of 2.0% per annum). The majority of the growth will probably be located in the town centre or Waterfront, where the current leisure offer is substantial. There are a high number of different premises including restaurants, cafés and other leisure facilities. The floorspace projected by the 2010 Retail and Commercial Leisure Study could hold a substantial number of the new jobs (14,290sq.m – 21,440sq.m of A3/A4/A5 class floorspace by 2031).

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<sup>31</sup> New Anglia LEP, Culture Drives Growth: The East’s Cultural Strategy: 2016-2022.



- 11.50 In 2016 Mid Suffolk had the smallest hospitality and leisure workforce (2,120 workers) out of the local authorities. The district is forecast to experience the same rate of growth as Suffolk Coastal (+1.7% per annum) and gain +1,100 additional jobs between 2014 and 2036. Stowmarket is the main concentration employers, while Needham Market and Claydon both have a number of large premises, suggesting a number of low density businesses are located there.
- 11.51 Suffolk Coastal was the only local authority in the IEA to grow in the sector between 2001 and 2014. From 2014 to 2036 hospitality and leisure employment is forecast to increase at a rate of +1.7% per annum. This growth will likely come forward in the district's main towns (Felixstowe, Martlesham and Woodbridge) and smaller coastal settlements that are known as tourist destinations (Aldeburgh and Thorpeness). Current employers and premises are focused in these locations. As a rural and coastal area, the hospitality and leisure sector has a number of opportunities for growth, as identified in the Suffolk Coastal Tourism Strategy.
- 11.52 In light of recent fluctuations and limited employment growth within the hospitality and leisure sector across the IEA, strong forecast job growth over the period to 2036 represents an encouraging trend and significant opportunity. Given the wide range of facilities that make the IEA attractive as a leisure destination, any strategy to support future growth will need to be suitably flexible and responsive to changing sector needs and demands, including factors relating to business premises, growth and expansion. A key focus going forward will also be upon improving productivity within the sector and competitiveness at a regional and national scale, and making the most of cross sector synergies and collaborations with other high impact sectors such as ICT and digital creative.

## 12.0

## Manufacturing Sector

## 12.1

This chapter analyses the existing economic contribution and future growth potential of the manufacturing sector across the IEA. It identifies what may be needed to unlock potential growth in the sector through reviewing published evidence and recent studies.

## 12.2

A wide variety of activities are undertaken within the manufacturing sector including: the manufacture of pharmaceuticals, textiles and food; refining hydrocarbons; and printing and reproducing recorded media. A full breakdown of the SIC codes used to define the sector for the purposes of this study is included at Appendix 1.

### Employment

## 12.3

The total stock of manufacturing employment across the IEA in 2016 is summarised in Table 12.1.

Table 12.1 Manufacturing Employment, 2016

| Location        | Total Manufacturing Employment | Percentage of Total Employment | Number of Businesses | Average Employment per Business |
|-----------------|--------------------------------|--------------------------------|----------------------|---------------------------------|
| Babergh         | 4,980                          | 15.9%                          | 230                  | 21.7                            |
| Ipswich         | 2,380                          | 3.4%                           | 140                  | 17.0                            |
| Mid Suffolk     | 4,740                          | 13.5%                          | 250                  | 19.0                            |
| Suffolk Coastal | 2,400                          | 4.9%                           | 220                  | 10.9                            |
| <b>IEA</b>      | <b>14,500</b>                  | <b>7.8%</b>                    | <b>840</b>           | <b>17.3</b>                     |

Source: Inter-Departmental Business Register (2016)

Note: figures rounded.

## 12.4

The scale of manufacturing employment varies significantly between IEA local authorities. Babergh has the highest figure for manufacturing employment of 4,980, which represents 15.9% of total employment. Mid Suffolk has the second biggest manufacturing sector by employment (4,740 jobs and 13.5% of total workforce). Suffolk Coastal has a similar size workforce to Ipswich, with 2,400 and 2,380 jobs respectively. Overall, this suggests that the manufacturing sector is strongest in the more rural IEA Districts in employment terms.

### Spatial Distribution

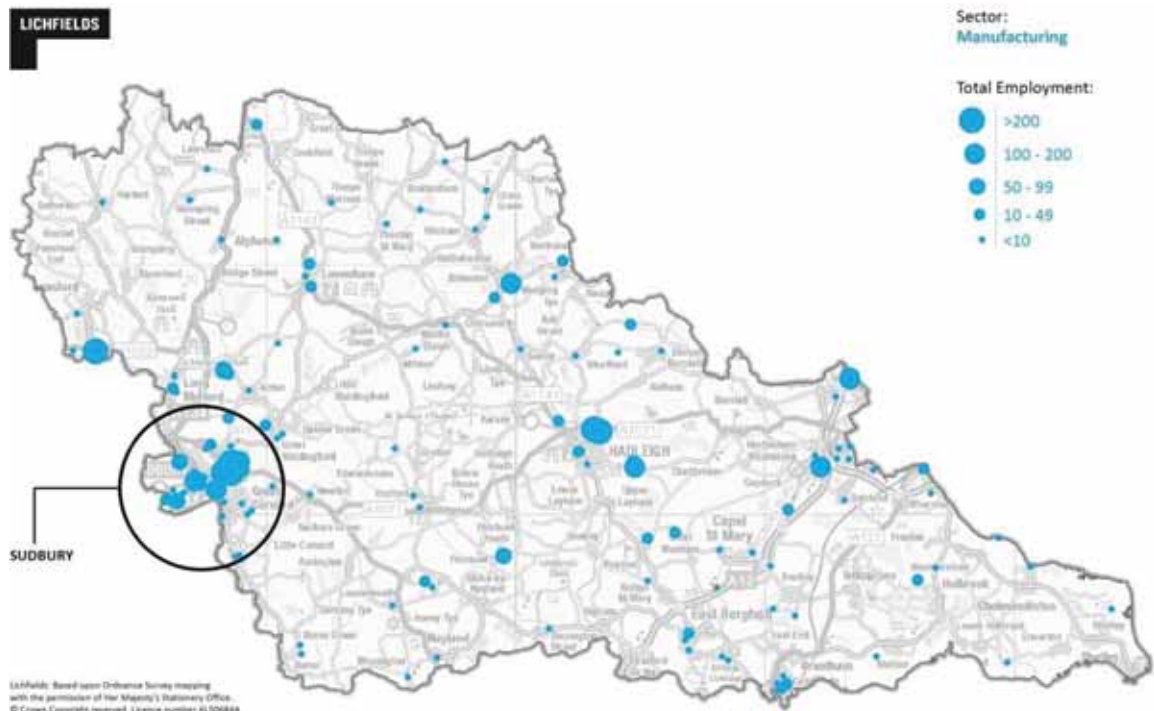
## 12.5

Using the latest IDBR data, it is possible to map where manufacturing employers are located within the IEA local authorities (Figures 12.1 to 12.4).

12.6

Babergh's main manufacturing cluster is situated in Sudbury, where there are a number of large scale employers (in excess of 200 workers) on the Chilton Industrial Estate. There are a number of other industrial estates that provide smaller units that provide a range of suppliers including WoodHall Industrial Estate, Alexandra Road Industrial Estate, Bulmer Road Industrial Estate, and Acton Place. There are also large scale employers in Hadleigh, with other smaller scale operations scattered throughout the remainder of the District.

Figure 12.1 Spatial Distribution of Manufacturing Employment, Babergh



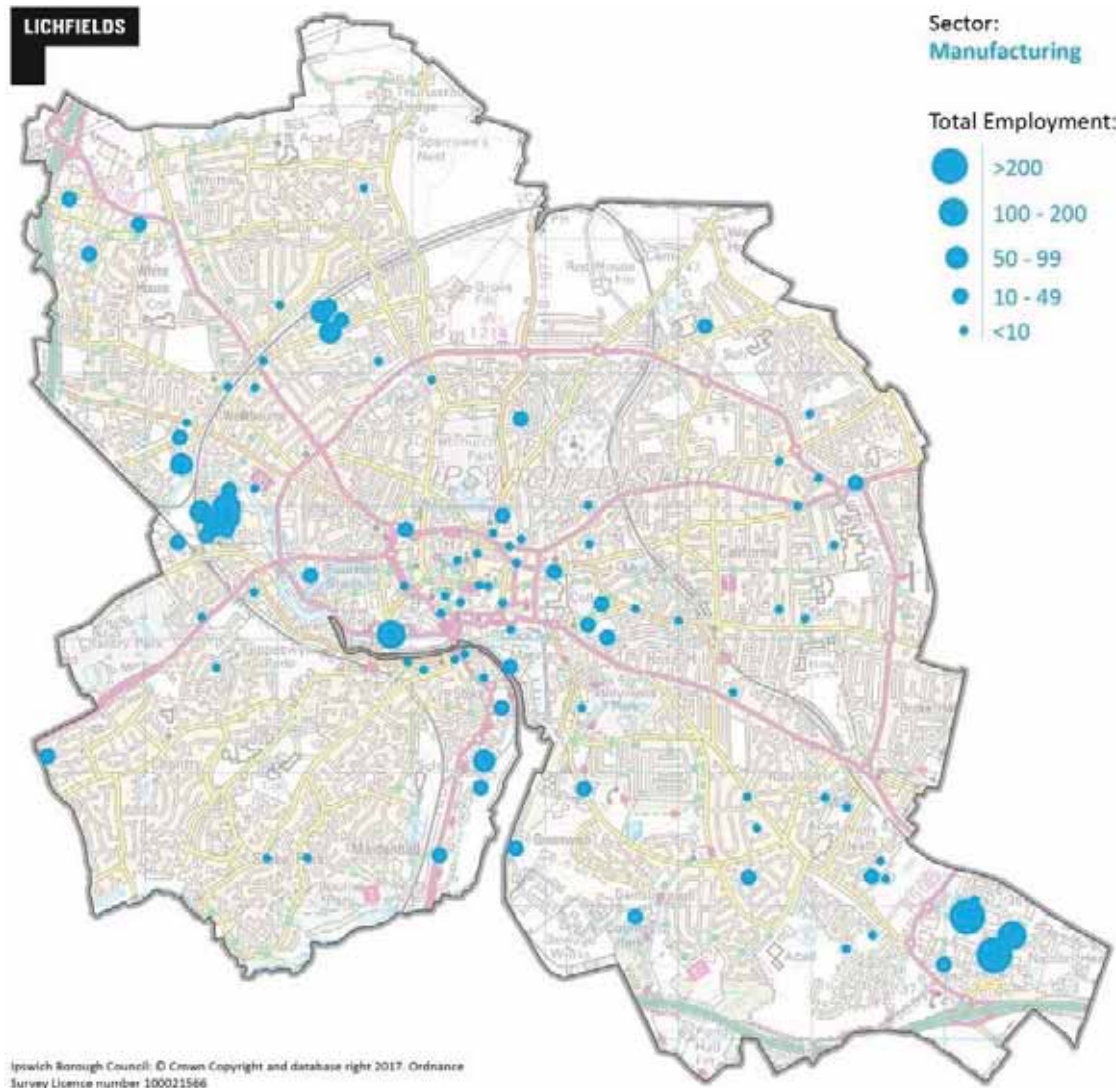
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

12.7

The main clusters of manufacturing employment in Ipswich are found on the Hadleigh Road Industrial Estate and Ransomes Europark (Figure 12.2). Smaller employers are located around the periphery of the town centre and along the docks. A cluster of manufacturing employment is also evident at the Knightsdale/Wharfedale Employment Area. Outside of these areas there are few employers located within the remainder of the Borough.

Figure 12.2 Spatial Distribution of Manufacturing Employment, Ipswich



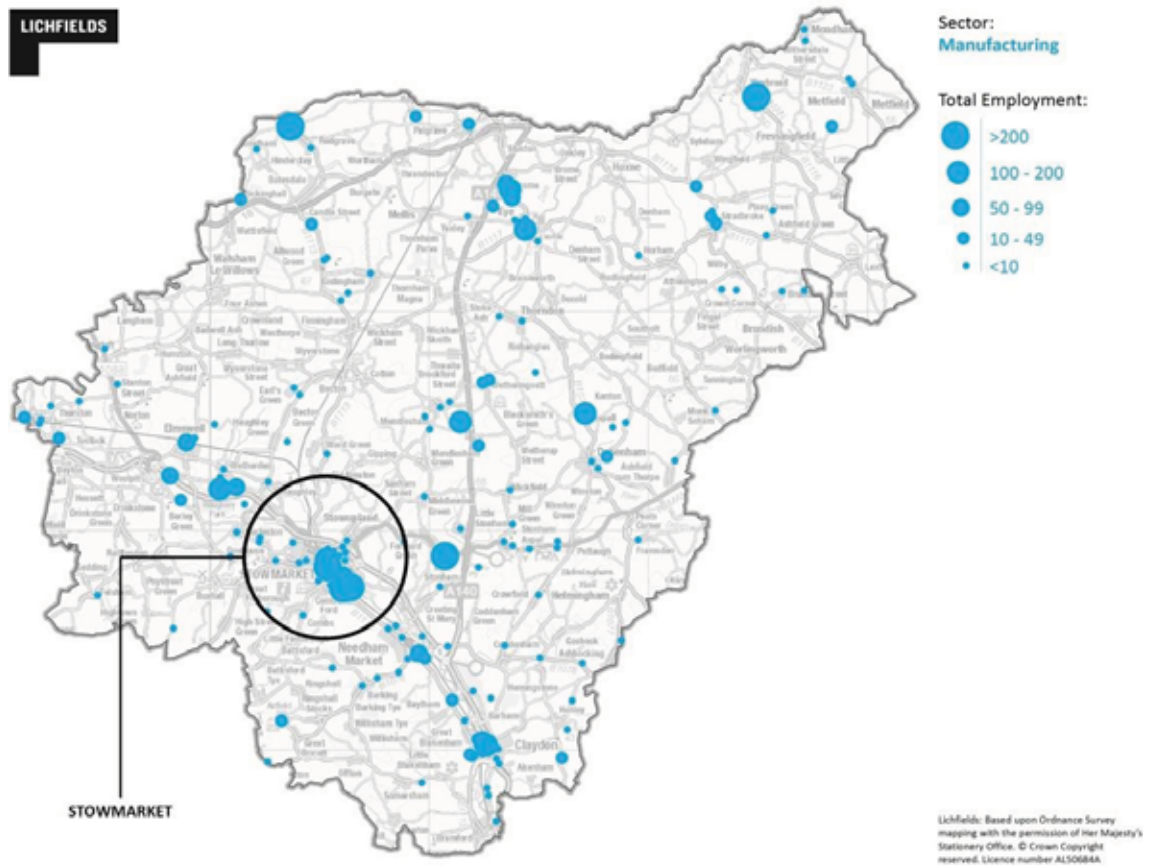
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

12.8

Mid Suffolk's main manufacturing clusters are located along the A14 corridor, in particular in Stowmarket and Claydon (Figure 12.3). Smaller clusters exist to the north of the corridor at the former WWII airfield near Eye and scattered across other rural areas of the District.

Figure 12.3 Spatial Distribution of Manufacturing Employment, Mid Suffolk



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

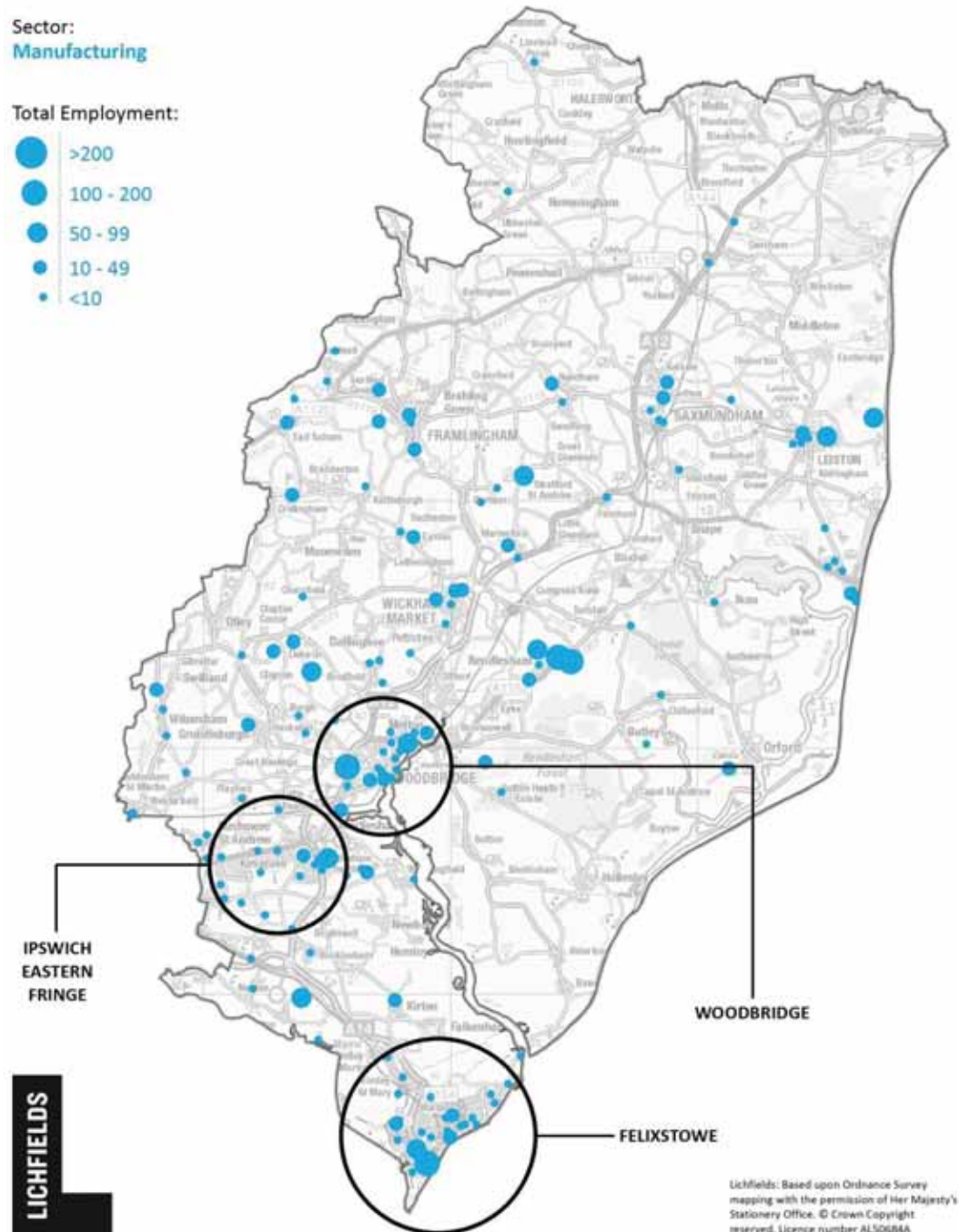
Note: dots represent individual postcodes and can represent more than one business.



12.9

The largest concentrations of manufacturing employment in Suffolk Coastal are located in Felixstowe, Woodbridge and Base Business Park (formerly Bentwaters Business Park) (Figure 12.4). Base Business Park houses a range of industrial and manufacturing businesses. There are also a number of advanced manufacturing companies located near to Woodbridge, including Braf Engineering. There are also smaller groupings of employers in Ipswich Eastern Fringe, Leiston and Saxmundham. Other smaller employers are scattered throughout the other parts of the district, often away from the District's main transport routes and road networks.

Figure 12.4 Spatial Distribution of Manufacturing Employment, Suffolk Coastal



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

## Historic Trends

- 12.10 Table 12.2 draws on 2016 EEFM data to summarise recent changes in manufacturing related employment across the IEA local authorities and New Anglia LEP area.

Table 12.2 Manufacturing Employment Change

| Location              | Total Employment Change<br>2001-2014 | Percentage Employment Change p.a.<br>2001-2014 |
|-----------------------|--------------------------------------|------------------------------------------------|
| Babergh               | -3,120                               | -2.7%                                          |
| Ipswich               | -3,470                               | -4.3%                                          |
| Mid Suffolk           | -4,420                               | -3.7%                                          |
| Suffolk Coastal       | -70                                  | -0.2%                                          |
| Ipswich Economic Area | -11,080                              | -3.1%                                          |
| New Anglia LEP        | -36,770                              | -2.7%                                          |

Source: East of England Forecasting Model (2016)

Note: figures rounded

- 12.11 Manufacturing employment within all IEA local authorities and the New Anglia LEP decreased between 2001 and 2014. The decreases equate to job losses of -11,080 and -36,770 in the IEA and New Anglia LEP respectively. All IEA local authorities except for Suffolk Coastal lost proportionally more employment or equal to the LEP area. Suffolk Coastal lost just -70 jobs over the time period which is substantially less than the other local authorities. Babergh, Ipswich and Mid Suffolk all lost in excess of -3,000 jobs, with annual change rates of between -2.7% and -4.3%.

## Business Floorspace

- 12.12 VOA business floorspace statistics indicate that industrial floorspace supply (typically associated with manufacturing and related businesses) has decreased in the IEA over recent years. Table 12.3 shows that from 2000/01 to 2015/16 industrial floorspace supply decreased by -38,000sq.m across the whole IEA. Floorspace supply actually increased in Mid Suffolk and Suffolk Coastal (+92,000sq.m and +29,000sq.m respectively). However, the loss of floorspace in Ipswich (-142,000sq.m) alone cancels out the gain in those Districts.

Table 12.3 Industrial Floorspace

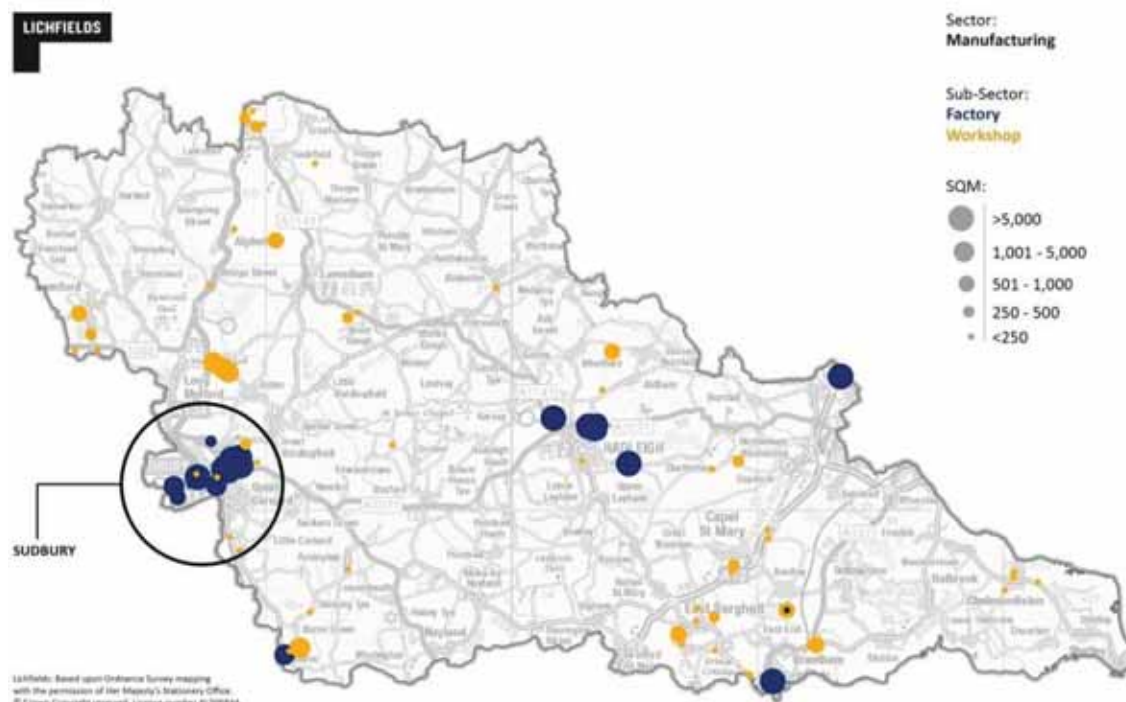
| Location              | Total Stock 2015/16<br>(sq.m) | Absolute Change<br>2000/01-2015/16 (sq.m) | % Change 2000/01-<br>2015/16 |
|-----------------------|-------------------------------|-------------------------------------------|------------------------------|
| Babergh               | 612,000                       | -17,000                                   | -2.7%                        |
| Ipswich               | 643,000                       | -142,000                                  | -18.1%                       |
| Mid Suffolk           | 829,000                       | +92,000                                   | +12.5%                       |
| Suffolk Coastal       | 626,000                       | +29,000                                   | +4.9%                        |
| Ipswich Economic Area | 2,710,000                     | -38,000                                   | -1.4%                        |

Source: VOA, Business Floorspace (2016)

- 12.13 Analysis undertaken as part of the 2016 ELNA suggests that Ipswich Borough lost significant amounts of employment land to other uses over this period, and this is likely to help explain this reduction in floorspace. For example, between 2003/04 and 2014/15, Ipswich Borough Council records indicate that a total of 16.5ha of employment land (B1, B2 and B8) was lost to other uses (mainly residential) through either redevelopment or change of use. Three developments in particular account for a significant proportion of this lost floorspace, through redevelopment for residential uses, and these sites include Parkside (Duke Street), Celestion Bull Motors and Marlow's (Foxhall Road) and Compair Reavell Ltd (Ranelagh Road).

- 12.14 The decrease in manufacturing employment in all local authorities between 2001 and 2014 matches the trend of industrial stock decreasing in Ipswich and Babergh. However, this is not the case in Mid Suffolk and Suffolk Coastal, where manufacturing stock has increased. This suggests that manufacturing in the latter two authorities have moved towards activities that relatively more floorspace intensive and less employee intensive. This may reflect opportunities for automation in this sector.
- 12.15 Using the latest ratings data from the VOA, it is possible to analyse the spatial distribution of manufacturing related floorspace across the IEA, using the VOA category codes of 'factory' and 'workshop' as a proxy. The outputs from this mapping analysis are shown in Figures 12.5 to 12.8.
- 12.16 It should be noted that availability of detailed floorspace data from the VOA for individual business premises varies across sectors and locations and floorspace records can change for a number of reasons, including but not restricted to: demolished properties; new entities; reconstitution and alterations. The resulting data analysis and presentation should therefore be treated with a degree of caution.
- 12.17 The main clusters of manufacturing premises in Babergh are located around Sudbury and Hadleigh (Figure 12.5). The premises in the two towns tend to be categorised as factories with a limited number of small workshops. There are also some workshops located in the District's smaller settlements, these include several located near to Long Melford that fall between 1000sq.m and 5,000sq.m in size.

Figure 12.5 Spatial Distribution of Factory and Workshop Floorspace, Babergh



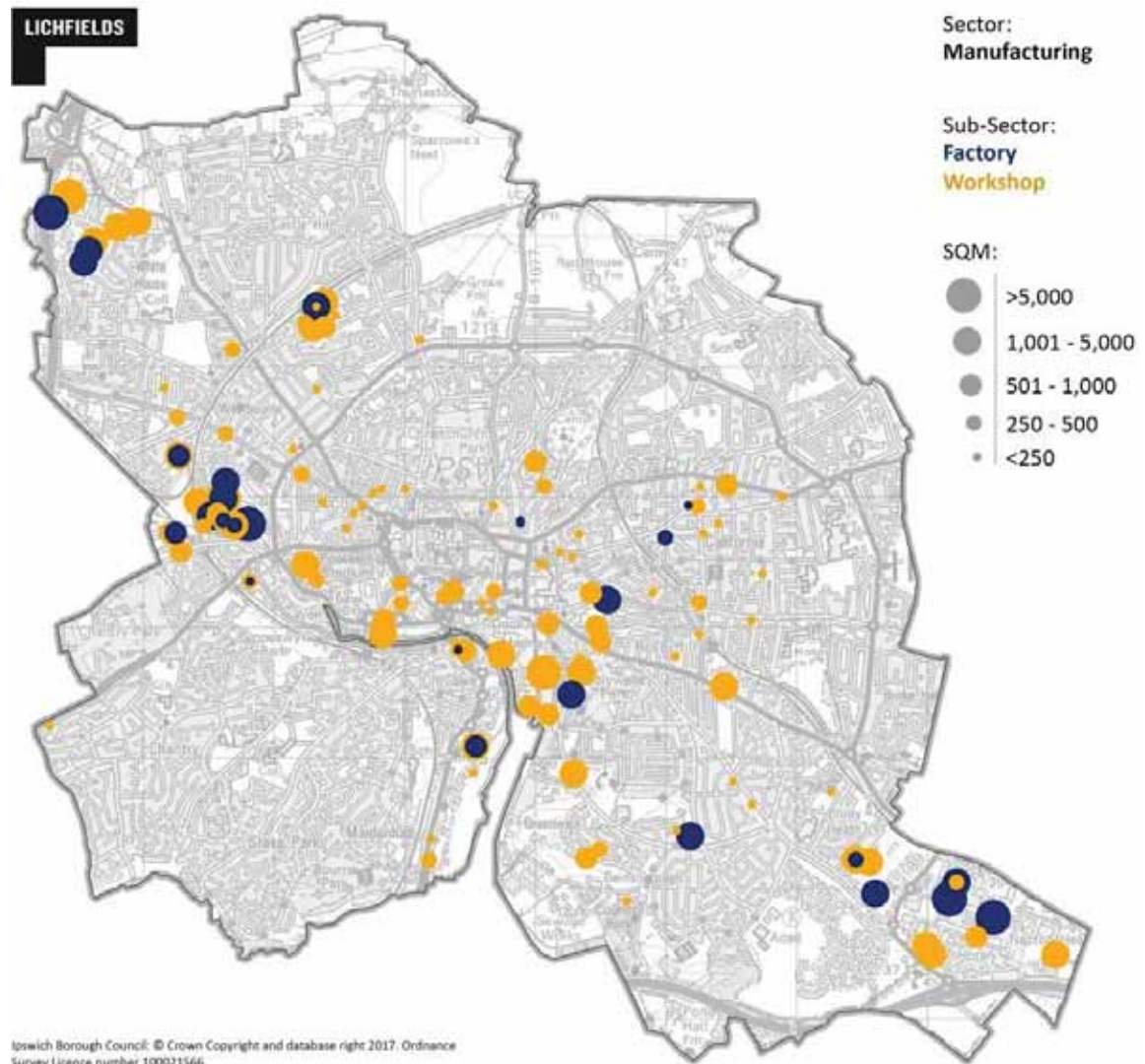
Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one premises.

12.18

The largest clusters of manufacturing floorspace in Ipswich can be found in the Hadleigh Road Industrial Estate, Whitehouse Industrial Estate and Ransomes Europark (Figure 12.6). Hadleigh Road appears to accommodate a higher density of manufacturing premises than the other two, with a mixture of factories and workshops. Ransomes and Whitehouse are less dense but have some large units over 5,000sq.m in size. There are also a number of workshops located near to the riverside, south of the town centre.

Figure 12.6 Spatial Distribution of Factory and Workshop Floorspace, Ipswich



Source: VOA (2016) / Lichfields analysis

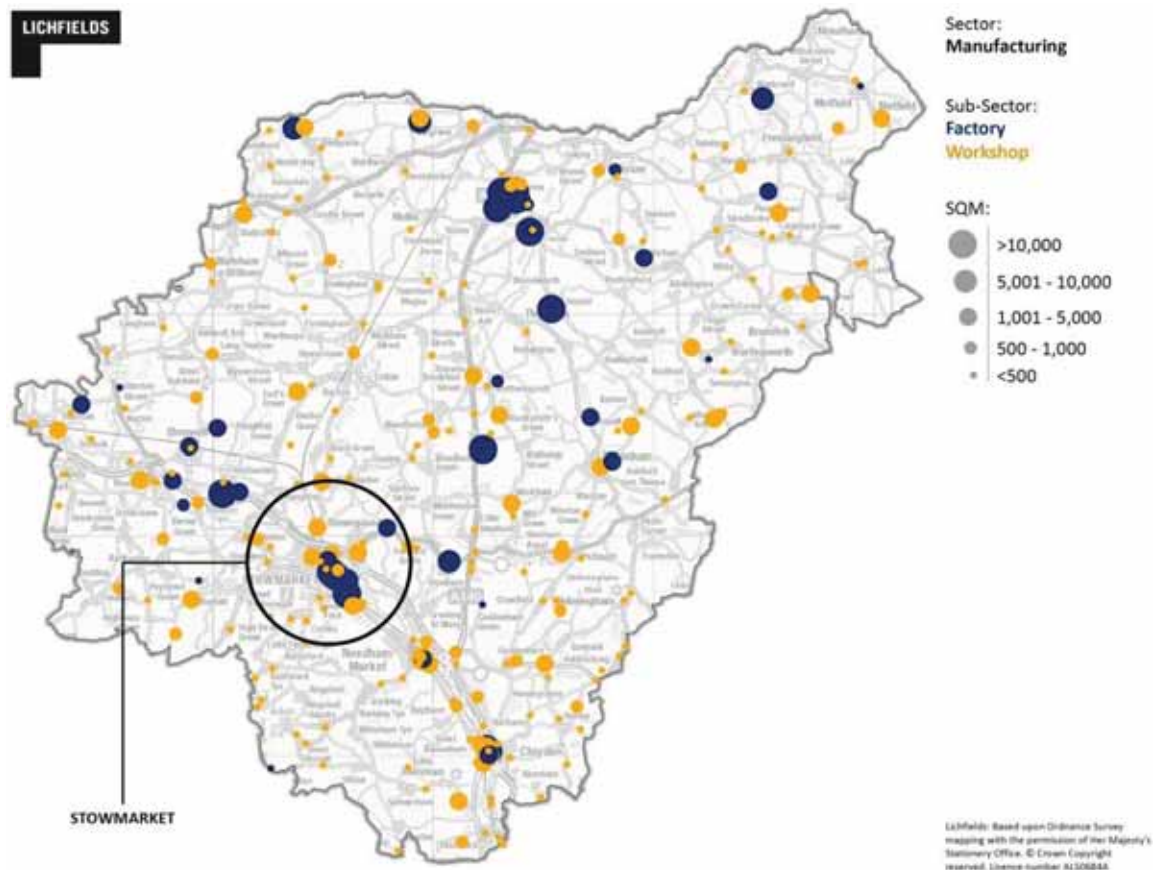
Note: dots represent individual postcodes and can represent more than one premises.



12.19

Mid Suffolk is home to a large number of manufacturing clusters that contain both factory and workshop space (Figure 12.7). These include Stowmarket, Needham Market, Claydon and the former WWII airfield located near to Eye. Stowmarket and the disused airfield primarily accommodate traditional factory space, while Needham Market and Claydon contain more of a mix of workshop space. There are also a large number of smaller workshops distributed around the District in and around the smaller settlements and within rural areas.

Figure 12.7 Spatial Distribution of Factory and Workshop Floorspace, Mid Suffolk



Source: VOA (2016) / Lichfields analysis

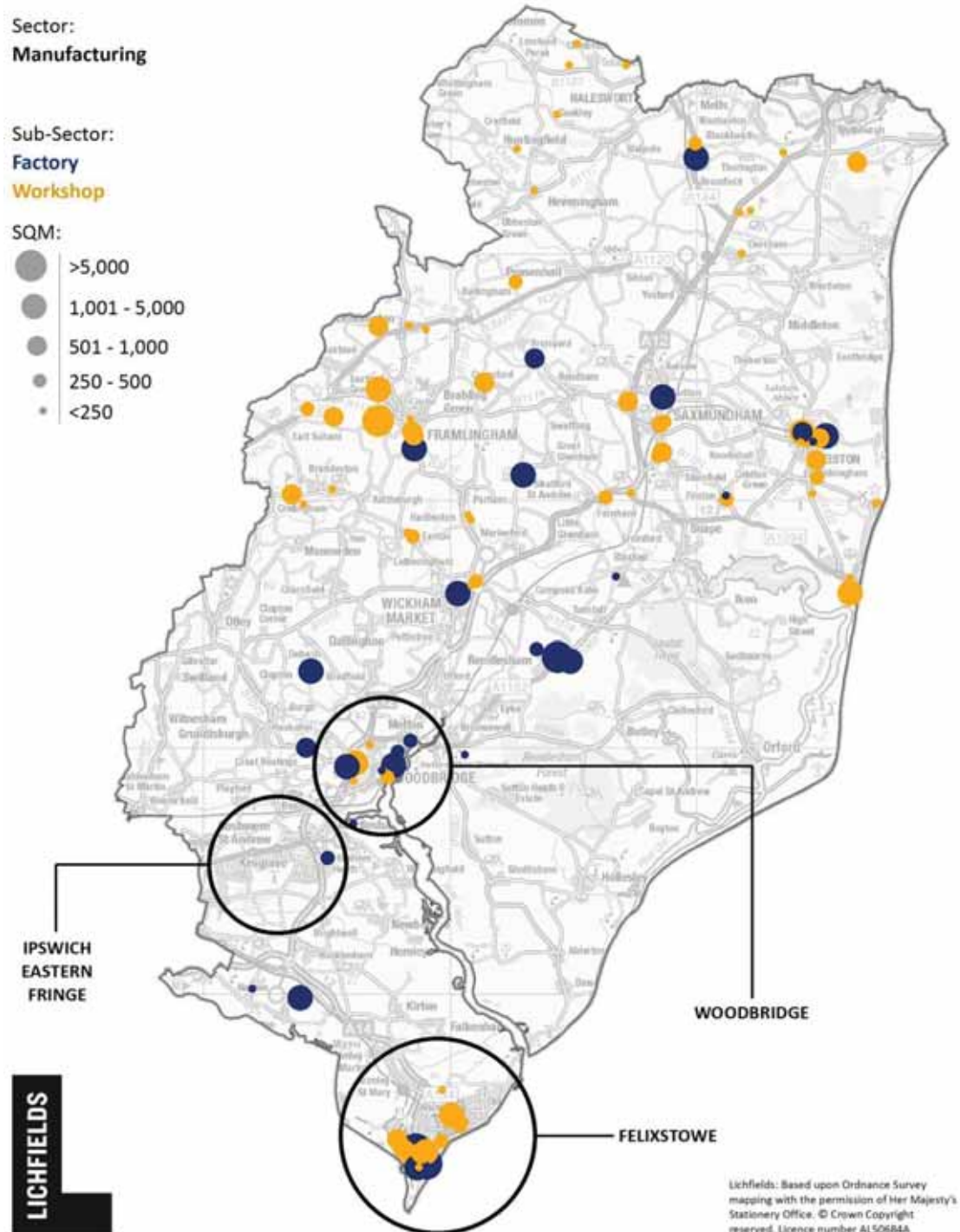
Note: dots represent individual postcodes and can represent more than one premises.



12.20

The largest manufacturing clusters in Suffolk Coastal can be found in and around Felixstowe, the eastern and western flanks of Woodbridge and at Leiston (Figure 12.8). These premises tend to be below 5,000sq.m in size. There are a number of large factories and workshops (greater than 5,000sq.m in size) located outside of the main settlements at locations such as Bentwaters Park near to Rendlesham.

Figure 12.8 Spatial Distribution of Factory and Workshop Floorspace, Suffolk Coastal



Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one premises.

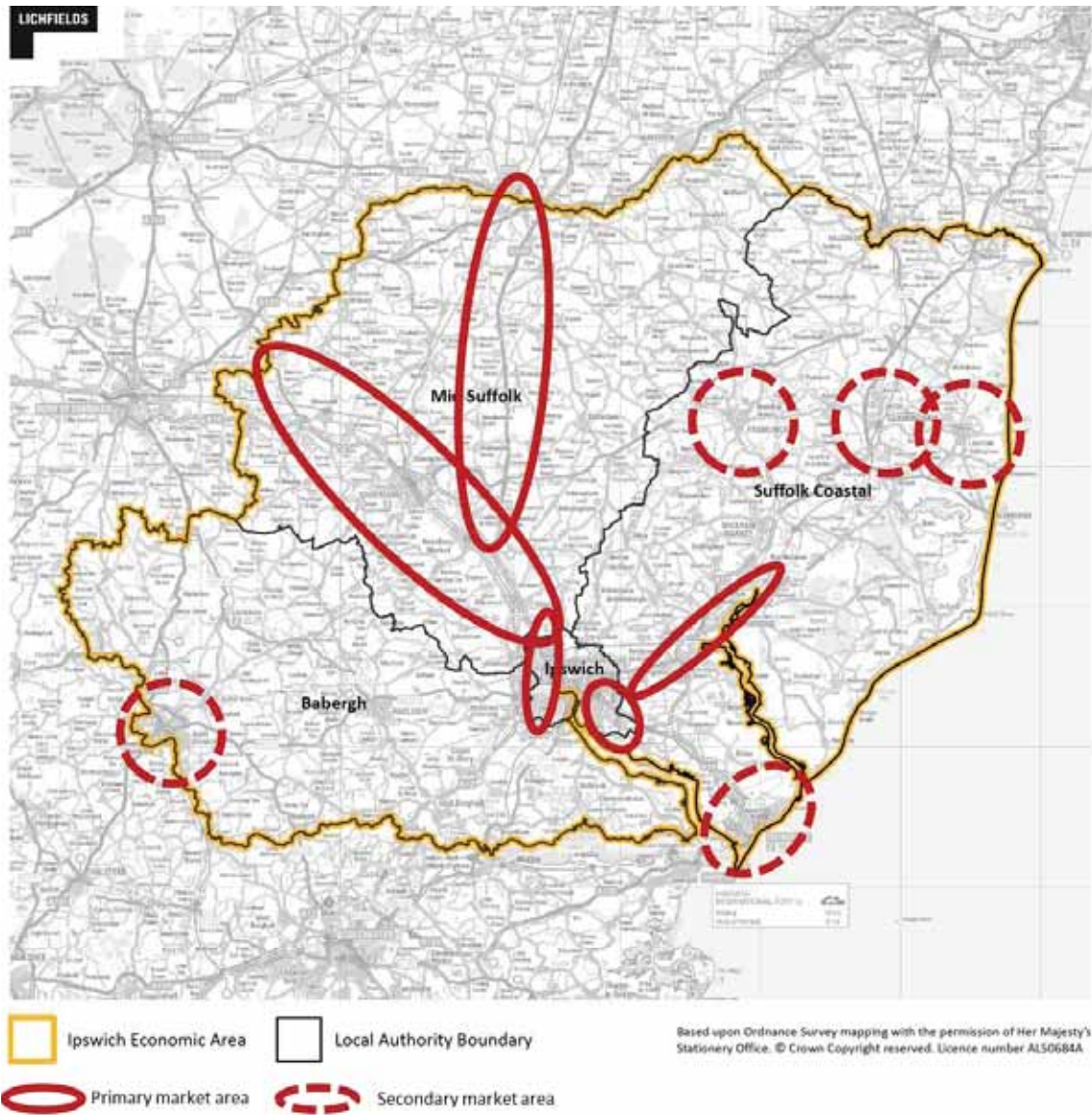
## Market Trends and Signals

- 12.21 The IEA is generally perceived as a good industrial location, benefiting from good transport links (particularly those areas near to the A14 and A12 transport corridors) good supply of skilled local labour and a strong industrial heritage in engineering, manufacturing and more recently distribution related activity. The presence of the Port of Felixstowe to the south east of the study area has a very significant economic influence over the IEA from an industrial perspective, with many of the area's industrial and distribution occupiers linked to the Port activities in some way. The health of the Port in recent years has provided a key driver behind increasing demand for industrial property in the IEA which is currently reported to be strong.
- 12.22 Industrial demand spans all size categories, although the main driver has traditionally been for small to mid-sized workshop units (typically ranging between 5,000sq.ft/465sq.m and 20,000sq.ft/1,860sq.m). Demand is also steady for small industrial premises below 5,000sq.ft/465sq.m which tend to cater for the start-up end of the market. Industrial requirements do not tend to exceed 40,000sq.ft/3,700sq.m to 50,000sq.ft/4,600sq.m, largely due to the relative remoteness of the area from main motorway networks and distribution centres; although more recent evidence of enquiries and occupier interest indicates that size requirements are increasing. A masterplan is being prepared to provide extensive new employment space at the Sproughton Enterprise Park in Babergh District, while there are examples of larger premises, for example the 97,000sq.ft Europa House in Ipswich, currently being marketed. This indicates that there is existing and forthcoming supply to meet requirements for larger premises.
- 12.23 The majority of industrial market activity in the IEA is accounted for by the churn of existing local occupiers either looking to expand or relocate. Demand is largely localised with very few examples of inward investment in the area in recent years. Manufacturing related occupiers are generally less 'footloose' than warehousing/distribution occupiers and tend to be based within particular locations due to historical reasons (typically within the districts of Mid Suffolk, Babergh and Suffolk Coastal).
- 12.24 Whilst the Economic Area has a sizeable stock of industrial accommodation, supply has continued to tighten as available stock is taken-up and limited new development has been completed in recent years. Land supply is also fairly limited with very few opportunities for new industrial development particularly in and around the largest commercial centre of Ipswich. Local commercial property agents report that they are often unable to satisfy occupier requirements for industrial space across the Economic Area, with a particular pinch point in the middle size bracket between 10,000sq.ft/900sq.m and 15,000sq.ft/1,400sq.m. Demand spans across a mix of enquiries for land, serviced land and existing premises, although for design and build opportunities, serviced land is required as a minimum.
- 12.25 The town of Ipswich represents the largest single hub of manufacturing based activity and associated space/premises in the IEA, and the market for industrial space is reported to currently be strong, with the main driver for industrial employment and space being the nearby Port of Felixstowe, located circa 11 miles from Ipswich on the A14, and correspondingly some of the main industrial sites are located in the south and south-east areas of the town, such as Ransomes Europark. The River Orwell also provides a key focus for traditional industrial employment uses in the area dominated by Port-related activity particularly around the Port and Cliff Quay, while other notable manufacturing clusters can be found on the Whitehouse and Farthing Road Industrial Estates to the north west of the town.
- 12.26 Manufacturing activity within Mid Suffolk is concentrated in and around the areas of Stowmarket and Great Blakenham / Claydon to the south of the District. The District's industrial market is relatively strong with the town of Stowmarket in particular historically

focused on manufacturing, distribution and logistics activity. Historically, availability of flat, developable land across the District has leant itself to the development of traditional manufacturing uses such as the AkzoNobelICI Paints factory in Stowmarket.

