

|  |
| --- |
| North East Lincolnshire Council |
| Economic Futures Report |
| Final Report |
| July 2014 |

Notice

This document and its contents have been prepared and are intended solely for *Cofely / North East Lincolnshire’s Council* information and use in relation to the Local Economic Audit and Employment Land Review.

*Atkins Ltd* assumes no responsibility to any other party in respect of or arising out of or in connection with this document and/or its contents.

##### Document History

|  |  |
| --- | --- |
| JOB NUMBER: 5127325 | DOCUMENT REF: Futures Report |
| **Revision** | **Purpose Description** | **Originated** | **Checked** | **Reviewed** | **Authorised** | **Date** |
| 0 | Draft Final | RC | JG | ID | RC | 08/04/14 |
| 1 | Final | RC | JG | ID | RC | 30/06/14 |
| 2 | Final | RC | ES | ID | RC | 29/07/14 |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

# G:\Atkins\8755 Bid templates\8755 Design files\Production\Colourway 1\Contents\Contents Pages 2 4 copy.gif

Table of contents

**Chapter** pages

[1. Introduction 7](#_Toc394668528)

[1.1. Purpose 7](#_Toc394668529)

[1.2. Method 7](#_Toc394668530)

[1.3. Structure 8](#_Toc394668531)

[2. Policy & Market Drivers 9](#_Toc394668532)

[2.1. Introduction 9](#_Toc394668533)

[2.2. Policy Drivers 9](#_Toc394668534)

[2.3. Business Growth Drivers & Threats 15](#_Toc394668581)

[2.4. Market Drivers 19](#_Toc394668582)

[3. Scenario Development 23](#_Toc394668583)

[3.1. Introduction 23](#_Toc394668584)

[3.2. Scenario Methodology and Outputs 24](#_Toc394668585)

[3.3. Baseline Scenario 25](#_Toc394668586)

[3.4. Policy Scenarios 28](#_Toc394668587)

[3.5. Employment Scenarios Summary 30](#_Toc394668588)

[4. Future Employment Land Demand 32](#_Toc394668589)

[4.1. Introduction 32](#_Toc394668590)

[4.2. Method 32](#_Toc394668591)

[4.3. Employment Land Demand Scenarios 33](#_Toc394668592)

[4.4. Site and Location Preferences 35](#_Toc394668593)

[4.5. Land-Use Scenarios Summary 37](#_Toc394668594)

[5. Conclusions 38](#_Toc394668595)

**Tables**

[Table 2-1 Proposed actions by theme in Humber SEP 10](#_Toc394668596)

[Table 2-2 Actions proposed for sectoral support in Greater Lincolnshire SEP 11](#_Toc394668597)

[Table 2-3 North East Lincolnshire Development and Growth Plan 13](#_Toc394668598)

[Table 2-4 - Major Project Investment Proposals – NE Lincolnshire & Neighbouring Areas: Baseline 15](#_Toc394668599)

[Table 2-5 - Major Project Investment Proposals – NE Lincolnshire & Neighbouring Areas: Scenario 1 16](#_Toc394668600)

[Table 2-6 - Major Project Investment Proposals – NE Lincolnshire & Neighbouring Areas: Scenario 2 17](#_Toc394668601)

[Table 2-7 – Key Sectors: Market Opportunities & Threats 18](#_Toc394668602)

[Table 2-8 – Other Sectors: Market Opportunities & Threats 20](#_Toc394668603)

[Table 3-1 – Underlying Employment Growth Rates by Sector Group and Scenario 2013-2032 24](#_Toc394668604)

[Table 3-2: Employment Structure in North East Lincolnshire 2013 25](#_Toc394668605)

[Table 3-3: Projected Employment Change 2011-2031 (REM) 26](#_Toc394668606)

[Table 3-4: Employment Forecast: Atkins Baseline Scenario 27](#_Toc394668607)

[Table 3-5: Employment Forecast: Policy Scenario 1 28](#_Toc394668608)

[Table 3-6: Employment Forecast: Policy Scenario 2 29](#_Toc394668609)

[Table 3-7: Net Additional Employment Growth Scenarios 2013-2032 30](#_Toc394668610)

[Table 4-1: Translating Employment SIC to B Use Class Categories (% employment by SIC) 31](#_Toc394668611)

[Table 4-2: Employment density and plot ratio assumptions 32](#_Toc394668612)

[Table 4-3: Baseline B-Use Job Growth 2013-2032 32](#_Toc394668613)

[Table 4-4: Gross B use class floorspace demand (sqm) 2013-32 – Baseline Scenario 33](#_Toc394668614)

[Table 4-5: Gross B use class land demand (ha) 2013-32 – Baseline Scenario 33](#_Toc394668615)

[Table 4-6: Policy Scenario 1 - B-Use Job Growth 2013-2032 33](#_Toc394668616)

[Table 4-7: Gross B use class floorspace demand (sqm) 2013-32 – Policy Scenario 1 33](#_Toc394668617)

[Table 4-8: Gross B use class land demand (ha) 2013-32 – Policy Scenario 1 34](#_Toc394668618)

[Table 4-9: Policy Scenario 2 - B-Use Job Growth 2013-2032 34](#_Toc394668619)

[Table 4-10: Gross B use class floorspace demand (sqm) 2013-32 – Policy Scenario 2 34](#_Toc394668620)

[Table 4-11: Gross B use class land demand (ha) 2013-32 – Policy Scenario 2 34](#_Toc394668621)

[Table 4-12: Typical Site and Location Preferences by Sector 35](#_Toc394668622)

**Figures**

[Figure 3-1: Annual Total Employment Growth Scenarios 2013-2032 30](#_Toc394657981)

[Figure 4-1: B Use Class Job Growth Scenarios 2013-2032 (FTE) 36](#_Toc394657982)

[Figure 4-2: Additional B Use Class Gross Land Demand Scenarios 2013-2032 (ha) 36](#_Toc394657983)

# Introduction

## Purpose

### Economic & Employment Demand

The primary purpose of this report is to provide estimates of future potential employment change in North East Lincolnshire in the period up to 2032. This builds on the findings of an associated study which provided a detailed assessment of five key sectors which have been identified as priorities by local economic development policies and strategies which are briefly described in section 2 of this report. The five key sectors are:

* Ports and logistics.
* Food processing.
* Chemicals and process industries.
* Renewables and energy.
* Visitor Economy, services and retail.

Whilst prioritised in terms of warranting a full assessment to better understand the dynamics of each key sector and in targeting external and internal investment, it is important to highlight that the five sectors represent only a proportion of the whole North East Lincolnshire economy. As the sector study shows, collectively the five sectors contribute to the whole economy at least 30% in terms of employment and up to 60% of GDP. Consequently, in preparing estimates of employment change in North East Lincolnshire, this report considers the prospects of the whole economy including major public sector services such as education, health and public administration alongside other large private sector services including business and financial services, real estate activities and information and communications.

The main objective of preparing future employment scenarios for the authority is to inform a range of core policy responsibilities of the Council. In particular, the scenarios will help shape estimates of employment land need and associated employment related policies in the forthcoming Local Plan. In addition, they will be used to inform wider economic development, regeneration and inward investment priorities and related interventions by NEL and its public and private sector partners.

## Method

The method employed by this study to prepare estimates of future employment demand has been driven largely by a ‘bottom-up’ approach. Unlike conventional, econometric forecasting models such as the Regional REM model (Leeds University) and those issued by Experian, Oxford Economics and other forecasting houses, the methodology utilised here is significantly influenced by local, sub-regional and regional economic prospects. This is not to say that national macro-economic influences or trend-based projections are excluded from the analysis. Indeed, it is important that national and local trends and economic structures provide the starting point for the forecasts produced for this study. However, a weakness of nationally-driven, econometric forecasting models is that they typically are not constructed in a manner which sufficiently builds in the effect of significant supply-side factors and planned project-specific investments. It is only when such investments have taken place and had a recorded effect on the performance of a local economy are they usually reflected in trend-based forecasts. Consequently, in the case of North East Lincolnshire, where dynamic changes are taking place in a range of important sectors, we consider it imperative that a set of forecasts are made available which explicitly but realistically capture the potential effects of likely economic growth arising from substantial planned investment in major projects.

Given the underlying methodology and associated assumptions which underpin the forecasts set out in this report, these should be considered as ‘policy-led’ estimates of change. By their nature, such forecasts take a positive outlook as to the future performance of the economy albeit based on objective analysis of evidence and opportunity. As highlighted elsewhere, substantial primary and secondary evidence has been gathered and independently assessed to inform the findings of this study and the associated forecasts. This evidence includes:

* A statistically significant sample survey of locally-established businesses (approximately 370 in total).
* In-depth interviews with local employers and key stakeholders in the area (approximately 30).
* Analysis of government and locally generated secondary data and other relevant information including other recent research.
* An assessment of local, sub-regional and regional socio-economic conditions and prospects including a review of up-to-date policy drivers and priorities which have already been established to underpin the economic development objectives for North East Lincolnshire.

