



Nathaniel Lichfield
& Partners

Planning. Design. Economics.



Ipswich and Waveney Economic Areas

Employment Land Needs Assessment

Final Report

March 2016



**Nathaniel Lichfield
& Partners**

Planning. Design. Economics.

**Ipswich and Waveney Economic
Areas ELNA**

**Employment Land Needs Assessment
Final Report**

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

March 2016

14400/MS/CGJ/LE

Nathaniel Lichfield & Partners
14 Regent's Wharf
All Saints Street
London N1 9RL

nlplanning.com

This document is formatted for double sided printing.

© Nathaniel Lichfield & Partners Ltd 2016. Trading as Nathaniel Lichfield & Partners.

All Rights Reserved.

Registered Office:

14 Regent's Wharf

All Saints Street

London N1 9RL

All plans within this document produced by NLP are based upon Ordnance Survey mapping with the permission of Her Majesty's Stationery Office. © Crown Copyright reserved. Licence number AL50684A

Executive Summary

This Employment Land Needs Assessment has been prepared by Nathaniel Lichfield & Partners on behalf of Ipswich Borough Council, Babergh, Mid Suffolk, Suffolk Coastal and Waveney District Councils.

It provides an update to the economic needs evidence base for the respective local authority areas to 2031 by assessing economic development needs for the Ipswich Economic Area (covering Ipswich, Suffolk Coastal, Mid Suffolk and Babergh) and the Waveney Economic Area objectively in line with the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). The study considers future quantitative land and floorspace requirements alongside related qualitative factors for individual sectors and employment uses.

The key findings of the study are as follows:

- 1 The Ipswich Economic Area has a sizeable population which has recorded strong growth in recent years, particularly within Ipswich Borough. Growth in workforce jobs has been uneven across the area, with Ipswich Borough maintaining the largest workforce in the Economic Area. Key sectors in employment terms comprise public admin, health and education; retail and wholesale; professional and business services.
- 2 Business growth has lagged behind regional and national averages in recent years and the majority of businesses are small firms employing between 0 and 4 workers. Employment space in the Economic Area is dominated by industrial (B1c/B2/B8) uses with the largest concentration in Ipswich Borough. The stock of employment space has steadily been increasing over the period 2000 to 2012, and industrial uses have accounted for the majority of new development that has occurred in recent years. Availability of employment land stands at over 200ha, comprising undeveloped allocations and outstanding planning permissions, much of which is located within Mid Suffolk and Babergh.
- 3 The Port of Felixstowe has a very significant economic influence from an industrial perspective. The A14, linking the Port of Felixstowe with the rest of the UK, represents the key commercial property market driver in the Ipswich Economic Area, with occupier movement and requirements generally flowing in an East-West direction along this corridor. The area's other key route, the A12, is not characterised by the same level of activity, with limited synergy between Ipswich and Waveney in commercial property market terms. Smaller commercial centres such as Hadleigh and Sudbury are characterised by relatively self-contained property markets and localised demand.
- 4 The Ipswich Economic Area is generally perceived as a good industrial location. Demand is largely localised with very few examples of inward investment in the area in recent years. Industrial supply has continued to tighten over recent months with local property agents pointing to a

particular gap in the market for industrial units up to 15,000sq.ft. The office market is significantly weaker than industrial, with very few established, recognised office centres outside of Ipswich itself.

- 5 The Waveney Economic Area has become increasingly recognised for its growing potential to support the offshore energy sector. Employment has declined over the last four years indicating that Waveney's economy has particularly suffered from the effects of the recession. Key sectors in employment terms include public administration, health and education, finance and business services, retail and manufacturing. Recent economic performance across a range of business, productivity and labour market indicators has been relatively poor.
 - 6 Employment floorspace is also dominated by industrial uses, and this stock of space has gradually increased over the last 12 years. B class floorspace is concentrated in Lowestoft, historically around the port area of Lake Lothing and more recently in industrial estates around the edge of the town. Moderate amounts of new employment development have occurred over the last few years, mainly relating to industrial (B2/B8) uses and driven by a small number of large developments. Just under 98 hectares of employment land is currently available for development, including 40 hectares within Enterprise Zones.
 - 7 In functional economic terms, Waveney is closely connected with neighbouring Great Yarmouth, with both towns playing an important role in servicing the renewable energy sector, and to a lesser extent the oil and gas industry. It has significantly weaker economic linkages with other Suffolk authorities, due in part to the relative distance between these locations and relatively poor highway network. Waveney's industrial market is buoyant, with recent development driven by the designation of an Enterprise Zone. However, employment land supply in the town is nearly exhausted and in absence of new development land being identified, requirements are likely to be displaced to Great Yarmouth which benefits from greater availability of land. In contrast, Waveney is not an established office location and lacks the critical mass of office occupiers to compete for office based activity and firms.
 - 8 Two different scenarios of future employment space requirements have been considered, based on a range of lower and higher growth conditions that could arise in the future. The extent to which these scenarios reflect an assumption of higher or lower future economic growth than the sub-region has achieved in the recent past varies considerably across the individual local authorities that together comprise the two Economic Areas.
 - 9 The overall net floorspace requirements related to a baseline EEFM growth scenario is equivalent to 439,115sqm across the Ipswich Economic Area and 64,290sq.m for the Waveney Economic Area over the 20 year period to 2031, implying in broad terms a need for 88.5ha and 13.0ha of employment land in net terms respectively. The majority of this spatial requirement relates to office (B1a/b) uses.
-

- 10 A higher growth scenario has also been considered which examines the employment benefits that could arise from the construction and ongoing maintenance of a number of new offshore wind developments that are planned to take place off the coast of East Anglia over the study period to 2031. The additional employment growth effects extend to the Waveney Economic Area only, and results in a net floorspace requirement of 79,424sq.m or 15.6ha over the 20 year period to 2031. Office uses still comprise the majority of this overall floorspace requirement, although industrial uses represent a greater proportion of the overall requirement when compared with the baseline EEFM scenario. It is important to emphasise the uncertainty associated with this higher growth scenario particularly in terms of assumptions regarding overall employment, regional retention and port distribution.
- 11 Sizewell C represents another significant economic development that is expected to take place within the study area over the plan period. It is likely to generate additional demand for B class space and land in Suffolk Coastal and surrounding authority areas over the period to 2031 over and above the scale of demand estimated through the baseline EEFM scenario. Future growth of the Port of Felixstowe is dependent upon additional land for operators to expand on to and to relocate.
- 12 Whilst growth needs have been identified on an Economic Area and individual local authority basis, there will be some degree of footloose needs that potentially operate and can be accommodated across individual local authority boundaries. Functional Economic Market Area analysis presented as part of the ELNA identifies a number of distinct economic geographies and commercial property market sub-areas operating across the sub-region which broadly correspond with a two tier Economic Area approach in functional geographic terms.
- 13 To ensure a flexible and responsive policy framework that proactively plans to accommodate economic needs over the plan period to 2031, it will be necessary not just to focus on meeting forecast quantitative requirements (which will fluctuate over time), but to consider the opportunities and risks that flow from particular policies for supporting economic growth. It will therefore be important that subsequent supply-side studies and assessments undertaken as part of the next stage of the Local Plan evidence base provide a comprehensive assessment of the quality and fitness-for-purpose of employment land supply across the two Economic Areas alongside a more detailed analysis of the qualitative supply-side issues identified as part of this study within the context of identified economic needs.

Contents

1.0	Introduction	1
	Scope of Study	1
	Spatial Definitions.....	2
	Study Methodology.....	3
	Structure of the Report	4
2.0	Functional Economic Areas	6
	Spatial Overview of the Study Area.....	7
	Extent of Local Enterprise Partnerships	7
	Travel to Work Areas.....	8
	Housing Market Areas	12
	Commercial Property Market Areas	12
	Summary	14
3.0	Economic Context	16
	National and Regional Context.....	16
	New Anglia Local Enterprise Partnership Area Economic Context	21
	Ipswich Economic Area Context.....	24
	Waveney Economic Area Context.....	35
	Summary	41
4.0	Commercial Property Market Signals and Intelligence	43
	National and Regional Property Market Overview.....	43
	Ipswich Economic Area	43
	Market Segments	47
	Waveney Economic Area	51
	Summary	54
5.0	Overview of Employment Space	56
	Ipswich Economic Area	56
	Development Rates.....	60
	Waveney Economic Area	66
	Summary	70
6.0	Business and Sector Needs	72
	Local Business Survey	72
	Sector Consultations	84
	Summary	87
7.0	Future Requirements for Employment Space	90
	Methodology	90
	Forecasts of Job Growth	90

New Power Station at Sizewell	101
Net Employment Space Requirements.....	101
Net Land Requirements.....	104
Sensitivity Tests.....	106
Qualitative Feedback	108
Summary	109

8.0	Overall Conclusions	111
	Ipswich Economic Area	111
	Waveney Economic Area	112
	Employment Land Needs and Recommendations	112

Appendices

Appendix 1	List of Consultees
Appendix 2	Employment Tables
Appendix 3	East of England Forecasting Model Overview
Appendix 4	Offshore Scenario Methodology and Assumptions
Appendix 5	New Power Station at Sizewell – Assumptions and Benefits

1.0 Introduction

- 1.1 Nathaniel Lichfield & Partners ('NLP') was commissioned by Ipswich Borough Council, Babergh, Mid Suffolk, Suffolk Coastal and Waveney District Councils ('the Councils') to prepare an Employment Land Needs Assessment (ELNA) for the Ipswich Economic Area (covering Ipswich, Suffolk Coastal, Mid Suffolk and Babergh) and the Waveney Economic Area.
- 1.2 It provides an update to the economic needs evidence base for the respective local authority areas to 2031 by assessing economic development needs objectively in line with the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). The study considers future quantitative land and floorspace requirements alongside related qualitative factors for individual sectors and employment uses.
- 1.3 Specific requirements of the brief include:
- 1 Objectively assessing employment needs and employment land (B1, B2, B8) requirements for the Ipswich and Waveney economic areas.
 - 2 Identifying qualitative needs of business sectors such as barriers to investment, infrastructure requirements, locational preferences, access to markets and suppliers, workforce housing and commuting patterns.

Scope of Study

- 1.4 The purpose of the ELNA is to produce key economic evidence for the five local authorities by providing the Councils with an understanding of the current and potential requirements for employment land across the Ipswich and Waveney Economic Areas. This is based on considering a range of scenarios for how the local economy could change in the future.
- 1.5 Following from this analysis, the land and floorspace implications are specifically considered for the group of B-class sectors outlined below:
- **B1 Business** (offices (B1a), research & development (B1b), light industry (B1c));
 - **B2 General Industrial**; and
 - **B8 Storage or Distribution** (wholesale warehouses, distribution centres).
- 1.6 Demand for B-class employment land and floorspace is considered in this report, and references to "employment space" are intended to mean both these elements. Industrial space in this report includes both manufacturing and distribution uses.
- 1.7 The study also considers forecasts of growth in non B-class sectors to set out how the overall economy of the study area could change in the future, although does not specifically assess the space implications of these other sectors

because they are planned for using different methodologies and considered by other forms of technical evidence (such as a retail and leisure assessment).

- 1.8 It should be noted that there are a variety of factors and drivers to consider when objectively assessing business needs for local areas. This study utilises a combination of both quantitative and qualitative analysis to explore these issues within the context of the Ipswich and Waveney Economic Areas and synthesises these to draw overarching conclusions and implications. An important consideration for any work of this type is that it is inevitably a point-in-time assessment. 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 NLP.
- 1.9 As part of the study, consultation was undertaken with a range of stakeholders including commercial agents, industry representatives and business organisations. A list of consultees is included at Appendix 1. Stakeholders were also consulted on the Draft ELNA Report findings.
- 1.10 The scope of the study is limited to assessing the need for B-class business space and land across the study area. It will help inform a subsequent phase of works and separate studies that will consider the availability and suitability of land in the area for employment development uses.

Spatial Definitions

- 1.11 The study area for the ELNA covers the five Suffolk local authorities of Ipswich Borough, Suffolk Coastal District, Mid Suffolk District, Babergh District and Waveney District. For the purposes of presenting the analysis, these authority areas have been grouped into two 'Economic Areas' that broadly correlate with the main functional economic market areas operating across this part of Suffolk. These are grouped as follows, and are illustrated in Figure 1.1.
- **Ipswich Economic Area** (comprising Ipswich Borough, Suffolk Coastal District, Mid Suffolk District and Babergh District).
 - **Waveney Economic Area** (comprising Waveney District only).

Figure 1.1 Ipswich and Waveney Economic Areas Spatial Context



Reproduced from the Ordnance Survey mapping with the permission of the Controller of Her Majesty's Stationery Office (c) Crown Copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. Waveney District Council Licence No. 100042052, 2015

Source: Waveney District Council

Study Methodology

1.12

In March 2014, the Government released Planning Practice Guidance (PPG) to provide practical support for practitioners and inform the implementation of the NPPF. With regards to assessing economic development needs, the Guidance states that local authorities should:

- a Consider their existing stock of land, identifying the demand for and supply of employment land and determine the likely business needs and future market requirements;
- b Consider the locational and premises requirements of particular types of business;
- c Analyse supply and demand to identify whether there is a discrepancy between quantitative and qualitative supply and demand for employment sites; and

- d Identify where gaps in local employment land provision exist by comparing the available stock of land with the requirements of the area.

1.13 The methodology that has been used to undertake the ELNA 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 1.2 below.

Figure 1.2 Ipswich and Waveney Economic Areas ELNA Methodology



Source: NLP

1.14 The study has been undertaken in partnership between NLP and the five local authorities comprising the Ipswich and Waveney Economic Areas, with the local authorities largely undertaking the quantitative and contextual analysis and NLP the qualitative analysis including property market review and stakeholder consultation. The forecasting analysis has been undertaken jointly by NLP and the local authorities. The report has been prepared jointly by NLP and the Councils on this basis.

Structure of the Report

1.15 The report is structured as follows:

- **Functional Economic Areas** (Section 2.0) – an overview of the economic geography of the study area and the economic characteristics associated with the five local authority areas and the key settlements within them. This chapter has been prepared jointly by the Councils and NLP.
- **Economic Context** (Section 3.0) – a review of current economic conditions and recent trends across the study area and its economic strengths and weaknesses that may affect future needs for employment space. This chapter has been prepared by the Councils.
- **Commercial Property Market Signals and Intelligence** (Section 4.0) – a review of the sub-regional commercial property market, including the supply of and demand for different types of employment space within the study area and the needs of different market segments. This chapter has been prepared by NLP.

- **Overview of Employment Space** (Section 5.0) – analysis of the current stock and trends of employment space across the study area in terms of mix of uses, development rates, gains and losses and age of premises. This chapter has been prepared by the Councils.
- **Business and Sector Needs** (Section 6.0) – an overview of business needs and qualitative issues (insofar as they relate to planning for employment development uses) as identified by a survey of businesses based across the study area and through consultation with key sector representatives. This chapter has been prepared by NLP.
- **Future Requirements for Employment Space** (Section 7.0) – estimates future employment space requirements for B Class sectors across the study area in quantitative terms, drawing on employment forecasts and consideration of a number of alternative, sector driven higher growth scenarios. This chapter has been prepared jointly by the Councils and NLP.
- Overall **conclusions** are presented in Section 8.0. This chapter has been prepared by NLP

Functional Economic Areas

2.0

2.1

This section provides an overview of the economic geography of the study area and the economic characteristics associated with the local authority areas, settlements and centres within it.

2.2

Defining a functional economic geography is a key stage in preparing economic evidence. The PPG provides the following advice on defining economic geographies (para 012):

“The geography of commercial property markets should be thought of in terms of the requirements of the market in terms of the location of premises, and the spatial factors used in analysing demand and supply – often referred to as the functional economic market area. Since patterns of economic activity vary from place to place, there is no standard approach to defining a functional economic market area, however, it is possible to define them taking account of factors including:

- *extent of any Local Enterprise Partnership within the area;*
- *travel to work areas;*
- *housing market area;*
- *flow of goods, services and information within the local economy;*
- *service market for consumers;*
- *administrative area;*
- *Catchment areas of facilities providing cultural and social well-being;*
- *transport network.”*

2.3

Any definition of an economic boundary is subject to debate and there is inevitably an element of ‘blurring around the edges’, particularly when considering where people work. However, to investigate needs, a boundary is necessary. Given the role and remit of this study as evidence for developing planning and economic development strategies for local authorities, and the more limited availability of data at smaller geographies below administrative level, the preferred approach is to use ‘best fit’ local authority boundaries where possible rather than sub-divide the authorities for the purposes of this analysis.

Spatial Overview of the Study Area

- 2.4 The study area covers the Districts/Boroughs of Babergh, Ipswich, Mid Suffolk, Suffolk Coastal and Waveney in Suffolk. Figure 2.1 below shows a map of the area.

Figure 2.1 Map of Study Area



Extent of Local Enterprise Partnerships

- 2.5 The extent of Local Enterprise Partnership (LEP) geography is a relevant consideration because the Government based its selection of LEP areas on the “natural economic geography and whether the geography is supported by business”.¹ An economic geography is considered to be an area over which “the local economy and its key markets operate”.²
- 2.6 The study area falls within the area covered by the New Anglia LEP, which comprises the entire Norfolk and Suffolk Counties as shown on the map in Figure 2.1. The Government agreed the establishment of the New Anglia LEP in December 2010, within the second wave of LEPs.
- 2.7 The New Anglia Area (Norfolk and Suffolk) shares its western edge (Forest Heath, King’s Lynn & West Norfolk, and St Edmundsbury) with the Greater Cambridge & Greater Peterborough LEP. In terms of policy, any review of areas within New Anglia must be considered as sub-areas of the wider LEP geography. However, the clear implication of a shared western edge is that the

¹ Department for Business, Innovation and Skills (2010) *Local growth: realising every place’s potential*, para. 2.11

² Department for Communities and Local Government (2010) *Functional Economic Market Areas: An economic note*. Page 3.

economic geography of West Suffolk differs in character and should be assessed separately from the surrounding areas. This also influences the consideration and formation of the extent of Ipswich's functional economic area through the extent to which Bury St Edmunds affects the western fringes of Babergh and Mid Suffolk. An analysis of travel to work areas is an important factor in considering whether the administrative boundaries are appropriate.

Travel to Work Areas

2.8 The most recent Travel to Work Areas (TTWAs) for the UK were published by the Office for National Statistics (ONS) in August 2015 and are based on the results of the 2011 Census. These updated previous TTWAs published in 2007 based on the 2001 Census. In determining the selected area, the following criteria (which were the same as adopted previously) were used by ONS:

- The area must have a working population of at least 3,500;
- At least 75% of the area's resident workforce work in the area (supply-side), and at least 75% of the people who work in the area also live in the area (demand-side);
- For areas with a working population in excess of 25,000, self-containment rates as low as 66.66% were accepted.

2.9 The degree to which an area's residents and workers live and work in the same area is a critical feature of TTWAs and, therefore, the consideration of functional economic areas. Table 2.1 below summarises the degree of self-containment for the Ipswich and Waveney Economic Areas compared to neighbouring areas and, by way of illustration, Cambridge. The percentage of self-containment is separated into the proportion of residents working in the area (supply-side) and the proportion of the workforce who are also residents of the area (demand-side).

Table 2.1 Comparison of Self-Containment of 2011 Travel to Work Areas (ONS)

2011 TTWA	Number of Employed Residents	Number of Workplace Jobs	% Self-containment	
			Supply-side	Demand-side
Ipswich	179,660	176,254	85.9	87.6
Lowestoft	53,970	49,170	76.1	83.5
Bury St Edmunds	69,276	69,501	72.4	72.1
Cambridge	355,543	351,611	77.8	78.7
Chelmsford	239,361	214,797	67.8	75.5
Clacton	43,361	35,783	69.9	84.8
Colchester	105,272	98,996	72.3	76.9
Great Yarmouth	43,530	32,921	75.6	77.6
Norwich	220,540	221,571	86.8	86.4

Source: ONS 2015

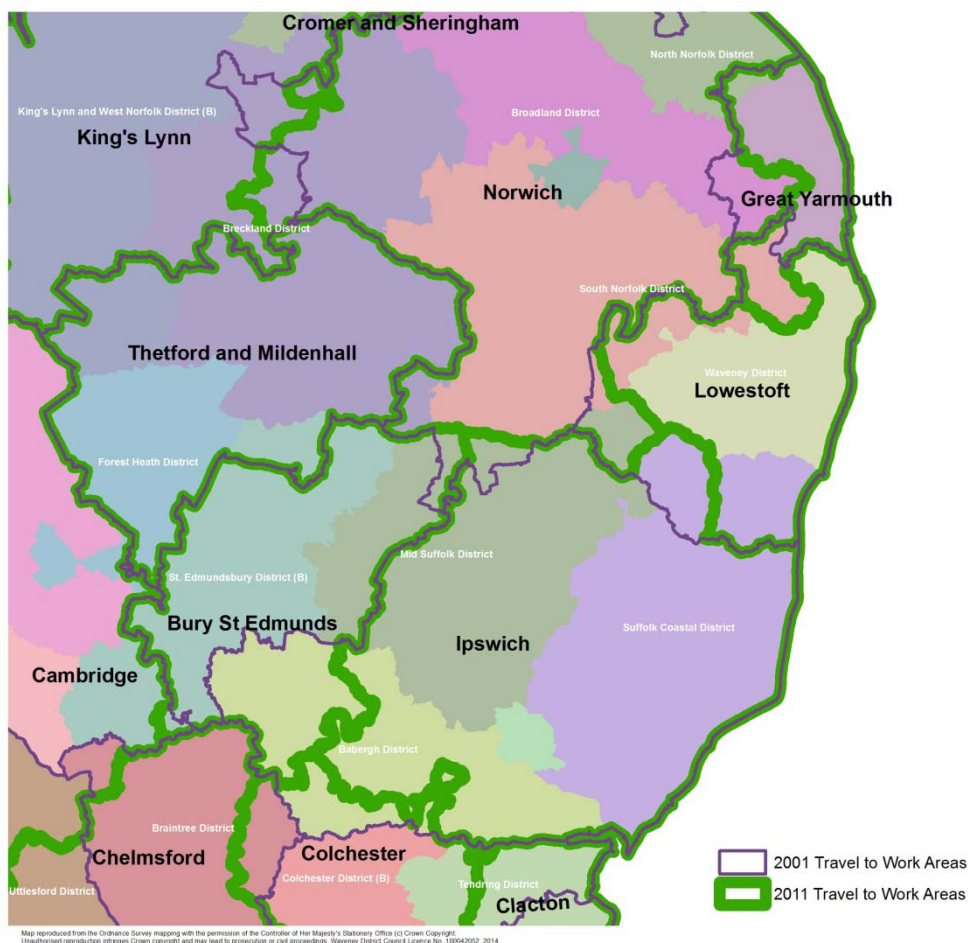
2.10 A higher percentage of self-containment does indicate a greater degree to which the area functions economically and allows a comparison of how robust the area is in terms of labour self-containment. Compared to other areas,

Ipswich has high levels of self-containment in terms of both demand and supply. Lowestoft has a higher demand side labour self-containment rate; the workforce being less likely to travel out of the area than the residents.

2.11

The map in Figure 2.2 below shows the 2011 TTWAs (the green lines) as well as the 2001 based TTWAs (in purple) for the study area as well as other parts of the East of England. This identifies the presence of two main TTWAs operating across the study area; namely Ipswich and Lowestoft.

Figure 2.2 2001 and 2011 Travel to Work Areas Compared with District Boundaries



Source: ONS 2015

2.12

The changes between the 2001 and 2011 based TTWAs illustrate the blurred nature of the boundaries when considering commuting patterns and changes over time. Small changes to commuting within areas on the fringes can make large differences to geographical areas covered by TTWAs.

2.13

The extent of Lowestoft's boundary has decreased through alterations to the boundaries of the Ipswich, Great Yarmouth and Norwich TTWAs. One notable feature is that the extent of Norwich's TTA has increased to Great Yarmouth as well as Lowestoft. However, the change to the Lowestoft boundary is likely to be through changes in cross-border commuting between the market towns.

- 2.14 The changes to Lowestoft's boundary results in a closer fit to the Waveney district's administrative boundary than the previous, 2001-based, TTWA. This is strong evidence that the geography of Waveney's administrative area differs from other administrative areas in economic terms.
- 2.15 Ipswich's boundary with Norwich has changed to now include the northern areas of Mid Suffolk. However, the boundary changes within Babergh are the most noteworthy as the TTWAs for Bury St Edmunds, Colchester and Ipswich now cross the district whereas the 2001-based TTWA for Ipswich included the entire district.
- 2.16 Table 2.2 below shows the results from the 2001 and the 2011 Censuses for travel to work. This details the number of people who are employed and residents of Babergh and Mid Suffolk, as well as having a workplace within the administrative areas of these areas and Colchester, Ipswich, Norwich, St Edmundsbury and, by comparison, Greater London. This illustrates that the change in the boundaries of Colchester and Bury St Edmunds is not simply because of an increased significance of commuting (based on whole districts), but a reduction in the number and proportion of Babergh's and Mid Suffolk's residents working in Ipswich. Notwithstanding this decrease, Ipswich remains a major centre of employment for Babergh residents. There has been an increase in the number and proportion of Mid Suffolk's residents travelling to St Edmundsbury, indicating a stronger role of the A14 and Bury St Edmunds as a centre of employment. The increase in the number and proportion of the District's own residents working within the areas reduces Ipswich's role but increases the role of the Ipswich Economic Area.

Table 2.2 Babergh and Mid Suffolk Residents – places of work in 2001 and 2011

Place of Work (District)	Babergh					Mid Suffolk				
	2001		2011		2001-2011 %	2001		2011		2001-2011 %
	Residents (16-74)	% employed residents	Residents (16+)	% employed residents		Residents (16-74)	% employed residents	Residents (16+)	% employed residents	
Babergh	22,066	56.3	24,470	57.4	1.1	1,184	2.9	1,363	2.8	-0.1
Mid Suffolk	1,038	2.6	1,475	3.5	0.8	23,761	57.3	28,108	57.4	0.1
Ipswich	5,456	13.9	5,006	11.7	-2.2	5,101	12.3	5,217	10.7	-1.6
Colchester	2,270	5.8	2,440	5.7	-0.1	311	0.7	420	0.9	0.1
Norwich	59	0.2	48	0.1	0.0	342	0.8	333	0.7	-0.1
St Edmundsbury	1,925	4.9	2,269	5.3	0.4	4,311	10.4	5,569	11.4	1.0
London	1,410	3.6	1,558	3.7	0.1	813	2.0	924	1.9	-0.1
Residents in employment	39,185		42,632			41,478		48,942		

Source: ONS 2014

- 2.17 For the purposes of defining a functional economic area, an option would be to divide the analysis of Babergh and Mid Suffolk's economic conditions between

Bury St Edmunds and Ipswich. However, the preferred approach is to use the whole district areas. Therefore, a key aspect to consider is whether the degree of self-containment is affected and whether this does not fall below the 75% or 66.7% levels used by ONS to define TTWAs.

2.18

A comparison has been undertaken between the degree of self-containment of supply and demand sides within the Ipswich Economic Area comprising the districts of Babergh, Mid Suffolk and Suffolk Coastal, and the Borough of Ipswich. The table below summarises the results of the analysis, which was undertaken using data from the 2011 Census at Mid Super Output Level (areas below district/borough level).

Table 2.3 % Self Containment within the Ipswich Economic Area and within local authorities

District	Employed Residents (Supply-side)			Workplace population (Demand-side)		
	Number of employed residents	Working in Area	%	Number of workplace jobs	Living in Area	%
Babergh	42,632	24,470	57.4%	35,722	24,470	68.5%
Ipswich	65,756	44,411	67.5%	71,601	44,411	62.0%
Mid Suffolk	48,942	28,108	57.4%	41,665	28,108	67.5%
Suffolk Coastal	58,882	39,777	67.6%	54,351	39,777	73.2%
Ipswich Economic Area	216,212	181,583	84.0%	203,339	181,583	89.3%

Source: ONS 2014/SCC

Note: 'Working in Area' includes those working at home and with no fixed place of work

2.19

The use of the Ipswich Economic Area as a basis for a functional economic area is validated by these results, which show a very similar set of results as the total for the 2011-based Ipswich TTWA. Of note is that, at 89%, the percentage of people working and living (demand-side) in the Ipswich Economic Area (which also represents a housing market area) is greater than that of the Ipswich TTWA. The reason being is that those areas that are outside of the Ipswich TTWA contain a workforce tending to be resident within the Ipswich Economic Area. For example, a person might work within the western edge of Mid Suffolk (which is part of the Bury St Edmunds TTWA) but is a resident within the Ipswich TTWA. Both percentages of self-containment are above the 75% level and are above those of the TTWA of Bury St Edmunds. These factors confirm that, based on the degree of labour self-containment, the Ipswich Economic Area can be considered as a functional economic area.

2.20

For Waveney, the use of the district as a functional economic area is further validated by the same method of analysis. The supply-side and demand-side measures of self-containment are above the 75% level. Furthermore, and similar to the Ipswich Economic Area, the proportion of people from the workforce who are resident (demand-side) is greater than supply-side.

Table 2.4 Waveney District % Self-Containment

District	Employed Residents (Supply-side)			Workplace Population (Demand-side)		
	Number of employed residents	Working in Area	%	Number of jobs at workplaces	Living in Area	%
Waveney	49,561	37,001	75%	44,953	37,001	82%

Source: ONS 2015 / Suffolk County Council analysis

Housing Market Areas

- 2.21 Housing market areas are a useful input to the process of considering functional economic areas due to the influence they have upon travel-to-work and labour market flows. The 2012 update to the Ipswich Strategic Housing Market Assessment (SHMA) reviewed the Housing Market Area (HMA) operating across the area, particularly research into boundaries of housing market areas that was based on ward-level information and included a greater containment for commuting at 77.5%. The conclusion of the assessment was:

“Undertaking research based on the gold standard as the spatial extent of Ipswich’s housing market would need ward-level information, which is not always available. The research into housing market areas acknowledges that, where data constraints exist, an alternative approach based on local authority boundaries (the “silver standard”) can be used. This silver standard matches the geography of the original SHMA and this update, and is a robust basis to study the housing market. Therefore, this area remains the most appropriate area related to Ipswich given the limitations in the availability of data.”

(Ipswich SHMA, 2012, para. 2.1.3)

- 2.22 For Ipswich, this ‘silver standard’ comprises Babergh, Ipswich, Mid Suffolk and Suffolk Coastal. For Waveney, the Silver Standard included the Borough of Great Yarmouth but the higher “Gold Standard” reflected the 2001-based TTWA boundary. Furthermore, Great Yarmouth has considered itself to be a separate housing market area and the administrative area of South Norfolk is considered to be part of the greater Norwich area. Therefore, the Waveney Housing Market Area is, for this purpose, considered to be the single district area. Further work is currently being undertaken as part of the Waveney Strategic Housing Market Assessment to further test this conclusion.

Commercial Property Market Areas

- 2.23 Commercial property market intelligence represents a key element to defining functional economic areas, as the geographical extent of markets can be defined by the location of customers, supply chains, competitors (including competing employment schemes) and enquiries, as well as proximity to key transport infrastructure. Full market commentary is provided in Chapter 4.0 based on discussions with a number of commercial property agents currently

active across the East Suffolk sub-region, with the key points from this analysis summarised below.

- 2.24 Within the Ipswich Economic Area, 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. 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 Suffolk town of Stowmarket. Ipswich itself represents the over-riding economic driver of the Ipswich Economic Area and accommodates a significant critical mass of both office and industrial space within the town centre and on edge of centre business and industrial parks. 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.
- 2.25 The area's other key route, the A12, isn't characterised by the same level of movement and flow of demand, with limited synergy between Ipswich and Colchester to the south west in commercial property market terms. Similarly, occupier demand doesn't tend to extend from the Ipswich Economic Area north eastwards along the A12 to Waveney due in part to the relative distance between these locations and relatively poor condition of the highway network (i.e. A12) south from Lowestoft. This results in significantly weaker economic linkages between Waveney and other Suffolk authorities such as Suffolk Coastal and Ipswich.
- 2.26 In commercial property market terms, Waveney is closely connected with neighbouring Great Yarmouth, with the northern part of Lowestoft sharing particularly strong functional links. The District is seen as being relatively peripheral from the rest of Britain but does have the advantage of close proximity to mainland Europe which is accessible by the two seaport harbours at Lowestoft and Great Yarmouth.
- 2.27 Elsewhere within the study 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 smaller centres such as Eye, although the scale and significance of this corridor is much lower than that of the A14.
- 2.28 Across the study area, it is therefore 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 Martlesham Heath ICT cluster to the east of Ipswich) as well as nearby settlements including Great Blakenham and Claydon (which fall within neighbouring Mid Suffolk);
- **Lowestoft and Great Yarmouth**, which are collectively recognised as a leading centre for renewable energy, and much of the demand for commercial property is driven by these energy and related sectors (which also include the south north sea oil and gas industry); and
- **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.

Summary

- 2.29 Government guidance acknowledges that there is no one single approach to defining functional economic areas. Rigid boundaries do not reflect the blurred nature of economic geographies such as the extent of commuting across borders, the characteristics of the workforce in the area or the clustering of firms.
- 2.30 The influences of the defined LEP area and travel to work areas are identified as relevant factors in Government guidance, and are significant given the purpose of this research is to inform planning and economic development strategies.
- 2.31 The defined LEP area provides a starting point for defining the analysis and the functional aspect of this area has been considered. The fact that New Anglia and the Greater Cambridge and Greater Peterborough LEPs share the West Suffolk area (which comprises Forest Heath and St Edmundsbury) is a clear indication of the function of the remaining parts of Suffolk, particularly the extent of Ipswich's economic area.
- 2.32 The extent of Ipswich's functional economic area is reinforced by commuting patterns and the extent of the travel to work area. Whilst cross-border commuting affects the western part of the study area, the area as a whole has a relatively high degree of self-containment that justifies the selection of an Ipswich Economic Area based on the administrative boundaries. The Waveney area is also self-contained, particularly in terms of its workforce. Therefore, basing a functional area on the administrative boundary is also justified through the focus on travel to work.
- 2.33 Across the study area, it is possible to identify a number of distinct economic geographies and commercial property market sub-areas. This includes the Felixstowe/A14 Corridor, characterised by a high concentration of distribution related activities linked to shipping and sea freight, as well as the wider Ipswich market area which comprises Ipswich town centre, edge of centre business and industrial parks as well as the nearby settlements of Great Blakenham and Claydon (which fall within neighbouring Mid Suffolk). The A140 Corridor

connects 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, while Lowestoft and Great Yarmouth collectively function as a leading centre for renewable energy, with much of the demand for commercial property driven by these energy and related sectors.

2.34

These commercial property market areas are less easily aligned to local authority boundaries, particularly as activity is dispersed across a relatively large geographical area, for example with distribution related activity clustered along the A14 corridor which inevitably crosses over a number of authority boundaries. They do however in broad terms correspond with and support the identification of an Ipswich Economic Area and Waveney Economic Area in functional geographic terms, and these Economic Areas are illustrated in Figure 1.1 in the previous chapter.

Economic Context

3.0

3.1

This section establishes the economic and labour market context for the study by summarising recent economic conditions and trends in the Ipswich and Waveney Economic Areas relative to Suffolk, the East of England and the national economy. This is important for identifying the prevailing strengths and weaknesses of the study area economy, and the factors likely to influence the future demand for employment space.

National and Regional Context

National Economic Context

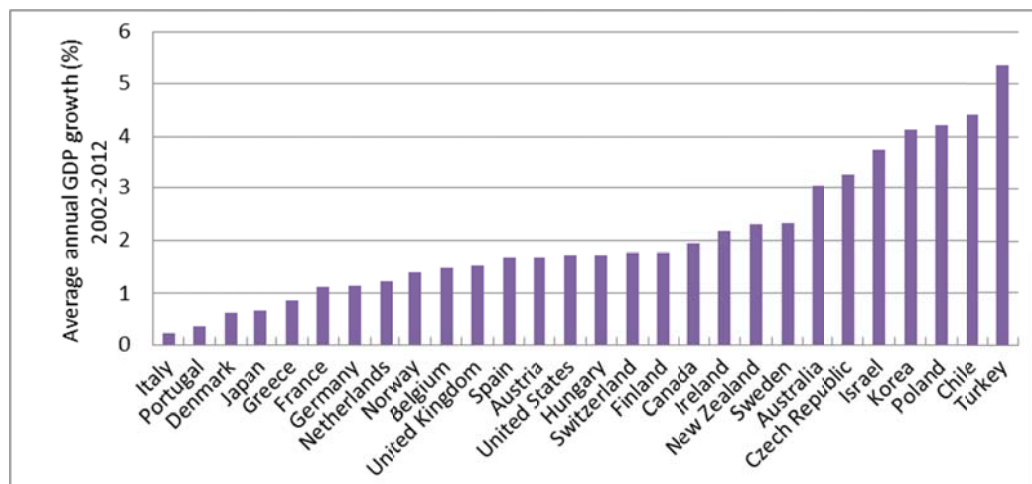
3.2

Compared with some developed countries, particularly other European countries, the UK economy has recorded relatively high levels of economic growth in recent years. Figure 3.1 below compares the growth of the UK economy (average annual at 1.53%) with other countries, notably Italy (0.23%), Germany (1.14%) and United States (1.73%) between 2002 and 2012.

3.3

More recent figures were published by the OECD in December 2015. These indicate that Greece saw a further contraction in 2013 of -3.2% of GDP compared to 2012, marking the sixth year of recession. Chile and Turkey continued to grow, at 4.2% between 2012 and 2013.

Figure 3.1 Comparison of International Economic Growth 2002-2012



Source: OECD (2014), "GDP growth", in OECD, National Accounts at a Glance 2014, OECD Publishing, Paris.