- 12.27 Babergh's commercial property market is dominated by industrial uses, making it one of the most economically distinct local authority areas in the IEA. A number of international companies are represented in Sudbury, including Nestle Purina, Delphi, Siemens Medical and Dupont. Babergh shares a border with Ipswich and accommodates some of the town's fringe development and out-of-town manufacturing sites.
- 12.28 Despite the buoyant nature of the industrial property market and strong occupier demand, market agents noted that the relative values between the cost of land and development and achievable rents/values are currently insufficient for speculative development to occur (especially for smaller scale industrial premises), and that this is unlikely to change over the short term which is likely to place further pressure on existing industrial supply. For example, typical rents for industrial space currently comprise £6sq.ft/£65sq.m for small scale units, £4-5sq.ft/£40-£55sq.m for larger unit sizes. These would need to increase to at least £7sq.ft/£75sq.m and £6sq.ft/£65sq.m respectively for speculative development to be viable in the current climate. It should be noted that this position is not unique to the IEA; this 'viability gap' represents a key barrier to new development across many parts of the wider South East, particularly within more economically marginal locations and outside of the strongest performing commercial locations.
- 12.29 In drawing this analysis together, Figure 12.9 below provides an overview of the key property market areas for the manufacturing sector in the IEA and those areas and locations which attract the strongest levels of market demand. These principally include locations on the edge of the Ipswich urban area and the A14 corridor (with a particularly strong cluster at Stowmarket), although clusters are evident across all of the main towns and settlements in the study area, mostly serving local markets and manufacturing businesses.
- 12.30 Many of the IEA's existing industrial estates are long established, and much of the space is dated and of secondary quality. To an extent, the availability of space in these locations has historically attracted manufacturing businesses here, albeit they may not represent the ideal location for modern occupiers. For larger firms, proximity to the area's strategic routes (most notably the A14) is key, particularly if they are operating HGV vehicles, and good accessibility is also an important factor for attracting and retaining staff. By contrast, smaller firms may be less concerned about occupying an out of town location, particularly if their client base is more focused around the town centre and its surrounds. For these firms, the key challenge may relate to finding a suitable urban industrial site that is not constrained by amenity issues such as being located near to residential uses.

Figure 12.9 Key Property Market Areas and Demand - Manufacturing



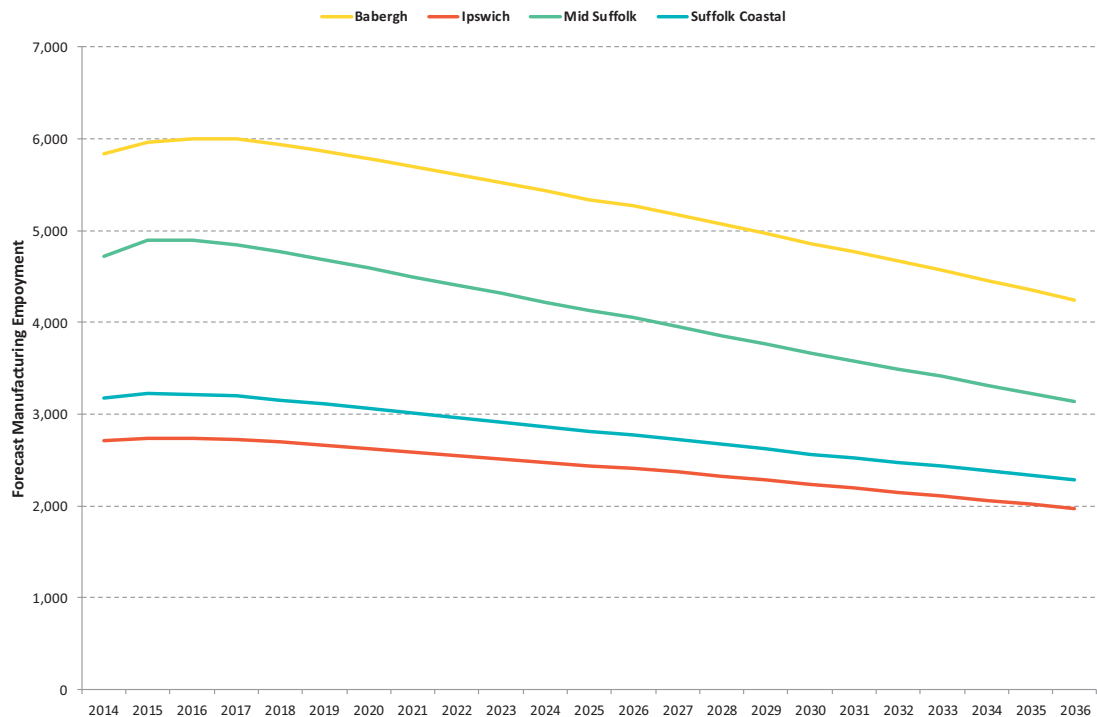


## Sector Growth Potential

12.31

Using the latest (2016) EEFM data, it is possible to identify the future employment growth potential of the manufacturing sector across the four IEA local authority areas. Figure 12.10 and Table 12.4 summarises the outputs from this analysis covering the forecasting period 2014 to 2036. This is based on the food, general, chemicals, pharmaceuticals, metals, transport equipment and electronics manufacturing EEFM sectors.

Figure 12.10 Forecast Manufacturing Employment, 2014-2036



Source: East of England Forecasting Model (2016) / Lichfields analysis

Table 12.4 Forecast Change in Manufacturing Employment, 2014-2036

| Location        | Total Employment Change 2014 – 2036 | Total Percentage Employment Change 2014 – 2036 | Employment Change Per Annum |             |
|-----------------|-------------------------------------|------------------------------------------------|-----------------------------|-------------|
|                 |                                     |                                                | 2001 - 2014                 | 2014 - 2036 |
| Babergh         | -1,600                              | -27.4%                                         | -2.7%                       | -1.2%       |
| Ipswich         | -740                                | -27.2%                                         | -4.3%                       | -1.2%       |
| Mid Suffolk     | -1,590                              | -33.6%                                         | -3.7%                       | -1.5%       |
| Suffolk Coastal | -890                                | -28.0%                                         | -0.2%                       | -1.3%       |
| IEA             | -4,810                              | -29.3%                                         | -3.1%                       | -1.3%       |
| New Anglia LEP  | -20,640                             | -29.9%                                         | -2.7%                       | -1.4%       |

Source: East of England Forecasting Model (2016)

Note: figures rounded

12.32

The EEFM suggests that all four local authorities will see a reduction in manufacturing employment in the period 2014-2036. From the highest base in this sector, Babergh's manufacturing employment is anticipated to drop from 5,840 in 2014 to 4,240 in 2036, a reduction of -27.4%. The figure for Mid Suffolk is expected to decrease from 4,730 to 3,140 (a -33.6% decrease).



- 12.33 Ipswich and Suffolk Coastal have similar levels of manufacturing employment which is expected to decrease over the forecast period, albeit less significantly than in Babergh and Mid Suffolk. Suffolk Coastal's manufacturing employment is expected to decrease from 3,170 to 2,290 (a -28.0% decrease), while Ipswich is forecast to decrease from 2,710 to 1,970 (a -27.2% decrease). The New Anglia LEP is forecast to experience a similar level of manufacturing employment decline (-29.9% of total employment) as IEA local authorities, except for Mid Suffolk where a moderately higher rate of employment decline is implied.
- 12.34 It should be noted that not all parts of the manufacturing sector are set to decline. New Anglia LEP's SEP outlines that advanced manufacturing and engineering is one of the key growth sectors within the LEP area. The industry is worth £1.5bn GVA per annum to the local economy and employs 24,500 people. Advanced manufacturing growth poles in the IEA include RAF Wattisham and Woodbridge which are home to specialist military engineering units, and advanced manufacturing businesses in Ipswich and Sudbury.<sup>32</sup>
- 12.35 Chapter 3 provides a baseline assessment of the IEA's future land needs for B use class sectors of the economy based on the latest (2016) EEFM employment growth projections. For industrial (B1c/B2) uses – assumed to represent the primary type of premises sought by firms operating in the manufacturing sector – this baseline requirement varies from -2,730sq.m (Ipswich) to -32,330sq.m (Babergh) of industrial floorspace between 2014 and 2036. The equivalent figures in land terms range from -0.7ha to -8.1ha over this period.

### Sector Opportunities

- 12.36 Within the manufacturing sector, the LEP identifies advanced manufacturing as the sub-sector offering the greatest potential for growth in future across Suffolk and Norfolk. Advanced manufacturing describes companies using a high level of design or scientific skills to produce innovative and technologically complex (high value) products and processes. The industry is changing with a shift from metal to composite materials or oil to renewable and biological substances; industrial biotechnology, plastic electronics; and new aerospace technologies.
- 12.37 Advanced Manufacturing and Engineering employs over 24,500 people in more than 1,000 businesses and is worth £1.5bn pa in GVA to the New Anglia economy. The LEP area is home to several clusters, including automotive, civil and military aviation and pharmaceuticals including a number of world-leading companies in their fields.
- 12.38 Within Suffolk, there are advanced manufacturing employers in the larger towns and coastal areas including Sudbury (engineering), Ipswich, Bury St Edmunds and Newmarket. However, some of the most significant clusters are found in locations outside of the IEA (including the A11 technology Corridor from Norwich to Cambridge, offshore engineering businesses in Lowestoft and Great Yarmouth, and Hethel Engineering Centre (HEC), close to the Group Lotus factory in the A11 corridor). Hethel Engineering Centre (HEC) is the regional hub for innovation and technology and is expanding to meet the demand for incubation space.
- 12.39 Advanced manufacturing and engineering is a truly cross cutting sector. Clean technologies embrace energy, environment, transport, and material. Similarly, the growth of offshore wind energy provides potential for new product development. Links to other sectors include food and drink producers and biotech companies manufacturing chemicals and chemical products. Many businesses rely on the ports for imported materials for production and to ship out end products. The potential development of Sizewell C and the offshore turbine industry offers significant supply chain opportunities.

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<sup>32</sup> It should be noted that operations at RAF Wattisham and Woodbridge reflect decisions of the MoD and are distinct from traditional B uses.

- 12.40 The emerging need to develop a low carbon economy presents significant opportunities around clean energy production and sustainable transport solutions and the export of high value goods and services. The New Anglia Advanced Manufacturing and Engineering Group (NAAME) and HEC see much of growth coming through local organic growth encouraged through formal and informal networks and pilot and innovation programmes. These could include micro clusters around: civil, mechanical, and electrical engineering (Sizewell); manufacturing (Mid and West Suffolk); the offshore energy (Great Yarmouth and Lowestoft and to a lesser degree Wells); and transport (automotive and motorsport). Projects could include building wind turbines, developing a biofuels centre of excellence, and encouraging the marine sector to develop its knowledge, research and development capabilities.
- 12.41 The challenges to achieving this growth potential are noted by the LEP to be threefold. First, some manufacturing and engineering companies have found a lack of young people taking up training and apprenticeships. There are concerns local colleges are not wholly meeting employer needs. The ageing workforce necessitates some skills transfer and the promotion of opportunities within sector. Second, Norfolk and Suffolk are isolated counties with relatively poor transport connectivity inhibiting inward investment among some sectors such as manufacturing and distribution. This is exacerbated by a lack of critical mass of manufacturing compared with major centres like the Midlands. Finally, the sector is keen to promote sector focused Technology Parks and enterprise hubs offering a range of tailored enterprise and business improvement measures, networking and university and R&D collaborations. This relies on having adequate land availability which is a challenge in some locations requiring close collaboration with local authorities.
- 12.42 The latest EEFM (2016) projections imply an overall decline in manufacturing employment across the IEA as a whole and within its constituent local authority areas over the study period to 2036, and this reflects the recent pattern of job losses within manufacturing sectors over recent years. While for some manufacturing sub-sectors this trend could reasonably be expected to continue, advanced manufacturing and engineering stands out as providing a key opportunity to drive forward employment growth across the IEA, in particular in those areas with existing sector strengths and USPs, such as parts of Mid Suffolk, Sudbury, Sizewell and Ipswich town.

## Existing Evidence on Sector Needs

- 12.43 A summary is provided below of existing published evidence regarding sector needs and growth potential, including any specific sub-sector growth needs.

### Government Office for Science -The Future of Manufacturing (2013)

- 12.44 The report was authored by the Government Office of Science to advise on how to refocus government policy to support growth in the sector, taking into account the large changes that will likely come around in the sector over the next decades. To help the industry grow in the future the report outlines the following needs for government policy to address. Some of the implications relevant within the context of the IEA are as follows:
- *“Improving the speed and co-ordination of the technology pipeline for UK manufacturing;*
  - *Promoting co-location of R&D with production to maintain and build an ‘industrial commons’;*
  - *Increasing and diversifying the supply of manufacturing workers to avoid future shortfalls;*
  - *Equipping future workers with high quality skills that manufacturers will need; and*
  - *Ensuring that manufacturers utilise future workers effectively”.*

### Building our Industrial Strategy – Green Paper (2017)

- 12.45 The Industrial Strategy Green Paper sets out how the Government intends to drive industrial growth in science, research and innovation, skills, infrastructure, business growth and investment and sectoral policies. It includes key ‘pillars’, the most relevant of which to manufacturing are:
- **Developing skills** – building a new system of technical education, boosting science, technology, engineering and mathematics (STEM) skills and raising skill levels in lagging areas;
  - **Upgrading infrastructure** – improving digital, energy, transport, water and flood defence infrastructure; and
  - **Supporting businesses to start and grow** – ensuring businesses across the UK can access the finance and management skills they need to grow.

### Suffolk County Council Growth Strategy (2013)

- 12.46 The Growth Strategy was published by the Council in 2013 to sit alongside the economic plans of other organisations including the New Anglia LEP. The strategy identifies that a key need for advanced manufacturing firms in the county is securing the necessary technical and engineering staff.

### New Anglia LEP Skills Manifesto (2013 and 2016)

- 12.47 The LEP’s Skills Manifesto identifies there is a demand and supply gap in manufacturing and engineering skills. The engineering skills gap is considered as a significant issue within Norfolk and Suffolk due to opportunities the LEP has identified which could be exploited to drive growth. Additionally, with many members of the current engineering workforce nearing retirement age, firms are now seeking out new staff members.

### Ipswich and Waveney Economic Areas Employment Land Needs Assessment (2016)

- 12.48 The report outlines that advanced manufacturing firms require high specification offices, workshops and assembly spaces for their activities. A quality environment around the firms is also considered important to enhance perceptions of their commercial operations. The report found industry representatives considered current commercial stock as unsuitable to meet the needs of businesses. Most of the available commercial floorspace in the IEA and Waveney is considered as unsuitable.
- 12.49 To improve the premises situation, investment in new high quality locations and key infrastructure is necessary. It is likely that new sites would need to be allocated to enable this growth to be met. Flexibility on building design and external environments is also desired. This will help meet the needs of businesses and mitigate current issues such as the size and quality of premises.

### Summary

- 12.50 The IEA manufacturing sector decreased in size in all local authorities from 2001-2014 and is forecast to continue shrinking in the future. However, growth opportunities remain in the sector. Advanced manufacturing and engineering is seen by New Anglia LEP as one of the LEP areas growth sectors. To unlock the opportunities potential challenges to address include increasing the available pool of technically skilled and specialised staff and building new, high

quality commercial premises, which can be designed to the particular specifications of the occupier.

- 12.51 Babergh is forecast to have the largest absolute loss of manufacturing jobs (-1,600) out of the local authorities between 2014 and 2036. Manufacturing employment is concentrated in Sudbury, where there are a high number of factories on the Northern Road Industrial Estate. This will likely be the focus of jobs losses, with other areas of the district less affected due to the thin spread of manufacturing employers.
- 12.52 Ipswich in 2016 had the smallest manufacturing workforce out of the local authorities. The workforce is forecast to decrease by -740 workers from 2014-2036, at a rate of -1.2% per annum. The locations of manufacturing employers and premises differ in the borough. Employers are focused upon Ransomes Europark and Whitehouse Industrial Estate, while premises are more spread out across the town including along the banks of the Orwell.
- 12.53 In Mid Suffolk, the number of manufacturing jobs decreased by -4,420 from 2001-2014. The sector is forecast to continue shrinking, albeit at a lower rate over the forecast period (-3.7% versus -1.5%). The sector is spread out across the district. The largest concentrations are located in the A14 settlements, though the majority are located elsewhere in rural parts of the district.
- 12.54 As of 2016, 2,400 people were employed in manufacturing in Suffolk Coastal. Employment declined by -0.2% per annum from 2001-2014 and is forecast to continue decreasing in size from 2014-2036 (-1.2% per annum). The district's current clusters are Felixstowe and Woodbridge, where there are a number of employers and premises. A number of larger premises are also located around Framlingham and Leiston, but there are limited numbers of large scale employers in the same locations.
- 12.55 The latest EEFM projections imply an overall decline in manufacturing employment across the IEA as a whole and this reflects the recent pattern of job losses within manufacturing sectors over recent years. While for some manufacturing sub-sectors this trend could reasonably be expected to continue, advanced manufacturing and engineering stands out as providing a key opportunity to drive forward employment growth across the IEA, in particular in those areas with existing sector strengths and USPs, such as parts of Mid Suffolk, Sudbury, Sizewell and Ipswich town. Whilst the evolution of the manufacturing sector is ongoing, local strategies for supporting continued manufacturing growth will need to take account of macro sector drivers such as the scope to promote co-location of R&D with production to maintain and build an 'industrial commons', diversify the supply of manufacturing workers to avoid future shortfalls and ensure that manufacturers utilise future workers effectively.

## 13.0

## Retail Sector

## 13.1

This chapter analyses the existing economic contribution and future growth potential of the retail sector across the IEA. It identifies what may be needed to unlock potential growth in the sector through reviewing published evidence and recent studies.

## 13.2

A wide variety of activities are contained within the retail sector including: shops, banks, betting shops, supermarkets and retail warehouses.

### Employment

#### Total Stock of Employment

## 13.3

The total stock of retail employment across the IEA in 2016 is summarised in Table 13.1.

Table 13.1 Retail Employment, 2016

| Location        | Total Retail Employment | Percentage of Total Employment | Number of Businesses | Average Employment per Business |
|-----------------|-------------------------|--------------------------------|----------------------|---------------------------------|
| Babergh         | 3,910                   | 12.5%                          | 250                  | 15.6                            |
| Ipswich         | 6,820                   | 9.7%                           | 460                  | 14.8                            |
| Mid Suffolk     | 2,380                   | 6.8%                           | 210                  | 11.3                            |
| Suffolk Coastal | 4,890                   | 10.0%                          | 370                  | 13.2                            |
| <b>IEA</b>      | <b>18,010</b>           | <b>9.7%</b>                    | <b>1,290</b>         | <b>14.0</b>                     |

Source: Inter-Departmental Business Register (2016)

Note: figures rounded.

## 13.4

Babergh, Ipswich and Suffolk Coastal all have a comparable level of retail employment as a proportion of total employment, at 12.5%, 9.7% and 10.0% respectively. By comparison, just 6.8% of Mid Suffolk's employment falls within the retail sector.

### Spatial Distribution

## 13.5

Using the latest IDBR data, it is possible to map where retail employment is located within the IEA local authorities (Figures 13.1 to 13.4).



13.6

In Babergh, retail employment is mainly clustered in and around Sudbury and Hadleigh (Figure 13.1). There is also some retail employment in the east of the District, near to the A14. This relates to the Copdock Interchange Retail Park. Small scale retail employment clusters (where firms employ fewer than 10 people) are also scattered across the District, and this is likely to reflect individual shops serving villages.

Figure 13.1 Spatial Distribution of Retail Employment, Babergh



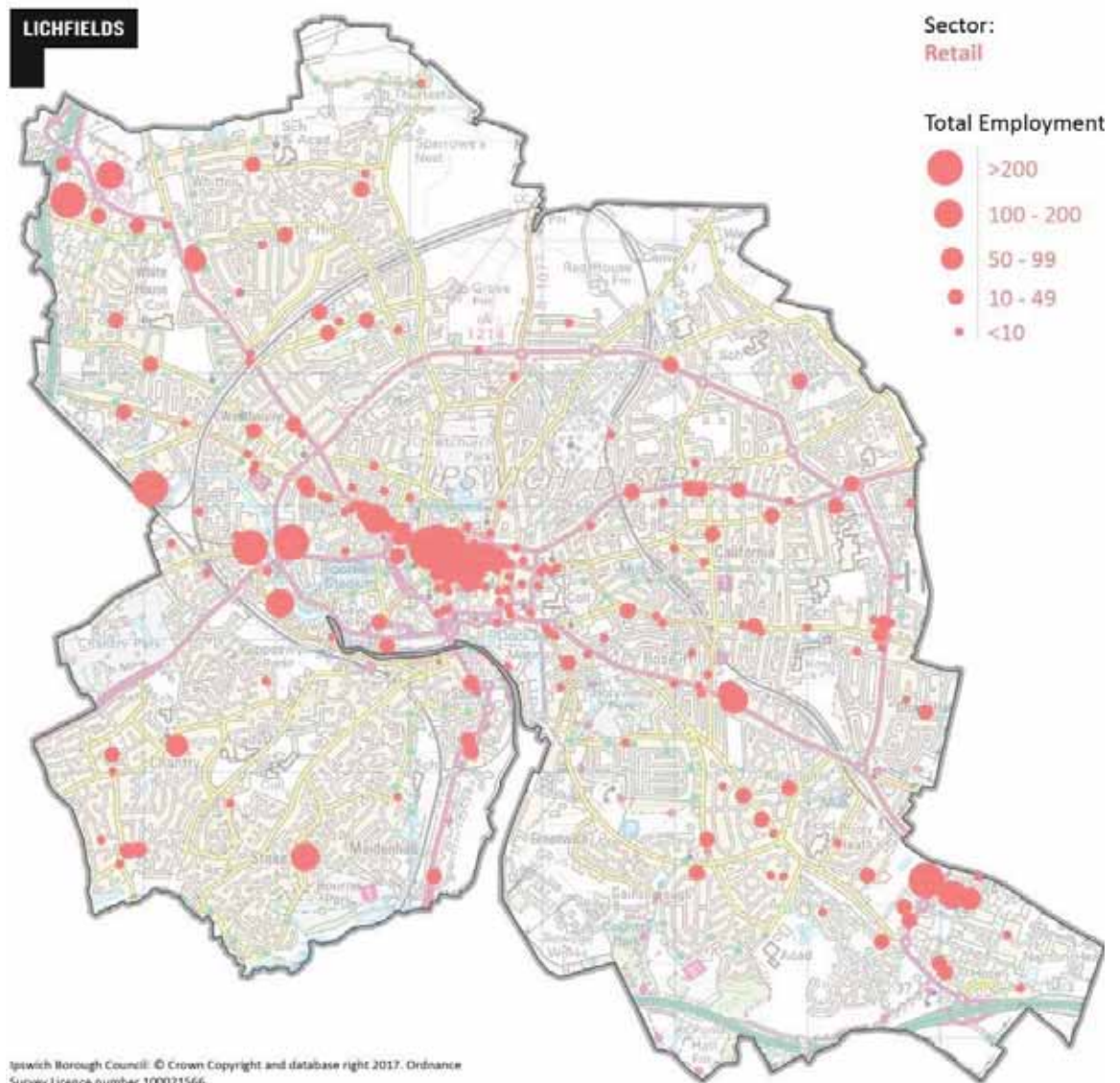
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one premises.

13.7

Retail employment in Ipswich Borough is predominantly concentrated within the town centre (Figure 13.2). This is a reflection of the range of comparison and convenience retail uses that are available within the town. There is also a significant cluster of retail related employment in the west of the Borough in an edge-of-centre location, comprising a number of supermarkets and larger stores off the A1214 and Hadleigh Road. Futura Park, Ravenswood and Euro Retail Park in the east of the Borough, also have clusters of retail employment.

Figure 13.2 Spatial Distribution of Retail Employment, Ipswich



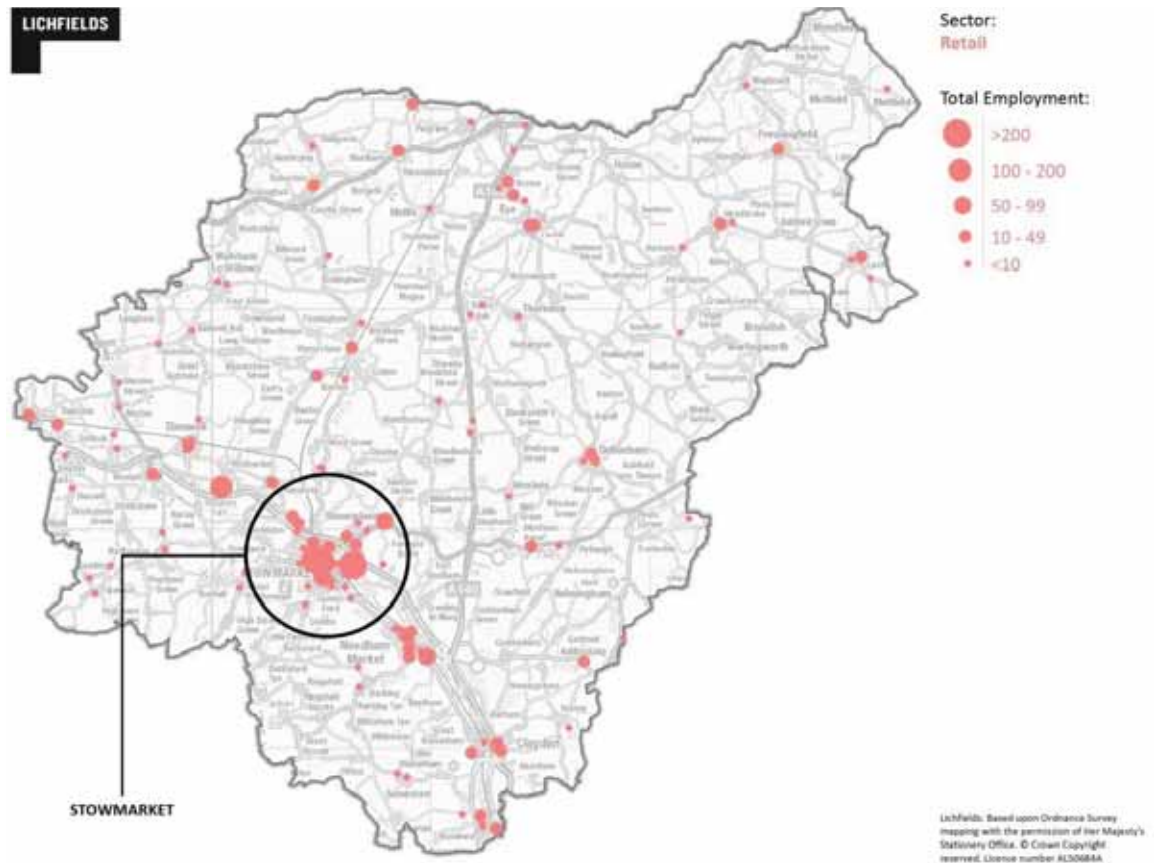
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

13.8

Reflecting the lower proportion of retail employment noted above, Mid Suffolk has a more limited range of retail employment located across the District. Retail employment is predominantly located in the south of the District along the A14 (Figure 13.3). There are notable clusters at Claydon and Needham Market, with the most notable retail location being Stowmarket.

Figure 13.3 Spatial Distribution of Retail Employment, Mid Suffolk



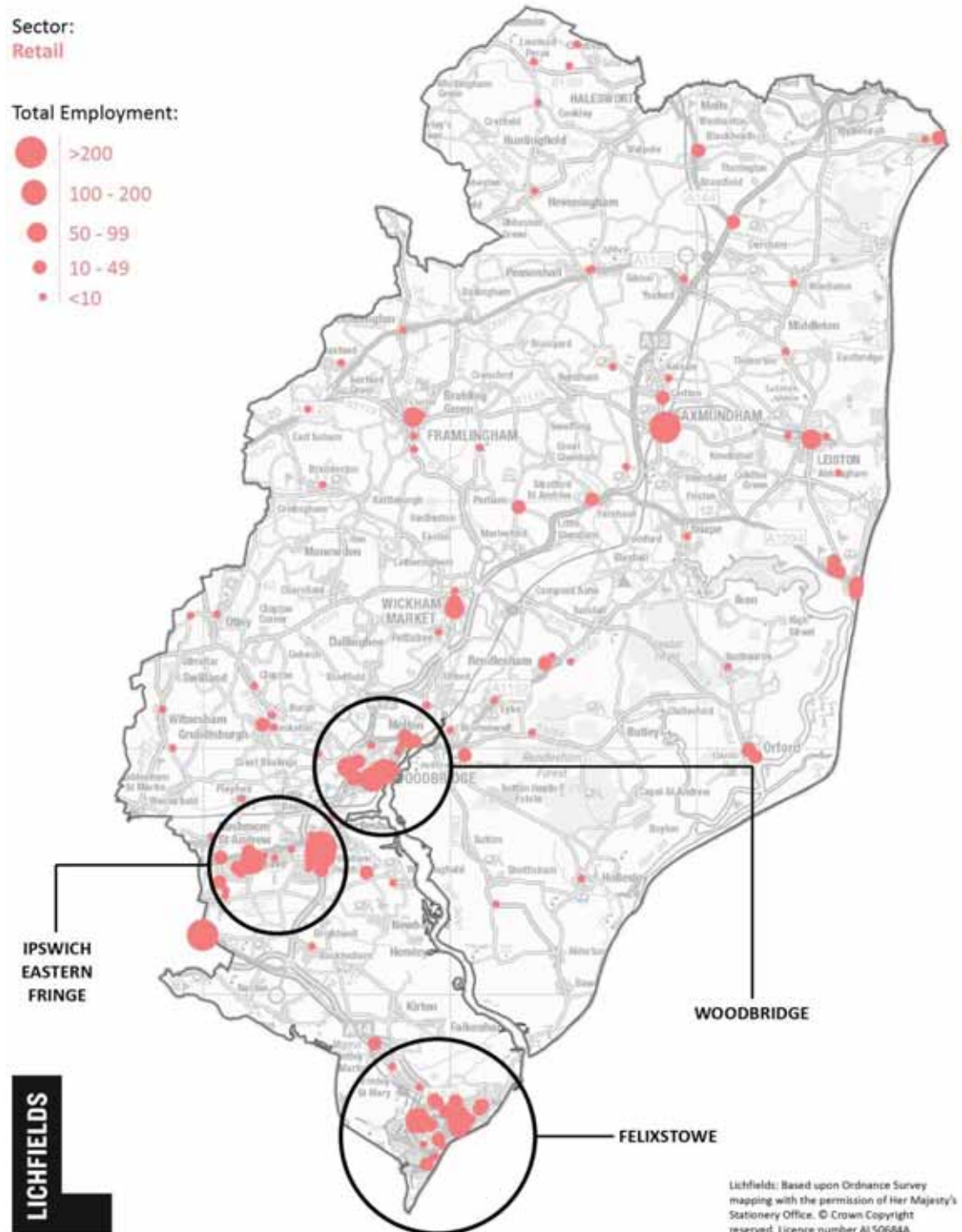
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

13.9

The three main retail employment clusters in Suffolk Coastal District are found in Felixstowe, Woodbridge and Ipswich Eastern Fringe (Figure 13.4). Saxmundham also accommodates a relatively large cluster of retail employment, as a result of the two supermarkets located to the east of the town. There is a noticeable paucity of retail employment located near to the Suffolk Coast and Heaths AONB, which covers a large area in the east of the District.

Figure 13.4 Spatial Distribution of Retail Employment, Suffolk Coastal



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.



## Historic Trends

- 13.10 Table 13.2 draws on 2016 EEFM data to summarise recent changes in retail related employment across the IEA local authorities and New Anglia LEP area.

Table 13.2 Change in Retail Employment

| Location              | Total Employment Change<br>2001-2014 | Percentage Employment Change p.a.<br>2001-2014 |
|-----------------------|--------------------------------------|------------------------------------------------|
| Babergh               | -300                                 | -0.5%                                          |
| Ipswich               | -690                                 | -0.6%                                          |
| Mid Suffolk           | -690                                 | -1.7%                                          |
| Suffolk Coastal       | +230                                 | +0.3%                                          |
| Ipswich Economic Area | -1,450                               | -0.5%                                          |
| New Anglia LEP        | +2,670                               | +0.3%                                          |

Source: East of England Forecasting Model (2016)

Note: figures rounded

- 13.11 The sector declined across three of the IEA local authorities over the period between 2001 and 2014 but expanded in Suffolk Coastal and across the New Anglia LEP area. Growth rates across the IEA local authorities range from -1.7% to +0.3% per annum, while the New Anglia LEP workforce grew by +0.3% per annum. Three of the IEA local authorities (Babergh, Ipswich and Mid Suffolk) experienced a loss in retail jobs, while Suffolk Coastal matched the positive growth rate of the LEP.

## Distribution of Floorspace

- 13.12 Retail floorspace in all IEA local authorities increased between 2000/01 and 2015/16. Cumulatively, the IEA's stock of retail floorspace increased by +87,000sq.m. Ipswich made the most significant contribution, followed by Suffolk Coastal (+36,000sq.m), Babergh (+22,000sq.m) and Mid Suffolk (+6,000sq.m). Babergh and Suffolk Coastal experienced larger proportional increases (+19.3% and +15.0% respectively) than Ipswich (+10.1%) due to the smaller stock of floorspace in both districts during 2000/01.

- 13.13 Retail employment during the 13 years between 2001 and 2014 decreased in three of the IEA local authorities. This contrasts with the trend of floorspace stock growth across all local authorities. This suggests that new retail floorspace being built may be designed for lower job densities, with fewer employees required per sq.m of floorspace built. This trend is echoed by the growth of retail warehouse development across the IEA in recent years, and suggests that the relationship between retail space and employment is changing. A summary is presented in Table 13.3 below.

Table 13.3 Retail Floorspace

| Location              | Total Stock 2015/16<br>(sq.m) | Absolute Change<br>2000/01-2015/16 (sq.m) | % Change 2000/01-<br>2015/16 |
|-----------------------|-------------------------------|-------------------------------------------|------------------------------|
| Babergh               | 136,000                       | +22,000                                   | +19.3%                       |
| Ipswich               | 394,000                       | +36,000                                   | +10.1%                       |
| Mid Suffolk           | 74,000                        | +6,000                                    | +8.8%                        |
| Suffolk Coastal       | 176,000                       | +23,000                                   | +15.0%                       |
| Ipswich Economic Area | 780,000                       | +87,000                                   | +12.6%                       |

Source: VOA, Business Floorspace (2016)

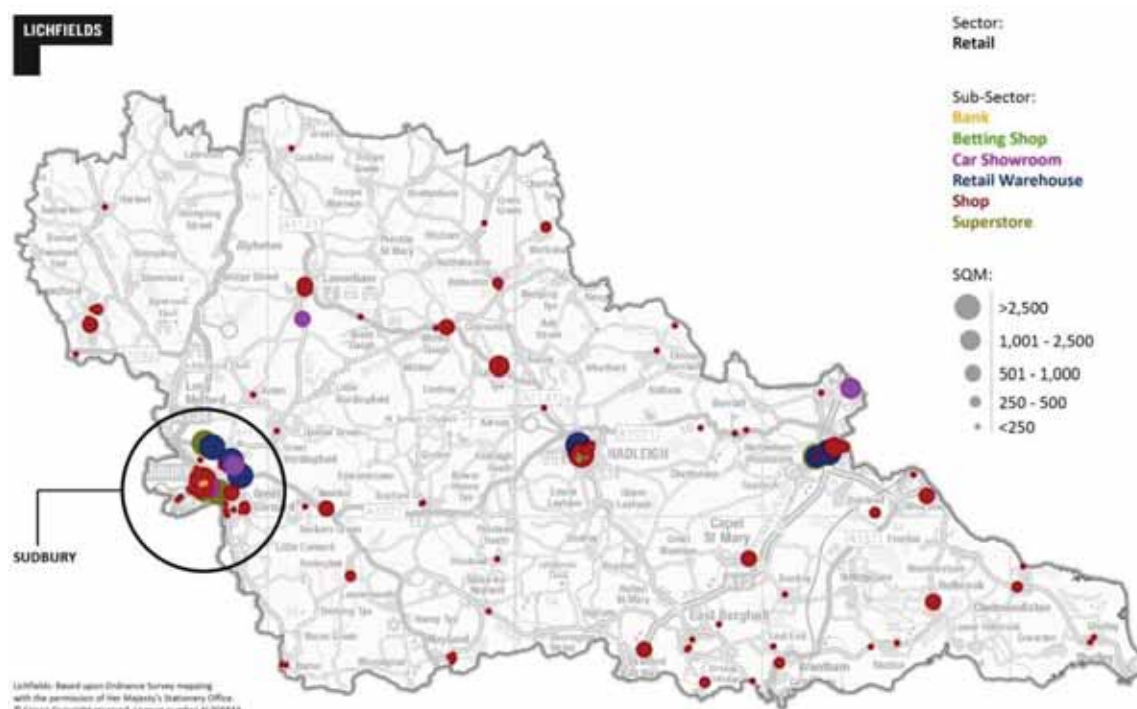


13.14 Using the latest ratings data from the VOA, it is possible to analyse the spatial distribution of retail related floorspace across the IEA, using the VOA category codes of 'bank', 'betting shop', 'car showroom'<sup>33</sup>, 'retail warehouse', 'shop' and 'superstore' as a proxy. The outputs from this mapping analysis are shown in Figures 13.5 to 13.8.

13.15 It should be noted that availability of detailed floorspace data from the VOA for individual business premises varies across sectors and locations and floorspace records can change for a number of reasons, including but not restricted to: demolished properties; new entities; reconstitution and alterations. The resulting data analysis and presentation should therefore be treated with a degree of caution.

13.16 Figure 13.5 shows the location of retail floorspace across Babergh based on data from the VOA. It shows that Sudbury accommodates the most retail floorspace of the settlements in the District. In general, the centre is dominated by shops, with retail warehouses, car showrooms and superstores on the outskirts of the town. Hadleigh's retail floorspace tends to be concentrated in the town centre. There are also a number of retail showrooms and shops on the outskirts of Ipswich in the east of the District. Retail floorspace outside of these settlements tends to be shops.