## Structure

This remainder of this report is structured as follows:

* Section 2 summarises the primary drivers of economic change and growth in North East Lincolnshire which includes consideration of the key opportunities and challenges facing the area.
* Section 3 sets out a series of future economic scenarios for the period up to 2032.
* Section 4 translates the employment growth scenarios into estimates of future requirements for additional employment floorspace and land for the period up to 2032.
* Section 5 summarises the conclusions of the study.

# Policy & Market Drivers

## Introduction

This section considers the main drivers of economic change and influencing factors which are likely to shape the future economy of North East Lincolnshire. This includes both policy and market factors and an outline of the main opportunities and challenges facing the Borough at the time of writing.

Consideration of the key drivers and potential constraints to economic change and growth is important to the development of future economic scenarios which are set out in the subsequent section.

## Policy Drivers

North East Lincolnshire form part of two Local Economic Partnerships (LEPs): Humber and Greater Lincolnshire. In their recently published Strategic Economic Plans (SEPs), clear economic visions and priorities are established by both LEPs. These strategic objectives have a clear sector-focus with the Humber LEP aiming to become a leading national and international centre for renewable energy and, capitalising on the sub-region’s natural assets, establish a strong export-focused clusters of manufacturing and service-based activities.

### Humber LEP’s Strategic Economic Plan 2014-2020

Aims and vision

The Humber SEP identifies the Humber estuary as a national asset and a key factor in shaping economic opportunities in the area, particularly in respect of the offshore renewables and ports sectors. The plan states an ambition for the Humber ‘Energy Estuary’ to become “a renowned national and international centre for renewable energy and an area whose economy is resilient and competitive”.

Feeding in to this ambition are three visions:

* Economy - creating a thriving renewable sector supported by access to finance and capital schemes.
* Skills - a better-aligned skills profile and reduction in the proportion of the population with no qualifications.
* Place – a strong visitor economy, increased civic pride and improved infrastructure and housing, including addressing flooding and coastal erosion.

Barriers to growth identified in the SEP include:

* A low skill level amongst a significant section of the workforce with an overreliance on low-skilled employment. This constraint is evident in North East Lincolnshire, which exhibits a particularly low proportion of the population with high-level qualifications, and an above average proportion of the population with no qualifications (see local economic audit report, 2014).
* Relatively high levels of economic inactivity, unemployment and long-term sickness. Whilst economic activity in the Borough is not substantially lower than the national average, the area does display relatively high levels of unemployment and long-term sickness.
* Poor business survival and growth rates which are reinforced by relatively low take-up of national business support programmes. NEL particularly has experienced low rates of business survival in recent years, accounting for nearly 50% of all start-up ‘deaths’ in the Humber area.

Priority Sectors

Seven key sectors are targeted by the Humber LEP:

* Renewables and energy.
* Ports and logistics.
* Engineering and manufacturing.
* Chemicals and processing.
* Food and agriculture.
* Digital and creative.
* Visitor economy.

These priority sectors are of notable relevance to the future of the North East Lincolnshire economy.

* For the ports and logistics sector, the SEP notes that the offshore renewable sector represents the greatest opportunity for growth. Key activities proposed to support the sector include developing the Grimsby Port Delivery Plan (to include several infrastructure improvements), stimulating the expansion of specialist businesses (including prioritising physical developments), business and supply chain support and skills development programmes for local residents.
* For the chemicals and process industries sector, activities identified in the plan include fostering links between employers and skills providers in order to ensure labour supply meets demand and to promote innovation, skills development programmes and improving business support.
* Food is another key sector for both NEL and the Humber LEP. In particular, the SEP highlights the potential for encouraging linkages between NEL’s seafood cluster and the sector elsewhere in the area, including collaboration with the Greater Lincolnshire LEP. Key support activities for the sector include targeted supply chain support and assistance in accessing international markets, cross-LEP projects and collaboration between local specialists, closer links with training providers and support to companies in accessing higher education expertise to facilitate innovation.
* In terms of the visitor economy, the SEP notes the importance of heritage coastline and seaside resorts in NEL, and that Cleethorpes has witnessed one of the largest increases in coastal house prices in the past decade. Key support activities include skills development programmes, promotion of the Humber as a location for national and international events, development and promotion of the area’s natural and built environment, and supporting businesses in taking advantage of opportunities presented by the sector.

Proposed actions and developments

Proposed actions and developments are organised across five themes. These are presented in Table 2-1 along with selected key projects of particular relevance to North East Lincolnshire.

Table - Proposed actions by theme in Humber SEP

|  |  |  |
| --- | --- | --- |
| Theme | Direct relevance to NEL | Indirect relevance to NEL |
| Creating an infrastructure that supports growth | * A160/A180 Port of Immingham improvement.
* Improving connectivity between port facilities and renewables development sites.
* Allocation and development of strategic employment sites, including Europarc.
* Address quality of place issues to attract and retain skilled workers, including Grimsby town centre.
 | * Reinstate services from Hull to Manchester Airport
* Improving broadband connectivity.
 |
| Supporting businesses to succeed  | * Humber LEP Growth Hub.
* SME Growth and Innovation Programme.
* Providing finance to support entrepreneurship.
* Promoting and supporting research collaboration in priority sectors.
 |
| A great place to live and visit  | * Sustainable urban extension for Grimsby.
* Regeneration of Cleethorpes. promenade
 | * Support plan-led housing growth.
* Ensure schemes delivered under Affordable Homes Programme.
* Adapt existing homes in response to climate change, to improve energy efficiency and flood resilience.
 |
| A skilled and productive workforce | * Environmental Logistics Learning Hub (Grimsby Institute).
* CATCH Energy Offshore to support O&M providers based in Port of Grimsby.
 | * Humber Skills Fund
* Apprenticeship Hub.
* Humber Energy Campus/Humber University Technical College.
* Provide support to skills providers to introduce new courses.
 |
| Flood risk and environmental management  | * Maximise benefits of flood defence schemes by linking them with other proposals such as the Grimsby. Docks Flood Defence Scheme.
 | * Support studies to inform flood defence schemes.
* Continue with the Humber Flood Risk Management Strategy.
* Promote sustainable development.
 |

### Greater Lincolnshire LEP Strategic Economic Plan

Aims and vision

The Greater Lincolnshire SEP sets out a range of actions which collectively area projected to increase the value of the area’s economy by £3.2 billion, assist 22,000 businesses and create 13,000 jobs (assuming continued award of EU funding). . In doing so, it targets six main sectors:

* Agri-food.
* Manufacturing.
* Visitor economy.
* Renewables.
* Ports and logistics.
* Health and care.

The first three sectors listed above are identified by the LEP as ‘existing’ sectors whilst the latter three are highlighted as ‘emerging/developing’.

The plan identifies a range of key challenges to growth in the area as including:

* Under-developed road and rail infrastructure, constraining supply chains, labour markets and access to markets.
* Investment in flood defences and water management is required to unlock economic and housing growth.
* Housing growth and community services provision is required to support economic growth.
* Youth unemployment and low skills levels in parts of Greater Lincolnshire constrain growth and limit the economic opportunities available to young people.

