Central Lincolnshire Economic Needs Assessment

Final Report

June 2015

ekosgen

Turley Economics

Contents

Client

City of Lincoln Council, North Kesteven District Council and West Lindsey District Council

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1. Introduction

1.1 Turley, in partnership with ekosgen, has been commissioned to undertake an Economic Needs Assessment (ENA) for the Central Lincolnshire area, encompassing the Local Authority districts of North Kesteven, West Lindsey and the City of Lincoln.

1.2 The Economic Needs Assessment will form a key part of the evidence base underpinning the emerging Local Plan for Central Lincolnshire, objectively assessing future demand for jobs, employment land and premises to ensure future land allocations respond to local needs and maximise opportunities for the sustainable economic growth.

1.3 The first stage of work, completed in November 2014, focused on undertaking detailed analysis of a range of standard economic datasets and forecasts to assess Central Lincolnshire's current economic performance and future growth prospects. Commercial property market conditions were also examined, including factors influencing the supply and demand for different types of employment space across the area.

1.4 The second stage of work, presented in detail within sections 7 to 9 of this report, used the results of Stage 1 to devise and test a number of employment growth scenarios, enabling evidenced and reasoned conclusions to be reached on the level of employment growth that Central Lincolnshire is expected to experience over the Plan period from 2012-2036.

1.5 The overall aim of these scenarios is to provide an ambitious, yet realistic estimate of employment growth taking into account local intelligence on business sector growth opportunities and the findings relating to historic growth trends and the current composition of the local economy. More specifically, this has involved the consideration and assessment of:

- **Three sets of economic forecasts from professional forecasting houses (Experian and Oxford Economics)** to make direct comparisons of the potential scale and sectoral and geographical distribution of forecast growth/decline.

- **Trends in most recent economic growth period (1998-2008)** to review trends relating to employment, the business base and sectoral changes and to determine the areas' track record in delivering growth. This provides a sense check of the scale of growth that is possible in each Local Authority area and across Central Lincolnshire as a whole.

- **Most recent economic trends (2009-2012)** to provide an indication of current economic conditions, local strengths and weaknesses and the extent to which the area has been able to deliver growth in a post recessionary period.

- **Spatial distribution of employment and commuter flows** to provide a deeper understanding of how the area operates as a functional economic geography and the implications this may have for future growth.

- **Local intelligence gathered through consultations with key employers and local partners** to gain direct feedback on current local conditions, opportunities for growth and potential barriers

1.6 This analysis has enabled the development of a ‘Baseline’ and two Adjusted (Higher and Lower Growth) growth scenario for each Local Authority area and Central Lincolnshire as a whole, which has been used to provide a range of estimates of economic land requirements using a Planning Practice Guidance (PPG) compliant methodology for converting job forecasts into B use class land requirements.

1.7 The results of the ENA have been used to inform the emerging Economic Land Availability Assessment (currently being undertaken by the Central Lincolnshire Authorities) and Central Lincolnshire’s Strategic Housing Market Assessment (prepared by Turley and Edge Analytics).

Report Structure

1.8 The remainder of the report is structured as follows:

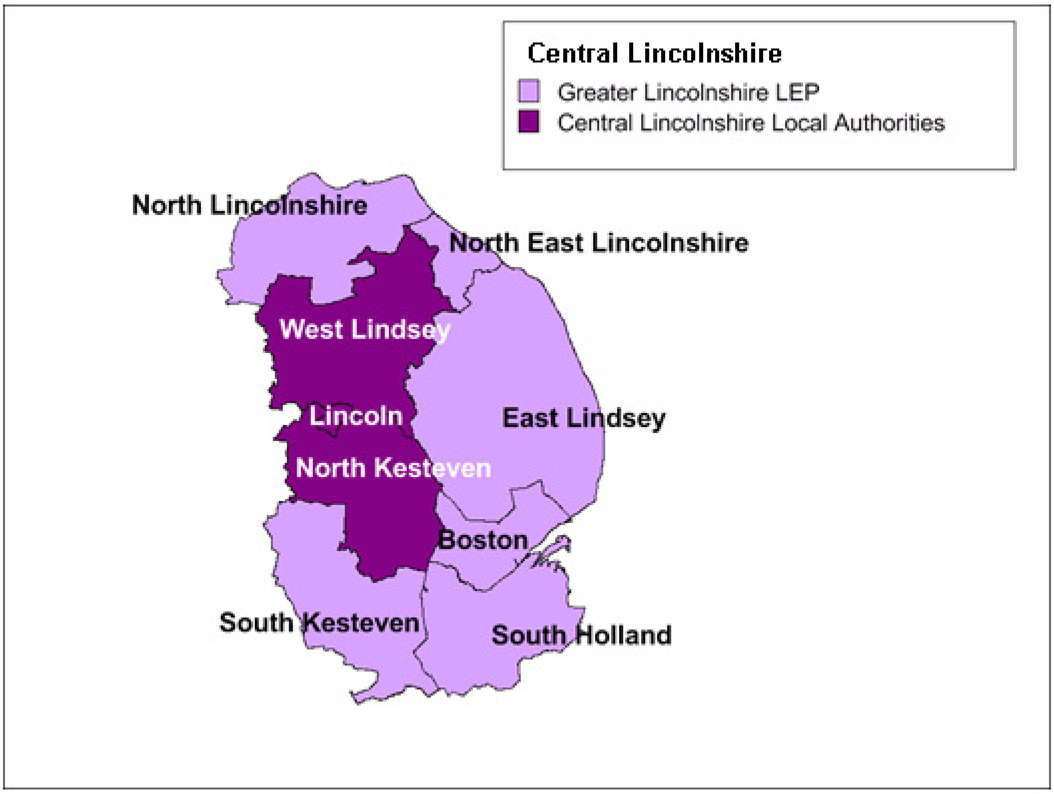
- Section 2: Central Lincolnshire: The Study Area
- Section 3: Population and labour markets
- Section 4: Sectors
- Section 5: Business base
- Section 6: Commercial property market
- Section 7: Stakeholder Consultations
- Section 8: Future demand – baseline economic forecasts
- Section 9: Scenario development
- Section 10: Quantifying future land requirements
- Section 11: Conclusions and next steps

2. Central Lincolnshire: the study area

2.1 Central Lincolnshire covers the combined area of three Local Authorities: the City of Lincoln, North Kesteven and West Lindsey. The Central Lincolnshire Joint Planning Committee, which is a partnership between the three Local Authority areas and Lincolnshire County Council, was established in October 2009 and the Central Lincolnshire Local Plan Team was established in May 2010.

2.2 The three Local Authorities are also part of the Greater Lincolnshire Local Enterprise Partnership Area which includes the neighbouring areas of North Lincolnshire, North East Lincolnshire, East Lindsey, Boston, South Holland and South Kesteven. Central Lincolnshire accounts for just below 30% of Greater Lincolnshire's population, employment and business base.

Figure 2.1: Central Lincolnshire study area



Source: ekosgen

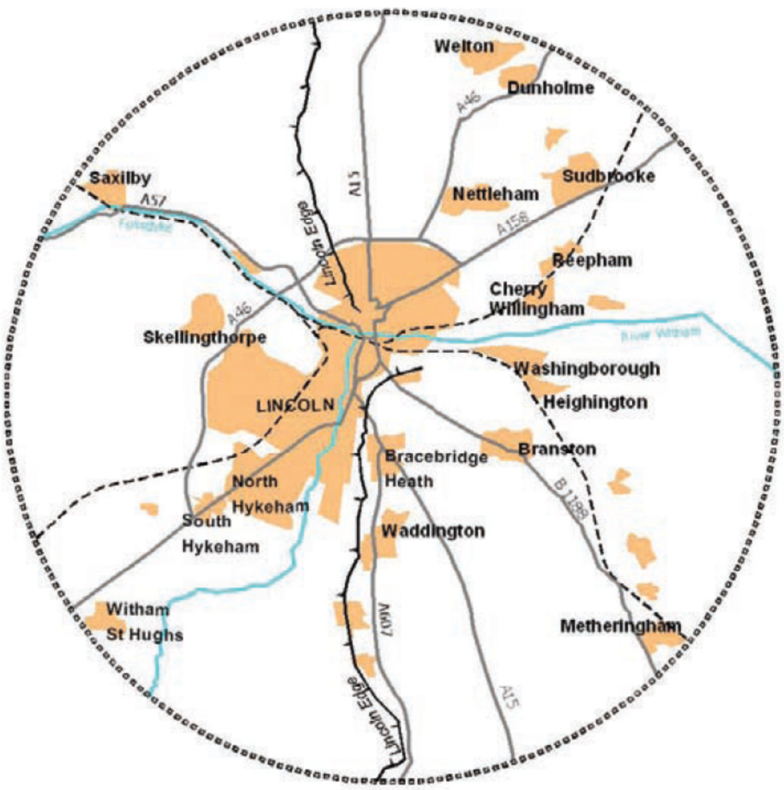
2.3 Central Lincolnshire operates as a functional economic market area (FEMA), with high levels of labour force containment and similar economic characteristics. Located at the heart of the area, the City of Lincoln is by far the largest settlement. It is the administrative base for the County and the University of Lincoln is a major asset for the City and LEP area. The University has helped to drive growth in Lincoln and the surrounding area and its expertise in the healthcare sector are expected to directly contribute to the LEP's priorities. The recently announced Lincoln Science and

Innovation Park is expected to support further knowledge transfer from the University to local businesses.

2.4 Public administration accounts for a significant proportion of local employment alongside the service sector, agriculture/food, engineering and tourism. The City is an important tourist destination with numerous historical and cultural tourist attractions including Lincoln Cathedral and Castle. The tourism offer in Lincoln is a key asset contributing to the development of the visitor economy across the wider LEP area.

2.5 Lincoln's tight administrative boundary has helped to drive growth in both West Lindsey and North Kesteven and led to the City's main built up area extending into North Hykeham, which is located within the North Kesteven boundary. Looking beyond these boundaries and how the economy and housing markets function, this area operates as the wider Lincoln area with a complementary rather than competitive relationship. As the main retail centre within Central Lincolnshire, Lincoln also acts as a service centre over a wider area, including settlements such as Welton and Saxilby in West Lindsey and Skellingthorpe and Washingborough in North Kesteven.

Figure 2.2: Key settlements across Central Lincolnshire



2.6 As the principal urban area within Central Lincolnshire, policy indicates that the City of Lincoln is expected to be an important driver of economic growth locally and across the LEP area. Based on the current distribution of employment and historic growth trends, the driver also extends beyond the City to cover wider Lincoln, and in particular, include the LN6/Hykeham area.

2.7 To the south of Lincoln, North Kesteven is a predominantly rural area with the town of Sleaford as the district's main urban centre. Sleaford functions as a thriving market town which has experienced rapid housing growth and an expanding population over the last two decades. Across the district, agriculture dominates the local economy and food processing industries are highly represented. The district benefits from links to the City of Lincoln and has relatively high levels of employment and economic activity. The resident base is also more highly skilled than other authorities within Greater Lincolnshire.