Figure 13.5 Spatial Distribution of Bank, Betting Shop, Car Showroom, Retail Warehouse, Shop and Superstore Floorspace, Babergh



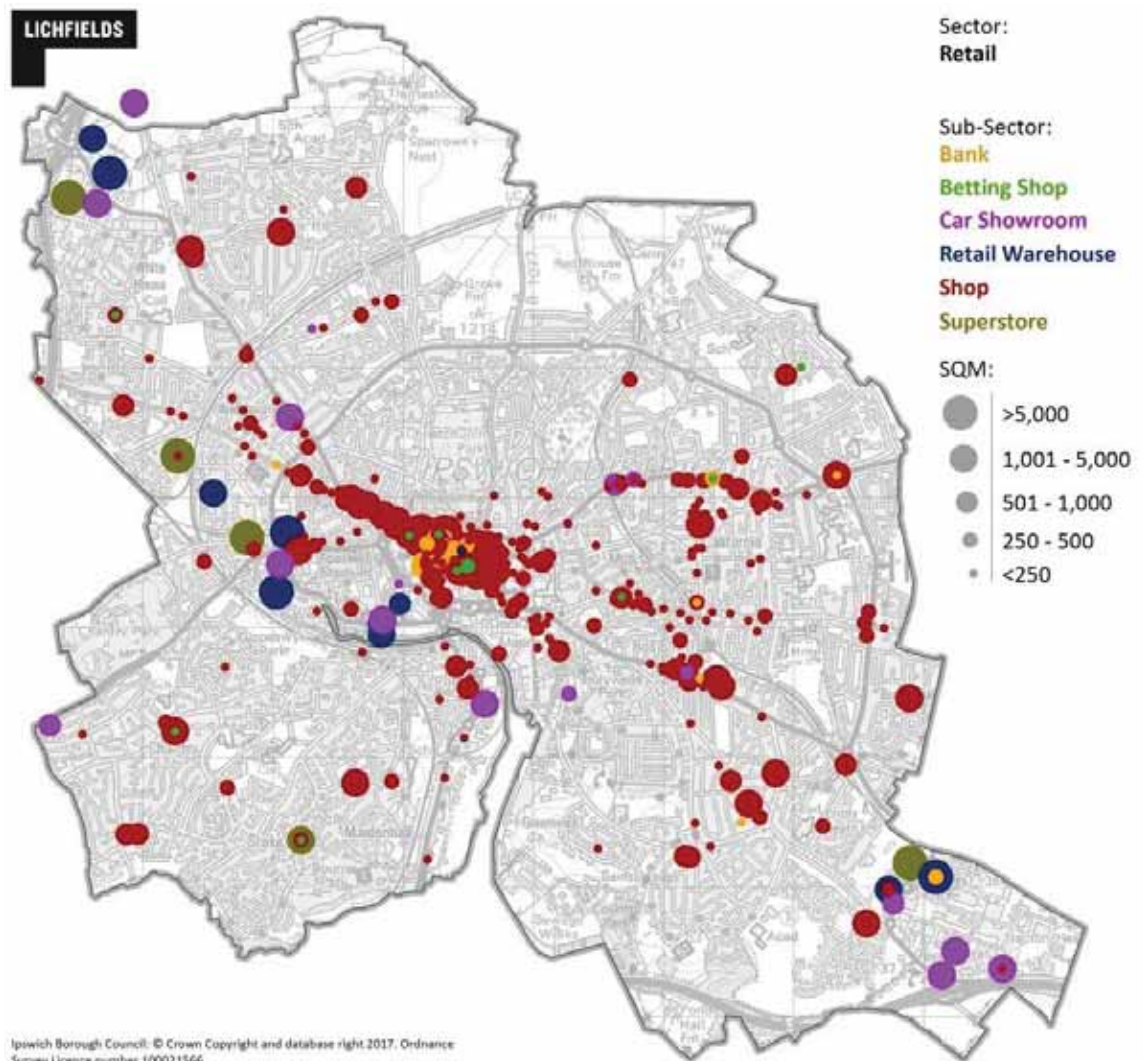
Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one premises.

<sup>33</sup> Note: Car showrooms are included within retail floorspace analysis but from an employment perspective are categorised by EEFM as being included within the wholesale sector.

- 13.17 Ipswich town centre is the main shopping area in Suffolk and comprises a number of large multiple retailers. Retail floorspace in the centre of Ipswich comprises both large national retailers as well as relatively small shop, bank and betting shop units. Further from the centre, car showrooms generally occupy larger premises and are located off main roads. There are also a number of out of centre retail warehouses and superstores (Figure 13.6).
- 13.18 Out of centre retail premises tend to be large, generally occupying floorspace of over 1,000sq.m in size (and several over 5,000sq.m). The town centre has more diversity in the size of retail premises, with a high number of smaller premises.

Figure 13.6 Spatial Distribution of Bank, Betting Shop, Car Showroom, Retail Warehouse, Shop and Superstore Floorspace, Ipswich



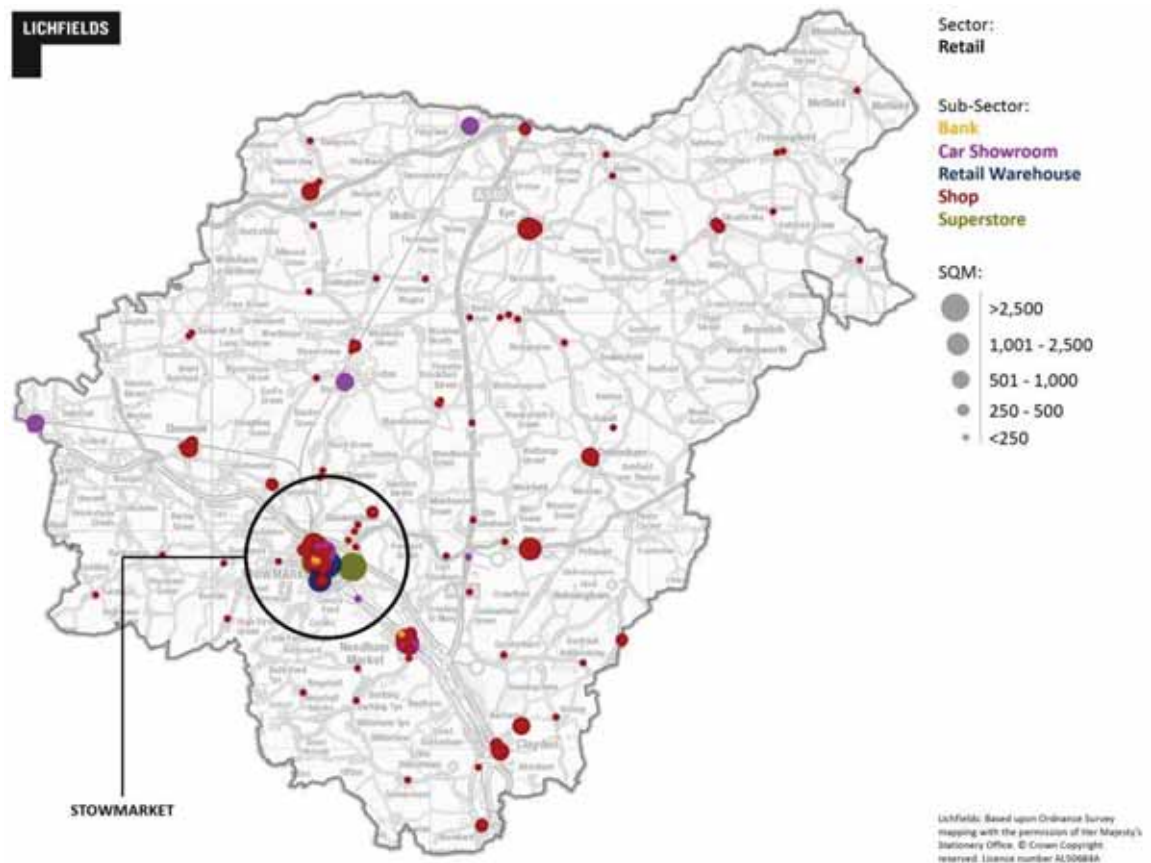
Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one premises.

13.19

In Mid Suffolk, Stowmarket represents the settlement with the highest concentration of retail floorspace (Figure 13.7). These include shops, superstores and retail warehouses. Outside of Stowmarket, there are a number of shops and car showrooms dispersed throughout the District. Shop premises tend to be either small, with floorspace under 250sq.m or considerably larger at over 1,000sq.m.

Figure 13.7 Spatial Distribution of Bank, Betting Shop, Car Showroom, Retail Warehouse, Shop and Superstore Floorspace, Mid Suffolk



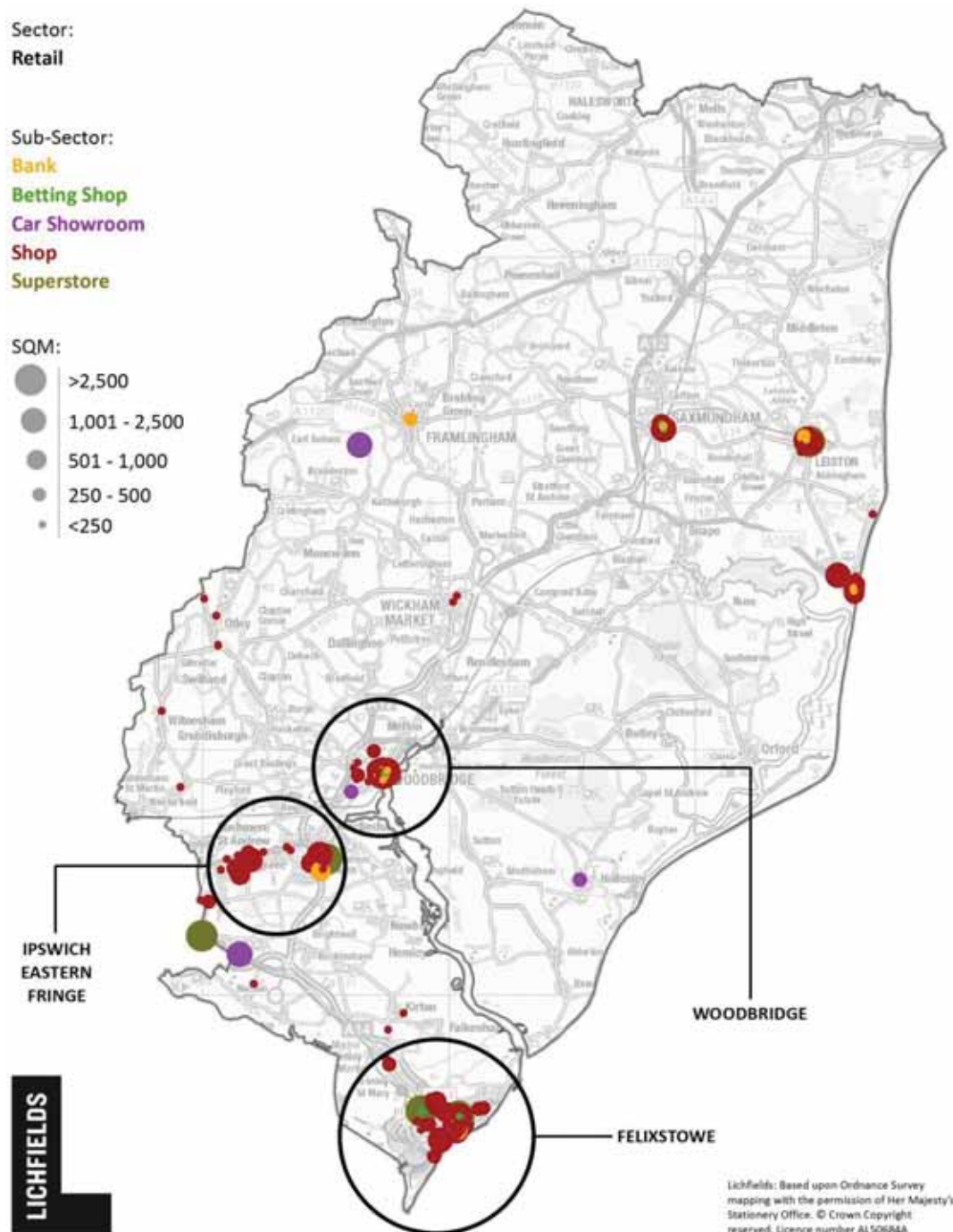
Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one premises.

13.20

In Suffolk Coastal, retail premises are more clearly concentrated in settlements, with very few premises located outside of these (Figure 13.8). Felixstowe has a number of shops, banks and superstores. Woodbridge also is dominated by shops, but also has banks, betting shops and a car showroom. Retail premises in the cluster in Ipswich Eastern Fringe are predominantly shops. Retail premises across the District are relatively large, though there are smaller shops of under 250sq.m in rural locations.

Figure 13.8 Spatial Distribution of Bank, Betting Shop, Car Showroom, Retail Warehouse, Shop and Superstore Floorspace, Suffolk Coastal



Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one premises.

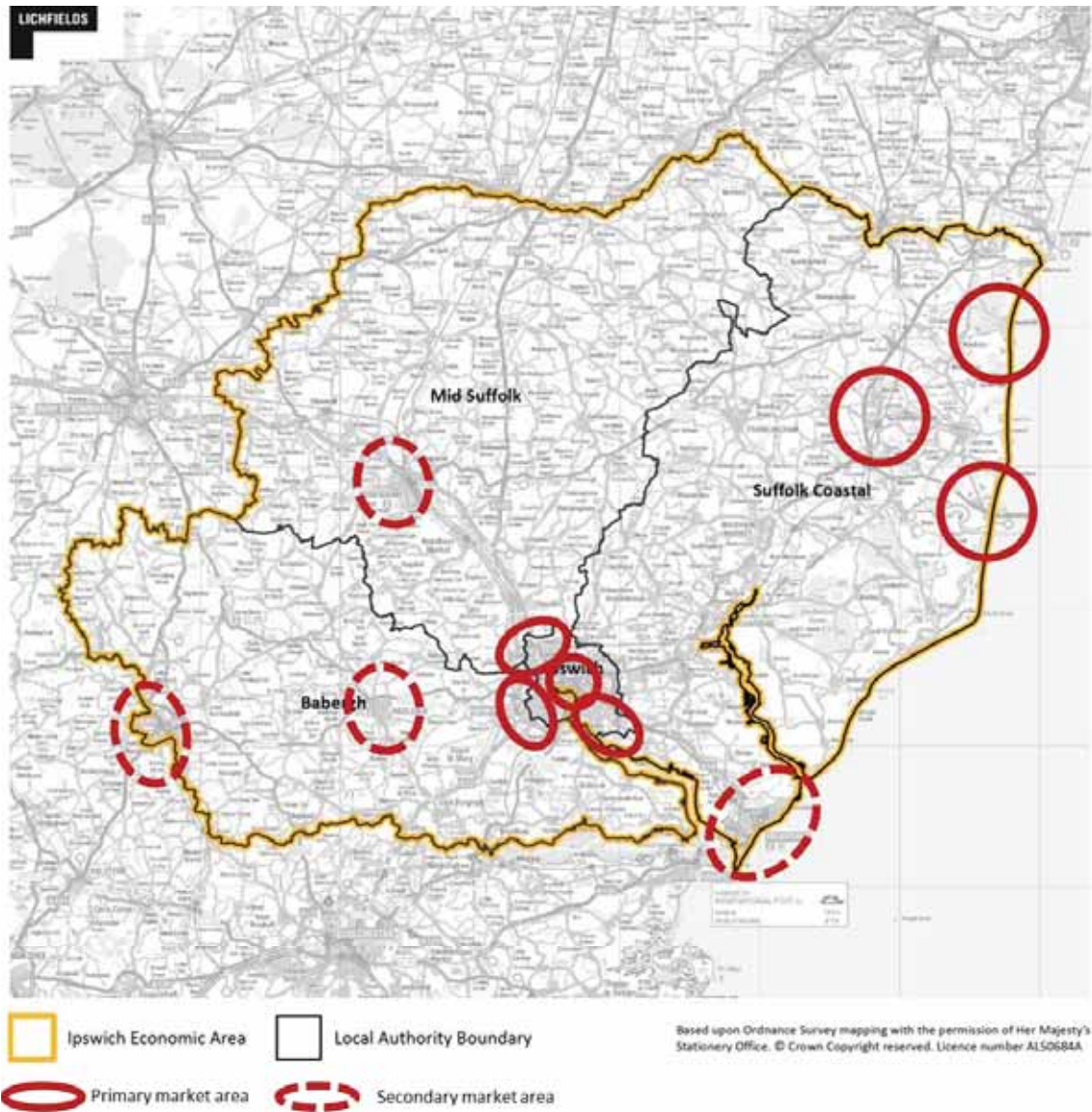


## Market Trends and Signals

- 13.21 As the county town, Ipswich accommodates the largest critical mass and cluster of retail activity and floorspace in the IEA and offers a range of town centre and out-of-town retail provision. The retail market is reported to be steady with a good level of occupier demand; the town centre shopping centres have recently been refurbished and a number of previously weaker, secondary retail locations in the town have improved over recent years (such as St Nicholas Street and St Peters Street) and now provide a draw for specialist, niche retailers.
- 13.22 Elsewhere across the IEA, the strongest retail markets can be found in the Suffolk Coastal towns of Woodbridge, Aldeburgh, Southwold and Saxmundham which accommodate a small but thriving retail base, driven by an affluent catchment area. Babergh's market towns such as Sudbury and Hadleigh also accommodate pockets of strong retail market demand albeit on a slightly smaller scale. Within Mid Suffolk, Stowmarket represents the main retail centre and the market for retail space is expected to be fuelled over the coming years by significant amounts of new residential development in and around the town. There are currently proposals for town centre regeneration projects to improve the attractiveness of centres in both Sudbury and Stowmarket. The demographic characteristics of its catchment area mean that Stowmarket attracts a different type of retailer to Suffolk Coastal locations, including retail warehouses and 'big box discounters'.
- 13.23 Further commentary about the retail market in Ipswich and Suffolk Coastal is provided below, summarised from the jointly commissioned Retail and Commercial Leisure Study which is currently underway.
- 13.24 Ipswich Town Centre is the principal shopping and leisure location in Ipswich Borough. The town centre attracts shoppers and visitors from a wide catchment which extends beyond the Borough area. The centre provides a mix of retail and leisure facilities including some 66,750sq m gross of retail floorspace, 8,630sq m of retail service floorspace, 31,290sq m gross leisure service floorspace, and 14,010sq m gross financial and business services floorspace. The Town Centre is complemented by a number of district and local centres and uses along The Waterfront which provides a unique destination which currently compliments retail/service/leisure facilities in the town centre. There are still a number of parcels of land/vacant buildings along the Waterfront which are to be redeveloped.
- 13.25 In terms of out-of-centre retail and leisure provision there is a significant concentration of retail/leisure parks in the Ipswich urban area including Cardinal Park, Euro Retail Park, Futura Park and Anglia Retail Park. In addition, two further parks are located within the 'urban area' of Ipswich but outside the borough: Copdock/Interchange and Martlesham Heath Retail Park. Copdock/Interchange is located in Babergh District and Martlesham Heath Retail Park within Suffolk Coastal District.
- 13.26 The main out-of-centre retail/leisure provision in Suffolk Coastal District is concentrated within the eastern fringe of Ipswich at Martlesham Heath Retail Park. There are no out-of-centre retail/leisure parks in the towns of Woodbridge, Leiston, Framlingham, Saxmundham, or Aldeburgh. Felixstowe provides an edge-of-centre Homebase store on Railway Approach.
- 13.27 In drawing this analysis together, Figure 13.9 below provides an overview of those areas and locations across the IEA which attract the strongest levels of market demand for retail space. These include Ipswich town centre and out-of-town retail parks, and the key market towns in Suffolk Coastal, Babergh and Mid Suffolk. Beyond this, retail markets in other smaller settlements are much less significant in size and scale, and mainly serve their local catchments.



Figure 13.9 Key Property Market Areas and Demand - Retail

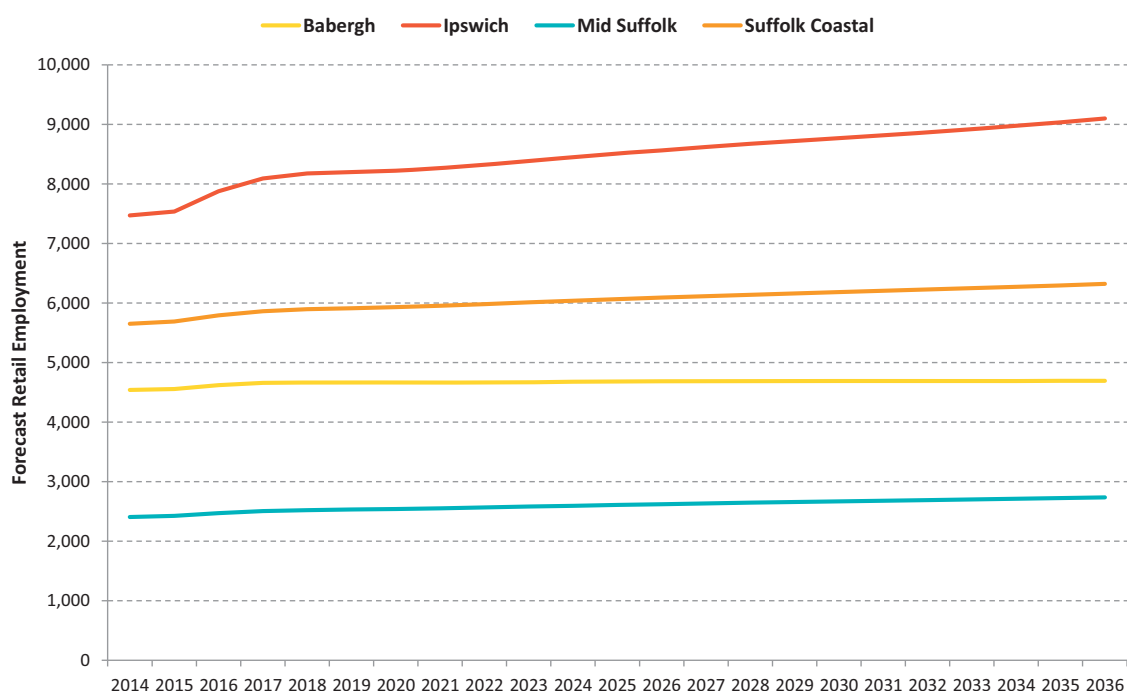


## Sector Growth Potential

13.28

Using the latest (2016) EEFM data, it is possible to identify the future employment growth potential of the retail sector across the four IEA local authority areas. Figure 13.10 and Table 13.4 summarise the outputs from this analysis covering the forecasting period 2014 to 2036.

Figure 13.10 Forecast Retail Employment, 2014 - 2036



Source: East of England Forecasting Model (2016) / Lichfields analysis

Table 13.4 Forecast Change in Retail Employment, 2014 - 2036

| Location        | Total Employment Change 2014 - 2036 | Total Percentage Employment Change 2014 - 2036 | Employment Change Per Annum |             |
|-----------------|-------------------------------------|------------------------------------------------|-----------------------------|-------------|
|                 |                                     |                                                | 2001 - 2014                 | 2014 - 2036 |
| Babergh         | +160                                | +3.5%                                          | -0.5%                       | +0.2%       |
| Ipswich         | +1,630                              | +21.8%                                         | -0.6%                       | +1.0%       |
| Mid Suffolk     | +330                                | +13.8%                                         | -1.7%                       | +0.6%       |
| Suffolk Coastal | +670                                | +11.8%                                         | +0.3%                       | +0.5%       |
| IEA             | +2,780                              | +13.9%                                         | -0.5%                       | +0.6%       |
| New Anglia LEP  | +8,960                              | +11.4%                                         | +0.3%                       | +0.5%       |

Source: East of England Forecasting Model (2016)

Note: figures rounded

13.29

Overall, retail employment is projected to remain largely static up to 2036, with some areas expected to experience modest growth. The overall distribution of retail employment across the four authority areas is not expected to change significantly over the forecast period.

13.30

As shown in Figure 13.10, Ipswich has the largest retail employment base of the four local authorities. This reflects Ipswich town centre's strong retail offer. Retail employment in Ipswich is expected to increase from 7,474 in 2014 to 9,099 in 2036, an increase of 21.8%. Ipswich is therefore forecast to record the highest percentage increase in retail employment of the four

authority areas included in this analysis. This forecast growth is nearly double that expected for the New Anglia LEP area of 11.4%.

- 13.31 Suffolk Coastal has the second highest retail employment base of the four areas. Up to 2036, retail employment is expected to increase modestly, from 5,653 in 2014 to 6,322 in 2036. This represents an increase of 11.8%, broadly consistent with growth expected for the LEP area.
- 13.32 Babergh has a lower retail employment base than Suffolk Coastal, with a retail employment figure of 4,539 for 2014. This is expected to remain generally stable up to 2036, with the overall change forecast to be an increase of 157 (a 3.5% increase over the 2014 – 2036 period).
- 13.33 Mid Suffolk has the lowest retail employment base, of 2,407 in 2014. This is around a third of Ipswich and less than half of the figure for Suffolk Coastal. Up to 2036, there is expected to be modest growth, of 332 (a 13.8% increase over the 2014 – 2036 period).
- 13.34 Although forecast growth appears to be modest across the study area, each local authority is expected to experience greater retail employment growth in the period 2014 – 2036 than in 2001 – 2014. Table 13.4 summarises this past and forecast future employment change.
- 13.35 From 2001 – 2014, all of the local authorities experienced a decrease in retail employment, with the exception of Suffolk Coastal which underwent modest growth of 0.3% per annum. The decrease in retail employment over this period is likely to reflect periods of recession in 2008 – 2009. On a per annum basis, growth per annum is forecast to be stronger in the period 2014 – 2036, with Ipswich projected to grow 1.0% each year up to 2036.

## Existing Evidence on Sector Needs

- 13.36 All of the local authorities within the Ipswich Economic Area have a Retail Study which assesses existing retail uses across the local authority and these identify particular sector needs.

### Babergh and Mid Suffolk Town Centres and Retail Study (2015)

- 13.37 The Town Centres and Retail Study (2015) prepared for Babergh and Mid Suffolk identifies a relatively high leakage of comparison goods expenditure from the two Districts to main competing centres and shopping locations in the wider region.<sup>34</sup> The Study notes that although some of this leakage is to Ipswich, some is to other competing centres such as Colchester, Diss, Bury St Edmunds and Norwich.
- 13.38 The Study identifies forecast capacity for new retail floorspace in Babergh of 12,982sq.m up to 2031, of which 5,450sq.m is allocated to Sudbury and 2,300sq.m to the Copdock Interchange Retail Park. For Mid Suffolk, forecast capacity for new retail floorspace is lower at 4,931sq.m, of which 3,331sq.m is allocated to Stowmarket town centre.
- 13.39 The Study provides a summary of the vitality and viability of Sudbury, Hadleigh and Stowmarket town centres. It states that Sudbury has a range of independent retailers, a well performing market and a particularly strong convenience offer. The Study notes that Sudbury would benefit from attracting more high street comparison brands, to combat leakage to other larger town centres.
- 13.40 Hadleigh is identified as having a relatively good retail offer, with low overall vacancy rates. It has an attractive historic character that has a number of high end independent retailers. There is scope to create better links to the River Brett walkway from the High Street and to expand the small local market.

<sup>34</sup> Babergh and Mid Suffolk District Councils (2015) 'Town Centres and Retail Study'.

- 13.41 Stowmarket has a good mix of units and retailer formats, including smaller units along the traditional shopping streets and more modern units at the Meadow Centre. Comparison retail is currently under-represented in the town centre. Stowmarket has a strong convenience offer, with a large supermarket located in the town centre.

### **Ipswich Retail and Commercial Leisure Study (2010)**

- 13.42 The Ipswich Retail and Commercial Leisure Study (2010) provides a strategic assessment of the quantitative and qualitative need for new retail floorspace in the Borough.<sup>35</sup> A Retail and Leisure Study update, commissioned jointly by Ipswich and Suffolk Coastal, is currently underway, although full study findings are not available at the time of writing.
- 13.43 The 2010 Study notes that Ipswich town centre is a large and relatively popular shopping destination. However, the Study identifies some indicators of fragility, namely that Ipswich has fallen in national rankings, while experiencing an increase in vacant floorspace. The lack of high quality department store offer is also identified.
- 13.44 In quantitative need terms, the Study identifies capacity increases for convenience retail of between 7,751sq.m net – 15,502sq.m by 2031. For comparison goods, the equivalent figure is 71,458sq.m.
- 13.45 In gathering the views of local businesses, the Study found that businesses confirmed that they were operating in a challenging market. Businesses seek support through means to attract more customers to the town centre. Key feedback related to marketing of the town centre, encouraging a better range of multiple retailers, and more car parking.

### **Ipswich Retail Surveys (2015)**

- 13.46 Ipswich Borough Council undertakes an annual survey of units and vacancy rates in the town centre and district and local centres.<sup>36</sup> The most recently published survey was published in October 2015, which identified little overall change from 2014. The survey found that five out of 11 district centres have no vacant shop units, which suggests that they are generally functioning well. In most centres, A2-A5 uses do not exceed 40% of the frontage, which reflects the aim of Core Strategy Policy DM21 of supporting the retention of A1 retail uses.
- 13.47 In 2015, Ipswich Borough Council undertook a survey of the Borough's retail parks. The survey found that all but two of the seven retail parks within Ipswich are fully occupied. Therefore, retail parks in Ipswich Borough can be seen to be operating effectively.

### **Draft Ipswich Borough and Suffolk Coastal District Retail and Commercial Leisure Town Centre Study (2017)**

- 13.48 Ipswich Borough Council and Suffolk Coastal District Council commissioned a Joint Retail and Commercial Leisure Town Centre Study to assess retail and leisure need over the period to 2036.
- 13.49 In its assessment of Ipswich town centre, the Study notes that it provides a good variety of national and independent traders and there is a good level of demand. There is a good number of arts and culture facilities and reasonably good provision of pubs/bars. It also identifies some weaknesses, including a high level of vacancy (albeit mainly of units that are small in size) and a lack of available units/sites in the prime shopping area capable of meeting national multiple occupiers' requirements.

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<sup>35</sup> Ipswich Borough Council (2010) 'Ipswich Retail and Commercial Leisure Study'.

<sup>36</sup> Ipswich Borough Council (2015) 'Ipswich Retail Survey'.

13.50 In Suffolk Coastal, Woodbridge was noted for having a good and mixed comparison goods offer and a low vacancy rate. Felixstowe has a reasonably good convenience offer, albeit it lacks a medium/large food store. The town has a low vacancy level and good demand from multiple national operators.

13.51 The Study also assesses commercial leisure needs across the two authority areas. It identifies a modest quantitative need for additional health and fitness facilities. As a new 14 screen cinema has been opened within the Buttermarket Shopping Centre, it is not considered that there is further need for cinemas within the two local authority areas.

### **Suffolk Coastal Retail Study (2008)**

13.52 The Suffolk Coastal Retail Study (2008) finds that Felixstowe operates as a relatively busy, vital and viable town centre, with an acceptable range of shopping facilities and low vacancy rate.<sup>37</sup>

13.53 Woodbridge is identified as a vital and viable market town and an important tourist destination. The Study identifies that the centre would benefit from additional convenient retail provision.

13.54 The Study also includes health checks of Aldeburgh, Saxmundham, Leiston and Framlingham. Aldeburgh is identified as having strong retail demand for a small town centre, while Saxmundham is found to have some weaknesses such as the fragmentation of the retail offer by non-retail uses and low demand for units. Leiston has diverse range of retail uses and below average vacancy rate, and is considered to be performing reasonably. Framlingham is considered to be a vital and viable town centre.

### **Summary**

13.55 Babergh has seen modest decline in its retail sector in recent years. However, it has the largest retail sector in terms of percentage of total employment, with 3,910 retail jobs representing 12.5% of total employment. Retail floorspace is clustered in Sudbury, Hadleigh and the outskirts of Ipswich. Babergh has a relatively low growth forecast of 0.2% per annum up to 2036. As identified in the Town Centres and Retail Study, Sudbury would benefit from attracting more high street comparison retailers. This would help reduce leakage to other centres and could improve the vitality of the retail sector in Babergh.

13.56 In Ipswich, the retail sector declined modestly between 2001-2014. Ipswich has the highest employment in the retail sector of the four IEA authorities, with 6,820 jobs making up 9.7% of total jobs. Ipswich's town centre is performing well as a retail centre and there are a range of out-of-centre retail uses in the north-west and south-east of the town. Ipswich has a good growth forecast of 1.0% per annum growth for retail employment. It will be important that there is sufficient high quality retail floorspace in the town centre to support this growth. It is also important that the roles of existing town centre and out of town retail parks within the wider IEA retail market are supported.

13.57 Mid Suffolk's retail sector experienced the highest decline of the four authorities between 2001 and 2014. Mid Suffolk has employment in retail of 2,380 (6.8% of total employment), making it the smallest retail sector in terms of employment and proportion of total employment. Stowmarket is the main retail centre in Mid Suffolk. After Ipswich, Mid Suffolk has the second highest growth forecast of the four IEA authorities of 0.6% per annum until 2036. Improving Stowmarket's comparison offer, to match its strong convenience offer, will be important to realise this growth.

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<sup>37</sup> Suffolk Coastal District Council (2008) 'Suffolk Coastal Retail Study'.



- 13.58 Suffolk Coastal's retail sector was the only one of the four IEA authorities to grow between 2001 and 2014, albeit this was only modest growth of 0.3% over that period. Retail employment in Suffolk Coastal stands at 4,890, making up 10.0% of total employment. The main retail centres in Suffolk Coastal are Felixstowe, Woodbridge and Ipswich Eastern Fringe. The retail sector is forecasted to grow by 0.5% per annum up to 2036. As Suffolk Coastal has a relatively high number of smaller retail centres, it will be important to balance the retail floorspace requirements of these centres.
- 13.59 The retail sector has faced a series of structural challenges over recent years and this is reflected at the IEA level through fluctuating levels of employment and overall employment decline across all areas except Suffolk Coastal in recent years. However, future projections appear to be more promising, and the IEA is home to a wide range of retail centres and hubs offering both town centre and out of town provision. Strongest areas of market demand include Ipswich town centre and out-of-town retail parks, and the key market towns in Suffolk Coastal, Babergh and Mid Suffolk. Beyond this, retail markets in other smaller settlements are much less significant in size and scale, and mainly serve their local catchments. This overall 'retail hierarchy' provides a strong basis for guiding future retail development across the IEA, whilst recognising the changing nature of consumer spending patterns and developer requirements, and building suitable flexibility into planning policy to enable key IEA centres to respond positively and effectively to these changing demands and trends.

## 14.0

## Transport and Logistics Sector

## 14.1

This chapter analyses the existing economic contribution and future growth potential of the transport and logistics sector across the IEA. It identifies what may be needed to unlock potential growth in the sector through reviewing published evidence and drawing on consultation with key stakeholders.

## 14.2

The transport and logistics sector includes activities such as land, water and air transport, warehousing and support activities and postal and courier activities. A full breakdown of the SIC codes used to define the sector for the purposes of this study is included at Appendix 1.

### Employment

#### Total Stock of Employment

## 14.3

The total stock of transport and logistics employment across the IEA in 2016 is summarised in Table 14.1.

Table 14.1 Transport and Logistics Employment, 2016

| Location        | Total Transport and Logistics Employment | Percentage of Total Employment | Number of Businesses | Average Employment per Business |
|-----------------|------------------------------------------|--------------------------------|----------------------|---------------------------------|
| Babergh         | 830                                      | 2.7%                           | 70                   | 11.9                            |
| Ipswich         | 3,890                                    | 5.6%                           | 170                  | 22.9                            |
| Mid Suffolk     | 2,900                                    | 8.2%                           | 120                  | 24.2                            |
| Suffolk Coastal | 7,410                                    | 15.1%                          | 290                  | 25.6                            |
| <b>IEA</b>      | <b>15,040</b>                            | <b>8.1%</b>                    | <b>650</b>           | <b>23.1</b>                     |

Source: Inter-Departmental Business Register (2016)

Note: figures rounded.

## 14.4

Suffolk Coastal has the highest level of employment in the transport and logistics sector at 7,410, which represents 15.1% of total employment. This is nearly double the IEA wide average of 8.1%.

## 14.5

Mid Suffolk and Ipswich also have relatively strong transport and logistics sectors in terms of employment. Babergh has a lower count of transport and logistics employment at 830, equivalent to 2.7% of total employment in the District.

### Spatial Distribution

## 14.6

The spatial distribution of transport and logistics employment across the study area can be identified using data taken from the latest IDBR data (Figures 14.1 to 14.4).

14.7

In Babergh, the biggest cluster of transport and logistics employment is located in Sudbury (Figure 14.1). There are also some employment clusters in Hadleigh and on the edge of Ipswich. Businesses are generally medium sized with c. 100 employees.

Figure 14.1 Spatial Distribution of Transport and Logistics Employment, Babergh

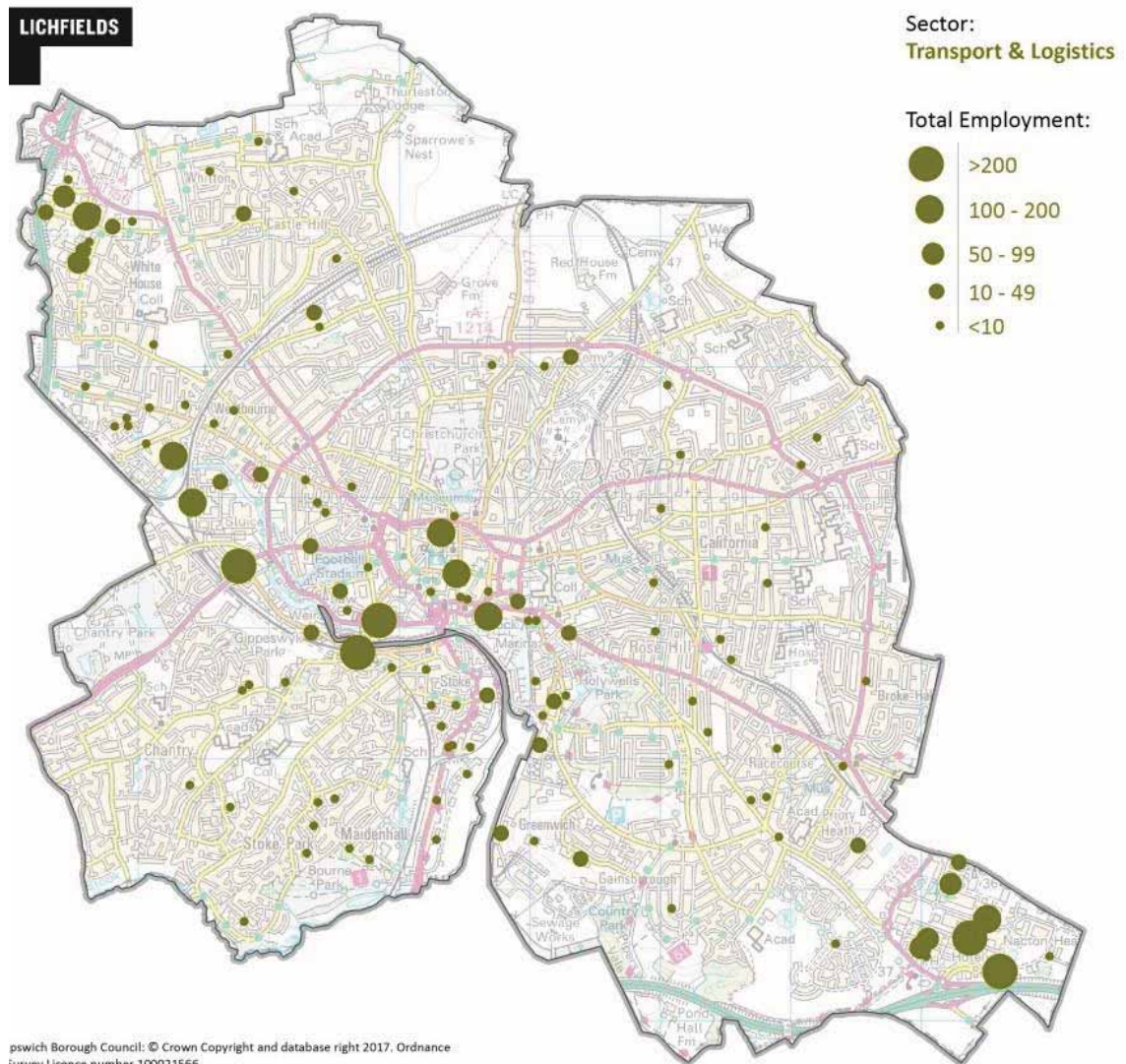


Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

- 14.8 Ipswich's transport and logistics employment is clustered in the centre and to the west of the town at Whitehouse Industrial Estate (Figure 14.2). There is also a significant cluster in the south-east of the Borough at Ransomes Europark.
- 14.9 Transport and logistics companies tend to be larger in Ipswich, with a number employing c. 200 staff. A number of transport and logistics firms have head offices in Ipswich town centre, which is reflected by this.

Figure 14.2 Spatial Distribution of Transport and Logistics Employment, Ipswich



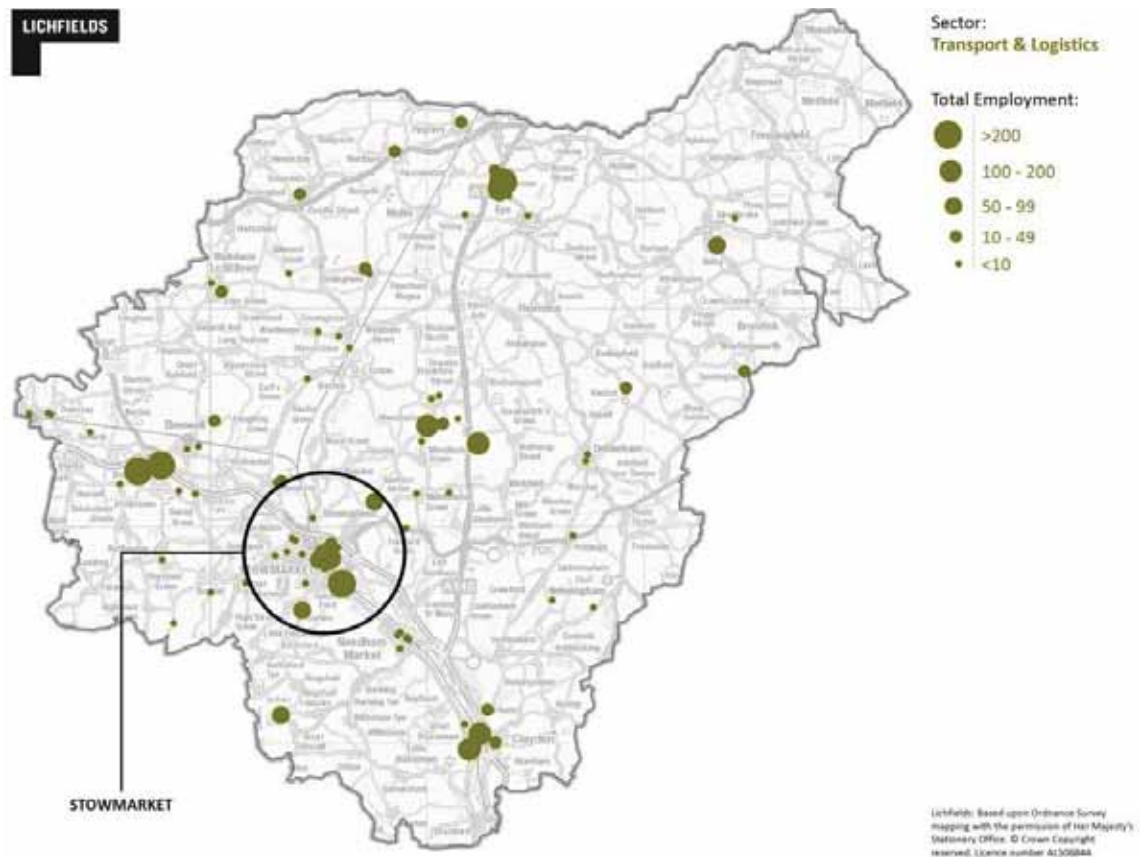
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

14.10 Similarly to a number of other sectors, Mid Suffolk's employment in transport and logistics is generally located along the A14 corridor, with clusters at Claydon, Stowmarket and Woolpit (Figure 14.3). The A14 corridor is an important location for the logistics sector.