3.4

The financial crisis from summer 2007 led to a global recession until 2010. This was followed by the Eurozone crisis in 2010, re-pricing of sovereign debt and banking sector risks which contributed to lower than forecast rates of growth.³ The UK officially entered recession in Q2 of 2008 which, like other countries,

³ OECD (2014), "OECD forecasts during and after the financial crisis: A Post Mortem", OECD Economics Department Policy Notes, No. 23 February 2014.

lasted until Q4 2009. Whilst growth has been sluggish, with several quarters of contractions in the economy, the UK's economic performance has improved since 2013. This growth has been strengthened by investment that has been supported by demand, a low cost of capital and improved business confidence.⁴

- 3.5 One of the most surprising features of the UK economy during and since the recession has been the strength of employment. Unemployment did not reach levels consistent with previous recessions. Employment gains since the recession have mainly resulted from part-time workers and self-employment, although there have been more recent increases in full-time employment.⁵

- 3.6 The rate of employment in the UK passed the pre-recession level of 73% in mid-2014 and has, since then, increased relatively steadily to 73.9% of people aged 16-64 by October 2015. This is the highest level since 1992.⁶ Youth unemployment is, in the OECD's view, "a relative black spot" even though the rate for 15-24 year-olds has declined, it is still above the average for OECD countries.⁷

- 3.7 Whilst the labour market has remained flexible, there was a decline in real wages which has only recently changed. In most countries, the rate of decline in wages slowed after 2011, whereas average rates in the UK continued to fall through to 2013.⁸ Whilst productivity in manufacturing fell in mid-2015, there are some encouraging signs that the rate of productivity growth in micro-firms (employing 1-9 people) has continued to increase since 2011 to an annual rate of growth of 7.66% in 2014.⁹ Future growth in the economy is likely to be accompanied by a tightening of the labour market as well as improvements to productivity, which should underpin a growth in wages.¹⁰

- 3.8 Recent attention has been paid to the economic conditions within China, the world's second largest economy. Whilst the slowdown in the rate of growth from 10% to 7% per annum was part of China's 12th Five-Year Plan (2011-2015),¹¹ there are concerns about a sharper downturn, which could decrease asset prices. This would impact on the UK's financial sector, which could push up the cost of capital to UK companies, and reduce households' wealth.¹² Whilst these would be international and national trends, declines in international trade will affect the area, particularly given the economic role of the Port of Felixstowe to the Ipswich Economic Area.

⁴ OECD (2015) OECD Economic Surveys: United Kingdom, page 16.

⁵ OECD (2015) OECD Economic Surveys: United Kingdom, page 21 and ONS (2015) Labour Productivity, Q1 2015, page 3

⁶ ONS (2015) Table A05: Labour market by age group: People by economic activity and age (seasonally adjusted)

⁷ OECD (2015) Employment Outlook 2015: How does the United Kingdom compare?, page 1

⁸ OECD (2014) Employment Outlook 2014: How does the United Kingdom compare?

⁹ ONS (2016) Economic Review, January 2016, pages 20 & 29

¹⁰ Bank of England (2015) *Inflation Report November 2015*, pages 37-39

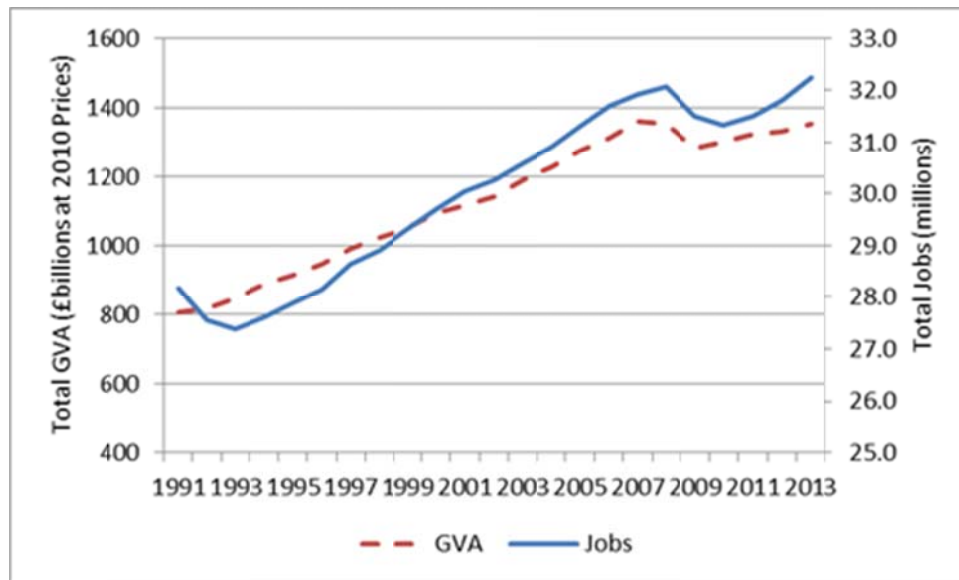
¹¹ World Bank (September 2015) China Overview. <http://www.worldbank.org/en/country/china/overview>

¹² Bank of England (2015) *Inflation Report November 2015*, page 2

Employment Growth

- 3.9 Between 2003 and 2013, the number of jobs in the UK increased by 1.7 million, which equates to an average annual growth of 165,000. The financial crisis and recession contracted the number of jobs by 730,000 between 2008 and 2010. Figure 3.2 below shows the pattern of growth in employment and Gross Value Added (the contribution to the economy of producers/workers).

Figure 3.2 Total UK Employment (000's Jobs) and GVA (£ millions at 2010 prices)



Source: East of England Forecasting Model Autumn 2014

- 3.10 Employment in manufacturing has continued its long term decline and decreased by nearly 2 million jobs between 1991 and 2013. The growth in the service sector, particularly business, administrative and employment services (together some 2.2 million jobs) as well as health and social care (1.3 million jobs), accounted for the majority of employment growth over this period.

The Productivity Puzzle

- 3.11 One of the most widely reported features of the UK and other economies is the lack of growth in productivity – the value of output per hour worked. Whilst labour productivity grew alongside the recovery in output in 2013, it is still some 16% below the level that could have been achieved by a continuation of the pre-recession trend.¹³ There are some indications that productivity is increasing “as output per hour grew by 0.3% in the first quarter of 2015 compared with the previous quarter. This measure is 1.3% higher than the same period in 2014, the fastest annual growth since Q1 2012”.¹⁴

¹³ Barnett, A et al. (2014) Quarterly Bulletin 2014 Q2: The UK Productivity Puzzle , Bank of England, page 115

¹⁴ ONS (2015) Labour Productivity, Q1 2015, page 1

Table 3.1 Percentage contribution of sectors to productivity (economic output per hour) 2008 Q1 - 2015 Q1.

Whole Economy	Agriculture, Oil & Gas, Water Supply and Waste (SIC ABDE ¹⁵)	Manufacturing	Construction	Financial Services	Other Services
-0.8%	-1.7%	0.4%	0.1%	-0.5%	0.9%

Source: ONS Labour Productivity Q1 2015

- 3.12 Table 3.1 above shows that output per hour worked at the start of 2015 was just under 1% less than in 2008 and that this is accounted for by declining output from the oil and gas industry and financial services. This contrasts markedly with manufacturing, construction and other services.
- 3.13 One interesting feature of employment levels within the economy has been the resilience of manufacturing, which has faced structural decline in the past. Manufacturing employment fell by around 3% per year in the thirty years prior to the recession but since 2011, the decline has reduced to 0.3% per year.¹⁶
- 3.14 Recent productivity trends in manufacturing, however, show signs that productivity growth is flattening owing to hours worked being more than the increase in value of output. Within other services, productivity growth has been strong within firms involved in Information Communications Technology (ICT), real estate, professional, technical and administrative support.¹⁷
- 3.15 In the Bank of England's Quarterly Bulletin in the second quarter of 2014, the Bank's staff published a review of the influences affecting the UK's sluggish rate of productivity growth since the financial crisis.¹⁸ Whilst a combination of influences is likely,¹⁹ the following factors were identified:
- Differences in measurement, and structural effects from the decline in north sea oil and gas and significant role of financial services to the UK economy;²⁰
 - Cyclical factors behind firms using labour less intensively – at least until 2012 - such as: retaining labour to maintain a minimum level of production, to ensure firm-specific skills are retained and be prepared for improved conditions;²¹
 - Decline in business investment in capital, innovation including research and development, and working capital;²²

¹⁵ Standard Industrial Classification groups A, B, D and E¹⁶ ONS (2015) Labour Productivity, Q1 2015, page 3¹⁷ ONS (2015) Labour Productivity, Q1 2015, pages 9-20¹⁸ Barnett, A et al. (2014) Quarterly Bulletin 2014 Q2: The UK Productivity Puzzle , Bank of England, page 115¹⁹ Ibid, page 126²⁰ Ibid, page 118²¹ Ibid, page 119 and 120²² Ibid, page 122 and 123

- Impaired resource allocation, particularly capital, from less efficient to more efficient sectors and businesses within the economy and unusually high firm survival rates.²³

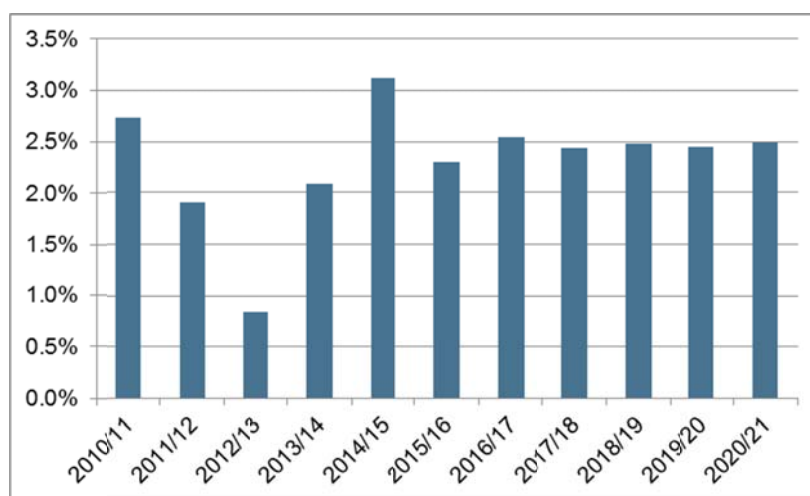
3.16 In July 2015, the Office for Budget Responsibility forecast an increase in output per worker from 1.4% in 2015 to 2.2% annually in 2020. This, combined with population growth, could result in a potential annual increase in output of 2.5% in 2020.²⁴ The November 2015 forecast is for a more gradual increase, but still a return to historical trends by mid-2018.²⁵

The Scope for Growth

3.17 The growth of the UK economy will inevitably be linked to global growth and the influence of European markets. The Bank of England predicts that annual global growth will increase to 2.75% in 2017. In terms of UK growth, the average of forecasts is for 2.5% in 2016 and 2.4% 2017 and 2018.²⁶ The OECD forecast that the UK's economy will continue at a solid pace in 2015 and 2016, boosted by domestic demand,²⁷ however OECD projections for annual growth for 2016 are 2.53% for OECD countries and 2.33% for the UK.²⁸

3.18 The Office for Budget Responsibility's July 2015 economic forecast is for stable GDP growth up to 2020, averaging 2.4 per cent a year and dipping only slightly in 2016 when the pace of fiscal tightening is greatest.²⁹

Figure 3.3 Forecast UK Annual GVA Growth (% excl. Oil)



Source: Office for Budget Responsibility, Economic and Fiscal Outlook July 2015, table 1.1

3.19 The forecast proportions of GVA growth are similar to the rates forecast by Oxford Economics and used in the East of England Forecasting Model

²³ Ibid, pages 123-125

²⁴ Office for Budget Responsibility (2015) July Forecasts – Table 3.1

²⁵ OBR (2015) Economic and fiscal outlook: November 2015, page 42

²⁶ Bank of England (2015) *Inflation Report May 2015*, page 50

²⁷ OECD (2015)

²⁸ OECD (2015) Economic Outlook No. 97

²⁹ OBR (2015), Economic and fiscal outlook, para. 1.17 and tables 1.1 & 3.3

(EEFM). The 2014 run of the EEFM (the most recently available at the time of analysis) was based on higher growth forecasts for 2015 and 2016; lower than expected results have lowered several forecasts including the OBR's.³⁰ It is likely that the next published run of the East of England Forecast Model will incorporate the lower results, which will impact on employment trends. However, this model, and those used by the OBR for example, expect trends to return to historical rates.

Table 3.2 Forecast UK GVA Growth East of England – East of England Forecasting Model (2014 Run)

	2014	2015	2016	2017	2018	2019	2020
EEFM Forecast Annual GVA Growth (%)	1.9	3.3	2.5	2.6	2.6	2.5	2.6

Source: East of England Forecasting Model Autumn 2014

New Anglia Local Enterprise Partnership Area Economic Context

- 3.20 As noted in the previous chapter, in defining the areas covered by LEPs, the Coalition Government considered the economic elements over which “the local economy and its key markets operate”, although there was no universal approach to defining functional economic areas.³¹ The New Anglia Area (which covers Norfolk and Suffolk) shares its western edge with another Local Enterprise Partnership - Greater Cambridge & Greater Peterborough. This common boundary is one of the influences for defining the extent of the Ipswich Economic Area for the purposes of this study.
- 3.21 The following analysis has been summarised from New Anglia LEP's (NALEP) 2013 Economic Profile and has been updated in parts and is reproduced with NALEP's permission.
- 3.22 The New Anglia area is largely rural, with nearly half the population (48.5%, or 710,500 residents) living in areas classified by DEFRA as rural. The most rural districts include North Norfolk (88.0% rural), Mid Suffolk (82.3%), South Norfolk (78.6%) and Babergh (70.5%). Urban centres include the historic centres of Norwich and Ipswich, as well as seaside and market towns, and many smaller towns and villages.
- 3.23 New Anglia had an economy worth £27.5 billion (unadjusted) in 2011 – the 14th largest LEP area economy out of 39. Its rates of economic growth kept pace with the national average over the ten years from 2001 to 2011. With an average GVA growth of 2% since the financial crisis, the economy across Norfolk and Suffolk has fallen just below the 2.1% UK average recorded between 2008 and 2013.³²

³⁰ OBR (2015), Economic and fiscal outlook July and November 2015, para. 2.15

³¹ Department for Communities and Local Government, Functional Economic Market Areas: An economic note, February 2010.

³² ONS (2015) GVA for Local Enterprise Partnerships

- 3.24 New Anglia's level of economic output per head, at £17,300 per capita in 2011, is lower than the national average of £21,200 and places the area 24th out of 39 LEAs. Since 2011, the rank has increased slightly to 22nd out of the 39 LEAs.³³
- 3.25 Despite a significant contraction in economic output in New Anglia, employment has been resilient over the past six years. Whilst the area experienced greater economic shrinkage than average, there was only a slight fall in total employment. The New Anglia LEA area recorded the 12th best rate of employment growth between 2008 and 2012.
- 3.26 This pattern of growth varied significantly by individual local authority; between 2008 and 2012, there were significant job losses in Norwich (-9,500 employees) and Ipswich (-5,600); but large employment gains in St Edmundsbury (+6,800) and South Norfolk (+4,200).
- 3.27 Entrepreneurship – the ratio of businesses to overall population - is in line with the national average, with 54,800 active enterprises. This matches the national average of 34 businesses per 1,000 residents. New Anglia's business population was steadily growing until the start of the recession. The tough trading environment since then led to a slight reduction in total business population and higher rates of business failure.

New Anglia Productivity

- 3.28 Productivity in the New Anglia LEA area lags behind the national average, with the productivity gap widening since the recession. Norfolk and Suffolk's productivity in terms of GVA per hour worked, at £24.30 and £25.10 respectively in 2011, was below the England average of £27.70 per hour.
- 3.29 Although GVA per hour worked was consistently between nine and ten per cent below the national average until 2008, from 2009, the productivity gap compared to the national average has increased. This is not a unique position because of the economic strength of other areas, particularly London. Using an alternative measure, GVA per head, the performance of the New Anglia area falls above the surrounding LEA areas of the South East and Greater Cambridge and Greater Peterborough.
- 3.30 The LEA's Strategic Economic Plan (March 2014) identifies five high impact sectors which are most likely to have the largest impact in terms of economic growth in future, and four underpinning and long-established sectors that support overall economic performance. These are summarised in Table 3.3 below.

³³ Ibid

Table 3.3 New Anglia LEP Key sectors

High Impact Sectors	Underpinning Sectors
Advanced Manufacturing and Engineering Agri-tech Energy ICT and Digital Creative Life Sciences	Agriculture (comprising agri-tech) Financial and Business Services Ports and Logistics Tourism and Culture

Source: New Anglia Local Enterprise Partnership, Strategic Economic Plan March 2014

3.31 Economic trends and characteristics for the two Economic Areas in the study area are considered in turn below.

Ipswich Economic Area Context

Overview

3.32 The Ipswich Economic Area consists of the Borough of Ipswich and the districts of Babergh, Mid Suffolk and Suffolk Coastal which surround it, and has a total population of around 445,000.³⁴ Ipswich is located towards the south-east of Suffolk and is its county town. The Ipswich Economic Area also contains the Ports of Ipswich and Felixstowe, which enable goods to be transported to Europe and around the world.

3.33 Over a ten-year period, the population of this area has grown by 9%, which is greater than the county or national rates of growth (8%). Most of the population growth (some 43%) has occurred within the Borough of Ipswich (Table 3.4).

Table 3.4 Population Growth by District, 2003-2013

District	2003	2013	% Change 2003-2013
Babergh	85,100	88,300	4%
Ipswich	119,200	134,700	13%
Mid Suffolk	88,300	98,000	11%
Suffolk Coastal	116,800	124,400	6%
Ipswich Economic Area	409,400	445,400	9%

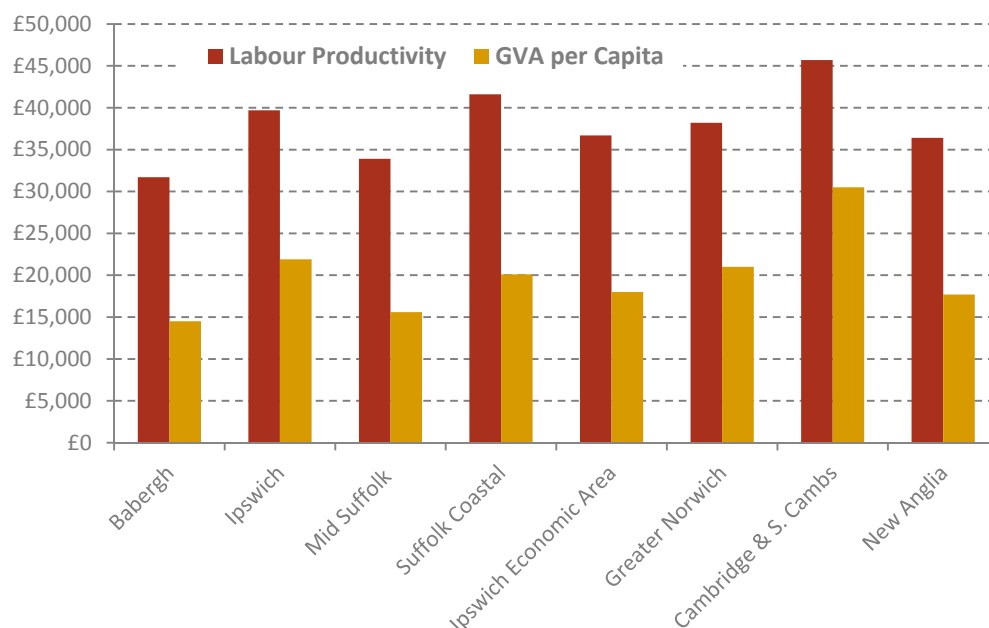
Source: ONS (2014) 2012-Based Population Estimates

3.34 The economy of the Ipswich Economic Area is worth approximately £7.7billion, a similar level to Greater Norwich and only 1.7% lower than Cambridge and South Cambridgeshire combined.³⁵ However, if measured in terms of economic output or Gross Value Added (GVA) per head or per job, the area performs less well as shown in Figure 3.4.

³⁴ ONS (2014) 2013 Population Estimates

³⁵ East of England Forecasting Model (2014). Constructed based on employee data and regional GVA up to 2012.

Figure 3.4 Gross Value Added (GVA) per head and per job (Labour Productivity) in 2015 (2010 Prices)



Source: East of England Forecasting Model Autumn 2014

Place and Economy

3.35

In terms of the physical area, the Ipswich Economic Area is largely rural in character, equivalent to 11,300 square kilometres (or 4,366 square miles) or 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.

- **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 and marina.
- 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 warehouses uses to locate.

- Three areas of Ipswich have recently been awarded Enterprise Zone status – Princes Street corridor, the Island Site and the allocated employment site at Futura Park. 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.
- **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 rail access to Ipswich and the rest of the country and both are vital to the local communities and the Port of Felixstowe.
- **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.
- **Hadleigh** is the administrative centre for Babergh and is the second largest town in the district. It has a large employment area adjacent to the A1071 and has an important role as a local service centre for the surrounding rural area. It has an historic 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.

- **Sudbury** is the largest town in Babergh district. It is an 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. It has an hourly train service to Marks Tey where there are connections to London, Colchester and Ipswich. It is influenced by nearby Bury St Edmunds, Essex and Cambridgeshire which are linked to it by the A131 and A134. Further housing and employment growth is planned to the north of the town at Chilton Woods and to the east of the town and at Great Cornard.
- **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, Martlesham. The town is defined by its built up area, rather than administrative area which extends into the parishes of Martlesham and Melton. The town is an important retail, employment and service centre which includes the Suffolk Coastal District Council offices.

Transport Links

- 3.36 Ipswich and the surrounding districts are serviced by road and rail routes of national and international significance. The role of the Port of Felixstowe as the UK's largest container port is supported by the A14 and rail connections across the UK via London, and to the Midlands and the North. Ipswich is well-connected to London by rail with frequent passenger services and a travel time between 1 hour and 1 hour 15 minutes. Stowmarket is also on the main London to Norwich line, and there are connecting services via Ipswich to Felixstowe and Woodbridge and via Marks Tey to Sudbury.

Higher Education

- 3.37 Higher education is largely centred upon Ipswich within an education quarter that includes the main hub of University Campus Suffolk and student halls of residence at Athena Hall on Ipswich Waterfront, alongside Suffolk New College. The Otley campus of Easton and Otley is located in Suffolk Coastal and within ten miles of the town.

Health

- 3.38 Ipswich Hospital is the main hospital for the Ipswich Economic Area and a major employer in the town on a site of 19 hectares. Recent developments at the hospital have included the construction of the Garrett Anderson Centre (a Planned Treatment and Critical Care Centre).

Finance, Insurance, Professional Services and Public Administration

- 3.39 Ipswich town centre is the location for some of the largest financial and insurance companies in the East of England, including Willis and AXA. In addition there are large offices occupied by financial sector companies and professional services companies including Birketts, Scrutton Bland and Ensors. Significant public administration in the town is represented by the presence of Ipswich Borough Council, Suffolk County Council and the County Court.

ICT

- 3.40 BT's global research and development headquarters is located at Adastral Park, Martlesham Heath to the east of Ipswich. The site is also home to Innovation Martlesham, which encourages ICT related companies to co-locate, collaborate and innovate at Adastral Park. There are also a number of smaller ICT companies located in Ipswich, including at Ipswich Waterfront.

Manufacturing

- 3.41 Advanced manufacturing within the Ipswich Economic Area is characterised by scattered large established firms, some clusters - food processing in Babergh and Mid Suffolk as mentioned below, machinery around Ipswich (including Babergh, Mid Suffolk and Suffolk Coastal), which includes Ransomes Jacobsen, and individual smaller specialist firms.

Food Enterprise Zones

- 3.42 Food production and food processing are significant business sectors in Babergh and Mid Suffolk. In order to encourage growth in these sectors Babergh and Mid Suffolk Councils have aspirations to designate Food Enterprise Zones in parts of the Districts. Funding has been secured for proposals for these zones to be drawn up.

Ports and Logistics

- 3.43 The ports and logistics sector is centred on the Ports of Felixstowe and Ipswich, with supporting offices and distribution centres located in and around the ports and along the A14 road corridor. Ransomes Europark located on the A14 corridor in Ipswich is home to the UK head office of the Mediterranean Shipping Company.

Employment

- 3.44 Based on data from the 2014 EEFM, the number of jobs in the Ipswich Economic Area in 2013 stood at 215,270, increasing by 3.1% from 208,788 in 2009. The data tables included in Appendix 2 summarise how this job growth over the last few years has been broken down by sector. A longer term analysis shows that total employment in the Ipswich Economic Area has increased from 186,000 in 1993 to 215,000 in 2013, an increase of 16% over the 20 year period. The supporting graph in Figure 3.5 shows the proportion of

jobs in each sector across the Ipswich Economic Area compared to regional and national averages.

Ipswich

- 3.45 For Ipswich, the total number of jobs has remained largely unchanged over the five year period between 2009 and 2013. A longer term analysis shows that total employment in Ipswich has fluctuated but overall has increased from 72,900 in 1993 to 73,700 in 2013, an increase of 1.2% over the 20 year period. Since 2009 however, the largest increase occurred in the professional, business and employment services sector with an increase of 1,321 jobs or 13.4%. The accommodation and food services and utilities sectors also saw significant increases. The largest decline was seen in the public administration, health and education sector with a loss of 833 jobs, although this amounts to just 3.5% in overall terms, closely followed by the finance sector with a loss of 798 jobs, which is a much larger 11.6%. This is likely to be accounted for by the effects of the recession and the public finance cuts by the Government that have occurred in recent years.

Babergh

- 3.46 For Babergh, there has been a 6.8% increase in the number of jobs in the five year period from 36,557 in 2009 to 39,032 in 2013. A longer term analysis shows that total employment in Babergh has increased by 7,700 or 24.8% over the 20 year period. The largest sectors in employment terms comprise public administration; health and education; retail and wholesale; manufacturing; professional, business and employment services. All of these sectors recorded growth in this five-year period. The number of jobs in accommodation and food services also increased by 14.48% during this period.

Mid Suffolk

- 3.47 For Mid Suffolk, there has been a 4.1% increase in the number of jobs in the five-year period from 42,210 in 2009 to 43,954 in 2013. A longer term analysis shows that total employment in Mid Suffolk has increased by 13,000 or 42% over the 20 year period. The largest sectors in employment terms are public administration, health and education, between them accounting for 23.6% of the District's jobs in 2013. Manufacturing, retail and wholesale, professional, business and employment services are also important sectors. All showed growth during this period. Telecommunications and computing also recorded strong growth with a 42.2% increase in jobs with accommodation and food services also growing by 26.8%.

Suffolk Coastal

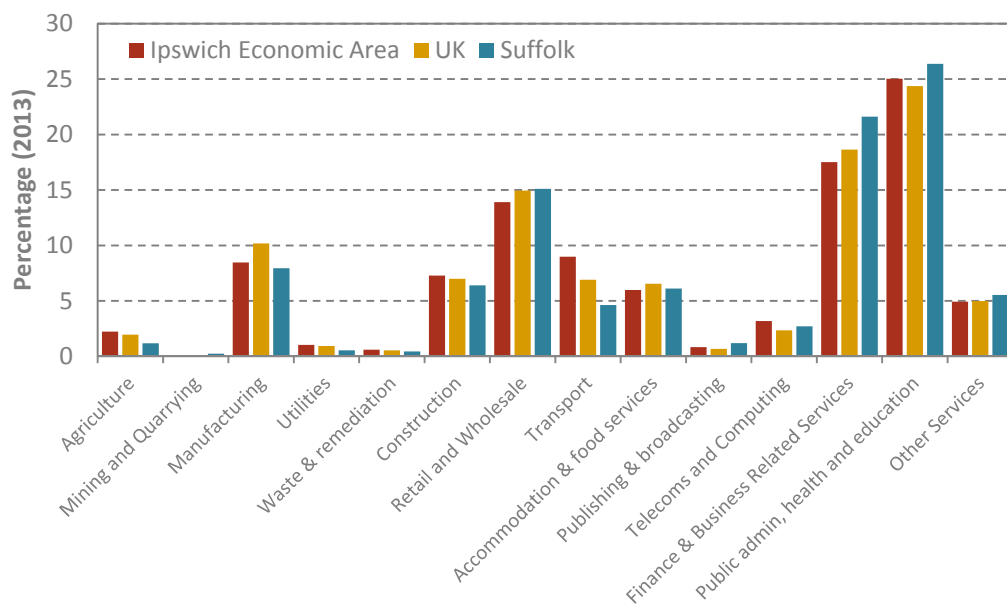
- 3.48 For Suffolk Coastal, the total number of jobs has increased by 2,382 or 4.2% over the five year period between 2009 and 2013. A longer term analysis shows that total employment in Suffolk Coastal has increased by 7,700 or 15% over the 20 year period. However, this period did include construction

employment related to Sizewell B. The largest sectors are public administration, health and education; and transport reflecting the role of the Port of Felixstowe. The manufacturing and accommodation and food services sectors have shown the largest increases in terms of employment growth during the last five years. Telecoms and computing is an important sector and is largely concentrated at Adastral Park, Martlesham Heath.

3.49

As a whole, the Ipswich Economic Area covers a mix of urban and rural locations with employment centred mainly in urban areas. Ipswich has the largest number of jobs followed by Suffolk Coastal, Mid Suffolk and Babergh respectively. The main increase in jobs across the Ipswich Economic Area has been focused in the professional, business and employment services, accommodation and food services and manufacturing sectors. The increase of 6,482 jobs between 2009 and 2013 represents much of total increase of 6,709 jobs for Suffolk (which also include St Edmundsbury Borough Council, Forest Heath and Waveney District Councils). At 215,270, the Ipswich Economic Area accommodates 61% of total jobs in Suffolk.

Figure 3.5 Percentage of jobs per sector in 2013



Source: East of England Forecasting Model Autumn (2014)

Business Demography and Enterprise

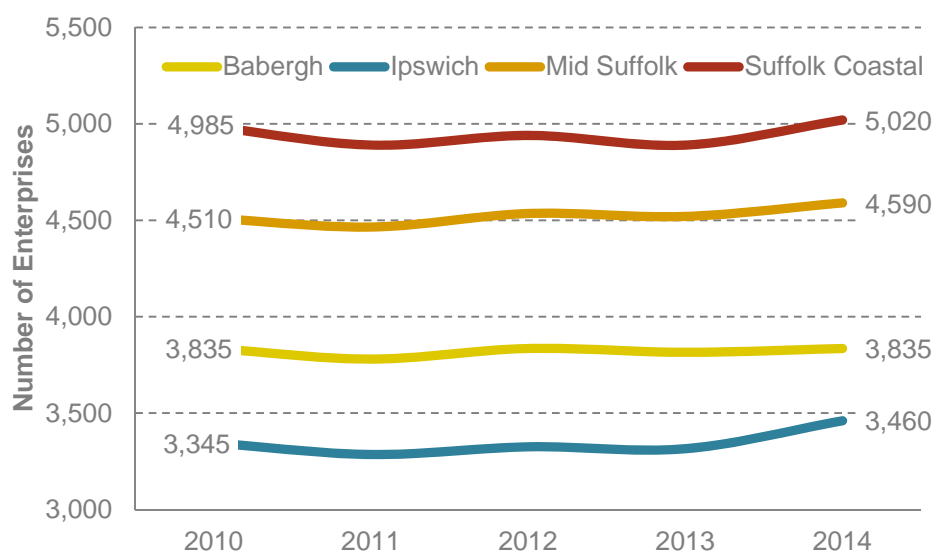
3.50

The number of businesses operating in the Ipswich Economic Area has remained largely stable over the last four years as indicated in Figure 3.6 below. Growth that has occurred has been mainly in smaller sized businesses (5-9 and 10-19 employees). The rate of growth over this period has been much slower when compared to regional and national averages. For example, the rate of growth in the number of businesses in the Ipswich Economic Area has been 1% whilst regionally and nationally the growth rate has been 7.6% and 9.1% respectively.

3.51

As of 2014, the vast majority of businesses (75%) operating in the Ipswich Economic Area were small firms employing between 0 and 4 workers. Table 3.5 below shows the number of businesses split by size. Within the Ipswich Economic Area, Suffolk Coastal has the greatest number of enterprises, as shown in Figure 3.6 closely followed by Mid Suffolk. Whilst Ipswich has the lowest number of enterprises, these firms are generally larger in employment terms.

Figure 3.6 Stock of Businesses across the Ipswich Economic Area



Source: ONS (2015)

Table 3.5 Size and Number of Businesses for the Ipswich Economic Area

Employment Size Band	Ipswich Economic Area (No. 2014)	Ipswich Economic Area (% 2014)	Babergh (No. 2014)	Ipswich (No. 2014)	Mid Suffolk (No. 2014)	Suffolk Coastal (No. 2014)
Total ³⁶	16,905		3,835	3,460	4,590	5,020
0 to 4	12,710	75.2%	2,930 (76%)	2,450 (71%)	3,575 (78%)	3,755 (75%)
5 to 9	2,255	13.3%	495 (13%)	505 (15%)	580 (13%)	675 (13%)
10 to 19	1,055	6.2%	220 (6%)	260 (8%)	230 (5%)	345 (7%)
20 to 49	570	3.4%	125 (3%)	145 (4%)	140 (3%)	160 (3%)
50 to 99	160	0.9%	35 (1%)	35 (1%)	40 (1%)	50 (1%)
100 to 249	90	0.5%	20 (1%)	40 (1%)	15 (0%)	15 (0%)
250 to 499	35	0.2%	0	15 (0%)	10 (0%)	10 (0%)
500 to 999	5	0.0%	0	5 (0%)	0	0
1000	5	0.0%	0	5 (0%)	0	5

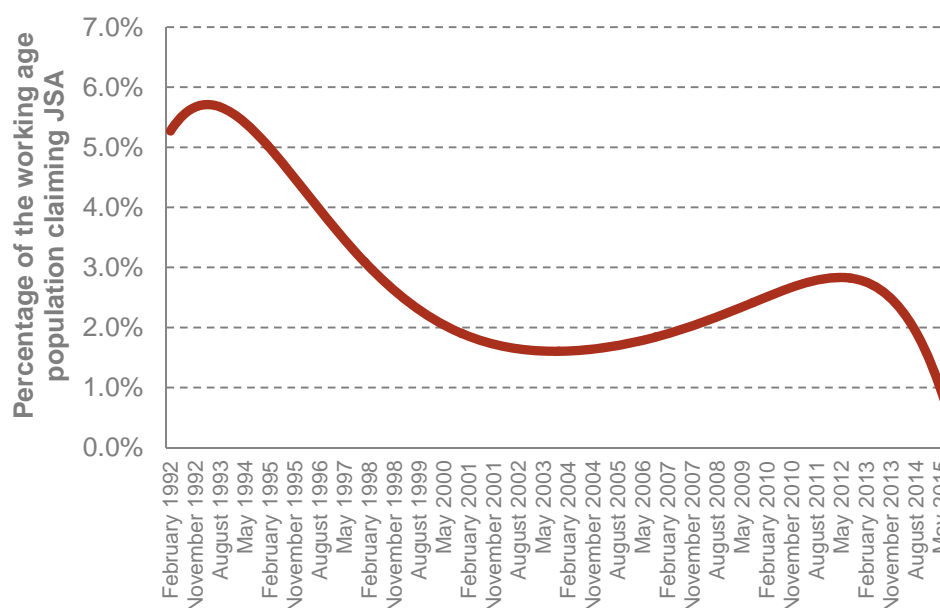
Source: ONS (2015)

³⁶ The total number can differ from the numbers shown in the table due to rounding

Labour Market

- 3.52 The economic activity rate (i.e. the share of working-age residents (16-64) either in or seeking employment) in the Ipswich Economic Area as of June 2014³⁷ is 80.7% which is higher than the regional and national rates of 80.2% and 77.3% respectively. The Annual Population Survey measure of unemployment across the Ipswich Economic Area is 5.3% which is consistent with the regional average of 5.4% and lower than the national average which stands at 6.9%.
- 3.53 The trend in Figure 3.7 shows a decline in the percentage of working age population claiming Job Seekers Allowance in the Ipswich Economic Area, with the percentage falling from 5.2% in February 1992 to 1.4% in February 2015.
- 3.54 Within the Ipswich Economic Area the percentage was highest in November 1992 with 7.3% of the working age population in Ipswich claiming Job Seekers Allowance. This compared to 4% in Mid Suffolk, 4.1% in Suffolk Coastal and 4.9% in Babergh. In February 2015 the figure in Ipswich had fallen to 2.4%, compared to 0.9% in Mid Suffolk, 0.7% in Suffolk Coastal and 1% in Babergh.

Figure 3.7 Job Seekers Allowance (JSA) Claimants in Ipswich Economic Area



Source: Nomis (2015)

- 3.55 Earnings³⁸ for those employed and those living in the local authorities comprising the Ipswich Economic Area vary in relation to Suffolk averages. Suffolk Coastal and Ipswich residents in full time employment earn an average

³⁷ Nomis: Annual Population Survey

³⁸ Nomis Annual Survey of Hours and Earnings 2014 (ASHE) - Residents analysis and Workplace analysis. Full-time workers are defined as those who work more than 30 paid hours per week or those in teaching professions working 25 paid hours or more per week. All workers = full time and part time. Furthermore: 'The earnings information presented relates to gross pay before tax, National Insurance or other deductions, and excludes payments in kind. With the exception of annual earnings, the results are restricted to earnings relating to the survey pay period and so exclude payments of arrears from another period made during the survey period; any payments due as a result of a pay settlement but not yet paid at the time of the survey will also be excluded.'

of £30,829 and £26,051 a year respectively, higher than the Suffolk average (£26,000), although Ipswich is below the East of England (£28,735) and England (£27,500) averages (as illustrated in the Table below). Babergh and Mid Suffolk residents in full time employment earn an average of £23,692 and £23,992 a year respectively, which is lower than the Suffolk, East of England and England averages.

Table 3.6 Median earnings, gross annual pay – residents and workplace analysis

Residents / workplace location	Full Time / All	Median earnings, gross annual pay – residents analysis April 2014	Median earnings, gross annual pay – workplace analysis April 2014
Babergh	Full	£23,692	£27,922
	All	£18,383	£20,729
Ipswich	Full	£26,051	£25,669
	All	£20,864	£19,282
Mid Suffolk	Full	£23,992	£27,822
	All	£19,568	£21,309
Suffolk Coastal	Full	£30,829	£29,929
	All	£24,703	£24,145
Suffolk	Full	£26,000	£26,000
	All	£20,492	£20,492
East of England	Full	£28,735	£28,735
	All	£23,271	£23,271
England	Full	£27,500	£27,500
	All	£22,354	£22,354

Source: Nomis Annual Survey of Hours and Earnings (ASHE) 2014

- 3.56 Average workplace earnings in Babergh and Mid Suffolk (equivalent to £27,922 and £27,822 respectively for full time workers in 2014) are above those of the resident population, whereas average workplace earnings in Suffolk Coastal and Ipswich (equivalent to £29,929 and £25,669 for full time workers in 2014) are below but similar to those of the resident population.
- 3.57 The proportion of managers, professional and associate professional occupations varies across the Ipswich Economic Area between July 2014 and June 2015 (Table 3.7). Whilst Suffolk Coastal, Mid Suffolk and Babergh are above or comparable with the East of England and Great Britain and above the figure for Suffolk, Ipswich falls below these benchmark figures. This is largely represented by a small percentage of managers, directors and senior officials in Ipswich, although this could reflect the fact that there are a greater number of larger businesses in Ipswich than the rest of the economic area.
- 3.58 In Suffolk Coastal there is a high percentage of those employed in professional occupations representing over a quarter of jobs in the district. This corresponds with the research activities in ICT undertaken at Adastral Park. In Babergh and Mid Suffolk districts, there is a strong concentration of associate professional and technical occupations (Table 3.7).