2.8 Situated to the north of Lincoln, West Lindsey is a predominantly rural and sparsely populated area including the three principal market towns of Gainsborough, Market Rasen and Caistor. Gainsborough acts as the main town for the Northern parts of Central Lincolnshire and has a thriving manufacturing / engineering sector with a number of national and international companies with their headquarters located in the town. Across the district, the majority of local employment is within the service sector, although agriculture remains an important part of the local economy. With much of the district comprising open country and arable land, the area will make an important contribution to the LEP's activities to support the agri-food sector and the visitor economy. The Lincolnshire Wolds and market towns also attract visitors to the area.

2.9 Overall, Central Lincolnshire clearly operates as a functional economy area within the wider Greater Lincolnshire LEP area, with clear labour market links between the three areas.

Statistical Geography

2.10 The analysis for this study is primarily presented at the Central Lincolnshire level. Where relevant, a profile for the three Local Authority areas is also included. In line with the datasets, this is based on administrative boundaries. It is, therefore, important to note that area, such as North Hykeham in North Kesteven, which are typically classed as the wider Lincoln area are not included in the Lincoln statistics which are restricted to the City boundary.

Key statistics

2.11 In 2012, total employment in Central Lincolnshire was estimated at 112,000 across 9,600 businesses. The latest population statistics estimate that there are over 296,000 residents living across the three districts.

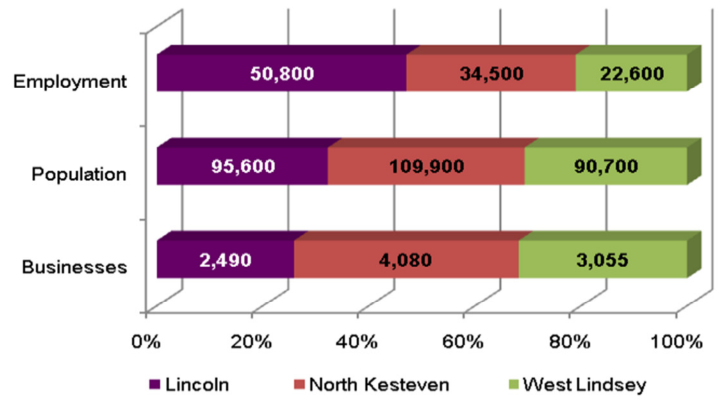
Table 2.1: Key Statistics

	Central Lincolnshire	Greater Lincolnshire LEP	England & Wales
Employees (2012)	107,900	387,400	24,403,800
Employment (2012)	112,000	402,100	25,446,500
The Business Base			
Businesses (2012)	9,625	34,170	2,158,385
Local Units (2013)	11,615	40,985	2,344,830
Gross Value Added			
GVA £m (2012)	-	16,529	1,220,856
GVA per FTE (£)	-	£50,498	£59,034
GVA per FTE as % England	-	85%	100%
Population			
Population (2013)	296,200	1,053,000	56,948,200

Source: BRES, Business Demography, Activity Size Location, Regional Accounts, Mid-Year Population Estimates

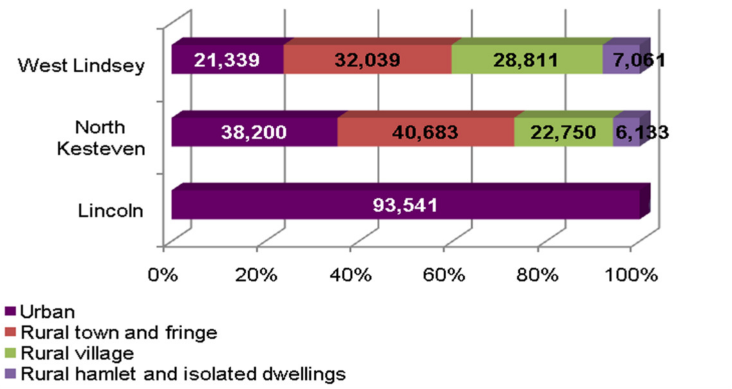
2.12 Reflecting its urban nature and city status, Lincoln is the largest employment centre in Central Lincolnshire. However, North Kesteven has the largest business base and population. While West Lindsey is the smallest district in employment and population terms, its business base is larger than the City of Lincoln, reflecting the dominance of micro and small businesses and the district's high levels of self-employment.

Figure 2.3: Key statistics by local authority



Source: Business demography, Mid-year population estimates, BRES

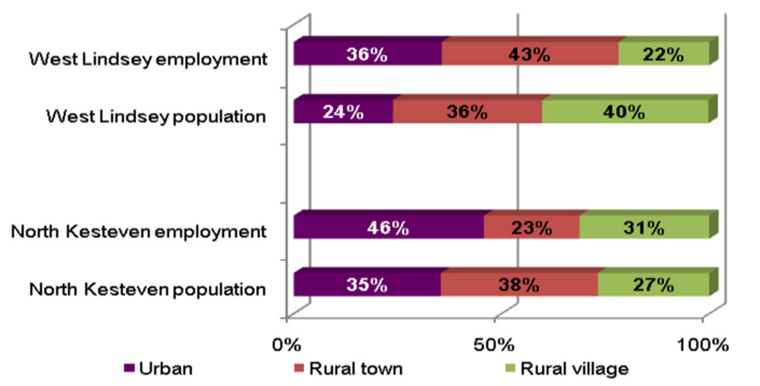
Figure 2.4: The level of rurality varies across Central Lincolnshire. Whilst Lincoln is entirely urban - West Lindsey is predominantly rural with almost 8 out of 10 residents living in a rural area. The district also has the highest proportion of residents living in hamlets and isolated dwellings. While the current urban-rural classifications suggest that North Kesteven is also predominately rural with just 35% of residents living in urban areas, local intelligence confirms that half of the District's population live in the Lincoln Fringe which is now much more urban in nature despite its historic classification. Rural/urban population of Central Lincolnshire



Source: Census 2011

2.13 As would be expected, urban areas are important employment centers in both West Lindsey and North Kesteven, accounting for a higher share of employment than population. Nonetheless in both cases, there are also significant concentrations of employment in rural areas (including the Lincoln fringe, which is urban in nature).

Figure 2.5: Urban/rural population and employment



Source: BRES and Census

Key messages

2.14 In summary:

- Central Lincolnshire operates as a functional economic area within the wider Greater Lincolnshire LEP area, accounting for just below 30% of the LEP area's population, employment and business base.

- The differences between the three districts in terms of scale, rurality and employment specialisms influence the roles which each district plays within Central Lincolnshire and the wider LEP area. They are also likely to influence the scale and distribution of future economic growth.

- Lincoln's urban nature and city status make it an important employment centre, particularly for local government administration and private service sectors, and a prime location for key assets such as the University of Lincoln and larger employers. North Kesteven and West Lindsey are important residential centres and business locations and continue to have an employment specialism in manufacturing. Grouping the local authority areas together diversifies and increases the scale of the Central Lincolnshire offer to new and growing businesses.

- The importance of rural areas as employment centres should not be overlooked when considering future growth prospects. While employment is largely concentrated in urban centres (as would be expected), rural areas, continue to have significant concentrations of employment, particularly in West Lindsey. There are also significant employment locations in areas such as LN6 / Hykeham, which are classified as rural but in reality are now much more urban in nature.

3. Economic assessment – population and labour market

3.1 The scale, quality and efficiency of the local labour market are key factors that will influence the ability of an area to capture economic growth and in turn have implications for both housing and employment land requirements.

3.2 Being able to access a pool of suitably qualified and experienced workers is important to both new and existing businesses, including those who are well established within an area and seeking to grow.

3.3 The composition of the labour market, and in particular the skills, occupational profile and associated wages are likely to influence the type of housing that is required, and when combined with travel to work patterns, the preferred geographical distribution of housing supply.

Population

3.4 Central Lincolnshire has a population of approximately 296,200 residents and has experienced 14% population growth between 2001 and 2013. North Kesteven has the largest concentration of residents and has also experienced the highest growth rate within Central Lincolnshire (17%). Whilst growth in West Lindsey has followed the Central Lincolnshire average, population growth was more limited in Lincoln.

Table 3.1: Population change 2001 - 2013

	2001	2013		Change 2001 - 2013	
	No.	No.	%	No.	%
Lincoln	85,595	95,623	32%	10,028	12%
North Kesteven	94,024	109,906	37%	15,882	17%
West Lindsey	79,515	90,715	31%	11,200	14%
Central Lincolnshire	**259,134**	**296,244**	**100%**	**37,110**	**14%**

Source: Census and Mid-Year Population Estimates

3.5 Population change is influenced by two main factors: natural change (births and deaths) and migration and the relative size of these factors drives overall population change. Trends have varied across the local authorities within Central Lincolnshire between 2001 and 2013 and the main points to note are summarised below:

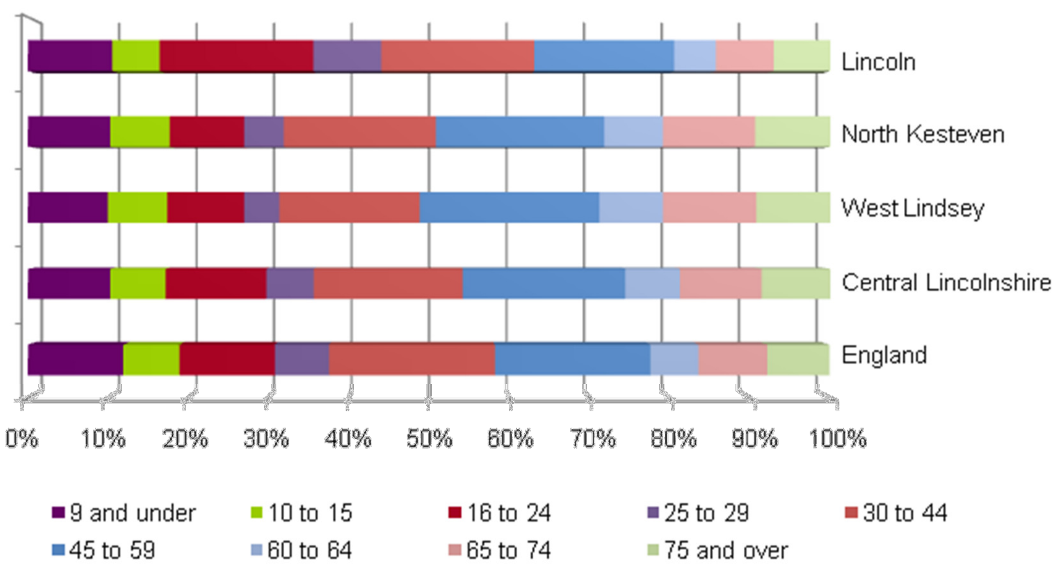
- **Lincoln**: There was a significant fall in migration levels during the early part of the period, resulting in a net outflow of residents, although these numbers recovered toward the end of the period. International migration has increased since 2001.