14.11 The largest employers in the transport and logistics sector in Mid Suffolk are generally located along the A14 in the main settlements along it. A number of these businesses employ c. 200 staff. In general, businesses located in more rural areas of the District in the centre and north tend to be smaller and employ fewer people.

Figure 14.3 Spatial Distribution of Transport and Logistics Employment, Mid Suffolk



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

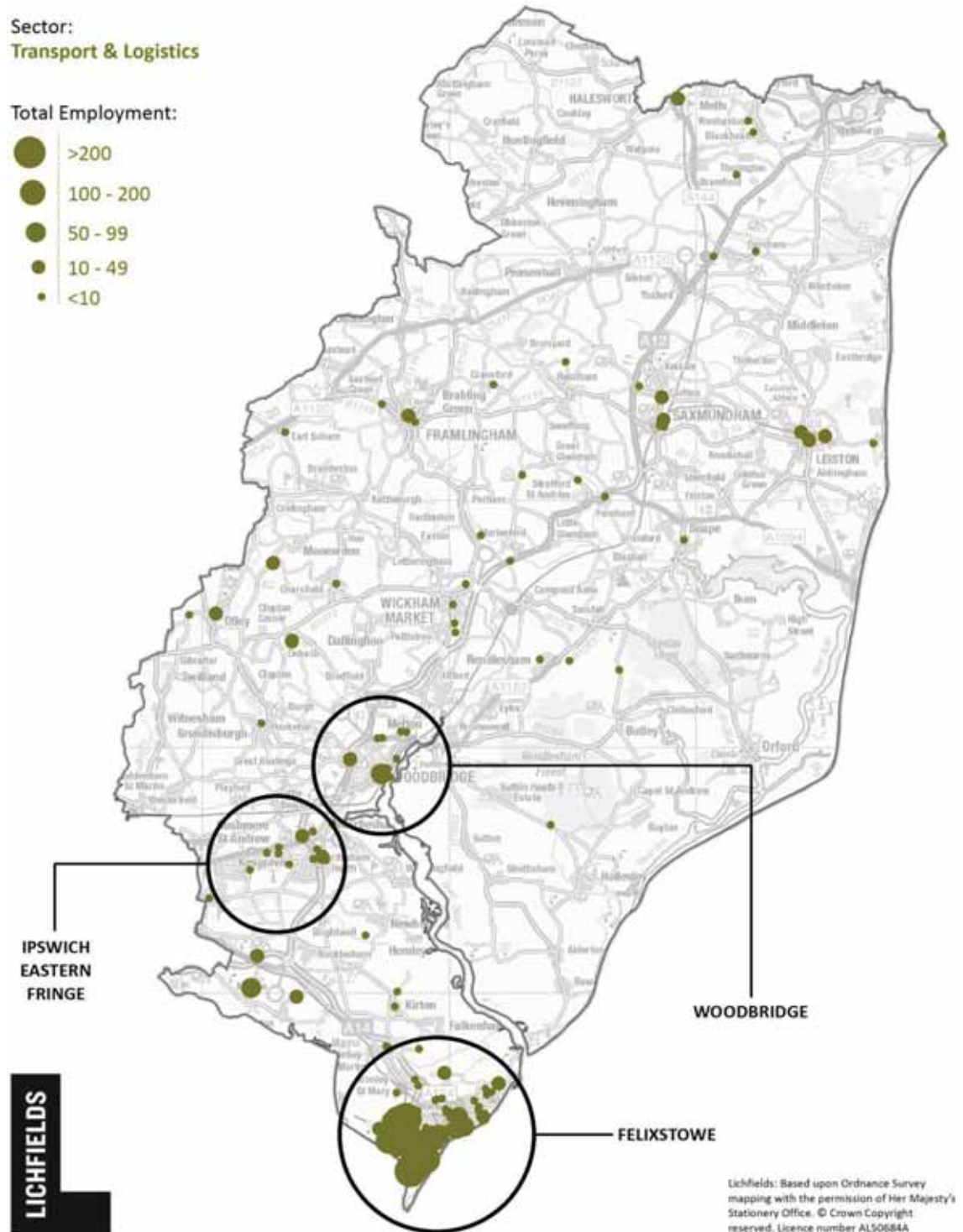
Note: dots represent individual postcodes and can represent more than one business.



14.12

The largest cluster of transport and logistics employment in Suffolk Coastal is in Felixstowe (Figure 14.4). This is associated with the range of operations located at the Port of Felixstowe. There are also small clusters of employment in this sector at Ipswich Eastern Fringe and Woodbridge, generally employing up to c. 50 people.

Figure 14.4 Spatial Distribution of Transport and Logistics Employment, Suffolk Coastal



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

## Historic Trends

- 14.13 Table 14.2 draws on 2016 EEFM data to summarise recent changes in transport and logistics related employment across the IEA local authorities and New Anglia LEP area.

Table 14.2 Change in Transport and Logistics Employment

| Location              | Total Employment Change<br>2001-2014 | Percentage Employment Change p.a.<br>2001-2014 |
|-----------------------|--------------------------------------|------------------------------------------------|
| Babergh               | -240                                 | -1.3%                                          |
| Ipswich               | +440                                 | +0.7%                                          |
| Mid Suffolk           | +460                                 | +1.0%                                          |
| Suffolk Coastal       | +1,220                               | +1.0%                                          |
| Ipswich Economic Area | +1,870                               | +0.8%                                          |
| New Anglia LEP        | +5,630                               | +1.2%                                          |

Source: East of England Forecasting Model (2016)

Note: figures rounded

- 14.14 The sector expanded across the IEA and New Anglia LEP over the period between 2001 and 2014, with the exception of Babergh. Growth rates in the IEA local authorities range from -1.3% to +1.0% per annum, while the New Anglia LEP workforce grew by +1.2% per annum. All of the IEA local authorities grew at lower rates than the LEP. Overall, the IEA experienced a cumulative growth rate of 0.8%, lower than the LEP.
- 14.15 The IEA local authority that gained the highest number of jobs in the sector was Suffolk Coastal (+1,220 jobs), and had the joint highest annual growth rate (+1.0%). In comparison, Mid Suffolk added the second highest number of jobs (+460 jobs) and also grew at 1.0% per annum. Ipswich gained 440 jobs, while Babergh lost 240 jobs over the period 2001-2014.

## Business Floorspace

- 14.16 VOA business floorspace statistics indicate that industrial floorspace supply (typically associated with transport and logistics businesses) has decreased in the IEA over recent years. Table 14.3 shows that from 2000/01 to 2015/16 industrial floorspace stock decreased by -38,000sq.m across the IEA as a whole. The main contributor to the loss of floorspace was Ipswich, which contributed 89.3% of the total -159,000sq.m lost over the time period. Suffolk Coastal and Mid Suffolk added +121,000sq.m of new floorspace, but this does not counter the decrease caused by Babergh and Ipswich.
- 14.17 The increase in industrial floorspace in Mid Suffolk and Suffolk Coastal correlates with past expansion in transport and logistics employment from 2001 and 2014. Babergh's change in employment and floorspace supply also correlates, with both previously decreasing. Ipswich differs to the other local authorities as transport and logistics employment increased from 2001 to 2014, while floorspace supply decreased. This suggests there may be churn in the property market with transport and logistics businesses occupying industrial buildings in which other sectors (e.g. manufacturing) were present before.

Table 14.3 Industrial Floorspace

| Location              | Total Stock 2015/16 (sq.m) | Absolute Change 2000/01-2015/16 (sq.m) | % Change 2000/01-2015/16 |
|-----------------------|----------------------------|----------------------------------------|--------------------------|
| Babergh               | 612,000                    | -17,000                                | -2.7%                    |
| Ipswich               | 643,000                    | -142,000                               | -18.1%                   |
| Mid Suffolk           | 829,000                    | +92,000                                | +12.5%                   |
| Suffolk Coastal       | 626,000                    | +29,000                                | +4.9%                    |
| Ipswich Economic Area | 2,710,000                  | -38,000                                | -1.4%                    |

Source: VOA, Business Floorspace (2016)

## Market Trends and Signals

- 14.18 The transport and logistics sector in the IEA is centred upon and is greatly influenced by the Port of Felixstowe, Britain's busiest container port, a strategic employment site of both national and international significance. The Port is a recognised centre of distribution and logistics, with the vast majority of employment connected to shipping and Port activities. It represents the main driver for, and user of, industrial (distribution) land both in the District of Suffolk Coastal and across the wider IEA, with Port related activity concentrated in particular along the A14 corridor, as far as Stowmarket and beyond. The fortunes of the sub-region's industrial property market are largely linked to the health and success of the Port, and its economic influence over the wider Suffolk economy is therefore significant. Over recent years this influence has generated strong demand for industrial property across the IEA, although over the coming years the Port will face strong competition from the planned expansion of the London Gateway port near to Basildon.
- 14.19 Beyond Felixstowe itself, the proximity of centres such as Ipswich and Stowmarket to the Port and their location on the A14 corridor also explains the presence of a number of port-related companies occupying employment land along this strategic corridor, with many of the IEA's industrial and distribution occupiers linked to the Port activities in some way. For example, Ransomes Europark located on the A14 corridor in Ipswich is home to the UK head office of the Mediterranean Shipping Company, while much of the small scale office space in Felixstowe town is occupied by international firms seeking a satellite office or local presence next to the Port.
- 14.20 The Port of Ipswich also represents a significant economic asset within the IEA and a key driver of transport and logistics related activity. Operated by Associated British Ports (ABP) and covering an area of 275 acres, it is the UK's biggest grain export port and handles 3 million tonnes of cargo each year.<sup>38</sup> The Port benefits from short sailing times from the North Sea shipping lanes, proximity to the A14 and A12 major trunk roads and an active rail line at its West Bank.
- 14.21 Premises requirements associated with transport and logistics firms will vary significantly from yard space to store goods to state-of-the-art high tech warehousing facilities. Industrial demand spans all size categories, although the main driver is for small to mid-sized units (typically ranging between 5,000sq.ft/465sq.m and 20,000sq.ft/1,860sq.m). Requirements are reported to not generally exceed 40,000sq.ft/3,700sq.m to 50,000sq.ft/4,600sq.m, largely due to the relative remoteness of the area from main motorway networks and distribution centres, although this may change over the short term as the area targets port centric logistics and e-tailing activity (see below). Distribution and logistics occupiers tend to be more footloose than

<sup>38</sup> [http://www.abports.co.uk/Our\\_Locations/Short\\_Sea\\_Ports/Ipswich/](http://www.abports.co.uk/Our_Locations/Short_Sea_Ports/Ipswich/)

manufacturing occupiers and a typical 'area of search' may extend from Felixstowe in the east to Stowmarket in the west.

- 14.22 Our stakeholder consultation identified two recent macro trends in the logistics sector which are reportedly having an impact upon the type, scale and location of premises sought by logistics related businesses across the IEA.
- 14.23 The first relates to the growing demand for port centric logistics; the process of unloading, storing and distributing cargo from the port itself. Rather than incurring additional costs to bring containers to inland depots, a port centric solution can result in reduced costs, a more efficient supply chain, reduced carbon footprint and more cost-effective logistics and distribution<sup>39</sup>. The Port of Felixstowe is targeting such opportunities for port centric logistics and planning permission has recently been granted for the first phase of the 1.4 million square foot Port of Felixstowe Logistics Park. If implemented and constructed, this development would bring about a step change in the town's industrial market and premises offer, although spill over opportunities may be less likely to occur further along the A14 corridor.
- 14.24 The second macro driver relates to 'e-tailing'; the selling of retail goods on the internet. This continues to grow at pace within the UK, and traditional 'high street' retailers are being forced to reconfigure their supply chains to cater for this new era of multi-channel retailing. Recent research undertaken by Savills<sup>40</sup> considered the impact that this trend could have upon the demand for logistics and distribution warehouse space, and found that there will be an increase in demand on more 'traditional' industrial estates close to, or within, urban centres, offering good security and cost effective solutions for smaller companies. Within older industrial estates, there is also potential to 'breathe new life' into warehouses that could be viewed as redundant, particularly in close proximity to towns and cities. Survey results showed that for the e-tailer, nearly half (49%) of dedicated e-fulfilment warehouses are less than 50,000sq.ft. This compares to 31% for logistic providers.
- 14.25 The research also examined the relative importance of key factors in locating a distribution warehouse for e-tailing and found that the top rated factors were occupational costs and labour, whilst logistic providers place a high importance on 'higher skilled' workers due to the IT intensity of their warehouses.
- 14.26 More specifically within the IEA, local property agents identified a number of active requirements for e-tailing distribution premises and noted that a number of schemes are currently being developed along the A14 corridor to fulfil demand which is very much 'here and now'. Available space for logistics uses is reported to be in short supply in the current market and this represents a particular 'pinch point' in terms of supply. A number of wider infrastructure issues were also identified through consultation as providing potential barriers to future development and growth of the sector over the coming years, including A14 congestion between Felixstowe and Ipswich (in particular around Ransomes Europark).
- 14.27 In drawing this analysis together, Figure 14.5 below provides an overview of those areas and locations across the IEA which attract the strongest levels of market demand for logistics and transport related space. This extends right along the A14 corridor from the Port of Felixstowe to Stowmarket, taking in the Port of Ipswich and locations in the Ipswich urban area close to the A14, as well as the smaller centres of Great Blakenham and Claydon in the south of Mid Suffolk District. Elsewhere, demand for logistics and transport property is comparatively smaller in scale, and generally restricted to the IEA's key transport routes, including the A12.

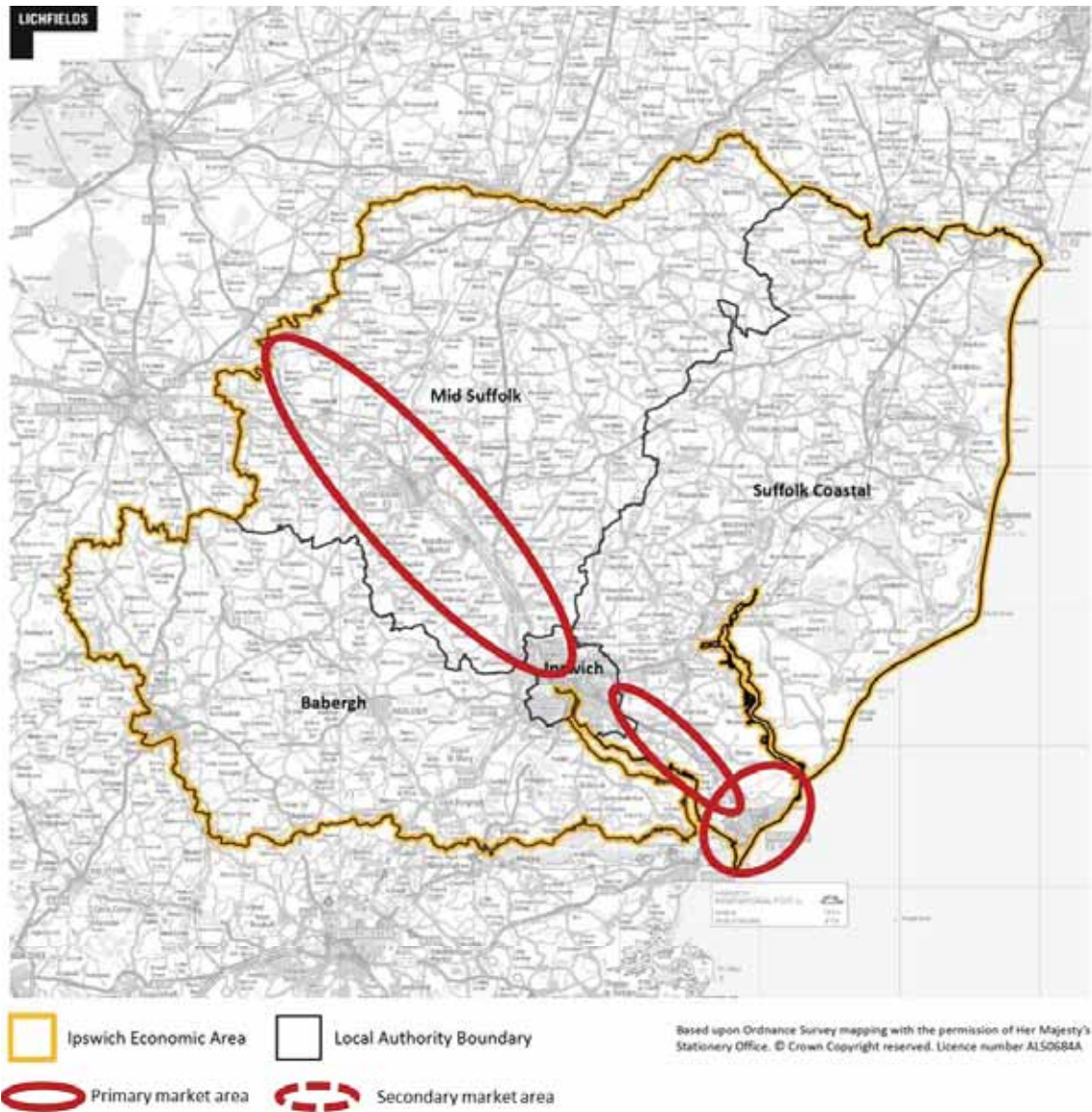
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<sup>39</sup> <http://felixstowewarehousing.co.uk/benefits-of-felixstowe/port-centric-logistics/>

<sup>40</sup> Savills World Research, E-tailing & the impact on distribution warehouses, June 2013



Figure 14.5 Key Property Market Areas and Demand - Transport and Logistics





## Sector Growth Potential

14.28

Using the latest (2016) EEFM data, it is possible to identify the future employment growth potential of the transport and logistics sector across the four IEA local authority areas. Figure 14.6 and Table 14.4 summarise the outputs from this analysis covering the forecasting period 2014 to 2036. This is based on the 'Land transport' and 'Water and air transport' EEFM sectors.

Figure 14.6 Forecast Transport and Logistics Employment, 2014-2036



Source: East of England Forecasting Model (2016) / Lichfields analysis

14.29

Employment in the transport and logistics sector is not predicted to change significantly over the period 2014-2036. Suffolk Coastal has the highest level of employment in this sector, which reflects the significant numbers employed at the Port of Felixstowe. From 2014 to 2036, this is expected to increase from 10,238 to 10,682, a modest increase of 4.3%.

14.30

Ipswich is the next biggest employer in this sector. Employment is forecast to change from 5,201 to 5,616, an increase of 8.0%. Mid Suffolk is expected to see an increase of 2.6%, from 3,852 to 3,952. Babergh is expected to see a decrease of 0.3%, from 1,194 to 1,190.

14.31

With the exception of Babergh, growth was slightly stronger in the period up to 2014 than is forecast up to 2036. Table 14.4 summarises this past and forecast future employment growth.

Table 14.4 Forecast Change in Transport and Logistics Employment, 2014 - 2036

| Location        | Total Employment Change 2014 - 2036 | Total Percentage Employment Change 2014 - 2036 | Employment Change Per Annum |             |
|-----------------|-------------------------------------|------------------------------------------------|-----------------------------|-------------|
|                 |                                     |                                                | 2001 - 2014                 | 2014 - 2036 |
| Babergh         | -4                                  | -0.3%                                          | -1.3%                       | 0.0%        |
| Ipswich         | +420                                | +8.0%                                          | +0.7%                       | +0.4%       |
| Mid Suffolk     | +100                                | +2.6%                                          | +1.0%                       | +0.1%       |
| Suffolk Coastal | +440                                | +4.3%                                          | +1.0%                       | +0.2%       |
| IEA             | +960                                | +4.7%                                          | +0.8%                       | +0.2%       |
| New Anglia LEP  | +870                                | +2.1%                                          | +1.2%                       | +0.1%       |

Source: East of England Forecasting Model (2016)

Note: figures rounded

- 14.32 Babergh's transport and logistics sector declined (in terms of employment) by 1.3% year by year from 2001 to 2014. Therefore, the fact that no significant change is predicted up to 2036 represents a stabilisation of this sector in Babergh.
- 14.33 Ipswich, Mid Suffolk and Suffolk Coastal are all forecast to see somewhat slower growth than recorded for 2001-2014. This is consistent with the New Anglia LEP area.
- 14.34 Chapter 3 provides a baseline assessment of the IEA's future land needs for B use class sectors of the economy based on the latest (2016) EEFM employment growth projections. For warehousing (B8) uses – assumed to represent the primary type of premises sought by firms operating in the transport and logistics sector – this baseline requirement varies from 11,590sq.m (Babergh) to 63,950sq.m (Ipswich) of warehousing and distribution floorspace between 2014 and 2036. The equivalent figures in land terms range from 2.9ha to 16.0ha over this period.

### Sector Opportunities

- 14.35 The New Anglia LEP identifies ports and logistics as one of four underpinning sectors, worth £1.3bn to New Anglia and employing over 23,500 people. The sector comprises road and water freight and transport services, cargo storage and warehousing. It has a large proportion of full-time, male employees in operative trades: drivers, loaders, dock workers and logistics personnel. The northern Haven Gateway ports include Harwich, Felixstowe and Ipswich, and further north Lowestoft and Great Yarmouth.
- 14.36 The ports and logistics sector generates substantial freight activity along road/rail corridors to UK hubs. The ports are closely linked to other sectors including energy products and offshore installation and maintenance, agricultural goods and supermarkets port-based logistics operation, business and professional services from accountancy to transport engineering and tourism, marine and coastal leisure activities including: marina developments; tourism from business (international energy companies); and cruise and ferry passengers. Opportunities exist to develop a haulage and logistics park to support the Port of Felixstowe, which would support the growth of port-based logistics activities.
- 14.37 The LEP area accommodates several diverse ports including some of the UK's major facilities. Felixstowe, the UK's largest container port, is on the premier Asia/EU route dedicated to unitised deep sea traffic. It is the only UK port to accommodate the largest container ships and aspires to EU hub status. Ipswich Port, the largest UK agricultural exporter, offers roll-on/roll-off capabilities, potential renewable/offshore facilities, rail connections and marine leisure facilities. These represent key economic assets within the New Anglia LEP context.

- 14.38 The East of England ports are more productive, in terms of use of labour per tonne handled, than the other major UK ports (according to the EEDA Ports Study (2011)). The UK's ports and their associated activities provide gateways for UK trade and travel and also play a pivotal role in the energy sector. Suffolk's long coastline combined with investment at Felixstowe and in on and offshore energy, offer substantial employment opportunities. Employment within ports and logistics across the LEP area has increased over recent years while many other sectors declined and this job growth is expected to continue over the coming years.
- 14.39 As noted above, Felixstowe is the UK's largest container port and handles 40% of national container traffic. The port employs over 2,700 people directly and a further 10,000 jobs are based in related industries. Felixstowe has already undergone significant development with additional quayside created and a brand new railhead and capacity is expected to grow by an additional million containers by 2025 and further infrastructure improvements are being developed that will enable it to handle the latest mega-vessels (the number of which is set to increase rapidly). With overall UK container traffic likely to grow steadily, there are opportunities for further growth through diversifying Felixstowe's bulk-breaking and post-processing capabilities.
- 14.40 The LEP acknowledges that substantial opportunities for the sector need to be balanced against the competition for traffic in a market with continued downward cost pressures. The offshore wind sector will increase logistics and supply chain operations. The Great Yarmouth and Lowestoft Enterprise Zone (EZ) offers a major base of offshore wind activity as well as oil, gas and nuclear (Sizewell). It aspires to 10,000 new jobs and 180 new businesses and the area is also one of five regions given Centre for Offshore Renewable Engineering (CORE) status. There is scope for further development of quayside activities. Development options at Felixstowe could create 1,000 – 2,000 jobs and include: major distribution/mail order fulfilment centres and/or postponed manufacturing.<sup>41</sup> There is scope to follow the European model by extending the port's hinterland through port-centric logistics, reducing costs and environmental impacts.
- 14.41 The ports face serious competition from Rotterdam, EU ports facing the Far East and the New London Gateway Port. There are some requirements for serviced and fit for purpose land/premises and some ports require expensive quay head investment. A key challenge for local authorities will be to balance growth with the impact of freight movements to retain added value and higher density employment.
- 14.42 The 'baseline' projections of transport and logistics employment implied by the 2016 EEFM show relatively modest levels of job growth across the IEA to 2036 and imply a slowdown in employment growth compared with past trends in all cases except Babergh. Sector intelligence published by the New Anglia LEP indicates wider growth opportunities for the sector based around the area's ports of international significance and growth plans associated with the Port of Felixstowe, the UK's largest container port. At the same time however, macro drivers such as strong competition from other international port hubs provides a degree of uncertainty over the precise nature and scale of growth likely to be achieved within the transport and logistics sector.

### Existing Evidence on Sector Needs

- 14.43 A summary is provided below of existing published evidence regarding sector needs and growth potential, including any specific sub-sector growth needs.

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<sup>41</sup> Postponement is a business strategy which maximises possible benefit and minimises risk by delaying investment into a product or service until the last possible moment.

### Felixstowe Port Logistics Study (2008)

- 14.44 Suffolk Coastal commissioned a Felixstowe Port Logistics Study, which was published in 2008.<sup>42</sup> This identifies that the sustainable growth of the Port of Felixstowe is a key strategic objective of Suffolk Coastal District.
- 14.45 The Study notes that port-related land requirements are likely to extend beyond the borders of Suffolk Coastal District into the sub-region. The drivers for demand of off-port land are:
- 1 Growth in port traffic volumes;
  - 2 Cargo handling operational modes;
  - 3 Modal splits (in line with wider policy goals, a preference is to use rail for inland moves from Felixstowe); and
  - 4 Logistics services (the preference is to support value-added logistics services, for example, through port centric distribution activities).
- 14.46 The following recommendations are made in the Study to improve future port and logistics planning in the sub-region, including:
- 1 Plan for growth and allow for new land to be brought into the pipeline if eligibility criteria are satisfied – ensure flexibility and choice;
  - 2 Ensure that there is sufficient coverage of land in the pipeline versus demand – this can avoid risks of undersupply which may have risks of harming port and logistics performance and thus cause wider economic repercussions;
  - 3 Provide opportunities for value-added logistics service growth and warehousing proximate to the port – overall it is reasonable to provide relative priority to near port and larger sites; and
  - 4 Encourage and agree on a co-ordinated approach among Local Authorities across the study area to plan for port and related uses, with the HGP one forum through which this can be developed.

### Consultation Feedback

- 14.47 This section summarises key feedback obtained for the transport and logistics sector in the IEA obtained through stakeholder consultations.
- 14.48 As noted above, the Port of Felixstowe represents a key focus for transport and logistics related activity within the IEA, both directly and through the indirect supply chains and wider activity supported by the port. The reasons reported for the success of the Port are its strategic location as the closest UK port to the main ports of Northern Europe (for example, Rotterdam and Antwerp), while the port is considered to be supported by very good infrastructure in terms of rail services and the A14.
- 14.49 There is considered to be scope for two types of development at the Port itself: the upgrading of older facilities to improve capacity and expansion; and proposals for a port logistics park, which is based on the concept of 'port centric distribution'. Current demand for expansion is in the immediate vicinity of the port.
- 14.50 The key challenges affecting the sector's future growth potential include the changing nature of distribution as a result of online shopping, which in general places a requirement upon well located local fulfilment centres. In the future, a shortage of haulage and logistics space in the

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<sup>42</sup> GHK (2008) 'Felixstowe Port Logistics Study' Final Report for Suffolk Coastal District Council.

area could also constrain growth. It is not anticipated that there will be any considerable impact on the Port when the UK leaves the European Union as 75% of traffic is non-EU.

- 14.51 It is felt that Suffolk Coastal District Council is well-attuned to the needs and requirements of the Port, and it is hoped that they will continue to support jobs and growth at the Port through planning policy.

## Summary

- 14.52 Babergh's transport and logistics sector declined in recent years and is the smallest of the four IEA local authorities. The 830 jobs in the sector represent 2.7% of total employment. The largest cluster of employment is in Sudbury, with a smaller cluster in Hadleigh. There is no forecast growth or decline in the sector up to 2036. This would indicate that there is no need to plan for additional business premises for the transport and logistics sector in Babergh.
- 14.53 In Ipswich, employment in the transport and logistics sector grew by 0.7% from 2001 to 2014 and now stands at 3,890 (5.6% of total employment). These jobs are located in the town centre, as well as in the business clusters in the north-west and south-east of the Borough. Ipswich's transport and logistics sector has the strongest growth potential of the four IEA authorities, though this is still modest at 0.4% per annum until 2036. It is therefore unlikely that growth in this sector will generate significant new business floorspace requirements.
- 14.54 Mid Suffolk's transport and logistics sector has grown in recent years and the 2,900 jobs equate to 8.2% of total employment. Key locations for the sector are generally along the A14 corridor, with clusters at Claydon, Stowmarket and Woolpit. There is also a cluster of employment in the north of the District near the town of Eye. The sector is expected to grow marginally by 0.1% per annum up to 2036. Therefore, similarly to Ipswich, it is unlikely that this growth will generate significant new business floorspace requirements.
- 14.55 Suffolk Coastal's transport and logistics sector has grown in recent years and is the largest of the four IEA authorities, with employment of 7,410 representing 15.1% of total employment. The most important location for the sector is Felixstowe, given the operations at and related to the Port of Felixstowe. Proposals for a new haulage and logistics park related to the Port would support further growth of this sector. There are also smaller clusters at Ipswich Eastern Fringe and Woodbridge. As with the other authorities, the growth forecast is not particularly high at 0.2% per annum until 2036. The success of Suffolk Coastal's transport and logistics is, to a large extent, contingent on the success of the Port of Felixstowe. It is important that suitable sites/premises are available for the Port to expand into port-centric logistics.
- 14.56 In overall terms, baseline growth forecasts for transport and logistics employment and activity across the IEA are relatively modest and are generally not considered to reflect the scale of growth potential that exists within the study area. The LEP identifies ports and logistics as one of four underpinning sectors, generating substantial freight activity along road/rail corridors to UK hubs. The ports in particular are closely linked to other sectors including energy products and offshore installation and maintenance, and represent an important component of the IEA's economy. Opportunities exist to significantly support the growth of port-based logistics activities in and around the Port of Felixstowe; availability of suitable land in close proximity to the port and the wider A14 corridor will therefore be critical to both support expansion of the Port itself as well as associated distribution centres along the study area's key transport corridors. Wider infrastructure issues provide potential barriers to future development and growth of the sector over the coming years and would need to be overcome, including A14 congestion between Felixstowe and Ipswich.



## 15.0

## Wholesale Sector

## 15.1

This chapter analyses the existing economic contribution and future growth potential of the wholesale sector across the IEA. It identifies what may be needed to unlock potential growth in the sector through reviewing published evidence and recent studies.

## 15.2

The wholesale sector consists of activities related to the wholesale of goods, wholesale trade and the repair of motor-vehicles and motor-cycles. A full breakdown of the SIC codes used to define the sector for the purposes of this study is included at Appendix 1.

### Employment

#### Total Employment

## 15.3

The total stock of wholesale related employment across the IEA in 2016 is summarised in Table 15.1.

Table 15.1 Wholesale Employment, 2016

| Location        | Total Wholesale Employment | Percentage of Total Employment | Number of Businesses | Average Employment per Business |
|-----------------|----------------------------|--------------------------------|----------------------|---------------------------------|
| Babergh         | 1,820                      | 5.8%                           | 200                  | 9.1                             |
| Ipswich         | 3,330                      | 4.7%                           | 260                  | 12.8                            |
| Mid Suffolk     | 2,590                      | 7.4%                           | 240                  | 10.8                            |
| Suffolk Coastal | 1,740                      | 3.5%                           | 240                  | 7.3                             |
| <b>IEA</b>      | <b>9,480</b>               | <b>5.1%</b>                    | <b>940</b>           | <b>10.1</b>                     |

Source: Inter-Departmental Business Register (2016)

Note: figures rounded.

## 15.4

Wholesale related employment as a proportion of total employment ranges from 3.5% to 7.4% across the four IEA local authorities, with Suffolk Coastal and Mid Suffolk representing the lower and upper ends of the range. Ipswich has the largest absolute wholesale sector (3,330 jobs) followed by Mid Suffolk (2,590 jobs).

#### Spatial Distribution

## 15.5

Using the latest IDBR data, it is possible to map where wholesale employment is located within the IEA local authorities (Figures 15.1 to 15.4).

15.6

The majority of wholesale and employment in Babergh is located in Sudbury, where there are a number of firms employing between 100 and 200 staff (Figure 15.1). There are also two smaller concentrations in Hadleigh and along the district’s border with Ipswich, but neither is on the same scale as the presence that the sector has in Sudbury. There is a cluster of employment at Copdock Retail Park near the eastern boundary of the District.

Figure 15.1 Spatial Distribution of Wholesale Employment, Babergh



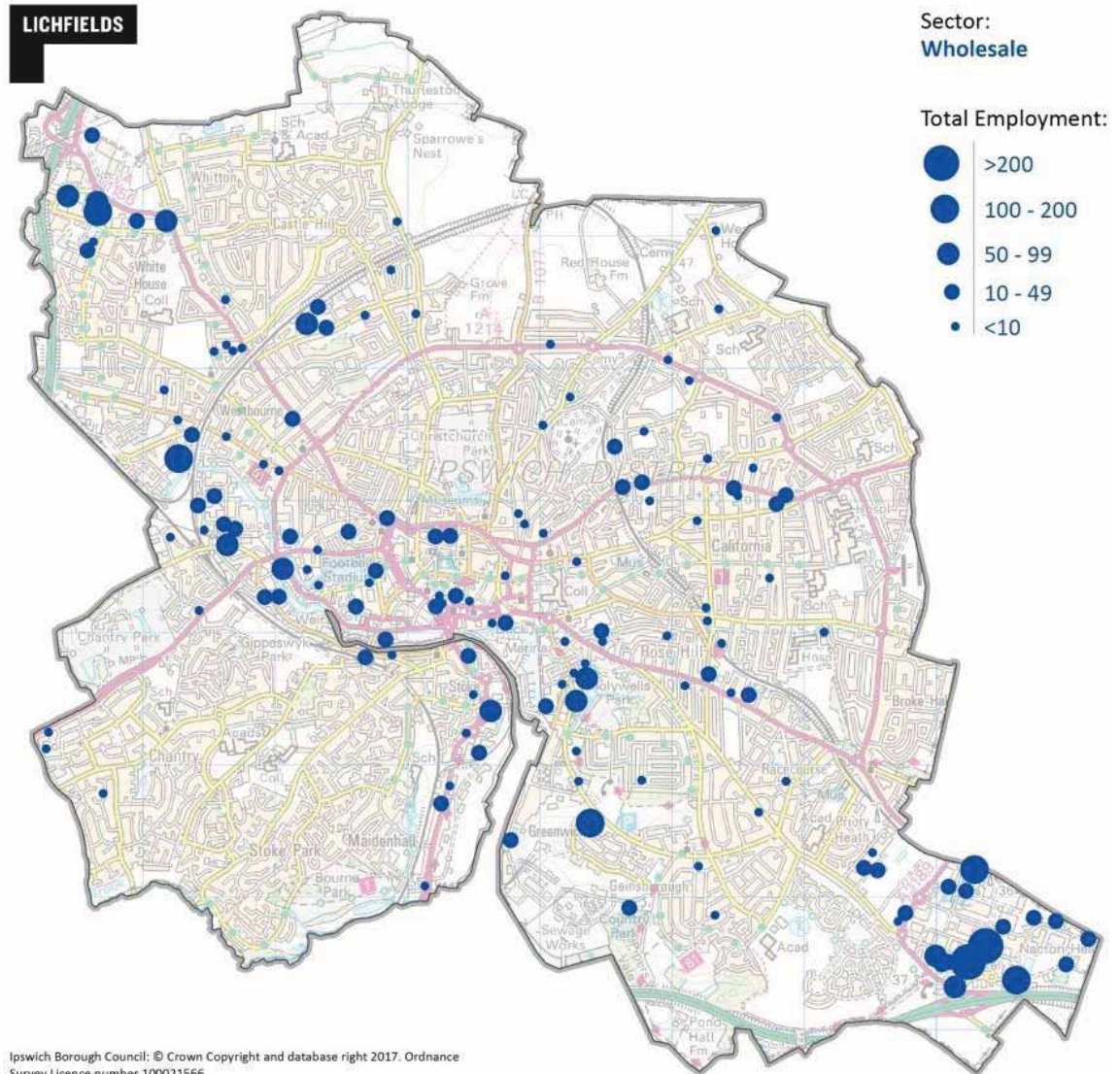
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

15.7

Wholesale activity in Ipswich is focused in and around the Ransomes Europark in the south east corner of the Borough (Figure 15.2). There are several employers located in and around the estate that employ over 200 people. Other employment clusters can be found along either side of the River Orwell as it winds through the Borough, in the Whitehouse Industrial Estate in the north-west, and at Hadleigh Road Industrial Estate in the west.

Figure 15.2 Spatial Distribution of Wholesale Employment, Ipswich



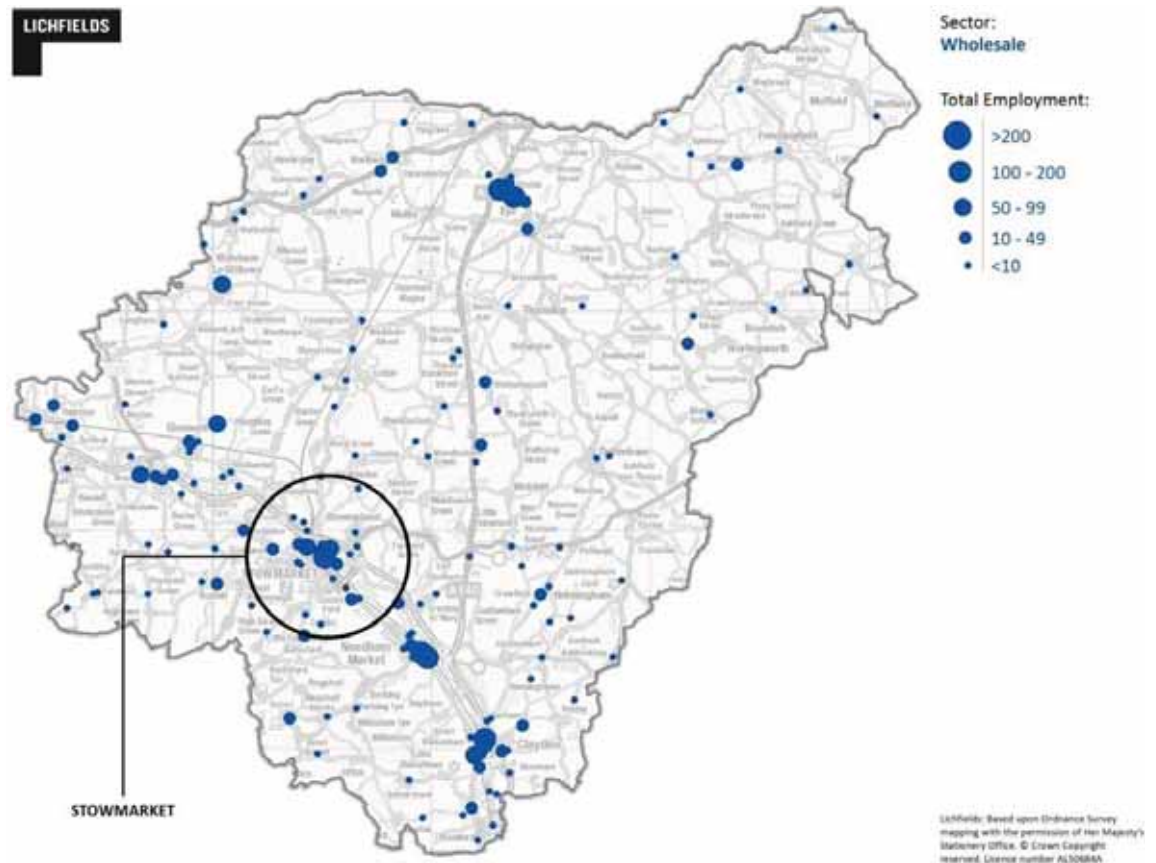
Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.

15.8

Mid Suffolk wholesale employment is focused in the settlements that border the A14 (Figure 15.3). The three notable clusters along the corridor are in Stowmarket, Needham Market and Claydon. There is a smaller cluster located in the north of the district where a number of employers are located on the former WWII airfield near to Eye. There are also a number of businesses dispersed throughout the District in rural areas.