Table 3.7 Proportion of managers, professional and associate professional occupations in Ipswich Economic Area (resident workers in employment, aged 16+) (Jul 2014 – Jun 2015)

Managerial, professional and associate professional occupations	Ipswich	Babergh	Mid Suffolk	Suffolk Coastal	Suffolk	East of England	Great Britain
1: Managers, directors and senior officials	6.8%	10.8%	13.4%	13.1%	10.0%	10.6%	10.3%
2: Professional occupations	17.9%	14.5%	16.4%	25.9%	16.7%	19.8%	19.7%
3: Associate professional and technical occupations	14.5%	18.8%	17.7%	10.3%	14.6%	14.2%	14.0%
Total	39.7%	44.1%	47.5%	49.8%	41.6%	44.7%	44.3%

Source: Nomis (2015)

- 3.59 In respect of other employment occupation groups, administrative, secretarial and skilled trades made up 25.2% of employment in Mid Suffolk and 24.7% in Babergh compared to 16.8% in Ipswich and 15.2% in Suffolk Coastal.
- 3.60 Caring, leisure, sales and service occupations including customer services is highest in Ipswich representing 17.4% of jobs, closely followed by Suffolk Coastal with 16.8% and Mid Suffolk with 15.4% compared to 13.3% in Babergh.
- 3.61 Process plant and machine operatives together with elementary occupations were highest again in Ipswich at 26.1% of jobs. This compares to 18.2% in Suffolk Coastal, 17.9% in Babergh and 11.9% in Mid Suffolk.

Waveney Economic Area Context

Overview

- 3.62 The Waveney Economic Area comprises the Waveney District Council administrative area and is situated on the coast in the north east corner of Suffolk and is the most easterly District in Britain. To the west is the Broads 'National Park' and to the north Great Yarmouth in Norfolk. The River Waveney, which provides the District with its name, forms the northern boundary. Lowestoft is the largest town, with the four historic market towns of Beccles, Bungay, Halesworth and Southwold describing an outer square to the District.
- 3.63 The District covers some 37,041 hectares (143 square miles) and has a coastline of 26km. It is a mixed urban and rural district with a population of 115,962.³⁹ Over the ten-year period 2003 to 2013 the population has grown by 1,896 which represents an increase of 1.7%.

Place and Economy

- 3.64 Historically, Waveney's economy has been based on farming, printing, manufacturing, food processing and industries taking advantage of the coastal location, such as tourism and the offshore energy sector. The District is home to major established employers of national and international repute and is increasingly recognised for its growing role in supporting the offshore energy sector. The recent designation of Enterprise Zone status to a number of sites in the District together with Lowestoft being designated a Centre for Offshore Renewable Engineering (CORE)⁴⁰ by the Government is evidence of this.

Transport Links

- 3.65 Waveney has connections to Ipswich via the A12 and the East Suffolk Railway line. It also has rail connections and road links to the regional centre of Norwich. Onward rail connections to London are available from Ipswich and Norwich. The Port of Lowestoft provides facilities for commodities transport and offshore energy industries.

Manufacturing

- 3.66 Waveney is home to a number of major manufacturing companies with large numbers of employees. There are local specialisms in plastic manufacturing such as M&H Plastics in Beccles and Spectra Masterbatch in Halesworth. Food manufacturing is also important and the area is home to large Birds Eye factory in Lowestoft and a Bernard Mathews factory near Halesworth. Waveney is also home to a number of major printing firms including Clays at Bungay, and Clowes at Beccles.

³⁹ ONS (2014) Population mid-year estimates 2013

⁴⁰ Energy for New Anglia - Great Yarmouth and Waveney Centre for Offshore Renewable Engineering Prospectus - http://www.waveney.gov.uk/site/scripts/download_info.php?fileID=2418

Offshore Oil, Gas and Renewables

- 3.67 The ports of Lowestoft and Great Yarmouth have been leading centres for offshore gas exploration and extraction in the southern North Sea for 50 years and are likely to be central to the expected further 30 years of gas operations and decommissioning activity. Numerous multinational companies in the oil and gas sector have operations in Lowestoft and Great Yarmouth and there is a significant supporting supply chain established. Due to international price pressures, the offshore oil and gas sector has faced difficult times recently. A taskforce has been set up by New Anglia LEP to support the sector. However, there are some positive signs for offshore gas with new licences awarded for gas exploration in the southern North Sea.
- 3.68 More recently, the ports are emerging as strategic centres for the growing offshore wind sector. Companies located within Lowestoft and already working in the offshore wind sector include East Anglia Offshore Wind and SSE Renewables, RWE, Sembmarine SLP (foundations and substations), and Windcat Workboats (O&M).
- 3.69 To capitalise on the emerging sector, OrbisEnergy, a purpose built innovation and incubation centre was opened in late 2008. The 35,000 sq. ft building is more than 89% occupied, with a healthy pipeline of interested businesses. Among the 30 or so businesses already based in OrbisEnergy are anchor tenant SSE Renewables, which, through Greater Gabbard Offshore Winds Ltd, chose Lowestoft as its base for the long-term operation and maintenance of the Greater Gabbard windfarm. East Anglia Offshore Wind Ltd is also based at OrbisEnergy. The Lowestoft Lake Lothing and Outer Harbour Area Action Plan allocated some 21 hectares of land known as the PowerPark which surrounds the Lowestoft Outer Harbour and the Orbis Energy Building for industrial and port related development to help build a cluster of businesses to support the emerging sector.
- 3.70 In November 2015 Scottish Power Renewables confirmed that Lowestoft would be the construction base and operations and maintenance base for the East Anglia ONE, the first phase of the East Anglia Zone. Also in November 2015, RWE confirmed Lowestoft as its construction base for the Galloper Wind Farm.
- 3.71 The Government has also recognised the importance of the sector through designating Lowestoft and Great Yarmouth as one of eight Centre's of Offshore Renewable Engineering and through the creation of the Great Yarmouth and Lowestoft Enterprise Zone.
- 3.72 The Enterprise Zone in Great Yarmouth and Lowestoft focuses on the huge growth potential offered by the energy sector to create thousands of new jobs, in particular supporting the ports, logistics and engineering sectors as well as service and support functions. All Enterprise Zones benefit from:
- A business rate discount worth up to £275,000 over a five year period for eligible businesses that move into the Enterprise Zones (recently extended by a further three years);

- Streamlined planning rules to help businesses build premises more swiftly (Local Development Orders); and
- Support from the Government to ensure that high speed broadband is rolled out in the Enterprise Zones.

3.73 In addition, all business rates growth within the Enterprise Zone for a period of at least 25 years will be retained and shared by New Anglia LEP to support economic priorities.

3.74 The Enterprise Zone in Lowestoft consists of the following sites:

- Mobbs Way – 4.7 hectares
- Riverside – 4.5 hectares
- South Lowestoft Industrial Estate – 20 hectares
- Ellough Business Park – 17 hectares

Employment

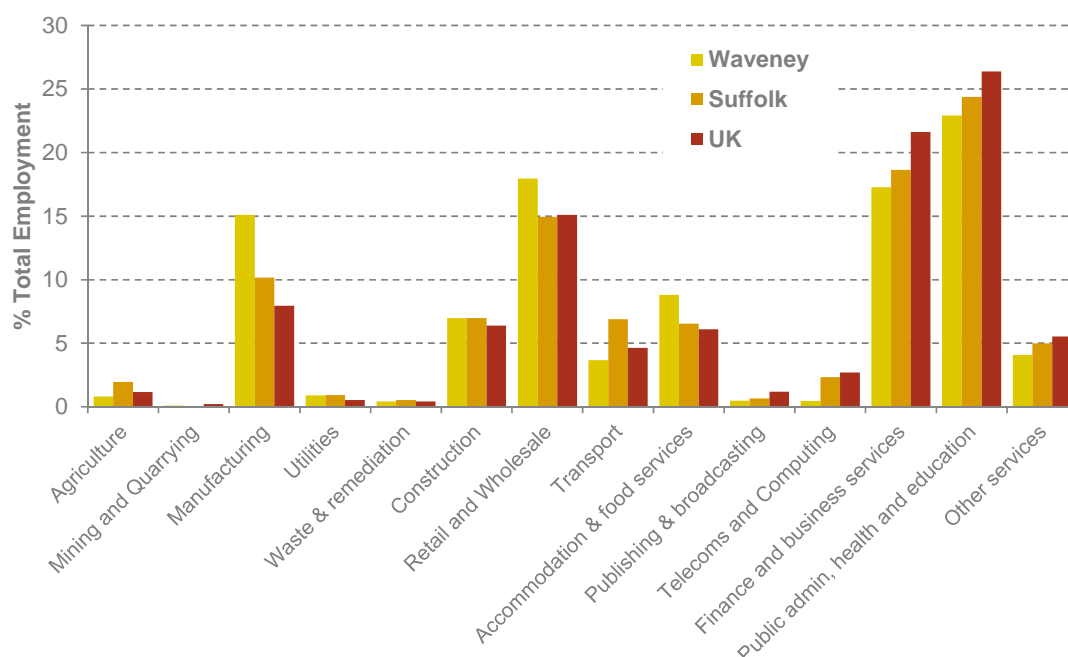
3.75 Based on data from the 2014 EEFM, the number of jobs in Waveney in 2013 stood at 47,109 declining from 48,702 in 2009 which is equivalent to a decrease of just over 3%. A longer term analysis shows that total employment in Waveney is lower in 2013 than it was in 1993; over the 20 year period 1993 to 2013 the number of jobs in Waveney has decreased by 7%. Over the same period, the number of jobs in Suffolk has increased by 12% and the number of jobs in the UK has increased by 14% (see Appendix 2).

3.76 The recent decline in jobs in Waveney is likely to be partly attributed to the recent recession, although over the same five year period the region and the nation have experienced jobs growth. This suggests that Waveney is suffering more from the effects of the recession and points to longer term structural challenges in the local economy.

3.77 As stated above, manufacturing has long been an important sector in Waveney and it is this sector which has seen the largest decline in employment over the last five years along with the construction sector. Other sectors requiring B-class employment land have also declined and public sector spending cuts have had an impact on declining employment within public services in Waveney over the past five years. The only sectors which have seen significant growth are those which do not require B-class employment land (i.e. retail and accommodation), although there has been modest growth in business and professional services. The table in Appendix 2 shows how employment has been broken down into sectors over the last five years. The graph below shows the proportion of jobs in each sector compared to regional and national averages.

3.78 In 2013, the key sectors in employment terms in Waveney were public administration, health and education, finance and business services, retail and manufacturing. Compared to Suffolk and the UK, a much higher proportion of jobs in Waveney fall within the manufacturing sector (Figure 3.8).

Figure 3.8 Percentage of Jobs per Sector (2013)



Source: East of England Forecasting Model Autumn 2014

Productivity

3.79

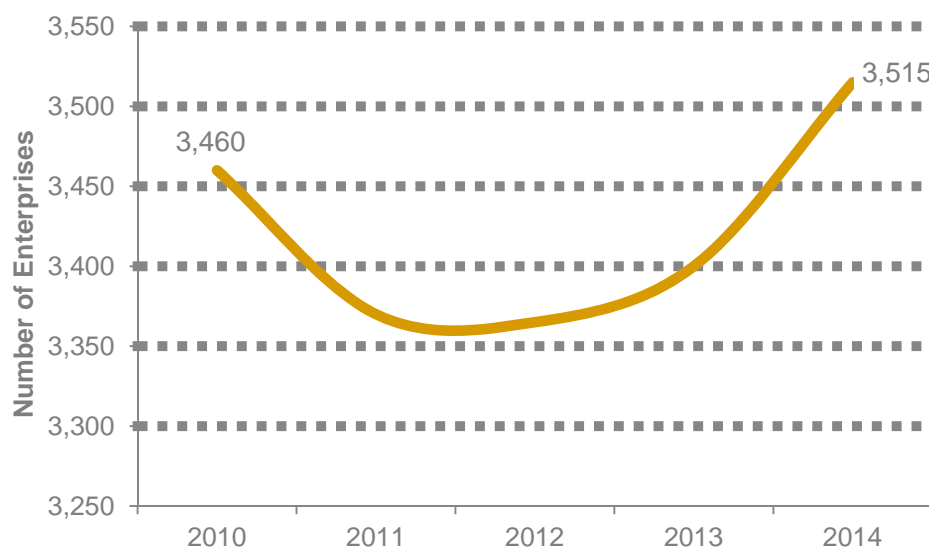
Official gross value added (GVA) statistics which measure economic output are not available at the District local authority level. However, the 2014 EEFM provides an estimated calculation of GVA for each local authority in the East of England. The model estimated that in 2001, GVA per capita in Waveney stood at £11,400. The model estimates that GVA per capita increased steadily over the period to 2010 when it was £13,300. GVA per capita then declined over the period to 2012 followed by a recovery to £13,300 by 2015. GVA per capita in Waveney (in 2015) is one of the lowest in the East of England and is much lower than the Suffolk average of £18,100 in 2015 and the East of England (£20,400 in 2015) and UK (£22,100 in 2015). GVA per capita is also lower than neighbouring Great Yarmouth which is estimated at £15,500 in 2015.

Business Demography and Enterprise

3.80

The number of businesses operating in the Waveney Economic Area has steadily grown over the last four years following a large decline between 2010 and 2011 as indicated in the figure below. The growth has almost exclusively been in smaller sized businesses (0-9 employees). This trend is in line with what has been experienced at the regional and national levels. However, the rate of growth over this period has been slower compared to regional and national averages.

Figure 3.9 Stock of Businesses across the Waveney Economic Area



Source: ONS (2015)

3.81

As of 2014, the vast majority of businesses (74%) operating in Waveney were small firms employing between 0 and 4 workers. There are no businesses currently in Waveney who employ over 1,000 people. The table below shows how the stock of businesses in the District is split by size.

Table 3.8 Size of Businesses for the Waveney Economic Area

Employment Size Band	Number of Businesses (2014)	% of Businesses (2014)
Total	3,515	
0 to 4	2,585	73.5%
5 to 9	510	14.5%
10 to 19	235	6.7%
20 to 49	120	3.4%
50 to 99	35	1.0%
100 to 249	20	0.6%
250 to 499	5	0.1%
500 to 999	5	0.1%
1,000	0	0.0%

Source: ONS (2015)

Labour Market

3.82

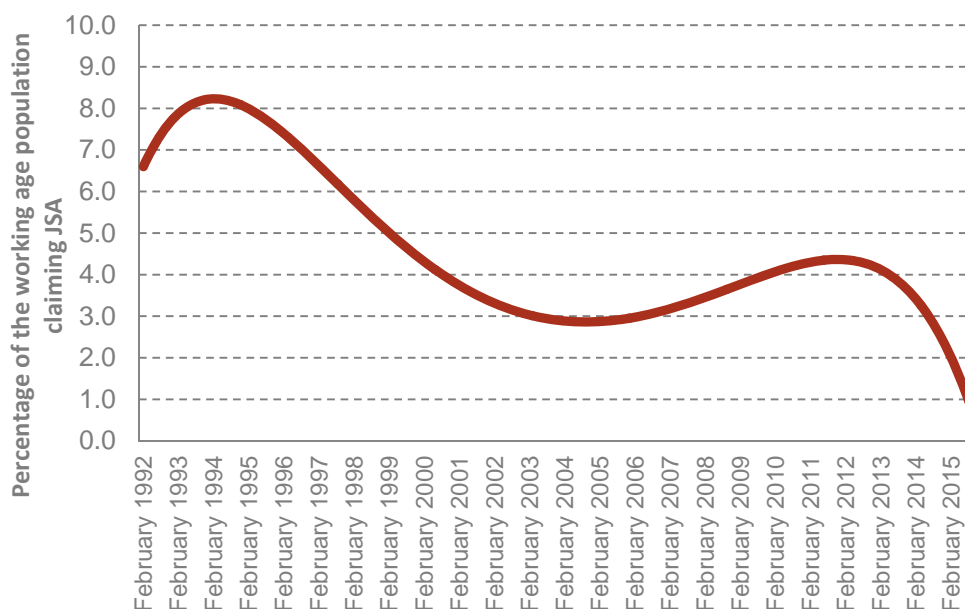
The economic activity rate (i.e. the share of working-age residents (16-64) either in or seeking employment) in Waveney as of September 2014⁴¹ is 74.3% which is lower than the regional and national rates of 80.2% and 77.3% respectively. The Annual Population Survey measure of unemployment for Waveney is 7% and this is much higher than the regional average of 5.3% and higher than the national average which stands at 6.5%.

⁴¹ Nomis: Annual Population Survey

3.83

In line with other Suffolk districts, the number of people claiming out-of-work benefits has declined in recent years. Figure 3.10 shows the trend in the number of claimants since 1992. This shows that the percentage of working age population claiming Job Seekers Allowance has declined rapidly since 2013.

Figure 3.10 Job Seekers Allowance (JSA) Claimants in Waveney Economic Area



Source: Nomis (2015)

3.84

Earnings⁴² for those employed and those living in Waveney fall below Suffolk averages. Waveney residents in full time employment earn an average of £24,415 a year, lower than the Suffolk (£26,000), East of England (£28,735) and England (£27,500) averages (as illustrated in the Table below).

Table 3.9 Median earnings, gross annual pay – residents and workplace analysis

Residents / workplace location	Full Time / All	Median earnings, gross annual pay – residents analysis – April 2014	Median earnings, gross annual pay – workplace analysis – April 2014
Waveney	Full	£24,415	£22,933
	All	£19,570	£18,407
Suffolk	Full	£26,000	£25,001
	All	£20,492	£19,749
East of England	Full	£28,735	£26,830
	All	£23,271	£21,652
England	Full	£27,500	£27,487
	All	£22,354	£22,343

Source: Nomis Annual Survey of Hours and Earnings (ASHE) 2014

⁴² Nomis Annual Survey of Hours and Earnings 2014 (ASHE) - Residents analysis and Workplace analysis. Full-time workers are defined as those who work more than 30 paid hours per week or those in teaching professions working 25 paid hours or more per week. All workers = full time and part time.

- 3.85 Average workplace earnings in Waveney (equivalent to £22,933 for full time workers in 2014) are below those of the resident population. This suggests that the types of jobs available locally are less well paid than elsewhere in the sub-region and that many residents are commuting to higher paid jobs elsewhere.
- 3.86 Waveney continues to be less well represented in higher skilled occupations than elsewhere in Suffolk, the East of England and Great Britain as a whole as shown in Table 3.10.

Table 3.10 Proportion of managers, professional and associate professional occupations in Waveney (Jul 2014 – Jun 2015)

Managerial, professional and associate professional occupations	Waveney	Suffolk	East of England	Great Britain
1: Managers, directors and senior officials	7.1%	10.0%	10.6%	10.3%
2: Professional occupations	11.5%	16.7%	19.8%	19.7%
3: Associate professional and technical occupations	13.0%	14.6%	14.2%	14.0%
TOTAL	31.9%	41.6%	44.7%	44.3%

Source: Nomis (2015)

Summary

- 3.87 Across the UK as a whole, relatively high levels of economic growth have been recorded in recent years and the latest macro forecasts predict stable economic growth over the coming years.
- 3.88 The Ipswich and Waveney Economic Areas fall within the New Anglia LEP area which performs unevenly across a range of economic, labour market and business indicators. For example, productivity in the New Anglia LEP area lags behind the national average, although employment in overall terms has remained resilient over the last few years.

Ipswich Economic Area

- 3.89 The population of the Ipswich Economic Area grew at a faster rate than the Suffolk and national average over the last ten years, most of which occurred within Ipswich Borough. In employment terms, the main industries comprise public administration, health and education; retail and wholesale; professional, business and employment services. Ipswich accommodates the largest workforce in the Economic Area, equivalent to 34% of all employment in the Ipswich Economic Area. It is the only local authority to have recorded job losses in overall terms over the past four years.
- 3.90 The majority of businesses operating in the Ipswich Economic Area are small firms employing between 0 and 4 workers. Suffolk Coastal has the highest number of enterprises, while Ipswich accommodates fewer but larger firms.

The rate of business growth has lagged behind regional and national averages in recent years.

- 3.91 The economic activity rate is higher than the regional and national rates and earnings for those employed and those living in the Ipswich Economic Area vary in relation to Suffolk averages. The proportion of higher skilled occupations also varies across the area, with Suffolk Coastal, Mid Suffolk and Babergh all recording higher proportions than Ipswich.

Waveney Economic Area

- 3.92 The Waveney Economic Area comprises the Waveney District administrative area, the most easterly District in Britain. Historically, Waveney's economy has been based on farming, printing, manufacturing, food processing and industries taking advantage of the coastal location, but in recent years has become increasingly recognised for its growing potential to support the offshore energy sector. Its close proximity to planned and operational wind farms has generated economic benefits for the District's key town of Lowestoft and this trend is expected to continue in future.
- 3.93 Total employment stands at 47,109, having declined by 3% over the last four years. This suggests that Waveney's economy has particularly suffered from the effects of the recession, together with longer term structural challenges in the local economy. The key sectors in employment terms are public administration, health and education, finance and business services, retail and manufacturing.
- 3.94 GVA per capita in Waveney is one of the lowest in the East of England and whilst the District's business base has been growing in size, this rate of growth also falls behind the regional and national average, with smaller sized businesses (0-9 employees) driving the majority of this growth. Waveney performs poorly across a range of labour market indicators including economic activity, unemployment, earnings and skilled occupations.

4.0

Commercial Property Market Signals and Intelligence

4.1

This section provides an overview of the commercial property market across the Ipswich and Waveney Economic Areas, including a review of recent trends in demand and supply. The findings are mainly based on discussions with a number of commercial property agents currently active across the Suffolk sub-region (see Appendix 1) and where appropriate this has been supplemented with information derived from a number of sources including commercial property availability databases and published reports.

National and Regional Property Market Overview

4.2

The UK economic recovery, which began in 2013, has now become firmly entrenched, and sentiment in commercial property appears to be the most positive it has been for many years. Improvements in market conditions have been supported by the greater availability of real estate debt and equity finance, occupier demand is steadily increasing, and generally rents and capital values are broadly stable.

4.3

While central London offices are still the outperforming market segment, some investors and developers are also looking further afield in an attempt to access stock and achieve good returns. However, much of this activity is focusing on the best performing locations in the South East or major provincial cities. In more economically marginal locations, and those without a significant existing commercial property market, there is still uncertainty and lenders and developers are likely to remain cautious.

Ipswich Economic Area

Market Geography

4.4

Within the Ipswich Economic Area, 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.

4.5

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.

4.6 The area's other key route, the A12, isn't characterised by the same level of movement and flow of demand, with limited synergy between Ipswich and Colchester to the south west in commercial property market terms. Similarly, occupier demand doesn't 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 smaller centres such as Eye, although the scale and significance of this corridor is much lower than that of the A14.

4.7 Within the Ipswich Economic Area, 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 Martlesham Heath ICT cluster to the east of Ipswich) as well as nearby settlements including Great Blakenham and Claydon (which fall within neighbouring Mid Suffolk);
- **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.

4.8 Commentary is provided below on the commercial property market geography associated with each of the local authority areas that together comprise the Ipswich Economic Area.

Ipswich

4.9 Ipswich Borough represents the over-riding economic driver of the Ipswich Economic Area 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.

4.10 The industrial market in Ipswich is particularly strong, with the main driver for industrial employment and space being the nearby Felixstowe Port, 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.

- 4.11 The River Orwell provides the main focus for traditional industrial employment uses in the area dominated by Port-related activity particularly around the 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 Port 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

- 4.12 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). Stakeholders consulted as part of this study noted that 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.
- 4.13 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 at Martlesham Heath 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.
- 4.14 Although most of the commercial activity in Suffolk Coastal is concentrated within the south of the District (at Felixstowe and Adastral Park/Martlesham), 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, although the Nuclear

Power Station currently has a limited cross over with the local commercial property market.

Mid Suffolk

- 4.15 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 leant 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.
- 4.16 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.
- 4.17 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

- 4.18 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 Ipswich Economic Area. 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 employment/development sites. It 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.

Market Segments

Industrial

- 4.19 The Ipswich Economic Area 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. As noted above, the presence of the Port of Felixstowe to the south east of the study area has a very significant economic influence over the Ipswich Economic Area 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 Ipswich Economic Area which is currently reported to be strong.
- 4.20 Industrial demand spans all size categories, although the main driver is for small to mid-sized units (typically ranging between 5,000sqft/465sqm and 20,000sqft/1,860sqm). Demand is also steady for small industrial premises below 5,000sqft/465sqm which tend to cater for the start-up end of the market. Industrial requirements do not currently tend to exceed 40,000sqft/3,700sqm to 50,000sqft/4,600sqm, largely due to the relative remoteness of the area from main motorway networks and distribution centres.
- 4.21 The majority of industrial market activity in the Ipswich Economic Area 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. Warehouse/distribution occupiers are generally more footloose than manufacturing occupiers who tend to be based within particular locations due to historical reasons (typically within the districts of Mid Suffolk, Babergh and Suffolk Coastal).
- 4.22 Whilst the Economic Area has a sizeable stock of industrial accommodation (at around 2,786,000sq.m or just under 30,000,000sqft), 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 10,000sqft/900sqm and 15,000sqft/1,400sqm. 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. The majority of distribution/logistics users also require some yard space although there is reported to be a limited number of (available) properties across the area that provide this.
- 4.23 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, 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 £6sqft/£65sqm for small scale units, £4-5sqft/£40-£55sqm for larger unit sizes. These would need to increase to at least £7sqft/£75sqm and £6sqft/£65sqm respectively for speculative development to be viable in the current climate. It should be noted that this position is not unique to the Ipswich (and also Waveney) Economic Area; 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.

4.24

The table below illustrates the typical asking rents for industrial and office space within the Ipswich Economic Area, with the Ipswich urban area generally commanding a slight premium with regards to both types of commercial property.

Table 4.1 Industrial & Office Rents (Ipswich Economic Area)

Location	Industrial		Offices	
	(£ / sqft)	(£ / sq.m)	(£ / sqft)	(£ / sq.m)
Ipswich Town Centre	n/a		7.00-13.00	75-140
Ipswich Out-of-Town Business Parks	4.50-6.00	50-65	13.00	140
Claydon/Great Blakenham	4.50-5.00	50-55	10.00	110
Felixstowe	4.50-5.00	50-55	8.00	85
Woodbridge	4.50-5.00	50-55	15.00	160
Stowmarket	4.00-5.00	45-55	8.00	85
Needham Market	4.00-5.00	45-55	8.00	85
Sudbury	2.50-5.00	25-55	10.00	110
Hadleigh	4.00-5.00	45-55	6.00-12.00	65-130
Martlesham Heath	n/a		7.00	75
Leiston	3.00-4.00	30-45	7.00-8.00	75-85

Source: Colliers Rents Map 2015 / EGi Property Link

Offices

4.25

The office market across the Ipswich Economic Area is significantly weaker than 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 has however picked up since the recession, with the majority of requirements ranging up to 3,000sqft/280sqm, with Ipswich occasionally attracting enquiries as high as 10,000sqft/900sqm or slightly above.

- 4.26 As a county town, Ipswich accommodates the greatest critical mass of office space and occupiers within the Economic Area. The town 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, with occupiers still demanding 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 very low, limited to a small number of occupiers such as insurance company Willis who occupy an iconic, Grade I listed office building in Ipswich town centre constructed in the 1970s to house back office functions.
- 4.27 Beyond Ipswich, the office market across the rest of the Economic Area is relatively small in scale and characterised by limited activity and very localised demand. Key clusters tend to operate from well-located towns such as Woodbridge (which commands the highest office rents in the Economic Area) 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.
- 4.28 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.
- 4.29 Echoing the situation in the industrial market, viability remains a key barrier to new office development, with achievable rents (which generally extend to a maximum of £13sqft/£140sqm) currently lagging behind those required to enable new development (circa £18sqft/£190sqm) by around £5sqft/£50sqm.
- 4.30 Table 4.1 above illustrates the typical range in asking rents for office space across the Ipswich Economic Area. This shows that the market town of Woodbridge commands the highest office rents (up to £15sqft/£160sqm), followed by Ipswich town centre and out-of-town business parks (up to £13sqft/£140sqm). By comparison, the towns of Stowmarket, Felixstowe and Needham Market are characterised by much lower achievable office rents of around £8sqft/£85sqm.
- 4.31 The view amongst local commercial property agents is that availability of land to accommodate new office development is very limited across the Ipswich Economic Area, particularly adjacent/near to well performing office locations and sites where new development would be best suited. With regards to built space, freehold office premises are most in demand from local occupiers who

wish to own and occupy their own premises, although opportunities are limited in the local market. 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 500sqft/45sqm to 3,500sqft/325sqm and benefiting from easy access to the A12 and A14, modern accommodation and good parking provision.

Rural Employment Space

- 4.32 The rural parts of the Ipswich Economic Area also accommodate provision of employment space. This generally takes the form of purpose built, stand-alone business parks and industrial estates (such as Friston Business Centre near Aldeburgh) and converted rural premises/barns (such as Appletree Barns in Copdock). These sites accommodate a range of sectors and industries but typically B1 and light industrial uses.
- 4.33 Demand for rural employment space across the Ipswich Economic Area is reported to be limited, especially where this space is located away from key routes, with what demand there is generally catered for by existing provision. These types of premises can play an important role in providing affordable workspace and retaining home based businesses within the local community, albeit local commercial property market agents do not expect to see any significant growth within this sector of the market over the short to medium term.
- 4.34 Many rural businesses face particular challenges to continued economic growth and prosperity, including poor infrastructure and access to facilities (such as high speed broadband), low density of firms leading to a poorer choice of local employment opportunities for rural residents, and limited access to affordable housing for employees in many areas. The availability of broadband and good access is essential to ensuring the growth and expansion of the local rural economy and should continue to be recognised by relevant planning policy across the Economic Area.

Waveney Economic Area

Market Geography

- 4.35 Waveney is situated in north-east Suffolk and represents the most easterly district in Britain. It is characterised as a mixed urban and rural district accommodating Lowestoft, the second largest town in Suffolk alongside the four historic market towns of Beccles, Bungay, Halesworth and Southwold. In functional economic terms, Waveney is closely connected with neighbouring Great Yarmouth, nearby Norwich and the Waveney valley towns to the west, with significantly weaker economic linkages with other Suffolk authorities such as Suffolk Coastal and Ipswich. This is due in part to the relative distance between these locations and relatively poor condition of the highway network (i.e. A12) south from Lowestoft. The District is seen as being relatively remote from the rest of Britain but does have the advantage of close proximity to mainland Europe which is accessible by the two seaport harbours at Lowestoft and Great Yarmouth.
- 4.36 Historically Waveney's economy has been based on traditional industries such as farming, manufacturing, shipbuilding and fishing as well as the offshore oil and gas sectors. More recently, the District alongside neighbouring Great Yarmouth has become increasingly recognised as a European centre for the Renewable Energy industry with a particular focus upon offshore wind generation. Lowestoft (in particular northern parts of the town) shares a commercial property market with nearby Great Yarmouth, with both towns playing an important role in servicing the renewable energy sector, as well as the south north sea oil and gas industry. A12 connections between the two towns are good and support this flow of activity, with southern links via the A12 to Ipswich and beyond comparatively weaker.

Market Segments

Industrial

- 4.37 Waveney is characterised as having a buoyant industrial market, with the town of Lowestoft accommodating the majority of industrial space and occupier requirements. Demand is particularly strong for modern, small and medium sized industrial units with the size range typically falling between 1,000sqft/100sqm and 25,000sqft/2,300sqm, although very few enquiries are received at the top end of this range. The typical industrial occupier requirement would be for a 10,000sqft/1,000sqm workshop/warehouse unit with 1,000sqft/100sqm of ancillary office space and a sizeable yard. The town of Lowestoft is home to an established base of engineering related companies, many of which drive the churn in the local property market, which is where the majority of activity comes from.
- 4.38 Although much of the areas' industrial stock was built in the 1970s, the recent designation of an Enterprise Zone which covers six sites across the two towns of Lowestoft and Great Yarmouth, alongside Government infrastructure funding

has encouraged new commercial development to come forward in the area over the past few years, including at Mobbs Way and Riverside Enterprise Zone sites in Lowestoft. A recent speculative development of 19 units at Mobbs Way ranging in size from 1,000sqft/100sqm to 1,250sqft/125sqm is now reported to be fully occupied, with occupier incentives including business rate waivers making it attractive due to its Enterprise Zone status.

- 4.39 A second phase of speculative industrial development on the site is expected to be completed later this year (Wolseley Business Park, Mobbs Way) although this would largely exhaust the remaining supply of employment land available within the northern part of the town. In absence of new development land being identified and made available within Lowestoft itself, requirements are likely to be displaced to Great Yarmouth which benefits from greater availability of land for new development (including land within Enterprise Zones) and successful recent development schemes.
- 4.40 The South Lowestoft Industrial Estate also has Enterprise Zone status but has proved less popular to the local market due to its location to the south of the river (which can suffer from traffic congestion when the bridge is raised) and further from the Lowestoft-Great Yarmouth prime commercial market corridor.
- 4.41 Beyond Lowestoft, the other key industrial location within Waveney is the town of Beccles to the north west of the District which also accommodates one of the six Enterprise Zone sites at Ellough Business Park. The town already accommodates a cluster of plastics manufacturing companies and some energy related occupiers, although in commercial property market terms it operates as a separate market to Lowestoft and Great Yarmouth. New development within the Enterprise Zone is reported to have been limited so far due to an issue with utilities servicing. Demand for B class commercial space in Beccles and other smaller settlements such as Southwold/Reydon, Bungay and Halesworth is reported to be relatively localised in character, with the majority of market activity relating to the churn of existing local occupiers.
- 4.42 Typical asking rents for industrial and office space within the Waveney Economic Area are summarised in Table 4.2 below. This shows that Lowestoft and Great Yarmouth offer comparable asking rents for industrial property (ranging between £3sqft/£30sqm to £6sqft/£65sqm), with the smaller towns of Beccles, Bungay, Halesworth and Southwold/Reydon commanding slightly lower rents (up to £4sqft/£45sqm).

Table 4.2 Industrial & Office Rents (Waveney Economic Area and Adjoining Areas)

Location	Industrial		Offices	
	(£ / sqft)	(£ / sq.m)	(£ / sqft)	(£ / sq.m)
Lowestoft	3.00–5.00	30–55	8.00–12.00	85-130
Beccles/Bungay	4.00	45	6.00	65
Halesworth	3.00–4.00	30–45	n/a	
Southwold/Reydon	3.00–4.00	30–45	n/a	
Great Yarmouth	4.00-6.00	45-65	10.00	110

Source: Colliers Rents Map 2015 / EGi Property Link

Offices

- 4.43 Waveney is not an established office location and lacks the critical mass of office occupiers to compete for office based activity and firms. In contrast with the industrial market, the towns of Lowestoft and Great Yarmouth operate in relative isolation with regards to the office market, with very little overlap or flows of office occupiers between the two locations. What limited demand there is comes from local business churn in financial services, IT, business services and recruitment sectors, with some office occupiers connected to the energy sector in some way. Requirements generally do not exceed 5,000sqft/465sqm, although the majority tend to fall within the range of 1,000sqft/100sqm and 3,000sqft/280sqm and for good quality, modern space.
- 4.44 The majority of the District's office stock is concentrated within Lowestoft and much of this comprises former residential space converted to offices, with poor associated parking and disabled access. There has been some new office space developed at North Quay on the edge of the town centre, comprising 2,000sqft/185sqm to 5,000sqft/465sqm office units all of which are reported to be occupied and offer good parking provision. A couple of 2,000sqft/185sqm speculative office units have recently been developed at the Mobbs Way Enterprise Zone in the town, one of which is reported to be available. The office vacancy rate is reported to be low, partly due to the fact that the overall stock of office space is so low.
- 4.45 As shown in Table 4.2 above, typical asking office rents vary considerably across Waveney, with Lowestoft and Great Yarmouth commanding the highest rents, which can be as high as £12sqft/£130sqm (for modern, high quality speculative office space at Mobbs Way). In overall terms, office rents are slightly lower than within the Ipswich Economic Area (see Table 4.1).

Rural Employment Space

- 4.46 Echoing trends across the Ipswich Economic Area, demand for rural employment space in Waveney remains relatively limited, and driven by small local firms seeking affordable accommodation in a convenient location.
- 4.47 Existing provision of employment space generally takes the form of purpose built, stand-alone business parks such as the Becks Green Business Centre / Little Becks Business Park at Ilketshall St Andrew which provides small scale serviced office and light industrial units. Whilst this type of rural accommodation can play an important role in retaining home based businesses within the local community, the market for this provision is expected to remain highly localised and relatively small in scale in future years.

Summary

Ipswich Economic Area

- 4.48 Across the study area, the A14 represents the key commercial property market driver, with occupier movement and requirements generally flowing in an East-West direction along this corridor. 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. The area's other key route, the A12, isn't characterised by the same level of movement and flow of demand, with limited synergy between Ipswich and Waveney in commercial property market terms. Smaller commercial centres such as Hadleigh and Sudbury are characterised by relatively self-contained property markets driven by largely localised demand.
- 4.49 Ipswich Borough represents the over-riding economic driver of the Ipswich Economic Area and has traditionally accommodated the county's main office market in and around the town centre. The industrial market in Ipswich is particularly strong, with the main driver for industrial employment and space being the nearby Felixstowe Port. The Districts of Suffolk Coastal, Babergh and Mid Suffolk also accommodate pockets of commercial property market activity, most notably in Adastral Park/Martlesham Heath, Great Blakenham/Claydon, Sudbury and Hadleigh. Demand within these locations tends to be more localised, and again with industrial and distribution uses representing the key driver.
- 4.50 The Ipswich Economic Area is generally perceived as a good industrial location, with the Port of Felixstowe having a very significant economic influence from an industrial perspective. Demand is largely localised with very few examples of inward investment in the area in recent years. Industrial supply has continued to tighten over recent months as available stock is taken-up and limited new development has been completed. Local commercial property agents report that they are often unable to satisfy occupier requirements for industrial space, with a particular pinch point in the middle size bracket between 10,000sqft/1,000sqm and 15,000sqft/1,500sqm.
- 4.51 The office market across the Ipswich Economic Area is significantly weaker than industrial, with very few established, recognised office centres outside of Ipswich itself. It is very localised, largely driven by existing occupier churn, with local firms looking to move from outmoded to modern office space.