Priority Sectors

Various actions are proposed in the SEP to support existing and expanding sectors, many of which overlap with NEL’s priority sectors. These are presented in Table 2-2

Table - Actions proposed for sectoral support in Greater Lincolnshire SEP

| Sector | Actions |
| --- | --- |
| Agri-food | * Drive product and process innovation through the development of innovation hubs, including Humber Seafood Institute.
* Invest in infrastructure, including at the Port of Immingham.
* Increase supply of high-quality food-grade industrial accommodation.
* Build capacity and competitiveness of supply chains to address issues around energy costs, water resource management and workforce skills.
* Develop skills base to facilitate access to apprenticeships and employment opportunities.
* Local Growth Fund priorities include expanding Europarc through infrastructure investment, in collaboration with Humber LEP.
 |
| Manufacturing & engineering  | * Maintain supply of high-quality serviced employment sites and premises across Greater Lincolnshire, including promoting Enterprise Zones in NEL.
* Encourage employer engagement in apprenticeships and workforce developments through de-risking investment in training.
* Unlock development and housing land, including in Grimsby.
* Unlock development of key sites on the South Humber Bank to support the renewable and chemicals sectors.
* Rail gauge investment between Immingham and the East Coast mainline at Doncaster to enhance rail freight capacity.
 |
| Visitor economy | * Work with public and private sector partners to extend network of visitor attractions across Greater Lincolnshire.
* Simplify and coordinate online presence in partnership with Visit England.
* Enhance quality of visitor experience through supporting the development of the visitor accommodation/hospitality sectors and delivering investment in local visitor infrastructure.
* Develop customer service and other skills of workforce.
* Resort renaissance programme for Cleethorpes, including providing a site for major hotel, conference and leisure developments and integrating public-realm improvements with upgrades to flood defences.
* Improve frequency of services between Doncaster and Cleethorpes.
* Development of Ice Factory in Grimsby as major new attraction.
 |
| Low carbon | * Raise awareness of supply chain opportunities and build capacity and capability of local firms to secure contracts.
* Work with skills providers to deliver increased low carbon apprenticeships and training opportunities.
* Support research and development and technology transfer.
* Develop the Humber Energy Campus and CATCH facility.
* Deliver an integrated supply-chain development programme.
* Improve infrastructure at the Port of Grimsby Enterprise Zone.
 |
| Ports & logistics  | * Port of Grimsby access and employment programme.
* Rail gauge investment between Immingham and Doncaster.
* Humberside Airport surface access improvements.
 |

Proposed Actions and Developments

The SEP proposes various infrastructure, housing and business support projects and initiatives to promote growth across sectors, of particular relevance to North East Lincolnshire.

In terms of improving the availability of housing and employment land, the SEP proposes:

* Development of Freeman Street and West & East Marsh Road in Grimsby, to assist 166 businesses and create 280 housing units.
* Delivering 600 housing units and creating employment land elsewhere in key employment zones in North East Lincolnshire.
* The Lincolnshire Lakes development in North Lincolnshire will also create employment land and provide 600 housing units.

Proposed infrastructure investment includes several growth corridors within NEL:

* The M180/A180 Scunthorpe to Grimsby route.
* The A16 Grimsby to Louth route.
* As mentioned, rail routes between Doncaster and Cleethorpes will receive gauge improvements, allowing for enhanced freight transport opportunities.

The LEP also intends to support small businesses by improving the provision of information and support in accessing finance, to be implemented and coordinated through a one-stop Growth Hub.

### Development and Growth Plan for North East Lincolnshire, 2012

Complementing other economic development strategies for the area, the Development and Growth Plan reinforces the prioritisation of investment in five key sectors. The main aims for each sector identified within the Plan are summarised in Table 2-3 below.

**Table - North East Lincolnshire Development and Growth Plan**

|  |  |
| --- | --- |
|  Sector | Aim |
| Ports & logistics | Promote the Humber Port complex with a focus on Immingham and Grimsby together with developing the logistics offer. |
| Food manufacturing | Secure, sustain and grow this primary sector within North East Lincolnshire to become the UK’s leading food manufacturing cluster |
| Renewables & Energy | Establish North East Lincolnshire as the leading operations and maintenance centre for offshore wind and to facilitate the provision of energy security to industry. Forming a major component of the Humber as the ‘energy estuary’. |
| Chemicals | Support our global and local partners to sustain and grow this established sector within North East Lincolnshire. |
| Visitor economy, service & retail | Enhance the visitor economy and retail offer in North East Lincolnshire. This sector is essential for developing quality of life benefits for the community and businesses, making it a good place to live as well as offering excellent development opportunities. |
| **Cross Sector Themes** |  |
| Environment & Infrastructure | Create the environment for growth. |
| Employment & Skills | Develop a workforce fit for industry. |
| Investment & Trade | Establish North East Lincolnshire as the location for investment. |
| SME Business Support | Build a diverse and resilient SME population. |

### Humber Enterprise Zones

Reflecting the economic growth potential of the area, the Humber LEP was successful in having eight areas designated as Enterprise Zones (EZs) which enable accelerated planning procedures and discounted business rates to incentivise business investment in the area. The EZs include:

* Port of Grimsby Enterprise Zone: Targeting operations and maintenance (O&M) and associated supply chain activity for the renewables industry.
* Able Marine Energy Park Enterprise Zone: The largest EZ in the country, offshore windfarm manufacturing and O&M activities are targeted for this major port proposal.

### Implications

This brief review of the economic policy context in North East Lincolnshire demonstrate a clear and well established focus on driving forward growth and diversification of the five key priority sectors. As discussed in the sector report, each of the key sectors is dynamic in nature and is a strong focus for external and internal investment (especially renewables and energy). Furthermore, substantial industry and public-sector driven initiatives and plans have been put in place to help facilitate the economic growth and diversification of the sectors over the next 10 or 20 years.

Importantly, expansion of the key sectors will be an important driver for other sectors of the economy including increasing demand for business-to-business (producer) services, retail and leisure (consumer) services and public services (including education and health). Moreover, stimulation of intertwined supply chains and the capturing of purchasing activity within the local economy will also drive up demand for other forms of production and manufacturing (such as machinery, equipment and components). Finally, it is necessary to highlight that much of the latent growth of economic activity generated by the key sectors will directly increase the demand for transport and logistics services which are central to the economy of North East Lincolnshire and the wider Humber area.

## Business Growth Drivers & Threats

In addition to well established policy drivers for the five priority sectors in enabling economic growth and diversification in North East Lincolnshire, the sectors are also characterised by substantial planned and potential investments which will be central to delivering growth. Moreover, wider market trends and opportunities indicate that the sectors offer significant latent economic growth potential over the next two decades.

### Major Investment Proposals

The importance of the five key sectors both now and in the future is further reinforced by the fact that substantial investment projects are planned or proposed in North East Lincolnshire and adjoining areas in neighbouring authorities. Whilst the planned timescales and risks to delivery are not fully assessed in this report, the scale and mix of pipeline projects demonstrates confidence amongst both the private and public sectors regarding the collective future growth and diversification potential of the key sectors.

Tables 2-4 to 2-6 summarise the main major project proposals at the time of writing.  Also provided are indicative estimates of the gross job creation potential associated with each main project.   The table also includes estimates of temporary construction employment in the development sector.  These are derived from estimates of the capital build value of planned housing developments as well as that of the employment projects listed by sector in the rest of the table. It should be noted that the construction job estimates are excluded from the total job estimates given that they will be time-limited in nature and cannot directly be compared with full time equivalent or permanent jobs associated with the individually specified projects.

Table 2-4 considers the scenario where substantial public funding is not secured to deliver the infrastructure and environmental conditions that allow major new developments to proceed and consequently there is a reliance on existing infrastructure and assets. Table 2-5 considers Scenario 1 where there is a moderate level of success in securing public investment to create the conditions for growth and enable development. Table 2-6 sets out Scenario 2 which assumes that there is a high degree of success in securing public funding that enables, captures and accelerates growth.

**Table - - Major Project Investment Proposals – NE Lincolnshire & Neighbouring Areas: Baseline Scenario**



Source: Atkins / Cofely / North East Lincolnshire Council.

**Table - - Major Project Investment Proposals – NE Lincolnshire & Neighbouring Areas: Scenario 1**



Source: Atkins / Cofely / North East Lincolnshire Council.

**Table - - Major Project Investment Proposals – NE Lincolnshire & Neighbouring Areas: Scenario 2**



Source: Atkins / Cofely / North East Lincolnshire Council.

## Market Drivers

Table 2-7 summarises the main market demand drivers which are shaping opportunities for economic growth and diversification in North East Lincolnshire and the surrounding area. The table also highlights the main threats to the realisation of these market opportunities.

Similarly, Table 2-8 summarises the critical factors which underpin growth opportunities in other sectors of the economy.