Figure 15.3 Spatial Distribution of Wholesale Employment, Mid Suffolk



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

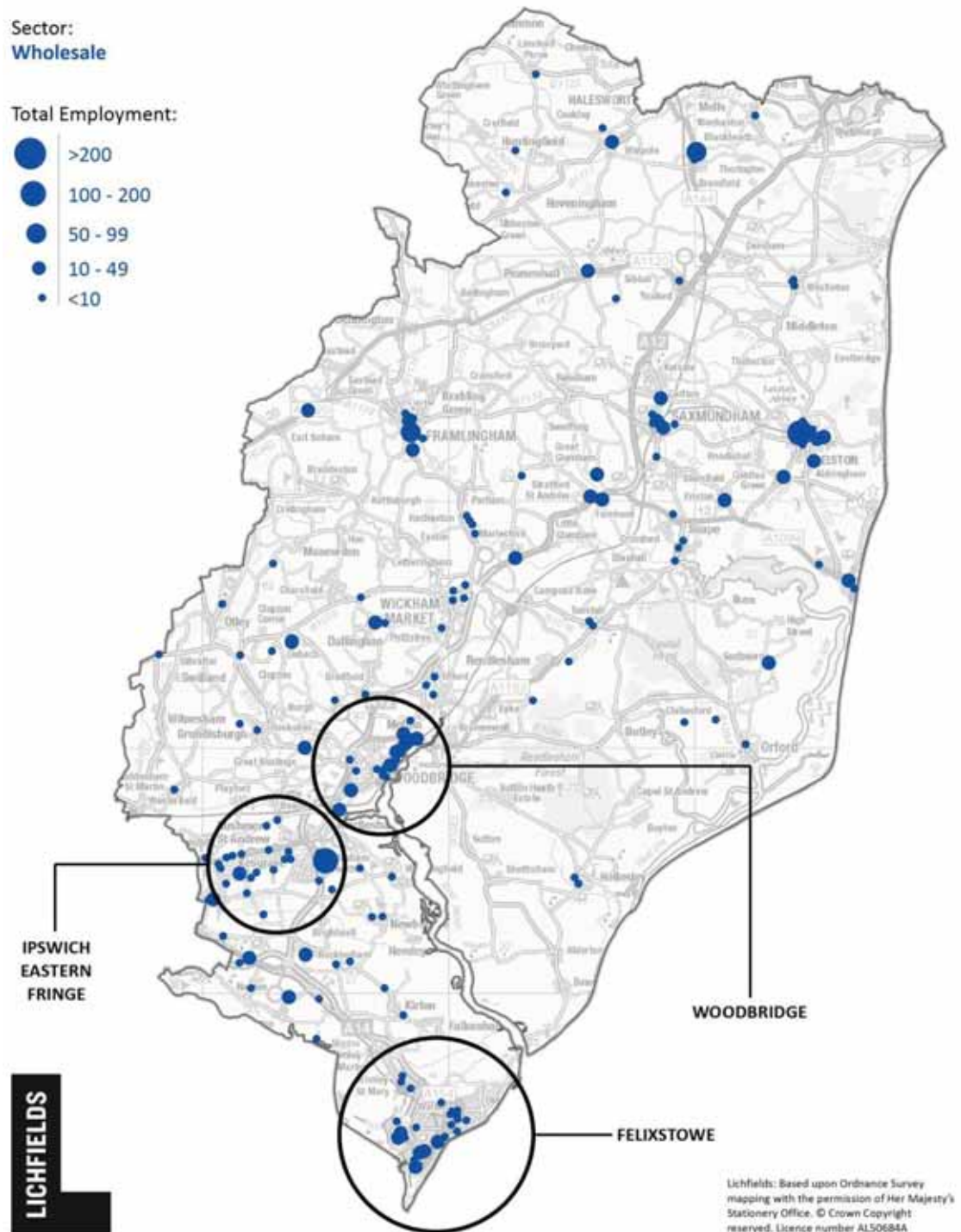
Note: dots represent individual postcodes and can represent more than one business.



15.9

Suffolk Coastal's main pockets of wholesale employment are located in Woodbridge, Leiston and Felixstowe (Figure 15.4). Notably, employment in Woodbridge is based along the Deben riverside. There are also some employers scattered along the urban corridor which connects Woodbridge with Ipswich town.

Figure 15.4 Spatial Distribution of Wholesale Employment, Suffolk Coastal



Source: Inter-Departmental Business Register (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one business.



## Historic Trends

15.10 Table 15.2 draws on 2016 EEFM data to summarise recent changes in wholesale related employment across the IEA local authorities and New Anglia LEP area.

15.11 From 2001 to 2014 the wholesale sector decreased in size across in all IEA local authorities and New Anglia LEP area. The IEA local authorities all decreased at higher rates (Babergh -1.5%, Ipswich -2.7%, Mid Suffolk -2.3% and Suffolk Coastal -2.3%) than the New Anglia LEP area (-1.4%), with Ipswich experiencing the largest absolute loss of the four authorities (-1,700 jobs). Babergh lost the lowest number of jobs out of the authorities (-600 jobs). Additional details are presented in Table 15.2.

Table 15.2 Past Wholesale Employment

| Location              | Total Employment Change<br>2001-2014 | Percentage Employment Change p.a.<br>2001-2014 |
|-----------------------|--------------------------------------|------------------------------------------------|
| Babergh               | -570                                 | -1.5%                                          |
| Ipswich               | -1,700                               | -2.7%                                          |
| Mid Suffolk           | -1,120                               | -2.3%                                          |
| Suffolk Coastal       | -840                                 | -2.3%                                          |
| Ipswich Economic Area | -4,220                               | -2.3%                                          |
| New Anglia LEP        | -8,730                               | -1.4%                                          |

Source: East of England Forecasting Model (2016)

Note: figures rounded

## Business Floorspace

15.12 Overall, industrial floorspace (normally associated with wholesale) supply in the IEA decreased by -38,000sq.m between 2000/01 and 2015/16. Floorspace increased in Mid Suffolk and Suffolk Coastal (+92,000sq.m and +29,000sq.m respectively). However, the loss of floorspace in Ipswich (-142,000sq.m) alone cancels out the gain in those districts. Babergh also contributed to the decrease in floorspace (-17,000sq.m), but not on the same scale as Ipswich. Table 15.3 presents a summary of industrial floorspace change.

15.13 The decrease in wholesale employment across all local authorities between 2001 and 2014 matches the losses of floorspace in Babergh and Ipswich. Mid Suffolk and Suffolk Coastal differ to this trend as floorspace increased versus decreases in wholesale employment. This suggests that the new industrial floorspace is not being occupied by wholesale businesses and is instead taken up by manufacturing and/or transport and logistics employers.

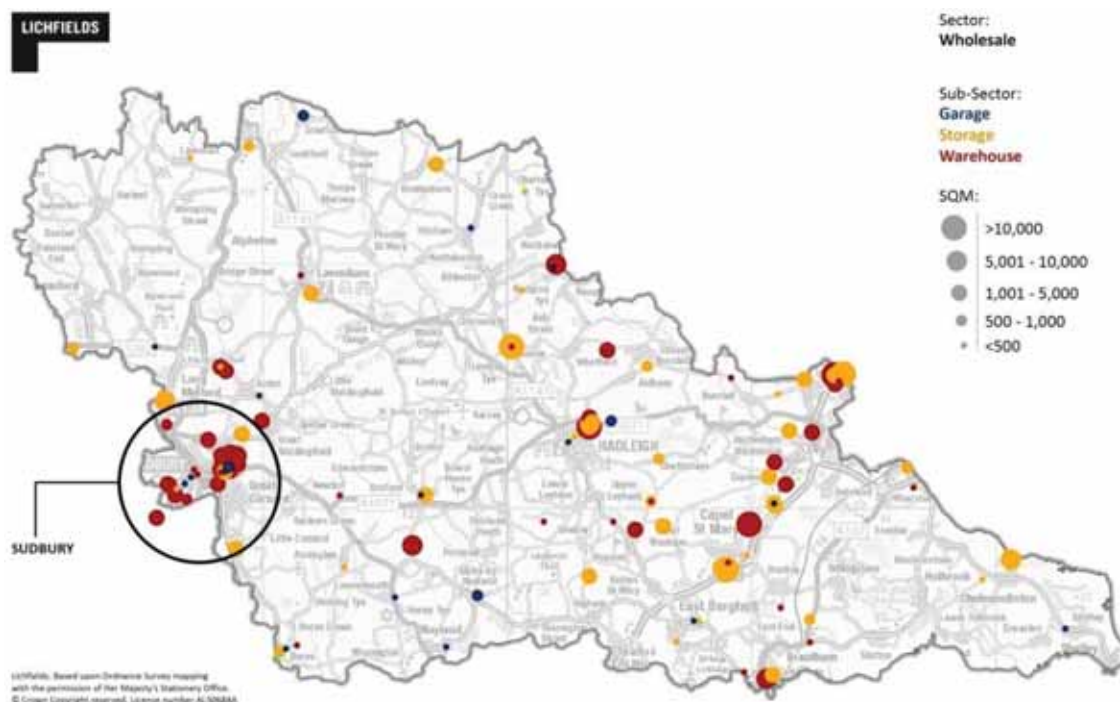
Table 15.3 Industrial Floorspace

| Location              | Total Stock 2015/16<br>(sq.m) | Absolute Change<br>2000/01-2015/16 (sq.m) | % Change 2000/01-<br>2015/16 |
|-----------------------|-------------------------------|-------------------------------------------|------------------------------|
| Babergh               | 612,000                       | -17,000                                   | -2.7%                        |
| Ipswich               | 643,000                       | -142,000                                  | -18.1%                       |
| Mid Suffolk           | 829,000                       | +92,000                                   | +12.5%                       |
| Suffolk Coastal       | 626,000                       | +29,000                                   | +4.9%                        |
| Ipswich Economic Area | 2,710,000                     | -38,000                                   | -1.4%                        |

Source: VOA, Business Floorspace (2016)

- 15.14 Using the latest ratings data from the VOA, it is possible to analyse the spatial distribution of wholesale related floorspace across the IEA, using the VOA category codes of 'garage', 'storage' and 'warehouse' as a proxy. The outputs from this mapping analysis are shown in Figures 15.5 to 15.8.
- 15.15 It should be noted that availability of detailed floorspace data from the VOA for individual business premises varies across sectors and locations and floorspace records can change for a number of reasons, including but not restricted to: demolished properties; new entities; reconstitution and alterations. The resulting data analysis and presentation should therefore be treated with a degree of caution.
- 15.16 Within Babergh, wholesale floorspace is concentrated on the Chilton Industrial Estate, specifically the Northern Road area and western half of Sudbury (Figure 15.5). The space consists primarily of warehousing units with a few small storage and garage units. There are a number of premises along the A12 from Capel St Mary up to the urban fringe of Ipswich. The premises are mainly storage and warehousing, ranging up to over 10,000sq.m.

Figure 15.5 Spatial Distribution of Garage, Storage and Warehouse Floorspace, Babergh



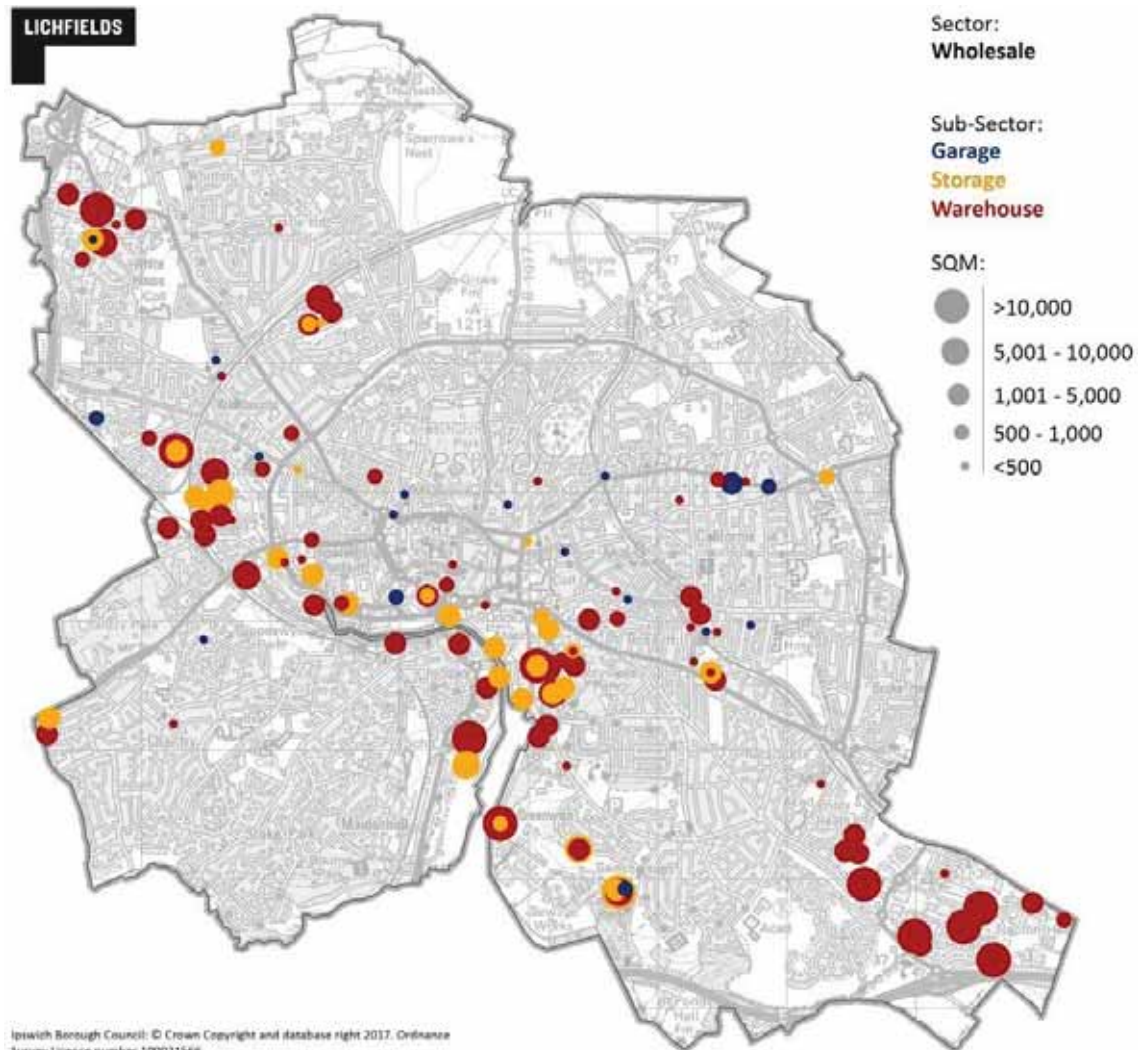
Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one premises.

15.17

Wholesale premises in Ipswich tend to be concentrated along the Orwell River from the docks up to Hadleigh Road Industrial Estate (Figure 15.6). Premises are generally either warehouses or storage and tend to extend to over 10,000sq.m in size. Many of the premises are likely to house businesses that support the Port of Ipswich. The other two main clusters are found at Ransomes Europark and Whitehouse Industrial Estate.

Figure 15.6 Spatial Distribution of Garage, Storage and Warehouse Floorspace, Ipswich



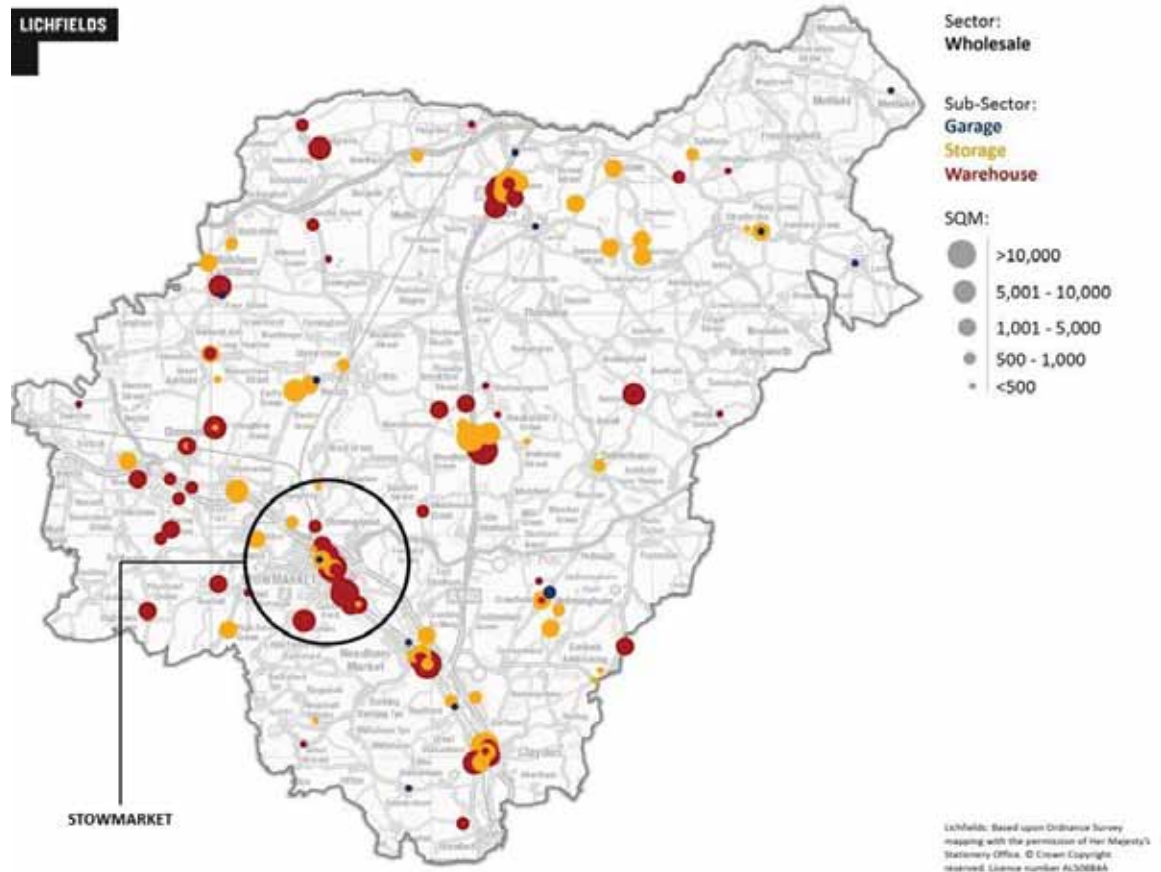
Source: VOA (2016) / Lichfields analysis

Note: dots represent individual postcodes and can represent more than one premises.

15.18

The largest clusters of wholesale space in Mid Suffolk are located along the A14 corridor and at the former WWII airfield in the north of the District (Figure 15.7). Of the A14 settlements, Stowmarket has the highest number of premises, with smaller numbers in Claydon and Needham Market. Stowmarket has a higher proportion of warehouses, while Claydon and Needham Market have more storage space.

Figure 15.7 Spatial Distribution of Garage, Storage and Warehouse Floorspace, Mid Suffolk



Source: VOA (2016) / Lichfields analysis

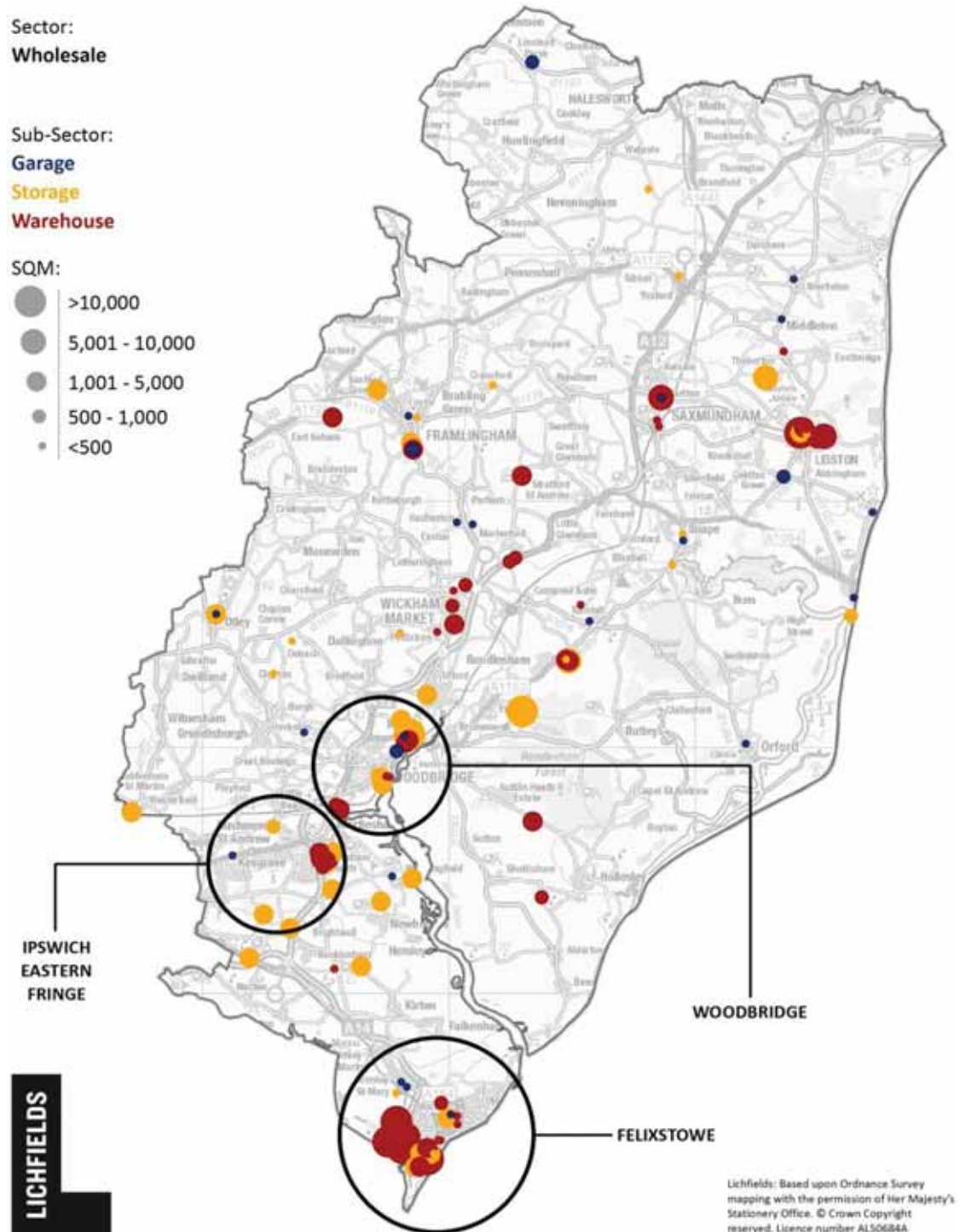
Note: dots represent individual postcodes and can represent more than one premises.



15.19

The largest concentration of wholesale premises in Suffolk Coastal is located near to the Port of Felixstowe (Figure 15.8). This mainly comprises warehousing space with some storage areas. Other premises are located along the A12 up to Woodbridge, with a mixture of warehouses and storage units. There are also several warehouses ranging from 5,001sq.m to 10,000sq.m in size located around Leiston.

Figure 15.8 Spatial Distribution of Garage, Storage and Warehouse Floorspace, Suffolk Coastal



Source: VOA (2016) / Lichfields analysis

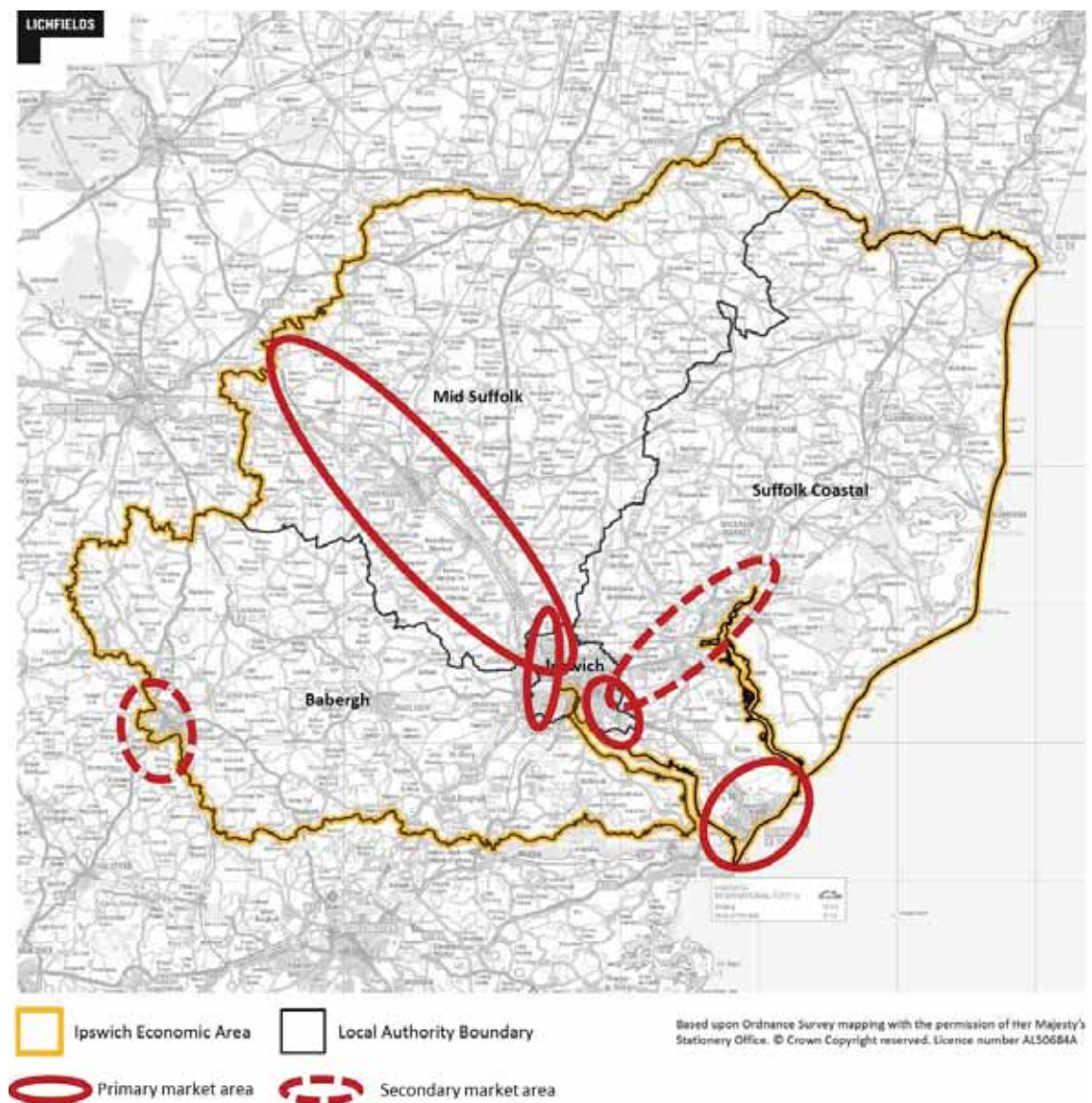
Note: dots represent individual postcodes and can represent more than one premises.



## Market Trends and Signals

- 15.20 An overview of recent market signals and trends within the wholesale sector across the IEA is provided in the preceding Chapter on the transport and logistics sector; the premises and locational requirements associated with wholesaling businesses is very similar to logistics, and generally comprises a variety of warehousing and storage space.
- 15.21 Figure 15.9 below provides an overview of those areas and locations across the IEA which attract the strongest levels of market demand for space among wholesale related sectors. This spatial pattern largely mirrors that summarised for transport and logistics in the preceding Chapter – i.e. extending along the A14 corridor from the Port of Felixstowe to Stowmarket, taking in the Ipswich urban area close to the A14, as well as the smaller centres of Great Blakenham and Claydon in the south of Mid Suffolk District – but also comprises some of the IEA’s smaller settlements away from the strategic road network such as Sudbury and Woodbridge, which remain popular with smaller scale wholesale firms serving a local market or customer base.

Figure 15.9 Key Property Market Areas and Demand - Wholesale



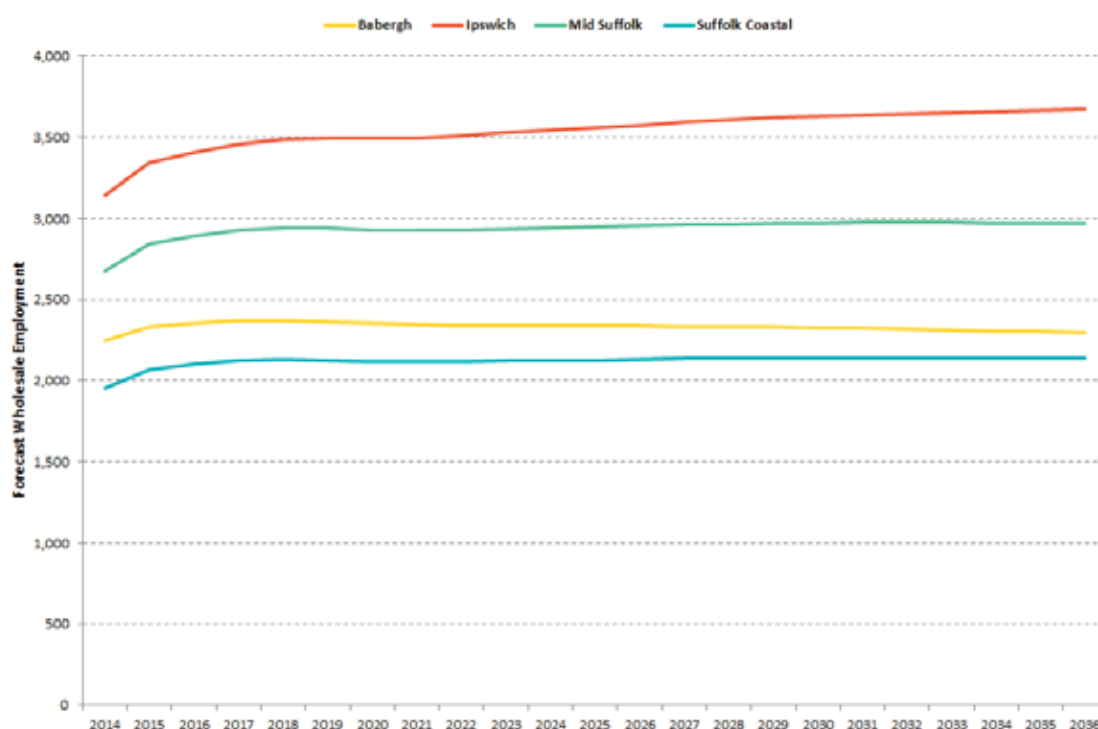
Source: Lichfields analysis

## Sector Growth Potential

15.22

Using the latest (2016) EEFM data, it is possible to identify the future employment growth potential of the wholesale sector across the four IEA local authority areas. Figure 15.10 and Table 15.4 summarise the outputs from this analysis covering the forecasting period 2014 to 2036.

Figure 15.10 Forecast Wholesale Employment, 2014-2036



Source: East of England Forecasting Model (2016) / Lichfields analysis

Table 15.4 Forecast Change in Wholesale Employment, 2014-2036

| Location        | Total Employment Change 2014 – 2036 | Total Percentage Employment Change 2014 - 2036 | Employment Change Per Annum |             |
|-----------------|-------------------------------------|------------------------------------------------|-----------------------------|-------------|
|                 |                                     |                                                | 2001 - 2014                 | 2014 - 2036 |
| Babergh         | +50                                 | +2.1%                                          | -1.5%                       | +0.1%       |
| Ipswich         | +530                                | +16.9%                                         | -2.7%                       | +0.8%       |
| Mid Suffolk     | +300                                | +11.0%                                         | -2.3%                       | +0.5%       |
| Suffolk Coastal | +180                                | +9.2%                                          | -2.3%                       | +0.4%       |
| IEA             | +1,050                              | +10.5%                                         | -2.3%                       | +0.5%       |
| New Anglia LEP  | +3,480                              | +9.0%                                          | -1.4%                       | +0.4%       |

Source: East of England Forecasting Model (2016)

Note: figures rounded

15.23

The wholesale sector is forecast to grow in the IEA local authorities and New Anglia LEP area from 2014 to 2036. The IEA local authorities are forecast to grow at annual rates of between +0.1% and +0.8%. A total of +1,050 jobs could be delivered over the time period, with the majority coming forward in the five years following 2019 as shown in Figure 15.10. The +1,050 jobs are equivalent to 30.3% of the 3,480 new jobs in the sector that are forecast to come forward in the New Anglia LEP area.

- 15.24 Total wholesale employment in Babergh is forecast to increase by 50 jobs from 2014 to 2036, equating to a +2.1% increase in the total sector workforce. This is a turnaround from the decline experienced in the sector before 2014, but is also the smallest contribution to future growth out of the IEA local authorities.
- 15.25 Ipswich is forecast to gain an additional 530 jobs in the sector between 2014 and 2036, equivalent to around half of jobs forecast to come forward in the IEA. These jobs are expected to come forward at a rate of +0.8% per annum, a 3.5% turnaround from the previous thirteen years.
- 15.26 From 2014 to 2036, an additional 300 wholesale jobs are forecast to be generated in Mid Suffolk at a rate equivalent to +0.5% of total sector employment per annum. Only Ipswich out of the IEA authorities is forecast to grow at a higher rate and Mid Suffolk is expected to grow a higher rate than the New Anglia LEP area.
- 15.27 Suffolk Coastal is forecast to gain an additional 180 jobs over the time period, a 9.2% increase in the district's total workforce in the sector. The district has the second lowest annual growth rate out of the IEA local authorities and is expected to grow at a slower rate than the New Anglia LEP area. Further details are provided in Table 15.4.
- 15.28 Chapter 3 provides a baseline assessment of the IEA's future land needs for B use class sectors of the economy based on the latest (2016) EEFM employment growth projections. For warehousing (B8) uses – assumed to represent the primary type of premises sought by firms operating in the wholesale sector – this baseline requirement varies from 11,590sq.m (Babergh) to 63,950sq.m (Ipswich) of warehousing and distribution floorspace between 2014 and 2036. The equivalent figures in land terms range from 2.9ha to 16.0ha over this period.

## Summary

- 15.29 The wholesale sector across the IEA is forecast to grow slowly from 2014-2036, a shift from the previous thirteen years when the sector shrunk in all local authorities. In Babergh, the industry is forecast to expand at a rate of +0.1% per annum, the slowest out of the four local authorities. The district's main cluster activity is in Sudbury where there are a number of large employers and premises. Some larger premises are located along the A12, but there is a lack of wholesale employers, suggesting these may be occupied by firms in the transport and logistics sector.
- 15.30 An additional +530 wholesale are forecast to come forward in Ipswich between 2014 and 2036, the highest number out of the local authorities. The main cluster of wholesale employers is on Ransomes Europark with other employers scattered throughout the borough. Premises differ in that there are large concentrations on Ransomes Europark, along the River Orwell and in the north western corner of the town. A high number are likely occupied by non-wholesale employers such as transport and logistics firms associated with the Port of Ipswich.
- 15.31 Wholesale employment in Mid Suffolk is forecast to increase at a rate of +0.5% per annum from 2014-2036. Employers are focused in A14 corridor settlements and at the disused airfield near Eye. Premises are also clustered in these locations, but there are also a number located in more rural parts of the district where there are limited numbers of wholesale employers, suggesting the premises are used for different purposes.
- 15.32 An additional +180 wholesale jobs are forecast to come forward in Suffolk Coastal between 2014 and 2036. The largest clusters of wholesale employers in Suffolk Coastal are located in Felixstowe, Woodbridge and Leiston. The locations of premises correlate with this trend. Some of the premises are likely occupied by transport and logistics uses, especially around the Port of Felixstowe.

- 15.33 Wholesale activity and employment is fairly well dispersed across the IEA and data analysis presented within this Chapter underlines the important role played by a number of centres – both small and large – in accommodating this activity. The projected trajectory of employment growth across the study area to 2036 underlines the significant opportunities that exist across the IEA to grow and diversify the sector, subject to sufficient land being provided in those areas of strongest market demand. The spatial pattern of demand largely mirrors the transport and logistics sector – i.e. with a key emphasis upon the A14 corridor extending from the Port of Felixstowe to Stowmarket – but also comprises some of the IEA’s smaller settlements away from the strategic road network such as Sudbury and Woodbridge, which remain popular with smaller scale wholesale firms serving a local market or customer base. If the various growth opportunities described in Chapter 14.0 (such as the growth of port-based logistics activities in and around the Port of Felixstowe) relating to transport and logistics can be realised, this will have a direct impact upon demand for warehousing (B8) related space right across the IEA.

## 16.0 Overall Conclusions

- 16.1 This section draws together the range of quantitative and qualitative analysis presented in the previous chapters to consider the key drivers of change for different sectors of the IEA's economy.

### Methodology

- 16.2 The purpose of the SNA is to provide the IEA Councils with a 'business as usual' assessment of the current and future position of all sectors of the economy. This assessment involves a high level analysis of the relative scale, location and future growth potential (in employment terms) of each sector across the IEA, focusing on the type and location of potential requirements across different sectors.
- 16.3 Forecasts of employment growth for each sector have been sourced from the latest EEFM release (2016) and this quantitative information has been supplemented with more qualitative intelligence on specific sector growth opportunities and drivers which in some cases indicate the potential for higher levels of economic growth across the IEA. Consultation has been undertaken with a range of stakeholders including commercial agents, industry representatives and business organisations. This included a stakeholder workshop which was held in Ipswich on 29 November 2016 as well as a series of one-to-one discussions. Existing information and data sources relevant to each sector are also integrated within the analysis.

### Spatial Context

- 16.4 Between 2001 and 2016, the population of the IEA grew by nearly 12%. Nearly one third of the population growth (some 30% of the IEA total) occurred within Ipswich. Over this period, employment in the IEA saw steady growth of 7.9%. This growth was unevenly distributed across the four IEA authorities, with Suffolk Coastal seeing employment growth of 13.4%, while Mid Suffolk saw much more modest growth of 1.6%. All four authorities have shown strongest growth from 2013 onwards.
- 16.5 Of the four IEA authorities, Ipswich records the highest GVA per capita, while Suffolk Coastal has the highest levels of labour productivity. Average productivity measures for the IEA are largely comparable with Greater Norwich and the New Anglia LEP area.

### Updated Employment Space Requirements

- 16.6 An updated 'baseline' scenario of labour demand has been prepared using the latest forecasts of job growth contained within the 2016 release of the EEFM. This implies an increase in the total number of jobs in the IEA equivalent to 37,070 over the 22 years to 2036, driven by job growth in Ipswich and followed by Suffolk Coastal, Mid Suffolk and Babergh. 8,140 of these jobs are expected to fall within B use class sectors, again with Ipswich anticipated to drive this growth. Across all authorities, office based jobs are expected to record the most significant growth, and to a much lesser extent, distribution based jobs. Manufacturing based jobs are forecast to decline across each authority area over the period to 2036.
- 16.7 In terms of total employment change at the IEA level, the 2016 EEFM release implies a broadly similar trajectory of growth to the earlier 2014 EEFM release which was applied as part of the 2016 ELNA study. However, a notable shift is evident in terms of growth assumptions for those sectors typically utilising B use class space. The 2016 EEFM forecasts expect non B use class sectors to drive the majority of employment growth across the IEA over the period between 2014 and 2036, most notably transport (part B class sector), recreation, hospitality and retail.



16.8 The implied difference in employment growth across the two sets of EEFM forecasts is much more varied at the individual local authority level. The latest 2016 EEFM data provides a much less positive view of employment growth potential for Babergh and Suffolk Coastal when compared with the 2014 release, but imply a much higher scale of total employment growth within Ipswich. The picture in Mid Suffolk is different still, with the 2016 EEFM projections providing a more optimistic view of overall employment growth potential, but assuming that B use class sectors play a less significant role in this overall growth than the 2014 data.

16.9 When translated into spatial requirements, the latest 2016 EEFM baseline forecasts imply a lower overall scale of employment land requirements across the IEA when compared with 2014 EEFM data. This position is echoed across each individual local authority area with the exception of Ipswich where there is a projected increase in requirements.

16.10 Employment floorspace requirements are summarised by area in Table 16.1.

Table 16.1 EEFM Baseline Employment Space Requirements 2014 - 2036

| Use Class                                        | Ipswich Economic Area (sq.m) |                |               |                 |                |
|--------------------------------------------------|------------------------------|----------------|---------------|-----------------|----------------|
|                                                  | Babergh                      | Ipswich        | Mid Suffolk   | Suffolk Coastal | Total IEA      |
| B1a – General Office                             | 15,050                       | 30,600         | 13,430        | 19,330          | 78,410         |
| B1a – Serviced Business Centre and Business Park | 1,490                        | 4,700          | 1,870         | 2,590           | 10,650         |
| B1a – Call centres                               | 800                          | 1,750          | 1,040         | 1,140           | 4,730          |
| B1b – Science Park and Small Business Units      | 23,320                       | 46,640         | 29,800        | 30,190          | 129,950        |
| B1b – High tech R&D                              | 2,210                        | 2,670          | 1,880         | 2,580           | 9,340          |
| <b>Offices (B1a/B1b)</b>                         | <b>42,870</b>                | <b>86,360</b>  | <b>48,020</b> | <b>55,830</b>   | <b>233,080</b> |
| B1c / B2 – Industry                              | -32,330                      | -2,730         | -30,010       | -15,980         | -81,050        |
| B8 – Distribution (General, Smaller Scale)       | 11,590                       | 49,780         | 20,840        | 24,380          | 106,590        |
| B8 – Distribution (Larger Scale, Lower Density)  | 0                            | 14,170         | 10,170        | 6,940           | 31,280         |
| <b>Industrial (B1c/B2/B8)</b>                    | <b>-20,740</b>               | <b>61,220</b>  | <b>1,000</b>  | <b>15,340</b>   | <b>56,820</b>  |
| <b>Total</b>                                     | <b>22,130</b>                | <b>147,580</b> | <b>49,020</b> | <b>71,170</b>   | <b>289,900</b> |

Source: EEFM (2016) / Lichfields analysis

Note: Totals rounded

16.11 Associated land requirements are set out in Table 16.2 by area.

Table 16.2 EEFM Baseline Land Requirements 2014 - 2036

| Use Class              | Ipswich Economic Area (ha) |             |             |                 |             |
|------------------------|----------------------------|-------------|-------------|-----------------|-------------|
|                        | Babergh                    | Ipswich     | Mid Suffolk | Suffolk Coastal | Total IEA   |
| Offices (B1a/B1b)      | 8.1                        | 13.0        | 9.1         | 10.6            | 40.8        |
| Industrial (B1c/B2/B8) | -5.2                       | 15.3        | 0.3         | 3.8             | 14.2        |
| <b>All B Uses</b>      | <b>2.9</b>                 | <b>28.3</b> | <b>9.4</b>  | <b>14.4</b>     | <b>55.0</b> |

Source: EEFM (2016) / Lichfields analysis

Note: Totals rounded

16.12 Whilst these projections provide a useful indication of how the IEA's economy could change over the coming years, it is worth noting that there are inherent limitations associated with forecasts of this nature; they provide a 'business as usual' view of growth potential largely based on past economic performance and trends and do not take account of planned developments or policies which could influence the future direction of economic growth.

- 16.13 The IEA is home to a number of economic assets and USPs (such as the Port of Felixstowe and BT Campus at Adastral Park) some of which have ambitious growth plans and proposals which in many cases will place an additional requirement and demand upon business space and land to accommodate future growth. For this reason, the quantitative forecasts have been triangulated with a range of other sources of data and intelligence to arrive at an overall view of sector growth prospects across the study area. The EEFM employment projections should be considered as an important starting point when considering the economic growth potential of the IEA, rather than a definitive guide or prescriptive requirement.
- 16.14 This Sector Needs Assessment focuses upon demand side drivers and factors to consider the economic growth potential of the IEA over the coming years. It should be noted that the ability of each local authority area, and the IEA as a whole, to accommodate identified needs will be determined by a range of supply side factors, and these are considered in further detail within the IEA Employment Land Supply Assessments (ELSAs).