Waveney Economic Area

- 4.52 In functional economic terms, Waveney is closely connected with neighbouring Great Yarmouth, with both towns playing an important role in servicing the renewable energy sector, and to a lesser extent the oil and gas industry. It has significantly weaker economic linkages with other Suffolk authorities, due in part to the relative distance between these locations and relatively poor condition of the highway network south from Lowestoft.

- 4.53 Waveney is characterised as having a buoyant industrial market, with the town of Lowestoft accommodating the majority of industrial space and occupier requirements. Demand is particularly strong for modern, small and medium sized industrial units with a typical size range of between 1,000sqft/100sqm and 25,000sqft/2,300sqm.
- 4.54 The recent designation of an Enterprise Zone has encouraged new commercial development (including speculative development) to come forward in the area over the past few years, including at Mobbs Way and Riverside in Lowestoft. However, employment land supply within the northern part of the town is nearly exhausted and in absence of new development land being identified, requirements are likely to be displaced to Great Yarmouth which benefits from greater availability of land.
- 4.55 Waveney is not an established office location and lacks the critical mass of office occupiers to compete for office based activity and firms. What limited demand there is comes from local business churn in financial and business services, with some office occupiers connected to the energy sector.
- 4.56 Demand for rural employment space across the two Economic Areas is reported to be limited, with demand generally catered for by existing provision. These types of premises can play an important role in providing affordable workspace and retaining home based businesses within the local community, albeit local commercial property market agents do not expect to see any significant growth within this sector over the short to medium term. It will nevertheless be important that the various Councils continue to safeguard against any future downturns in traditional rural activities by encouraging the conversion and re-use of rural buildings for non-agricultural uses in order to grow and diversify the employment offer in the sub-region's rural economy.

Overview of Employment Space

This section provides an overview of the current stock of B-Class employment space across the Ipswich and Waveney Economic Areas and summarises recent trends and changes to the supply of this employment space. The amount of employment land and quantity of built employment floorspace has been considered across the three main types of employment uses (i.e. offices [B1a/b], manufacturing [B1c/B2], and warehouse and distribution [B8]). This analysis uses data from the following sources:

- Commercial floorspace data from the ONS and various datasets from the Valuation Office Agency (VOA);
- Monitoring data on commercial space from the Borough/District Councils; and
- EGi Property Link database and other commercial property sources.

Ipswich Economic Area

Stock of Employment Space

In 2012, the Ipswich Economic Area contained around 3,355,000sq.m of B class floorspace. The majority (2,786,000sq.m or 83%) relates to industrial floorspace while just 569,000sq.m or 17% relates to office floorspace. Table 5.1 below shows how this is split by each local authority area, with Ipswich Borough accommodating the most significant amount of B class floorspace in absolute terms (at 1,024,000sq.m in 2012). By comparison, Babergh District accommodates just 688,000sq.m of B class floorspace (Table 5.1).

Table 5.1 Current Stock of Floorspace

Local Authority	Total Office Space (Sq.m)	Total Industrial Space (Sq.m)	Total B Class Space (Sq.m)
Babergh	73,000	615,000	688,000
Ipswich	313,000	711,000	1,024,000
Mid Suffolk	67,000	829,000	778,000
Suffolk Coastal	116,000	631,000	747,000
Ipswich Economic Area Total	569,000	2,786,000	3,355,000

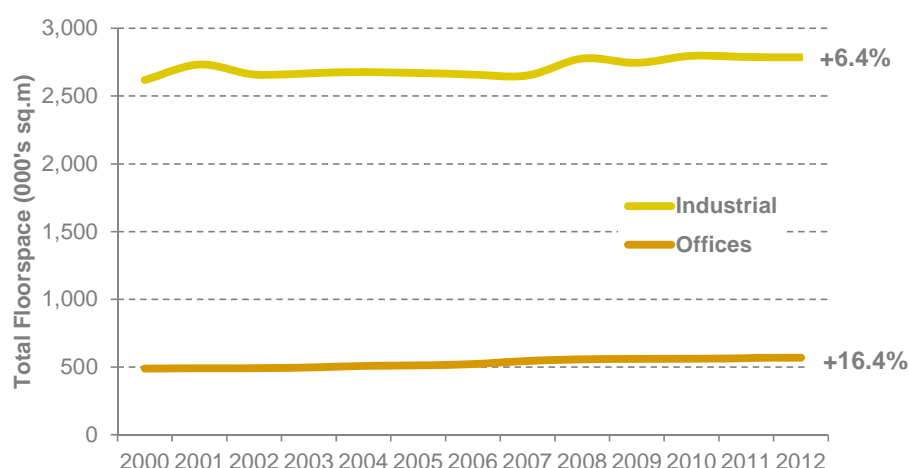
Source: VOA Business Floorspace 2012 (Note: Figures include vacant stock)

Figures 5.1 to 5.3 below show how B class floorspace in the Ipswich Economic Area has changed over the period 2000 to 2012. The supply of B class employment space in the Ipswich Economic Area has steadily been increasing over the period 2000 to 2012. The greatest increase has been recorded in office space, equivalent to 16.4% growth between 2000 and 2012 or over 6,500sq.m per annum on average across the Ipswich Economic Area. This rate of growth was very similar to the England average of 16.2% over this period, while office floorspace across the whole of the East of England increased by a

slightly lower rate (14.8%). It should be noted that figures provided for total space include vacant space.

- 5.4 Industrial floorspace increased by just 6.4% over the same period, although this was faster than East of England (4.0%) and England (-3.0%) averages over these 12 years. Industrial floorspace still represents the dominant source of floorspace in the Economic Area.

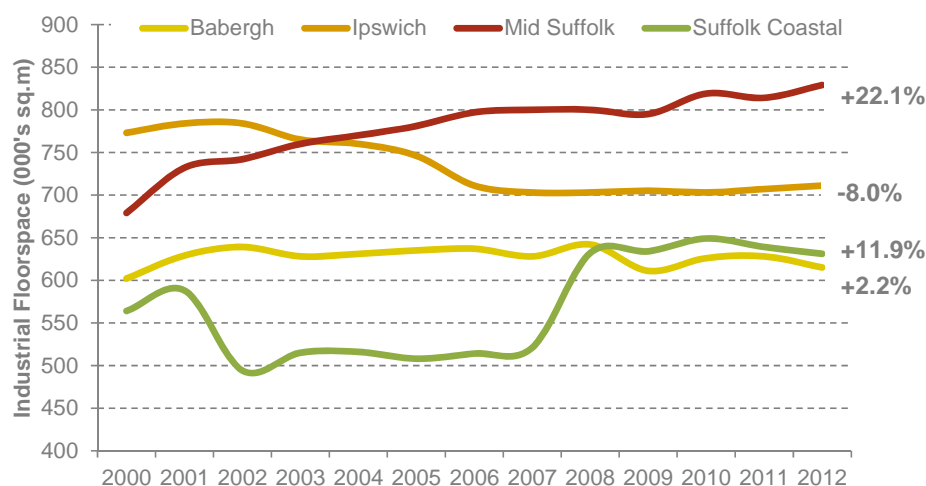
Figure 5.1 Change in Commercial Floorspace in the Ipswich Economic Area, 2000 - 2012



Source: VOA Business Floorspace 2012

- 5.5 Within the Ipswich Economic Area, the rate of industrial floorspace growth varied significantly over the 12 years 2000 to 2012. The fastest rate of growth was recorded in Mid Suffolk at 22.1% or 12,500sq.m per annum on average, driven in part by distribution and warehousing developments at Eye Airfield (Humphreys) and at Gt. Blakenham (Magnus).
- 5.6 Suffolk Coastal recorded a 11.9% increase in industrial floorspace due to the take up of allocated land at Adastral Park, Martlesham, with just 2.2% growth recorded in Babergh over the 12 years. Ipswich was the only local authority area to record a decline in industrial floorspace, equivalent to 8.0% or over 5,000sq.m each year on average (Figure 5.2). The net reductions in floorspace in Ipswich occurred largely prior to 2007 and are thought to relate to closures of large sites such as Celestion and Bull Motors.

Figure 5.2 Change in Industrial Floorspace in the Ipswich Economic Area, 2000 - 2012

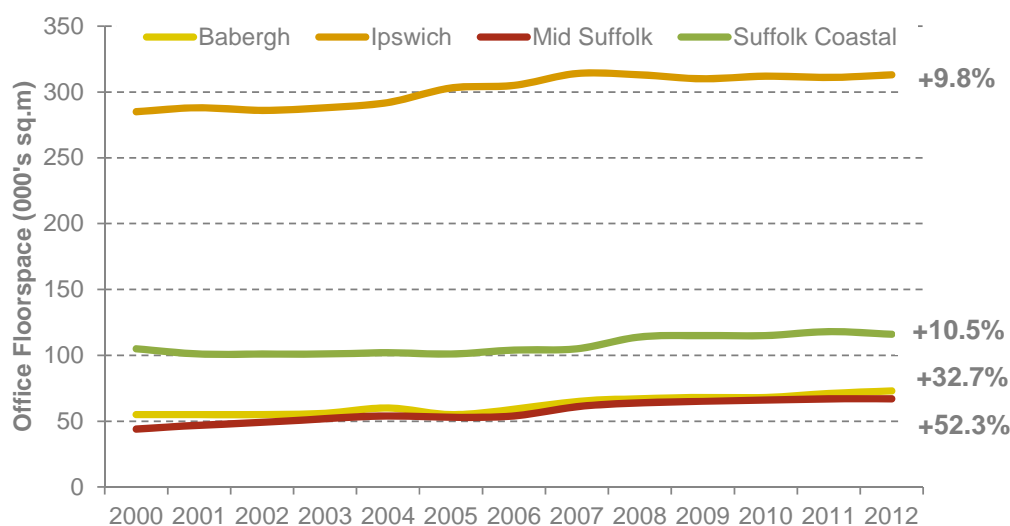


Source: VOA Business Floorspace 2012

5.7

All local authority areas within the Ipswich Economic Area recorded a steady increase in office floorspace over the 12 years 2000 to 2012 according to VOA data. In percentage terms, the greatest increase was seen in Mid Suffolk at 52.3%, followed by Babergh at 32.7%. Suffolk Coastal and Ipswich recorded office floorspace growth of 10.5% and 9.8% respectively. In absolute terms, the most significant increase in office space was recorded in Ipswich Borough at 28,000sq.m over the 12 years (Figure 5.3).

Figure 5.3 Change in Office Floorspace in the Ipswich Economic Area, 2000 - 2012



Source: VOA Business Floorspace 2012

5.8

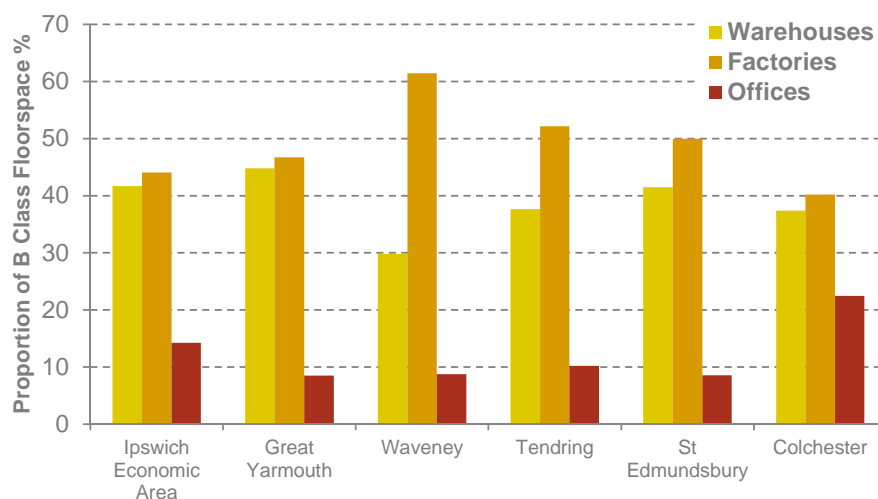
A breakdown of the total employment floorspace by uses in 2008 is illustrated in Figure 5.4 below, including a comparison with employment space recorded in other surrounding local authority areas.

5.9

Compared with other nearby areas, offices represent a proportionally higher source of B class floorspace in the Ipswich Economic Area, with the exception

of Colchester. In the Ipswich Borough area itself, offices represent a much higher proportion of floorspace at just under 30% of the total stock. Figure 5.4 also underlines the relative balance between warehouse and factory space in the Ipswich Economic Area particularly compared with Waveney and Tendring.

Figure 5.4 Components of B Class Floorspace by Local Authority, 2008



Source: VOA Business Floorspace 2008⁴³

Spatial Distribution

- 5.10 The current stock of B-use employment space within the Ipswich Economic Area is largely centred in Ipswich and its fringes, as well as the smaller commercial centres of Felixstowe, Martlesham, Saxmundham and Woodbridge in Suffolk Coastal, at Hadleigh and Sudbury in Babergh, and at Stowmarket, Needham Market and Eye in Mid Suffolk. In addition there are a number of B-uses located within the rural areas.
- 5.11 In Ipswich, office stock is largely centred around financial and insurance services, and the public sector within Ipswich town centre and at Ransomes Europark on the south eastern edge of the Borough. There are also a number of ICT and Digital Creative companies within the Borough in the vicinity of the Ipswich Waterfront. A few miles to the east of Ipswich is Adastral Park in Suffolk Coastal District, which is the research headquarters for BT and within the park is Innovation Martlesham where a number of smaller ICT companies have office space. In Babergh District offices are located close to the south of Ipswich at Wherstead Park, which is the headquarters of the East of England Co-operative Society. In Mid Suffolk, Claydon Business Park represents a key location for office occupiers and is located on the western fringes of the Ipswich urban area.

⁴³ VOA business floorspace analysis presented in this section draws upon a number of different VOA datasets – although these have been published at different time periods (2008 and 2012), they have been used because they each provide information in a slightly different, albeit complementary, format

- 5.12 The Port of Felixstowe and the Port of Ipswich both have a large amount of B-use employment land and floorspace within their boundaries. There are also a number of industrial estates containing smaller B-use workspaces across the Ipswich Economic Area in addition to those in Ipswich Borough.
- 5.13 In Babergh the main employment areas are in Sudbury at the Woodhall Business Park, the Chilton Industrial Estate and at Ballingdon Hill; at the Lady Lane Industrial Estate in Hadleigh and on the Ipswich fringe at Farthing Road, Sproughton and Scrivener Lane, Pinewood and at Wherstead Park. There is also a significant vacant site at Sproughton, formerly occupied by a sugar beet factory. There are a number of clusters of employment uses in the rural areas of the District for example at the Notley Enterprise Park, Gt. Wenham and at Crowcroft Road, Nedging Tye.
- 5.14 In Mid Suffolk the main employment areas are at Eye on the former airfield, at Stowmarket on a number of industrial estates, at the Lion Barn Industrial Estate at Needham Market and at Great Blakenham (including the Claydon Business Park).

Development Rates

Ipswich

- 5.15 The development of employment land in the Ipswich Economic Area has varied over the ten year period from 2003/04 to 2013/14. In Ipswich Borough, most of the completions took place before 2010 and focused largely on B1 uses, with offices built in the town centre, the Ipswich village area near the railway station and at Ransomes Europark on the south eastern edge of the Borough close to the A14. The largest completions related to new space for local government, financial services and shipping occupiers.

Gross completions

- 5.16 In the Borough of Ipswich between 2003/04 and 2014/15, Ipswich Borough Council monitoring data indicates that there has been a total of 21.58 hectares (ha) of land developed or re-developed for new employment uses. This consists of 11.54 ha for B1 uses, 2.40 ha for B2 uses and 7.63 ha for B8 uses. The Council's records indicate that these completions equate to 70,485 sq.m of floorspace. These figures include all new build properties and conversions / redevelopments, but exclude extensions and minor alterations to existing uses. Most of these completions took place prior to 2010. The majority of the floorspace completed (53,241 sq.m or 76%) was developed for B1 uses with 9,167 sq.m (13%) for B2 uses and 8,077 sq.m (11%) for B8 uses.
- 5.17 The data shows that in terms of land area (i.e. hectares), completions for B8 uses were much greater than for B2 uses, however when considered in terms of floorspace the completions were more evenly balanced, which is reflected in the fact that B2 completions were largely new build smaller units or subdivisions with little associated land. In respect of new office floorspace,

most of the completions during the past ten years have been focused on Ransomes Europark with notable new office buildings for Ipswich Building Society and Mediterranean Shipping Company. Prior to this a large new office building had been built on Russell Road in Ipswich town centre for TXU Energy between 2001 and 2003 on the site of the former Russell House demolished in 2001, although this company never actually occupied the building. It was purchased by Suffolk County Council in 2003 and is now known as Endeavour House⁴⁴. Opposite this, a new office building was completed in 2006 and occupied by Ipswich Borough Council and is known as Grafton House⁴⁵. A new office building, Landmark House, was built on Whitehouse Industrial Estate to the north-west of Ipswich for an ICT company in 2000 only for that company to cease trading prior to occupation. Having been empty for a decade it was purchased in 2010 by Suffolk County Council and Suffolk Police and occupied from 2012⁴⁶.

- 5.18 There have been additional new build completions for B-class uses on Ransomes Europark in addition to those mentioned above (which total around 10 ha) as well as units at Whitehouse, Hadleigh Road and Knightsdale Road industrial estates, with the latter two locations being replacements of previous uses. In the units completed in the last ten years, a number of business sectors are represented including business support services, professional, scientific and technical services and management consultancies⁴⁷. In other locations there are a greater proportion of wholesalers, manufacturers, engineering businesses and vehicle repair businesses along with a lesser proportion of business and professional services.
- 5.19 Many of the completions represent the development of a number of smaller units. These include 16 new build units at Olympus Close on Whitehouse Industrial Estate and a number of 'terraces' of small units have been completed at Ransomes Europark. Employment completions in the town centre have been less significant in number and in land area.
- 5.20 In addition to new employment units created through new build and conversions, a total of 7,472sq.m of floorspace was created through extensions to existing units during the same time period.

Vacant Units and Churn

- 5.21 Ipswich Borough Council's annual Employment Land Availability reports, which include a survey of occupants of premises in the town's employment areas, indicate that over the period 2003/04 to 2014/15 the types of businesses occupying Ipswich's employment areas have, in general terms, moved away from engineering and manufacturing uses towards alternative uses including an increase in storage and distribution. However, many of the units in Ipswich's industrial areas were still occupied by the same business in 2015 as in 2004.

⁴⁴ Wikipedia, http://en.wikipedia.org/wiki/Endeavour_House

⁴⁵ Wikipedia, http://en.wikipedia.org/wiki/Grafton_House

⁴⁶ BBC News (5th October 2012), <http://www.bbc.co.uk/news/uk-england-suffolk-19841836>

⁴⁷ Data on business sectors is taken from the Interdepartmental Business Register (IDBR)

Many are local, rather than national or international, businesses. Most of the vacant units were on White House Industrial Estate, Hadleigh Road Industrial Estate and Ransomes Europark, the latter relating largely to newly constructed units awaiting occupation. These three employment areas are also the largest in the town. At June 2015 9.7% of all units in employment areas were vacant.

Losses of Employment Land

- 5.22 Over the period 2003/04 to 2014/15 Council records indicate that a total of 16.5 ha of employment land (B1, B2 and B8) has been lost to other uses, mostly to residential, through either redevelopment or change of use. Of this, 5.7 ha (35%) was previously in B1 use, 10.2 ha (62%) was previously in B2 use and 0.5 ha (3%) was previously in B8 use. Larger sites which have been redeveloped for predominantly housing uses include the former Celestion / Bull Motors and Compair Reavell sites and 3.1 ha of B1 land at Duke Street. Approximately 16.5 ha of existing employment sites are proposed for allocation for housing or other uses through the emerging Ipswich Local Plan⁴⁸ which suggests that losses of employment land over the coming 15 years through redevelopment for other uses will continue. However it should be noted that this includes employment sites which are currently vacant.
- 5.23 The permitted development changes to enable the change of use from offices to residential subject to a prior approval process has resulted in the loss of further office space as discussed later in this section.

Land Available for Employment Uses

- 5.24 The Ipswich Borough Council 2015 Employment Land Availability Report shows that in 2013/14 planning permission was granted for 6.461 ha of B class employment uses. This includes 1.05 ha for a mix of B1, B2 and B8 uses at Hadleigh Road, and a total of 4.4ha for change of use from B2 to B8 uses at Whitehouse and on Nacton Road.
- 5.25 The 2015 report identified that as at 1st April 2015, 0.86 ha of land outside employment areas had extant planning permission for B class uses. In addition vacant land in employment areas totalled 49.17 ha. Sites allocated for employment use in the 1997 Local Plan and not yet developed total 20.98 ha. A lot of this land is related to the Port of Ipswich and therefore understood to not be openly available. A total of 73.39 ha of land was available in April 2015, in principle at least, for employment uses in the Borough, the large majority within existing employment areas.
- 5.26 48.53 ha⁴⁹ of land is currently proposed for allocation for employment use in the emerging Local Plan (this excludes 16.5 ha of existing employment sites proposed for other uses). This is made up mostly of a number of relatively large sites at Ransomes Europark, Ravenswood and Airport Farm Kennels in

⁴⁸ Refer to Proposed Submission Site Allocations and Policies (incorporating IP-One Area Action Plan) DPD (November 2014). The figure is approximate as some sites currently contain a mix of B class and non B-class uses and some allocations include an unspecified proportion of employment uses.

⁴⁹ Proposed Submission Site Allocations and Policies (incorporating IP-One Area Action Plan) DPD (November 2014)

the south east of the town, vacant sites in the Sandy Hill Lane area and land north of Whitton Lane to the north west of the town. In addition Futura Park, the former Cranes site, is identified as a Strategic Employment Site of approximately 10 ha in the adopted Core Strategy and Policies DPD (2011). Part of the site has been developed for retail use as enabling development for the development of the wider site, and whilst the site remains vacant it is understood that there is interest in it for employment development.

Suffolk Coastal

- 5.27 In Suffolk Coastal, B1 uses have represented the main source of new employment floorspace completions in recent years, including the completion of an office headquarters building in Felixstowe in 2013/14, with a significant amount of B8 floorspace also created in Felixstowe in 2009/10, reflecting the role of the Port of Felixstowe for the local economy and its strength as a distribution location.

Gross Completions

- 5.28 In Suffolk Coastal District over the period between 2004/05 and 2012/13, Council monitoring data indicates that a total of 69,017sq.m of employment (B1, B2 and B8) floorspace was developed. This included 24,359sq.m (35%) for B1a uses, 2,715sq.m (4%) for B1b uses, 12,991sq.m (19%) for B1c uses, 9,798sq.m (14%) for B2 uses, and 19,154sq.m (28%) for B8 uses.
- 5.29 Some of the larger sites (accommodating new development over 1,000 sq.m) that were completed in Suffolk Coastal between 2009 and 2014 include:
- 3,240sq.m at Clicket Hill Road, Felixstowe (B1a);
 - 2,419sq.m at Moat Farm, Earl Soham from agricultural use to B1/B8;
 - 2,256sq.m at Shepherd and Dog Piggeries, Nacton, from agricultural use to B1;
 - 2,100sq.m at Eastlands Industrial Estate, Leiston for B8; and
 - 19,000sq.m at Blofield Hall, Nicholas Road, Felixstowe, for engineering and building operations in connection with use of plateaux E and F for container storage and haulage business.
- 5.30 Smaller developments (where gross completions of B class floorspace comprised less than 1,000sq.m) together accounted for just over 10,000sq.m of new floorspace completions in Suffolk Coastal between 2004/05 and 2012/13, including changes of use and excluding any loss of floorspace.

Loss of Employment Land

- 5.31 In recent years some employment floorspace in the District has been lost, either through demolition (for example at Girdlestons Pumps, Melton) or through change of use applications, most noticeably to A1 food stores at Anson Road, Martlesham Heath and Langer Road in Felixstowe.

Land Available for Employment Uses

- 5.32 According to Suffolk Coastal District Council's latest Employment Land Availability Study (dated 1st April 2015), there is just under 80 ha of available employment land within the District. This is split evenly between planning permissions which have been granted for B class development and undeveloped Local Plan allocations. The majority of this land is located within the Felixstowe urban area and the Ipswich Eastern Fringe (at Martlesham Heath and Nacton Heath).

Babergh

- 5.33 Detailed year by year information on completions and losses of employment floorspace is not available for Babergh District, however some commentary is provided below.
- 5.34 In Babergh, the main areas of development for B class uses have been at the Chilton Industrial Estate in Sudbury and at the Lady Lane Industrial Estate in Hadleigh. There have also been completions spread across the rural areas of the District. There has been a reduction in land used for B class uses in the Ipswich fringe, partly as a result of the change of use of land to a wedding venue within the D use class at Wherstead. There has also been a trend in Babergh District for allocated employment land being used for other non-B class employment uses such as a community health centre at Church Field Road and a supermarket at the Woodhall Business Park in Sudbury and a sixth-form college, veterinary centre and supermarket on land at Scrivener Drive, Pinewood on the Ipswich fringe. A number of other employment sites are being lost to residential use including Bulmer Road, Sudbury, E.W. Downes and Silk Factory, Glemsford and Sika Armorex, Lavenham.

Land Available for Employment Uses

- 5.35 As at 1st April 2015 there were some 86.4 hectares of undeveloped and uncommitted employment land in Babergh District identified in existing Local Plans. This includes 15 hectares north of the Woodhall Business Park and 5 hectares at Waldingfield Rd, Sudbury, 10.5 hectares east of Lady Lane, Hadleigh, 6 hectares at Wolsey Grange on the Ipswich fringe, 35.5 hectares at the former sugar beet factory site in Sproughton and 7.3 hectares at the regeneration site in Brantham.

Mid Suffolk

- 5.36 Detailed year by year information on completions and losses of employment floorspace is not available for Mid Suffolk District, however some commentary is provided below.
- 5.37 In Mid Suffolk, new B class development over the last ten years has been concentrated in the District's main employment areas such as Eye on the former airfield, at Stowmarket, on the Lion Barn Industrial Estate at Needham Market and at Great Blakenham. Eye has experienced growth particularly in

distribution and food-related industries. The growth at Stowmarket and Needham Market has been across a range of B-class uses.

Land Available for Employment Uses

- 5.38 As at 1st April 2015 there were some 113.4 hectares of undeveloped and uncommitted employment land in Mid Suffolk District identified in existing Local Plans. The largest allocations are at Cedars Park and Mill Lane in Stowmarket with 10.9 hectares and 39.5 hectares respectively with 51.3 hectares identified in the Eye Airfield Development Framework which is being carried forward into the new Local Plan for Babergh and Mid Suffolk.

Impact of Permitted Development Rights (Office to Residential)

- 5.39 In early 2013, the Government announced the proposed introduction of Permitted Development Rights (PDR) to allow for change of use from B1(a) offices to residential, whereby premises can undergo change of use without the need to obtain planning permission. In October 2015, the Government confirmed that the temporary PDR will be made permanent. The effect of the new permitted development rights could be to increase the rate of losses of office space across the Ipswich Economic Area over coming months and years.
- 5.40 Whilst prior approval by the local planning authority is not required in all cases, where known to the Ipswich Economic Area local authorities the change of use from offices to residential by permitted development is summarised in Table 5.2 which shows the position of approved and refused prior approval applications as at March 2015. This shows that across the Ipswich Economic Area, this national policy has had the greatest impact in Ipswich Borough in respect of the number of residential dwellings permitted.
- 5.41 The largest scheme in Ipswich was for 74 flats at St Edmund House on Rope Walk approved on 18th November 2014, closely followed by 50 flats at Western House on Dunlop Road where 50 flats were approved on 7th February 2014. 33 flats were approved at an office building at 16-18 Princes Street on 29th August 2014 and a further 25 flats were approved at Eastgate House in Carr Street on 11th February 2014.
- 5.42 In Babergh, the largest prior approvals applications were for 15 flats at Geest House, Hadleigh Road, Sproughton approved on 26th February 2014, and for 12 flats at Sproughton House, High Street, Sproughton approved on 27th June 2014. It is anticipated that there will be further losses of small office uses in rural areas as a result of this provision
- 5.43 In Suffolk Coastal, the largest scheme for 28 flats at Cliff House on Chevalier Road in Felixstowe was initially refused by the Council but permitted on appeal on 25th September 2014. This proposal involves the conversion of a seven storey office building to residential use.

Table 5.2 B1a Office to Residential Conversions (as at March 2015)

Borough/District	Approved ⁵⁰		Refused		Estimated loss of floorspace through implemented permissions ⁵¹
	No. applications	No. dwellings	No. applications	No. dwellings	
Babergh	15	60	1	23	1,600sq.m
Ipswich	16 (2)	243 (2)	1	1	10,500sq.m
Mid Suffolk	9 (1)	26 (1)	1	6	800sq.m
Suffolk Coastal	2 (6)	29 (6)	0	0	(100)sq.m
Ipswich Economic Area Total	42 (9)	358 (9)	3	30	12,900sq.m (100)sq.m

Source: Local authority monitoring / VOA data / Ipswich Borough Council / Suffolk County Council

- 5.44 In addition, there have been a number of conversion schemes across the Ipswich Economic Area that involved a small number of dwellings in total which did not require prior approval for this change of use. The figures for these are shown in brackets in Table 5.2.
- 5.45 As shown in Table 5.2, the estimated loss of office floorspace through implemented PDR conversions totals 12,900sq.m. This includes PDR conversions which have been implemented or are in the process of being implemented (i.e. taken out of employment use).
- 5.46 It is estimated that a further 11,400sq.m of office floorspace has the potential to be lost from the supply through PDR although the conversion has yet to be implemented. This includes 8,500sq.m in Ipswich and those conversions where prior approval is not required.

Waveney Economic Area

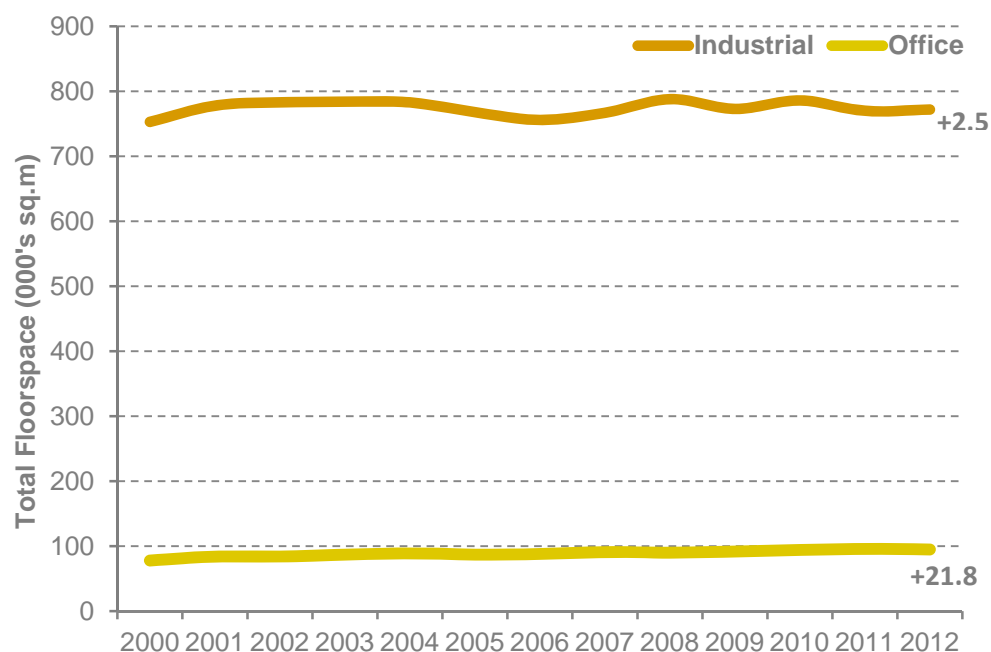
Stock of Employment Space

- 5.47 In 2012, the Waveney Economic Area contained around 867,000sq.m of B class floorspace. The majority (772,000sq.m or 89%) of this related to industrial floorspace, with just 95,000sq.m (or 11%) relating to office floorspace.
- 5.48 Figure 5.5 below shows how B class floorspace in the Waveney Economic Area has changed over the period 2000 to 2012.

⁵⁰ Figures shown in brackets are those conversions where prior approval is not required and are additional to the non-bracketed figures

⁵¹ This estimate is based on VOA property records

Figure 5.5 Change in Commercial Floorspace in the Waveney Economic Area, 2000 - 2012



Source: VOA Business Floorspace 2012

- 5.49 A breakdown of the total employment floorspace by uses in 2008 in Waveney is illustrated in Figure 5.5 above, including a comparison with employment space recorded in other surrounding local authority areas.
- 5.50 The supply of B class floorspace in Waveney has gradually increased over the period from 2000 to 2012. Like the Ipswich Economic Area, offices have seen the largest amount of growth with only small rises in industrial space. As shown in Figure 5.4, compared to other areas, factories represent a proportionally higher source of floorspace. However, this position is likely to have changed since 2008 as two large factories have since closed in Waveney.

Spatial Distribution

- 5.51 The majority of B class floorspace within Waveney is concentrated in Lowestoft. Historically, Lowestoft had a number of large manufacturing premises focussed around the port area of Lake Lothing. In more recent times industrial estates have developed around the edge of the town with the largest being South Lowestoft Industrial Estate on the southern edge of the town. The town centre is home to the majority of the office floorspace in the District. Most of this is older stock with very few modern premises available. Outside the town centre there is a purpose built business park comprising of modern low density office space at North Quay Business Park. Additionally there is a cluster of offices, including a call centre developing around Riverside Road on the south side of Lake Lothing.
- 5.52 Turning to Waveney's smaller market towns, Beccles has a significant supply of industrial floorspace, mainly centred on Ellough Industrial Estate just outside of the town. Further floorspace is found on the southern edge of the town on

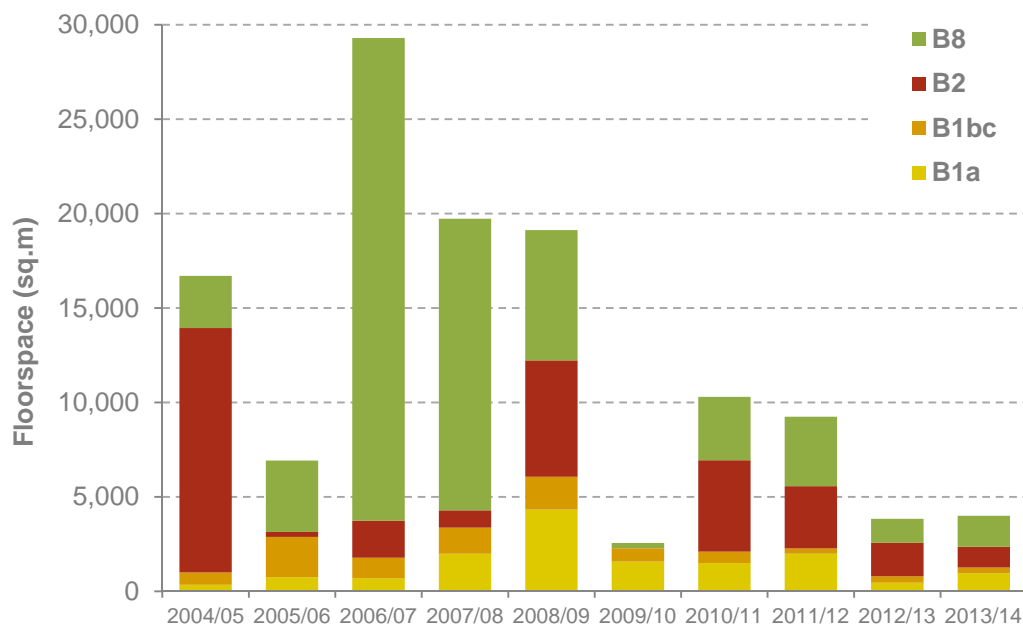
London Road where there is a large factory owned by M&H Plastics. Halesworth also has a reasonable supply of industrial floorspace with small industrial estates on the northern and southern edge of the town. Southwold accommodates very little employment floorspace with the exception of the Adnams Brewery site, however, there is a small industrial estate on the edge of nearby Reydon. At present, with the exception of Clay's printing works, Bungay has very little industrial floorspace.

- 5.53 In more rural areas there are a few larger premises scattered across the District, including Bernard Matthews at Holton and 2 Sisters at Flixton.

Development Rates

- 5.54 Over the ten year period April 2005 to April 2014, Waveney District Council monitoring data indicates that there has been 121,706sq.m of new B Class development in Waveney, equivalent to 12,170sq.m per year on average. Figure 5.6 below shows how this growth is broken down by use class and year.

Figure 5.6 Gross Development Rates in Waveney



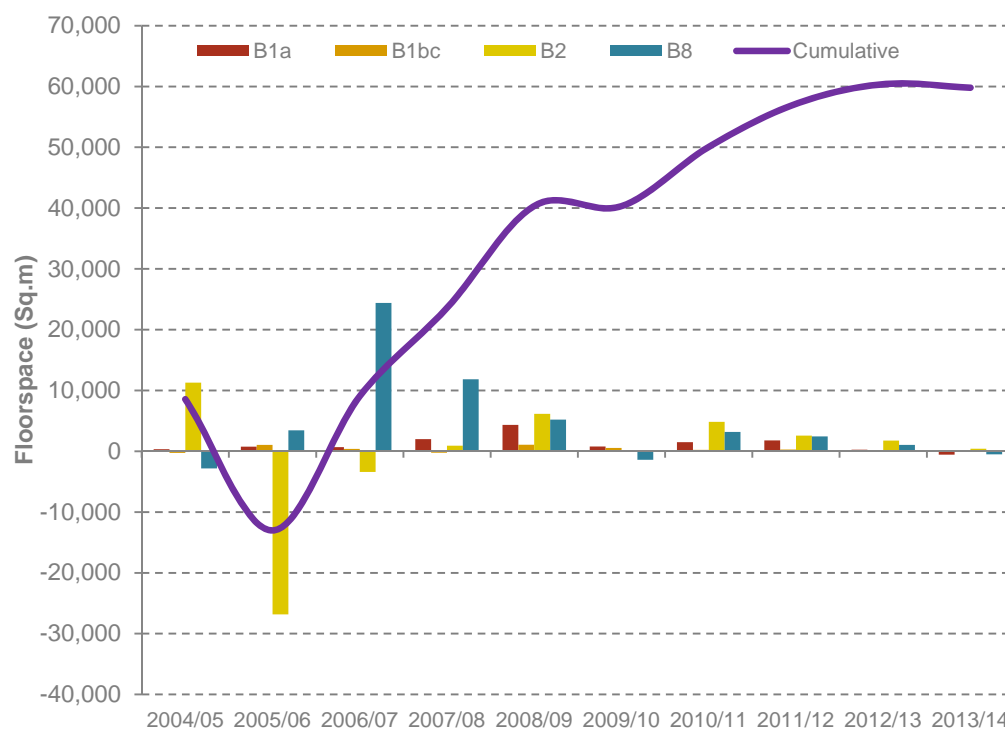
Source: Waveney District Council

- 5.55 The large amount of development in B2 class use in 2004/05 relates to the relocation of a printing works totalling 12,941sqm from one site in Beccles to another. B8 has been the largest growth area in terms of premises with significant growth in 2006/07 and 2007/08. This included the development of a new storage and distribution warehouse for Adnams on the outskirts of Reydon and new storage and distribution premises on Ellough Business Park in Beccles. New B2 development has mostly been in the printing and plastic manufacturing sector. The largest office scheme completed this period was the publically funded Orbis Energy building in PowerPark in Lowestoft which now houses a number of energy related companies.