- **North Kesteven**: Net in-migration and international migration have been significant contributors to population growth throughout this period. There is also a relative balance between the numbers of births and deaths in the district.

- **West Lindsey**: Net in-migration is also significant in West Lindsey and whilst the trend is improving, deaths have tended to outnumber births in the district.

3.6 The age profile of the population in Central Lincolnshire broadly follows that found nationally. The area has a slightly smaller working age population than the national average, compensated for by a slightly larger proportion of the population aged 65 and over.

Figure 3.1: Age Profile 2011



Source: Census

3.7 In terms of variances by local authority, the key points are highlighted below:

- **Lincoln**: The city has a high proportion of younger residents, reflecting the location of the universities in the city, and correspondingly Lincoln has a lower proportion of older residents than the other two districts in Central Lincolnshire and the national average.

- **West Lindsey and North Kesteven**: These two local authorities have broadly similar profiles, with a smaller proportion of young residents than in Lincoln and a larger proportion of residents over 30 years old.

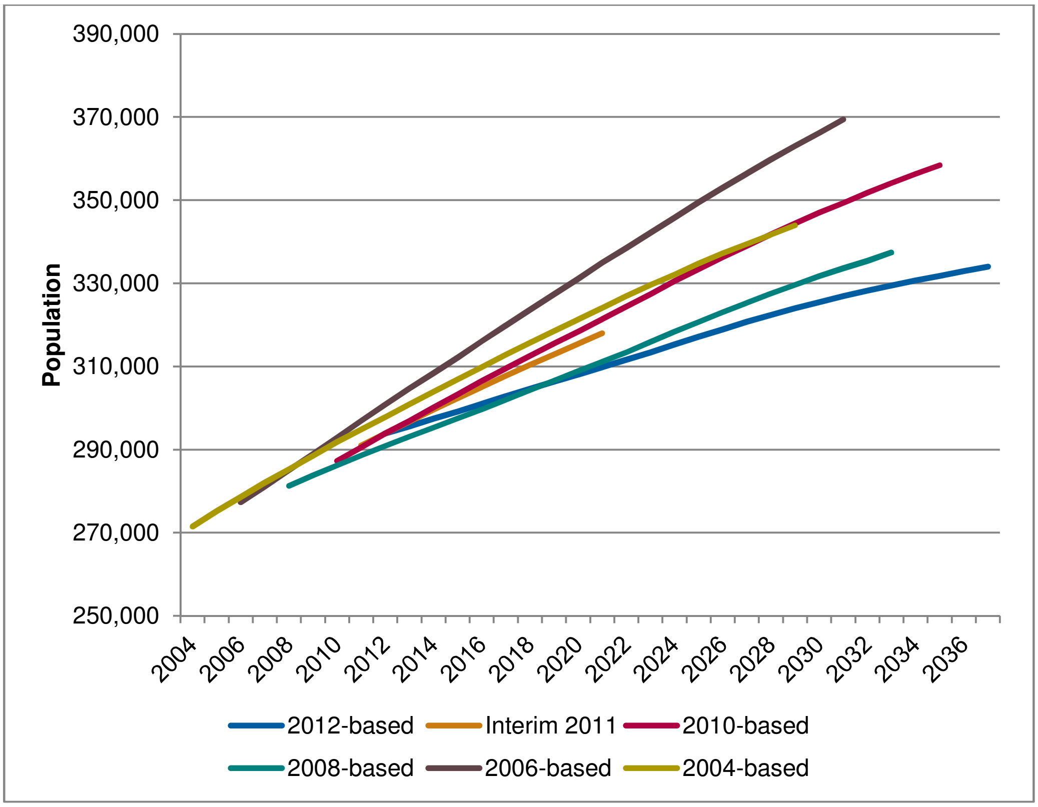
Population Projections

3.8 The official sub-national population projections (SNPP) are produced every two years by the ONS. The latest long-term projections were released in May 2014, and are based to 2012 (SNPP 2012). These take full account of the 2011 Census results, and supersede the previous long-term dataset, based to 2010.

3.9 In advance of the publication of the 2012 SNPP, the ONS produced a set of interim 10 year projections in 2011, in order to reflect the results of the 2011 Census. These projections adjusted the previous projections to match the 2011 Census figure, and were underpinned by a number of input data assumptions from the previous 2010-based projections. On this basis, they were given an interim status, and should now be considered in the context of the official 2012-based dataset.

3.10 The range of population projections described above are included in the following chart, which shows a comparatively wide range of outcomes for Central Lincolnshire. This results from the application of different historical assumptions, particularly with regard to migration.

Figure 3.2: Central Lincolnshire Official Population Projections

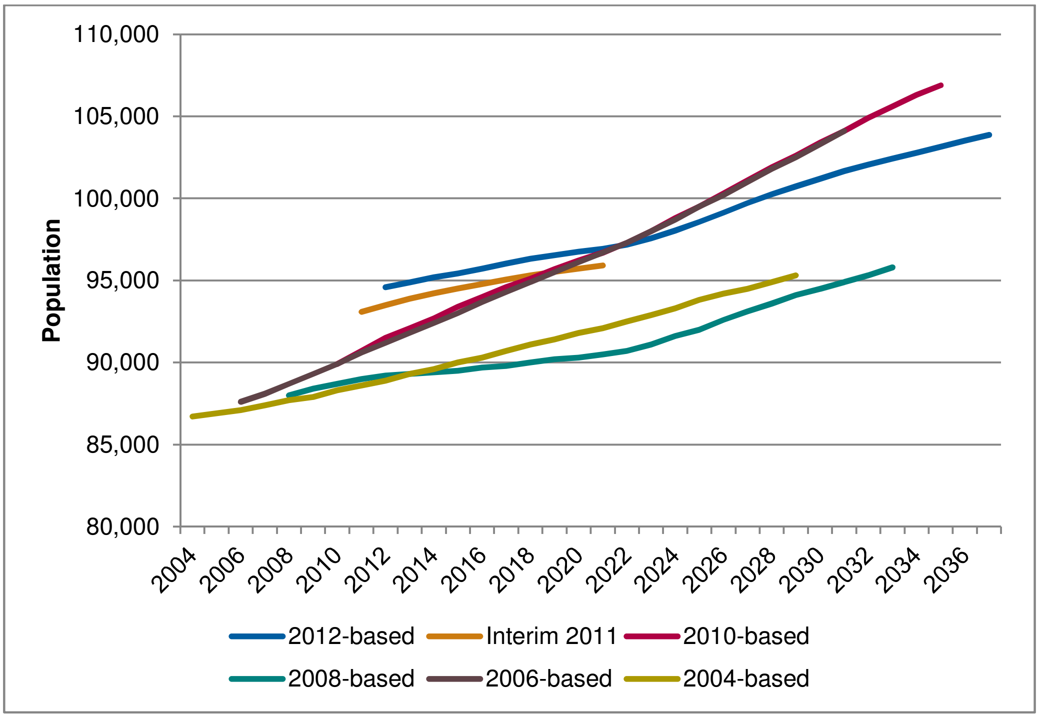


Source: ONS, 2014

3.11 Notably, the latest 2012-based population projections project a lower level of population growth across the Central Lincolnshire area, with the projections built on recent historical trends that have been influenced by a fall in housing completions and lower levels of migration.

3.12 Similar graphs have been compiled for each of the Central Lincolnshire authorities.

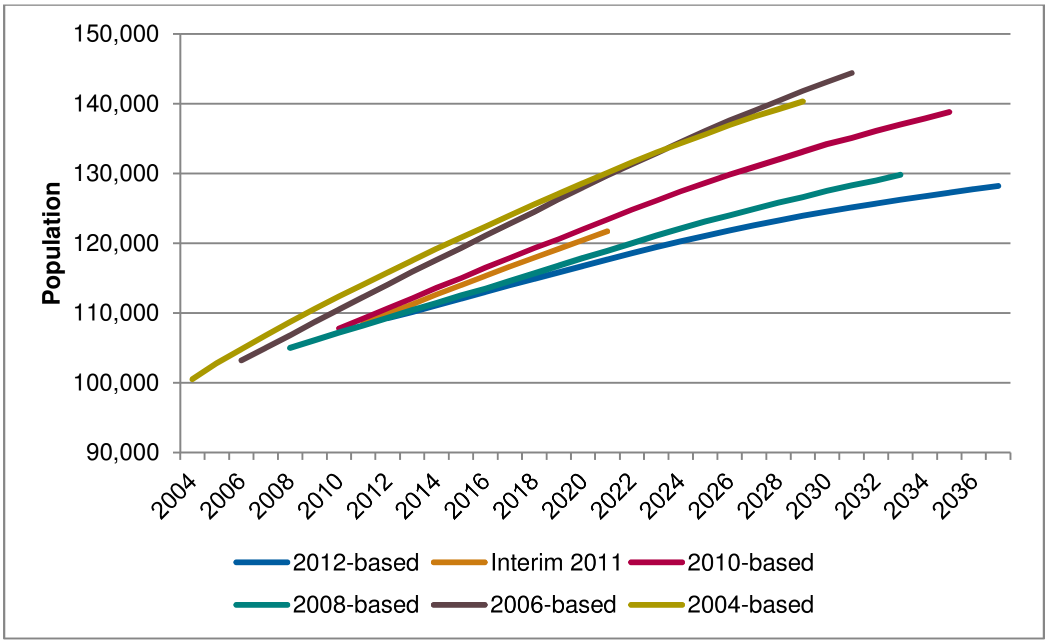
Figure 3.3: Lincoln Official Population Projections



Source: ONS, 2014

3.13 As shown, earlier population projections underestimated the population in Lincoln, which resulted in a notable adjustment with the release of the Interim 2011-based projections. The latest 2012-based projections contain a further upward adjustment, although the population is not expected to grow to the same extent as expected in the previous long-term, 2010-based projections.