**Table - – Key Sectors: Market Opportunities & Threats**

| Sector | Market Trends & Opportunities | Threats to Growth |
| --- | --- | --- |
| **Ports & logistics** | Continued investment in port infrastructure at Grimsby & Immingham (e.g. new two birth RoRo facility handling up to 3,000 vehicles).High levels of projected growth up to 2030, especially containers and RoRo (DfT, 2012) driven by domestic consumption demand.Renewables boom – ‘energy estuary’.Growth in bio-economy and import / export of fuel and related products.Growth in logistics demand including short-sea shipping.Able Marine Energy Park & Logistics ParkHull GreenportEnterprise Zones – Port of Grimsby (NEL) & ABLE Marine Energy Park (North Lincolnshire.Government policy supportive of port capacity investment and expansion.  | Lack of good quality, modern warehousing and industrial premises.Lack of readily available, good quality sites for expansion and inward investment (including freehold options).Concentrations of skills shortages (e.g. engineering and HGV drivers).Land ownership constraints.Some local road infrastructure and accessibility constraints.Competition from other ports with fewer development constraints.Environmental constraints linked to EU legislation and potential impacts on development (e.g. flooding). |
| **Food manufacturing** | No.1 fish processing locality in Europe.Increasing consumption demand.Well established and increasingly diversified fish / food processing cluster. Mature supply chain linkages in local economy.Grimsby hosting World Seafood Congress 2015.Strong local business networks, R&D, knowledge-transfer and business enterprise activities embedded in North East Lincolnshire economy (e.g. Seafood village, Food Refrigeration & Process Engineering Research Centre – FRPERC).Good local skills based match to industry requirements. | Price/demand volatility.Increasing foreign competition.Increasingly restricted access to industry funding. Need for food grade manufacturing/processing/storage facilities in good quality accommodation.Difficulty in accessing funding.Economic protectionism in key trading markets. |
| **Renewables & Energy** | North East Lincolnshire forms part of wider Humber renewables cluster which is considered as one the main energy producers in the UK – ‘energy estuary’: wind, tidal, biofuels and renewables which builds on the area’s credentials in terms of ports, chemicals, offshore energy and marine engineering.Major port infrastructure suitable to servicing offshore windfarm industry. Central to Round 3 Offshore Wind plans focussed on Dogger Bank and Hornsea. Rapidly emerging O&M cluster on back of Westermost Rough.Major industry players already well established in the sub-region including Siemens, Centrica, Dong and E-on.Conversion of power plants to biomass and biofuel. Able Marine Energy Park & Logistics ParkHull GreenportEnterprise Zones (Port of Grimsby in NEL and ABLE marine energy park in North Lincolnshire)Major industry and training infrastructure – CATCH, Grimsby Institute, Humberside Engineering Training Association (HETA).Scope for transferring of skills from related sectors to the renewables industry (engineers, technicians and operatives).Solid links with partners in Germany and Denmark.  | Potential skills shortages, particularly in light of increased skilled workforce demand relative to those locally available.Footloose workforce willing to commute in and out of the area (as reflected by demand for hotel bed spaces). Competition, primarily Scotland, Teesside and Lowestoft / Great Yarmouth, other parts of Europe.Tired port infrastructure, buildings and associated facilities. Shortage of suitable, portside land.Port land ownership constraints. |
| **Chemicals & Process Industries** | Proximity to well established oil refineries and power stations (including Humber and East Lindsey refineries). Well establish industrial cluster including manufacturing, refineries, bio-fuel, storage and specialist engineering. Port of Immingham – plays a vital and well established role in the import and export of energy supplies including oil, liquefied natural gas and biomass.CATCH – high quality training and F&D facility.Humber Technical Focus – strong industry network and leader in knowledge transfer.Increasing demand for bio-energy. Increasing specialisation. | Skills shortages.Medium to long term foreign competition where energy and labour costs are significantly cheaper.Competition including Teesside, Grangemouth and Runcorn / Widnes. Need for enhanced and more direct links between industry and local / regional higher education institutions. Ability to respond and adapt to ongoing environmental legislation and regulation (and costs of ecological mitigation).Uncertainty over the future of biofuels – government commitment and viability.Better provision of enabling infrastructure (utilities and feedstocks) at development sites to make it easier for private companies to invest (‘plug and play’). |
| **Visitor Economy** | Well established, traditional visitor economy centred on Cleethorpes.Fishing heritage and other good quality attractions (e.g. beaches, Lincolnshire Wolds, yachting).Thorpe Park – successful and viable holiday park serving demand from Lincolnshire, South Yorkshire and East Midlands.Increasing regeneration investment in Grimsby town centre raising the prospects that the centre can ‘catch-up’ and enhance its sub-regional role in the retail hierarchy, including potential expansion of the retail and leisure offer of Grimsby.Increasingly vibrant business tourism demand driven by renewables and chemicals sector.Well established holiday demand from family and elderly markets.Two new hotels under construction with capacity for an additional 100-bed hotel. | Intense competition from other seaside and regional resorts and attractions.Under-developed evening economy required to appeal to young and family markets.Increasing competition from surrounding centres for retail spend.Volatile tourism market.Negative external perceptions and lack of proactive marketing campaign to attract visitors. |

**Table - – Other Sectors: Market Opportunities & Threats**

| Sector | Market Trends & Opportunities | Threats to Growth |
| --- | --- | --- |
| **Retail, Leisure & Entertainment** | The Grimsby urban area has the capacity to support up to 23,200sqm additional comparison retail floorspace in the period up to 2030 which includes the effect of an increase of tourism expenditure inflow (GVA, June 2013). This also reflects the limited competition from competing regional centres within Grimsby’s catchment area.Regeneration initiatives focused on Grimsby and Cleethorpes town centres will assist in capturing greater retail, leisure and entertainment spend and potentially extending catchment areas.Proposals are being progressed for the development of a Multi-Screen cinema with a range of other leisure uses. Niche retail offer in Cleethorpes town centre with viable restaurants and other leisure and entertainment uses. Good local shopping facilities for residents. | Grimsby lacks some of the mid-to-higher fashion retailers which may be attributable to a lack of suitable available retail accommodation in the town centre beyond Freshney Place. Furthermore, the town centre is under-represented in terms of department stores and other multiples which could bring significant qualitative benefits by attracting enhanced expenditure from the wider sub-region to the centre. Grimsby town centre could gain significantly from ongoing regeneration with a view to enhancing its perception as sub-regional destination.Poor evening economy in Grimsby.Safety and security perceptions in Grimsby undermine evening economy.Residential population in Grimsby town centre is low and demographic profile skewed away from families and professionals. |
| **Education & Health** | Well established and major employers in the area (collectively providing approximately 17,000 jobs in total). Growth will depend on demographic profile of population, public sector funding strategies and potential change in the local and sub-regional hierarchy of service provision. An ageing population will generate increasing demand for health and care services.Retention of skilled graduates and young families coupled with potential in-migration of skilled works and their families would enhance demand for more education and health services. Potential to expand Grimsby Hospital would attract more healthcare professionals to work and live in the area.  | Ongoing public sector austerity cuts and efficiency measures. Increasing contracting-out of services.Restructuring in the provision of services. |
| **Public Administration** | Public administration is an important service sector in the local economy again with population growth or decline being a major determinant of potential employment change in the future.  | Ongoing public sector austerity cuts and efficiency measures. Increasing contracting-out of services.Prospects for growth are limited. |
| **Construction & Real Estate** | An important and growing sector in the North East Lincolnshire economy. Growing demand from the key sectors and associated supply chains will stimulate growth in construction and real estate services. An enhanced property sector and growth in demand in the residential and commercial property markets would stimulate significant construction employment. | Reliant on large scale investment in capital projects and development activity stimulated by improved property market conditions.Scope for import of construction firms and labour such that maximum economic impact is not captured locally.Local land values/development viability is a major threat to securing speculative commercial development within the area.  |
| **Business & Financial Services** | Growth of the key sectors will generate new demand for business-to-business services (including legal, insurance, finance and accountancy, information technology and communications, engineering, support services).Stimulation of the office market will potentially attract new investors and occupiers to the area including regeneration schemes in Grimsby town centre and new business parks.  | Under-represented sector at present. Low wage economy and out-migration of qualified workers to other parts of the UK.Low level skills base?Currently fragile office market. |
| **Transportation & Storage** | A well established sector employing over 5,000 workers. North East Lincolnshire has a strong industrial and logistics base which generates substantial demand in the transportation and related sectors. This demand will continue to expand as more growth and capital investment takes place in the key sectors.  | Ongoing investment required in local road infrastructure, port infrastructure and related facilities. Supply of good quality, readily available land and premises required to meet demand. |
| **Other Services** | Many other service-based sectors will benefit from enhanced demand created by the growth and diversification of the key sectors. This will, in turn, generate greater retail and other consumer expenditure in the local economy.  | Need to improve quality and diversity of local services in order that additional income expenditure in the local economy is not ‘leaked’ to other areas. |

# Scenario Development

## Introduction

In providing estimates of future economic and employment change in North East Lincolnshire, three scenarios have been presented. This section sets out the rationale behind the scenarios and describes the key drivers and assumptions which underpin them.