5.56 Over the same period, there has also been a significant loss of B class floorspace in Waveney District equivalent to 61,901sq.m or 6,190sq.m per year on average. The largest loss which was recorded in 2005/06 was down to the relocation of the printing works in Beccles discussed above.

5.57 Once these losses are taken into account, the net rate of development for B class uses over the period April 2005 to April 2014 was 59,805sqm (5,980sq.m annual average). Figure 5.7 summarises net completions over the period.

Figure 5.7 Net Completions in Waveney



Source: Waveney District Council

Vacant Premises

5.58 Data from Waveney District Council's annual employment land survey indicates that as of April 2015 there were 106 vacant buildings on industrial estates in the District totalling 45,891sq.m. This represents 14.3% of the total number of buildings on industrial estates and 7% of total floorspace on industrial estates. Table 5.3 below shows the breakdown of vacancies by settlement.

Table 5.3 Vacancy by Settlement (at April 2015)

Settlement	Vacant Buildings	Vacant Floorspace	% Vacant Buildings	% Vacant Floorspace
Lowestoft	67	21,232	13.3%	6.0%
Beccles	14	5,356	11.9%	3.6%
Bungay	4	363	14.8%	0.8%
Halesworth	8	17,319	14.3%	19.3%
Southwold and Reydon	13	1,612	34.2%	7.5%
Total	106	45,891	14.3%	7%

Source: Waveney District Council

Land Available for Employment Uses

5.59

As of the end of March 2014 there was just under 98 hectares of employment land available for development in the Waveney Economic Area. Table 5.4 below shows what type of land is available and where. Approximately 40 hectares of this land has Enterprise Zone status.

Table 5.4 Available Employment Land in Waveney

Sub area	Allocated Sites (ha)	Sites with Planning Permission (ha)	Vacant Land within Employment Areas (ha)	Total (ha)
Lowestoft	34.00	6.51	5.39	45.90
Beccles	14.01	15.45	0.99	30.45
Bungay	4.00	0.71	0	4.71
Halesworth	12.25	1.45	0	13.70
Southwold	0.70	2.47	0	3.17
Total	64.96	26.59	6.38	97.93

Source: Waveney District Council

Impact of Permitted Development Rights (Office to Residential)

5.60

To date, Waveney District Council has received five prior notifications for office to residential conversions in the District under the PDR introduced in May 2013, one of which is reported to have been completed. All of these prior notifications relate to single unit conversions and are therefore relatively small in scale when compared to the District's total existing stock of office space.

Summary

Ipswich Economic Area

5.61

Employment space in the Ipswich Economic Area is dominated by industrial (B1c/B2/B8) uses with just 17% relating to office floorspace. Ipswich Borough accommodates the most significant amount of B class floorspace in absolute terms, with Babergh District accommodating the lowest. The stock of

employment space has steadily been increasing over the period 2000 to 2012, driven by increases in both office and industrial space.

- 5.62 The current stock of B-use employment space within the Ipswich Economic Area is largely centred in Ipswich and its fringes, as well as the smaller commercial centres of Felixstowe, Martlesham, Saxmundham and Woodbridge in Suffolk Coastal, at Hadleigh and Sudbury in Babergh, and at Stowmarket, Needham Market and Eye in Mid Suffolk.
- 5.63 Completions of B class space have varied in scale, nature and location across the Ipswich Economic Area in recent years, and include a mix of office and industrial development. In Ipswich Borough, much of this has taken place on Ransomes Europark and in and around the town centre. Completions in Suffolk Coastal has been driven by industrial uses, and focused in Felixstowe, Nacton and Leiston and other more rural areas. Detailed monitoring data on B class completions is not available for Mid Suffolk and Babergh.
- 5.64 Across the Ipswich Economic Area, availability of employment land stands at over 200ha, comprising undeveloped allocations and outstanding planning permissions. The majority of this land is located within Mid Suffolk and Babergh.
- 5.65 The recent introduction of Permitted Development rights for change of use from office to residential has started to have a limited impact across the Ipswich Economic Area, with Council monitoring data indicating that the greatest impact has been seen in Ipswich and to a lesser extent Babergh.

Waveney Economic Area

- 5.66 The Waveney Economic Area contains around 867,000sq.m of B class floorspace, 89% of which relates to industrial floorspace. This supply has gradually increased over the period from 2000 to 2012, with offices recording the largest amount of growth. B class floorspace is concentrated in Lowestoft, historically around the port area of Lake Lothing and more recently in industrial estates around the edge of the town. Waveney's office space tends to be clustered in and around the town centre, much of which is now dated.
- 5.67 The Waveney Economic Area has seen moderate amounts of new development over the last few years, mainly relating to industrial (B2/B8) uses and driven by a small number of large developments. Over the same period there has also been a significant loss of B class floorspace, some of which has been driven by the relocation of a printing works from one site to another in Beccles. As of the end of March 2014, there was just under 98 hectares of employment land available for development in the Waveney Economic Area, approximately 40 hectares of which has Enterprise Zone status.

Business and Sector Needs

This section considers the needs of local businesses operating in the Ipswich and Waveney Economic Areas, as well as some of the key factors that support and inhibit their growth. This assessment draws upon the findings of a local business survey undertaken as part of the ELNA in April 2015 and a number of stakeholder consultations that have been undertaken as part of the study with key business and sector representatives across the study area.

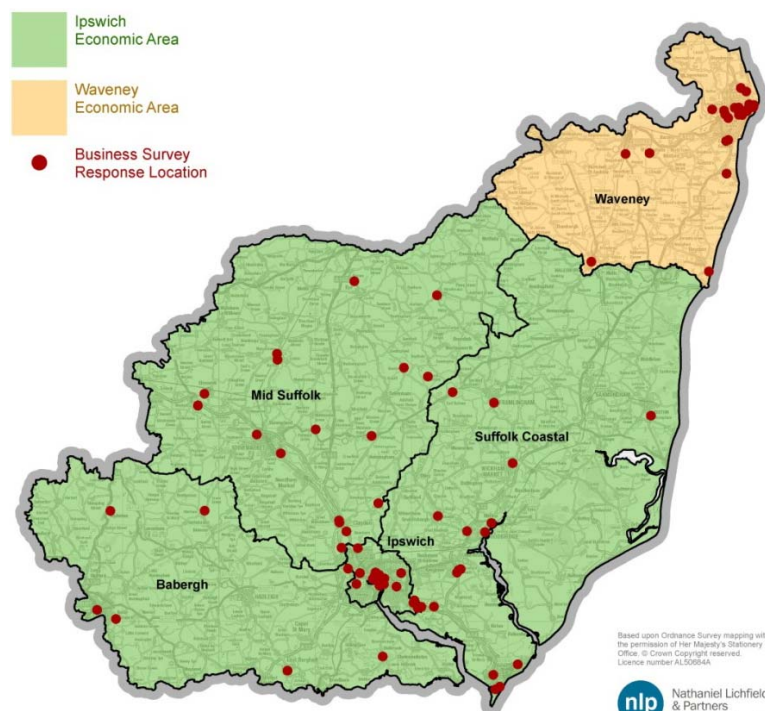
Local Business Survey

The local business survey undertaken as part of the study included a sample of 92 businesses in B class uses (i.e. businesses performing operations in offices [B1a], factories [B1c/B2] and warehouses [B8]) located across the sub-region. The findings of the business survey are outlined below, providing a snapshot of some of the key issues relating to the future requirement for commercial space and business growth in the two economic areas.

Profile of Respondents

The local business survey respondents represent a good cross-section of firms across the sub-region, with 67 respondents located in the Ipswich Economic Area and 25 located in the Waveney Economic Area. The spatial distribution of the 92 businesses that completed the survey is shown in Figure 6.1.

Figure 6.1 Location of the Surveyed Businesses in the Sub-Region



Source: 2015 Suffolk Business Premises Survey / NLP analysis

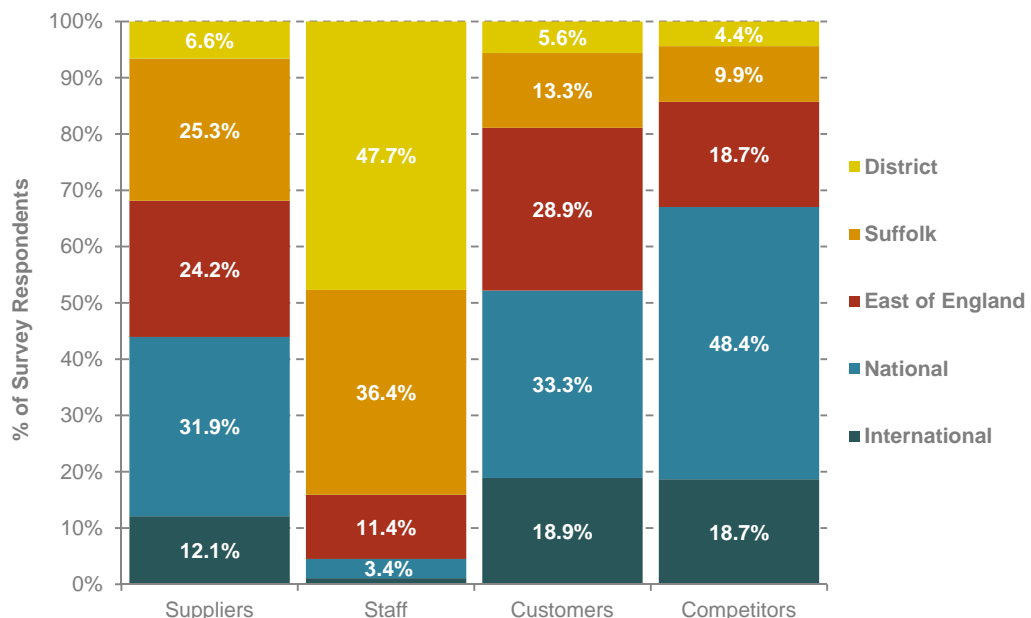
- 6.4 In this context, each of the local authorities forming the Ipswich and Waveney Economic Areas were represented in the business survey. The number of businesses that responded to the survey in the respective local authorities are summarised below:
- Babergh: 7 respondents (8%);
 - Ipswich: 27 respondents (29%);
 - Mid Suffolk: 17 respondents (19%);
 - Suffolk Coastal: 16 respondents (17%); and
 - Waveney: 25 respondents (27%).
- 6.5 This is considered to represent a good level of response compared with similar survey exercises undertaken in the area recently. Responses to the local business survey are intended to provide an indication or flavour of the types of issues faced by the local business community, and represent one of a number of strands of consultation that have been undertaken as part of the ELNA. This consultation also includes a number of semi-structured interviews with key sector representatives across the study area, the feedback from which is summarised towards the end of this Chapter.
- 6.6 The most common type of business that responded to the local survey was 'single independent operation' with around 78% of respondents indicating this as their business type. This included 82% of respondents within the Ipswich Economic Area and 68% within the Waveney Economic Area. Around 32% of respondents in the Waveney Economic Area also indicated that their type of business was 'one of several different workplaces in the UK belonging to the same UK business', which contrasted with 11% in the Ipswich Economic Area. Around 8% of the respondents in the Ipswich Economic Area also indicated their business 'as one of several different workplaces in the UK belonging to the same foreign owned business', which compared with no businesses surveyed in the Waveney Economic Area.
- 6.7 In terms of the size of the surveyed businesses, around 58% of respondents indicated their business employed less than 10 workers, while 9% employed more than 100 workers. Although the share of businesses employing less than 10 workers that completed the survey was higher within the Ipswich Economic Area (61%), the share employing more than 100 workers was also higher in this area (10%) compared to the sub-region as a whole (i.e. meaning a smaller share of survey respondents in the Ipswich Economic Area employed between 10 and 49 workers). The majority of the businesses in the Waveney Economic Area employed fewer than 10 workers (48%) and between 10 and 49 workers (44%), with a lower share of respondents employing more than 50 and 100 workers compared to those in the Ipswich Economic Area.
- 6.8 The businesses surveyed as part of the ELNA that employed more than 100 workers operated within a number of sectors, including financial & professional services, manufacturing & fabrication, creative & digital, and customer contact

centres. Overall, surveyed businesses were mostly in financial & professional services (24%), creative & digital (17%), and manufacturing & fabrication (15%). A greater share of businesses surveyed in the Ipswich Economic Area were within financial & professional services (27%) and creative & digital (22%) compared to the sub-region as a whole, while the Waveney Economic Area had a higher share in manufacturing & fabrication (24%). This reflects different economic profiles for the two areas. In addition 28% of businesses surveyed in the Waveney Economic Area indicated they operated in 'other' types of sectors, including technical engineering, energy and marine.

6.9

The market geography that the surveyed businesses operate within ranges from a district level to an international level. Based upon the survey responses, the most common type of market that businesses in the sub-region operate within in terms of supplier sourcing, customer market and competitor base is at a national one, whilst in labour and workforce terms, markets tend to be more localised in nature (Figure 6.2).

Figure 6.2 Market Operating Levels for Surveyed Businesses



Source: 2015 Suffolk Business Premises Survey / NLP analysis

6.10

When compared against the sub-regional averages the market operating level for the surveyed firms in the Ipswich Economic Area was relatively similar to the proportions identified above. The most significant difference relates to the level the respondents in the Ipswich Economic Area source their labour, with a slightly higher share drawing labour from Suffolk (i.e. County level) compared to the Ipswich and Waveney Economic Areas as a whole. In addition to this, a greater proportion of the surveyed businesses in the Waveney Economic Area operate globally in regards to suppliers, customers and competitors while also being more likely to only source labour from the District level (i.e. rather than further afield).

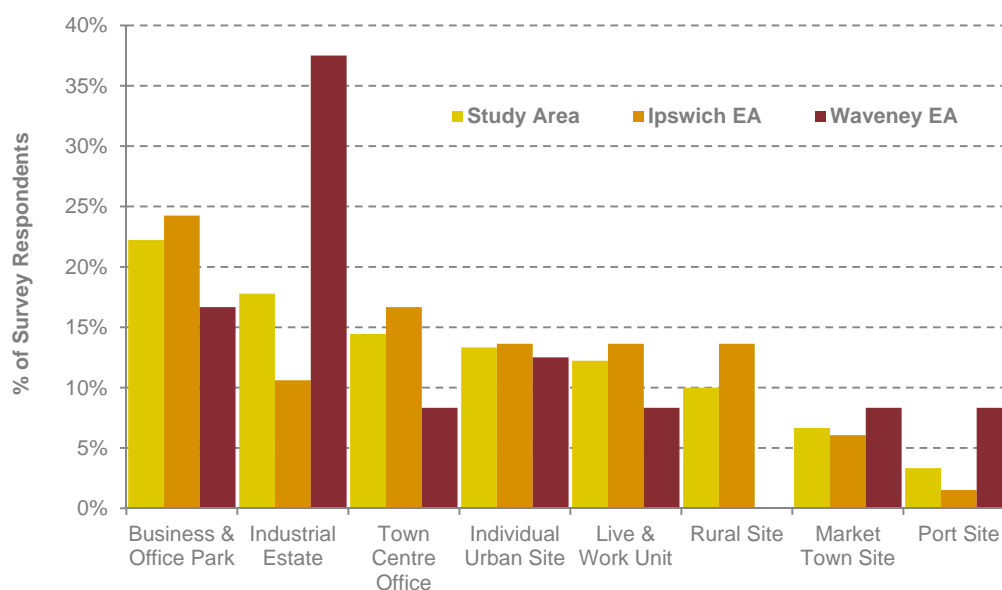
- 6.11 The surveyed businesses had also been situated in the Ipswich and Waveney Economic Areas for varying periods of time, with the majority indicating they had been within the sub-region for either between five and ten years (18%), or more than ten years (49%). In contrast 16% of businesses surveyed as part of the ELNA had been based in the sub-region for three years or less. In regards to those businesses surveyed in the Ipswich Economic Area, a slightly lower share than the sub-region as a whole indicated they had been within the area for more than five years (63%) and a slightly higher share for up to three years (19%). In contrast, a higher share of businesses in the Waveney Economic Area had been operating within the area for more than five years (79%) and a much lower proportion for less than three years (8%).

Current Business Premises

- 6.12 Given the focus of the local business survey on firms operating in B class uses the majority of the survey respondents indicated they operate within office or research space (64%), industrial space (28%), or warehouse space (11%)⁵². The survey also considered responses from businesses operating from home (9%), given the possibility that these home-based businesses could require B class premises in the future.⁵² It should also be noted a small number of businesses that indicated they currently accommodate financial services (A2) space have been included in the survey sample as occupying office or research space after further investigation, with the type of commercial space occupied by these businesses considered to suitably fall under B1a uses.
- 6.13 The nature of the economy within the Ipswich Economic Area also meant that a higher proportion of the surveyed businesses in this area function in office or research space (69%), while a lower proportion operate in industrial (20%) or warehouse (8%) spaces compared to the sub-region overall. In the same way, a higher share of the surveyed firms in the Waveney Economic Area indicated they operate within industrial (48%) or warehouse (20%) space, and a smaller share in office or research space (52%). It should also be noted that the share of homeworking was higher within the Ipswich Economic Area (11%) than in the Waveney Economic Area (4%), perhaps reflecting the rural nature of Babergh, Mid Suffolk and Suffolk Coastal.
- 6.14 In this context it is not surprising that a higher share of surveyed businesses in the Ipswich Economic Area indicated they occupy sites within business & office parks (generally in edge of centre or out of centre locations) and town centre locations compared to those in the Waveney Economic Area, whilst a much greater share of surveyed firms in the Waveney Economic Area indicated they occupied employment sites within industrial estates (which could be either in or near to a town centre, or out of town) (Figure 6.3). The local business survey also obtained responses from a range of businesses occupying sites in rural areas, market towns and ports (as defined by the respondents).

⁵² As some survey respondents indicated they occupy various types of employment space (e.g. warehouse and office uses), the sum of the proportions associated with each type of employment space equates to more than 100%.

Figure 6.3 Type of Employment Site Occupied by Surveyed Businesses

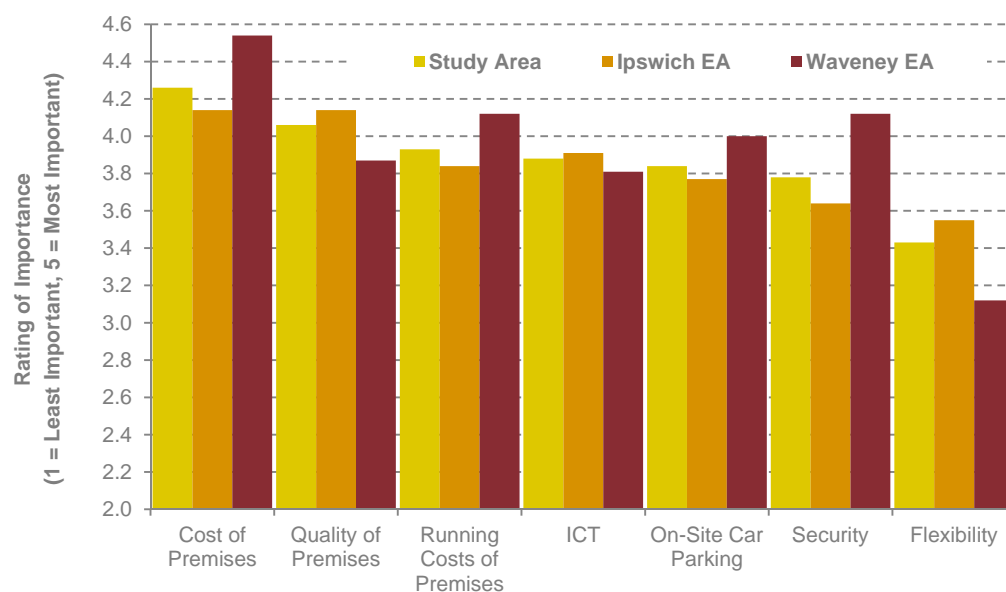


Source: 2015 Suffolk Business Premises Survey / NLP analysis

- 6.15 The majority of the businesses surveyed as part of the ELNA indicated that they owned their premises (44%), with a lower proportion of respondents either renting (33%) or leasing⁵³ (23%) their premises. Those businesses located in the Ipswich Economic Area were less likely to own their premises (40%) compared to those located in the Waveney Economic Area (54%).
- 6.16 When asked to rate a number of key factors influencing their current and future choice in premises, the surveyed businesses within the Ipswich and Waveney Economic Areas identified the costs of premises, quality of premises, running costs of premises, provisions of ICT and on-site parking, as the most important influencing factors. While businesses surveyed in the Ipswich Economic Area also identified these factors as the most significant in influencing their choice of premises, they did place more weight on the quality of premises and provisions of ICT in their decisions compared to the sub-region. In addition, the surveyed businesses in the Waveney Economic Area rated the cost of premises, running costs of premises and on-site parking, as more important to their choices than the sub-region, while also identifying security as the second equal most important factor (Figure 6.4).

⁵³ i.e. owning a property on a leasehold basis

Figure 6.4 Factors Influencing Choice in Premises for Surveyed Businesses

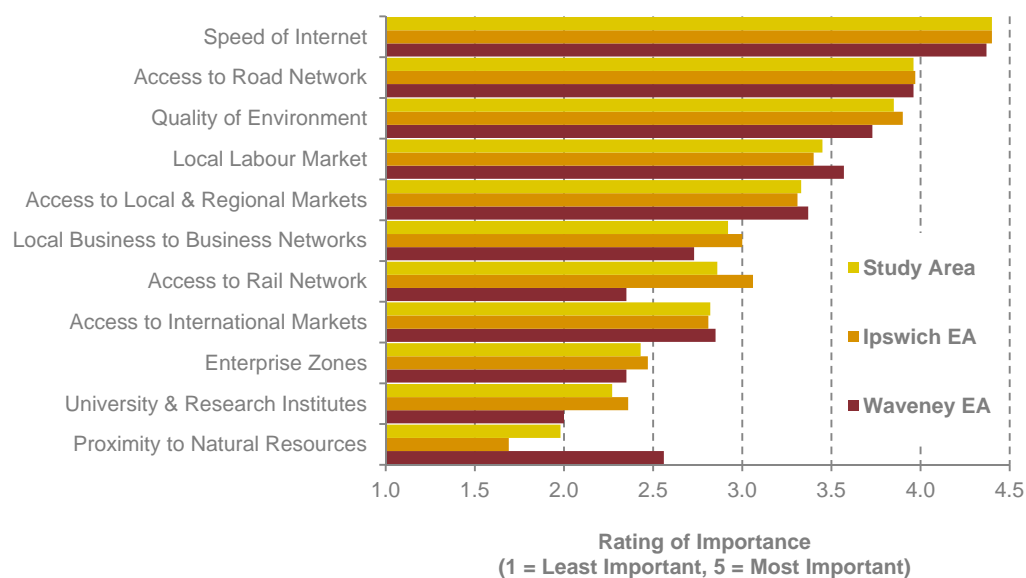


Source: 2015 Suffolk Business Premises Survey / NLP analysis

6.17

In the same way, the businesses across the Ipswich and Waveney Economic Areas that responded to the survey also identified internet speed, access to road networks, quality of the environment, local labour markets and access to local and regional markets, as the most important factors influencing their current and future choice of business location (Figure 6.5).

Figure 6.5 Factors Influencing Choice in Location for Surveyed Businesses



Source: 2015 Suffolk Business Premises Survey / NLP analysis

6.18

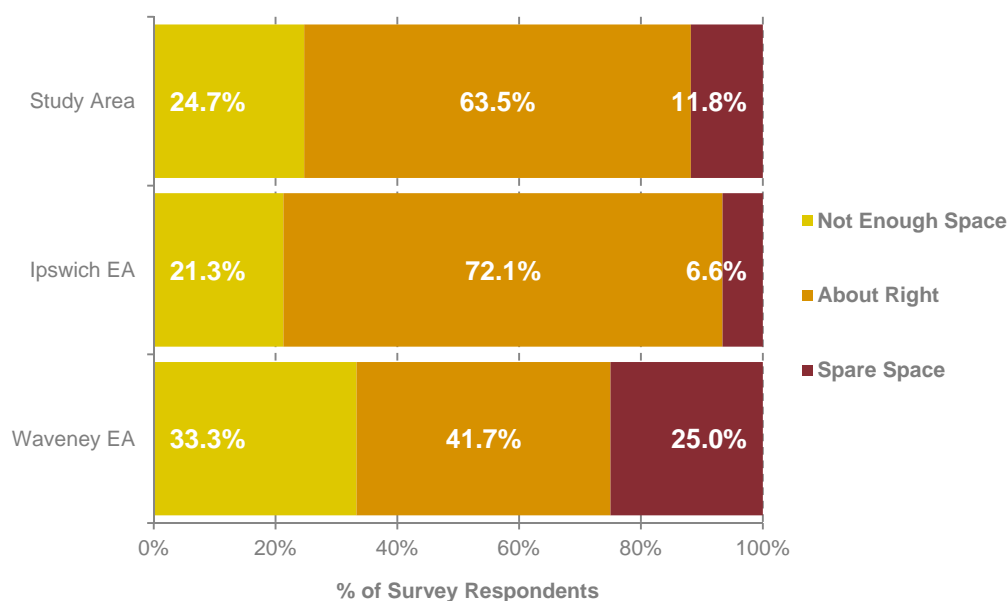
These top five influencing factors on where businesses decide to locate was also identified by the surveyed businesses in the Ipswich Economic Area and Waveney Economic Area respectively as the most important location factors. The key difference in the responses of those located in the Ipswich Economic

Area related to the additional weight given to access to rail networks, proximity to university and research institutions, local business to business networks and quality of the local environment. The surveyed firms in the Waveney Economic Area placed greater importance on the local labour market, access to local and regional markets, and proximity to natural resources, when compared against the sub-regional average.

- 6.19 This feedback is broadly echoed by recent findings from RTPI commissioned national research looking at the role of Local Enterprise Partnerships in enabling economic growth and sustainable development⁵⁴. This research identified that the most common barriers to business growth across the country are lack of skilled workforce/human capital, lack of suitable housing, transport infrastructure issues and broadband/digital infrastructure issues. A general lack of suitable business accommodation/premises and a lack of suitable development sites were also identified as key barriers by LEPs.
- 6.20 In terms of the perceived quality of the buildings and sites currently occupied by the surveyed businesses within the Ipswich and Waveney Economic Areas, respondents were generally satisfied with the quality of their premises with an average score provided across the sub-region of 3.4 (score given out of 5, with a score of 5 representing an 'excellent' quality). The average score across the sub-region included a slightly higher perceived quality of premises within the Ipswich Economic Area (3.5) and slightly lower quality within the Waveney Economic Area (3.2).
- 6.21 Where survey respondents in the Ipswich Economic Area were less satisfied with the quality of their current buildings and site, they cited the age and size of premises, inadequate road access and on-site parking, poor building services (e.g. bathrooms and lifts), social issues in the local areas, and environmentally inefficient buildings, as key factors. The main issue identified by respondents in the Waveney Economic Area related to ageing premises that require upgrading and modernising to meet the needs of businesses, as well as some premises being too small to meet the growing requirements of occupants.
- 6.22 In addition, when asked whether their current buildings and sites meet their space needs, the majority of surveyed businesses in the Ipswich and Waveney Economic Areas indicated their premises were 'about right' (64%). However 25% of respondents in the sub-region indicated they had 'not enough space' to meet their needs, with this imbalance being greater for surveyed firms in the Waveney Economic Area (33%) than in the Ipswich Economic Area (21%). Equally, approximately 12% of surveyed firms within the Ipswich and Waveney Economic Areas had 'spare space' in their premises which was more prevalent in the responses from those in the Waveney Economic Area (25%) than the Ipswich Economic Area (7%) (Figure 6.6).

⁵⁴ Planning for Growth: The Role of Local Enterprise Partnerships in England Final report, RTPI Research Report no.9 July 2015

Figure 6.6 Current Capacity of Premises to Meet Requirements for Surveyed Businesses



Source: 2015 Suffolk Business Premises Survey / NLP analysis

- 6.23 When searching for appropriate sites and premises to expand, upgrade or relocate to across the Ipswich and Waveney Economic Areas, around 50% of the surveyed businesses indicated that they previously had difficulty in finding suitable space within the sub-region. This difficulty in finding suitable premises was less common for the surveyed businesses in the Ipswich Economic Area (40%), while a greater proportion of surveyed businesses within the Waveney Economic Area (81%) previously had difficulty in finding space within the local area to meet their requirements.
- 6.24 The most commonly cited difficulties in finding suitable premises in the Ipswich Economic Area included a lack of affordable business premises (for both office and industrial uses), availability of modern, quality premises that are purpose built to meet future business requirements, high rents and rates and limited on-site car parking provision (particularly in town centre areas). In addition, some respondents perceived the ongoing conversion of business spaces to housing as a compounding factor in regards to the availability and cost of premises in the Ipswich Economic Area. The main difficulties cited by firms in the Waveney Economic Area also related to shortages of affordable premises, availability of high quality office and industrial premises, high rents and rates and onerous lease contracts that reduce business flexibility.

Future Growth Plans

- 6.25 The businesses surveyed as part of the ELNA also highlighted that a strong ambition for business growth exists within the Ipswich and Waveney Economic Areas, with some 72% of survey respondents indicating that they expect their business operations to expand in terms of land and premises during the next five to ten years. This business growth expectation is similarly strong in the Ipswich Economic Area (74%) and Waveney Economic Area (68%). Of those

firms that expected additional space would be required to support their growth plans, the majority indicated that they would require additional office spaces to meet their expansion needs.

- 6.26 In order to meet their growth requirements, nearly all surveyed businesses in the Ipswich and Waveney Economic Areas suggested that they would be most likely to relocate to another site within the same town or local area (51%) or expand on their existing site (42%). These growth plans are largely echoed in the Ipswich Economic Area, with 45% of respondents suggesting they would move to another local site to meet their growth needs, and 45% indicating they would expand on their existing site. However a greater share of surveyed firms in the Waveney Economic Area indicated they would be most likely to relocate to another local site to accommodate their expansion needs (67%) and a smaller share would expand on their existing site (33%).
- 6.27 It should also be noted that only a small proportion (7%) of survey respondents indicated they would consider relocating outside their local area to find suitable commercial premises, including 10% of survey respondents within the Ipswich Economic Area and no respondents in the Waveney Economic Area. The most common locations these surveyed firms would consider moving to outside the sub-region included other counties in the East of England, such as Norfolk, Essex and Cambridgeshire.
- 6.28 In this context, the survey also asked respondents to provide feedback on any existing barriers that could prevent their business from expanding within their local area. The most common barriers identified in the Ipswich Economic Area as key barriers to local growth include:
- Shortage of suitable and affordable business premises, including start-up premises;
 - Poor internet and broadband infrastructure;
 - Attracting and retaining skilled workers to the area;
 - Inefficiencies related to traffic congestion; and
 - Lack of capital and financing to support growth ambitions.
- 6.29 In the same way, the most common issues identified by surveyed businesses in the Waveney Economic Area as primary barriers to business growth include:
- Shortage of suitable and affordable business premises, including start-up premises;
 - Significant costs of relocation and expansion;
 - Limited internet and broadband infrastructure; and
 - Poor transport infrastructure and connectivity with the sub-region.
- 6.30 Overall the surveyed firms provided an average satisfaction score for their area as a business location of 3.5 (score given out of 5, with a score of 5 representing 'very satisfied'). This average satisfaction score includes a slightly

greater level of satisfaction within the Ipswich Economic Area (3.7), and a slightly lower level of satisfaction within the Waveney Economic Area (3.0).

Feedback by Local Authority

- 6.31 The following section provides some additional commentary on the survey feedback obtained from businesses located in each of the four local authorities that forms the Ipswich Economic Area, in order to provide a greater insight into key issues that relates to the needs of local businesses in these local authority areas. The survey feedback for Waveney is already summarised above.

Babergh

- 6.32 Of the businesses surveyed within Babergh, 60% occupy office space, 40% occupy industrial space and 20% base their operations at home.⁵⁵ These firms indicated their premises are located in a range of employment sites, including in town centre locations, urban and rural sites, and industrial estates. The key factors influencing their choice in premises includes the quality and cost of premises, and provision of car parking, while the internet speed, quality of the local environment, and access to road and rail networks were identified as the main factor influencing their choice in business location. The surveyed firms in Babergh also rated access to rail networks and links to university & research institutions higher than the Ipswich Economic Area average.
- 6.33 The majority of the surveyed businesses within Babergh (80%) also indicated that their premises are 'about right' in terms of space requirements with a lower share of businesses than the Ipswich Economic Area average indicating that they had 'not enough space' to meet their needs. While the perceived quality of buildings and sites for firms within Babergh (3.6) was greater than the average, the satisfaction of surveyed firms with their local area as a business location (3.4) was lower than the average in the Ipswich Economic Area.
- 6.34 Further, 80% of the surveyed businesses in Babergh expected to expand in terms of land and premises in the future whilst 25% suggested they previously had difficulties in finding suitable premises in the area to relocate. The most common type of space needed for expansion was new office accommodation. It should also be noted that the main identified weaknesses of Babergh as a business location included the internet speed, local road networks, and lack of skilled workers, while the strategic connections provided by the A14 and A12, and rail links to London, were identified by respondents in Babergh as key advantages of the local authority as a business location.

Ipswich

- 6.35 Given the urban nature of the Ipswich economy the majority of the businesses surveyed in the local authority as a part of the ELNA occupy office or research space (77%). These surveyed businesses in Ipswich indicated the provision of

⁵⁵ As some survey respondents indicated they occupy various types of employment space (e.g. warehouse and office uses), the sum of the proportions associated with each type of employment space equates to more than 100%.

ICT, and cost and quality of premises, as the principal factors influencing their choice in premises while internet speed, quality of the environment and access to road and rail networks, were the main factors influencing their choice in business location. When compared with the average for the Ipswich Economic Area, surveyed businesses in Ipswich placed greater weight on ICT provision, access to rail networks, business to business networks, and connections to university & research institutions and enterprise zones.

- 6.36 In addition a slightly higher share of surveyed firms within Ipswich compared to the Ipswich Economic Area as a whole indicated they currently have 'spare space' at their premises or site (8%), although the majority of the businesses surveyed in Ipswich indicated the space provided by their premises was 'about right' (71%). Significantly, the respondents in Ipswich rated the quality of their premises and sites (3.3), and satisfaction with their local area as a business location (3.4) lower than the Ipswich Economic Area average.
- 6.37 The majority of the survey respondents in Ipswich (79%) also expected their business would expand over the next five to ten years, with a higher proportion of businesses expecting to grow in the future compared to the average within the Ipswich Economic Area. When the surveyed businesses in Ipswich attempted to find suitable premises or sites to relocate in the past, 42% of firms indicated they previously experienced difficulties. Such difficulties predominately related to a lack of good quality office premises in the town, and limited transport access and car parking provision within town centre locations.
- 6.38 The surveyed businesses in Ipswich also indicated that the main weaknesses of the local authority area as a business location included traffic congestion on road networks, ability to retain skilled workers, and availability of suitable premises. The main strengths included affordable offices, strategic connectivity provided by the A14 and A12, access to local suppliers and customers, and lower staff turnover due to more limited competition in the local market.

Mid Suffolk

- 6.39 The surveyed firms in Mid Suffolk occupy a range of premises, including 53% within office space, 24% within industrial space, 18% homeworking and 6% in warehouse space.⁵⁶ These respondents indicated they are sited in business and industrial parks, urban sites and rural sites. The primary factors identified by businesses in Mid Suffolk that influence their choice in premises includes the quality and cost of space, while access to road networks, internet speeds, quality of local environment, and access to local and regional markets, were identified as factors influencing their choices in business location. The primary difference with the Ipswich Economic Area average includes more importance placed by the surveyed firms in Mid Suffolk on the running costs and security of premises, as well as on access to road networks.

⁵⁶ As some survey respondents indicated they occupy various types of employment space (e.g. warehouse and office uses), the sum of the proportions associated with each type of employment space equates to more than 100%.

- 6.40 A slightly lower share than the Ipswich Economic Area average in Mid Suffolk (69%) indicated their premises and sites are 'about right' in regards to space requirements, while a higher proportion indicated they had 'not enough space' to meet their needs (25%). These businesses indicated they required further office, industrial and storage spaces. In addition, firms in Mid Suffolk indicated a lower perceived quality of premises (3.4) and satisfaction with their area as a business location (3.7) compared to the Ipswich Economic Area.
- 6.41 Around 69% of surveyed firms in Mid Suffolk also indicated they expected to expand which was lower than the average across the Ipswich Economic Area while 50% of respondents had previously encountered difficulties in finding suitable premises in the area. Such difficulties predominately related to a lack of high quality or fit-for-purpose office premises within desired locations, as well as inadequate car parking provision within business parks.
- 6.42 The survey respondents in Mid Suffolk also identified key weaknesses of the local authority area as a business location as including the poor internet connection and limited road accessibility of some local areas, while the key advantages of Mid Suffolk as a business location included the strategic links provided by the A14, close proximity to port activities, cheaper commercial premises and fewer traffic congestion issues on local roads.