## Sector Summary

- 16.15 Tables 16.3 to 16.7 below provide a summary of the analysis for each of the 12 main sector groupings analysed in this report. For each individual local authority area and the IEA as a whole, the tables set out the total projected job growth between 2014 and 2036, the main locations that businesses operating within these sectors seek to locate in, and the type of premises that growth in each sector is likely to require going forward. A short summary commentary is then provided for each sector, highlighting the key growth opportunities and challenges.

Table 16.3 Sector Summary Table - Babergh

| Sector                             | Forecast Employment Change 2014-2036 | Location Focus and Key Areas of Demand                                                                         | Land Use Implications                                                                                                                                                                      |
|------------------------------------|--------------------------------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agriculture                        | -500<br>(-36.8%)                     | <ul style="list-style-type: none"> <li>Rural locations in Babergh, Mid Suffolk and Suffolk Coastal.</li> </ul> | <ul style="list-style-type: none"> <li>High specification office space for agri-tech businesses.</li> </ul>                                                                                |
| Business and Professional Services | +2,430<br>(+34.2%)                   | <ul style="list-style-type: none"> <li>Localised demand in Babergh District</li> </ul>                         | <ul style="list-style-type: none"> <li>Med-high specification office space.</li> </ul>                                                                                                     |
| Computing and Technology           | +90<br>(+13.6%)                      | <ul style="list-style-type: none"> <li>Localised demand in Babergh District</li> </ul>                         | <ul style="list-style-type: none"> <li>High specification office space.</li> </ul>                                                                                                         |
| Construction                       | +1,410<br>(+45.9%)                   | <ul style="list-style-type: none"> <li>Sudbury.</li> </ul>                                                     | <ul style="list-style-type: none"> <li>Large office premises.</li> </ul>                                                                                                                   |
| Education                          | -420<br>(-12.0%)                     | <ul style="list-style-type: none"> <li>Throughout the IEA, clustered in main centres.</li> </ul>               | <ul style="list-style-type: none"> <li>New educational facilities.</li> </ul>                                                                                                              |
| Energy, Waste and Utilities        | +20<br>(+8.7%)                       | <ul style="list-style-type: none"> <li>n/a</li> </ul>                                                          | <ul style="list-style-type: none"> <li>n/a</li> </ul>                                                                                                                                      |
| Health and Care                    | +900<br>(+23.0%)                     | <ul style="list-style-type: none"> <li>Throughout the IEA, clustered in main centres.</li> </ul>               | <ul style="list-style-type: none"> <li>New health and care facilities.</li> </ul>                                                                                                          |
| Hospitality and Leisure            | +900<br>(+25.3%)                     | <ul style="list-style-type: none"> <li>Throughout the IEA, clustered in main centres.</li> </ul>               | <ul style="list-style-type: none"> <li>New hospitality and leisure premises.</li> </ul>                                                                                                    |
| Manufacturing                      | -1,600<br>(-27.4%)                   | <ul style="list-style-type: none"> <li>Localised demand in Babergh District.</li> </ul>                        | <ul style="list-style-type: none"> <li>Mid-size manufacturing premises (10,000 – 15,000 sq.ft).</li> <li>Small, town centre premises.</li> <li>Advanced manufacturing premises.</li> </ul> |
| Retail                             | +160<br>(+3.5%)                      | <ul style="list-style-type: none"> <li>Sudbury.</li> </ul>                                                     | <ul style="list-style-type: none"> <li>High quality retail space</li> </ul>                                                                                                                |
| Transport and Logistics            | -4<br>(-0.3%)                        | <ul style="list-style-type: none"> <li>Localised demand in Babergh District</li> </ul>                         | <ul style="list-style-type: none"> <li>Small to medium scale distribution centres</li> </ul>                                                                                               |
| Wholesale and Distribution         | +50<br>(+2.1%)                       | <ul style="list-style-type: none"> <li>Sudbury.</li> </ul>                                                     | <ul style="list-style-type: none"> <li>Warehousing and storage space.</li> </ul>                                                                                                           |

Source: Lichfields analysis / 2016 EEFM

Table 16.4 Sector Summary Table - Ipswich

| Sector                             | Forecast Employment Change 2014-2036 | Location Focus and Key Areas of Demand                                                                                                            | Land Use Implications                                                                                                                                                                      |
|------------------------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agriculture                        | -10<br>(-26.5%)                      | <ul style="list-style-type: none"> <li>n/a</li> </ul>                                                                                             | <ul style="list-style-type: none"> <li>n/a</li> </ul>                                                                                                                                      |
| Business and Professional Services | +4,660<br>(+25.1%)                   | <ul style="list-style-type: none"> <li>Ipswich town centre.</li> <li>Out of town business parks in eastern areas of Ipswich</li> </ul>            | <ul style="list-style-type: none"> <li>High specification office space.</li> </ul>                                                                                                         |
| Computing and Technology           | +440<br>(+30.6%)                     | <ul style="list-style-type: none"> <li>Ipswich town centre.</li> </ul>                                                                            | <ul style="list-style-type: none"> <li>High specification office space.</li> </ul>                                                                                                         |
| Construction                       | +2,230<br>(+67.0%)                   | <ul style="list-style-type: none"> <li>Ipswich town centre.</li> <li>A14 corridor.</li> </ul>                                                     | <ul style="list-style-type: none"> <li>Large office premises.</li> </ul>                                                                                                                   |
| Education                          | +2,110<br>(+33.4%)                   | <ul style="list-style-type: none"> <li>Ipswich town centre (higher education).</li> <li>Throughout the IEA, clustered in main centres.</li> </ul> | <ul style="list-style-type: none"> <li>New educational facilities.</li> </ul>                                                                                                              |
| Energy, Waste and Utilities        | -60<br>(-5.3%)                       | <ul style="list-style-type: none"> <li>Ipswich town centre.</li> </ul>                                                                            | <ul style="list-style-type: none"> <li>High specification office space.</li> </ul>                                                                                                         |
| Health and Care                    | +3,500<br>(+28.5%)                   | <ul style="list-style-type: none"> <li>Throughout the IEA, clustered in main centres.</li> </ul>                                                  | <ul style="list-style-type: none"> <li>New health and care facilities.</li> </ul>                                                                                                          |
| Hospitality and Leisure            | +2,800<br>(+43.4%)                   | <ul style="list-style-type: none"> <li>Throughout the IEA, clustered in main centres.</li> </ul>                                                  | <ul style="list-style-type: none"> <li>New hospitality and leisure premises.</li> </ul>                                                                                                    |
| Manufacturing                      | -740<br>(-27.2%)                     | <ul style="list-style-type: none"> <li>Western side of Ipswich.</li> <li>Ransomes Europark.</li> </ul>                                            | <ul style="list-style-type: none"> <li>Mid-size manufacturing premises (10,000 – 15,000 sq.ft).</li> <li>Small, town centre premises.</li> <li>Advanced manufacturing premises.</li> </ul> |
| Retail                             | +1,630<br>(+21.8%)                   | <ul style="list-style-type: none"> <li>Ipswich town centre and out-of-town retail parks.</li> </ul>                                               | <ul style="list-style-type: none"> <li>High quality retail space (town centre and out of town)</li> </ul>                                                                                  |
| Transport and Logistics            | +420<br>(+8.0%)                      | <ul style="list-style-type: none"> <li>A14 corridor (Mid Suffolk to Felixstowe).</li> </ul>                                                       | <ul style="list-style-type: none"> <li>Expansion at Port of Felixstowe.</li> <li>Distribution centres along corridor.</li> </ul>                                                           |
| Wholesale and Distribution         | +530<br>(+16.9%)                     | <ul style="list-style-type: none"> <li>Western side of Ipswich.</li> <li>Ransomes Europark.</li> </ul>                                            | <ul style="list-style-type: none"> <li>Warehousing and storage space.</li> </ul>                                                                                                           |

Source: Lichfields analysis / 2016 EEFM

Table 16.5 Sector Summary Table – Mid Suffolk

| Sector                             | Forecast Employment Change 2014-2036 | Location Focus and Key Areas of Demand                                                                              | Land Use Implications                                                                                                                                                                      |
|------------------------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agriculture                        | -980<br>(-38.9%)                     | <ul style="list-style-type: none"> <li>Rural locations in Babergh, Mid Suffolk and Suffolk Coastal.</li> </ul>      | <ul style="list-style-type: none"> <li>High specification office space for agri-tech businesses.</li> </ul>                                                                                |
| Business and Professional Services | +2,460<br>(+37.1%)                   | <ul style="list-style-type: none"> <li>Localised demand in Mid Suffolk District.</li> </ul>                         | <ul style="list-style-type: none"> <li>Med-high specification office space.</li> </ul>                                                                                                     |
| Computing and Technology           | +160<br>(+31.4%)                     | <ul style="list-style-type: none"> <li>Localised demand in Mid Suffolk District.</li> </ul>                         | <ul style="list-style-type: none"> <li>High specification office space.</li> </ul>                                                                                                         |
| Construction                       | +3,130<br>(+54.9%)                   | <ul style="list-style-type: none"> <li>A14 corridor (Mid Suffolk).</li> </ul>                                       | <ul style="list-style-type: none"> <li>Large office premises.</li> </ul>                                                                                                                   |
| Education                          | -10<br>(-0.4%)                       | <ul style="list-style-type: none"> <li>Throughout the IEA, clustered in main centres.</li> </ul>                    | <ul style="list-style-type: none"> <li>New educational facilities.</li> </ul>                                                                                                              |
| Energy, Waste and Utilities        | +20<br>(+4.4%)                       | <ul style="list-style-type: none"> <li>n/a</li> </ul>                                                               | <ul style="list-style-type: none"> <li>n/a</li> </ul>                                                                                                                                      |
| Health and Care                    | +1,200<br>(+24.4%)                   | <ul style="list-style-type: none"> <li>Throughout the IEA, clustered in main centres.</li> </ul>                    | <ul style="list-style-type: none"> <li>New health and care facilities.</li> </ul>                                                                                                          |
| Hospitality and Leisure            | +1,100<br>(+36.3%)                   | <ul style="list-style-type: none"> <li>Throughout the IEA, clustered in main centres.</li> </ul>                    | <ul style="list-style-type: none"> <li>New hospitality and leisure premises.</li> </ul>                                                                                                    |
| Manufacturing                      | -1,590<br>(-33.6%)                   | <ul style="list-style-type: none"> <li>A14 corridor (Mid Suffolk).</li> <li>A140 corridor (Mid Suffolk).</li> </ul> | <ul style="list-style-type: none"> <li>Mid-size manufacturing premises (10,000 – 15,000 sq.ft).</li> <li>Small, town centre premises.</li> <li>Advanced manufacturing premises.</li> </ul> |
| Retail                             | +330<br>(+13.8%)                     | <ul style="list-style-type: none"> <li>Stowmarket.</li> </ul>                                                       | <ul style="list-style-type: none"> <li>High quality retail space</li> </ul>                                                                                                                |
| Transport and Logistics            | +100<br>(+2.6%)                      | <ul style="list-style-type: none"> <li>A14 corridor (Mid Suffolk).</li> </ul>                                       | <ul style="list-style-type: none"> <li>Expansion at Port of Felixstowe.</li> <li>Distribution centres along corridor.</li> </ul>                                                           |
| Wholesale and Distribution         | +300<br>(+11.0%)                     | <ul style="list-style-type: none"> <li>A14 corridor (Mid Suffolk).</li> </ul>                                       | <ul style="list-style-type: none"> <li>Warehousing and storage space.</li> </ul>                                                                                                           |

Source: Lichfields analysis / 2016 EEFM



Table 16.6 Sector Summary Table – Suffolk Coastal

| Sector                             | Forecast Employment Change 2014-2036 | Location Focus and Key Areas of Demand                                                                                                                                                          | Land Use Implications                                                                                                                                                                      |
|------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agriculture                        | -840<br>(-37.1%)                     | <ul style="list-style-type: none"> <li>Rural locations in Babergh, Mid Suffolk and Suffolk Coastal.</li> <li>Ipswich Eastern Fringe (agri-tech businesses at Innovation Martlesham).</li> </ul> | <ul style="list-style-type: none"> <li>High specification office space for agri-tech businesses.</li> </ul>                                                                                |
| Business and Professional Services | +2,870<br>(+35.4%)                   | <ul style="list-style-type: none"> <li>Ipswich Eastern Fringe</li> <li>Otherwise localised demand in Suffolk Coastal District</li> </ul>                                                        | <ul style="list-style-type: none"> <li>High specification office space.</li> </ul>                                                                                                         |
| Computing and Technology           | -10<br>(-0.3%)                       | <ul style="list-style-type: none"> <li>Ipswich Eastern Fringe</li> <li>Otherwise localised demand in Suffolk Coastal District</li> </ul>                                                        | <ul style="list-style-type: none"> <li>High specification office space.</li> </ul>                                                                                                         |
| Construction                       | +660<br>(+19.7%)                     | <ul style="list-style-type: none"> <li>A12 corridor (Suffolk Coastal).</li> <li>Felixstowe.</li> </ul>                                                                                          | <ul style="list-style-type: none"> <li>Large office premises.</li> </ul>                                                                                                                   |
| Education                          | -180<br>(-3.8%)                      | <ul style="list-style-type: none"> <li>Throughout the IEA, clustered in main centres.</li> </ul>                                                                                                | <ul style="list-style-type: none"> <li>New educational facilities.</li> </ul>                                                                                                              |
| Energy, Waste and Utilities        | +2<br>(+0.2%)                        | <ul style="list-style-type: none"> <li>Sizewell C.</li> </ul>                                                                                                                                   | <ul style="list-style-type: none"> <li>Substations in Suffolk Coastal for offshore wind energy.</li> </ul>                                                                                 |
| Health and Care                    | +1,800<br>(+31.8%)                   | <ul style="list-style-type: none"> <li>Throughout the IEA, clustered in main centres.</li> </ul>                                                                                                | <ul style="list-style-type: none"> <li>New health and care facilities.</li> </ul>                                                                                                          |
| Hospitality and Leisure            | +2,600<br>(+37.4%)                   | <ul style="list-style-type: none"> <li>Throughout the IEA, clustered in main centres.</li> </ul>                                                                                                | <ul style="list-style-type: none"> <li>New hospitality and leisure premises.</li> </ul>                                                                                                    |
| Manufacturing                      | -890<br>(-28.0%)                     | <ul style="list-style-type: none"> <li>A12 corridor (Suffolk Coastal).</li> </ul>                                                                                                               | <ul style="list-style-type: none"> <li>Mid-size manufacturing premises (10,000 – 15,000 sq.ft).</li> <li>Small, town centre premises.</li> <li>Advanced manufacturing premises.</li> </ul> |
| Retail                             | +670<br>(+11.8%)                     | <ul style="list-style-type: none"> <li>Woodbridge.</li> <li>Saxmundham.</li> </ul>                                                                                                              | <ul style="list-style-type: none"> <li>High quality retail space</li> </ul>                                                                                                                |
| Transport and Logistics            | +440<br>(+4.3%)                      | <ul style="list-style-type: none"> <li>A12 corridor (Suffolk Coastal).</li> <li>Felixstowe.</li> </ul>                                                                                          | <ul style="list-style-type: none"> <li>Expansion at Port of Felixstowe.</li> <li>Distribution centres along A12 corridor.</li> </ul>                                                       |
| Wholesale and Distribution         | +180<br>(+9.2%)                      | <ul style="list-style-type: none"> <li>Felixstowe.</li> <li>A12 corridor (Suffolk Coastal).</li> </ul>                                                                                          | <ul style="list-style-type: none"> <li>Warehousing and storage space.</li> </ul>                                                                                                           |

Source: Lichfields analysis / 2016 EEFM



Table 16.7 Sector Summary Table - IEA

| Sector                             | Forecast<br>Employment Change<br>2014-2036 | Location Focus and Key Areas of Demand                                                                                                                                                          | Land Use Implications                                                                                                                                                                                                                            |
|------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agriculture                        | -2,330<br>(-37.7%)                         | <ul style="list-style-type: none"> <li>Rural locations in Babergh, Mid Suffolk and Suffolk Coastal.</li> <li>Ipswich Eastern Fringe (agri-tech businesses at Innovation Martlesham).</li> </ul> | <ul style="list-style-type: none"> <li>High specification office space for agri-tech businesses.</li> </ul>                                                                                                                                      |
| Business and Professional Services | +12,430<br>(+30.7%)                        | <ul style="list-style-type: none"> <li>Ipswich town centre.</li> <li>Ipswich Eastern Fringe.</li> </ul>                                                                                         | <ul style="list-style-type: none"> <li>High specification office space.</li> </ul>                                                                                                                                                               |
| Computing and Technology           | +680<br>(+12.2%)                           | <ul style="list-style-type: none"> <li>Ipswich town centre.</li> <li>Ipswich Eastern Fringe.</li> </ul>                                                                                         | <ul style="list-style-type: none"> <li>High specification office space.</li> </ul>                                                                                                                                                               |
| Construction                       | +7,430<br>(+48.1%)                         | <ul style="list-style-type: none"> <li>Ipswich town centre.</li> <li>A12 corridor (Suffolk Coastal).</li> <li>A14 corridor (Mid Suffolk).</li> <li>Sudbury.</li> <li>Felixstowe.</li> </ul>     | <ul style="list-style-type: none"> <li>Large office premises.</li> </ul>                                                                                                                                                                         |
| Education                          | +1,510<br>(+8.6%)                          | <ul style="list-style-type: none"> <li>Ipswich town centre (higher education).</li> <li>Throughout the IEA, clustered in main centres.</li> </ul>                                               | <ul style="list-style-type: none"> <li>New educational facilities.</li> </ul>                                                                                                                                                                    |
| Energy, Waste and Utilities        | -20<br>(-0.7%)                             | <ul style="list-style-type: none"> <li>Ipswich town centre.</li> <li>Sizewell C.</li> </ul>                                                                                                     | <ul style="list-style-type: none"> <li>High specification office space.</li> <li>New major energy, waste and utilities facilities, likely to be in rural locations.</li> <li>Substations in Suffolk Coastal for offshore wind energy.</li> </ul> |
| Health and Care                    | +7,410<br>(+27.6%)                         | <ul style="list-style-type: none"> <li>Throughout the IEA, clustered in main centres.</li> </ul>                                                                                                | <ul style="list-style-type: none"> <li>New health and care facilities.</li> </ul>                                                                                                                                                                |
| Hospitality and Leisure            | +7,470<br>(+36.9%)                         | <ul style="list-style-type: none"> <li>Throughout the IEA, clustered in main centres.</li> </ul>                                                                                                | <ul style="list-style-type: none"> <li>New hospitality and leisure premises.</li> </ul>                                                                                                                                                          |
| Manufacturing                      | -4,810<br>(-29.3%)                         | <ul style="list-style-type: none"> <li>A12 corridor (Suffolk Coastal).</li> <li>A14 corridor (Mid Suffolk).</li> <li>A140 corridor (Mid Suffolk).</li> <li>Western side of Ipswich.</li> </ul>  | <ul style="list-style-type: none"> <li>Mid-size manufacturing premises (10,000 – 15,000 sq.ft).</li> <li>Small, town centre premises.</li> <li>Advanced manufacturing premises.</li> </ul>                                                       |

| Sector                     | Forecast<br>Employment Change<br>2014-2036 | Location Focus and Key Areas of Demand                                                                                                                                                                                      | Land Use Implications                                                                                                                |
|----------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
|                            |                                            | <ul style="list-style-type: none"> <li>Ransomes Europark.</li> </ul>                                                                                                                                                        |                                                                                                                                      |
| Retail                     | +2,780<br>(+13.9%)                         | <ul style="list-style-type: none"> <li>Ipswich town centre and out-of-town retail parks.</li> <li>Woodbridge.</li> <li>Stowmarket.</li> <li>Sudbury.</li> <li>Saxmundham.</li> </ul>                                        | <ul style="list-style-type: none"> <li>High quality retail space in Ipswich town centre.</li> </ul>                                  |
| Transport and Logistics    | +960<br>(+4.7%)                            | <ul style="list-style-type: none"> <li>A12 corridor (Suffolk Coastal).</li> <li>A14 corridor (Mid Suffolk).</li> <li>Felixstowe.</li> </ul>                                                                                 | <ul style="list-style-type: none"> <li>Expansion at Port of Felixstowe.</li> <li>Distribution centres along A12 corridor.</li> </ul> |
| Wholesale and Distribution | +1,050<br>(+10.5%)                         | <ul style="list-style-type: none"> <li>A14 corridor (Mid Suffolk).</li> <li>Western side of Ipswich.</li> <li>Ransomes Europark.</li> <li>Felixstowe.</li> <li>A12 corridor (Suffolk Coastal).</li> <li>Sudbury.</li> </ul> | <ul style="list-style-type: none"> <li>Warehousing and storage space.</li> </ul>                                                     |

Source: Lichfields analysis / 2016 EEFM

## Agriculture

- 16.16 As shown in the above tables, in overall terms, the agriculture sector is forecast to see a decline in employment in the period to 2036. On this basis, and given that agricultural land is not 'planned for' in the same way as B class floorspace, it is not considered that there is any particular requirement to align planning policy to the agriculture sector.
- 16.17 East Suffolk and the east of England more generally is one of the most productive agricultural areas in the world and the agri-tech sector is identified by the New Anglia LEP as one of five high impact sectors which offer the opportunity for rapid growth.
- 16.18 The Ports of Felixstowe and Ipswich represent key assets of East Suffolk, with the former in particular offering potential to add value to agriculture related goods coming in and out of the Port. The area boasts a strong agricultural base to test new product development. Stakeholders also noted that Innovation Martlesham in Suffolk Coastal District accommodates a number of high tech businesses which are capable of handling large amounts of data, which is crucial in the use of remote sensing in agriculture.
- 16.19 The analysis suggests there is scope for local partners to more pro-actively support the clustering and networking of businesses and other actors involved in this sector, whilst ensuring that there are business premises of the right type and quality to accommodate this growth.
- 16.20 In overall terms, the analysis suggests that the IEA has some real strengths in agriculture related sectors and emerging USPs and competitive advantage within food and drink and agri-tech sub sectors in particular, and this provides a key area of opportunity for growth over the coming years. Whilst employment in agriculture has increased across the IEA over recent years, the latest EEFM forecasts imply a reversal of this trend going forward. As with other sectors, the IEA will need to adapt to the gradual replacement of more traditional agricultural related activity with higher value, higher tech activity which builds upon the area's existing strengths. This is likely to place an increasing emphasis upon provision of high quality business accommodation within those key areas of market demand across rural areas of Babergh, Mid Suffolk and Suffolk Coastal and within existing, specialist clusters such as Innovation Martlesham.

## Business and Professional Services

- 16.21 The business and professional services sector is well represented across the IEA and is expected to see strong growth in employment, with 12,430 jobs expected to be created between 2014 and 2036. Businesses within this sector generally occupy office premises. Ipswich is the biggest office market in the IEA. There are issues around the viability of new office development, meaning much of the office stock is secondary and of relatively poor quality. Martlesham Heath/Adastral Park is a key cluster of office and R&D activity.
- 16.22 Key opportunities in the business and professional services sector are considered to be in financial services and creative industries. Ipswich is noted as a leading centre in the UK finance and insurance services market. Key challenges to the continued growth of this sector include deficiencies in superfast broadband, poor road and rail access into and around the region and the potential lure of other competing locations to young people in particular. There is a nascent creative and cultural industry in the IEA, based around music, visual and performing arts, advertising and photography. There is growing potential in the gaming industry linked to the University of Suffolk in Ipswich and there is also a cluster of digital creative businesses located at Martlesham Heath/Adastral Park. Future growth in the businesses and services sector is expected to be driven by companies in the small and medium size bands.



- 16.23 Whilst growth projections implied by the latest (2016) EEFM are already relatively strong for the business and professional services sector across the IEA (in particular within the Borough of Ipswich), the area's existing sector strengths within financial services and creative industries have the potential to be exploited further through specific initiatives and wider business support, including by partners working together to overcome barriers to growth such as access to superfast broadband and recruitment/skills deficiencies in particular technical sub-sectors. Given the right conditions to grow, the IEA is well placed exceed forecasts levels of job growth anticipated for the business and professional services sector.
- 16.24 Maximising the potential for growth in the sector will also rely on exploiting the significant links between cultural, creative and digital businesses and other sectors of the economy. For example, the links between digital creative industries and the ICT sector are strong and the opportunity to build upon existing clusters of activity around Adastral Park should not be ignored.
- 16.25 In order to accommodate this growth, well connected locations on the fringes of the Ipswich urban area are considered to provide good opportunities for future office development. It is also considered that small scale development could be accommodated in the town centre. Other potential growth locations for this sector include the A12 and A14 corridors, Felixstowe and Sudbury. It will be important that sites across the IEA are allocated for employment development to provide offices to meet the needs of the business and professional services sector.
- 16.26 The nature of business and professional services means that the pattern of activity is inevitably dispersed widely across the IEA with many sub sectors and activities lending themselves to flexible and remote working practices (such as homeworking). Whilst there will always be key centres where larger firms seek to concentrate and benefit from existing networks, the focus of provision of accommodation for business and professional services activity going forward will also need to be placed upon good quality, modern space within a range of out of town and semi-rural locations that benefit from strong connectivity and also proximity to key settlements across the IEA. For some sectors, there will also be a reducing requirement for large scale, large floorplate premises and a preference for flexible premises that provide opportunities for 'agile' working practices and arrangements.

### Computing and Technology

- 16.27 The computing and technology sector is expected to see steady growth in employment, with 680 jobs expected to be created between 2014 and 2036. Businesses in this sector tend to be clustered in and around Ipswich and along a corridor to the north-east of Ipswich, taking in Martlesham Heath/Adastral Park and Woodbridge.
- 16.28 ICT is identified as one of the New Anglia LEP's high impact sectors. It is considered to play an important role in the Norfolk and Suffolk economies, encompassing a wide range of businesses and a diverse set of technological tools and resources. The ICT sector is worth £1.3bn to New Anglia, with over 1,400 companies employing 10,300 people and GVA of £131k per head pa.
- 16.29 Going forward, ICT is expected to be one of fastest growing sectors in the UK. The anticipated investment in broadband infrastructure across Suffolk will create new business opportunities and the LEP expect that there may also be new opportunities associated with the government backed Technology Innovation Centres (TICs). It is therefore possible that growth in the sector could exceed the EEFM forecast. Martlesham Heath/Adastral Park will be important for the continued growth of the computing and technology sector.
- 16.30 The significance of the IEA's existing economic assets within the ICT sector suggests that the scale of employment growth could be somewhat higher than implied by the latest (2016) EEFM

projections, which indicate relatively modest job growth across all local authorities except Suffolk Coastal where ICT employment is projected to decline. If BT's plans to expand Adastral Park can be realised over the coming years, this has the potential to deliver a scale of employment growth that greatly exceeds the 'baseline' EEFM projections, with the latest estimates suggesting that 2,000 new jobs could be created on site.

- 16.31 A key challenge that will need to be overcome in order to support the sector to grow is access to high speed (next generation access) broadband. This is especially important for the ICT sector, most notably for digital technology companies, but impacts on all businesses and their ability to carry out day-to-day operations. Access to a skilled workforce of sufficient scale and quality is also an area of concern and there is a perception that the quality of ICT teaching in UK schools is lacking, particularly when compared to overseas.
- 16.32 Whilst the overall trend across the IEA over recent years has been one of job decline within computing and technology, the analysis suggests that the inherent USPs of the area as a place to start and grow a computing and technology related business (not least the presence of Adastral Park) could be sufficient to encourage and sustain a much higher level of economic growth over the study period to 2036 than implied by the latest baseline EEFM forecasts. Notwithstanding the centre of excellence and cluster of activity accommodated at BT's global research and development HQ, any sector growth strategy going forward should consider how other parts of the IEA can benefit from Adastral Park's success and profile, and what type of infrastructure and business premises are needed to encourage computing and technology related growth within other complementary locations such as Ipswich town centre and Woodbridge. Provision of high quality superfast broadband will be key, as will availability of high specification office space and a supporting network of funding opportunities, skills provision and a talented workforce pipeline.

## Construction

- 16.33 The construction sector is expected to record strong growth in employment in the period 2014 to 2036. The EEFM suggests employment in the sector will increase by 7,430. Construction employment is currently spread fairly evenly across the IEA authorities – and growth is expected across all four authorities. Similarly to a number of other sectors, firms are clustered in Ipswich, along the A12 and A14 corridors and in Felixstowe and Sudbury.
- 16.34 Consultation feedback included that construction firms are now consolidating into a smaller number of large offices. Growth in the sector therefore could lead to an increase in demand for this type of premises. The development of Sizewell C would present a significant opportunity for the construction sector in the IEA, albeit it could also result in a 'drain' of construction workers from other development sites. As the sector is particularly susceptible to changes in labour supply, which could be affected by the UK's exit from the EU, this will be an important factor for the construction sector.
- 16.35 Labour market and skills issues represent a particular challenge for the construction sector in terms of being able to achieve its growth potential going forward. Specific priorities identified by the New Anglia LEP include better matching training provision to forecast need; enhancing the sector image to increase volume and diversity; and developing specific plans to address the forecast growth in labour demand.
- 16.36 At a macro level, the construction sector is expected to record significant levels of employment growth over the coming years and this position is echoed across the IEA. Compared to some other sectors, construction related activity tends to be fairly widely dispersed across the study area, and this pattern of activity will influence how space will need to be planned for to accommodate business growth going forward. The key transport corridors (A12, A14) represent

prime areas of market demand, while smaller District settlements also represent popular locations for more localised construction based firms and this should be reflected within forthcoming planning policies relating to employment land provision.

## Education

- 16.37 Up to 2036, employment in education is expected to increase by just over 1,500 across the IEA. Growth in this sector will be driven by growth in the wider population, which will drive demand for education services.
- 16.38 The provision of early years, primary and secondary education facilities are planned for separately to 'B class' employment uses, and this is typically based on the capacity of schools and demand for places. There are particular growth opportunities for the sector based on aligning key assets such as University of Suffolk and Innovation Martlesham (among others).
- 16.39 Growth in the IEA's education sector is expected to be driven by Ipswich, with the other local authorities experiencing small drops in employment. Growth in Ipswich will likely be driven by the expansion of the University of Suffolk and general increases in demand for school places, created by large scale developments such as the planned Ipswich Garden suburb.
- 16.40 Skills and training are identified as key barriers to achieving future growth across a number of key growth and 'high impact' sectors considered as part of this study, and overcoming these barriers provides opportunities in turn for the education sector across the IEA. Particularly relevant sectors include ICT, advanced manufacturing and life sciences, where plans are underway to develop skills and innovation centres, research centres and other initiatives and interventions to support and drive growth in these sectors. If these opportunities can be realised, it is possible that the scale of employment growth within the education sector could significantly exceed that implied by the 2016 EEFM, in particular for the local authority areas of Babergh, Mid Suffolk and Suffolk Coastal where education is forecast to decline over the period to 2036 under the 'baseline scenario' of growth.
- 16.41 Education will continue to expand in the IEA. Growth is likely to be driven by Ipswich with the other local authorities experiencing small drops in employment (according to baseline EEFM forecasts). Growth in Ipswich will likely be driven by the expansion of the University of Suffolk and general increases in demand for school places, created by large scale developments such as the planned Ipswich Garden suburb. Planned developments in the other local authorities also present an opportunity to create demand for additional schools and associated employment, albeit future growth and development plans will inevitably be shaped by statutory agencies rather than 'market demand' per se. The role of 'Greater Ipswich' as a centre for education provides a key opportunity to grow and further accelerate the IEA's education offer and employment growth potential going forward, as well as securing the step changes needed in workforce skills, particularly in science and technology.

## Energy, Waste and Utilities

- 16.42 There is very little change expected in terms of employment in the energy, waste and utilities sector according to the latest EEFM release. The forecast shows an overall reduction in employment of 20 in the IEA from 2014 to 2036. Suffolk Coastal has a relatively high base of energy, waste and utilities employment, reflecting the presence of Sizewell. Detailed consultation exercises are currently underway for the proposed Sizewell C power station. Should the project come forward as currently planned, it could generate a significant uplift in employment in the energy sector in Suffolk Coastal, as well as offering business opportunities throughout the supply chain.

- 16.43 Energy is identified by the New Anglia LEP as a high impact sector. This is based on the sector's expansion into offshore wind and the development of biomass plants across the LEP area, as well as Sizewell. To allow the continued growth of this sector, planning policy should be supportive of proposals for large scale energy projects, as well as providing sufficient business premises for supply and operation activities.
- 16.44 In achieving these growth prospects, the energy sector faces a number of key challenges including the requirement to develop a new generation of skilled and qualified workers as much of the sector's labour force is due to retire. The Norfolk and Suffolk Energy Alliance cites several barriers to supply chain development including utility/distribution and transport capacity, high speed broadband and transport infrastructure. There is also a need to provide serviced land and speculative units to accommodate new business opportunities from energy companies. Without suitable sites and premises (serviced and not just allocated) Norfolk and Suffolk could be constrained.
- 16.45 Barriers to growth are also perceived to include the lack of a high status university in East Suffolk with an environmental sciences / energy degree course. The combination of existing sector strengths and upcoming investment in key energy facilities such as Sizewell indicate that the scale of employment growth within the energy sector could significantly exceed that implied by the 2016 EEFM, particularly if barriers to supply chain development can be overcome, and strategies are put in place to maximise any spill over effects within the wider IEA area.
- 16.46 In overall terms, the energy sector tends to be relatively self-contained within the IEA, and concentrated across a small number of key sites and locations. In employment terms, the sector has recorded limited levels of growth historically, and the latest EEFM baseline projections imply no real change to existing levels of employment by 2036. The key component of economic growth going forward is therefore likely to be increased productivity, and generating higher levels of economic output from existing assets and workforce. For the most part, premises requirements amongst energy related companies do not differ too far from other sectors, so a flexible approach will be required to accommodate sector growth going forward, alongside crucial infrastructure improvements and a clearer skills strategy to develop workforce skills courses in environmental sciences and energy related subjects.

## Health and Care

- 16.47 The latest EEFM forecasts indicate that employment in the health and care sector is expected to grow by 7,410 from 2014 to 2036 across the IEA. Similarly to growth in the education sector, the expansion of the sector will largely be driven by population growth, as well as the increasing demand placed on care services by an ageing population. The impact of the ageing population is likely to create increased demand for healthcare services, which may generate job requirements that exceed the baseline growth as implied by the latest EEFM.
- 16.48 Health and care facilities are currently located throughout the IEA and clustered within the main urban centres. Healthcare is an important sector for New Anglia, with GVA of £2.8 billion making it the third largest sector by economic output. While the sector has grown steadily over recent years, there is likely to be an ever increasing demand on health and social care services in the future across the LEP area as a whole. There are a range of skills and training issues which will need to provide a focus for future sector development, including boosting recruitment and retention of registered nurses in nursing homes; and more effective leadership and succession planning for registered managers and owners of adult social care businesses. Existing evidence points to the need for a cross-regional campaign to increase recruitment into the health and social care system, the establishment of a 'recruitment centre' for adult social care, and improving opportunities for nurses through training and support.

- 16.49 Planning for the growth of the sector is primarily the responsibility of the Ipswich and East Suffolk CCG, and spatial requirements associated with accommodating this growth are not estimated in the same way as 'B class' employment floorspace. The expansion of elderly care services is likely to be driven by the private sector, especially as Suffolk is a popular retirement location. Therefore, growth of this sector will rely on sufficient land being allocated for the provision of health and care facilities.
- 16.50 The LEP also recognise that there is likely to be an ever increasing demand on health and social care services in the future and from a practical perspective this is likely to place increased pressure upon development sites across the IEA to accommodate an increase in provision, particularly within accessible locations and urban extensions. Workforce skills represents another key challenge for health and care related growth across the study area over the coming years, with the Clinical Commissioning Group recognising the need to up-skill current members of the workforce and collaborating with local universities (e.g. University of East Anglia and University of Suffolk) to develop a workforce that is capable of responding to changing patient needs and demands.

### **Hospitality and Leisure**

- 16.51 The latest EEFM forecast indicates that employment in the hospitality and leisure sector will increase by 7,470 from 2014 to 2036 across the IEA as a whole. Suffolk Coastal and Ipswich currently have the highest levels of employment in this sector, and are also forecast to see the highest absolute growth in the sector. Tourism is an important component of the economy in the IEA, based on a strong cultural offer (for example, Latitude festival) and natural assets (for example, the Broads National Park and a number of AONBs).
- 16.52 The hospitality and leisure sector comprises a number of activities and a range of type of business premises. For example, it includes restaurants and cafes, leisure centres, and visitor attractions. Building on sector opportunities, for example domestic day trips to East Suffolk, links to other sectors such as the 'green economy' and cultural and food and drink events. All of these tourism sub-sectors key sectors have an important role to play, providing jobs and growth throughout the IEA economy. In order to support the sector's growth, there is scope to develop synergy with high impact sectors; for instance, the excellent existing cultural and tourism offer can benefit from the major developments in ICT and Digital Creative; and the Ports and Logistics sector benefits from Energy sector developments.
- 16.53 Employment within IEA's tourism industry has remained healthy during the recent downturn whilst many other sectors suffered. The LEP considers that the tourism sector has the ability to respond rapidly to market stimulation and also contribute to putting the area on the map as a significant economic entity and a great place to live, work, invest and play. The biggest opportunity for growth in terms of employment numbers is considered to be through the creation of new, large visitor attractions, especially those with year round appeal. IEA local authorities will need to make sure opportunities like this are progressed as quickly as possible or risk losing them to other parts of the country.
- 16.54 In light of these identified opportunities for the hospitality and leisure sector, employment growth prospects appear to be positive within the IEA over the study period to 2036, and could conceivably exceed those implied by the latest (2016) EEFM projections.
- 16.55 The diversity and geographic spread of the tourism sector is part of its appeal, but also brings significant challenges. The sector's business base is dominated by micro-businesses and SMEs who have limited time for training. There is an acknowledged shortage of skills in leadership, management, marketing and customer services. Career opportunities within the tourism sector



are often viewed as limited and more work needs to be done to highlight the opportunities for development beyond typical tourism related (and often seasonal) jobs.

- 16.56 In light of recent fluctuations and limited employment growth within the hospitality and leisure sector across the IEA, strong forecast job growth over the period to 2036 represents an encouraging trend and significant opportunity. Given the wide range of facilities that make the IEA attractive as a leisure destination, any strategy to support future growth will need to be suitably flexible and responsive to changing sector needs and demands, including factors relating to business premises, growth and expansion. A key focus going forward will also be upon improving productivity within the sector and competitiveness at a regional and national scale, and making the most of cross sector synergies and collaborations with other high impact sectors such as ICT and digital creative.

## Manufacturing

- 16.57 The manufacturing sector is forecast to see a decline in employment of 4,810 between 2014 and 2036 across the IEA. This reflects the contraction of the sector from 2001 to 2014 in the IEA and a national expectation that manufacturing will decline. Notwithstanding this, the IEA is generally perceived to be a good industrial location, which benefits from good transport links, labour supply and industrial heritage. The locational focus of the sector in the IEA is typically along transport corridors, including the A14, A140 and A12 corridors.
- 16.58 Within the manufacturing sector, advanced manufacturing is identified as the sub-sector offering the greatest potential for growth in future across the IEA. The industry is changing with a shift from metal to composite materials or oil to renewable and biological substances; industrial biotechnology, plastic electronics; and new aerospace technologies.
- 16.59 Advanced Manufacturing and Engineering employs over 24,500 people in more than 1,000 businesses and is worth £1.5bn pa in GVA to the New Anglia economy. It is a truly cross cutting sector; clean technologies embrace energy, environment, transport, and material. Similarly, the growth of offshore wind energy provides potential for new product development. Links to other sectors include food and drink producers and biotech companies manufacturing chemicals and chemical products. Many businesses rely on the ports for imported materials for production and to ship out end products. The potential development of Sizewell C and the offshore turbine industry offers significant supply chain opportunities.
- 16.60 The emerging need to develop a low carbon economy presents significant opportunities around clean energy production and sustainable transport solutions and the export of high value goods and services. A key opportunity exists for local organic growth, encouraged through formal and informal networks and pilot and innovation programmes. These could include micro clusters around civil, mechanical, and electrical engineering (Sizewell) and manufacturing (Mid and West Suffolk).
- 16.61 The challenges to achieving this growth potential include limited take-up of manufacturing and engineering training and apprenticeships, raising concerns that local colleges are not wholly meeting employer needs. The IEA's relatively poor transport connectivity could inhibit inward investment among some sectors such as manufacturing and distribution and this is exacerbated by a lack of critical mass of manufacturing compared with major centres like the Midlands. Finally, the sector is keen to promote sector focused Technology Parks and enterprise hubs offering a range of tailored enterprise and business improvement measures, networking and university and R&D collaborations. This relies on having adequate land availability which is a challenge in some locations requiring close collaboration with local authorities.

- 16.62 Overall, the latest EEFM (2016) projections imply an overall decline in manufacturing employment across the IEA as a whole and within its constituent local authority areas over the study period to 2036, and this reflects the recent pattern of job losses within manufacturing sectors over recent years. While for some manufacturing sub-sectors this trend could reasonably be expected to continue, advanced manufacturing and engineering stands out as providing a key opportunity to drive forward employment growth across the IEA, in particular in those areas with existing sector strengths and USPs, such as parts of Mid Suffolk, Sudbury, Sizewell and Ipswich town.
- 16.63 The latest EEFM projections imply an overall decline in manufacturing employment across the IEA as a whole and this reflects the recent pattern of job losses within manufacturing sectors over recent years. While for some manufacturing sub-sectors this trend could reasonably be expected to continue, advanced manufacturing and engineering stands out as providing a key opportunity to drive forward employment growth across the IEA, in particular in those areas with existing sector strengths and USPs, such as parts of Mid Suffolk, Sudbury, Sizewell and Ipswich town. Whilst the evolution of the manufacturing sector is ongoing, local strategies for supporting continued manufacturing growth will need to take account of macro sector drivers such as the scope to promote co-location of R&D with production to maintain and build an 'industrial commons', diversify the supply of manufacturing workers to avoid future shortfalls and ensure that manufacturers utilise future workers effectively.