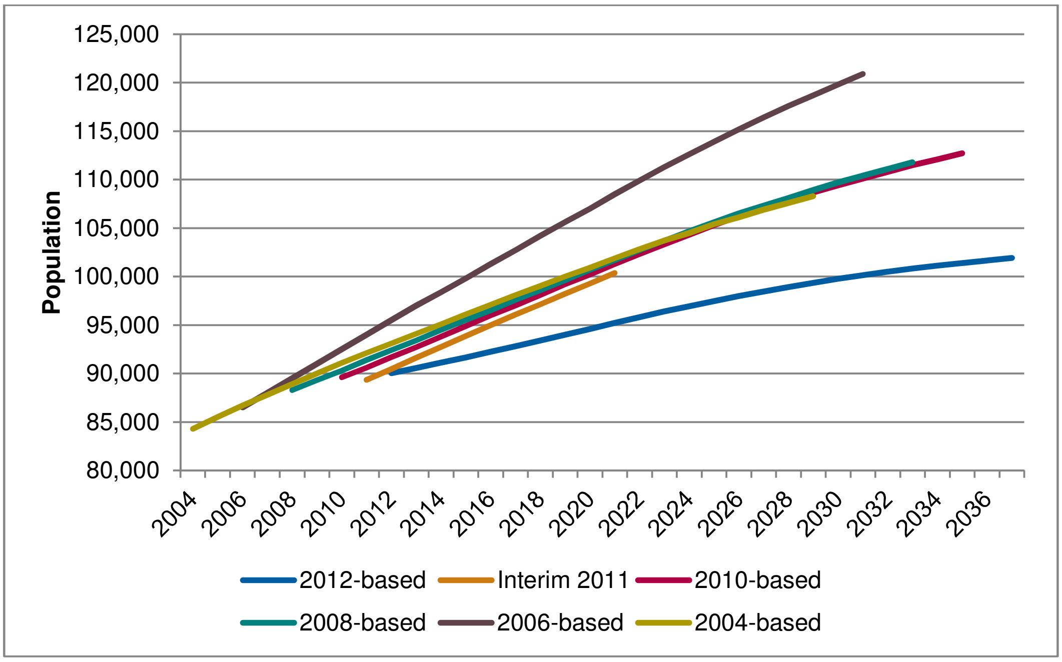
Figure 3.4: North Kesteven Population Projections



Source: ONS, 2014

3.14 Conversely, the latest population projections for North Kesteven are lower than previously projected, with earlier projections (2004- and 2006-based) overestimating the scale of population growth in the district.

Figure 3.5: West Lindsey Population Projections



Source: ONS, 2014

3.15 Again, the latest 2012-based population projections show a lower level of population growth in West Lindsey than previous datasets suggested, with earlier projections overestimating the total population which resulted in a downward adjustment following the 2011 Census.

Key labour market indicators

3.16 The Annual Population Survey provides data on the current status of the local labour market through employment, unemployment and inactivity rates. The survey uses the International Labour Organisation (ILO) measure of unemployment which refers to people without a job who were able to start work in two weeks and who had either looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained. This measure is different to the claimant count measure of unemployment that is based solely on eligibility for benefits (i.e. Jobseekers' Allowance). The ILO measure is generally accepted to be a more comprehensive measure and is usually higher than the claimant count for any given period.

3.17 It should also be noted that the unemployment rate is measured as a proportion of the economically active population rather than working age population (which is used in the claimant count). This ensures that the rate is based upon the active labour pool rather than including working age residents that may not work, for example, as a result of caring for their family.

3.18 Central Lincolnshire performs strongly on key labour market indicators, with a high employment rate driven by both low levels of economic inactivity and unemployment when compared to the national average. There is, however significant variation between the local authorities, with positive trends in both Lincoln and North Kesteven, while West Lindsey under-performs against both the national average and the other Central Lincolnshire districts.

Table 3.2: Labour Market Indicators 2014

	Central Lincolnshire		Greater Lincolnshire	England & Wales
	No.	**%**	**%**	**%**
Employment[1]	134,200	74.7	73.0	71.8
Unemployment[2]	8,300	5.8	6.7	7.3
Inactivity[1]	37,200	20.7	21.7	22.6

Source: Annual Population Survey

3.19 In particular, Central Lincolnshire's high employment rate is driven by strong levels of employment and economic activity in Lincoln and North Kesteven, which both outperform the national average. North Kesteven has the highest employment rate of the three authorities and this is driven by very low levels of inactivity, while

[1] % of working age population
[2] % of economically active

unemployment is just slightly lower than the national average. The strong performance in Lincoln is driven by both low levels of inactivity and unemployment – of the three districts, the City has the lowest level of unemployment.

Table 3.3: Economic Activity 2014

	Lincoln		North Kesteven		West Lindsey		Central Lincolnshire
	No.	%	No.	%	No.	%	%
Economically Active	47,600	80%	53,400	82%	41,400	75%	79%
Employment rate (% of WA Population)	45,200	76%	50300	77%	38700	70%	75%
Unemployed (% of economically active)	2,400	5%	3,100	6%	2,700	7%	6%
Economically Inactive	11,800	20%	11,700	18%	13,700	25%	21%

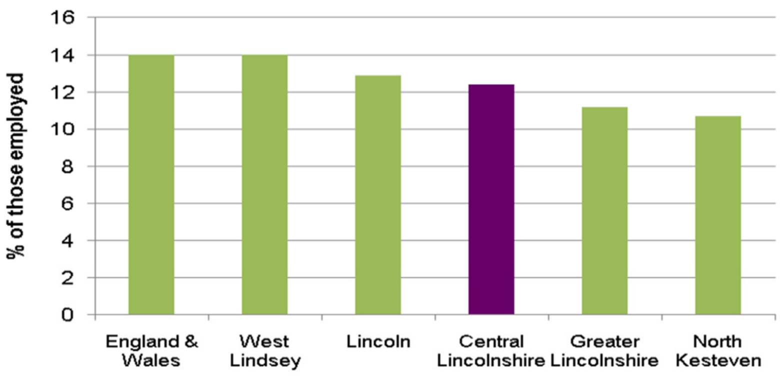
Source: Annual population survey

3.20 In contrast, West Lindsey has a low employment rate, driven by high levels of inactivity in particular. While unemployment is largely in line with levels nationally, it is higher than the other Central Lincolnshire districts.

Self-employment and home working

3.21 With the exception of West Lindsey, levels of self-employment in Central Lincolnshire are relatively low when compared to the national average. The higher level in West Lindsey is likely to be a reflection of the lifestyle businesses which typically operate in rural areas.

Figure 3.6: Self-employment 2014 (% of those in employment)



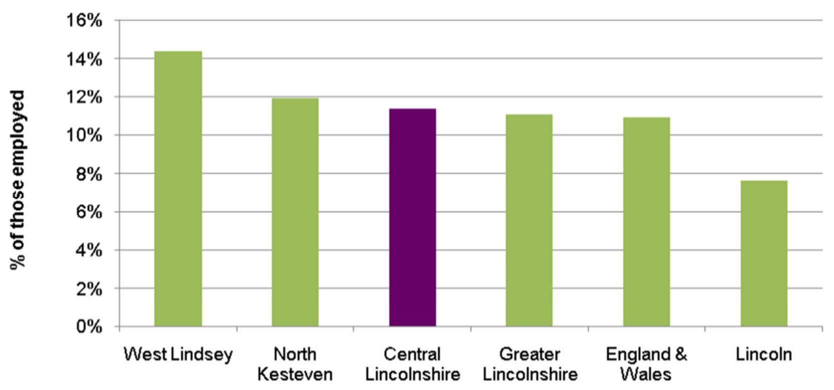
Source: Annual Population Survey

3.22 As flexible working has become an increasingly common feature of national employment policy, there is an expectation that home working has and will continue to grow. A significant increase in home working, as well as other forms of flexible working, such as compressed hours and part time working, is likely to have implications for the design of and demand for employment workspace.

3.23 Across Central Lincolnshire as a whole, levels of homeworking are in line with the national average, although this masks quite considerable differences at the local authority level. While home working is more prevalent in North Kesteven and particularly West Lindsey, levels are particularly low in Lincoln.

3.24 This suggests that levels of home working are higher in the rural areas of Central Lincolnshire and that trends in Lincoln are influenced by urban tendencies that are evident in cities elsewhere in the UK with people living close to their place of work. The younger age profile in Lincoln is also likely to reduce home working, with experience and relative levels of seniority limiting opportunities to work independently from home.

Figure 3.7: Home Working



Source: Census 2011

3.25 Across all geographies, the latest Census results show that the increase in home working over the past ten years has largely been driven by the increase in total employment levels, with the prevalence of home working only increasing slightly – by one percentage point.

Table 3.4: Home working (as a % of those in employment)

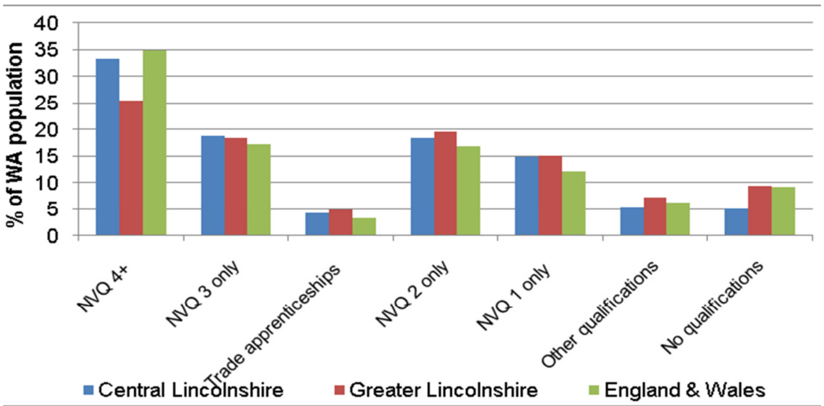
	2001	2011
West Lindsey	13%	14%
North Kesteven	11%	12%
Central Lincolnshire	10%	11%
England & Wales	10%	11%
Greater Lincolnshire	10%	11%
Lincoln	7%	8%

Source: Census 2001 and 2011

Skills and qualifications

3.26 Central Lincolnshire has a relatively strong skills base, particularly with regards to technical and intermediate level skills. The proportion of residents qualified to NVQ Level 3 outperforms the LEP and national average, and those qualified to NVQ Level 4+, whilst falling just short of the national average, significantly outperforms the LEP average. There are also low proportions of residents in Central Lincolnshire with no qualifications.

Figure 3.8: Skills profile 2013



Source: Annual population Survey

3.27 The Central Lincolnshire snapshot does, however, mask significant differences across the local authority areas.

3.28 The performance at NVQ L3 and NVQ Level 4+ is boosted by North Kesteven, which has a particularly strong skills base and consistently outperforms the national average. With flows of residents going from North Kesteven to work in both West Lindsey and Lincoln (and other neighbouring districts in Lincolnshire), the skills profile is of benefit to surrounding areas.

3.29 In contrast, there is a low level of higher level skills (at NVQ Level 4+) is both West Lindsey and particularly Lincoln, and West Lindsey also has a high proportion of residents with no qualifications and at NVQ L1 only.