In broad terms, the three scenarios can be described as follows:

* **Baseline / business-as-usual**. Drawing on a range of independent projections produced by external organisations, the baseline scenario reflects a trend-based methodology. By their nature, these projections reflect the existing structural composition of the local economy relative to that of the regional and national economies. Also embedded in these projections are trend-based interpretations of future demographic change including working age population and patterns of in and out-migration.
* **Moderate growth Policy Scenario 1**. This scenario reflects implementation of an economic development and inward investment strategy which is steadily successful in the period up to 2032. It will see the delivery of important investment projects in key sectors, particularly renewable energy, chemicals and process industries and ports and logistics. However, other key sectors, such as business and financial services remain subdued with growth being diverted to more competitive locations where property market conditions are more viable. However, some growth in the service sector of the economy takes place as a result of increasing demand for producer services resulting from expansion of the key sectors mentioned above as well as enhanced competitiveness of Grimsby and Cleethorpes town centres. Retail and tourism employment increases as a result of investment in regeneration projects including the bus station redevelopment, Cartergate and new hotel developments in both Grimsby and Cleethorpes. Similarly, the food processing sector remains of particular importance to the economy of North East Lincolnshire although it becomes a challenge to expand as a result of global competition and the increasing success of proactive policies in other parts of the UK. Growth in the sector is also constrained by difficulties in getting access to readily available and suitable expansion land. Other parts of the economy, particularly the service sector, remain largely immature although some niche services and manufacturing activities have benefited from the downstream effects of growth in renewables and other key sectors. Employment growth under this scenario is significant by 2032 but notable delays to the implementation of some major projects means that the benefits of growth do not come on stream until later in the planning period.
* **High growth Policy Scenario 2**. Under this scenario, North East Lincolnshire is identified as one of a few local authority areas in England demonstrating best-practice in terms of economic development and inward investment strategy. This reflects, in part, the ability of North East Lincolnshire to work in close partnership with neighbouring LEPs and authorities, most notably: North Lincolnshire, City of Hull, East Riding, West Lindsey and East Lindsey. Co-operation between the local authorities has enabled successful implementation of a sector-based strategy focus geographically on a functional economic area. Moreover, joint working and an objective assessment of functional housing market areas has facilitated the allocation of land for development in urban areas which reflects market need and demand. Affordable housing policy has also ensured that younger economically people have remained in the area and take up the new job opportunities that have been created locally. All five key sectors have attracted substantial investment with most planned projects been implemented and funded. The retail and visitor economy has witnessed a significant boost following the success of the regeneration strategy for Grimsby and Cleethorpes town centres. New regeneration projects implemented in the period up to 2020 have had the impact of stimulating significantly enhanced confidence in retail, tourism and leisure markets. The significantly enhanced quality of the town centres coupled with implementation of a targeted tourism strategy has resulted in steady employment growth in the local visitor economy. This has also resulted a uplift in property values which have stimulated sustainable, ongoing investment in the town centres. Modest speculative development activity is a characteristic of the new town centre economy with a small but healthy office market having been established. Occupier demand is strong given the growth in business and professional services which has emerged as a downstream effect of growth and diversification in the key sectors. Unemployment is substantially reduced and an enhancement in locally accrued disposable incomes also drives demand for services including retail, leisure and entertainment.

## Scenario Methodology and Outputs

Unlike conventional, econometric forecasting models such as the Regional REM model (Leeds University) and those issued by Experian, Oxford Economics and other forecasting houses, the methodology utilised here is significantly influenced by local, sub-regional and regional economic prospects. This is not to say that national macro-economic influences or trend-based projections are excluded from the analysis. Indeed, it is important that national and local trends and economic structures provide the starting point for the forecasts produced for this study. However, a weakness of nationally-driven, econometric forecasting models is that they typically are not constructed in a manner which sufficiently builds in the effect of significant supply-side factors and planned project-specific investments. It is only when such investments have taken place and had a recorded effect on the performance of a local economy are they usually reflected in trend-based forecasts. Consequently, in the case of North East Lincolnshire, where dynamic changes are taken place in a range of important sectors, we consider it imperative that a set of forecasts are made available which explicitly but realistically capture the potential effects of likely economic growth arising from substantial planned investment in major projects.

Given the underlying methodology and associated assumptions which underpin the forecasts set out in this report, these should be considered as ‘policy-led’ estimates of change. By their nature, such forecasts take a positive outlook as to the future performance of the economy albeit based on objective analysis of evidence and opportunity. As highlighted elsewhere, substantial primary and secondary evidence has been gathered and independently assessed to inform the findings of this study and the associated forecasts. This evidence includes:

* A statistically significant sample survey of locally-established businesses (approximately 300 in total).
* In-depth interviews with local employers and key stakeholders in the area (approximately 30).
* Analysis of government and locally generated secondary data and other relevant information included other recent research.
* An assessment of local, sub-regional and regional socio-economic conditions and prospects including a review of up-to-date policy drivers and priorities which have already been established to underpin the economic development objectives for North East Lincolnshire.
* An appraisal of key planned and proposed investment and development projects in North East Lincolnshire which offer substantial, viable opportunities for significant job creation in the Borough and surrounding areas.

Table 3.1 summarises the average employment growth rates predicted under each of the scenarios for the period 2013-2032. This sets out growth rates for each of the five key sectors as well as manufacturing not captured by the priority sectors, the public sector, education, health and the remaining service sectors of the North East Lincolnshire economy. The subsequent tables summarises the outputs under each of the scenarios by standard industry groups.

**Table - – Underlying Employment Growth Rates by Sector Group and Scenario 2013-2032**

|  |  |  |  |
| --- | --- | --- | --- |
| Sector Group | Baseline | Policy 1  | Policy 2 |
| Ports & Logistics | 12% | 18% | 25% |
| Food Processing | 8% | 12% | 19% |
| Renewables & Energy | 15% | 26% | 40% |
| Chemicals & Processing Industries | 9% | 15% | 20% |
| Other Manufacturing | -7% | 12% | 25% |
| Visitor Economy | 5% | 14% | 21% |
| Public Sector | -4% | 0% | 1% |
| Education | 4% | 7% | 11% |
| Health | 5% | 8% | 13% |
| Other Service Sectors | 4% | 8% | 16% |

Source: Atkins.

## Baseline Scenario

Table 3.2 sets out the baseline employment position in North East Lincolnshire in 2013. This demonstrates the importance of a number of dominant sectors in terms of their present contrition to employment in the area. Of particular significance are the following employment sectors:

* Wholesale and retail.
* Health and social work.
* Manufacturing.
* Education.
* Administrative and support services.
* Transportation and storage.
* Accommodation and food service activities.
* Professional, scientific and technical activities.
* Public administration.

Most of the activities of the five key sectors considered as part of the sector study are captured in the above industrially classified sectors although there will be much overlap between them. For example, much of the food processing and chemical and process industry activity will be recorded in the manufacturing sectors (as well as wholesale for food). Ports and logistics will mainly be covered by transportation and storage along with support services.

**Table -: Employment Structure in North East Lincolnshire 2013**

|  |  |  |
| --- | --- | --- |
| Sector | 2013 | % of Total |
| Accommodation and food service activities |  3,400  | 5.2% |
| Administrative and support service activities |  6,000  | 9.3% |
| Agriculture, Forestry and Fishing |  100  | 0.2% |
| Arts, entertainment and recreation  |  1,500  | 2.4% |
| Construction  |  2,400  | 3.8% |
| Education |  6,300  | 9.8% |
| Electricity, gas, steam and air conditioning supply |  300  | 0.5% |
| Financial and insurance activities |  800  | 1.2% |
| Human health and social work activities |  10,300  | 15.9% |
| Information and communication  |  700  | 1.1% |
| Manufacturing  |  9,500  | 14.8% |
| Mining and Quarrying |  -  | 0.0% |
| Other service activities |  800  | 1.3% |
| Professional, scientific and technical activities  |  2,900  | 4.5% |
| Public administration and defence; compulsory social security |  2,400  | 3.8% |
| Real estate activities |  600  | 0.9% |
| Transportation and storage |  5,100  | 7.8% |
| Water supply, sewerage, waste management and remediation activities |  500  | 0.8% |
| Wholesale and retail trade; repair of motor vehicles and motorcycles |  10,900  | 16.9% |
| **Total** |  **64,500**  |  |

Source: IDBR 2013

The obvious starting point to explore the baseline scenario is to use the outputs of the Regional Econometric Model (REM) produced by the Regional Intelligence Unit (RIU) in June 2013. The REM forecasts disaggregate the economy into 38 industrial sectors and include historical data from 1997 to 2011 with projections from 2012 to 2031 for North East Lincolnshire. As highlighted earlier, the outputs will be determined by historical trends as well as emerging changes to the national and regional economy. Moreover, the projections will also be strongly influenced by the existing structure of the North East Lincolnshire economy. In addition, it is important to highlight that the most recent employment inputs to the model were for 2011 when the regional and national economies remained deeply subdued under the influence of prolonged recession.

Consequently, it is not surprising that the model outputs indicate employment growth of just over 1,000 in a period just short of 20 years (see Table 3.3). Indeed, this is consistent with projections produced by Experian in 2013 using similar input data which indicated a net increase of approximately 1,300 jobs over the same period[[1]](#footnote-1).