## Retail

- 16.64 The retail sector is expected to undergo relatively modest growth across the IEA over the study period, with additional employment of 2,780 forecast between 2014 and 2036. Over half of this employment growth is expected to occur in Ipswich Borough. The locational focus of the retail sector is the town centre and out of town retail parks in Ipswich and other centres such as Stowmarket, Sudbury, Woodbridge and Saxmundham.
- 16.65 The four IEA authorities have recently commissioned updates of their technical retail studies, and the findings (some currently emerging) from these are summarised below. Ipswich town centre is considered to provide a good variety of national and independent traders with a good level of demand. Weaknesses include a high level of vacancy (albeit mainly of units that are small in size) and a lack of available units/sites in the prime shopping area capable of meeting national multiple occupiers' requirements.
- 16.66 Within Suffolk Coastal, Woodbridge is identified as having a good and mixed comparison goods offer and a low vacancy rate. Felixstowe has a reasonably good convenience offer, albeit it lacks a medium/large food store. The town has a low vacancy level and good demand from multiple national operators. A modest quantitative need for additional health and fitness facilities is identified for Ipswich and Suffolk Coastal, but with no further requirement for cinemas within either of the two local authority areas.
- 16.67 A recent Town Centres and Retail Study prepared for Babergh and Mid Suffolk identifies a relatively high leakage of comparison goods expenditure from the two Districts to main competing centres and shopping locations in the wider region; while some of this leakage is to Ipswich, some is to other competing centres such as Colchester, Diss, Bury St Edmunds and Norwich. The Study identifies forecast capacity for new retail floorspace in Babergh of 12,982sq.m up to 2031, just under half of which is allocated to the town Sudbury. For Mid Suffolk, forecast capacity for new retail floorspace is lower at 4,931sq.m, the majority of which is allocated to Stowmarket town centre.
- 16.68 Overall, growth in the retail sector will depend on the provision of high quality retail floorspace, particularly within Ipswich town centre. Supporting retail provision in other key centres across

the IEA will also be important. As a sector, retail is also particularly vulnerable to wider macro shifts in shopping patterns, and these patterns are continually changing.

- 16.69 The retail sector has faced a series of structural challenges over recent years and this is reflected at the IEA level through fluctuating levels of employment and overall employment decline across all areas except Suffolk Coastal in recent years. However, future projections appear to be more promising, and the IEA is home to a wide range of retail centres and hubs offering both town centre and out of town provision. Strongest areas of market demand include Ipswich town centre and out-of-town retail parks, and the key market towns in Suffolk Coastal, Babergh and Mid Suffolk. Beyond this, retail markets in other smaller settlements are much less significant in size and scale, and mainly serve their local catchments. This overall 'retail hierarchy' provides a strong basis for guiding future retail development across the IEA, whilst recognising the changing nature of consumer spending patterns and developer requirements, and building suitable flexibility into planning policy to enable key IEA centres to respond positively and effectively to these changing demands and trends.

### Transport and Logistics

- 16.70 The transport and logistics sector is expected to record growth in employment of 960 from 2014 to 2036 across the IEA. The locational focus of this sector is the A12 and A14 corridor and port-related activities at Felixstowe.
- 16.71 The New Anglia LEP identifies ports and logistics as one of four underpinning sectors, worth £1.3bn to New Anglia and employing over 23,500 people. The ports and logistics sector generates substantial freight activity along road/rail corridors to UK hubs. The ports are closely linked to other sectors including energy products and offshore installation and maintenance, agricultural goods and supermarkets port-based logistics operation, and opportunities exist to develop a haulage and logistics park to support the Port of Felixstowe, which would support the growth of port-based logistics activities. Ipswich Port, the largest UK agricultural exporter, offers roll-on/roll-off capabilities, potential renewable/offshore facilities, rail connections and marine leisure facilities. These represent key economic assets within the New Anglia LEP context.
- 16.72 Employment within ports and logistics across the LEP area has increased over recent years while many other sectors declined and this job growth is expected to continue over the coming years. The LEP acknowledges that substantial opportunities for the sector need to be balanced against the competition for traffic in a market with continued downward cost pressures. There are some requirements for serviced and fit for purpose land/premises and some ports require expensive quay head investment. A key challenge for local authorities will be to balance growth with the impact of freight movements to retain added value and higher density employment.
- 16.73 The 'baseline' projections of transport and logistics employment implied by the 2016 EEFM show relatively modest levels of job growth across the IEA to 2036 and imply a slowdown in employment growth compared with past trends in all cases except Babergh. Sector intelligence indicates wider growth opportunities for the sector based around the area's ports of international significance and growth plans associated with the Port of Felixstowe, the UK's largest container port. At the same time however, macro drivers such as strong competition from other international port hubs provides a degree of uncertainty over the precise nature and scale of growth likely to be achieved within the transport and logistics sector.
- 16.74 In overall terms, baseline growth forecasts for transport and logistics employment and activity across the IEA are relatively modest and are generally not considered to reflect the scale of growth potential that exists within the study area. The LEP identifies ports and logistics as one of four underpinning sectors, generating substantial freight activity along road/rail corridors to

UK hubs. The ports in particular are closely linked to other sectors including energy products and offshore installation and maintenance, and represent an important component of the IEA's economy. Opportunities exist to significantly support the growth of port-based logistics activities in and around the Port of Felixstowe; availability of suitable land in close proximity to the port and the wider A14 corridor will therefore be critical to both support expansion of the Port itself as well as associated distribution centres along the study area's key transport corridors. Wider infrastructure issues provide potential barriers to future development and growth of the sector over the coming years and would need to be overcome, including A14 congestion between Felixstowe and Ipswich.

## Wholesale

- 16.75 The wholesale sector is expected to see growth in employment of 1,050 from 2014 to 2036 over the IEA, a shift from the previous thirteen years when the sector shrunk in all local authorities. Key locations for this sector are the A14 corridor in Mid Suffolk, Felixstowe and the west and south-east of Ipswich.
- 16.76 The wholesale and distribution is closely related to the transport and logistics sector, and expansion of activities related to the Port of Felixstowe (described above) would create significant opportunities for growth within the wider wholesale sector, especially if port centric distribution centres were to be developed. Under this scenario, employment growth within the IEA's wholesale sector could reasonably exceed that forecast by the EEFM baseline projections.
- 16.77 Wholesale activity and employment is fairly well dispersed across the IEA and data analysis underlines the important role played by a number of centres – both small and large – in accommodating this activity. The projected trajectory of employment growth across the study area to 2036 underlines the significant opportunities that exist across the IEA to grow and diversify the sector, subject to sufficient land being provided in those areas of strongest market demand. The spatial pattern of demand largely mirrors the transport and logistics sector – i.e. with a key emphasis upon the A14 corridor extending from the Port of Felixstowe to Stowmarket – but also comprises some of the IEA's smaller settlements away from the strategic road network such as Sudbury and Woodbridge, which remain popular with smaller scale wholesale firms serving a local market or customer base. If the various growth opportunities associated with port-based logistics activities in and around the Port of Felixstowe can be realised, this will have a direct impact upon demand for warehousing (B8) related space right across the IEA.

# Appendix 1: Sector Definitions



| IEA Sector Analysis                | EEFM                        | Industry SIC 2007                                                                                               |
|------------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------|
| Agriculture                        | Agriculture                 | 01 : Crop and animal production, hunting and related service activities                                         |
|                                    |                             | 02 : Forestry and logging                                                                                       |
|                                    |                             | 03 : Fishing and aquaculture                                                                                    |
| Business and Professional Services | Business Services           | 77 : Rental and leasing activities                                                                              |
|                                    |                             | 79 : Travel agency, tour operator and other reservation service and related activities                          |
|                                    |                             | 80 : Security and investigation activities                                                                      |
|                                    |                             | 81 : Services to buildings and landscape activities                                                             |
|                                    |                             | 82 : Office administrative, office support and other business support activities                                |
|                                    | Employment activities       | 78 : Employment activities                                                                                      |
|                                    | Finance                     | 64 : Financial service activities, except insurance and pension funding                                         |
|                                    |                             | 65 : Insurance, reinsurance and pension funding, except compulsory social security                              |
|                                    |                             | 66 : Activities auxiliary to financial services and insurance activities                                        |
|                                    | Professional Services       | 69 : Legal and accounting activities                                                                            |
|                                    |                             | 70 : Activities of head offices; management consultancy activities                                              |
|                                    |                             | 71 : Architectural and engineering activities; technical testing and analysis                                   |
|                                    |                             | 73 : Advertising and market research                                                                            |
|                                    |                             | 74 : Other professional, scientific and technical activities                                                    |
|                                    |                             | 75 : Veterinary activities                                                                                      |
|                                    | Publishing and broadcasting | 58 : Publishing activities                                                                                      |
|                                    |                             | 59 : Motion picture, video and television programme production, sound recording and music publishing activities |
|                                    |                             | 60 : Programming and broadcasting activities                                                                    |
|                                    | R + D                       | 72: Scientific research and development                                                                         |
|                                    | Real Estate                 | 68 : Real Estate                                                                                                |
| Computing and Technology           | Computer related activity   | 62 : Computer programming, consultancy and related activities                                                   |
|                                    |                             | 63 : Information service activities                                                                             |
|                                    | Telecoms                    | 61 : Telecommunications                                                                                         |
| Construction                       | Construction                | 41 : Construction of buildings                                                                                  |
|                                    |                             | 42 : Civil engineering                                                                                          |
|                                    |                             | 43 : Specialised construction activities                                                                        |
| Education                          | Education                   | 85 : Education                                                                                                  |
| Energy, Waste and Utilities        | Utilities                   | 35 : Electricity, gas, steam and air conditioning supply                                                        |
|                                    |                             | 36 : Water collection, treatment and supply                                                                     |
|                                    |                             | 37 : Sewerage                                                                                                   |
|                                    | Waste and Remediation       | 38 : Waste collection, treatment and disposal activities; materials recovery                                    |
|                                    |                             | 39: Remediation activities and other waste management services.                                                 |
| Health and Care                    | Health and Care             | 86 : Human health activities                                                                                    |
|                                    |                             | 87 : Residential care activities                                                                                |
|                                    |                             | 88 : Social work activities without accommodation                                                               |
| Hospitality and                    | Arts and                    | 90 : Creative, arts and entertainment activities                                                                |

|                         |                         |                                                                                   |
|-------------------------|-------------------------|-----------------------------------------------------------------------------------|
| Leisure                 | Entertainment           | 91 : Libraries, archives, museums and other cultural activities                   |
|                         |                         | 92 : Gambling and betting activities                                              |
|                         |                         | 93 : Sports activities and amusement and recreation activities                    |
|                         | Hotels and Restaurants  | 55 : Accommodation                                                                |
|                         |                         | 56 : Food and beverage service activities                                         |
| Manufacturing           | Chemicals               | 19 : Manufacture of coke and refined petroleum products                           |
|                         |                         | 20 : Manufacture of chemicals and chemical products                               |
|                         |                         | 22 : Manufacture of rubber and plastic products                                   |
|                         |                         | 23 : Manufacture of other non-metallic mineral products                           |
|                         | Electronics             | 26 : Manufacture of computer, electronic and optical products                     |
|                         |                         | 27 : Manufacture of electrical equipment                                          |
|                         | Food Manufacturing      | 10 : Manufacture of food products                                                 |
|                         |                         | 11 : Manufacture of beverages                                                     |
|                         |                         | 12 : Manufacture of tobacco products                                              |
|                         | General Manufacturing   | 13 : Manufacture of textiles                                                      |
|                         |                         | 14 : Manufacture of wearing apparel                                               |
|                         |                         | 15 : Manufacture of leather and related products                                  |
|                         |                         | 16 : Manufacture of wood and of products of wood and cork, except furniture       |
|                         |                         | 17 : Manufacture of paper and paper products                                      |
|                         |                         | 18 : Printing and reproduction of recorded media                                  |
|                         |                         | 31 : Manufacture of furniture                                                     |
|                         |                         | 32 : Other manufacturing                                                          |
|                         |                         | 33 : Repair and installation of machinery and equipment                           |
|                         | Metals                  | 24 : Manufacture of basic metals                                                  |
|                         |                         | 25 : Manufacture of fabricated metal products, except machinery and equipment     |
|                         | Pharma                  | 21 : Manufacture of basic pharmaceutical products and pharmaceutical preparations |
|                         | Transport               | 28 : Manufacture of machinery and equipment n.e.c.                                |
|                         |                         | 29 : Manufacture of motor vehicles, trailers and semi-trailers                    |
|                         |                         | 30 : Manufacture of other transport equipment                                     |
| Retail                  | Retail                  | 47 : Retail trade, except of motor vehicles and motorcycles                       |
| Transport and Logistics | Land Transport          | 49 : Land transport and transport via pipelines                                   |
|                         |                         | 52 : Warehousing and support activities for transportation                        |
|                         |                         | 53 : Postal and courier activities                                                |
|                         | Water and Air Transport | 50 : Water transport                                                              |
|                         |                         | 51 : Air transport                                                                |
| Wholesale               | Wholesale               | 45 : Wholesale and retail trade and repair of motor vehicles and motorcycles      |
|                         |                         | 46 : Wholesale trade, except of motor vehicles and motorcycles                    |

# Appendix 2: List of Consultees

### **Individual Consultees**

John Talbot, Haven Power  
Madeleine Coupe, New Anglia LEP  
Paul Davey Hutchison Ports, Port of Felixstowe  
Nigel Robson, The Land Group  
Martin Collison, Collison and Associates Ltd  
Nick Burfield, Suffolk Chamber of Commerce  
Rebecca Calder, EDF Energy  
Tom McGarry, EDF Energy  
Saul Humphrey, Morgan Sindall, New Anglia LEP  
Simon Coward, Hethel Innovation  
Alistair Mitchell, Fenn Wright

### **Stakeholder Workshop Attendees (29 November 2016)**

Jeremy Aldous, Peter Colby Commercials Limited  
Steven Bainbridge, Evolution Town Planning  
Tim Baker, Woolpit Business Parks LTD  
Stephen Clark, Churchmanor Estates  
Paul Davey, Hutchison Ports (UK) Limited  
Robert Feakes, New Anglia Local Enterprise Partnership  
Murray Gibson, Murray Gibson Associates  
Maxwell Hembry, Curzon De Vere Holdings Ltd  
Malcolm Hobbs, Connexions  
Paul Keen, Penn Commercial  
Kate Kerrigan, Boyer Planning  
Paul Knowles, Building Partnerships Ltd  
Chris Moody, Savills  
Nigel Robson, The Land Group  
Alex Till, MENTA  
Richard Turner, Surveyor  
Sarah Barker, Ipswich Borough Council  
Michael Bennett, Ipswich Borough Council  
Mark Edgerley, Suffolk Coastal District Council

Michelle Gordon, Ipswich Borough Council

Andrew McMillan, Babergh and Mid Suffolk Councils

Paul Munson, Babergh and Mid Suffolk Councils

Peter Thomspen, Ipswich Borough Council

Lucie Bailey, Lichfields

Rachel Clements, Lichfields



## **Appendix 3: EEFM 2016 Methodology Note**

# East of England Forecasting Model

## Technical report: Model description and data sources



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## Authorisation and Version History

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| Version | Date       | Authorised for release<br>by                  | Description      |
|---------|------------|-----------------------------------------------|------------------|
| 1.0     | 15/12/2016 | Mike May-Gillings<br>(Associate Director, CE) | Technical report |

# Contents

---

|                                                  | Page |
|--------------------------------------------------|------|
| 1 Introduction                                   | 6    |
| 2 Description of the model                       | 7    |
| 2.1 Structure of the EEFM                        | 7    |
| 2.2 Geography                                    | 7    |
| 2.3 Time periods                                 | 8    |
| 2.4 Things to remember when using the model      | 8    |
| 2.5 Coverage                                     | 9    |
| 2.6 Links with other models                      | 11   |
| 3 Model overview                                 | 12   |
| 3.1 Variables in the EEFM                        | 12   |
| 3.2 Economic variables                           | 12   |
| 3.3 Demographic variables                        | 17   |
| 3.4 Housing variables                            | 19   |
| 3.5 Carbon emissions                             | 20   |
| 4 Data sources                                   | 22   |
| 4.1 Labour market                                | 22   |
| 4.2 Commuting                                    | 23   |
| 4.3 Demography                                   | 23   |
| 4.4 Output                                       | 24   |
| 4.5 Housing                                      | 24   |
| 4.6 Carbon emissions                             | 24   |
| 5 Outliers and data validity                     | 25   |
| 5.1 BRES outliers                                | 25   |
| 5.2 Data checking and validity procedures        | 26   |
| 6 Employment land use methodology                | 28   |
| 6.1 Key outputs                                  | 28   |
| 6.2 Measure of employment                        | 28   |
| 6.3 Employment densities                         | 28   |
| 6.4 Allocating employment sectors to use classes | 30   |
| 6.5 Detailed office uses                         | 32   |



|                |                                                                                         |    |
|----------------|-----------------------------------------------------------------------------------------|----|
| <b>Tables</b>  | Table 5.1 Adjustments made to 2014 BRES data used in setting forecasts                  | 26 |
|                | Table 6.1 Employment densities by use, 2010 guide                                       | 28 |
|                | Table 6.2 Employment densities – industry, warehousing and office (GIA)                 | 29 |
|                | Table 6.3 Employment densities detailed office use                                      | 29 |
|                | Table 6.4 Allocation of employment sectors by use class, SIC07                          | 31 |
|                | Table 6.5 Allocation of office employment sectors by detailed office use classes, SIC07 | 32 |
| <b>Figures</b> | Figure 2.1 Links with Cambridge Econometrics' suite of models                           | 11 |
|                | Figure 3.1 Main relationships between variables in the EEFM                             | 12 |

# 1 Introduction

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The East of England Forecasting Model (EEFM) was developed to project economic, demographic and housing trends in a consistent fashion and in a way that would help inform spatial economic planning in the East of England. The Model is programmed in Excel spreadsheets, allowing users to produce scenarios under which the impacts of a given scenario can be monitored.

This report provides technical information on the EEFM's coverage, methodology and data sources. (The latest forecast results are presented separately, on the Cambridgeshire Insight website.)

The Model's outputs are just one piece of evidence to assist in making strategic decisions. As in all models, forecasts are subject to margins of error which increase at more detailed geographical levels. In addition, the EEFM relies heavily on published data, with BRES/ABI employment data in particular containing multiple errors at local sector level (though the Model does attempt to correct for these.)

The EEFM is currently maintained and developed by [Cambridge Econometrics](#) (CE). CE has a long track record in the development of economic models for strategic planning and policy analysis, at global, national and sub-national level.

The outputs and associated documentation of the EEFM are available on the [Cambridgeshire Insight](#) website.

The purpose of this document is to provide a description of the Model's methodology and the data sources used, and act as a companion reference guide to the published results. It will be updated as the Model itself is developed, improved and updated. The report is structured as follows:

- Chapter 2: Description of the Model – This chapter summarises the EEFM coverage with respect to geography, time periods and linkages with other models produced by Cambridge Econometrics.
- Chapter 3: Model Overview – This chapter summarises the structure of the EEFM, and the linkages and relationships between variables.
- Chapter 4: Data Used – This chapter lists the variables in the Model, and indicates the latest data used.
- Chapter 5: Outliers and Data Validity – This chapter summarises Cambridge Econometrics' approach to anomalous data (so-called "outliers") and the methods used to check that the EEFM is internally consistent.

This report does not provide EEFM forecast results. These can be found on the Cambridgeshire Insight website [www.cambridgeshireinsight.org.uk/EEFM](http://www.cambridgeshireinsight.org.uk/EEFM). The detailed forecasts are set out there in Excel spreadsheets.

## 2 Description of the model

This chapter provides an overview of the East of England Forecasting Model (EEFM) and summarises its coverage and links to other Cambridge Econometrics models and assumptions. It also contains a list of the variables and geographies used. The forecasting methods and data sources are described in subsequent chapters.

### 2.1 Structure of the EEFM

The East of England Forecasting Model is a spreadsheet-based model originally designed to help inform and monitor the development and review of the East of England Regional Economic Strategy and Regional Spatial Strategy. It covers a wide range of variables, and is designed to be flexible so that alternative scenarios can be run and the impacts of different assumptions can be measured.

Key features of the Model are:

- A full database including 151 separate variables for each of the East of England's 48 pre-April 2009 local authorities, as well as for historic counties, strategic authorities, selected other local authority groupings, the East as a whole, 10 local authorities in the East Midlands and the region as a whole, 21 local authorities in the South East and the region itself, and the UK;
- Functionality to allow users to develop their own scenarios;
- A comprehensive set of tables allowing users to select and assemble data on the variables, localities, scenarios and results they want; and
- A spreadsheet system containing:
  - Linked worksheets, to facilitate faster updating;
  - Worksheets structured to generate forecasts and scenarios;
  - Worksheets designed to produce tables.

The overall Model structure captures the interdependence of the economy, demographic change and housing at a local level, as well as reflecting the impact of broader economic trends on the East of England. The employment forecasts take account of the supply and demand for labour, the demographic forecasts reflect labour market trends as they are reflected in migration (and natural change indirectly), and the housing forecasts take account of both economic and demographic factors. This structure allows scenarios which test the impact of variables upon each other – for example, the impact of housing supply on economic variables.

### 2.2 Geography

The Model produces forecasts for each local authority district and unitary authority in the East of England, and selected local authorities in the East Midlands and South East region to allow for LEP aggregation. For the EEFM 2016 forecasts, that equates to 79 local authorities, including the former Mid Bedfordshire and South Bedfordshire districts which have been retained at the request of regional partners. (The new Central Bedfordshire unitary authority is one of the strategic groupings for which forecasts are also provided.)

Forecasts are also available for selected groupings of local authority districts and unitaries. These were decided in consultation with regional partners through the EEFM Model Steering Group, and also include Local Enterprise Partnerships (LEPs). For a full list of the groupings available, refer to the EEFM section of the Cambridgeshire Insight website.

In addition to these geographies, forecasts for the East of England, East Midlands and South East regions, and for the UK, are available.

### **2.3 Time periods**

The EEFM is constructed on an annual basis. Historic data for most variables has been collected over 20 years to provide a basis for estimating the relationships between variables and for forecasting future trends. Forecasts are currently made up to 2045, reflecting the available global, national and regional forecasts. But the longer-term forecasts should be treated with some caution, as unforeseen - but inevitable - future change in the underlying drivers will affect forecast accuracy. Medium-term forecasts are actually more likely to be better approximations than shorter-term ones, as we can usually be more confident about medium-term trends than about short-term random fluctuations around the trend.

### **2.4 Things to remember when using the model**

#### **EEFM forecasts are based on observed past trends only**

Past trends reflect past infrastructure and policy environments. Even where major new investments or policy changes are known and have actually started, they can only affect EEFM forecasts to the extent that they are reflected in the currently available data. If they have not yet impacted on the available data, they will not be reflected in the forecasts.

There are two sets of exceptional circumstances in which the currently available data need to be supplemented by other information. The first is where there are concerns about data quality. This issue is explored in Chapter 5. The second is where the Model produces unrealistic forecasts - for example, continuing an employment decline in a particular sector in a particular area until it reaches zero or even negative values. Manual adjustments to the Model are necessary in these situations, and here professional judgement inevitably comes into play. This is discussed further below.

#### **The forecasts are unconstrained**

The EEFM forecasts are unconstrained, which means that the forecast numbers do not take into account any policy or other constraints that might prevent their actual realisation on the ground. Forecasts of the demand for dwellings, for example, are the outcome of projected changes in employment, population, etc. If, in reality, planning constraints were to prevent this demand being satisfied, the associated forecast levels of GVA, employment, population, etc. would be less likely to occur.

#### **The forecasts are subject to margins of error**

As with all kinds of forecasting, there are margins of error associated with the results which tend to widen over time. Furthermore, the quality and reliability of data decreases at more detailed levels of geography. Under current data-quality

conditions, models are most helpful for identifying trends, average growth rates and broad differentials between areas, sectors, etc. Accordingly, users are encouraged to focus on the patterns over time, not figures for individual years.

### Reality is more complex than any model

Several of the modelled relationships are complicated and their treatment in the EEFM is necessarily simplified, despite its large size. In particular, the demand for housing is complex and not all the factors may be fully captured. Questions such as whether migrants' apparent willingness to live at higher densities than the existing population is merely a temporary state which requires much more investigation.

### Forecasting models will not all agree

The EEFM's baseline forecasts can be compared with other published forecasts, but close agreement should not be expected and sometimes there can be wide divergences. These can arise from even small differences in underlying assumptions and in the timing and definitions of the data used. But with an awareness of these factors, the EEFM forecasts provide a useful starting point for an understanding of regional and local economic trends in the East of England, particularly when the baseline is accompanied by alternative scenario forecasts with which it can be compared.

## 2.5 Coverage

Later chapters provide more detailed information on the data used in the EEFM and how the linkages in the Model are used for the forecasting and scenario work. The list below gives an overview of the variables covered by the Model:

### Demography

- Population
  - Total
  - Working age (defined as all people aged 16-64)
  - Young (defined as all persons aged 0-15)
  - Elderly (all people aged 65+)
- Migration (Note: domestic and international migration are not differentiated in the EEFM at either the regional or the local level.
- Natural increase

### Labour market

- Employee jobs by 31 sectors (workplace-based, SIC 2007 based)
  - Agriculture & fishing (**SIC 01-03**)
  - Mining & quarrying (**SIC 05-09**)
  - Food manufacturing (**SIC 10-12**)
  - General manufacturing (**SIC 13-18, 31-33**)
  - Chemicals excl. pharmaceuticals (**SIC 19-23, excluding 21**)
  - Pharmaceuticals (**SIC 21**)
  - Metals manufacturing (**SIC 24-25**)
  - Transport equipment, machinery & equipment, etc (**SIC 28-30**)
  - Electronics (**SIC 26-27**)
  - Utilities (**SIC 35-37**)
  - Waste & remediation (**SIC 38-39**)
  - Construction (**SIC 41-43**)



- Wholesale (**SIC 45-46**)
- Retail (**SIC 47**)
- Land transport (**SIC 49, 52-53**)
- Water & air transport (**SIC 50-51**)
- Hotels & restaurants (**SIC 55-56**)
- Publishing & broadcasting (**SIC 58-60**)
- Telecoms (**SIC 61**)
- Computer related activities (**SIC 62-63**)
- Finance (**SIC 64-66**)
- Real estate (**SIC 68**)
- Professional services excl. R&D activities (**SIC 69-75 excluding 72**)
- Research & development (**SIC 72**)
- Business services excl. employment activities (**SIC 77-82 excluding 78**)
- Employment activities (**SIC 78**)
- Public administration (**SIC 84**)
- Education (**SIC 85**)
- Health & care (**SIC 86-88**)
- Arts & entertainment (**SIC 90-93**)
- Other services (**SIC 94-99**)
- Employee jobs – full time and part time by 31 sectors (workplace-based)
- Self-employed jobs by 31 sectors (workplace-based)
- Total employment (employee jobs plus self-employed jobs) by 31 sectors (workplace-based)
- Total number of people employed in an area (consistent with 2001 and 2011 Census points)
- Total number of an area's residents who are employed (consistent with 2001 and 2011 Census points)
- Employment rate of an area's residents (aged 16-74, consistent with 2001 and 2011 Census points)
- Net commuting (number of people employed in an area, minus the number of that area's residents who are employed)
- Unemployed (claimant and ILO)

## Output

- GVA by 31 sectors (£m, workplace-based, 2011 prices for the EEFM 2016 forecasts). Note that ownership of dwellings (imputed rents as defined in the Blue Book) is now included within real estate sector.
- Productivity by 31 sectors (per job, including both employee and self-employed jobs)

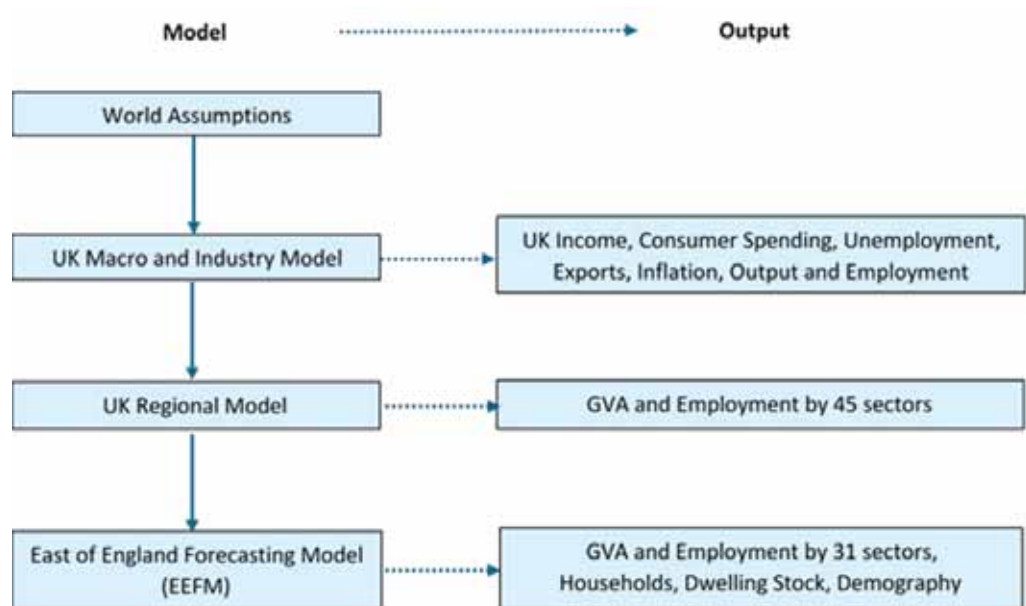
## Housing

- Households
- Demand for dwellings

## 2.6 Links with other models

An important feature of the EEFM is its links to other Cambridge Econometrics forecasting models, ensuring that all EEFM forecasts are consistent with Cambridge Econometrics' world, UK national and UK regional forecasts. The links are summarised in Figure 2.1.

Figure 2.1 Links with Cambridge Econometrics' suite of models



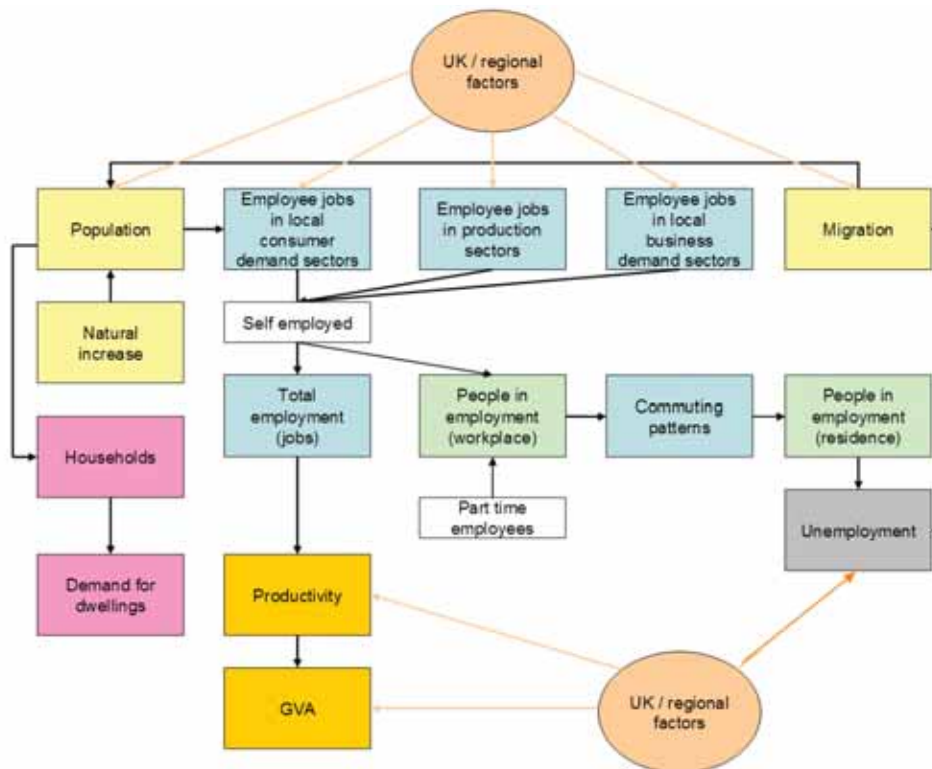
### 3 Model overview

The structure and data inputs of Cambridge Econometrics' UK Regional Model, which underpins the EEFM, is not set out here. But it can be obtained from Cambridge Econometrics on request.

#### 3.1 Variables in the EEFM

The EEFM is very large, with numerous economic, demographic and housing indicators. Each of these variables is linked to others within the Model, and many key variables are also linked to others in the wider Cambridge Econometrics suite of models. The main internal relationships between variables are encapsulated in Figure 3.1, and the forecasting methodology for each element in the Model is then summarised.

Figure 3.1 Main relationships between variables in the EEFM



#### 3.2 Economic variables

##### Workplace employees (jobs)

*The total number of employee jobs in an area, whether full- or part-time. These can be taken by residents or by commuters from outside. Note that this is a measure of jobs, not workers, so if one person has two part-time jobs, for example, they are counted twice.*

This is forecast separately in every area for each of the 31 sectors listed on pages 9 and 10. The forecasts begin with something called a “location quotient” (LQ). This is a ratio which summarises the concentration of a particular sector in a particular area, relative to the regional average. So an LQ of 0.8 (or 80%) for a given sector and area means that that sector is under-represented in the

area. An LQ of 1.25 (or 125%) means that the sector is overrepresented in the area.

The EEFM contains location quotients for every local authority in the East region including the additional local authorities in the East Midlands and South East region required to construct LEP aggregates, for each of the 31 sectors, and for every year since 1991. Forecast trends in the LQs are based on how they have changed over time. So if the LQ for a given sector in a given area has been rising in recent years, the forecasts will project this to continue, and vice versa. LQs which have been stable for a long time (including at zero) will be forecast to remain so.

Three forms of location quotient are used in the EEFM. In the first, the LQ is based on *an area's share of the region's employees in a particular sector*. This is most appropriate for sectors which are essentially independent of the local economy (e.g., manufacturing). Their activities are largely driven by regional, national or international suppliers and customers, and the goods and services they produce are typically traded over long distances. The EEFM treats the following sectors in this way:

- Agriculture
- Mining & quarrying
- Food manufacturing
- General manufacturing
- Chemicals excluding pharmaceuticals
- Pharmaceuticals
- Metals manufacturing
- Transport equipment, machinery & equipment, etc.
- Electronics
- Utilities
- Waste & remediation
- Water & air transport
- Publishing & broadcasting
- Telecoms
- Computer related activity
- Research & development
- Other services

For this group, the local employee growth forecasts in the EEFM come from the interaction of the relevant LQ forecasts with the regional sector employee forecasts from Cambridge Econometrics' UK Regional Model. To take a hypothetical example, if the UK Regional Model forecasts a 5% increase in air transport employees in the East of England, this filters down to the local area forecasts in the EEFM. If the LQ for air transport in a given area is forecast to remain stable, the employee forecasts for air transport in that area will tend to show a 5% increase. (In absolute terms, this means many new jobs in areas

with high LQs and relatively few in areas with low LQs.) If the LQ is forecast to increase (or decrease) in an area, the local employee growth forecasts for air transport will tend to be more than (or less than) 5%.

The LQ in an area can also be based on the number of employees in a given sector *per head of the local population*, relative to the regional average. This is most appropriate for sectors in which employment change is primarily (but rarely exclusively) driven by changes in the local population (e.g., health and education). In the EEFM, this group includes:

- Wholesale
- Retailing
- Hotels & restaurants
- Public administration
- Education
- Health & care
- Arts & entertainment

For this group, the local employee growth forecasts in the EEFM come from the interaction of the relevant LQ forecasts with the demographic forecasts for the area (which are also in the EEFM) and for the region as a whole (from the Regional Model). To take the example of education, consider an area which has an education LQ of 1.3 (or 130%) - perhaps because it has a university. Suppose that that LQ has been unchanged for a long time and is forecast to stay the same. And suppose that the area's population is also forecast to remain stable. But if the region's population is forecast to increase, education employees in this area will have to increase as well to keep the equation in balance (all other things being equal). This makes sense inasmuch as the area's education institutions clearly serve a market wider than the local area.

Finally, a sector's LQ can be based on the number of its employees *relative to all jobs in the area*, relative to the regional average. This is most appropriate for sectors where changes in employment arise primarily from changes in *total* employment locally - where the latter is effectively a proxy for business activity. (As might be expected, business services sectors tend to be in this group.) In the EEFM, the following are included:

- Construction
- Land transport
- Finance
- Real estate
- Professional services
- Business services
- Employment activities

In this group, the local employee growth forecasts in the EEFM come from the interaction of the relevant LQ forecasts with the regional sector employment forecasts from the Regional Model.



Cambridgeshire County Council and Cambridge Econometrics encourage Local Authorities to view and give feedback on the forecast trends for their areas. We regard such feedback as essential to ensure the EEFM is as credible and as accurate as possible. To that end, a consultation with Local Authorities is carried out before publication of each new forecast. Chapter 5 (Table 5.1) records the instances where local intelligence on employment trends has been used to modify initial EEFM assumptions.

### **Full-time and part-time employment**

*The total number of jobs in an area, broken down into full- and part-time jobs.*

East of England shares of part-time employees among all employees in the 31 EEFM sectors (which are trend forecasts linked to regional and national projections) are applied to the workplace employee estimates described above. Full-time employees are simply the total of employees minus the part-time employees for each of the 31 sectors.

### **Workplace self-employment (jobs)**

*The total number of self-employed jobs in an area.*

Self-employment data for the East of England in Cambridge Econometrics' UK Regional Model comes from ONS's Quarterly Workforce jobs.

Self-employment data for local authorities is Census-based, and scaled to the East of England self-employed jobs estimates from the UK Regional Model. It is broken down by the 31 EEFM sectors. The sectors are forecast using the growth in the sectoral employees in employment data and the estimates are scaled to the UK Regional Model's estimate of self-employment by sector for the East of England.

### **Total workplace employment (people)**

*This is the total number of people in employment in an area, including both residents and commuters. A person who has more than one job is only counted once, so total workplace employed people is smaller than total workplace employment.*

The employment data from the Business Register and Employment Survey (BRES) over the years 2008-14 (and the Annual Business Inquiry (ABI) for earlier years) which is used in the Model measures jobs rather than workers. Because a model aiming to simulate housing demand needs to focus on people, we have to convert the total number of jobs in an area into numbers of employed people.

The 2001 and 2011 Census' give the number of people in employment in an area. For other years, we use BRES/ABI data to estimate residents in employment using the full-time and part-time projections (see above). Individuals are assumed to hold only one full-time job each. Part-time jobs are assumed to account for 0.75 of a full-time job. A simple adjustment is made to scale the indicator so it is consistent with the Census.

This measure is not forecast directly, but is derived from the forecasts of jobs discussed above.

## Total workplace employment (jobs)

*The total number of employee jobs and self-employed jobs in an area. These can be taken by residents or commuters from outside. Note that this includes all full- and part-time jobs, so if someone has two part-time jobs, they are counted twice.*

This is not forecast separately in the EEFM, but derived by summing the workplace-based employee jobs and self-employed jobs forecasts described above, and then adding in a constant for the Armed Forces (see below). (Note: Armed Forces data are added to the public administration & defence sector.)

## Residence employment

*The total number of employed people living in an area. This includes residents who commute elsewhere to work.*

Residence employment is based on a commuting matrix taken from the 2011 Census. This matrix tells us, for any given area, where its residents work. Using this information, each available job (see workplace employment (people) above) is allocated to a resident of one of the authorities with which the area has commuting links, in proportion to the strength of that link. This method assumes that commuting patterns do not change over time.

## Net Commuting

*The number of people commuting into an area for work, less the number of residents commuting out.*

Net commuting requires no specific forecasting method. It is the residual between an area's residence-based and workplace-based estimates of numbers of people in employment. (These variables are used to check the realism of the EEFM's workplace- and residence-based employment forecasts, and can occasionally lead to manual adjustments to the Model.)

Our broad assumption is that commuting flows over the forecast period are in line with past trends. Major changes in transport infrastructure, or significant new housebuilding in an area, may bring about changes in commuting patterns, but as indicated in Chapter 2, the EEFM can only take account of such changes if they are reflected in the available data.

## Claimant unemployed

*The total number of people in an area without a job and claiming unemployment benefits.*

The number of unemployed people in area  $i$  is projected as:

- the previous year's value
- **plus**  $\beta_{1i} X$  (projected change in working-age population)
- **minus**  $\beta_{2i} X$  (projected change in resident employment)

The two coefficients for each local area ( $\beta_{1i}$  and  $\beta_{2i}$ ) were estimated based on unemployment, working age population and resident employment data over the period 1992-2014. All coefficients are less than one, reflecting the fact that many people adding to the local working age population go into education (e.g., students) or directly into employment (e.g., by moving to the area specifically to

take up a new job), and the fact that many new job vacancies in the area will not necessarily be filled by the local unemployed (e.g. migrants, commuters).

ILO unemployment (a wider measure of unemployment that includes those who are actively seeking employment but are not claiming unemployment benefit) is also included in the Model and comes from the Annual Population Survey. This data is available from 2004 and is both back-cast and forecast, using growth rates in the claimant series.

### **Gross Value Added (GVA)**

*The total sum of income generated in an area over a specified period, usually a year. It is the sum of wages, profits and rents. An alternative and equivalent definition is the value of gross output less purchases of intermediate goods and services.*

GVA forecasts are available for 31 sectors. Previously, a sector entitled 'ownership of dwellings' (imputed rents in the ONS National Accounts) was excluded from the overall business services sector and published as its own sector. In Summer 2011, the ONS changed its methodology to publish data which included imputed rents within the business services sector. To remain consistent with National data, the EEFM now includes this measure of GVA within the real estate sector.

Sub-regionally, limited sector GVA data is available at NUTS 3 level (i.e. for unitaries and shire counties) but not for local authorities. Our initial forecasts at this level are obtained by multiplying forecast regional GVA per job in a sector (from the UK Regional Model) by forecast total workplace employment (jobs) in that sector (from the EEFM) for each local authority.

These initial forecasts are then subject to two adjustments. The first is for wage differentials (from ONS's Annual Survey of Hours and Earnings), which has the effect of increasing GVA disproportionately in areas where wages are higher. The second scales local sector GVA to the most recent published NUTS 3 level GVA estimates for the relevant base year (2011).

### **Productivity**

*GVA divided by total workplace employment (jobs). It measures the average amount of income generated in each area by every person working there.*

Productivity estimates do not require specific forecasting. They are simply forecast sector GVA divided by forecast total jobs (both employee and self-employed) in that sector.