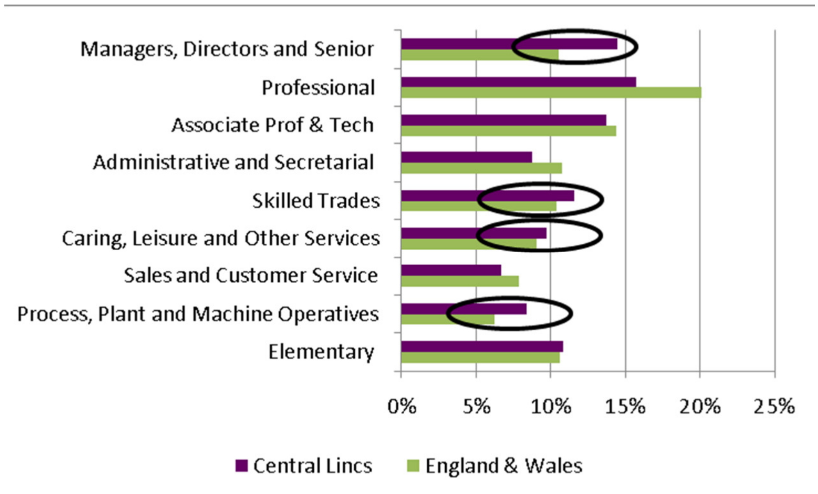
Figure 3.9: Skills Profile 2013

Source: Annual population Survey

Occupations

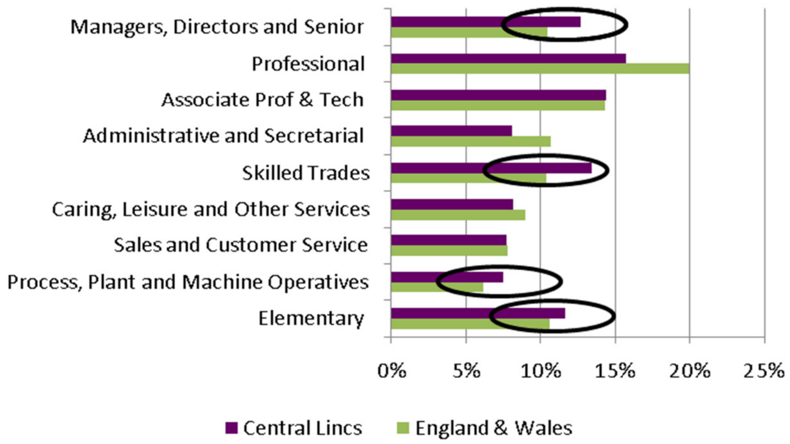
3.30 The occupational profile of the Central Lincolnshire employment base (based on those who work in the area) and resident base (based on those who live in the area) are relatively similar; likely to be a reflection of the area's self-containment. Occupations that are highly represented in both the employment and resident base are managers, directors and senior officials; skilled trades; caring, leisure and other service; process, plant and machine operative; and elementary. There is a low representation of professional and administrative occupations.

Figure 3.10: Occupations: Central Lincolnshire employment base



Source: Annual population survey

Figure 3.11: Occupations: Central Lincolnshire Resident Base



Source: Annual population survey

3.31 As with the skills profile, the occupational profile varies by local authority and this is reflected in travel to work patterns, as set out in the following section.

Containment and travel to work patterns

3.32 There is a relatively high containment of labour in Central Lincolnshire, with 77% of people who live in Central Lincolnshire also working in Central Lincolnshire, and over 80% of the workforce living in the local housing market area.

3.33 Levels of containment vary by local authority. Lincoln has the highest levels of containment followed by North Kesteven and then West Lindsey. There is also evidence of significant flows between the three districts, for example, between LN6/Hykeham and Lincoln and vice versa, reinforcing the area as a functional economic geography. The scale, direction and occupational dynamics of the flows reflect differences in the rurality, sectoral structure, skills base and housing offer in each area, which influences the role which each district plays. The key points to note are:

- **Lincoln is an important employment centre for North Kesteven and West Lindsey as well as other neighbouring districts in Lincolnshire**. There are high levels of in-commuting to the City, with local residents accounting for just 48% of the City's employees (despite 61% of residents working in Lincoln). In particular, there appears to be a net inflow of workers for managerial, director and senior positions; and professional occupations, and a net outflow of residents for elementary; and associate professional and technical occupations.

- **North Kesteven has higher levels of out-commuting**. Lincoln accounts for by far the highest outflow, followed by South Kesteven, East Lindsey and Newark and Sherwood. While North Kesteven also attracts workers from these areas (with local residents accounting for 54% of the employment base), in each case there is a net outflow from North Kesteven. In terms of links with West Lindsey, there is a slight net inflow of workers to North Kesteven. The overall occupational trends are less clear cut than in Lincoln and suggest that there is a net inflow of workers for managerial, director and senior positions as well as elementary occupations and a net outflow of residents for skilled trades; professional; and associate professional and technical occupations.

- **West Lindsey has the highest level of out-commuting of the three districts.** Just 40% of the area's residents also work in the district. As with North Kesteven, Lincoln accounts for by far the highest outflow of residents. There is also a net outflow to North Lincolnshire, North Kesteven and North East Lincolnshire. The overall occupational trends reflect the sectoral composition and skills profile of the area with a suggested net inflow of workers for caring, leisure and other service occupations and a net outflow of residents for sales and customer service; skilled trades; and professional occupations.

Lincoln	
61% of Lincoln's residents work in Lincoln, accounting for 48% of employees. There are high levels of in commuting. • 85% of residents work in Central Lincolnshire • 86% of employees are from Central Lincolnshire	
Significant inflow of workers from • North Kesteven (11,100) • West Lindsey (7,900) • East Lindsey (1,500) • Newark and Sherwood (1,000)	**Significant outflow of residents to** • North Kesteven (6,800) • West Lindsey (2,200) • Newark and Sherwood (1,400)
Occupational Dynamics • Net inflow of workers for managerial, director and senior positions; and professional occupations • Net outflow of residents for elementary; and associate professional and technical occupations	

Source: Census 2011

North Kesteven	
47% of North Kesteven's residents work in North Kesteven, accounting for 54% of the workforce. • There are high levels of out-commuting. • 76% of residents work in Central Lincolnshire	
Significant inflow of workers from • Lincoln (6,800) • West Lindsey (2,000) • South Kesteven (1,500) • East Lindsey (1,000)	**Significant outflow of residents to** • Lincoln (11,100) • South Kesteven (2,500) • East Lindsey (1,400) • Newark and Sherwood (1,400) • West Lindsey (1,300)
Occupational Dynamics • Net inflow of workers for managerial, director and senior positions; and elementary occupations • Net outflow of residents for skilled trades; professional; and associate professional and technical occupations	

Source: Census 2011

West Lindsey	
40% of West Lindsey's residents work in West Lindsey, accounting for 60% of employees. • The highest levels of out-commuting in Central Lincolnshire. • 70% of residents work in Central Lincolnshire • 75% of employees are from Central Lincolnshire	
Significant inflow of workers from • Lincoln (2,200) • North Lincolnshire (1,400) • North Kesteven (1,300) • North East Lincolnshire (900) • East Lindsey (900)	**Significant outflow of residents to** • Lincoln (7,900) • North Lincolnshire (2,900) • North Kesteven (2,000) • North East Lincolnshire (1,800)
Occupational Dynamics • Net inflow of workers for caring, leisure and other service occupations • Net outflow of residents for sales and customer services; skilled trades; and professional occupations	

Source: Census 2011

Annual pay

3.34 Resident based earnings are slightly higher than Workplace earnings in Central Lincolnshire at just over £20,000 per annum, however both lag the national average earnings.

3.35 Particularly high resident based earnings are found in North Kesteven, where the average annual wage is above the Central Lincolnshire and LEP average. Residents earn significantly higher than the average workplace earnings for the local authorities, suggesting residents commute to outside the area to higher paid employment. In contrast, Lincoln has below average resident based earnings for Central Lincolnshire, however workplace earnings exceed with the areas average.

Table 3.5: Annual Pay (£)

	Resident Earnings	Workplace Earnings
England	22,204	22,199
Lincoln	19,164	20,635
Wales	19,851	19,537
Greater Lincolnshire	20,448	19,450
Central Lincolnshire	20,303	19,260
North Kesteven	21,512	18,922
West Lindsey	20,233	18,224

Source: Annual Survey of Hours and Earnings

Key Messages

3.36 In summary:

- As one of the key factors that attracts and retains businesses, ensuring that the supply of labour is able to meet the demand of new and/or growing employers is a priority for all areas within Central Lincolnshire. This is particularly important given the relatively high level of containment which will increase employers' focus on the quality of the labour market in the immediate area. Success in this regard will have a direct impact of the level of growth that is secured in future years.

- The strong technical and intermediate skills based across the geography will be attractive to employers and support growth particular in sectors, such as manufacturing and construction. However, there is a need to improve the skills levels amongst the working age population in Lincoln and West Lindsey in order to boost the overall skills profile of Central Lincolnshire. In particular, the prevalence of higher level skills needs to be improved to ensure that the area is able to capture growth within knowledge based sectors. This will also reduce the areas' dependence on highly skilled residents in North Kesteven.

- There are similar challenges with regards to the current occupational structure, which is typically suited to production and lower value service sector economies with a shortage of professional and associate professional occupations. In the short term, this may limit the extent to which relevant and required experience is available within the labour market for higher value, knowledge based service sectors. Diversifying the occupational base will help to ensure that there is an adequate supply of highly skilled jobs available and will in turn help reduce the need to travel to access these employment opportunities and increase the chances of retaining and growing the working age population.

- While Lincoln and North Kesteven both benefit from a high employment rate, the higher levels of unemployment, and in particular inactivity, in West Lindsey places an emphasis on creating employment opportunities and ensuring that those who are able to work are equipped with the skills to meet future demand from employers.

- Across the geography, and particularly in West Lindsey and North Kesteven, the smaller working age population places an emphasis on retaining young people as well as attracting working age residents through new employment opportunities and the attractiveness of the areas as a place to live. This will ensure that the labour market is of sufficient scale to support and maximise economic growth.

- Trends in home working over the past ten years do not suggest that this approach to flexible working has significant implications for workspace demand and design. If there were to be a sharper increase in home working levels going forward, this may meant that new employers or those expanding require less space, for example by using hot desk models.

4. Economic assessment – sectors

4.1 Historic trends clearly highlight that the growth patterns within each sector are underpinned by varying market drivers that determine the levels of demand for specific products and services at both the macro and local level. In response to this, the role which each sector plays in generating economic growth can vary quite significantly. For example, while some sectors generate high levels of net job growth, others generate high value added and in some cases, a combination of both.

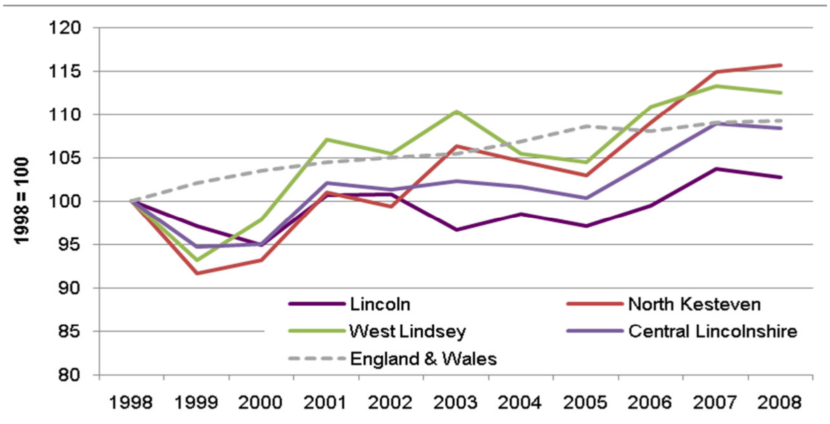
4.2 Understanding historic growth trends and the current composition of the economy not only provides an indication of where future growth may be secured going forward, but also the type of economic growth that could be generated.