Suffolk Coastal

- 6.43 A range of business premises are occupied by the firms surveyed as part of the ELNA, including 56% within office space, 25% within industrial space, 19% within warehouse space and 12% homeworking.⁵⁷ The survey respondents in Suffolk Coastal identified the key influencing factors to their choice in premises as including the costs and quality of premises, and the provision of ICT, while the key influencing factors for their choice of business locations were identified as including internet speeds, access to road networks, quality of environment, local labour markets, and access to local and regional markets.
- 6.44 A higher proportion of respondents from Suffolk Coastal (75%) compared to the Ipswich Economic Area average indicated their premises as 'about right' in terms of space needs. In addition, the surveyed firms provided a much higher perceived quality score for their premises and sites (4.0) and satisfaction score for their local area as a business location (4.1) when compared to the average score across the Ipswich Economic Area.
- 6.45 Furthermore, 69% of the surveyed businesses in Suffolk Coastal expected to expand in terms of land and premises in the near future which is lower than the Ipswich Economic Area average. Around 31% of businesses in Suffolk Coastal also indicated that they have previously experienced difficulty finding suitable premises to relocate in the local area, which was also smaller than the average within the Ipswich Economic Area. In terms of the key weaknesses of the local authority area as a business location, the surveyed businesses identified a

⁵⁷ As some survey respondents indicated they occupy various types of employment space (e.g. warehouse and office uses), the sum of the proportions associated with each type of employment space equates to more than 100%.

shortage of skilled workers, poor connectivity to the regional economy, slow internet speeds, and the remoteness of some parts of Suffolk Coastal. Some of the key strengths of the authority as a business location include the strategic road and rail networks, attractive work-life balance, lower overhead costs that enhances business competitiveness, and the proximity to the local customer base.

Sector Consultations

- 6.46 The following section summarises the key feedback obtained for a number of important sectors supported within the Ipswich and Waveney Economic Areas. A number of these sectors are identified by the New Anglia Local Enterprise Partnership within its Strategic Economic Plan as being 'high impact sectors' offering the opportunity for rapid growth in jobs and productivity. This sector feedback was obtained through a series of stakeholder consultations undertaken throughout the study with key sector leads (identified by the LEP) and business representatives that have insight into the needs of businesses operating within these sectors. A list of consultees interviewed as part of the ELNA is provided in Appendix 1.

Advanced Manufacturing

- 6.47 The advanced manufacturing sector is principally characterised by a number of established businesses and clusters located across the sub-region, including food processing in Mid Suffolk, plastics and offshore services in Waveney, and machinery in and around Ipswich. The firms operating in these sectors require high spec offices and accommodation to support their activities, as well as suitable workshop and assembly space. The quality of the environment surrounding premises is also seen as a key issue for advanced manufacturing firms, particularly to enhance the perception of their activities to customers.
- 6.48 Much of the current commercial stock in the sub-region is considered by sector representatives to be unsuitable to meet the needs of businesses in the sector, particularly in terms of the size, quality and external environment of the premises. There is considered to be scope to enhance the areas' existing stock of advanced manufacturing sites in order to accommodate growth and expansion going forward, with a key focus on building in flexibility to the design of buildings. The diversification of sector activities, investment in key infrastructure, and delivery of high quality business locations are identified as important drivers of future growth in the advanced manufacturing sector.

Agriculture, Food and Drink

- 6.49 The agriculture, food and drink sector should be considered in the context of the whole supply chain, which also takes in logistics, catering, and research. In particular the logistical aspects of the supply chain represents a key sector activity in the sub-region, with large volumes of exports and imports passing through the area via the eastern ports and A14. A key trend within this sector also relates to the growing significance of larger-scale operations, which

reduces demand for land and buildings on smaller farms, and makes the reuse of this agricultural space an important strategy for diversifying the rural economy.

- 6.50 In terms of premises requirements for firms in the food processing industry, the need for affordable premises that can accommodate 24 hour operations makes existing business parks in the sub-region largely unsuitable to support these needs. In addition, the modern food chain business is highly linked to logistical activities, meaning there is potential for co-location between these sectors. The key growth opportunities in the agriculture, food and drink sector is anticipated to come from existing businesses in the supply chain, whilst growth around the A14 and ports is also anticipated to be an important factor given the growing global trade in the sector. Some identified growth constraints relate to transport infrastructure and supply of suitable premises, as well as availability of suitable skills in the local workforce.

Agri-Tech

- 6.51 The agri-tech sector relies on capital investment to support research in new technologies and the application of this research in actual sector processes. In this context, the application of agri-tech research tends to be focused in and around Cambridgeshire meaning that agri-tech initiatives within the sub-region are centred more on actual farmers seeking improvements to their practices to keep pace with market trends. Some smaller agri-tech companies in the sub-region are also seeking funding support for their R&D activities.
- 6.52 The provision of suitable premises and support for developments on farms is considered to be reasonably good across the sub-region although businesses have cited issues in terms of a limited supply of premises to support their expansion. The future development of sites for agri-tech uses will need to be located within easy access to the strategic road network, given the significant levels of haulage associated with the sector activities.

Energy

- 6.53 The energy sector is principally characterised by two major energy sources: offshore wind and the Sizewell nuclear power station located in Suffolk Coastal. These two centres for energy in the sub-region provide significant opportunities for employment growth in the future, including over the construction and ongoing maintenance phases. A large share of this growth could be captured in the sub-region given the long-standing energy supply chain supported within the area. In particular Lowestoft and Great Yarmouth operate as the key centres for energy sectors in the sub-region, and are expected to remain the focus for future business growth in the sector.
- 6.54 Businesses operating in the energy sector require a flexible mix of office and industrial space to meet their needs, however there are reported to be some gaps in the market for such business space. In this context, Power Park in Lowestoft is considered to represent a prime site to further develop a cluster of energy related enterprise in the area while the recently built OrbisEnergy

Centre has also helped Lowestoft to attract, maintain and grow the area's energy sector businesses. Lowestoft also has an opportunity in the future to support and grow wave and tidal technology companies in the sub-region. A key barrier to growth in the energy sector relates to the risk associated with the Government committing to schemes and investments, which inevitably affects the activities and prosperity of local businesses.

Financial and Business Services

- 6.55 The financial and business services sector is concentrated in Ipswich which accommodates a number of large employers as well as a variety of small firms. The sector has had a strong presence in Ipswich since a number of large firms located to the market in the 1960s and 1970s, attracted by its good transport links to London and more affordable conditions. These main strengths remain relevant today, alongside a relatively well skilled workforce supporting local business needs. Although the financial and business services sector in Ipswich is primarily local in nature, a number of the larger firms in the area also consider it to be a key sub-set of their London operations, making synergies with the Capital an important strategic consideration.
- 6.56 The key growth constraints in the financial and business services sector are reported to relate to current infrastructure, particularly around the need to improve road networks and broadband connections to attract new businesses to the area. The limited supply of new and Grade A office space in Ipswich also creates difficulties in attracting firms and investment in the sector to the area, with the majority of growth activity in the sector related to existing businesses. A growing trend within the sector also relates to the higher degree of homeworking and shared workspace which is expected to have an impact on space requirements amongst financial and business services sectors, such as a reduction in the proportion of permanent or formal desk space required and the introduction of hot desking/hoteling systems in the office.

ICT and Digital

- 6.57 The ICT and digital sector is a high value sector that has mainly grown around the BT operations at Adastral Park located just outside Ipswich, which supports a large concentration of enterprise associated with the activities undertaken by BT. The popularity of the campus has resulted in a proposed extension of the site to accommodate additional firms within the area, with high quality business space set in an attractive environment. However a clear weakness of the park when compared to similar campus style clusters elsewhere relates to the limited linkages with university institutions or local research centres which are recognised to be important in driving research and innovation amongst business occupiers.
- 6.58 Although the sub-region supports a range of important ICT and digital sector assets, the area is not generally recognised as a leading location for ICT and digital activities on the national stage, despite the presence of BT. This may in part reflect the relatively fragmented nature of the sector across the sub-region

outside Adastral Park. It is expected that inward investment related to BT will continue to represent an important source of growth for the sector going forward, while creating an ecosystem that helps to spread this activity across the sub-region from Adastral Park is also seen as an important growth strategy going forward. In this context, some key challenges to future growth in the sector relates to the availability of business space, as well as delivering good quality infrastructure to support growth needs.

Ports and Logistics

- 6.59 The ports and logistics sector is principally associated with the operations undertaken at the Port of Felixstowe which is the arrival point for a significant amount of import goods to the UK each year. However a very high proportion of the containers unloaded at Felixstowe are immediately transported outside Suffolk to other parts of the country or onto short sea shipping routes. This results in the sub-region capturing almost none of the value-added operations associated with the ports and logistics sector (such as assembly and break bulk centres), which is in contrast to other port locations around the UK.
- 6.60 Sector representatives therefore felt that a key growth strategy for the sector relates to supporting more value-added activities within the sub-region, with the proposed Uniserve distribution centre at Felixstowe a good example of a port-centric operation being brought forward within the area. To attract similar investments, a suitable provision of employment sites will need to be identified in the area to support the operations of the ports, accommodating the needs of different sized businesses undertaking different types of activities in the supply chain (but inevitably with a focus upon larger sites and premises that are suited to distribution and logistics activity). The key constraints to growth in the sector outside the availability of suitable business space relates to existing infrastructure, with improvements considered to be needed to the A14 and A12, as well as the freight rail networks, to ensure transport routes are not a hindrance to the future growth potential of the sector.
- 6.61 It was also felt that there is a demand for additional employment land to serve the Port of Felixstowe for haulage yards and container storage. The development of the Port's Logistics Park has displaced a number of such users who require alternative sites. In addition, the remaining employment land around the port is very heavily occupied. It is noted that much of the warehousing however is now quite old and the absence of spare land restricts the ability of developers to renew the stock of warehousing that exists. It was considered that this may potentially constrain growth and reduce the competitive position of the wider Port area.

Summary

- 6.62 The local business survey undertaken as part of the ELNA obtained responses from a good cross-section of B class businesses in the Ipswich and Waveney Economic Areas, with 67 respondents situated in the Ipswich Economic Area and 25 in the Waveney Economic Area. These businesses occupy a mixture of

business premises, including office or research space, industrial space and warehouse space, as well as some businesses that are based at home.

6.63

The survey responses provided a number of key insights into the current and future needs of local businesses in terms of premises and sites as well as the perceived strengths and weaknesses of the Ipswich and Waveney Economic Areas as business locations. Some of the key findings of the business survey include the following:

- 1 Key factors influencing choice in business premises within the sub-region include the cost and quality of premises, provisions of ICT and on-site car parking, while key factors influencing choice in business location within the sub-region include internet speeds, access to road networks, quality of the environment, local labour markets and access to local and regional markets.
- 2 Businesses were generally satisfied with the quality of their premises with an average score provided across the sub-region of 3.4 (out of 5, with a score of 5 representing an 'excellent' quality); with firms in the Ipswich Economic Area indicating a slightly higher perceived quality than those in the Waveney Economic Area.
- 3 The majority of surveyed businesses within the sub-region indicated that the space provided by their premises was 'about right' to meet their needs, although a quarter of all respondents indicated that they had 'not enough space' to meet their space requirements. This shortage of space was most prevalent in the Waveney Economic Area.
- 4 Around half the surveyed businesses indicated they have previously had difficulties in finding suitable premises to relocate within the sub-region, with the most commonly cited difficulties including shortage of affordable and modern premises (for both office and industrial premises), high rents and rates and limited on-site car parking. The difficulty in finding suitable premises was reported to be greater in the Waveney Economic Area.
- 5 The surveyed businesses highlighted a strong ambition for growth, with almost three-quarters of respondents indicating they expected to expand their business operations in terms of land and premises during the next five to ten years. The majority of these businesses anticipated a need for additional office accommodation.
- 6 To meet their growth requirements, nearly all respondents indicated they would most likely either relocate to another site in the same town or local area, or expand on their existing employment site.
- 7 Generally the surveyed businesses within the sub-region were satisfied with their local area as a business location, with an average score given of 3.5 (out of 5, with a score of 5 representing 'very satisfied'). A greater satisfaction was indicated by respondents in the Ipswich Economic Area compared to the Waveney Economic Area.
- 8 The respondents identified a number of strengths and weaknesses of their local areas as business locations, as well as key barriers to growth

that primarily related to a shortage of suitable and affordable premises, poor internet infrastructure, attracting and retaining skilled workers, local traffic congestion, and the significant costs of relocation and expansion.

6.64

The stakeholder consultations undertaken as part of the ELNA with a number of key business and sector representatives also provides valuable feedback on the needs and growth potential of local businesses operating across a range of key sectors in the sub-region. This feedback suggests that the range of existing B class sites and premises across the two Economic Areas is not always particularly well suited to meet the needs associated with a number of these key growth sectors, whether this relates to an insufficient quantity or choice of sites or quality issues (such as a lack of high quality, modern space or the quality of the surrounding environment). This suggests that there is scope to improve the supply of B class space across the study area to support future growth within these key sectors.

7.0 Future Requirements for Employment Space

- 7.1 This section considers future economic growth needs in the Ipswich and Waveney Economic Areas by drawing on several methodologies that are guided by the PPG. These scenarios are used to inform the assessment of the area's future employment land needs for office and industrial (i.e. manufacturing and distribution) uses.

Methodology

- 7.2 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). Further, to be robust, the economic growth potential and likely demand for employment space in the study area needs to be assessed under a variety of future scenarios, to reflect both lower and higher growth conditions that could arise in the future. This is particularly important as there are a number of high impact developments predicted to occur in the study area as noted within various sub-regional plans and strategies such as the Suffolk Growth Strategy (2013) and New Anglia Local Enterprise Partnership's Strategic Economic Plan (2014), which could have major implications for employment land needs in future.
- 7.3 Within this context, a number of potential future economic scenarios have been developed as part of this study to provide a framework for considering future economic growth needs and B class employment space requirements in the study areas up to 2031. These scenarios are as follows:
- Scenario 1: Baseline East of England Forecasting Model Job Growth
 - Scenario 2: Baseline plus Offshore Renewables Expansion
- 7.4 It should be noted that the ultimate judgement as to the level of need that the study areas should plan for is not purely quantitative, and that there will be a number of qualitative factors to consider (discussed in other sections). These factors will influence the employment space requirements that will need to be planned, and must be considered alongside the following modelled scenarios.

Forecasts of Job Growth

Scenario 1: Baseline EEFM Job Growth

- 7.5 This scenario uses forecasts of employment growth for the five study area local authorities generated by the latest (Autumn 2014) release of the East of England Forecasting Model (EEFM). Appendix 3 provides more information about the methodology and data sources adopted by the EEFM.

7.6 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 District in the future. These projections also reflect the current post recession economic climate.

7.7 Table 7.1 below summarises the baseline overall job growth for the Ipswich Economic Area and the Waveney Economic Area as implied by the 2014 EEFM over the period 2011 to 2031.

Table 7.1. Baseline Total Jobs Growth

Economic Area	District	Number of Jobs		Change 2011-2031	
		2011	2031	No	%
Ipswich Economic Area	Babergh	37,110	42,430	+5,320	14%
	Ipswich	73,430	85,795	+12,365	17%
	Mid Suffolk	43,625	49,345	+5,720	13%
	Suffolk Coastal	57,665	67,090	+9,425	16%
	Total	211,825	244,655	+32,830	16%
Waveney Economic Area	Waveney	46,220	49,420	+3,200	7%

Source: EEFM Autumn 2014 / NLP analysis

7.8 As shown in Table 7.1 the total number of jobs in the Ipswich Economic Area is expected to grow by 32,830 over the 20 years to 2031, equivalent to an increase of 1,642 jobs per year. Ipswich and Suffolk Coastal are expected to drive the majority of this growth. Total job growth in Waveney is expected to be much lower at 3,200 between 2011 and 2031 or 160 jobs per year on average.

7.9 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 EEFM methodology developed by Oxford Economics has broadly been applied, as set out in the EEFM Technical Report ⁵⁸ which accompanies the Autumn 2014 EEFM release. This methodology, as it has been applied as part of this study, is summarised in Table 7.2 below.

7.10 It has been necessary to make a number of deviations from the Oxford Economics methodology of apportioning total jobs to B use classes to take into account a number of specific local circumstances, as summarised below:

⁵⁸ Oxford Economics, East of England Forecasting Model, Technical Report: Model description and data sources, January 2015

- **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** – the Oxford Economics methodology/split has been applied to all authorities except Suffolk Coastal which is home to BT's Adastral Park campus which largely comprises office (B1a/b) space. The Oxford Economics 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.
- **Business Services** - Oxford Economics have allocated 93% of this sector to offices, excluding travel agency, tour operator and other reservation services. Analysis of BRES data indicates that across the Ipswich and Waveney study area, 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 therefore 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.

Table 7.2. 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% ⁵⁹
Waste and Remediation	97%		
Wholesale	25%	75%	
Land Transport		39%	
Publishing and Broadcasting	66%	23%	11%
Telecoms		80%	20% ⁶⁰
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: Oxford Economics 2015 / NLP analysis

Note: This table excludes those sectors of the economy which do not align with B use classes

7.11

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 Oxford Economics to the Autumn 2014 EEFM release and as set out in their technical note. The resulting methodology applied as part of the ELNA study is summarised in Table 7.3 below.

⁵⁹ Babergh, Ipswich, Mid Suffolk and Waveney only; for Suffolk Coastal no B class allowance is made for utilities due to the presence of Sizewell

⁶⁰ Babergh, Ipswich, Mid Suffolk and Waveney 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

Table 7.3. 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 ⁶¹	100%				50%	50%
Publishing and Broadcasting	11%			11%		
Telecoms ⁶²	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: Oxford Economics 2015 / NLP analysis

7.12 The resulting B class employment growth across the study area associated with the baseline EEFM scenario is presented in Table 7.4 below. This shows that across the Ipswich Economic Area, B class jobs are expected to increase by 13,200 between 2011 and 2031, equivalent to 660 B class jobs per year. Suffolk Coastal and Ipswich are anticipated to drive the majority of this job growth. Across the Waveney Economic Area, B class jobs are forecast to increase by 1,055 or 53 per year.

7.13 Across all authorities in the study area, office based jobs are expected to record the most significant growth, equivalent to 13,360 between 2011 and 2031 in overall terms across the Ipswich Economic Area and 2,050 in the Waveney Economic Area. Distribution based jobs are also anticipated to grow within all areas, but particularly so within Suffolk Coastal. By contrast, manufacturing based jobs are forecast to decline across each authority area, with the most significant losses expected in Waveney (Table 7.4).

⁶¹ 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

⁶² The percentage of office based employment apportioned to 'general offices' is equivalent to 80% in Suffolk Coastal to reflect the presence of Adastral Park

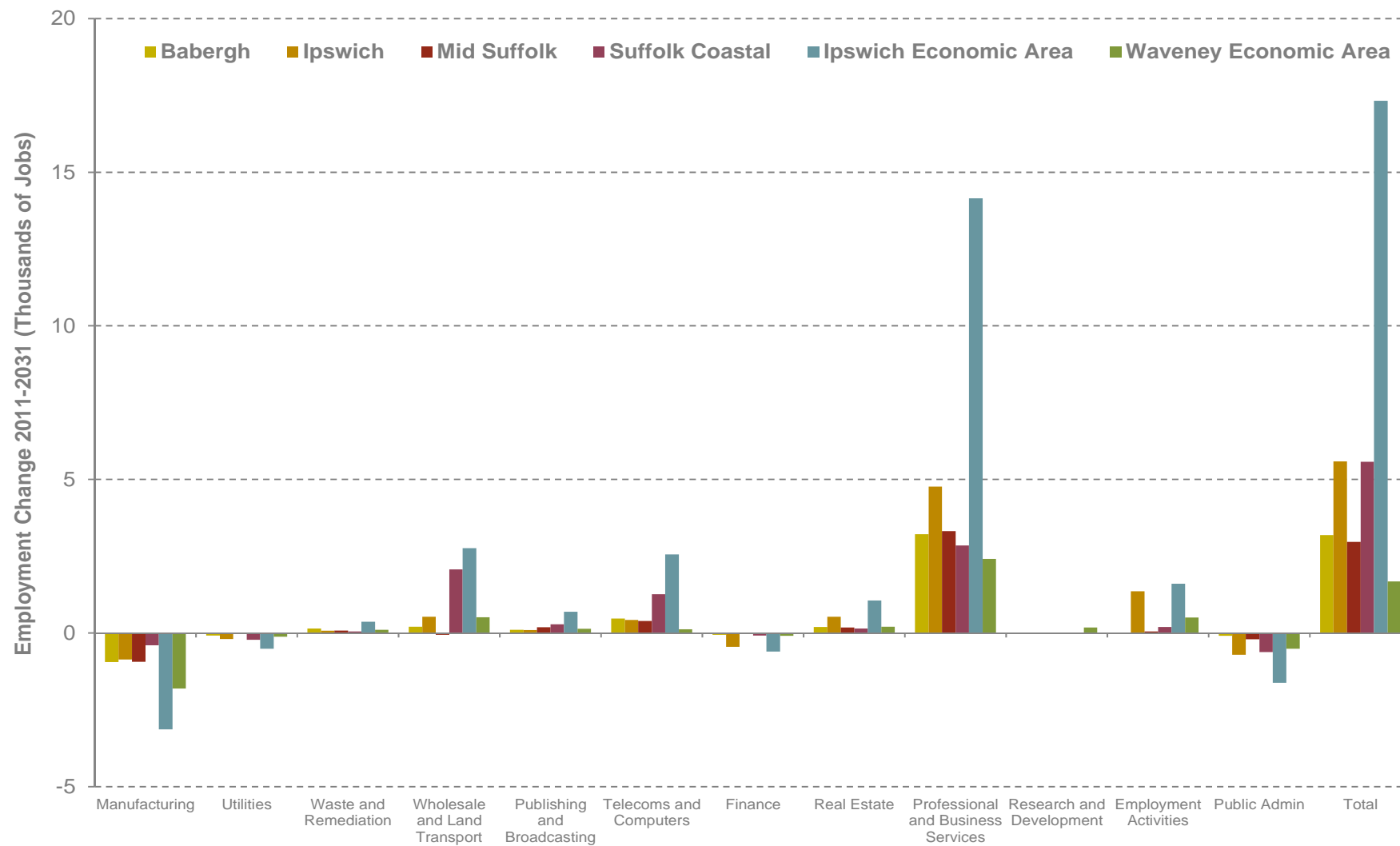
Table 7.4 B Class Use Jobs Growth

Economic Area	District	Employment Change 2011-2031			
		Total B Class	Offices (B1a/b)	Industry (B1c/B2)	Distribution (B8)
Ipswich Economic Area	Babergh	+2,690	+3,175	-725	+240
	Ipswich	+4,020	+4,090	-560	+490
	Mid Suffolk	+2,325	+2,945	-785	+165
	Suffolk Coastal	+4,160	+3,145	-170	+1,185
	Total	+13,200	+13,360	-2,240	+2,080
Waveney Economic Area	Waveney	+1,055	+2,050	-1,490	+495

Source: Oxford Economics 2015 / NLP analysis

- 7.14 Analysis of anticipated job growth by sector indicates that future growth across the Ipswich and Waveney Economic Areas will be driven by a range of different sectors, reflecting the particular industry specialisms present within the five local authority areas. Figure 7.1 below shows that growth between 2011 and 2031 in the Ipswich Economic Area is expected to be overwhelmingly driven by employment growth in the Professional and Business services sector. The same is true for the Waveney Economic Area but to a lesser extent. Both areas are forecast to experience a decline in manufacturing jobs, with significant decline in the Waveney Economic Area (as noted above).
- 7.15 Other growth areas include the wholesale and land transportation sector. Growth here is likely to be driven by the continued expansion of the Port of Felixstowe in Suffolk Coastal. Information Technology and Telecommunications is also expected to continue to grow in the Ipswich Economic Area, particularly within Suffolk Coastal which is home to Adastral Park, BT's Global Research and Development Headquarters.

Figure 7.1 Baseline B Class Sector Job Growth by Local Authority and Economic Area



Source: Oxford Economics 2015 / NLP analysis

- 7.16 The New Anglia LEP have identified a number of key growth sectors including advanced manufacturing and engineering, agri-tech, energy, ICT/digital culture and life sciences. The LEP also make a commitment within their Strategic Economic Plan (SEP) to continue to support the four underpinning sectors of agriculture, financial and insurance services, ports and logistics, and tourism and culture. For the Ipswich Economic Area, the 2014 baseline EEFM forecast suggests there will be employment growth in the ICT, ports and logistics, and tourism sectors. The model also suggests that in employment terms, the advanced manufacturing, agricultural, and finance sectors will contract with life sciences and energy stagnating between 2011 and 2031, although this does not mean that wider growth (for example in productivity terms) will not occur in future.
- 7.17 For the Waveney Economic Area significant growth is expected in the tourism sector and more modest levels of growth in the life sciences, ICT and ports and logistics sectors. Advanced manufacturing, finance, and agricultural sectors are forecasted to decline in employment terms over the 20 years. The energy sector is not forecast to change in absolute employment terms in Waveney over the 20 years to 2031. It is important to note that the EEFM baseline forecast assumes that job growth within the energy sector continues in future at a similar rate to the past, and does not take into account any specific growth prospects associated with planned investments or developments. This is considered in further detail below in Scenario 2.

Scenario 2: Baseline plus Offshore Renewables Expansion

Background and Rationale

- 7.18 The southern North Sea represents the largest market in the world for large-scale offshore wind farms. Offshore/onshore wind and oil and gas developments are estimated to be worth £50bn to the New Anglia economy over the next 10 years⁶³ and the area is well placed to capitalise on this growth in renewable and low carbon sectors. Additional investment in wind energy – including the 6,000 km² East Anglia Array offshore windfarm development – is expected to significantly boost activity related to offshore renewables.
- 7.19 Lowestoft and Great Yarmouth are strategically placed to tap into this potential. Lowestoft is the closest port to the proposed East Anglia Offshore Array wind farm, which in total may provide up to 7.2GW of installed capacity. The first phase of this wind farm received planning consent in June 2014 and secured a Contract for Difference in February 2015. In November 2015 Scottish Power announced that the first phase would utilise the port of Lowestoft as its construction base and operations and maintenance base for the lifetime of the windfarm. This first phase will deliver 714MW of capacity. Another major project is the Galloper wind farm being led by RWE. RWE also chose the port of Lowestoft as its construction base in November 2015.

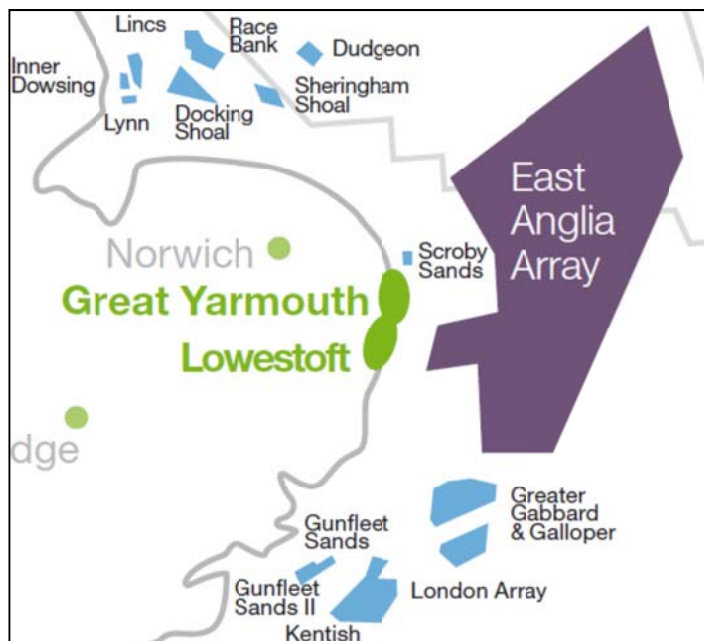
⁶³ New Anglia Local Enterprise Partnership, Strategic Economic Plan 2014

7.20 Lowestoft is also very close to a number of other offshore wind farms including:

- Dudgeon (consented – 402MW)
- Greater Gabbard (operating – 504MW),
- Gunfleet Sands I&II (operating – 173MW)
- London Array (operating – 630MW)
- Lynn and Inner Dowsing (operating – 194MW)
- Race Bank (consented – 580MW)
- Scroby Sands (operating – 60MW)
- Sheringham Shoal (operating – 317MW)

7.21 The figure below shows the location of these wind farms in relation to Lowestoft and Great Yarmouth.

Figure 7.2 Proximity of Offshore Wind farms to Lowestoft and Great Yarmouth



Source: East of England Energy Zone

7.22 This scenario focuses on the employment benefits that could arise from the construction and ongoing maintenance of a number of new offshore wind developments that are planned to take place off the coast of East Anglia over the study period to 2031. It should be noted that the ports of Lowestoft and Great Yarmouth are likely to also benefit from other offshore energy activities in the future including those related to the oil and gas, wave and tidal and carbon capture and storage sectors⁶⁴. However, the quantum and locational benefits of growth in these sectors is more uncertain and these sectors are not seen to be as transformational to the local economy as the potential presented by offshore wind.

⁶⁴ PowerPark Demand and Need Report – BVG Associates October 2009

- 7.23 Therefore, the scenario has been developed to specifically assess the employment impacts associated with The East Anglia Zone, one of the world's largest wind farms, and the Galloper wind farm extension, given their proximity to the Suffolk coast and the study area in question (i.e. Ipswich and Waveney Economic Areas) and the combined scale of activity associated with these projects. Together, they would deliver a genuine 'step change' in offshore wind development in the southern North Sea over the course of the study period to 2031. By their very nature, the additional employment that could be generated by this investment will not be reflected within the baseline East of England Forecasting Model (EEFM) scenario of growth (i.e. Scenario 1), which effectively represents a 'business as usual' trajectory of development.
- 7.24 It should be noted that there are a number of other offshore windfarm developments anticipated to be constructed and extended across the wider North Sea area over the coming years, including Race Bank, a 580MW 91 turbine wind farm off the coast of North Norfolk and Lincolnshire and Dudgeon, a 402MW 67 turbine scheme off the North Norfolk coast. The direct employment impacts are not anticipated to be as significant for the Suffolk study area (due in part to their less immediate proximity) and have therefore not been specifically modelled as part of this exercise. It is however recognised that there may be some employment related benefits (during both construction and operation) generated by these wider schemes that could be captured within supply chains in the Ipswich and Waveney Economic Areas.
- 7.25 It is also recognised that a number of Ipswich and Waveney based firms operating in the renewable energy supply chain currently have contracts (predominately construction based) with windfarm developments outside of East Anglia and the UK. Whilst these contracts and supply chain linkages can reasonably be expected to develop in future, this scenario has not been developed to specifically analyse the direct employment impacts associated with this growth and development.
- 7.26 Further details of the methodology and assumptions adopted for the purposes of this scenario are included in Appendix 4.

Results

- 7.27 The results from the Offshore Renewables Expansion scenario only affect the Waveney Economic Area in relation to this study and there is no noticeable effect on employment numbers in the Ipswich Economic Area. The results impact on Great Yarmouth and Tendring Districts, however as these do not form part of the study area, they are not discussed further in this section.
- 7.28 Table 7.5 below shows the total change in number of jobs in the Waveney Economic Area as a result of this scenario as modelled by the East of England Forecasting Model (EEFM).

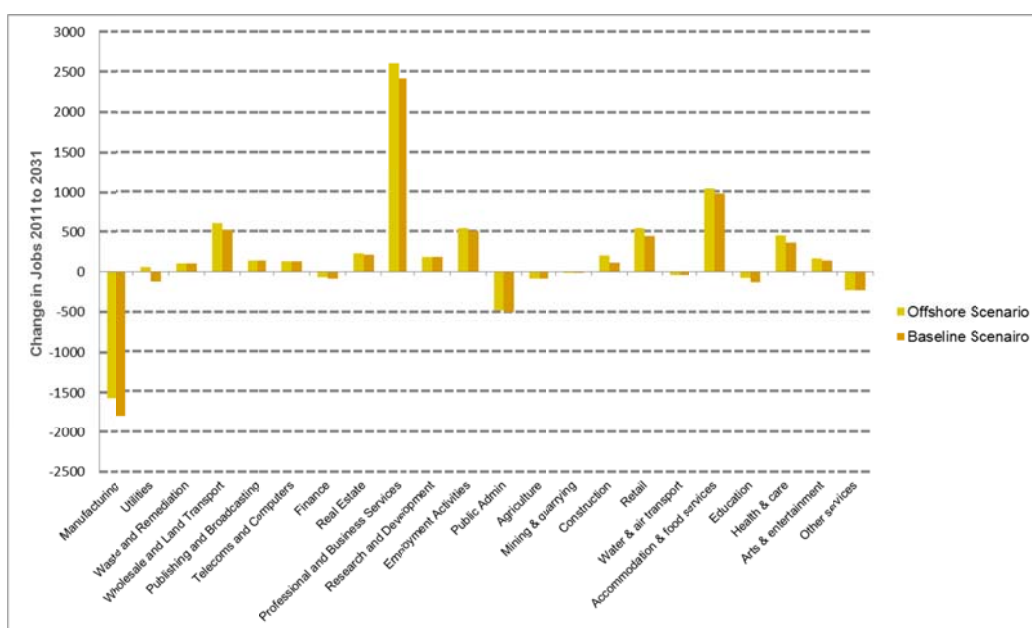
Table 7.5 – Scenario 2 Total Jobs Growth

Economic Area	District	Number of Jobs		Change 2011-2031	
		2011	2031	No	%
Waveney Economic Area	Waveney	46,220	50,627	+4,407	10%

Source: EEFM 2014 / Waveney District Council / NLP analysis

- 7.29 As shown in Table 7.5, this scenario adds a further 1,207 jobs over and above the EEFM baseline scenario in Waveney between 2011 and 2031 as a result of the impact of the offshore wind projects. The graph in Figure 7.3 below shows the sector split of this growth compared with the baseline projections (as presented in Scenario 1) in the Waveney Economic Area.

Figure 7.3 – Scenario 2 - Jobs change per sector



Source: EEFM 2014 / Waveney District Council

- 7.30 The scenario results in a smaller decline in manufacturing jobs compared to the baseline scenario and larger increases in the professional and business services sectors and construction sector. The utilities sector is now forecasted to grow rather than decline under the baseline scenario. As a result of an increased population and jobs associated with new offshore activity there are also increases in the retail, employment activities, wholesale and land transport, accommodation and food services and health and care sectors between 2011 and 2031.
- 7.31 Not all of the job growth identified by this scenario falls within the B-class land use. Using the same methodology outlined under Scenario 1 above, Table 7.6 below shows the number of B class jobs under this scenario. This shows that the number of B-class jobs implied by the offshore renewables expansion scenario is significantly higher than that implied by the baseline scenario (i.e. Scenario 1).

Table 7.6 – Scenario 2 B-Class Jobs Growth

Economic Area	District	Employment Change 2011-2031			
		Total B Class	Offices (B1a/b)	Industry (B1c/B2)	Distribution (B8)
Waveney Economic Area	Waveney	+1,742	+2,427	-1,241	+556

Source: EEFM 2014 / Waveney District Council / NLP analysis

New Power Station at Sizewell

- 7.32 Another significant economic development that is expected to take place within the study area over the plan period relates to Sizewell C, the new 3.2 GW nuclear power station to be built on the existing Sizewell site in Suffolk Coastal. The development is expected to result in an investment of over £14 billion over the next 10 years and would comprise two reactors located on land next to the current Sizewell B station. Sizewell is identified by the New Anglia LEP within its SEP as a key growth location with the potential to host high impact sector activity and high growth in future.
- 7.33 The scale of activity associated with the proposed Sizewell C development is expected to deliver a 'step change' in the energy sector across the study area over the period to 2031 and, in particular, within the various supply chains that will be needed to support the proposed development during both construction and operation.
- 7.34 The development is likely to generate additional demand for B class space and land in Suffolk Coastal and surrounding authority areas over the period to 2031 over and above the scale of demand estimated through the baseline EEFM scenario. Due to the current uncertainties surrounding the nature, location and duration of the anticipated benefits generated by Sizewell C, it is not possible to develop a specific scenario that models the overall employment impact associated with the development, however some further commentary on the expected benefits and impacts in direct employment terms is provided in Appendix 5. This indicates that a steady increase in construction related employment is anticipated to occur from 2017, with on-site construction employment peaking at just over 5,600 in 2024. Once operational, the Sizewell C power station is expected to employ approximately 900 staff on site. A further 1,000 additional staff would also be employed on each of Sizewell C's two European pressurised water reactor units during planned refuelling and maintenance outages which take place approximately every 18 months.

Net Employment Space Requirements

- 7.35 The B class element of these employment growth forecasts have been converted to future net employment space requirements by applying the latest published density figures for 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 7.7 have been applied to EEFM B class job forecasts for both scenarios 1 and 2.

Table 7.7 Applied Job Densities

B Use Class	Job Density (Sq.m per job)
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: HCA/OffPAT Employment Densities Guide 2010 / NLP analysis

- 7.36 These assumptions are based on latest HCA/OffPAT guidance on employment densities published in 2010.⁶⁵ The guidance takes into account recent trends in terms of the changing uses of employment space, with the main change being the more efficient use of office space through flexible working and hot-desking.
- 7.37 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 halved⁶⁶. This reflects the fact that while there may be ongoing manufacturing job losses (e.g. as firms use more efficient production approaches), it doesn't automatically follow that the space required to accommodate this activity also reduces at the same scale.
- 7.38 The resulting net employment floorspace requirements for Scenario 1 are summarised in Table 7.8 and the net employment floorspace requirements for Scenario 2 are summarised in Table 7.9.
- 7.39 The baseline EEFM forecasts reflect a fairly wide range of net space requirements across the two Economic Areas. This is equivalent to a total of 439,115sq.m of B class floorspace across the Ipswich Economic Area between 2011 and 2031, the majority (66%) of which relates to office (B1a/b) uses.
- 7.40 Within the overall office use category, the net floorspace requirement for the Ipswich Economic Area is broadly split between B1a and B1b use classes. The majority of floorspace relates to science park and small business units (typically utilising B1b space) and general offices (typically utilising B1a space), with high tech R&D (B1b), serviced business centre and business park (B1a)

⁶⁵ Based on HCA/OffPAT Employment Densities Guide (2010) and converted to Gross External Area (GEA) and total workforce jobs by NLP

⁶⁶ The 10% vacancy rate and process of halving negative floorspace requirements has been applied for the purposes of the ELNA based on national guidance and deviates from the method applied by Oxford Economics to derive employment floorspace requirements presented in the EEFM 2014 data release

and call centres (B1a) accounting for a much less significant quantum of floorspace by comparison. Within the industrial category, warehousing and logistics uses (B8) dominate the net floorspace requirement, with more traditional industry uses (B1c/B2) anticipated to decline in floorspace terms.