*Relative productivity* is simply productivity in a specified area, divided by productivity in the region. A relative productivity value greater than 1.0 implies that productivity in that area (and sector) is higher than the regional average, and vice versa.

## **3.3 Demographic variables**

### **Total population**

*The total number of people living in an area.*

All population data is taken from ONS's mid-year estimates (MYE) to 2014, and the ONS 2012-based population projections are used thereafter. At local level,

total population is forecast as last year's population plus natural increase plus net migration (domestic and international).

### Working age population

*The total number of people in an area that are aged 16-64.*

Working age population for the region is based on the 2012-based ONS subnational population projections (SNPP).

For local areas, forecast working age population is forecast total population multiplied by a ratio of working age to total population. This ratio is forecast for each year of the forecast period, and calculated as the *previous year's* ratio multiplied by the growth in the ratio regionally according to the ONS (2012-based) projections.

### Young population

*The total number of children in an area (defined as all people aged 0-15).*

The population aged under 16 years is forecast at local authority level using an annual ratio of children to working age people. This ratio is forecast for each year of the forecast period, and calculated as the *previous year's* ratio multiplied by the growth in the ratio regionally according to the GAD (2012-based) projections. The regional forecast for this variable is simply the sum of these local area forecasts.

### Elderly population

*The total number of elderly people in a given area (defined as all people aged 65+).*

The local elderly population forecasts are simply the residual of the total population when the young and working age populations are subtracted. The regional forecast for this variable is simply the sum of these local area forecasts.

### Migration

*The net flow of people moving into and out of an area, whether this be to/from other parts of the region, the UK or the world. A negative number signifies a net outflow of people from an area, a positive number a net inflow.*

- Regional migration:

This comes from Cambridge Econometrics' assumptions for net migration into the East of England.

*Total* net migration into the region in any given year is based on 2012-based ONS subnational population projections.

- Local migration:

Migration data is sourced from ONS's population mid-year estimates 'Components of Change' data. At local authority level, the number of migrants is the sum of two components: *economic migrants* and *non-economic migrants*.

The number of *economic migrants* into each area in any given year equals:

- previous year's working age population
- **multiplied by**  $[0.01 + 0.29 \text{ (if the area's by the coast, otherwise 0)} - (0.16 \times \text{previous year's relative unemployment rate differential from the region unemployment rate})]$  where the unemployment rate has working age population as the denominator)
- This formula implies that the number of migrants into a district will equate to 1% of last year's working age population if the area is not by the coast and the difference between local and regional unemployment rate then was zero. To illustrate with a worked example, in an area not by the coast with 100,000 working age people and a 0.1pp positive difference in relative unemployment rate, net migration the following year will be  $100,000 \times [0.01 - (0.16 \times 0.1)]$ , or  $100,000 \times [0.01 - 0.016]$ , or  $100,000 \times -0.006$ , or -600.

So any change in employment or population in the EEFM which affects unemployment - whether the change is externally-sourced or internally generated within the Model - will affect net migration.

*Non-economic migrants* are set as a constant - unique to every area - for all future years. The constant for a given local authority is selected on the basis that it both reflects the actual population trend for the area over 1991-2011 (from ONS) and implies a local employment rate trend consistent with that for the region as a whole.

### 3.4 Housing variables

#### Households

*The total number of households (as defined in official statistics) in an area.*

#### Demand for dwellings

*The total number of dwellings (as defined in official statistics) in an area.*

The initial household data are as presented in the official DCLG series. The initial dwellings data are the stock data presented in the official DCLG series (table 125 provides total dwelling stock, whilst table 615 provides vacant stock, the residual between these series therefore represents occupied dwelling stock).

The method for forecasting the dwelling stock and the number of households is a three stage process. To produce *household* forecasts, we divide the household population (which is calculated as the total population minus institutional population) by household size, which is in turn based on official DCLG projections.

We then forecast the number of *occupied* dwellings by applying the growth rate in households in a particular year to occupied dwellings in the previous year.

Having calculated occupied dwellings, we use the previous year's ratio of total to occupied dwellings in order to project *total* dwelling stock in a particular year. We call this "*demand for dwellings*." It is intended to proxy dwelling stock, but it is not a conventional stock or supply figure. Rather it tries to estimate what stock might be needed to maintain current occupation ratios in the context of a higher population.



### 3.5 Carbon emissions

#### Industry, commercial & energy emissions

*The amount of CO<sub>2</sub> emissions produced by the industrial, commercial & energy sector in an area in any given year.*

Data for the amount of CO<sub>2</sub> emissions produced by the industry, commercial & energy sector is published by the Department of Energy and Climate Change (DECC) by local authority.

Local authority CO<sub>2</sub> emissions forecasts within the industry, commercial & energy sectors were produced by first creating UK carbon weights by industrial sector. This was done using sectoral employment and carbon emissions forecasts from the DECC projections to 2035, and projections from the Energy-Economy-Environment Modelling Laboratory's Price-Induced Market Equilibrium System (PRIMES) energy system model thereafter. By dividing the emissions in a sector by the number of people in employment in that sector, then dividing this by the emissions for the average UK worker (total UK emissions divided by total UK employment), we are able to get weights showing how carbon intensive specific sectors are.

For each local authority, we then calculate a carbon weighted employment figure based on what the employment breakdown in that area is. So a district which employs significantly more of their workforce in the emissions intensive chemicals and processing industries sector would be forecast to have a higher carbon weighted employment figure than a district which had a large agricultural sector.

This carbon weighted figure is then multiplied by the average emissions per UK employee, to give a pre-adjusted industrial & commercial emissions forecast. The pre-adjusted forecast also takes into account emissions from the energy sector. These emissions are based on the DECC and PRIMES projections, and we have modelled the energy sector as having no employees as such. Otherwise, we could have a problem where a district with a high number of energy sector employees could be a head office and not really emitting much carbon. So we share the energy sector emissions across districts by multiplying UK energy sector emissions by each district's share of total UK employment.

Finally, we adjust our forecasts based on scaling factors capturing the differences between our calculations for 2005-13 and the 2005-13 DECC data.

#### Domestic emissions

*The total number of emissions produced by households in an area in any given year.*

Data for the amount of CO<sub>2</sub> emissions produced by the domestic sector is published by the Department of Energy and Climate Change (DECC) by local authority.

Local authority CO<sub>2</sub> emissions forecasts within the domestic sector are assumed to be a function of population i.e. more people means more households and therefore more domestic energy use. We have calculated the UK average level of domestic emissions per person by taking the total UK household emissions from the DECC and PRIMES projections and dividing by UK total population. Then we applied this UK domestic emissions per person

ratio to the local authority population forecasts in the EEFM to estimate a pre-adjusted domestic emissions forecast by local authority. Then we adjusted the forecasts based on scaling factors capturing the differences between our calculations for 2005-13 and the DECC data during the same years.

### **Transport emissions**

*The total number of emissions produced by the transport sector in an area in any given year.*

Data for the amount of CO<sub>2</sub> emissions produced by the transport sector is published by the Department of Energy and Climate Change (DECC) by local authority.

Local authority CO<sub>2</sub> emissions forecasts within the transport sector are assumed to be a function of GVA (for example, more output means more transport use and therefore more emissions from transport). We have calculated the UK average level of transport emissions per unit of GVA by taking the total UK transport emissions from the DECC and PRIMES projections and dividing by UK total GVA from Cambridge Econometrics' UK Regional Model. Then we applied this UK transport emissions per person ratio to the local authority GVA forecasts in the EEFM to estimate a pre-adjusted transport emissions forecast by local authority. Then we adjusted the forecasts based on scaling factors capturing the differences between our calculations for 2005-13 and the DECC data during the same years.

### **Land use, land use change and forestry (LULUCF) emissions**

*The total number of emissions produced via land use (e.g. deforestation, emissions from soils, etc.) in an area in any given year.*

Data for the amount of CO<sub>2</sub> emissions produced by the LULUCF sector is published by the Department of Energy and Climate Change (DECC) by local authority.

Local authority CO<sub>2</sub> emissions forecasts within the LULUCF sector are assumed to be a function of land area i.e. more land gives more potential for deforestation, emissions from soils, etc. We have taken land area data, measured in hectares, from the UK Standard Area Measurements for 2007, and assumed that these values have not changed over time. Then we took UK LULUCF emissions data from DECC for 2005-13, and DEFRA forecasts for 2015 and 2020. For the years in between, we assumed a straight line and extrapolated annual data points and beyond 2020 we assumed a continuation of the trend. Then, using data from DECC for 2005-13, we projected the local authority LULUCF emissions by taking the previous year's emissions, and adding the local authority share (calculated by taking each area's share of total UK land area) of the net change in UK LULUCF emissions in each year.

### **Total emissions**

*The total number of CO<sub>2</sub> emissions produced in an area in any given year.*

This is calculated as an aggregate of industry, commercial & energy emissions, domestic emissions, transport emissions and LULUCF emissions.

## 4 Data sources

### 4.1 Labour market

#### Employees in employment

Description: Annual average employee job estimates

Data: 1991 – 1995 Annual Employment Survey (AES)  
 1995 – 1997 Annual Employment Survey rescaled to ABI  
 1998 – 2008 Annual Business Inquiry (ABI)  
 2008 – 2014 Business Register and Employment Survey (BRES)

#### Full-time/part-time split

Description: Annual average full-time and part-time employee job estimates consistent with the employee job estimates above.

Data: 1991 - 1995 Annual Employment Survey (AES)  
 1995 - 1997 Annual Employment Survey rescaled to ABI  
 1998 - 2008 Annual Business Inquiry (ABI)  
 2008 – 2014 Business Register and Employment Survey (BRES)

#### Self-employment

Description: Annual average self-employment job estimates

Data: ONS Workforce Jobs (WFJ)  
 Census 2001 and 2011 for local area estimates

#### Employees in Armed Forces

Description: Annual average estimate of employees in UK regular Armed Forces stationed in the UK

Data: DASA, ONS Workforce Jobs

#### Unemployment

Description: Annual average claimant count unemployment – seasonally adjusted

Data: Local authorities: Nomis – Claimant count with rates and proportions  
 Region: Nomis – Claimant count with rates and proportions

#### Residence-based employment

Description: Number of people resident in an area who are in employment (irrespective of where they work)

Data: Local authorities: Census of Population (2001 and 2011)  
 Annual Population Survey (APS)  
 Region: Census of Population (2001 and 2011)  
 Annual Population Survey (APS)

**Total workplace employment (people)**

Description: the number of people who work in an area (irrespective of where they live)

Data: Local authorities: Census of Population  
 Region: Census of Population

**4.2 Commuting**

Description: The number of people that travel into, and out of, an area for work

Data: Local authorities: Constructed by Cambridge Econometrics, Census of Population  
 Region: Constructed by Cambridge Econometrics, Census of Population

**4.3 Demography****Population – total**

Description: total population, all ages

Data: Local authorities: National Statistics, mid-year population estimates  
 Region: National Statistics, mid-year population estimates

**Working age population**

Description: defined as all people aged 16-64

Data: Local authorities: National Statistics, mid-year population estimates  
 Region: National Statistics, mid-year population estimates

**Young population**

Description: population aged 0-15

Data: Local authorities: National Statistics, mid-year population estimates  
 Region: National Statistics, mid-year population estimates

**Elderly population**

Description: defined as all people aged 65+

Data: Local authorities: National Statistics, mid-year population estimates  
 Region: National Statistics, mid-year population estimates

**Net migration and other changes**

Description: net migration flows to/from an area, including other changes (e.g. boundary adjustments, prisoner movements, boarding school pupils, etc)

Data: Local authorities: National Statistics, components of change  
 Region: National Statistics, components of change

**Natural increase**

Description: the numbers of births minus deaths

Data: Local authorities: National Statistics, components of change

Region: National Statistics, components of change

#### **4.4 Output**

##### **GVA**

Description: Gross Value Added in real 2011 prices

Data: Local authorities: Constructed by Cambridge Econometrics, Regional Accounts

Region: National Statistics, Regional Accounts

#### **4.5 Housing**

##### **Demand for dwellings**

Description: Stock of dwellings.

Data: Local authorities: DCLG – dwelling stock estimates

##### **Number of households**

Description: Households

Data: Estimated by Cambridge Econometrics

#### **4.6 Carbon emissions**

##### **Industry, commercial & energy emissions**

Description: CO<sub>2</sub> emissions from the industry, commercial & energy sectors

Data: Local authorities: DECC – Full local CO<sub>2</sub> emissions estimates

##### **Domestic emissions**

Description: CO<sub>2</sub> emissions from the domestic sector

Data: Local authorities: DECC – Full local CO<sub>2</sub> emissions estimates

##### **Transport emissions**

Description: CO<sub>2</sub> emissions from the transport sector

Data: Local authorities: DECC – Full local CO<sub>2</sub> emissions estimates

##### **LULUCF emissions**

Description: CO<sub>2</sub> emissions from the land use, land use change and forestry (LULUCF) sector

Data: Local authorities: DECC – Full local CO<sub>2</sub> emissions estimates

##### **Total emissions**

Description: Total CO<sub>2</sub> emissions

Data: Local authorities: DECC – Full local CO<sub>2</sub> emissions estimates



## 5 Outliers and data validity

Official data (e.g. BRES employment data) are incorporated unchanged into the EEFM, as the crucial starting point upon which local economic data are founded. Data is then adjusted to be consistent with key regional and national series which offer more timely information around recent economic trends. This process allows Model users to reference key variables at the published source, however as data are adjusted this means that users cannot reference data directly, although the broad levels will remain consistent with the published source.

However, in some cases the data can be anomalous - so-called “outliers.” This could be because of errors in measuring or recording it. Or perhaps the data is “true” but reflects an unusual circumstance and so does not accurately represent the local situation or local trends. Because of the smaller numbers of observations, data-reporting errors or unusual “outlier” values can be a particular problem at more detailed levels of analysis - for example, when looking at individual sectors in individual local authorities.

This section explores these issues in respect of the BRES (note: prior to 2008, ABI data is used and subject to similar levels of volatility), and outlines Cambridge Econometrics’ approach to BRES data outliers. In summary, this is to keep them unchanged within the EEFM spreadsheets, but to adjust them when making forecasts such that the first year of a forecast would incorporate a correction for an outlier value in the BRES data in a previous year.

### 5.1 BRES outliers

The latest published BRES data is for 2014 and was released in September 2015. Since BRES data is collected by survey whereby individuals/firms complete the questionnaires, there can sometimes be significant discontinuities in the sector data at local level from year to year. Such discontinuities may - or may not - reflect real events. Consider the effects on the data series of an incomplete return from a firm - or an error interpreting or recording it - in one year preceded (or followed) by a complete or correct return in the previous (or subsequent) year. Any recorded change in employees associated with this would be fictitious, and any trend extrapolated from it into the future would be misleading. But equally, a dramatic change could reflect the opening, expansion, contraction or closure of a major business in an area (with potential longer-term effects on other local businesses).

If a discontinuity occurred in say 2008, but was corrected in 2009, producing a “spike” in the time-series data, it can essentially be ignored as it will not affect the forecasting process. Equally, if it were confirmed the following year, it would suggest a ‘real’ change in the local economy has indeed taken place. In the meantime, local authorities’ input is vital to identify whether discontinuities in the data reflect ‘real’ events or not.

Focussing on the 2 digit SIC 2007 sectors for employee jobs at local authority level, we identified discontinuities showing **more than a 10% change in number of employees in a single year where this change involved more**

**than 1,000 employees.** These outliers were sent to appropriate local authority representatives for their reaction and input.

Cambridge Econometrics' response to this consultation was as follows: where we were satisfied that a discontinuity genuinely reflected the opening or closure of a firm, or major expansion or contraction, we accepted the change as the correct starting point for the EEFM forecasts. But if we were given evidence by consultees that there was an error in the BRES data or that an outlier gave a misleading picture of the local situation in some way, we corrected for the discontinuity in the first year of the forecast. (In the absence of any information about a discontinuity, we accepted it, in line with our working principle outlined above.)

Table 5.1 sets out those local authorities and sectors where adjustments were made to 2014 BRES data, showing the size and direction of the correction.

**Table 5.1 Adjustments made to 2014 BRES data used in setting forecasts**

| Local authority | Sector                | Correction                                |
|-----------------|-----------------------|-------------------------------------------|
| Braintree       | Education             | Up by approximately 900 employee jobs     |
| Breckland       | Employment activities | Down by approximately 1,200 employee jobs |
| Broadland       | Finance               | Up by approximately 1,300 employee jobs   |
| Harlow          | Business services     | Down by approximately 1,900 employee jobs |
| Ipswich         | Education             | Up by approximately 1,100 employee jobs   |
| Norwich         | Employment activities | Down by approximately 400 employee jobs   |
| Norwich         | Business services     | Up by approximately 2,900 employee jobs   |
| St Albans       | Business services     | Down by approximately 1,200 employee jobs |
| St Edmundsbury  | Business services     | Down by approximately 5,800 employee jobs |

Notes: The amount of jobs by which a sector has been adjusted does not necessarily reflect the size of the observed anomaly in the BRES data, as the 2014 adjusted value also includes an element of the trend employee growth that would have occurred if the correction had not been made.

## 5.2 Data checking and validity procedures

A vital foundation of any economic modelling and forecasting work is ensuring that data is correctly sourced and accurately fed into the model. Cambridge Econometrics has a policy of meticulously summing checking variables and carrying out visual checks throughout the process of updating the EEFM to ensure that the data is fully internally consistent.

Data is entered electronically from original official sources and is checked automatically to make sure identities are maintained. It is also checked visually to assess whether trends look plausible and magnitudes are correct.

There are a number of key identities in the EEFM which must hold for the Model to be fully realised, and we have a spreadsheet within it designed specifically to check that this is the case. These identities are:

- Employee jobs by sector = total employee jobs
- Self-employed jobs by sector = total self-employed jobs
- Employment by sector = total employment
- All indicators in each local authority = Eastern totals (note that this does not apply to productivity and unemployment/resident employment rates)

- Total employment = employee jobs + self-employed jobs + HM Armed Forces
- Total population = working age population + young population + elderly population
- Change in population = net migration + natural increase
- People-based employment = net commuting + resident-based employment
- Labour force = employment + unemployment

There are two principal methods that we apply to our models to ensure variables add up correctly over the forecast period:

- 1 **Scaling:** it is often the case that model input or output variables which are theoretically identical actually have different values. This is usually due to errors or incompleteness in the underlying data or methodological differences in gathering them. Scaling is the process by which two such variables are made equal by raising one to the value of the other, and the procedure can either be multiplicative or additive. Additive scaling takes the difference between the variables and adds it pro rata to the components of the lower of the two (for example, to local authority values when the total of these is less than a regional value to which it should theoretically be equal). Multiplicative scaling takes the ratio of the “target” total to the actual total, and multiplies each component of the actual total by that ratio. In this way, the actual total is shifted upwards (or downwards) to meet a target total which it should theoretically equal.
- 2 **Residual:** this procedure is used when the value of one component (or a small number of them) can be approximately deduced from the known values of other components and a known total. For example, estimating full time jobs as the residual between total jobs and part time jobs.

## 6 Employment land use methodology

This chapter outlines our methodology for calculating employment land use forecasts under the 2016 update of the East of England Forecasting Model (EEFM).

### 6.1 Key outputs

The summary outputs under the employment land module for EEFM 2016 for the East of England and each district include:

- Industrial floorspace (B1c/B2), thousands m<sup>2</sup>
- Warehouse floorspace (B8), thousands m<sup>2</sup>
- Office floorspace (B1a/b), thousands m<sup>2</sup>

Detailed outputs including the variables above split by sector are available on the website.

### 6.2 Measure of employment

The employment forecasts used in the calculation to estimate employment land requirements are:

- Jobs-based
- Workplace-based
- Full-time equivalents (estimated as the number of full-time employed, plus 75% of the number of part-time employed)

### 6.3 Employment densities

The employment densities used within the EEFM are based on the Employment Densities Guide, published in 2010<sup>1</sup>, which provides guidelines on employment densities by use class. The guide presents densities on a range of different floorspace measures: gross external area (GEA), gross internal area (GIA) or net internal area (NIA). Therefore, it has been necessary to convert all employment densities to the same measure - GIA.

**Table 6.1 Employment densities by use, 2010 guide**

| Use                      | Use class | Use Type                             | Area per FTE (m <sup>2</sup> ) | Floor Area Basis | Comment on potential variation |
|--------------------------|-----------|--------------------------------------|--------------------------------|------------------|--------------------------------|
| Industrial               | B2        | General                              | 36                             | GIA              | Range of 18-60 m <sup>2</sup>  |
| Industrial               | B1 (c)    | Light Industry (Business Park)       | 47                             | NIA              |                                |
| Warehouse & Distribution | B8        | General                              | 70                             | GEA              | Range of 25-115 m <sup>2</sup> |
| Warehouse & Distribution | B8        | Large Scale and High Bay Warehousing | 80                             | GEA              |                                |

<sup>1</sup> Employment Densities Guide, Homes & Communities Agency, 2010

|        |        |                 |    |     |
|--------|--------|-----------------|----|-----|
| Office | B1 (a) | General Office  | 12 | NIA |
| Office | B1 (a) | Call Centres    | 8  | NIA |
| Office | B1 (a) | IT/Data Centres | 47 | NIA |
| Office | B1 (a) | Business Park   | 10 | NIA |
| Office | B1 (a) | Serviced Office | 10 | NIA |

The following employment densities have been adopted for Industry and Warehousing, based on the general use types. The GEA for warehousing has been converted to GIA by using the CLG's Regional Spatial Strategy and Local Development Framework Core Output Indicators – Update 2/2008 guidance<sup>2</sup> which assumes a 3.75% difference.

For office use, the HCA guidance states that the GIA is typically 15-20% higher than net internal space. Using this figure this provides an employment density range for general office of 13.8 m<sup>2</sup> - 14.4 m<sup>2</sup>.

**Table 6.2 Employment densities – industry, warehousing and office (GIA)**

| Use         | Use type | Density:<br>Area per FTE (m <sup>2</sup> )       | Notes:                   |
|-------------|----------|--------------------------------------------------|--------------------------|
| Industry    | B1c/B2   | 36                                               | Uses General Industry    |
| Warehousing | B8       | 67                                               | Uses General Warehousing |
| Offices     | B1       | 14 (based on the average of the 13.8-14.4 range) | Uses General Office      |

For detailed office uses the same process has been followed for call centres, business parks and serviced office whilst office headquarters are assumed to follow the general employment land density. As the guidance does not provide densities for R&D, science parks and small businesses uses these are assumed to follow the original densities from the 2001 guide. An alternative could be to use the B1c density, given the earlier employment land density guide showed densities for these uses similar to light industry. However, this would result in an overall density of around 60m<sup>2</sup>, which seems very high when compared to the 2001 densities and is very close to the warehousing density.

Overall the following employment densities for detailed office use are used.

**Table 6.3 Employment densities detailed office use**

| Use    | Sub-use                                  | Density:<br>Area per FTE<br>(m <sup>2</sup> ) | Notes:                                                           |
|--------|------------------------------------------|-----------------------------------------------|------------------------------------------------------------------|
| Office | B1b use split:                           |                                               | Based on 2001 density guide                                      |
|        | Science park & Small business units      | 32                                            |                                                                  |
|        | High tech R&D                            | 29                                            |                                                                  |
|        | B1a split:                               |                                               | Based on NIA densities adjusted to GIA (average range of 15-20%) |
|        | General office                           | 14                                            |                                                                  |
|        | Serviced business centre & Business park | 13                                            |                                                                  |
|        | Call centre                              | 10                                            |                                                                  |

<sup>2</sup> <https://www.gov.uk/government/publications/employment-densities-guide>



## 6.4 Allocating employment sectors to use classes

In order to forecast employment land it is necessary to convert the employment sector forecasts into office, warehousing and industrial uses. As the model provides employment sector forecasts by 31 sectors in total (comprising one or several 2 digit SIC codes) we have allocated each sector across the use classes in differing proportions. This analysis has been largely based on reviewing each SIC code in detail and judging the overall proportion that could be expected to be in industry, warehousing or office uses based on our knowledge of the East of England's economy. This is not an exact science as the classification of economic activities does not always lend itself to a straightforward allocation.

The EEFM sectors are mapped to use classes in differing proportions, as outlined in Table 6.4. Those sectors marked with a \* need careful consideration given the nature of the activities undertaken, namely:

- Waste and remediation - we have allocated 97% of these activities to industry use to capture waste treatment activities (based on employee share in BRES by detailed SIC codes).
- Construction - we have not included construction in B-use, however, we are aware that often this is classified as industry use.
- Wholesale trade and repair of motor vehicles and motorcycles - we have allocated 75% of this sector to warehousing based on the share of wholesale warehousing activities in the BRES numbers. The remaining 25% associated with the repair of motor vehicles has been allocated to industry.
- Land transport - we have allocated 39% of this sector to warehousing based on the share of warehousing and support activities for transportation in the employee BRES numbers.
- Professional services - we have allocated 96% of this sector to offices. We have excluded veterinary activities based on the share of employees in the BRES numbers.
- Business services - we have allocated 93% of this sector to offices. We have excluded travel agency, tour operator and other reservation services based on the share of employees in the BRES numbers.
- Employment activities - given that this sector includes temporary workers that may work in any industry we have allocated employment based on the weighted shares of all the other sectors' allocations to industry, warehousing and offices.
- Publishing & broadcasting activities - we have allocated all publishing activity to industry. For motion picture, video and television programme production, sound recording and music publishing activities which captures the production side of film and TV we have assigned 80% to warehousing given the large scale production sets often required and 20% to office use. For programming and broadcasting activities which incorporates broadcasting activities which are most likely to be studio based we have assigned 80% of these activities to office use and 20% to warehousing use. The proportions are then scaled depending on the relative employment shares in the BRES data.

- Telecoms - we have allocated 80% of telecoms to warehousing and the remaining 20% to offices.
- Public administration - we have allocated 61% of this sector to offices to take account of the share of general public administration activities; regulation of the activities of providing health care, education, cultural services and other social services, excluding social security; regulation of and contribution to more efficient operation of businesses; and foreign affairs. We have excluded defence activities; justice and judicial activities; public order and safety activities; fire service activities; and compulsory social security activities. The shares are based on the BRES data.

We would appreciate feedback on these sectors or any others, bearing in mind that a simple calculation is applied across the East of England. Densities and allocations are static across the decades in the spreadsheets, as we have made no assumptions about the impacts of changing working practices. We have applied assumptions across the whole region, rather than reflecting any local circumstances. An interactive version of the spreadsheets is available so that users can apply their own assumptions to reflect any specific local circumstances. Please see the Cambridgeshire Insight website for more information.

**Table 6.4 Allocation of employment sectors by use class, SIC07**

| SIC code         | SIC description                               | Industry<br>B1c/B2 | Warehousing<br>B8 | Office<br>B1 |
|------------------|-----------------------------------------------|--------------------|-------------------|--------------|
| 01-03            | Agriculture                                   |                    |                   |              |
| 05-09            | Mining and quarrying                          |                    |                   |              |
| 10-12            | Food manufacturing                            | 100%               |                   |              |
| 13-18, 31-33     | General manufacturing                         | 100%               |                   |              |
| 19-23 excl<br>21 | Chemicals excl.<br>pharmaceuticals            | 100%               |                   |              |
| 21               | Pharmaceuticals                               | 100%               |                   |              |
| 24-25            | Metals manufacturing                          | 100%               |                   |              |
| 28-30            | Transport equipment,<br>machinery & equipment | 100%               |                   |              |
| 26-27            | Electronics                                   | 100%               |                   |              |
| 35-37            | Utilities                                     |                    |                   |              |
| 38-39*           | Waste and remediation                         | 97%                |                   |              |
| 41-43*           | Construction                                  |                    |                   |              |
| 45-46*           | Wholesale                                     | 25%                | 75%               |              |
| 47               | Retail                                        |                    |                   |              |
| 49, 52-53*       | Land transport                                |                    | 39%               |              |
| 50-51            | Water and air transport                       |                    |                   |              |
| 55-56            | Hotels and restaurants                        |                    |                   |              |
| 58-60*           | Publishing and broadcasting                   | 66%                | 23%               | 11%          |
| 61*              | Telecoms                                      |                    | 80%               | 20%          |
| 62-63            | Computer related activity                     |                    |                   | 100%         |
| 64-66            | Finance                                       |                    |                   | 100%         |
| 68               | Real estate                                   |                    |                   | 100%         |

|            |                        |     |    |      |
|------------|------------------------|-----|----|------|
| 69-75 excl | Professional services  |     |    | 96%  |
| 72*        |                        |     |    |      |
| 72         | Research & development |     |    | 100% |
| 77-82 excl | Business services      |     |    | 93%  |
| 78*        |                        |     |    |      |
| 78*        | Employment activities  | 12% | 8% | 22%  |
| 84*        | Public administration  |     |    | 61%  |
| 85         | Education              |     |    |      |
| 86-88      | Health and care        |     |    |      |
| 90-93      | Arts and entertainment |     |    |      |
| 94-99      | Other services         |     |    |      |

## 6.5 Detailed office uses

The sectors with some element of office use have also been assigned into the more detailed breakdown of office uses as shown in Table 6.5 below. Again, we would appreciate any feedback on these allocations.

**Table 6.5 Allocation of office employment sectors by detailed office use classes, SIC07**

| SIC code   | SIC description                | Offices | Split by:                      |                                   |                       |                                                       |                    |
|------------|--------------------------------|---------|--------------------------------|-----------------------------------|-----------------------|-------------------------------------------------------|--------------------|
|            |                                | B1      | B1b<br>Small business<br>units | B1b<br>Science Park &<br>Tech/R&D | B1a<br>General Office | B1a<br>Park<br>Centre & Business<br>Serviced Business | B1a<br>Call Centre |
| 58-60      | Publishing and<br>broadcasting | 11%     | 0%                             | 0%                                | 11%                   | 0%                                                    | 0%                 |
| 61         | Telecoms                       | 20%     | 0%                             | 0%                                | 20%                   | 0%                                                    | 0%                 |
| 62-63      | Computer related activity      | 100%    | 0%                             | 0%                                | 30%                   | 60%                                                   | 10%                |
| 64-66      | Finance                        | 100%    | 0%                             | 0%                                | 100%                  | 0%                                                    | 0%                 |
| 68         | Real estate                    | 100%    | 0%                             | 0%                                | 90%                   | 10%                                                   | 0%                 |
| 69-75 excl | Professional services          | 96%     | 7%                             | 7%                                | 79%                   | 2%                                                    | 1%                 |
| 72         |                                |         |                                |                                   |                       |                                                       |                    |
| 72         | Research & development         | 100%    | 20%                            | 60%                               | 10%                   | 10%                                                   | 0%                 |
| 77-82 excl | Business services              | 93%     | 71%                            | 1%                                | 9%                    | 4%                                                    | 9%                 |
| 78         |                                |         |                                |                                   |                       |                                                       |                    |
| 78         | Employment activities          | 22%     | 5%                             | 1%                                | 13%                   | 2%                                                    | 1%                 |
| 84         | Public administration          | 61%     | 0%                             | 0%                                | 61%                   | 0%                                                    | 0%                 |



# Appendix 4: Baseline EEFM Projections

## Babergh

| EEFM Sector                         | Workforce Jobs |               |                     |                       |
|-------------------------------------|----------------|---------------|---------------------|-----------------------|
|                                     | 2014           | 2036          | Change<br>2014-2036 | % Change<br>2014-2036 |
| Agriculture                         | 1,360          | 860           | -500                | -36.8%                |
| Mining & quarrying                  | 0              | 0             | 0                   | 0.0%                  |
| Manufacturing - food                | 530            | 400           | -130                | -24.5%                |
| Manufacturing - general             | 1,960          | 1,580         | -380                | -19.4%                |
| Manufacturing - chemicals only      | 1,470          | 910           | -560                | -38.1%                |
| Manufacturing - pharmaceuticals     | 0              | 0             | 0                   | 0.0%                  |
| Manufacturing - metals              | 570            | 410           | -160                | -28.1%                |
| Manufacturing - transport equipment | 1,170          | 850           | -320                | -27.4%                |
| Manufacturing - electronics         | 140            | 90            | -50                 | -35.7%                |
| Utilities                           | 30             | 30            | 0                   | 0.0%                  |
| Waste & remediation                 | 190            | 210           | 20                  | 10.5%                 |
| Construction                        | 3,080          | 4,490         | 1,410               | 45.8%                 |
| Wholesale                           | 2,250          | 2,300         | 50                  | 2.2%                  |
| Retail                              | 4,540          | 4,700         | 160                 | 3.5%                  |
| Land transport                      | 1,180          | 1,180         | 0                   | 0.0%                  |
| Water & air transport               | 10             | 10            | 0                   | 0.0%                  |
| Accommodation & food services       | 2,550          | 3,340         | 790                 | 31.0%                 |
| Publishing & broadcasting           | 140            | 90            | -50                 | -35.7%                |
| Telecoms                            | 20             | 20            | 0                   | 0.0%                  |
| Computer related activity           | 680            | 780           | 100                 | 14.7%                 |
| Finance                             | 770            | 690           | -80                 | -10.4%                |
| Real estate                         | 410            | 650           | 240                 | 58.5%                 |
| Professional services               | 3,160          | 4,100         | 940                 | 29.7%                 |
| Research & development              | 10             | 10            | 0                   | 0.0%                  |
| Business services                   | 2,190          | 3,360         | 1,170               | 53.4%                 |
| Employment activities               | 450            | 650           | 200                 | 44.4%                 |
| Public administration               | 490            | 570           | 80                  | 16.3%                 |
| Education                           | 3,500          | 3,080         | -420                | -12.0%                |
| Health & care                       | 4,010          | 4,930         | 920                 | 22.9%                 |
| Arts & entertainment                | 1,190          | 1,340         | 150                 | 12.6%                 |
| Other services                      | 980            | 1,040         | 60                  | 6.1%                  |
| <b>Total (rounded)</b>              | <b>39,000</b>  | <b>42,640</b> | <b>3,640</b>        | <b>9.3%</b>           |



## Ipswich

| EEFM Sector                         | Workforce Jobs |               |                     |                       |
|-------------------------------------|----------------|---------------|---------------------|-----------------------|
|                                     | 2014           | 2036          | Change<br>2014-2036 | % Change<br>2014-2036 |
| Agriculture                         | 40             | 30            | -10                 | -25.0%                |
| Mining & quarrying                  | 0              | 0             | 0                   | 0.0%                  |
| Manufacturing - food                | 120            | 60            | -60                 | -50.0%                |
| Manufacturing - general             | 1,140          | 920           | -220                | -19.3%                |
| Manufacturing - chemicals only      | 300            | 230           | -70                 | -23.3%                |
| Manufacturing - pharmaceuticals     | 10             | 0             | -10                 | -100.0%               |
| Manufacturing - metals              | 250            | 140           | -110                | -44.0%                |
| Manufacturing - transport equipment | 820            | 600           | -220                | -26.8%                |
| Manufacturing - electronics         | 70             | 20            | -50                 | -71.4%                |
| Utilities                           | 940            | 870           | -70                 | -7.4%                 |
| Waste & remediation                 | 130            | 140           | 10                  | 7.7%                  |
| Construction                        | 3,330          | 5,560         | 2,230               | 67.0%                 |
| Wholesale                           | 3,140          | 3,670         | 530                 | 16.9%                 |
| Retail                              | 7,470          | 9,100         | 1,630               | 21.8%                 |
| Land transport                      | 5,040          | 5,430         | 390                 | 7.7%                  |
| Water & air transport               | 160            | 190           | 30                  | 18.8%                 |
| Accommodation & food services       | 3,720          | 5,860         | 2,140               | 57.5%                 |
| Publishing & broadcasting           | 440            | 320           | -120                | -27.3%                |
| Telecoms                            | 310            | 260           | -50                 | -16.1%                |
| Computer related activity           | 1,120          | 1,610         | 490                 | 43.8%                 |
| Finance                             | 6,470          | 6,270         | -200                | -3.1%                 |
| Real estate                         | 880            | 1,230         | 350                 | 39.8%                 |
| Professional services               | 3,970          | 4,800         | 830                 | 20.9%                 |
| Research & development              | 10             | 20            | 10                  | 100.0%                |
| Business services                   | 4,180          | 6,570         | 2,390               | 57.2%                 |
| Employment activities               | 2,660          | 4,060         | 1,400               | 52.6%                 |
| Public administration               | 5,220          | 6,660         | 1,440               | 27.6%                 |
| Education                           | 6,330          | 8,440         | 2,110               | 33.3%                 |
| Health & care                       | 12,180         | 15,650        | 3,470               | 28.5%                 |
| Arts & entertainment                | 2,790          | 3,480         | 690                 | 24.7%                 |
| Other services                      | 1,960          | 2,050         | 90                  | 4.6%                  |
| <b>Total (rounded)</b>              | <b>75,200</b>  | <b>94,230</b> | <b>19,030</b>       | <b>25.3%</b>          |

## Mid Suffolk

| EEFM Sector                         | Workforce Jobs |               |                     |                       |
|-------------------------------------|----------------|---------------|---------------------|-----------------------|
|                                     | 2014           | 2036          | Change<br>2014-2036 | % Change<br>2014-2036 |
| Agriculture                         | 2,520          | 1,540         | -980                | -38.9%                |
| Mining & quarrying                  | 60             | 50            | -10                 | -16.7%                |
| Manufacturing - food                | 1,840          | 1,160         | -680                | -37.0%                |
| Manufacturing - general             | 620            | 460           | -160                | -25.8%                |
| Manufacturing - chemicals only      | 540            | 280           | -260                | -48.1%                |
| Manufacturing - pharmaceuticals     | 20             | 10            | -10                 | -50.0%                |
| Manufacturing - metals              | 540            | 400           | -140                | -25.9%                |
| Manufacturing - transport equipment | 1,030          | 750           | -280                | -27.2%                |
| Manufacturing - electronics         | 130            | 80            | -50                 | -38.5%                |
| Utilities                           | 160            | 150           | -10                 | -6.3%                 |
| Waste & remediation                 | 240            | 260           | 20                  | 8.3%                  |
| Construction                        | 5,700          | 8,830         | 3,130               | 54.9%                 |
| Wholesale                           | 2,680          | 2,970         | 290                 | 10.8%                 |
| Retail                              | 2,410          | 2,740         | 330                 | 13.7%                 |
| Land transport                      | 3,840          | 3,940         | 100                 | 2.6%                  |
| Water & air transport               | 10             | 10            | 0                   | 0.0%                  |
| Accommodation & food services       | 1,880          | 2,740         | 860                 | 45.7%                 |
| Publishing & broadcasting           | 360            | 280           | -80                 | -22.2%                |
| Telecoms                            | 30             | 30            | 0                   | 0.0%                  |
| Computer related activity           | 480            | 650           | 170                 | 35.4%                 |
| Finance                             | 360            | 340           | -20                 | -5.6%                 |
| Real estate                         | 360            | 510           | 150                 | 41.7%                 |
| Professional services               | 2,650          | 3,390         | 740                 | 27.9%                 |
| Research & development              | 20             | 20            | 0                   | 0.0%                  |
| Business services                   | 2,650          | 4,230         | 1,580               | 59.6%                 |
| Employment activities               | 220            | 330           | 110                 | 50.0%                 |
| Public administration               | 2,360          | 2,550         | 190                 | 8.1%                  |
| Education                           | 3,100          | 3,090         | -10                 | -0.3%                 |
| Health & care                       | 4,840          | 6,020         | 1,180               | 24.4%                 |
| Arts & entertainment                | 1,140          | 1,380         | 240                 | 21.1%                 |
| Other services                      | 1,090          | 1,150         | 60                  | 5.5%                  |
| <b>Total (rounded)</b>              | <b>43,900</b>  | <b>50,340</b> | <b>6,440</b>        | <b>14.7%</b>          |

## Suffolk Coastal

| EEFM Sector                         | Workforce Jobs |               |                     |                       |
|-------------------------------------|----------------|---------------|---------------------|-----------------------|
|                                     | 2014           | 2036          | Change<br>2014-2036 | % Change<br>2014-2036 |
| Agriculture                         | 2,270          | 1,430         | -840                | -37.0%                |
| Mining & quarrying                  | 10             | 10            | 0                   | 0.0%                  |
| Manufacturing - food                | 430            | 280           | -150                | -34.9%                |
| Manufacturing - general             | 710            | 600           | -110                | -15.5%                |
| Manufacturing - chemicals only      | 300            | 230           | -70                 | -23.3%                |
| Manufacturing - pharmaceuticals     | 0              | 0             | 0                   | 0.0%                  |
| Manufacturing - metals              | 270            | 220           | -50                 | -18.5%                |
| Manufacturing - transport equipment | 910            | 610           | -300                | -33.0%                |
| Manufacturing - electronics         | 550            | 350           | -200                | -36.4%                |
| Utilities                           | 570            | 550           | -20                 | -3.5%                 |
| Waste & remediation                 | 340            | 370           | 30                  | 8.8%                  |
| Construction                        | 3,330          | 3,990         | 660                 | 19.8%                 |
| Wholesale                           | 1,960          | 2,140         | 180                 | 9.2%                  |
| Retail                              | 5,650          | 6,320         | 670                 | 11.9%                 |
| Land transport                      | 10,070         | 10,460        | 390                 | 3.9%                  |
| Water & air transport               | 170            | 220           | 50                  | 29.4%                 |
| Accommodation & food services       | 5,050          | 7,290         | 2,240               | 44.4%                 |
| Publishing & broadcasting           | 410            | 330           | -80                 | -19.5%                |
| Telecoms                            | 2,420          | 2,160         | -260                | -10.7%                |
| Computer related activity           | 550            | 790           | 240                 | 43.6%                 |
| Finance                             | 540            | 500           | -40                 | -7.4%                 |
| Real estate                         | 550            | 760           | 210                 | 38.2%                 |
| Professional services               | 2,980          | 4,020         | 1,040               | 34.9%                 |
| Research & development              | 100            | 100           | 0                   | 0.0%                  |
| Business services                   | 3,180          | 4,720         | 1,540               | 48.4%                 |
| Employment activities               | 370            | 550           | 180                 | 48.6%                 |
| Public administration               | 2,860          | 3,380         | 520                 | 18.2%                 |
| Education                           | 4,610          | 4,440         | -170                | -3.7%                 |
| Health & care                       | 5,810          | 7,650         | 1,840               | 31.7%                 |
| Arts & entertainment                | 1,920          | 2,290         | 370                 | 19.3%                 |
| Other services                      | 1,630          | 1,690         | 60                  | 3.7%                  |
| <b>Total (rounded)</b>              | <b>60,510</b>  | <b>68,450</b> | <b>7,940</b>        | <b>13.1%</b>          |

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