Employment change in the last growth period 1998-2008

4.3 During the last growth period, there was strong economic growth nationally, with a 9% increase in employment between 1998 and 2008. Central Lincolnshire's overall growth (8%) almost reached the national rate, however this growth was more erratic with periods of sharp employment increase and decline compared to a steady increase nationally. These erratic trends were also evident in each of the local authority areas, where overall levels of growth varied.

4.4 While growth in North Kesteven and West Lindsey significantly exceeded the national average with two periods of sharp employment increases between 1999 and 2001 and 2005 and 2007, growth in Lincoln was significantly below the national average. The underlying sectoral trends provide further explanation of employment change during this time period.

Figure 4.1: Employment change 1998 - 2008



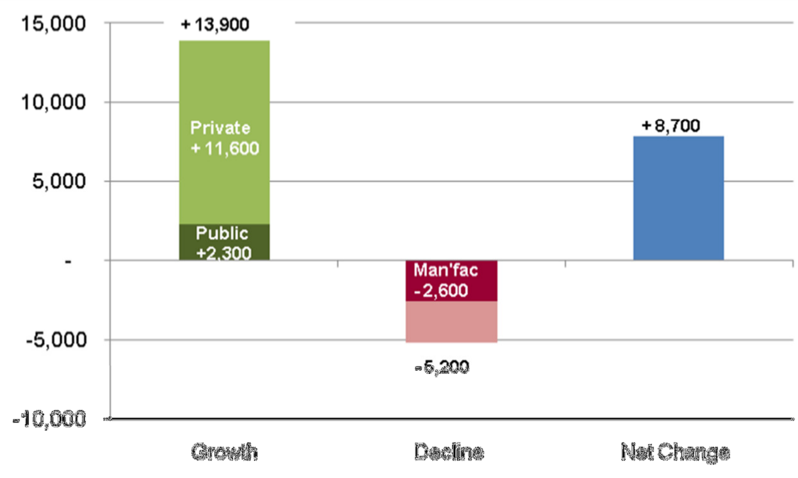
Source: Annual Business Inquiry

4.5 At the broad sector level, separating those sectors that experienced employment growth and those that declined shows that the net employment increase across Central Lincolnshire as a whole was driven by growth in the private service sector, which fully offset the employment decline.

4.6 The private service growth was driven by professional and business services, which created at least double the amount of jobs of other growth sectors. A significant number of jobs were also created in wholesale and retail and other community, social and personal services and there was a reasonable level of growth in the public sector. The latter was driven by growth in education and general public administration.

4.7 While manufacturing drove the decline, there were also job losses in agriculture, health, construction, finance, mining and utilities.

Figure 4.2: Central Lincolnshire – dynamics of change 1998 - 2008



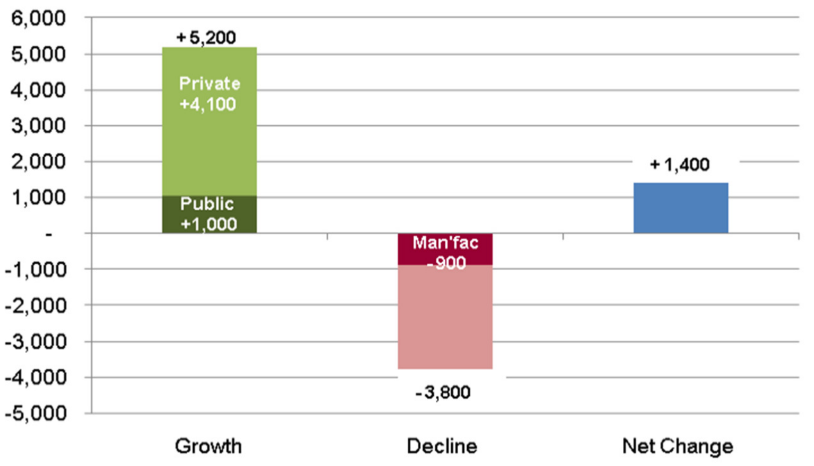
Source: Annual Business Inquiry

4.8 These dynamics varied by local authority resulting in differences in the overall growth rate.

4.9 The low levels of growth in Lincoln resulted from much lower levels of growth and a slightly higher level of decline. While, similar to the Central Lincolnshire trend, professional and business services generated more than double the number of jobs of other sectors, levels of growth in the sector were significantly lower than in North Kesteven. The levels of growth in a number of other sectors, including wholesale and retail and accommodation and food were also low in comparison to other areas.

4.10 There were also different patterns in the employment decline in Lincoln, with manufacturing playing a much less significant role, as other sectors such as finance, utilities and especially construction contracted.

Figure 4.3: Lincoln – dynamics of change 1998 - 2008



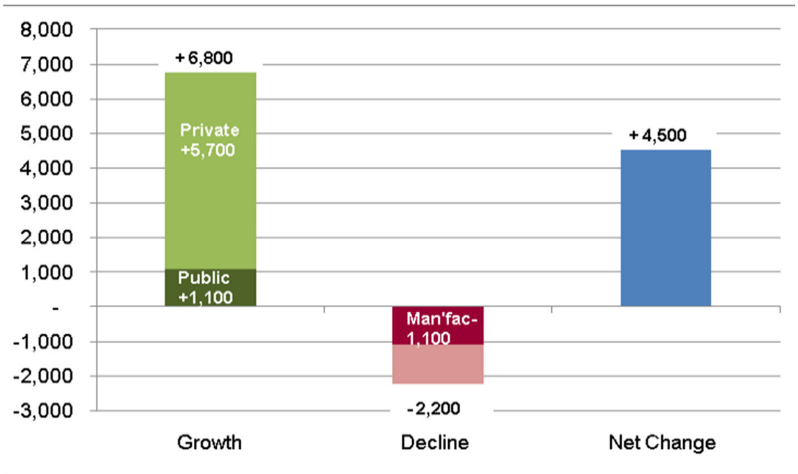
Source: Annual Business Inquiry

4.11 In North Kesteven, the high net change was driven by exceptionally high levels of employment growth, with the level of decline largely in line with that experienced in Lincoln. The high levels of growth were the result of much higher growth in a number of private services sectors when compared to Lincoln and West Lindsey including professional and business services, wholesale and retail, construction, hotels and restaurants, and transport. The area also experienced higher levels of growth in education.

4.12 In West Lindsey, the high net change resulted from high levels of employment growth (compared to Lincoln) and lower levels of employment decline. The employment growth was, however, more evenly spread over a greater number of sectors, including wholesale and retail, professional and business services, education and other community, social and personal services.

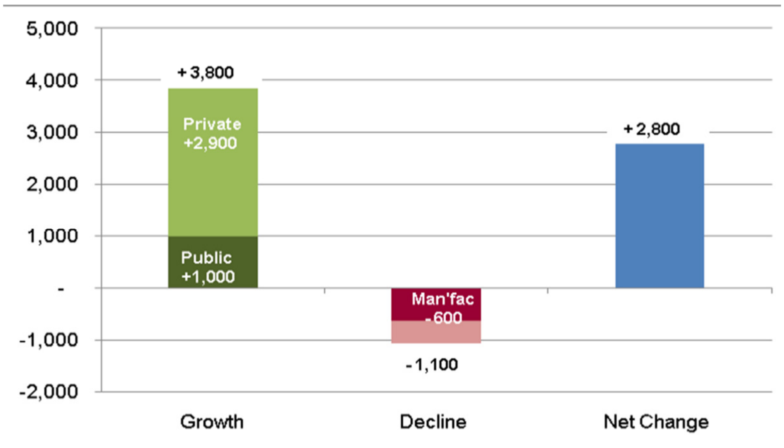
4.13 In both areas, manufacturing accounted for approximately half of the employment decline, and agriculture and mining also declined. In North Kesteven, there was also decline in health and public administration.

Figure 4.4: North Kesteven – dynamics of change 1998 - 2008



Source: Annual Business Inquiry

Figure 4.5: West Lindsey – Dynamics of Change 1998 - 2008



Source: Annual Business Inquiry

Recent growth trends 2009-2012

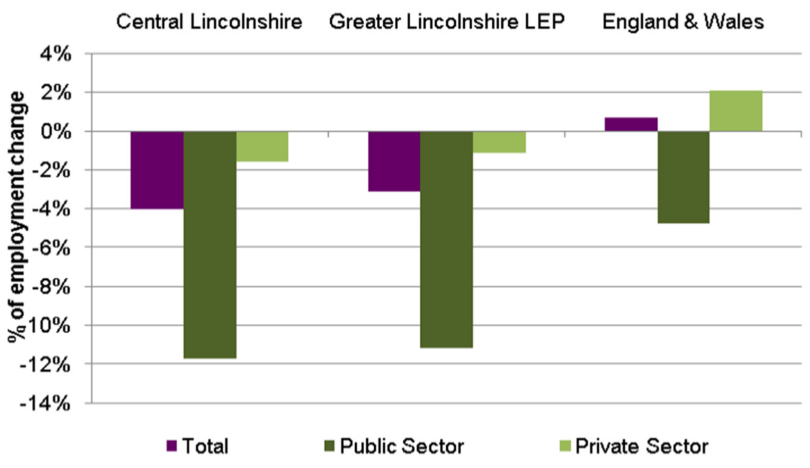
4.14 Focusing on more recent and post-recessionary trends, the total number of employees remained relatively stable nationally between 2009 and 2012 (with a net increase of just 160,000 employees); a result of growth in the private sector (+401,000) compensating for decline in the public sector (-240,000).

4.15 However, mirroring the trends of the wider LEP, Central Lincolnshire experienced decline in total employment with both the public and private sector contracting.

4.16 It is important to note that, during this period, the sectoral dynamics within the private sector varied slightly from those in the previous growth period, with manufacturing accounting for a smaller share of decline. The remainder of the private sector decline was concentrated in sectors that are typically dependent on local expenditure, such as construction, real estate and arts and entertainment. There were also low levels of decline in accommodation and food; professional and technical services, transport and information and communications.

4.17 The public sector decline was driven by the public administration and defence sector while both health and education experienced employment increases.