The REM model also projects a fairly pessimistic picture for the future of some key sectors in the local economy. This includes projected decreases in employment in chemicals, wholesale, manufacturing activities and food. However, land, transport and storage are projected to gain some growth in employment albeit modest. Most employment growth is projected to be captured in service sector activities, particularly administrative and support services, professional services, health, social work and education.

Our conclusion is that the REM model is heavily skewed by the effects of recession and the existing economic and demographic structure of the North East Lincolnshire economy. Moreover, they are now somewhat out of date and are unlikely to have captured much of the investment activity evident in the Borough over recent years. Therefore, these projections do not reflect the substantial pipeline of potential investments planned for the area, or indeed, the likely impact of a successful economic development strategy. In Table 3.4, we set out our baseline position for the future of the local economy based on a business-as-usual scenario. This indicates an increase in employment of approximately 4,400 (7%) in the period up to 2032.

**Table -: Projected Employment Change 2011-2031 (REM)**

|  |  |
| --- | --- |
| Sector | Jobs Change |
| Accommodation and food service activities | -105 |
| Administrative & support service activities | 1,020 |
| Professional Services | 781 |
| Land Transport, Storage & Post | 590 |
| Health | 537 |
| Residential Care & Social Work | 519 |
| Education | 509 |
| Retail | 114 |
| Computing & Information Services | 43 |
| Construction of buildings | 28 |
| Chemicals | -698 |
| Food, Drink & Tobacco | -478 |
| Public Administration & Defence | -380 |
| Wholesale | -238 |
| Machinery & Equipment | -207 |
| Metal Products | -179 |
| Textiles | -138 |
| Agriculture, Forestry & Fishing | -117 |
| Accommodation & Food Services | -105 |
| **Total** | **+1,032** |

Source: REM, 2013

**Table -**:  **Employment Forecast: Atkins Baseline Scenario**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sector | 2013 | 2032 | Change | % Change |
| Accommodation and food service activities | 3,400 | 4,015 | 615 | 18.1% |
| Administrative and support service activities | 6,000 | 6,662 | 662 | 11.0% |
| Agriculture, Forestry and Fishing | 100 | 100 | 0 | 0.0% |
| Arts, entertainment and recreation  | 1,500 | 1,621 | 121 | 8.1% |
| Construction  | 2,400 | 2,971 | 571 | 23.8% |
| Education | 6,300 | 6,696 | 396 | 6.3% |
| Electricity, gas, steam and air conditioning supply | 300 | 300 | 0 | 0.0% |
| Financial and insurance activities | 800 | 999 | 199 | 24.9% |
| Human health and social work activities | 10,300 | 10,806 | 506 | 4.9% |
| Information and communication  | 700 | 818 | 118 | 16.9% |
| Manufacturing  | 9,500 | 8,768 | -732 | -7.7% |
| Other service activities | 800 | 909 | 109 | 13.6% |
| Professional, scientific and technical activities  | 2,900 | 3,294 | 394 | 13.6% |
| Public administration and defence; compulsory social security | 2,400 | 2,248 | -152 | -6.3% |
| Real estate activities | 600 | 699 | 99 | 16.6% |
| Transportation and storage | 5,100 | 6,027 | 927 | 18.2% |
| Water supply, sewerage, waste management and remediation activities | 500 | 563 | 63 | 12.7% |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 10,900 | 11,435 | 535 | 4.9% |
| **Total** | **64,500** | **68,933** | **4,433** | **6.9%** |

Source: Atkins, 2014.

## Policy Scenarios

Tables 3.5 and 3.6 set out the two policy scenarios with the first representing modest growth and the second reflecting high levels of growth and significant economic diversification. These scenarios indicate potential creation of up to approximately 14,000 new jobs in North East Lincolnshire. This represents a 22% increase on existing employment levels which is clearly substantially higher than the change predicted by the REM or Experian projections produced in 2013. As explained earlier, we do not consider the 2013 REM or Experian projections do not provide an up-to-date and realistic baseline scenario particularly because they are likely to have been significantly influenced by trends during the recession and do not build in the potential job creation effect of recent and planned capital projects in the area. Moreover, the projections fall a long way short of providing a solid policy based scenario which is needed to incorporate key economic development and growth aspirations of the LEPs and North East Lincolnshire Council.

Key assumptions which differentiate the scenarios reflect the futures described earlier in this section. In particular, the high growth scenario assumes that all key investment projects are realised and implemented within the forecasting period. Moreover, the workforce is assumed to adapt effectively to the demand for skills required to meet the needs of investors. This will need to be achieved through up-skilling of the resident workforce, maximising full labour force capacity and through the in-migration of skilled workers into the area. Under the higher growth scenarios, it is also assumed that sufficient land and premises is made available to accommodate the needs of investors and expanding businesses. Other major constraints to investment will also need to be addressed over time including road network improvements and the upgrading or replacement of poor quality premises. In addition, the availability of waterside sites for operations dependent on access to the sea will need to be addressed through the Local Plan and in partnership with land owners and existing operators in key locations.

**Table -: Employment Forecast: Policy Scenario 1**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sector | 2013 | 2032 | Change | % Change |
| Accommodation and food service activities | 3,400 | 4,231 | 831 | 24.4% |
| Administrative and support service activities | 6,000 | 6,946 | 946 | 15.8% |
| Agriculture, Forestry and Fishing | 100 | 100 | 0 | 0.0% |
| Arts, entertainment and recreation  | 1,500 | 1,692 | 192 | 12.8% |
| Construction  | 2,400 | 3,305 | 905 | 37.7% |
| Education | 6,300 | 6,919 | 619 | 9.8% |
| Electricity, gas, steam and air conditioning supply | 300 | 300 | 0 | 0.0% |
| Financial and insurance activities | 800 | 1,053 | 253 | 31.7% |
| Human health and social work activities | 10,300 | 10,969 | 669 | 6.5% |
| Information and communication  | 700 | 818 | 118 | 16.9% |
| Manufacturing  | 9,500 | 10,706 | 1,206 | 12.7% |
| Other service activities | 800 | 1,084 | 284 | 35.5% |
| Professional, scientific and technical activities  | 2,900 | 3,381 | 481 | 16.6% |
| Public administration and defence; compulsory social security | 2,400 | 2,400 | 0 | 0.0% |
| Real estate activities | 600 | 699 | 99 | 16.6% |
| Transportation and storage | 5,100 | 6,195 | 1,095 | 21.5% |
| Water supply, sewerage, waste management and remediation activities | 500 | 582 | 82 | 16.4% |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 10,900 | 11,912 | 1,012 | 9.3% |
| **Total** | **64,500** | **73,292** | **8,792** | **13.6%** |

Source: Atkins, 2014.

**Table -**: **Employment Forecast: Policy Scenario 2**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sector | 2013 | 2032 | Change | % Change |
| Accommodation and food service activities | 3,400 | 4,621 | 1,221 | 35.9% |
| Administrative and support service activities | 6,000 | 7,392 | 1,392 | 23.2% |
| Agriculture, Forestry and Fishing | 100 | 100 | 0 | 0.0% |
| Arts, entertainment and recreation  | 1,500 | 1,685 | 185 | 12.4% |
| Construction  | 2,400 | 3,891 | 1,491 | 62.1% |
| Education | 6,300 | 7,128 | 828 | 13.1% |
| Electricity, gas, steam and air conditioning supply | 300 | 365 | 65 | 21.8% |
| Financial and insurance activities | 800 | 1,078 | 278 | 34.8% |
| Human health and social work activities | 10,300 | 11,156 | 856 | 8.3% |
| Information and communication  | 700 | 980 | 280 | 40.1% |
| Manufacturing  | 9,500 | 12,457 | 2,957 | 31.1% |
| Other service activities | 800 | 1,223 | 423 | 52.9% |
| Professional, scientific and technical activities  | 2,900 | 3,401 | 501 | 17.3% |
| Public administration and defence; compulsory social security | 2,400 | 2,429 | 29 | 1.2% |
| Real estate activities | 600 | 742 | 142 | 23.7% |
| Transportation and storage | 5,100 | 6,543 | 1,443 | 28.3% |
| Water supply, sewerage, waste management and remediation activities | 500 | 658 | 158 | 31.5% |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 10,900 | 12,833 | 1,933 | 17.7% |
| **Total** | **64,500** | **78,684** | **14,184** | **22.0%** |

Source: Atkins, 2014.

## Employment Scenarios Summary

Figure 3.1 provides a summary of total employment growth implied by each of the three scenarios for the period up to 2032. Table 3.7 summarises the total net additional growth in employment for each scenario. These are grouped into five year bands with the exception of the final period which represents the last four years of the forecasting timescale.

**Figure -: Annual Total Employment Growth Scenarios 2013-2032**



Source: Atkins, 2014.