7.41

Within the Ipswich Economic Area, Suffolk Coastal has the highest total net floorspace requirement of 161,055sq.m, followed by 133,100sq.m in Ipswich. The scale of net B class floorspace requirements is similar for Babergh and Mid Suffolk, at 70,360sq.m and 74,600sq.m respectively between 2011 and 2031. Ipswich has the highest office requirement (at 96,955sq.m) while Suffolk Coastal records the highest industrial floorspace requirement at 97,255sq.m (Table 7.8).

Table 7.8 EEFM Baseline Net Employment Space Requirements 2011 - 2031

Use Class	Ipswich Economic Area (sq.m)					Waveney Economic Area (sq.m)
	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Total IEA	
B1a – General Office	25,965	32,445	18,125	30,965	107,500	15,690
B1a – Serviced Business Centre and Business park	3,960	5,370	3,510	1,770	14,610	1,590
B1a – Call centres	1,095	1,750	1,500	945	5,290	660
B1b – Science Park and Small Business Units	27,365	52,060	40,155	26,735	146,310	26,985
B1b – High tech R&D	4,035	5,330	2,970	3,385	15,720	5,740
Offices (B1a/B1b)	62,420	96,955	66,260	63,800	289,430	50,665
B1c / B2 – Industry	-9,700	-4,085	-11,365	5,060	-20,090	-22,855
B8 – Distribution (General, Smaller Scale)	17,640	31,325	13,240	71,770	133,975	28,400
B8 – Distribution (Larger Scale, Lower Density)	0	8,915	6,460	20,425	35,800	8,080
Industrial (B1c/B2/B8)	7,940	36,155	8,335	97,255	149,685	13,625
Total	70,360	133,100	74,600	161,055	439,115	64,290

Source: EEFM 2014 / NLP analysis

Note: Totals rounded

7.42

The baseline EEFM scenario generates a total net B class floorspace requirement for the Waveney Economic Area of 64,290sq.m, the majority (79%) of which relates to office (B1a/b) floorspace (Table 7.8). Nearly two thirds of this office requirement relates to B1b use classes, most notably

Science Park, high tech R&D and small business units. B1a general and serviced office space accounts for the remaining third of the net office floorspace requirement (Table 7.8). Echoing the trend in the Ipswich Economic Area, B8 (warehousing/logistics) uses dominate the industrial floorspace requirement, while traditional B1c and B2 industrial uses are expected to decline in floorspace terms by 2031.

- 7.43 Under Scenario 2 which reflects a higher rate of job growth associated with the expansion of the Offshore Renewables sector, this net floorspace requirement for the Waveney Economic Area increases by 24% or 15,134sq.m to 79,424sq.m over the 20 year period to 2031 as indicated in Table 7.9 below. Office uses still comprise the majority of this overall floorspace requirement, although industrial uses represent a greater proportion of the overall requirement under Scenario 2 when compared with the baseline EEFM scenario. This reflects the industrial (and specifically utilities) nature of the majority of construction and operational jobs that are anticipated to be generated by the offshore renewables and associated activity.

Table 7.9 EEFM Offshore Scenario Net Employment Space Requirements 2011 – 2031 (Waveney Only)

Use Class	Waveney Economic Area (sq.m)
B1a – General Office	17,179
B1a – Serviced Business Centre and Business park	2,318
B1a – Call centres	1,224
B1b – Science Park and Small Business Units	28,991
B1b – High tech R&D	5,950
Offices (B1a/B1b)	55,662
B1c / B2 – Industry	-17,124
B8 – Distribution (General, Smaller Scale)	31,829
B8 – Distribution (Larger Scale, Lower Density)	9,059
Industrial (B1c/B2/B8)	23,764
Total	79,424

Source: EEFM 2014 / Waveney District Council / NLP analysis

Net Land Requirements

- 7.44 The final step, for both scenarios, 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 two Economic Areas:
- **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, Suffolk Coastal and Waveney, 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.

7.45 The resulting net land requirements for scenarios 1 and 2 are set out in Tables 7.10 and 7.11.

Table 7.10 EEFM Baseline Net Land Requirements 2011 - 2031

Use Class	Ipswich Economic Area (ha)					Waveney Economic Area (ha)
	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Total IEA	
Offices (B1a/B1b)	11.9	14.5	12.6	12.1	51.1	9.6
Industrial (B1c/B2/B8)	2.0	9.0	2.1	24.3	37.4	3.4
All B Uses	13.9	23.5	14.7	36.4	88.5	13.0

Source: EEFM 2014 / NLP analysis

Table 7.11 EEFM Offshore Scenario Net Land Requirements 2011 – 2031 (Waveney Only)

Use Class	Waveney Economic Area (ha)
Offices (B1a/B1b)	10.6
Industrial (B1c/B2/B8)	5.9
All B Uses	16.5

Source: EEFM 2014 / Waveney District Council / NLP analysis

7.46 It should be noted that the above figures are net requirements, which make an allowance for normal market vacancy rates, but do not allow for future replacement of losses or apply a safety margin - i.e. the “gross” requirement used for planning purposes. For example, 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. Further analysis would provide a detailed assessment of supply-side deliverability factors and recent trends in the take-up of B class floorspace across the Ipswich and Waveney Economic Areas, for which detailed monitoring data is currently unavailable in a consistent format across the study area.

7.47 These requirements therefore reflect the minimum quantum of floorspace and land that should be planned for across the two Economic Areas over the period to 2031. The five local authorities within the study area 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.

- 7.48 However, it is clear that under each scenario, there is a positive requirement for employment land across both Economic Areas and within each constituent local authority area over the 20 year period to 2031. It will be important that any subsequent employment land supply side assessments and Local Plan evidence base work considers these demand-based requirements against the existing supply position across the study area, in order to establish whether there is a need in quantitative and/or qualitative terms to identify and plan for additional employment land to accommodate future economic growth needs.

Sensitivity Tests

- 7.49 Given the range of potential requirements implied by these different growth scenarios, it is useful to compare the employment growth implied by these amounts of floorspace and land with employment and floorspace growth actually achieved across the two Economic Areas in recent years. This benchmarking is summarised in Tables 7.12 and 7.13 below.

Job Growth

- 7.50 Under the baseline EEFM scenario (i.e. Scenario 1), the Ipswich Economic Area is expected to record an annual level of total job growth equivalent to 1,641 between 2011 and 2031. This is very similar to the scale of job growth achieved in the recent past, with the EEFM indicating that 1,621 jobs were gained per year on average between 2009 and 2013 (Table 7.12).
- 7.51 This 'business as usual' trajectory of growth across the Ipswich Economic Area as a whole is not echoed when individual local authority areas are considered individually. As shown in Table 7.12, the scale of annual job growth is expected to increase in Ipswich over the 20 year period to 2031 when compared with past trends, although for Babergh, Mid Suffolk and Suffolk Coastal the EEFM baseline scenario implies a slowdown in the rate of overall job growth going forward, with the most significant rate of slowdown expected within Babergh (Table 7.12).
- 7.52 The baseline EEFM scenario implies a positive trajectory of job growth within the Waveney Economic Area over the 20 year period 2011 to 2031, equivalent to an increase of 160 total jobs per year on average. This compares with a decline of 398 jobs per year recorded within the Waveney Economic Area in recent years (Table 7.12). The Offshore Renewables Expansion scenario (Scenario 2) implies an even higher rate of annual job growth at 220 per year on average between 2011 and 2031.

Table 7.12 Annual Job Growth Implied by Scenario compared with Past Trends

Location		Annual Average Total Job Growth p.a.		
		Baseline EEFM (Scenario 1) (2011-31)	Offshore Renewables Expansion (Scenario 2) (2011-31)	Historic EEFM Trend (2009-13)
Ipswich Economic Area	Babergh	266	n/a	619
	Ipswich	618		-30
	Mid Suffolk	286		436
	Suffolk Coastal	471		596
	Total	1,641		1,621
Waveney Economic Area	Waveney	160	220	-398

Source: EEFM 2014 / Waveney District Council / NLP analysis

- 7.53 It should be noted that the economic downturn and recession coincides with much of the historic period of time being used for comparison purposes (2009-2013) and this will have had an impact upon the scale of growth that was recorded during this time in some locations.

Floorspace Growth

- 7.54 A similar benchmarking exercise based on B class floorspace growth shows that across the Ipswich Economic Area as a whole, the annual rate of office floorspace growth implied by the baseline EEFM scenario (as summarised in Table 7.8) is expected to more than double when compared with past trends (Table 7.13). In contrast, the implied rate of industrial floorspace growth is expected to significantly reduce over the next 20 years when compared with recent trends, reflecting the ongoing decline in traditional industrial (i.e. B1c and B2) employment that is forecast by the EEFM.
- 7.55 This implied acceleration in office floorspace growth is echoed for each individual local authority within the Ipswich Economic Area and the slowdown in industrial floorspace growth (covering the B1c/B2/B8 use classes) is also echoed in all cases except Ipswich, where past net losses of industrial floorspace are expected to reverse in future, with the Borough forecast to record an annual net increase in overall industrial floorspace of 1,810sq.m between 2011 and 2031 (Table 7.13 and Table 7.8).

Table 7.13 Annual Floorspace Increase Implied by Scenario compared with Past Trends

Location		B Use	Annual Average Floorspace Increase p.a.		
			Baseline EEFM (Scenario 1) (2011-31)	Offshore Renewables Expansion (Scenario 2) (2011-31)	Historic VOA Trend (2000-12)
Ipswich Economic Area	Babergh	Offices	3,120	n/a	1,500
		Industrial	400		1,085
	Ipswich	Offices	4,850		2,335
		Industrial	1,810		-5,170
	Mid Suffolk	Offices	3,310		1,915
		Industrial	420		12,500
	Suffolk Coastal	Offices	3,190		915
		Industrial	4,860		5,585
	Total	Offices	14,470		6,665
		Industrial	7,490		14,000
Waveney Economic Area	Waveney	Offices	2,530	2,780	1,415
		Industrial	680	1,190	1,585

Source: VOA 2012 / NLP analysis Note: Totals rounded

7.56 As shown in Table 7.13, the baseline EEFM scenario identifies a net office floorspace requirement within the Waveney Economic Area over the 20 years 2011 to 2031 that is nearly double the annual rate recorded over the past 12 years. At the same time, the rate of industrial floorspace growth is expected to more than halve in future when compared with past trends, although this decline in industrial floorspace growth is expected to be less significant under the Offshore Renewables Expansion scenario due to the increase in industrial activity and employment associated with future investment in this sector in the Waveney Economic Area.

Qualitative Feedback

7.57 From a more qualitative perspective, consultation with key business and sector representatives active across the two Economic Areas suggests that there is scope to improve the supply of B class space across the study area to support future growth needs within the sub-region's key sectors.

7.58 Around a quarter of respondents to the local business survey undertaken as part of the ELNA indicated they had 'not enough space' to meet their needs, with this imbalance being particularly relevant for surveyed firms in the Waveney Economic Area. Around 50% of the surveyed businesses indicated that they previously had difficulty in finding suitable space to expand, upgrade or relocate to across the sub-region, with key issues including a lack of affordable business premises (for both office and industrial uses), availability of modern, quality premises that are purpose built to meet future business requirements (for example energy efficient premises, air conditioning, high

specification fit-out), high rents and rates and limited on-site car parking provision (particularly in town centre areas).

- 7.59 Sector representatives cited that the range of existing B class sites and premises is not always particularly well suited to meet the needs associated with a number of key growth sectors, whether this relates to an insufficient quantity or choice of sites or quality issues (such as a lack of high quality, modern space or the quality of the surrounding environment). Feedback from the Ports and Logistics sector suggests that in relation to the Port of Felixstowe there is a lack of land for haulage yards, container storage and warehousing. This is reported in further detail in Chapter 6.0.
- 7.60 An assessment of the quality and fitness-for-purpose of employment land supply across the Ipswich and Waveney Economic Areas falls outside the scope of the ELNA.

Summary

- 7.61 In interpreting the outputs of this section, regard should be had to PPG guidance which states that Local Authorities should develop an idea of future economic needs based on a range of data and forecasts of quantitative and qualitative need. It is also important to recognise that there are inevitable uncertainties and limitations associated with modelling assumptions under the future growth scenarios considered. For example, there are some inherent limitations to the use of local level economic forecasts, particularly in the context of significant recent changes in the economy. Economic forecasts are regularly updated and the resulting employment outputs will change over the plan period.
- 7.62 Two different scenarios of future employment space requirements have been considered, based on a range of lower and higher growth conditions that could arise in the future. The extent to which these scenarios reflect an assumption of higher or lower future economic growth than the sub-region has achieved in the recent past varies considerably across the individual local authorities that together comprise the two Economic Areas. The scale of annual job growth is expected to increase in Ipswich and Waveney over the 20 year period to 2031 when compared with past trends, although for Babergh, Mid Suffolk and Suffolk Coastal future job growth is expected to slow down when compared with past trends.
- 7.63 The overall net floorspace requirements related to the baseline EEFM growth scenario is equivalent to 439,115sqm across the Ipswich Economic Area and 64,290sq.m for the Waveney Economic Area over the 20 year period to 2031, implying in broad terms a need for 88.5ha and 13.0ha of employment land in net terms respectively. The majority of this spatial requirement relates to office (B1a/b) uses.
- 7.64 A higher growth scenario has also been considered which examines the employment benefits that could arise from the construction and ongoing maintenance of a number of new offshore wind developments that are planned

to take place off the coast of East Anglia over the study period to 2031. The additional employment growth effects extend to the Waveney Economic Area only, and results in a net floorspace requirement of 79,424sq.m or 15.6ha over the 20 year period to 2031. Office uses still comprise the majority of this overall floorspace requirement, although industrial uses represent a greater proportion of the overall requirement when compared with the baseline EEFM scenario.

- 7.65 It is important to emphasise the uncertainty associated with this higher growth scenario particularly in terms of assumptions regarding overall employment, regional retention and port distribution. It is recognised that in reality the scale of growth arising from the offshore wind developments could be higher or lower than that estimated by the scenario presented above, although in light of a number of recent announcements with respect to Lowestoft Port there is reason to suggest that the impacts could be greater.
- 7.66 Sizewell C represents another significant economic development that is expected to take place within the study area over the plan period. It is likely to generate additional demand for B class space and land in Suffolk Coastal and surrounding authority areas over the period to 2031 over and above the scale of demand estimated through the baseline EEFM scenario. However, due to the current uncertainties surrounding the nature and location of the anticipated benefits, it is not possible to develop a specific scenario that models and quantifies the overall employment impact associated with the development.
- 7.67 The employment space requirements estimated as part of the ELNA are presented in net terms and do not therefore represent a “gross” requirement used for planning purposes. This judgement will need to be made based on a more detailed assessment of supply-side deliverability factors and recent trends in the take-up of B class floorspace across the Ipswich and Waveney Economic Areas, as well as a comprehensive assessment of the quality and fitness-for-purpose of employment land supply across the two Economic Areas which also enables the qualitative supply-side issues identified as part of this study to be examined within the context of overall economic needs.

8.0

Overall Conclusions

8.1

This section draws together overall conclusions and considers potential policy approaches in relation to employment space for emerging Local Plans across the Ipswich and Waveney Economic Areas as well as other measures which may be required to support the area's economic growth objectives.

Ipswich Economic Area

Key Trends and Characteristics

8.2

The Ipswich Economic Area has a sizeable population which has recorded strong growth in recent years, particularly within Ipswich Borough. Growth in workforce jobs has been uneven across the area, with Ipswich Borough standing out as the only authority area to lose jobs in absolute terms over the last four years but still maintains the largest workforce in absolute terms. Key sectors in employment terms comprise public admin, health and education; retail and wholesale; professional and business services.

8.3

Business growth has lagged behind regional and national averages in recent years and the majority of businesses are small firms employing between 0 and 4 workers. Employment space in the Economic Area is dominated by industrial (B1c/B2/B8) uses with the largest concentration in Ipswich Borough. The stock of employment space has steadily been increasing over the period 2000 to 2012, and industrial uses have accounted for the majority of new B class development that has occurred in recent years. Availability of employment land stands at over 200ha, comprising undeveloped allocations and outstanding planning permissions, much of which is located within Mid Suffolk and Babergh.

8.4

The A14 represents the key commercial property market driver in the Ipswich Economic Area, with occupier movement and requirements generally flowing in an East-West direction along this corridor. The area's other key route, the A12, is not characterised by the same level of activity, with limited synergy between Ipswich and Waveney in commercial property market terms. Smaller commercial centres such as Hadleigh and Sudbury are characterised by relatively self-contained property markets and localised demand.

8.5

The Ipswich Economic Area is generally perceived as a good industrial location, with the Port of Felixstowe having a very significant economic influence from an industrial perspective. Demand is largely localised with very few examples of inward investment in the area in recent years. Industrial supply has continued to tighten with local property agents pointing to a particular gap in the market for industrial units up to 15,000sq.ft. The office market is significantly weaker than industrial, with very few established, recognised office centres outside of Ipswich itself.

Waveney Economic Area

Key Trends and Characteristics

- 8.6 The Waveney Economic Area has become increasingly recognised for its growing potential to support the offshore energy sector. Employment has declined over the last four years indicating that Waveney's economy has particularly suffered from the effects of the recession. Key sectors in employment terms include public administration, health and education, finance and business services, retail and manufacturing. Recent economic performance across a range of business, productivity and labour market indicators has been relatively poor.
- 8.7 Employment floorspace is also dominated by industrial uses, and this stock of space has gradually increased over the last 12 years. B class floorspace is concentrated in Lowestoft, historically around the port area of Lake Lothing and more recently in industrial estates around the edge of the town. Moderate amounts of new employment development have occurred over the last few years, mainly relating to industrial (B2/B8) uses and driven by a small number of large developments. Just under 98 hectares of employment land is currently available for development, including 40 hectares within Enterprise Zones.
- 8.8 In functional economic terms, Waveney is closely connected with neighbouring Great Yarmouth, with both towns playing an important role in servicing the renewable energy sector, and to a lesser extent the oil and gas industry. It has significantly weaker economic linkages with other Suffolk authorities, due in part to the relative distance between these locations and relatively poor highway network. Waveney's industrial market is buoyant, with recent development driven by the designation of an Enterprise Zone. However, employment land supply in the town is reported to be nearly exhausted and in absence of new development land being identified, requirements are likely to be displaced to Great Yarmouth which benefits from greater availability of land. In contrast, Waveney is not an established office location and lacks the critical mass of office occupiers to compete for office based activity and firms.

Employment Land Needs and Recommendations

- 8.9 A number of scenarios have been analysed in Chapter 7.0 to indicate the broad scale and type of employment growth arising from different approaches to modelling employment land needs for the Ipswich and Waveney Economic Areas. The two scenarios reflect a range of lower and higher growth conditions that could arise in the future including a 'baseline' trajectory of growth based on the latest EEFM release and a higher growth scenario which examines the employment benefits that could arise from the construction and ongoing maintenance of a number of new offshore wind developments that are planned to take place off the coast of East Anglia over the study period to 2031.
- 8.10 The overall net floorspace requirements related to the baseline EEFM growth scenario is equivalent to 439,115sqm across the Ipswich Economic Area and

64,290sq.m for the Waveney Economic Area over the 20 year period to 2031, implying in broad terms a need for 88.5ha and 13.0ha of employment land in net terms respectively. The majority of this requirement relates to office uses; of the total 439,115sqm net requirement across the Ipswich Economic Area, 289,430sqm or 66% relates to office uses, and 149,685sqm or 34% relates to industrial uses. Within the Ipswich Economic Area, Suffolk Coastal has the highest total net floorspace requirement of 161,055sq.m, followed by 133,100sq.m in Ipswich. The scale of net B class floorspace requirements is similar for Babergh and Mid Suffolk, at 70,360sq.m and 74,600sq.m respectively between 2011 and 2031.

- 8.11 The baseline EEFM growth scenario suggests that across the study area, there will be employment growth within a number of key growth sectors identified by the New Anglia LEP including the ICT, ports and logistics and tourism sectors, albeit the scale of employment growth varies by individual Economic Area and local authority area.
- 8.12 It should be noted that the relative balance between future office and industrial employment growth (and associated floorspace requirements) is driven to a large extent by macro-economic trends and forecasts which are predicated on a structural shift away from industrial sectors of the economy towards more services and consumption related activity which tend to be more significant users of office space. As noted previously, industrial sectors have an important role to play in supporting the Ipswich and Waveney Economic Areas, and this is expected to continue in future (albeit to a lesser extent in some locations). It is therefore important that quantitative growth forecasts implied by the EEFM econometric model are considered alongside the more qualitative feedback and local market signals on business needs that have been identified from detailed consultation with key sector representatives and property market agents active across the sub-region.
- 8.13 Additional employment growth associated with the offshore wind development scenario extends to the Waveney Economic Area only, and results in a net floorspace requirement of 79,424sq.m or 15.6ha over the 20 year period to 2031 (an uplift of 15,134sq.m or 2.6ha over and above the baseline). Office uses still comprise the majority of this overall floorspace requirement, although industrial uses represent a greater proportion of the overall requirement when compared with the baseline EEFM scenario.
- 8.14 As noted previously, there are some important limitations and inevitable uncertainties associated with modelling assumptions under the future growth scenarios considered, in particular with regards to the higher growth offshore wind scenario which provides an indication of additional growth capacity over and above the baseline scenario. It is therefore recommended that greater weight should be placed on the baseline econometric scenario for planning purposes, and a benchmarking exercise using past trends in job and B class floorspace growth has also been provided as a yardstick for comparison.
- 8.15 Whilst growth needs have been identified on an Economic Area and individual local authority basis, there will be some degree of footloose needs that

potentially operate and can be accommodated across individual local authority boundaries. Functional Economic Market Area analysis presented as part of this study identifies a number of distinct economic geographies and commercial property market sub-areas including the Felixstowe/A14 Corridor (characterised by a high concentration of distribution related activities linked to shipping and sea freight); a wider Ipswich market area (comprising Ipswich town centre, edge of centre and out of centre business and industrial parks as well as the nearby settlements including Great Blakenham and Claydon); an A140 Corridor (connecting Mid Suffolk locations such as Eye and Mendlesham to Norwich in the north and the A14 to the south); and a Lowestoft and Great Yarmouth property market area (which collectively functions as a leading centre for renewable energy, with much of the demand driven by these energy and related sectors). These commercial property market areas broadly correspond with a two tier Economic Area approach in functional terms, with significant economic relationships operating within these overarching Economic Areas.

- 8.16 To ensure a flexible and responsive policy framework, it will be necessary not just to focus on meeting forecast quantitative requirements (which will fluctuate over time), but to consider the opportunities and risks that flow from particular policies for supporting economic growth. Supply-side studies and assessments would provide a comprehensive assessment of the quality and fitness-for-purpose of employment land supply across the two Economic Areas alongside a more detailed analysis of the qualitative supply-side issues identified as part of this study within the context of overall economic needs identified by the ELNA.
- 8.17 For example from a qualitative perspective, consultation with key business and sector representatives active across the two Economic Areas suggests that there is scope to improve the supply of B class space across the study area to support future growth needs within the sub-region's key sectors. Existing B class sites and premises are reported to not always be particularly well suited to meet the needs associated with a number of key growth sectors, whether this relates to an insufficient quantity or choice of sites or quality issues (such as a lack of high quality, modern space or the quality of the surrounding environment). Local businesses surveyed as part of the ELNA also identified some issues with regards to availability of suitable premises and sites to accommodate their growth needs, with commonly cited difficulties including shortage of affordable and modern premises (for both office and industrial premises), high rents and rates and limited on-site car parking.

Appendix 1 List of Consultees

Property Agents

Chris Moody, Savills

Vanessa Penn, Penn Commercial

Alistair Mitchell, Fenn Wright

Daniel Bycroft, Bycroft Commercial

Chris Philpot, Lacy Scott & Knight

Stakeholders

James Reeder, Lowestoft and Waveney Chamber of Commerce

Johnathan Reynolds, OrbisEnergy

John Balch, OrbisEnergy

Ian Buxton, Innovation Martlesham

Paul Davey, Hutchison Ports

Paul Winter, Ipswich Building Society

Steve Clarke, Haven Gateway

John Dugmore, Suffolk Chamber of Commerce

Simon Coward, Hethel Innovation

Andrew Poulton, Eastern Agri-tech Growth Initiative

Martin Collison, Food, Farming & Rural Enterprise Board (LEP sub group)

Appendix 2 Employment Tables

Ipswich Jobs per Sector

	2009	2010	2011	2012	2013	Change 2009-13
Agriculture	53	52	56	52	49	-4
Manufacturing	3,057	2,942	3,183	3,056	3,031	-26
Utilities	835	1,010	1,308	1,118	1,205	+370
Waste & remediation	66	118	110	181	194	+128
Construction	3,945	3,468	3,962	3,940	4,098	+153
Retail and Wholesale	11,169	11,402	11,479	10,561	10,647	-522
Transport	4,880	4,315	4,314	4,700	4,514	-366
Accommodation & food services	3,338	3,172	3,715	4,063	4,096	+758
Publishing & broadcasting	571	475	490	480	533	-38
Telecoms and Computing	1,349	1,309	1,382	1,388	1,506	+157
Finance	6,844	6,670	6,600	6,285	6,046	-798
Real estate	1,003	1,217	889	956	990	-13
Research & Development	105	120	54	36	38	-67
Professional, business and employment services	8,541	7,912	7,853	9,088	9,862	+1321
Public admin, health and education	23,957	24,353	23,991	22,719	23,124	-833
Arts & Entertainment	2,169	2,215	2,187	2,124	2,117	-52
Other services	1,967	1,997	1,856	1,627	1,680	-287
Total	73,850	72,746	73,429	72,372	73,731	-119
Suffolk	348,333	349,107	352,929	352,161	355,042	+6,709
UK	31,491,500	31,328,749	31,497,750	31,798,749	32,247,499	+755,999

Source: East of England Forecasting Model Autumn 2014

Babergh Jobs per Sector

	2009	2010	2011	2012	2013	Change 2009-13
Agriculture	1,092	1,097	1,183	1,086	1,040	-52
Mining and Quarrying	5	6	0	0	0	-5
Manufacturing	5,960	5,821	6,129	6,330	6,404	+444
Utilities	25	45	109	37	40	+15
Waste & remediation	271	306	236	371	394	+123
Construction	3,418	3,027	3,370	3,246	3,429	+11
Retail and Wholesale	6,591	6,761	6,690	6,589	6,650	+59
Transport	1,232	1,135	1,203	1,400	1,364	+132
Accommodation & food services	2,051	2,413	2,128	2,322	2,348	+297
Publishing & broadcasting	145	102	137	179	201	+56
Telecoms and Computing	643	626	663	715	785	+142
Finance	416	385	364	323	348	-68
Real estate	375	478	349	381	403	+28
Research & Development	46	48	24	17	18	-28
Professional, business and employment services	5,877	5,690	5,047	5,686	6,188	+311
Public admin, health and education	6,846	7,201	7,496	7,415	7,577	+731
Arts & Entertainment	728	837	1,045	1,034	1,048	+320
Other services	838	991	937	746	798	-40
Total	36,557	36,968	37,109	37,875	39,032	+2,475
Suffolk	348,333	349,107	352,929	352,161	355,042	+6,709
UK	31,491,500	31,328,749	31,497,750	31,798,749	32,247,499	+755,999

Source: East of England Forecasting Model Autumn 2014

Mid Suffolk Jobs per Sector

	2009	2010	2011	2012	2013	Change 2009-13
Agriculture	2,014	2,025	2,192	2,017	1,928	-86
Mining and Quarrying	31	19	66	20	18	-13
Manufacturing	5,416	5,326	5,608	5,571	5,548	+132
Utilities	242	288	142	140	151	-91
Waste & remediation	245	195	172	242	258	+13
Construction	5,182	5,053	4,784	4,903	5,116	-66
Retail and Wholesale	5,012	5,699	5,999	5,015	5,086	+74
Transport	3,446	3,456	3,588	3,408	3,436	-10
Accommodation & food services	1,685	1,731	1,878	2,100	2,137	+452
Publishing & broadcasting	274	271	247	444	360	+86
Telecoms and Computing	439	442	473	570	624	+185
Finance	339	249	248	222	211	-128
Real estate	451	466	301	341	358	-93
Research & Development	7	11	51	46	49	+42
Professional, business and employment services	5,699	5,873	5,166	5,894	6,411	+712
Public admin, health and education	9,966	10,114	10,702	10,229	10,394	+428
Arts & Entertainment	591	813	876	836	850	+259
Other services	1,173	1,229	1,129	957	1,016	-157
Total	42,210	43,259	43,623	42,956	43,954	+1,744
Suffolk	348,333	349,107	352,929	352,161	355,042	+6,709
UK	31,491,500	31,328,749	31,497,750	31,798,749	32,247,499	+755,999

Source: East of England Forecasting Model Autumn 2014

Suffolk Coastal Jobs per Sector

	2009	2010	2011	2012	2013	Change 2009-13
Agriculture	1,891	1,890	2,036	1,877	1,792	-99
Mining and Quarrying	4	57	37	45	41	+37
Manufacturing	2,701	2,934	2,982	3,267	3,248	+547
Utilities	669	775	862	775	836	+167
Waste & remediation	201	280	384	416	444	+243
Construction	3,471	2,932	3,582	2,934	3,042	-429
Retail and Wholesale	7,338	7,479	7,616	7,524	7,557	+219
Transport	9,824	8,745	9,646	10,196	10,022	+198
Accommodation & food services	3,737	4,051	3,695	4,253	4,284	+547
Publishing & broadcasting	649	520	668	605	684	+35
Telecoms and Computing	3,638	3,447	3,392	3,626	3,942	+304
Finance	455	422	481	405	380	-75
Real estate	902	857	555	481	500	-402
Research & Development	217	175	137	112	121	-96
Professional, business, and employment services	5,350	5,251	4,515	5,368	5,766	+416
Public admin, health and education	12,510	13,472	13,457	12,572	12,805	+295
Arts & Entertainment	1,258	1,646	1,792	1,618	1,627	+369
Other services	1,356	1,568	1,828	1,371	1,462	+106
Total	56,171	56,499	57,666	57,445	58,553	+2,382
Suffolk	348,333	349,107	352,929	352,161	355,042	+6,709
UK	31,491,500	31,328,749	31,497,750	31,798,749	32,247,499	+755,999

Source: East of England Forecasting Model Autumn 2014

Ipswich Economic Area Jobs per Sector

	2009	2010	2011	2012	2013	Change 2009-13
Agriculture	5,050	5,064	5,467	5,032	4,809	-241
Mining and Quarrying	40	82	103	65	59	+19
Manufacturing	17,134	17,023	17,902	18,224	18,231	+1,097
Utilities	1,771	2,118	2,421	2,070	2,232	+461
Waste & remediation	783	899	902	1,210	1,290	+507
Construction	16,016	14,480	15,698	15,023	15,685	-331
Retail and Wholesale	30,110	31,341	31,784	29,689	29,940	-170
Transport	19,382	17,651	18,751	19,704	19,336	-46
Accommodation & food services	10,811	11,367	11,416	12,738	12,865	+2,054
Publishing & broadcasting	1,639	1,368	1,542	1,708	1,778	+139
Telecoms and Computing	6,069	5,824	5,910	6,299	6,857	+788
Finance	8,054	7,726	7,693	7,235	6,985	-1,069
Real estate	2,731	3,018	2,094	2,159	2,251	-480
Research & Development	375	354	266	211	226	-149
Professional, business and employment services	25,467	24,726	22,581	26,036	28,227	+2,760
Public admin, health and education	53,279	55,140	55,646	52,935	53,900	+621
Arts & Entertainment	4,746	5,511	5,900	5,612	5,642	+896
Other services	5,334	5,785	5,750	4,701	4,956	-378
Total	208,788	209,472	211,827	210,648	215,270	+6,482
Suffolk	348,333	349,107	352,929	352,161	355,042	+6,709
UK	31,491,500	31,328,749	31,497,750	31,798,749	32,247,499	+755,999

Source: East of England Forecasting Model Autumn 2014

Waveney Jobs per Sector

	2009	2010	2011	2012	2013	Change 2009-13
Agriculture	409	409	442	407	389	-20
Mining and Quarrying	33	29	43	49	45	+12
Manufacturing	8,147	7,394	7,086	7,179	7,113	-1,035
Utilities	318	362	451	394	425	+107
Waste & remediation	136	169	139	188	203	+67
Construction	4,504	3,327	3,662	3,149	3,290	-1,214
Retail and Wholesale	8,034	8,373	8,569	8,374	8,459	+425
Transport	1,887	1,491	1,633	1,782	1,733	-154
Accommodation & food services	3,551	3,798	3,495	4,108	4,146	+595
Publishing & broadcasting	85	108	142	210	235	+150
Telecoms and Computing	172	153	153	203	221	+49
Finance and business services	7,862	7,869	6,500	7,598	8,132	+271
Public admin, health and education	11,254	11,547	11,451	10,555	10,790	-464
Other services	2,309	2,496	2,451	1,868	1,927	-381
Total	48,702	47,526	46,217	46,066	47,109	-1,593
Suffolk	348,333	349,107	352,929	352,161	355,042	+6,709
UK	31,491,500	31,328,749	31,497,750	31,798,749	32,247,499	+755,999

Source: East of England Forecasting Model Autumn 2014

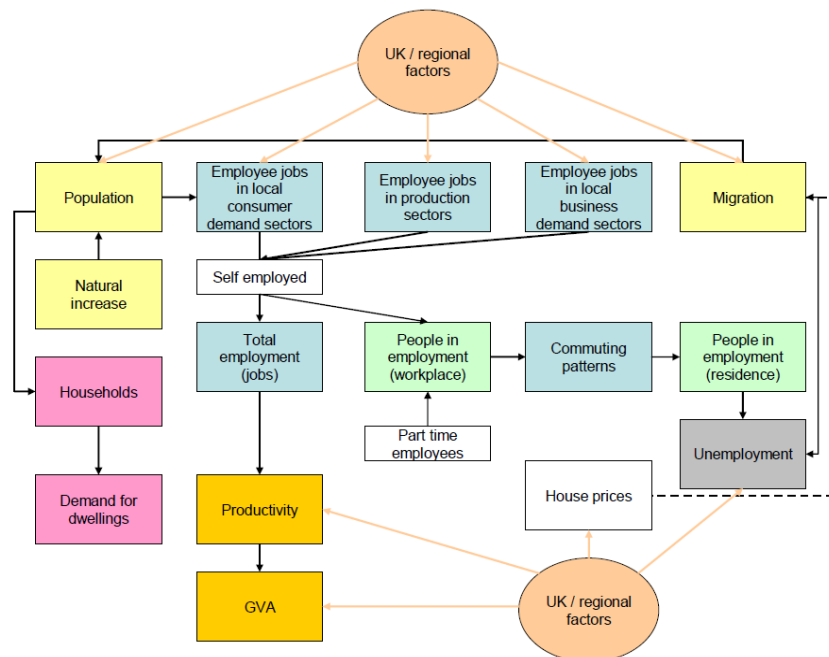
Appendix 3 East of England Forecasting Model Overview

The East of England Forecasting Model was developed by the former regional development agency and assembly in response to the need to align economic, labour, demographic and housing evidence for regional strategies. A leading international economic forecasting firm – Oxford Economics – designed the model and the first results were published in 2007. Ownership of the Forecasting model transferred to the East of England Local Government Association (EELGA) in April 2011, with the operation being managed by Cambridgeshire County Council.

The overall structure of the model has been formed around the interdependencies between the economy, demographic change and housing at a local level. The principle focus of the model is the labour market and the structure allows scenarios which test the impact of variables upon each other – for example, the impact of housing supply on economic variables.

The EEFM is a large model, with over 12,000 economic, labour market, demographic and housing variables that are used to forecast local economic conditions. These local forecasts are influenced by broader national and then regional economic trends. Essentially, there is an economic hierarchy from national-regional-local. The diagram below shows the main internal relationships between variables within the model.

Figure A3:1 Key internal variables within the East of England Forecasting Model.



Source: Oxford Economics, East of England Forecasting Model, Technical Report: Model description and data sources, January 2015

In this way, the model provides a vital means to address the following requirements of the NPPF:

“Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals.”

NPPF, para. 158

Historical data over 20 year-period is used for most variables to estimate the relationships between variables and for forecasting future trends. The interactions between economic (in terms of Gross Value Added) and labour market data (e.g. employees and self-employed) are fundamental mechanisms to then forecast local economic conditions.

Regional Gross Value Added (GVA) data is scaled to match the national accounts, as published in the “Blue Book”. The national accounts record and describe economic activity for different areas of the economy (e.g. production, income and financial transactions). The scaling to the national accounts is important because this mechanism provides the supply chain linkages between each economic sector: inputs from one sector have outputs in another.

Employment data is the combination of employee - derived from the ONS Workforce Jobs (WFJ) series scaled to Business Register and Employment Survey (BRES) data for 2009-13, self-employed (ONS WFJ and Census) and employees in armed forces (ONS WFJ and Defence Analytical Services and Advice). These different sources are used because accurate and updated employment data is not available for local areas (apart from the census results).

Whilst the model uses these long-term trends, more recent changes can alter forecasts at a local level. This is particularly relevant for considering local employment in different sectors. Local employment is one of the model’s most important components because the local interpretation of the national and regional economic change is based on the changes to local employment.

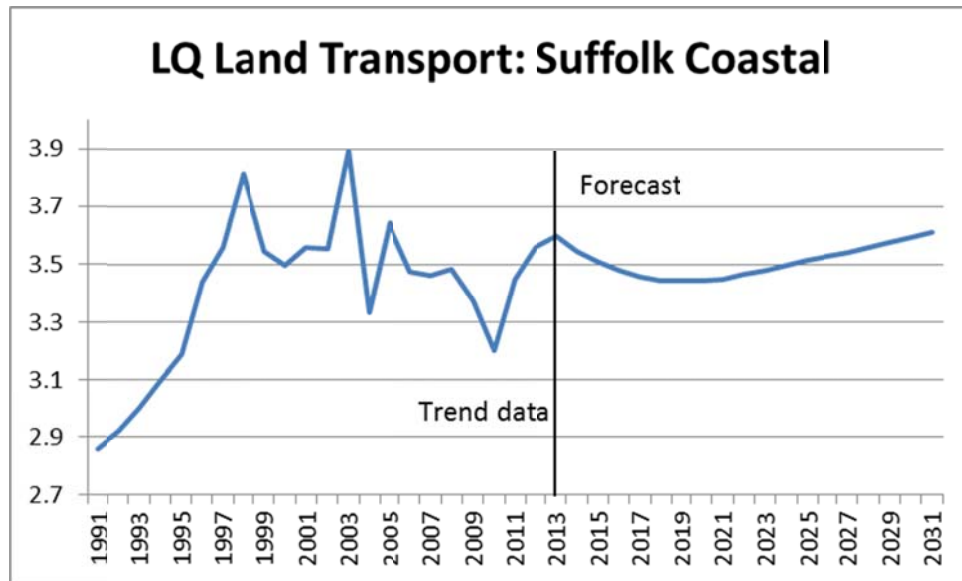
The model uses trends in the Location Quotient (LQ) of each sector for each local area as a means of forecasting the future amount of local employment from multi-regional regional employment forecasts (which are forecasted separately).