Figure 4.6: Net employment change (%) 2009 - 2012

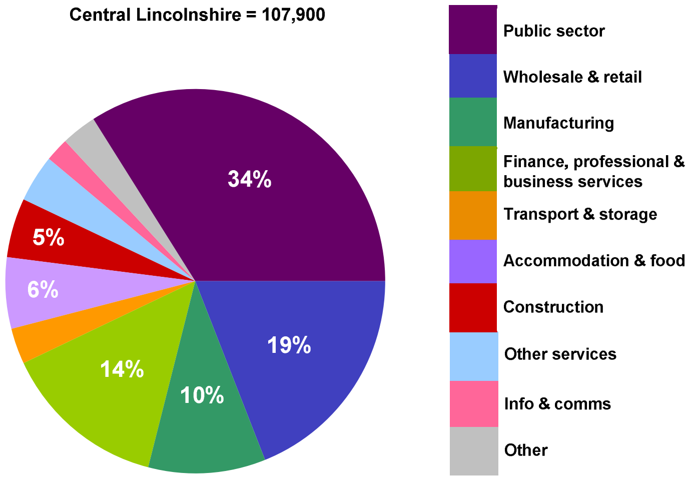


Source: BRES

4.18 These dynamics of change are explored in further detail in the following sections.

Current sectoral composition

4.19 The public sector and wholesale and retail are the largest sectors in Central Lincolnshire in employment terms and account for 53% of total employment. Other significant employment sectors are manufacturing and finance, professional and business services. Compared to Greater Lincolnshire, Central Lincolnshire has a larger public sector base and a smaller manufacturing base. The dominance of the public sector is boosted by Lincoln's role as the County's administrative centre and the presence of the University and RAF. The RAF is a large employer in the area with five stations (Cranwell, Kirton, Scampton, Digby and Waddington) located within the Central Lincolnshire boundary.



4.20 However beneath this profile, the sectoral composition of the three local authorities varies significantly as shown by the Local Authority pie charts contained in Annex A. At a very headline level, there are similarities in the sectoral structure in North Kesteven and West Lindsey, which both differ quite significantly from the profile in Lincoln.

4.21 The key differences by Local Authority are:

- **Lincoln:** the public sector accounts for over third (37%) of total employment in the City, reflecting its role as the administrative centre of the County. There is also a higher concentration of employment in finance, professional and business services (16%) and in contrast the manufacturing and construction sector are small (accounting for 7% and 3% of employment respectively).

- **North Kesteven and West Lindsey**: The manufacturing sector accounts for a larger share of employment in North Kesteven (14%) and West Lindsey (13%). While the public sector continues to play an important role, with high levels of defence employment in North Kesteven in particular, its share of total employment is smaller in both areas (30% in North Kesteven and 32% in West Lindsey). The main difference between the two areas is the dominance of finance, professional and business services – while the sector's share of employment in North Kesteven is in line with the average for Central Lincolnshire (13%), it only accounts for just over 1 in ten jobs in West Lindsey.

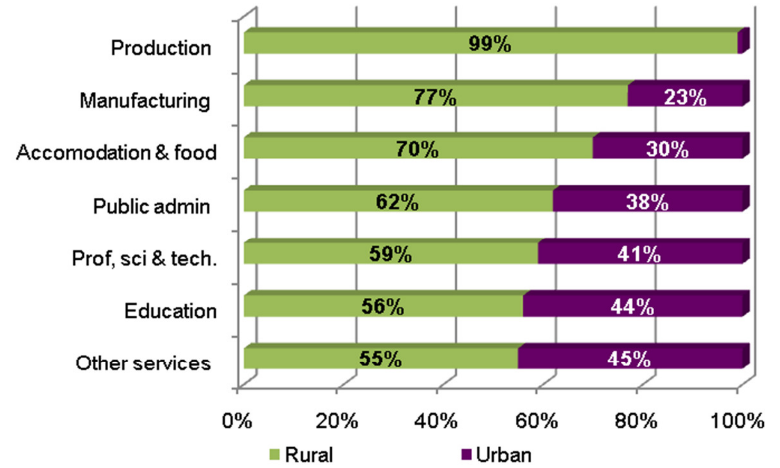
Rural and urban split of sectors

4.22 While all of the employment in Lincoln is classified as being in urban areas, there are notable differences in the split of sectoral employment across rural and urban areas in North Kesteven and West Lindsey.

4.23 When compared to the distribution of total employment, it clearly demonstrates that certain sectors are concentrated in rural locations while other tend to be clustered in more urban environments. This begins to highlight how future demand across different sectors may be distributed within the two local authority areas.

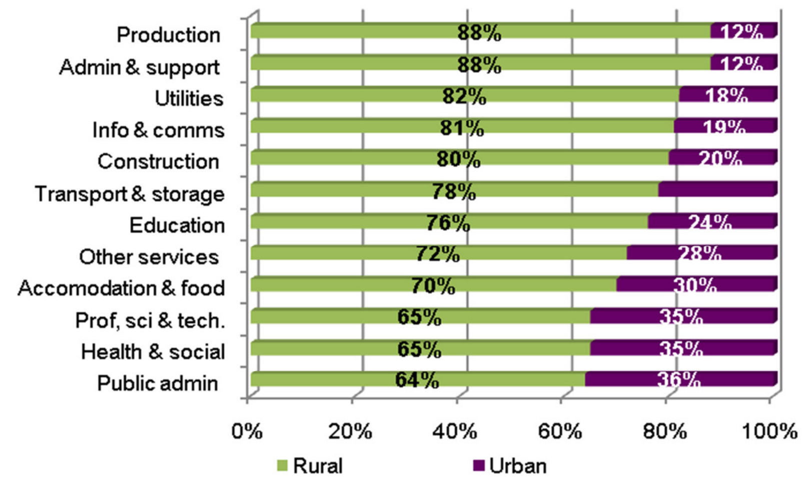
4.24 Overrepresented sectors in rural parts of both authorities include production; education; professional, scientific and technical activities; public administration; and accommodation and food. Manufacturing is also highly represented in North Kesteven's rural areas and administration and support; utilities; and information and communication are highly represented in rural West Lindsey.

Figure 4.7: North Kesteven: Sectors concentrated in rural areas



Source: BRES

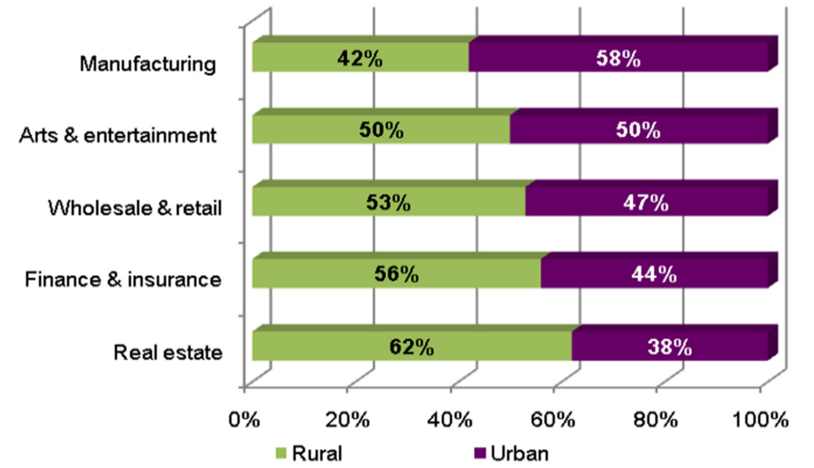
Figure 4.8: West Lindsey: Sectors concentrated in rural areas



Source: BRES

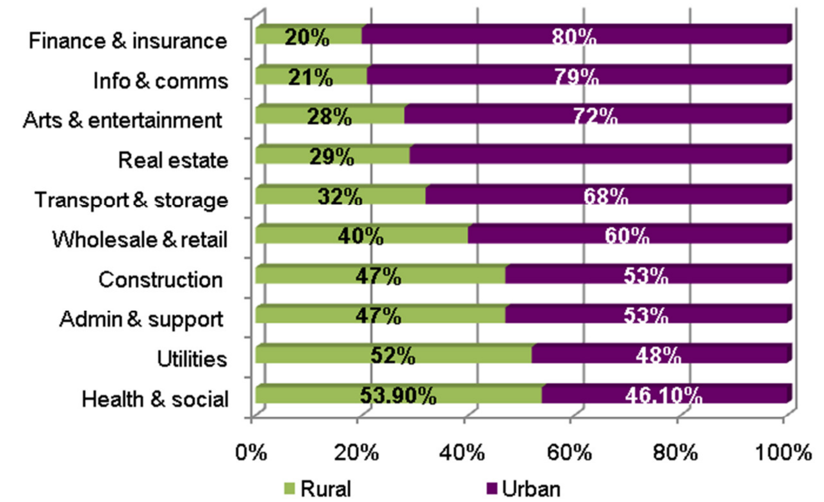
4.25 Several of the sectors that are concentrated in the urban parts of the districts are key components of local service sectors and typically rely on public spend to operate such as arts and entertainment, wholesale and retail, and real estate.

Figure 4.9: West Lindsey: Sectors concentrated in urban areas



Source: BRES

Figure 4.10: North Kesteven: Sectors concentrated in urban areas



Source: BRES

Employment specialisms and recent trends

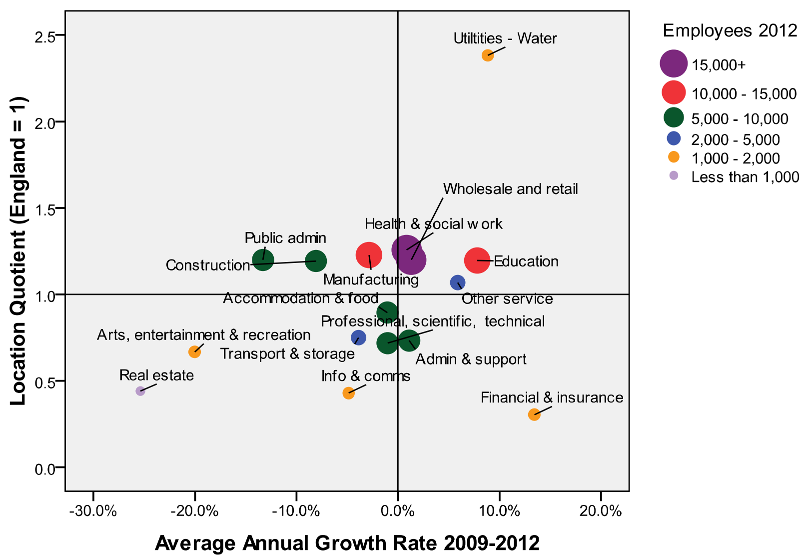
4.26 With the exception of utilities - a small sector in employment terms - there are not any sectors that stand out as clear employment specialisms at the Central Lincolnshire level.

4.27 It should be noted that data available through the Business, Register and Employment Survey (BRES) does not provide a comprehensive count of agricultural employment at the Local Authority level. However, there is evidence (including feedback through the local stakeholder and business consultations) that agri-food is an employment specialism within both Central Lincolnshire and Greater Lincolnshire. In particular, the Greater Lincolnshire Agri-Food Sector Plan sets out that the LEP area is a truly national leader in the growing agri-food sector, with the UK's largest and most progressive food sector based on clusters of dynamic businesses and well developed supply chains. This is underpinned by the area's strength in primary food production through to food processing (which is captured in the data analysis) and the sector also extends to include logistics, packaging and professional and business services activities which are all dependent on the food chain. The presence of all parts of the food supply chain in Central Lincolnshire was highlighted as a strength in the consultation programme.