**Table -**: **Net Additional Employment Growth Scenarios 2013-2032**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Scenario | 2013-2018 | 2018-2023 | 2023-2028 | 2028-2032 | Total Growth |
| Baseline | 1,137 | 1,560 | 1,252 | 484 | **4,433** |
| Scenario 1 | 1,864 | 2,604 | 2,465 | 1,859 | **8,792** |
| Scenario 2 | 3,095 | 4,367 | 4,279 | 2,443 | **14,184** |

Source: Atkins, 2014.

# Future Employment Land Demand

## Introduction

This section summarises ours estimate of potential gross employment floorspace and land demand forecasts implied by each of the three future scenarios outlined in section 3. The purpose of these future demand estimates is to inform the development of employment land policies and allocations as part of the Local Plan process. As with the production of future employment scenarios, quantitative estimates of future employment land requirements require a range of informed assumptions to be made. Whilst these assumptions are evidence-based and draw on best practice guidance, estimates of future requirements should be treated as indicative and not utilised in an overly prescriptive manner. Moreover, Local Plan policies should build in sufficient flexibility and choice in both quantitative and qualitative terms in order to be able to respond efficiently to market needs as they arise.

It should be noted that the estimates of future land requirements set out in this section relate to B use demand across all relevant sectors of the North East Lincolnshire economy, not simply the five priority sectors assessed as part of the sector study.

## Method

Employment classifications have been collated and redefined to broadly reflect use class definitions, namely B1 (business), B2 (general industrial) and B8 (storage and distribution). In order to estimate B use jobs, each standard industrial classification has translated into use class categories as summarised in Table 4.1 below. Based on this definition, we estimate that from total existing employment in North East Lincolnshire (64,500 jobs), approximately 49% (33,342 jobs) of these fall within the B land use category. This is consistent with a wide range of employment land studies Atkins have conducted across the country.

**Table -: Translating Employment SIC to B Use Class Categories (% employment by SIC)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sector | B1a/b | B1c/B2 | B8 | NON-B |
| Accommodation and food service activities |   | 20% |   | 80% |
| Administrative and support service activities | 40% |   | 10% | 50% |
| Agriculture, Forestry and Fishing |   |   |   | 100% |
| Arts, entertainment and recreation  | 10% |   |   | 90% |
| Construction  | 5% | 10% | 10% | 75% |
| Education | 10% |   |   | 90% |
| Electricity, gas, steam and air conditioning supply | 15% | 15% | 20% | 50% |
| Financial and insurance activities | 100% |   |   |   |
| Human health and social work activities | 10% |   |   | 90% |
| Information and communication  | 80% |   | 20% |   |
| Manufacturing  | 15% | 65% | 20% |   |
| Other service activities | 100% |   |   |   |
| Professional, scientific and technical activities  | 100% |   |   |   |
| Public administration and defence; compulsory social security | 80% |   |   | 20% |
| Real estate activities | 10% |   |   | 90% |
| Transportation and storage | 30% |   | 30% | 40% |
| Water supply, sewerage, waste management & remediation activities | 15% | 15% | 20% | 50% |
| Wholesale and retail trade; repair of motor vehicles & motorcycles | 15% |   | 30% | 55% |

Source: Atkins 2014

Following this, job numbers have been converted to floorspace and land demand by applying standard employment density and plot ratio assumptions. The employment densities used are in line with the HCA’s Employment Densities Guide 2nd Edition (2010) while the plot ratios used are consistent with the ODPM’s Employment Land Reviews: Guidance Note (2004). The employment density and plot ratio assumptions are summarised in Table 4.2.

It should be noted that the application of standard employment density and plot ratio assumptions may potentially under-estimate gross future land demand in North East Lincolnshire given that some of the specialist activities likely to feature strongly in the Borough over the next 10 or 20 years are especially land hungry in nature. This includes many of the port, logistics, chemicals and energy activities. Consequently, the estimates set out in this section should be treated as a minimum assessment of future requirements and be subject to review as more empirical evidence becomes available over time. This evidence should include the gathering of data on actual employment density and plot ratio ratios by detailed industrial activity as projects are implemented.

Bearing in mind the relatively high possibility that actual development densities will be significantly lower than standard use class guidance ratios, it will be particularly important to build in sufficient flexibility and choice in the allocation of land identified as suitable to potentially meet future needs. This should include a total quantum of allocated land which is notably greater than the theoretical take-up estimates set out in this report. For example, building in sufficient flexibility and choice may require total land allocations to exceed the take-up estimates presented below by approximately 50%.

Table -: Employment density and plot ratio assumptions

|  |  |  |
| --- | --- | --- |
| Use Class | Employment Density | Plot Ratio |
| B1a/b | 12 sqm per FTE | 75% of site area |
| B1c/B2 | 50 sqm per FTE | 30% of site area |
| B8 | 80 sqm per FTE | 30% of site area |

The economy outside of London is still in the process of recovery from the post-2008 recession. Forecasting future employment growth prospects and the resulting demand for employment land and premises is especially challenges in these circumstances as there are many uncertainties regarding the pace and length of the evident economic recovery.

Since the plan period for the local plan is up to 2032 the forecasts can be treated as indicative only and should be subject to regular review. It should also be emphasised that the estimates presented in this section relate to gross employment land and floorspace demand and do not take into account factors such as loss of existing employment land to other others and intensification and/or redevelopment of existing sites. During the next phase of the study, we will be assessing the supply of existing employment land in the Borough in order to provide an objective assessment of the likely demand-supply balance which will be expressed both in quantitative and qualitative terms.

## Employment Land Demand Scenarios

### Baseline scenario

Table 4.3 sets out our estimates of existing B use class jobs in North East Lincolnshire and forecasts for growth in these types of jobs under the baseline scenario described in section 3. Under the baseline scenario, B-use job growth would see a modest increase in office and warehousing and storage jobs equivalent to an overall increase of around 4.5% which includes a decline of over 4% in industrial jobs.

Table -: Baseline B-Use Job Growth 2013-2032

|  |
| --- |
| FTE jobs |
| **Use Class** | **2013** | **2032** | **Difference** | **Change in %** |
| B1a/b | 13,737 | 14,867 | 1,130 | 8.2% |
| B1c/B2 | 6,634 | 6,348 | -286 | -4.3% |
| B8 | 7,157 | 7,553 | 396 | 5.5% |
| **Total B Class FTE jobs** | **27,529** | **28,769** | **1,240** | **4.5%** |

Source: Atkins 2014

Table 4.4 translates the above jobs growth estimate to gross floorspace demand with Table 4.5 converting this to approximate land requirements by use class.

**Table -: Gross B use class floorspace demand (sqm) 2013-32 – Baseline Scenario**

|  |  |
| --- | --- |
| Use Class | Additional Floorspace Demand (sqm) |
| B1a/b | 13,560 |
| B1c/B2 | -14,301 |
| B8 | 31,702 |
| **Floorspace Demand** | **30,960** |

Source: Atkins 2014

Table -: Gross B use class land demand (ha) 2013-32 – Baseline Scenario

|  |  |
| --- | --- |
| Use Class | Additional Land (ha) |
| B1a/b | 1.8 |
| B1c/B2 | -4.8 |
| B8 | 10.6 |
| **Land Demand** | **7.6** |

Source: Atkins 2014

Under the baseline scenario, North East Lincolnshire’s gross employment floorspace demand would increase by approximately 31,000 sqm over the period 2013-2032, translating to additional demand for approximately 8 ha of land.

### Policy Scenario 1: Moderate Growth

This scenario represents a more optimistic outlook in terms of the Borough’s economic outlook and growth prospects. Table 4.6 summaries the forecast change in B use class jobs whilst Tables 4.7 and 4.8 presents the scenario findings in terms of gross floorspace and land demand requirements. The results indicate potential gross demand of around 152,000 sq.m. of foorspace demand equating to approximately 46 hectares of demand for additional employment land.

Table -: Policy Scenario 1 - B-Use Job Growth 2013-2032

|  |
| --- |
| FTE jobs |
| **Use Class** | **2013** | **2032** | **Difference** | **Change in %** |
| B1a/b | 13,737 | 15,768 | 2,031 | 14.8% |
| B1c/B2 | 6,634 | 7,592 | 958 | 14.4% |
| B8 | 7,157 | 8,151 | 994 | 13.9% |
| **Total B Class FTE jobs** | **27,529** | **31,511** | **3,983** | **14.5%** |

Source: Atkins 2014

Table -: Gross B use class floorspace demand (sqm) 2013-32 – Policy Scenario 1

|  |  |
| --- | --- |
| Use Class | Additional Floorspace Demand (sqm) |
| B1a/b | 24,374 |
| B1c/B2 | 47,895 |
| B8 | 79,504 |
| **Floorspace Demand** | **151,773** |

Source: Atkins 2014

Table -: Gross B use class land demand (ha) 2013-32 – Policy Scenario 1

|  |  |
| --- | --- |
| Use Class | Additional Land (ha) |
| B1a/b | 3.2 |
| B1c/B2 | 16.0 |
| B8 | 26.5 |
| **Land Demand** | **45.7** |

Source: Atkins 2014

### Policy Scenario 2: High Growth

Tables 4.9-4.11 summarise the outputs of the high growth scenario. This indicates potential gross demand for approximately 290,000 sq.m. additional employment floorspace, equivalent to around 89 additional hectares of land.