There are two ways that levels of local employment can change: (1) through changes from the multi-regional model or (2) the local LQ. If the regional trend is for a 10% change (increase or decrease) over time and the local LQ remains the same, the 10% change will apply locally.

The local LQ may change if the trend has been for an area to become more (or less) specialised the model assumes this trend will continue. The example in Figure A3:2 below shows the LQ for land transport in Suffolk Coastal, which is a very high value owing to the presence of Felixstowe Port. The trends which occurred since 1991 are used to forecast the longer term trend, which can be clearly seen from 2021. The model assumes that current values will adjust

meet the trend, which is why the forecast value falls from 2013 before returning to trend.

Figure A3:2 Suffolk Coastal's Location Quotient (LQ) for Land Transport.



Source: EEFM 2014 / Suffolk County Council

However, the process is not without drawbacks and manual interventions are necessary. The 2014 technical report illustrates the case of recruitment services in Babergh, which would have seen this LQ reach over 4.0 after 2020, this would have resulting in an excessive increase and a manual adjustment was necessary.

The employment forecasts also take account of the supply and demand for labour. The EEFM and the multi-regional model incorporate links between employment, unemployment and migration. For example, if employment is forecast to grow, reducing unemployment below the regional rate, working age people will be assumed to migrate into the local area. This is important to consider as Babergh, Mid Suffolk and Suffolk Coastal are all below the regional rate of 2.8%. Commuting patterns are also included in the model but are fixed at the rates recorded by the 2011 Census. These play an important role because the forecast jobs are distributed according to the strength of the link between one area and another. For example, any increase in the number of jobs in Ipswich will result in an increase in the residents of Babergh, Mid Suffolk and Suffolk Coastal employed in the Borough. The number of residents in employment then affects the unemployment, which then affects migration.

The above is a summary of the main features of the EEFM and illustrate how the demographic forecasts reflect labour market trends and migration (and natural change indirectly). This structure allows scenarios which test the impact of variables upon each other – for example, the impact of housing supply on economic variables.

Job forecasts produced by the EEFM need to be converted to floorspace and land requirements. This is done by assigning use classes (B1a, B1b, B1c, B2,

and B8) to the sectors identified in the model and then applying job to floorspace ratios. Once the floorspace requirement has been identified the land requirement can be calculated using local plot ratios.

Appendix 4 Offshore Scenario Methodology and Assumptions

This scenario focuses on the employment benefits and the associated employment land requirements that could arise from the construction and ongoing maintenance of a number of new offshore wind developments that are planned to take place off the coast of East Anglia over the study period to 2031.

Methodology

To calculate the impact on employment growth from the offshore wind developments it was firstly necessary to ascertain the likely direct jobs associated with the construction and the operation and maintenance phase of the various phases of East Anglia Offshore Wind and the Galloper wind farm. It was also necessary to analyse which industry sector (e.g. manufacturing, construction and utilities) the employment would be accommodated within.

At the time of writing, East Anglia ONE (i.e. the first project within the East Anglia Zone) is the only offshore windfarm project which benefits from detailed construction information available in the public domain. Much of this information is presented in the form of a Supply Chain Plan which was submitted by Scottish Power and Vattenfall to the Department of Energy and Climate Change in August 2014. This information has been used as a proxy to estimate the scale of impacts associated with the other windfarm projects in absence of equivalent information. Information from the East Anglia ONE Environmental Impact Assessment was also used to assess the direct employment impacts

Once the direct employment impact had been calculated, the findings were consulted on with representatives from the renewable energy sector, and officers from Great Yarmouth Borough Council and Tendring District Council (the authorities which cover the ports of Great Yarmouth and Harwich respectively). Following this consultation, the direct employment impacts were refined.

In addition to the direct construction employment, it can be expected that further indirect and induced employment will be supported elsewhere within the East of England region and further afield through the supply chain and wage spending associated with the direct construction activity and jobs. These indirect and induced impacts were calculated through the East of England Forecasting Model (EEFM) which includes a function for apportioning supply chain and consumption related spending and associated employment across relevant sectors of the economy. This allows the total employment impacts from the offshore wind developments and the associated land requirements to be calculated.

Table A4:2 Construction jobs from East Anglia ONE

Construction Phase	2016	2017	2018	2019	2020	2021
Turbines		900	900			
Foundations	100	1,000	1,000			
Substations		250	400	400		
Array Cable		50	50			
Installation			850	850		
Total	100	2,200	3,200	1,320		

Source: East Anglia ONE Supply Chain Plan (2014)

Although East Anglia ONE benefits from having publicly available information on estimated construction employment impacts, it represents just one of a number of offshore wind developments that are planned to take place off the coast of East Anglia over the course of the study period to 2031. In order to consider the construction employment effects of other projects, it is possible to apply the scale of employment estimates for the East Anglia ONE project to others around East Anglia (i.e. to those projects listed in Table A4:1, which together form the basis of this alternative growth scenario).

Given that the focus is on construction, the clearest relationship to consider would appear to be between employment and the number of turbines installed rather than power output, or amount of capital investment. This ratio assumes that the scale of construction employment impacts are proportionate to the number of turbines proposed and has been applied to the expected construction programme (as outlined in Table A4:1 above which incorporates the stages in the Supply Chain Plan). Construction jobs are expected to be supported over a period of around 14 years (Table A4:1) across these projects.

It should be noted that there are limitations associated with adopting this approach to estimating wider employment impacts, as each offshore wind project will have its own construction plan and unique supply chains. Nevertheless in absence of publicly available and detailed construction employment information for these other projects, it has been necessary to apply the East Anglia ONE project as a benchmark or proxy in order to estimate the scale of impacts that could be generated by the full portfolio of offshore windfarm projects that are being considered as part of this scenario.

Although the timetable in Table A4:1 indicates that construction of the East Anglia Zone and Galloper would be complete by 2029, it is reasonable to expect that the significant supply chains that have been built and supported throughout the construction period would continue to sustain employment beyond 2029, for example through contracts with other offshore windfarm projects further afield. It has therefore been assumed that manufacturing related construction employment levels (at 2029) are sustained up until the end of the scenario period to 2031.

Total Direct Employment Impacts during Operations and Maintenance Phase

The relationship between the offshore windfarms and on-shore operations is an important factor to consider. Once the facilities have been built and installed, a variety of operations and maintenance personnel will be required for the lifetime of the assets. For East Anglia ONE, this is currently envisaged to be 25 years. A recent report prepared by BVG Associates in 2014 notes that:

“The operations base houses crew areas and spare parts as well as the transport vessels. Typically, wind farm operators will look to use the nearest port that meets its specification in order to minimise travelling time and make the best use of weather windows.”

The Supply Chain Plan for East Anglia ONE provides information on the number of employees that are anticipated to be required to maintain and service the windfarms. This is estimated at 70 FTE jobs per annum once the windfarm is fully operational. In a similar way to the construction phase employment impacts, this 70 FTE has been used as a proxy for the other wind farm projects assessed.

Whilst the total operational employment impact is lower than during the construction phase, the employment benefits are sustained over a much longer time horizon. In terms of lifetime expenditure, 39% of the combined capital and operational costs is estimated to be spent on operations and maintenance. It should be noted that displacement and substitution effects could occur in response to continued decline in oil and gas related O&M over the longer term although allowance for this has not been made within the analysis in absence of any robust information to be able to model these effects on.

Impacts retained within the UK

Industry representatives, the Department for Energy and Climate Change, the Crown Estate and RenewableUK have agreed a target to deliver 50% of UK content – i.e. UK firms providing more than 50% of the content of future windfarms. This includes development expenditure on engineering and other studies, construction contract management, and applications for development consent; capital expenditure on for example turbine supply, foundation, cable supply and substations, and the construction of Operation and Maintenance Services (OMS); and operational expenditure on OMS of turbines, structures and cables. Decommissioning is also an important consideration although this is anticipated to fall beyond the 2031 study time horizon.

As part of the Supply Chain Plan, East Anglia ONE undertook an analysis of the likely UK content of the project over the lifetime of the windfarm. This work developed two scenarios; a ‘low’ scenario in which East Anglia ONE is passive in its procurement process; and a ‘high’ scenario whereby East Anglia ONE is active with its supply chain to maximise the participation of UK companies. Table A4:3 below summarises the proportions of UK content that have been

assumed as part of the analysis, based on the Supply Chain Plan 'high' scenario and active procurement strategy. These proportions are likely to vary across the subsequent East Anglia Zone projects (i.e. Two to Six) and Galloper windfarm but have been used as a proxy in absence of specific equivalent information for these other projects.

Table A4:3 UK Content of Supply Chain ('high' scenario)

Supply Chain Component	UK Content
Turbines	29%
Foundations	53%
Substations	29%
Array Cable	26%
Installation	26%

Source: Scottish Power and Vattenfall (2014), Supply Chain Plan (Annex 2)

For operations and maintenance it has been assumed that 100% of the employment projected will be retained in the UK.

Impacts retained in the East of England

Previous analysis undertaken by Roger Tym & Partners in 2012 estimated that approximately 60% of direct construction employment in the UK relating to East Anglia ONE would be located within the East of England . This proportion has also been applied by this study to estimate the direct construction impacts that are anticipated to occur within the East of England region. ScottishPower Renewables have confirmed that the turbine manufacture contract for East Anglia ONE has been awarded to Siemens who will use their planned manufacturing facility in Hull. Therefore the assumed proportion of UK construction jobs that will be based within the East of England has been increased slightly across the other, non-turbine elements of construction to reflect this original 60% overall assumption.

Allowance has also been made within the scenario for the displacement of employment from elsewhere within the region as a result of the offshore windfarm construction activity. This is based upon estimates provided by Roger Tym & Partners for East Anglia ONE and is equivalent to 10% under the 'medium' and 'high' impact scenarios.

Again for operations and maintenance it has been assumed that 100% of the employment impacts will be retained in the East of England (i.e. the ports which are closest to the planned wind farms).

Distribution within the East of England

The three East of England ports of Great Yarmouth, Harwich and Lowestoft all currently have a role in the installation of offshore wind farms. Harwich was the construction base for Gunfleet Sands and Greater Gabbard, Great Yarmouth for Sheringham Shoal. Lowestoft was the construction base for Scroby Sands

wind farm. A signed memorandum of understanding has being signed between East Anglia ONE and Lowestoft Port, which is the base for O&M for the Greater Gabbard windfarm.

Until investment decisions are made and the precise location of activity is known, an equal 33:33:33 split has been assumed as a broad proxy across the three local authorities in which the ports are located. It is acknowledge that for East Anglia ONE and Galloper some investment decisions have already been made including both projects identifying the port of Lowestoft as construction base and East Anglia ONE identifying Lowestoft as the operations and maintenance base. However, just because Lowestoft has been chosen for these parts of these projects there is no guarantee that future projects, where the bulk of the employment potential is contained, will follow this. Therefore, for the purposes of this assessment the 33:33:33 split is considered appropriate.

Productivity gains

The various phases of East Anglia Zone are treated as connected projects owing to previous agreements between Scottish Power and Vatenfall. Given the degree to which new and substantial capital assets would be required in order for the rate of delivery to increase and that such assets need to be utilised, this peak employment total may well reduce over time to reflect the more efficient use of the capital inputs.

In order to estimate the effect that this efficient use of capital inputs could have, it has been assumed that productivity gains will be made over time, particularly as contractors are engaged from one project to the next. Productivity improvements include gains through greater economies of scale, standardisation, improved procurement and knowledge transfer. Economies of scale are likely to have the greatest impact on the installation of support structures and the turbines themselves according to a 2012 Study commissioned by the Crown Estate. These represent those sectors where employment impacts are expected to be greatest within the East of England. The study identified that overall savings through the supply chain could amount to around 13% between 2011 and 2020. This assessment assumed a shift to larger turbines, innovation in the installation and O&M processes and improvements in collaboration. The analysis presented here assumes that some of these productivity gains have already started to be made within the offshore renewables supply chain ahead of the first of the portfolio of offshore wind projects (i.e. Galloper extension) starting construction in 2016.

Whilst cost savings is not the same as labour productivity, it provides an approximate measure of labour productivity gains and the 2012 study savings figure has been applied on a pro-rata basis (i.e. 1.4% efficiency savings per annum) to the direct construction employment impacts described above. This reduces the maximum number of direct construction jobs supported each year within the East of England by the construction of all six phases of the East Anglia Zone and Galloper to 1,780 FTE (in 2025).

Total Direct Employment in the Construction and Operations and Maintenance Phases

Table A4:4 below shows the likely employment impacts associated with the construction phase from the combined effects of the East Anglia Zone and Galloper wind farms over the period to 2031.

Table A4:4 – Direct Construction Phase Jobs by Port.

Port Location	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Harwich	0	77	120	177	191	72	19	212	335	523	595	433	474	379	287	198	194
Gt Yarmouth	0	77	120	177	191	72	19	212	335	523	595	433	474	379	287	198	194
Lowestoft	0	77	120	177	191	72	19	212	335	523	595	433	474	379	287	198	194
Total	0	230	360	530	573	216	56	637	1,004	1,570	1,784	1,298	1,421	1,136	860	593	582

Source: Suffolk County Council / Waveney District Council / NLP analysis

Table A4:5 below shows the likely employment impacts associated with the operations and maintenance phases from the combined effects of the East Anglia Zone and Galloper wind farms over the period to 2031.

Table A4:5 – Direct Operations and Maintenance Phase Jobs by Port.

Port Location	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Harwich	0	0	0	0	12	12	32	32	31	31	63	62	124	122	150	177	174
Gt Yarmouth	0	0	0	0	12	12	32	32	31	31	63	62	124	122	150	177	174
Lowestoft	0	0	0	0	12	12	32	32	31	31	63	62	124	122	150	177	174
Total	0	0	0	0	36	35	97	96	94	93	189	186	372	366	450	532	522

Source: Suffolk County Council / Waveney District Council / NLP analysis

These estimates represent the maximum scale of direct O&M employment impacts that are expected to occur within the study area and individual port locations. Offshore windfarm operators are increasingly making use of large service operations vessels which allow O&M staff to be based out at the windfarm for a period typically up to two weeks, without the need to travel to and from a port location each day, thereby making proximity to a port a less important factor. It is therefore unlikely that all of the O&M based jobs outlined above will be permanently based within the study area.

A fourth East Anglian port, Wells-next-the-Sea in North Norfolk is also used as an O&M base for the Sheringham Shoal offshore windfarm, however due to the location of the East Anglia Zone and Galloper windfarms off the coast of Suffolk, it is not assumed that Wells-next-the-Sea will be used as an O&M base for these new projects.

It should also be noted that existing ongoing O&M activity within the study area is likely to continue in future (as current contracts are extended and re-let) but this has not been specifically modelled in employment terms as part of this exercise as it represents the ambient level of growth that is expected to occur under the baseline (EEFM) growth scenario.

Sector Mix

It is possible to identify two main sectors which relate to the construction of offshore wind projects, and these have been apportioned to the direct jobs outlined in Table A4:6 above as follows:

Table A4:6 Construction sector split

Construction Phase	Sector Split	
	Manufacturing	Construction
Foundations	100%	
Substation	50%	50%
Array Cable	100%	
Installation		100%

Source: Suffolk County Council

Across all stages of construction, it is anticipated that the sector mix of these jobs will vary according to the nature of construction activity that is taking place at any given point in time. Information from the Supply Chain Plan for East Anglia ONE (particularly with regards to identified job roles) and an analysis of the types of existing firms serving the sector within Lowestoft has been used as a proxy to estimate how the direct construction employment is anticipated to be profiled across the different construction phases and over time (assuming a typical four year construction period). This assumption is based on the anticipated profile of construction for one project (East Anglia ONE) although this has been applied to the full portfolio of offshore windfarm projects that are considered as part of this scenario in absence of other publicly available information.

Table A4:7 Workforce split for the four-year construction phase

Construction Phase	yr1	yr2	yr3	yr4
Foundations	100%	86%	60%	0%
Substation	0%	12%	13%	34%
Array Cable	0%	2%	2%	0%
Installation	0%	0%	25%	66%

Source: Suffolk County Council / Scottish Power and Vattenfall (2014), Supply Chain Plan (Annex 2)

Note: Excludes turbine manufacture

It is also possible to identify two main sectors which relate to the operation and maintenance of offshore wind projects, split as follows in Table A4:8.

Table A4:8 Operations and maintenance sector split

	Sector Split	
	Utilities	Business Services
Operations and maintenance	90%	10%

Source: Suffolk County Council

Table A4:9 below shows the direct employment impacts per sector per port.

Table A4:9 Direct employment impacts per sector, per port

WAVENEY																
Employment by sector	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Manufacturing - general	72	86	135	130	12	19	200	240	406	412	241	374	205	201	198	194
Utilities				11	11	29	29	28	28	57	56	112	110	135	160	157
Construction	5	34	42	61	60	0	13	95	117	183	192	100	174	85	0	0
Business services				1	1	3	3	3	3	6	6	12	12	15	18	17
Total	77	120	177	203	84	51	244	366	554	658	495	598	501	437	375	368
GREAT YARMOUTH																
Employment by sector	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Manufacturing - general	72	86	135	130	12	19	200	240	406	412	241	374	205	201	198	194
Utilities				11	11	29	29	28	28	57	56	112	110	135	160	157
Construction	5	34	42	61	60	0	13	95	117	183	192	100	174	85	0	0
Business services				1	1	3	3	3	3	6	6	12	12	15	18	17
Total	77	120	177	203	84	51	244	366	554	658	495	598	501	437	375	368
TENDRING																
Employment by sector	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Manufacturing - general	72	86	135	130	12	19	200	240	406	412	241	374	205	201	198	194
Utilities				11	11	29	29	28	28	57	56	112	110	135	160	157
Construction	5	34	42	61	60	0	13	95	117	183	192	100	174	85	0	0
Business services				1	1	3	3	3	3	6	6	12	12	15	18	17
Total	77	120	177	203	84	51	244	366	554	658	495	598	501	437	375	368

Appendix 5 New Power Station at Sizewell – Assumptions and Benefits

Background

The potential economic impact of a new nuclear power station at Sizewell has been a significant topic, particularly in discussion with representatives from the Energy Sector. As noted in chapter 3, the development of the proposed new 3.2 GW power station at Sizewell (known as ‘Sizewell C’) is expected to result in an investment of over £14 billion and during the construction phase.

Suffolk Coastal accommodates a centre of nuclear energy expertise at Sizewell which covers all the stages of a plant’s life. Sizewell A is going through the process of decommissioning. Sizewell B, which employs 520 staff and 250 partners/contractors,⁶⁹ will follow at the end of its operating life in 10-20 years. Sizewell is identified by the New Anglia LEP within its SEP as a key growth location with the potential to host high impact sector activity and high growth in future.

The Stage 1 Environmental Report (ER)⁷⁰ produced by EDF provided preliminary information in November 2012. This Report presented a number of expected economic benefits, including employment generation, during both construction and operational phases. At the time of writing (December 2015), this 2012 report and a review of the national need for labour within the industry by Cogent Skills⁷¹ were the most up-to-date publicly available sources of information on the anticipated economic benefits.

The proposed Sizewell C power station is likely to offer new business opportunities throughout the supply chain and across many different sectors in East Anglia. EDF estimates that approximately 80% of the activity necessary to support operation of the nuclear power station is non-nuclear in nature.⁷² These linkages will be complex and will include a mixture of local, regional, national and international scales.

The development of the local supply chain for the construction stage is likely to require firms to be ready to supply and to be aware of the requirements of the industry. The same principle applies to the labour force for the construction and operational phases, which will require “training in specific technical skills and the behaviours required to work in the nuclear sector”.⁷³

The supply chain is likely to involve the following sectors: business services, construction, digital and creative, manufacturing, maritime and logistics, science, environmental and health professions, as well as tourism and retail.

⁶⁹ <http://www.sizewellsupplychain.co.uk/>

⁷⁰ Sizewell C Stage 1 Environmental Report, November 2012

⁷¹ Bennett, S et al. (2015) Nuclear Energy Skills Alliance: Nuclear Workforce Assessment 2015

⁷² <http://www.sizewellsupplychain.co.uk/>

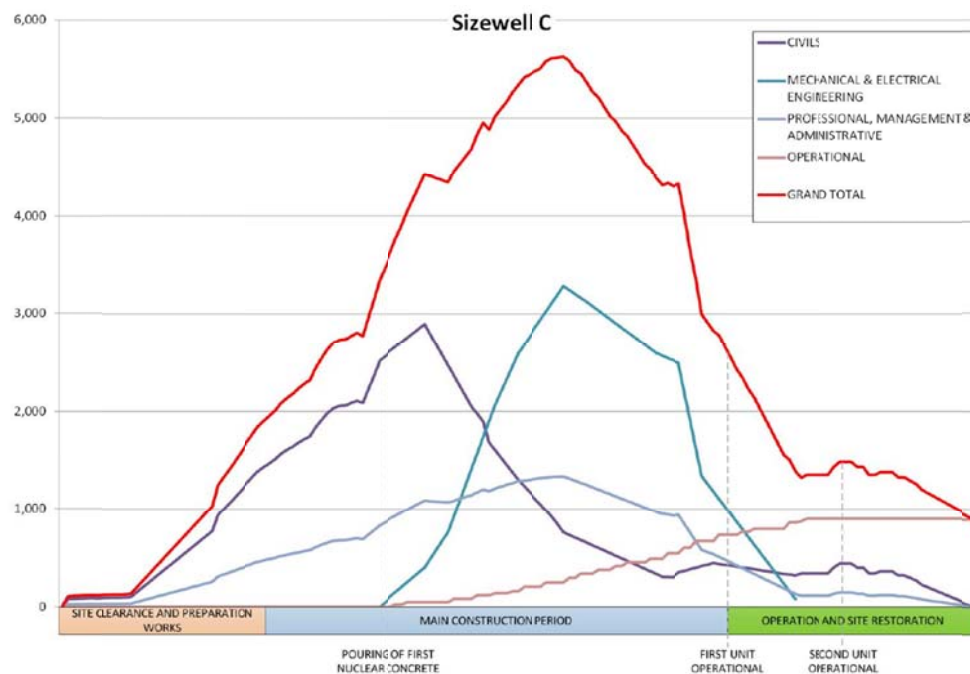
⁷³ 2015 Nuclear Workforce Assessment, page 14

The scale of activity associated with the proposed Sizewell C development is expected to deliver a 'step change' in the energy sector across the study area over the period to 2031 and, in particular, within the various supply chains that will be needed to support the proposed development during both construction and operation.

Expected Impacts during Construction

EDF has developed a workforce profile model (summarised in Figure A5:1 below) to identify the indicative number of construction and operational workers likely to be required by skill set. This model is based on EDF's experience of building new nuclear reactors elsewhere, including Flamanville in France, and some initial knowledge of construction activities at Sizewell.

Figure A5:1 Sizewell C Expected Workforce Profile



Source: Sizewell C Stage 1 Environmental Report, November 2012

Since this report, the time-line of construction to commence in earnest has altered to Q3 2021 and, also according to the Nuclear Industry Association, the peak might change to around 4,200 workers in 2024.⁷⁴ This analysis uses EDF's original estimate of the workforce. In absence of any publicly available information and any related planning applications, it has been assumed that site clearance and preparation works commence in 2017. Using the broad workforce profile summarised in Figure A5:1, it is estimated that this pre-construction phase would take approximately three years.

The main construction phase would include the erection of the key buildings and ancillary facilities and the installation of the mechanical and electrical plant. The 2012 Stage 1 ER notes that this construction phase is expected to

⁷⁴ 2015 Nuclear Workforce Assessment, page 36

take approximately seven to nine years (an eight year period has been assumed for the purposes of this analysis).

These broad assumptions have been used to profile the anticipated Sizewell C construction employment by year and by job type/skill set (Table A5:1). It should be noted that this is a highly indicative estimate derived from the data summarised in Figure A5:1 (from the 2012 ER) in absence of publicly available information or access to detailed data that sits behind this chart. The two sets of figures will, therefore, not align precisely.

Table A5:1 Sizewell C Expected Workforce Profile (Total Jobs by Year)

Occupation Type	Site Clearance and Preparation			Main Construction Period								Operation and Site Restoration				
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Civil Operatives	100	900	1,400	1,700	2,500	2,500	1,500	800	500	300	400	300	400	300	0	0
Mechanical & Electrical Engineering	0	0	0	0	0	600	2,300	3,200	3,000	2,500	1,000	100	0	0	0	0
Professional, Management & Admin	0	300	500	600	900	1,100	1,300	1,400	1,200	900	500	100	200	100	0	0
Operational	0	0	0	0	0	50	100	250	400	500	700	800	900	900	900	900
Grand Total	100	1,200	1,900	2,300	3,400	4,250	5,200	5,650	5,100	4,200	2,600	1,300	1,500	1,300	900	900

Source: Estimated by NLP based on headline figures contained in the Sizewell C Stage 1 Environmental Report, November 2012 (see Figure 1)

This shows a steady increase in construction related employment from 2017, with on-site construction employment peaking at just over 5,600 in 2024. The scale of employment then reduces over the following years and tails off after 2027/2028 once the first unit becomes operational. There are expected to be some Civil Operatives, Mechanical & Electrical Engineering, Professional, Management & Admin related jobs supported through the 'Operation and Site Restoration' phase to 2031, although the quantum of these jobs will be significantly smaller in scale.

Labour shortages within the construction sector are already being reported and are likely to increase during construction. This is likely to affect the availability of scaffolders and civil engineering operatives from 2023 to 2027. However, the availability of specialist concreters and steel fixers is a particular concern to the overall national supply of labour.⁷⁵

Impacts retained within the East of England

As part of their overall aspirations for the Sizewell C development, EDF have committed to encouraging as many locally based workers to be involved in the Project as can practicably be achieved and aim to realise this through the implementation of skills and training initiatives. Over the lifetime of the Project, hundreds of millions of pounds are expected to be spent directly with local businesses,⁷⁶ generating significant opportunities for local businesses through the supply chain. EDF have pledged to work with businesses, education, and training and skills providers to ensure that people living in the area surrounding Sizewell are able to make the most of local supply chain and recruitment opportunities generated by the Project.

⁷⁵ 2015 Nuclear Workforce Assessment, page 39-40

⁷⁶ Sizewell C Stage 1 Environmental Report, November 2012

Quod analysis of Experian and Construction Skills Network forecast data (set out in the 2012 Stage 1 ER) indicates there should be a latent supply of construction labour within the region on which Sizewell C could draw. It notes that the demand for construction workers that cannot be met from the surrounding communities would need to be made up by workers who would move temporarily into the area to work. These workers, defined as non-home-based workers, would need (residential) accommodation for the duration of their employment contract.

The majority of construction workers are likely to be based near on the Sizewell site, with the remaining activity taking place on temporary areas of land nearby that can accommodate the various construction processes. The 2012 Stage 1 ER notes that the broad search area for these facilities is defined to the west by the A12 corridor, to the South by Woodbridge and to the North by the settlement of Theberton.

Sites further afield were not considered because this would not deliver the proximity advantages in terms of convenience for workers, efficiency of operation and significant benefits in terms of limiting traffic impacts on local communities.

The further possibility is for some jobs related to Sizewell C's construction falling with Professional, Management & Administrative sectors being based off-site in office space, although this proportion has not been estimated as part of the ER. An example would be an employment agency setting up an office in Ipswich. However, further details of procurement and contracting options would be needed to accurately assess the impact.

Commuting is an important aspect to consider because, when Sizewell B was being built, the net commuting to Suffolk Coastal was around 3,500 people (the average between 2001 & 2011 was -1,600), and the majority was through people employed during the construction of the power station. The difference with Sizewell C is that a much larger accommodation campus is being proposed and, therefore, the distribution of the workforce should be more locally based. The difficulty is working out the complex interaction between the workplace of sub-contractors, the function of the campus and other forms of accommodation, and commuting.

Given a retention of impacts is also expected to be encouraged through an active supply chain plan and procurement strategy which will be jointly delivered by the Suffolk and Norfolk Chambers of Commerce, a degree of construction-related employment will be based beyond Sizewell. For the purposes of this analysis, which is workplace-based, the following spatial distribution across the Ipswich and Waveney Economic Areas has been applied to the construction jobs:

- Suffolk Coastal – 80%
- Ipswich – 6.6%
- Waveney – 6.6%

- Mid Suffolk – 6.6%

This split reflects Sizewell's location within Suffolk Coastal District and its proximity, from the A12, to the larger centres in Ipswich and Lowestoft. It also takes account of previous patterns in construction related employment across the study area when Sizewell B was being constructed in the 1980s and 1990s. The three local authority areas of Ipswich, Waveney and Mid Suffolk⁷⁷ all experienced a similar scale of workplace based employment increase in construction and related sectors during this time, and it has therefore been assumed that they will accommodate a small proportion of the construction related jobs associated with Sizewell C.

Displacement and Productivity

Analysis prepared as part of the 2012 Stage 1 ER for Sizewell C indicates there should be a latent supply of construction labour within the region on which Sizewell C could draw and that demand for construction workers that cannot be met from the surrounding communities would need to be made up by workers who would move temporarily into the area to work on the Project. On this basis, no allowance has been made for any anticipated displacement of construction employment from elsewhere in the region.

It has also been assumed that the construction employment estimates produced by EDF and Quod (as set out in the 2012 Stage 1 ER) make an allowance for productivity gains and the increasingly efficient use of capital inputs over the study period to 2031. No specific productivity allowance has therefore been made within this analysis.

Sector Mix

It is possible to identify three main sectors which are anticipated to relate to the construction of Sizewell C (based on the nature of construction jobs described in the 2012 Stage 1 ER), and these have been apportioned to the direct jobs outlined above as follows in Table A5:2.

Table A5:2 Construction sector split

Occupation Type	Sector Split		
	Construction	Professional Services	Business Services
Civil Operatives	100%		
Mechanical & Electrical Engineering	100%		
Professional, Management & Admin		70%	30%

Source: Estimated by NLP based on headline figures contained in the Sizewell C Stage 1 Environmental Report, November 2012 (see Figure 1)

⁷⁷ It has not been assumed that Babergh District will accommodate any workplace based construction employment due to the fact that it did not experience the same scale of construction employment increase during the 1980s and 1990s when Sizewell B was being constructed

Associated Development

During the construction of Sizewell C, EDF expect that temporary areas of land will be required in order to facilitate the construction process. For example, some land may be needed for the accommodation and movement of people involved in construction, or to assist with the movement of construction materials. The 2012 Stage 1 ER notes that the associated development requirements are likely to include a large temporary accommodation campus to house construction workers who would build Sizewell C; two temporary park and ride sites for around 1,000 cars; and a temporary freight management facility with space to help control traffic flows in and out of the Sizewell C Main Development Site. A Visitor Centre is also being considered.

Further land and buildings may be required during peaks, which occurred during the construction of Sizewell B. However, this analysis assumes that sufficient programming will be undertaken in addition to the efforts to localise the supply chain.

It should also be noted that during the construction phase of Sizewell C, there is the possibility that nearby port facilities (such as Lowestoft) could be used to take delivery of construction related materials, before being transported to the Sizewell construction site. This could generate temporary demand for land in and around the port area to accommodate storage and other activities. However, in absence of publicly available information, these impacts have not been specifically considered as part of this scenario exercise.

Operations and Maintenance

The Sizewell C power station would have a design life of 60 years. Once operational, it is expected that approximately 900 staff would be employed on site. Table A5:3 below summarises how this operational workforce is expected to develop, with a gradual build-up of operational employment from 2022 to 2028 before the full 900 permanent operational jobs are supported from 2029 onwards (i.e. once Sizewell C is fully built out and operational).

Table A5:3 Sizewell C Expected Workforce Profile

Occupation Type	Main Construction Period								Operation and Site Restoration			
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Operational	0	0	50	100	250	400	500	700	800	900	900	900

Source: Estimated by NLP based on headline figures contained in the Sizewell C Stage 1 Environmental Report, November 2012 (see Figure 1)

Refuelling employment

Approximately 1,000 additional staff would also be employed on each UK European pressurised water reactor (EPR) unit during planned refuelling and maintenance outages which take place approximately every 18 months and last typically between one to three months. Sizewell C would include two EPRs. An annual equivalent of these temporary jobs has been formed to illustrate this impact. This amounts to just over 200 operational jobs per year,

all of which can be assumed to fall within the utilities sector and captured within Suffolk Coastal District. These jobs are noteworthy owing to the impact on accommodation in the area.

Displacement and Productivity

As noted above, the Sizewell site already accommodates a significant operational workforce; Sizewell A is currently going through the process of decommissioning although Sizewell B is reported to employ 520 full time EDF Energy employees and 250 full time contract partners. Sizewell B will reach the end of its operating life in 10-20 years, which could therefore extend to 2035.

The full 900 permanent operational jobs at Sizewell C are anticipated to be created by 2029, therefore it has been assumed (in absence of publicly available information) that the existing operational jobs currently serving Sizewell B would largely be unaffected by the Sizewell C development, and would continue to operate on site over the study period to 2031.

As such, all of the 900 operational jobs at Sizewell C are expected to be 'net additional' and a specific allowance for displacement and substitution effects has therefore not been made as part of this scenario analysis. Due to the specialist nature of these operational jobs, it is also unlikely that other similar jobs exist elsewhere in the region which could be displaced as a result of Sizewell C.

It has also been assumed that the operational employment estimates produced by EDF and Quod (as set out in the 2012 Stage 1 ER) make an allowance for productivity gains and the increasingly efficient use of capital inputs over the study period to 2031. No specific productivity allowance has therefore been made within this analysis.

Impacts retained within the East of England

Operational staff need to live within 25 miles of the power station and there is already a spatial distribution of operational staff from the site (the workplace). Therefore, no additional adjustments have been made to the number residents employed. Due to the nature of the direct operational jobs supported by Sizewell C once built out and fully operational, the majority will be based on site and therefore retained within Suffolk Coastal District.

Sector Mix

The final step involves translating the operational jobs summarised above into specific sector categories. It is possible to identify three main sectors which relate to the operation of nuclear power station projects, split as follows in Table A5:4. This is based on socio-economic analysis prepared to support the planning application for Hinkley Point C,⁷⁸ which estimates the operational workforce requirements and occupation types once the station is fully

⁷⁸ EDF, Hinkley Point C Pre-Application Consultation Stage 2, Environmental Statement Volume 2 Socio Economics (date unknown)

operational. Whilst the design and operation of Hinkley Point C will inevitably differ from that of Sizewell C, these estimates nevertheless provide a benchmark to be applied for the purposes of this analysis, in absence of more specific information on the precise nature of operational employment expected to be supported at Sizewell C.

Table A5:4 Operational sector split

Occupation Type	Sector Split		
	Professional Services	Business Services	Utilities
Operational	26%	8%	66%

Source: Estimated by NLP based on indicative figures contained in the Hinkley Point C Pre-Application Consultation (Stage 2) Environmental Appraisal (Volume 2)

Summary of operational impact

The table below provides an indication of the increase in employment directly related to the operational activity of Sizewell C, which is entirely within Suffolk Coastal. This does not include employment during refuelling.

Table A5:5 Direct Operational Employment within Suffolk Coastal (Total Jobs)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Utilities	33	66	165	264	330	462	528	594	594	594
Professional services	13	26	65	104	130	182	208	234	234	234
Business services	4	8	20	32	40	56	64	72	72	72
Total	50	100	250	400	500	700	800	900	900	900

Indirect and Induced Employment Effects

In addition to the direct construction and operational employment estimated above, it can be expected that further indirect and induced employment will be supported elsewhere within the East of England region and further afield through the supply chain and wage spending associated with the direct construction activity and jobs.

These indirect and induced employment effects will also include expenditure from construction employees. Undertaking such an analysis is a complicated task that is beyond the scope of this study. Further refinements to the indirect and direct inputs will be made as more information is forthcoming

Summary of employment assumptions

The table below provides a summary of the expected employment arriving from direct employment during construction and operation of Sizewell C and the resultant additional employment generated. This will be considered as additions to the baseline trends.

Table A5:5 Direct Employment arising from Sizewell C within Study Area

Employment by sector	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
SUFFOLK COASTAL														
Utilities						33	66	165	264	330	462	528	594	594
Construction	80	720	1,120	1,360	2,000	2,480	3,040	3,200	2,800	2,240	1,120	320	320	240
Professional services		168	280	336	504	629	754	849	776	634	462	264	346	290
Business services		72	120	144	216	268	320	356	320	256	176	88	120	96
Total	80	960	1,520	1,840	2,720	3,410	4,180	4,570	4,160	3,460	2,220	1,200	1,380	1,220
IPSWICH														
Construction	7	60	93	113	167	207	253	267	233	187	93	27	27	20
Professional services		14	23	28	42	51	61	65	56	42	23	5	9	5
Business services		6	10	12	18	22	26	28	24	18	10	2	4	2
Total	7	80	127	153	227	280	340	360	313	247	127	33	40	27
MID SUFFOLK														
Construction	7	60	93	113	167	207	253	267	233	187	93	27	27	20
Professional services		14	23	28	42	51	61	65	56	42	23	5	9	5
Business services		6	10	12	18	22	26	28	24	18	10	2	4	2
Total	7	80	127	153	227	280	340	360	313	247	127	33	40	27
WIDER IPSWICH														
Utilities	0	0	0	0	0	33	66	165	264	330	462	528	594	594
Construction	93	840	1,307	1,587	2,333	2,893	3,547	3,733	3,267	2,613	1,307	373	373	280
Professional services	0	196	327	392	588	732	875	980	888	718	509	273	365	299
Business services	0	84	140	168	252	312	372	412	368	292	196	92	128	100
Total	93	1,120	1,773	2,147	3,173	3,970	4,860	5,290	4,787	3,953	2,473	1,267	1,460	1,273
WAVENEY														
Construction	7	60	93	113	167	207	253	267	233	187	93	27	27	20
Professional services		14	23	28	42	51	61	65	56	42	23	5	9	5
Business services		6	10	12	18	22	26	28	24	18	10	2	4	2
Total	7	80	127	153	227	280	340	360	313	247	127	33	40	27



Nathaniel Lichfield
& Partners

Planning, Design, Economics.

Nathaniel Lichfield & Partners
14 Regent's Wharf
All Saints Street
London
N1 9RL

nlpplanning.com