Bearing in mind the potential for under estimating actual future take of employment land in North East Lincolnshire given the land hungry nature of priority sectors being targeted for investment as well as the need to build in sufficient flexibility and choice for efficient market operation, the total demand for employment land could, more realistically, be close to 145 ha under Policy Scenario 2.

Table -: Policy Scenario 2 - B-Use Job Growth 2013-2032

|  |
| --- |
| FTE jobs |
| **Use Class** | **2013** | **2032** | **Difference** | **Change in %** |
| B1a/b | 13,737 | 16,761 | 3,024 | 22.0% |
| B1c/B2 | 6,634 | 8,791 | 2,156 | 32.5% |
| B8 | 7,157 | 8,976 | 1,819 | 25.4% |
| **Total B Class FTE jobs** | **27,529** | **34,528** | **6,999** | **25.4%** |

Source: Atkins 2014

Table -: Gross B use class floorspace demand (sqm) 2013-32 – Policy Scenario 2

|  |  |
| --- | --- |
| Use Class | Additional Floorspace Demand (sqm) |
| B1a/b | 36,285 |
| B1c/B2 | 107,823 |
| B8 | 145,532 |
| **Floorspace Demand** | **289,639** |

Source: Atkins 2014

Table -: Gross B use class land demand (ha) 2013-32 – Policy Scenario 2

|  |  |
| --- | --- |
| Use Class | Additional Land (ha) |
| B1a/b | 4.8 |
| B1c/B2 | 35.9 |
| B8 | 48.5 |
| **Land Demand** | **89.3** |

Source: Atkins 2014

## Site and Location Preferences

The Employment Land Review provides a more detailed assessment of the typical site and locational requirements of different sectors. However, Table 4.12 provides a summary of typical site and location requirements by broad sector. This is based on feedback from face-to-face interviews with business representatives and findings from the empirical business survey.

**Table -: Typical Site and Location Preferences by Sector**

|  |  |  |
| --- | --- | --- |
| Sector | Sites | Use Class |
| Food Manufacturing | Food manufacturing firms require large and uncontaminated (often modern) premises with good access to the local and strategic road network. Firms indicated a preference to be either proximate to the docks (and other food manufacturing firms) or in larger premises outside urban areas.Location: Grimsby Docks Town Centre & Business Parks | B2 and some B8.  |
| Ports & Logistics | Firms within this sector often require large storage space, with good transport links which is positioned away from activities which may impact the goods or materials they are importing. For example keeping cars separate from coal imports. Firms require locations that are next to or on the port sites. Location: Immingham & Grimsby Docks and immediate area. | B8 |
| Chemicals and Process Industries | Firms within this sector require land which is separate from urban areas (including a safety ‘buffer zone’ for some) and has accessible road linkages. For some, proximity to port facilities or oil refineries is important. Location: Immingham Docks and South Humber Bank. | ‘Sui Generis’ and some B8. |
| Renewable Energy | Firms in the renewable energy sector require different types of land depending on the renewable energy technology they are operating, managing or installing. We provide an overview here:* Hydropower – (wind, wave and tidal): Require proximity to docks and access to water (although may have arrangements with other firms).
* Wind (onshore), Geothermal, Solar: Require accessible locations which can be accessed readily by road.
* Bioenergy: Requirement for premises which are close to docks (for raw products) and other transport links (e.g. road or rail)

Location: Grimsby Docks, Business Parks, Central | B1 – for office functions.B2 – for technical or manufacturing.B8 – for storage of materials. |
| Visitor Economy, Services and Retail | Businesses in this sector have a range of activities. Their requirements are often specific and dependent on markets. We list the broad activities and their indicative site preference below:* Retail: Close to other retail firms and areas of high footfall.
* Food/Drink: Close to urban areas and visitor attractions.
* Visitor Economy: Proximity to natural, historical and cultural assets often in urban areas.

Location: Urban centres and near to natural, historical and cultural assets. | A1, A3, A4, A5 and C1 |
| Other Manufacturing  | Variety of site and location requirements depending on scale, nature and viability of operation. Ranging from specialist business park locations to lower grade industrial estates and stand-alone premises. Typically, access to local and strategic road network is important and distance from residential and other sensitive uses.Location: Various | B1c, B2 and ancillary B8. |
| Public Sector | Administrative functions of the public sector typically require town centre, edge-of-centre or business park locations.Location: Grimsby  | B1a. |
| Education & Health | Depending on scale and function of the service in question, education and health facilities will be located in good proximity to residential areas. Typically on edge-of-centre locations and some out-of-centre locations.Location: Grimsby, Immingham and other centres. | Sui Generis & B1a. |
| Other Services | Variety of site and location requirements depending on scale, markets served and viability. Many services will require a town centre, edge-of-centre and in some case business park location. | A1, A3, A4, A5 and B1a. |

Note: All sectors are likely to require B1 for their office functions. For example, Youngs head office would be categorised as B1 but their manufacturing plant is B2. In some cases, the B1 function of key sector firms will be located alongside production and processing plants. In others, this function will be located in strategic locations such as prime business parks close to the motorway network. Some will seek to be located in city and major town centres for reasons specific to individual firms. Source: Atkins, 2014.

## Land-Use Scenarios Summary

Figures 4.1 and 4.2 summarise the potential B-use jobs and land demand implication of the three economic scenarios.

Figure -: B Use Class Job Growth Scenarios 2013-2032 (FTE)



Source: Atkins 2014

Figure -: Additional B Use Class Gross Land Demand Scenarios 2013-2032 (ha)

Source: Atkins 2014

# Conclusions

North East Lincolnshire benefits from a well established and strong economic development policy framework which provides a clear focus for the development of forward-looking employment and land-use policies in the Local Plan and associated strategy documents. This targeted and prioritised policy framework is reflected in the recently finalised Strategic Economic Plans of the Humber and Lincolnshire LEPs as well as the Borough’s Development and Growth Plan. These strategy documents provide a sound rationale for pursuing policy and funding support for the five priority sectors identified in this study:

* Ports & logistics.
* Food manufacturing.
* Renewables & energy.
* Chemicals & process industries.
* Visitor economy, services & retail.

Despite the notable importance of these key sectors and activity clusters, the future of the North East Lincolnshire economy will depend on the expansion and diversification of all aspects of the economy which should be reflected in the Local Plan and related strategies. This should include all forms of viable manufacturing, a wide range of private sector services activities and town centre uses including retail and leisure, and core public sector functions ranging from education and health to public administration.

This study assessed three key scenarios ranging from a ‘do-nothing’ baseline position through to a strong policy and highly market focussed scenario. The scenarios included implications for total jobs growth by economic sector, B use class jobs and implied future additional B use floorspace and land demand.

In summary, the scenario analysis demonstrated potential for:

* Total employment to increase from 64,500 to up to 78,700 with scenario growth ranging from 4,400 to 14,000 additional jobs in the period up to 2032.
* B use employment rising from 27,500 jobs to up to 34,500 with scenario growth ranging from 1,200 to 7,000 additional B use class jobs.
* Additional B use class floorspace needs ranging from an extra 30,000 to 290,000 sq.m.
* Additional B use clase employment land need ranging from an extra 8ha 2032 to 89ha in the period up 2032.
* Potential for the allocation of up 145ha of suitable employment land for the period up to 2032 in order to make sufficient allowance for the land hungry nature of many of the growth sectors being targeted in the Borough as well as building in a reasonable degree of flexibility and choice for occupier, developer and investor markets.

##



© Atkins Ltd except where stated otherwise.

The Atkins logo, ‘Carbon Critical Design’ and the strapline
‘Plan Design Enable’ are trademarks of Atkins Ltd.

|  |
| --- |
| Contact name: Richard Coburn, Associate Director. |
| **Email: Richard.coburn@atkinsglobal.com** |
|  |
| **Direct telephone: 020 7121 7324** |
|  |

1. North East Lincolnshire Strategic Housing Market Assessment, GVA, May 2013. [↑](#footnote-ref-1)