4.28 There is a cluster of sectors, including construction, public administration; manufacturing; wholesale and retail; health and social work, and education which have slightly above average representation (with a location quotient of 1.1-1.3), although these are partly boosted by the low employment density and lack of jobs in finance, professional and business services.

4.29 Other sectors that are underrepresented include arts, entertainment and recreation; transport and storage; and information and communication, all of which have also declined in recent years.

Central Lincolnshire - Employment Growth (2009 - 2012) and Specialisation (2012)



4.30 This does however mask a number of differences at the Local Authority level, as highlighted by the growth and specialisation charts in Appendix B. The key differences to note are:

- **Manufacturing** is an important employment specialism in North Kesteven and West Lindsey. There has also been employment growth in the sector in North Kesteven in recent years and just slight decline in West Lindsey, with the majority of manufacturing job losses concentrated in Lincoln.

- The **construction** sector is also highly represented in West Lindsey and North Kesteven, although employment levels have declined across all three local authority areas.

- Within the **public sector**, the main difference relates to public administration. The sector is well represented in Lincoln (with high levels of general public administration employment) and North Kesteven (where there are high levels of defence employment), although it has been declining. In West Lindsey, where the sector is underrepresented, employment levels have remained relatively stable. Within the remainder of the public sector, health and social care and education are well represented in each local authority area, with employment in education growing in each area, while health and social work has remained stable.

- There are low levels of employment in **private sector services** across all of the local authorities, and particularly West Lindsey and North Kesteven. There have also been variances in growth trends, with administration and support (a lower value sector where employment levels are almost in line with the national average) growing in Lincoln, while professional, scientific and technical activities have been growing in North Kesteven and West Lindsey, albeit from a small base. The small finance and insurance sector has also grown in each Local Authority area, although employment levels are equivalent to less than half the national average.

4.31 Examining the sectoral data at the two digit level provides further insight into the underlying dynamics of Central Lincolnshire's broad employment sectors. Key trends include:

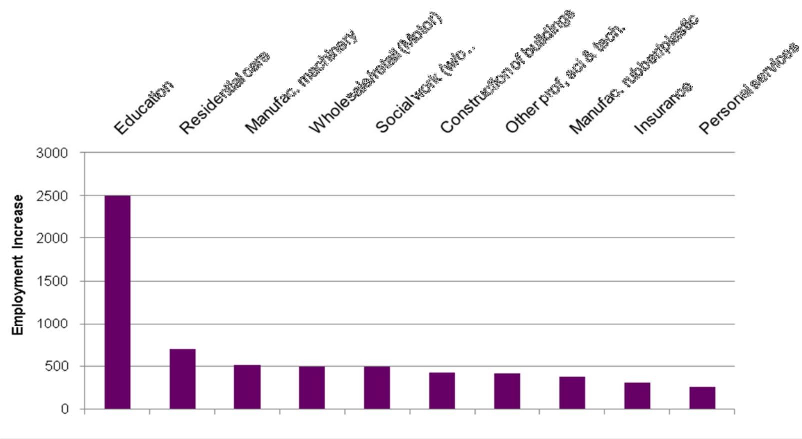
- **Public Sector:** Public services are amongst those sub-sectors experiencing by far the highest employment increase (education) and decline (public administration – there have been job losses in both public administration and defence activities over this period). There have also been variances in trends within the health sector with employment in residential care and social work increasing, while human health has declined.

- **Manufacturing:** While overall employment levels in manufacturing declined in Central Lincolnshire, there was growth in the manufacturing of machinery and rubber and plastic, although this was insufficient to compensate for the decline in a number of other manufacturing sub-sectors (e.g. machinery repair, paper, electronics, chemicals).

- **Professional, scientific and technical services:** While overall employment levels remained relatively stable in Central Lincolnshire, there was growth in other professional, scientific and technical services, while employment levels in head office activities and advertising and market research declined.

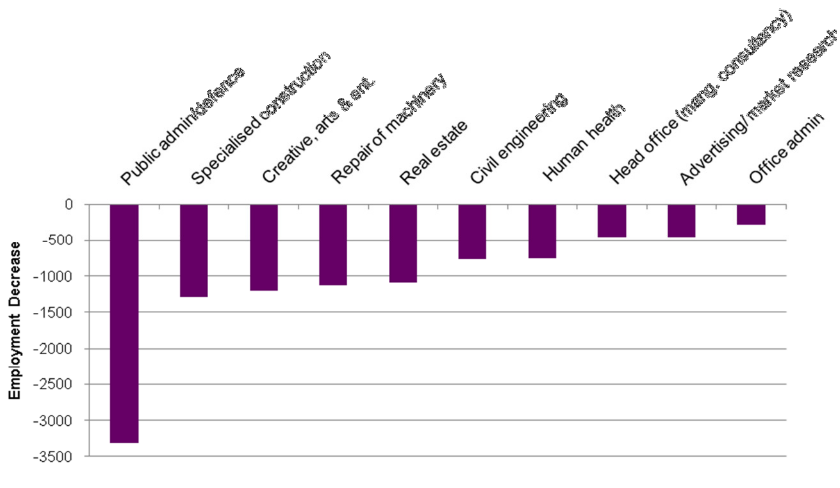
- **Construction:** The overall decline in the construction sector was driven by jobs losses in specialised construction activities and civil engineering, while there was a low level of growth in the construction of buildings.

Figure 4.11: Central Lincolnshire 10 Highest Net Employment Increases



Source: BRES

Figure 4.12: Central Lincolnshire 10 Highest Net Employment Decreases



Source: BRES

4.32 Data on the ten largest and ten highest represented sub sectors reinforce the manufacturing employment specialism in North Kesteven and West Lindsey and the low level of financial, professional and business services employment (a key driver of national employment growth) in all three local authority areas. While, four of the highest represented sectors and one of the largest sub-sectors are manufacturing related, financial professional and business services do not appear. More detailed analysis of both of these sectors is presented in the following section.

Table 4.1: Sub sectors in Central Lincolnshire 2012

10 Largest Sub Sectors			10 Highest Represented Sectors*		
Sector	No.	LQ	Sector	No.	LQ
Retail (exc. Motor)	13,200	1.2	Water collection	800	6.9
Education	12,400	1.2	Manufac. of food	3,400	2.6
Human health	9,100	1.2	Manufac. machinery	1,700	2.1
Public admin/defence	6,200	1.2	Manufac. of rubber/ plastic	1,100	1.9
Food and bev. Services	5,700	1.0	Civil engineering	1,200	1.6
Social work (w/c accom.)	4,800	1.4	Wholesale/ retail (motor)	2,900	1.6
Wholesale (exc. Motor)	4,700	1.0	Repair of machinery	500	1.4
Residential care	3,800	1.4	Social work (w/o accom.)	4,800	1.4
Manufacture of food	3,400	2.6	Waste collection	700	1.4
Wholesale/retail (motor)	2,900	1.6	Residential care	3,800	1.4

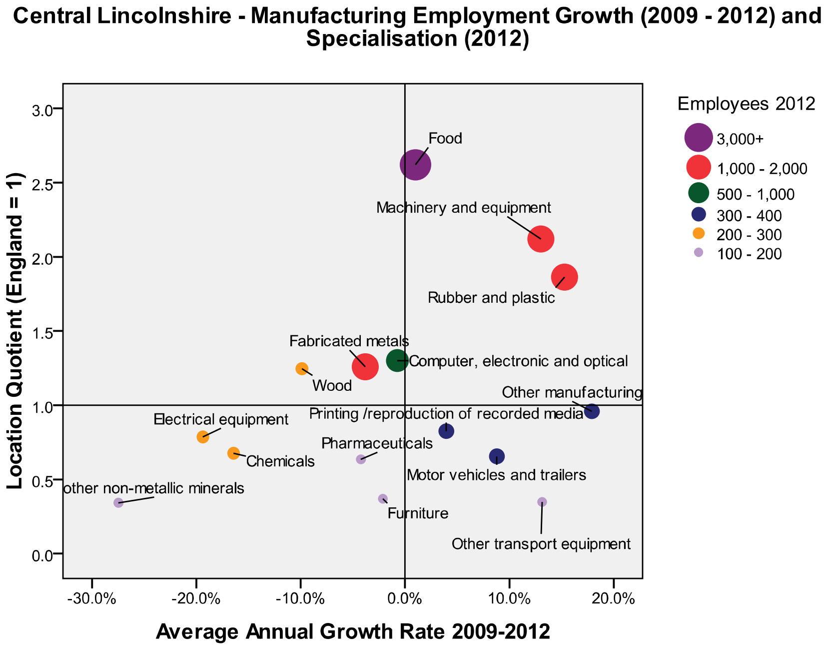
*Based on the ten highest LQs in sub-sectors with a minimum of 500 employees.

Source: BRES

Manufacturing

4.33 The manufacture of food is the largest manufacturing sub-sector in Central Lincolnshire, followed by the manufacture of machinery and equipment, rubber and plastic and fabricated metals, which each employ at least 1,000 people. With the exception of fabricated metals, each of these sub-sectors represents a significant employment specialism in Central Lincolnshire, particularly the manufacture of food where employment levels are at least 2.5 times as high as the national average. The high levels of employment in food manufacturing contribute to the area’s specialism in agri-food.

4.34 The three highly represented sub sectors have also experienced employment growth in recent years, as have a number of smaller sub-sectors including other manufacturing; printing and the reproduction of recorded media; the manufacture of motor vehicles and trailers; and the manufacture of other transport equipment.



4.35 As shown by the Local Authority manufacturing and growth and specialisation charts in Appendix C, the distribution of sub-sectoral employment across Central Lincolnshire and growth trends vary.

4.36 The key points to note relating to the four largest sub sectors include:

- Food manufacturing is highly represented in West Lindsey and North Kesteven. The sub sector has also grown in North Kesteven in recent years.
- The manufacture of machinery and equipment is highly represented across Central Lincolnshire and each of the local authorities has experienced growth in the sub-sector.
- The manufacture of rubber and plastic is highly represented in Lincoln and West Lindsey and has grown across Central Lincolnshire's authorities.
- The manufacture of fabricated metals is highly represented in West Lindsey and North Kesteven. Although employment in the sub sector has declined in West Lindsey, it has grown in North Kesteven.

Finance, professional and business services

4.37 Activities of head offices and employment activities are the two largest financial, professional and business services sub-sectors in Central Lincolnshire, followed by office administration and support; support services for buildings; and architectural and engineering services. In recent years, the employment levels in these sub-sectors have remained relatively stable, with the exception of activities of head offices; and office administration and support where employment has declined.

4.38 There has been employment growth in a number of smaller sub-sectors including other professional, scientific and technical activities; security and investigation; insurance and pensions; and auxiliary activities for finance and insurance services.

4.39 In contrast to manufacturing, the finance, professional and business services sub-sectors are underrepresented across Central Lincolnshire. Almost all services have employment levels below the national average, with the exception of veterinary services reflecting the rurality of the area.

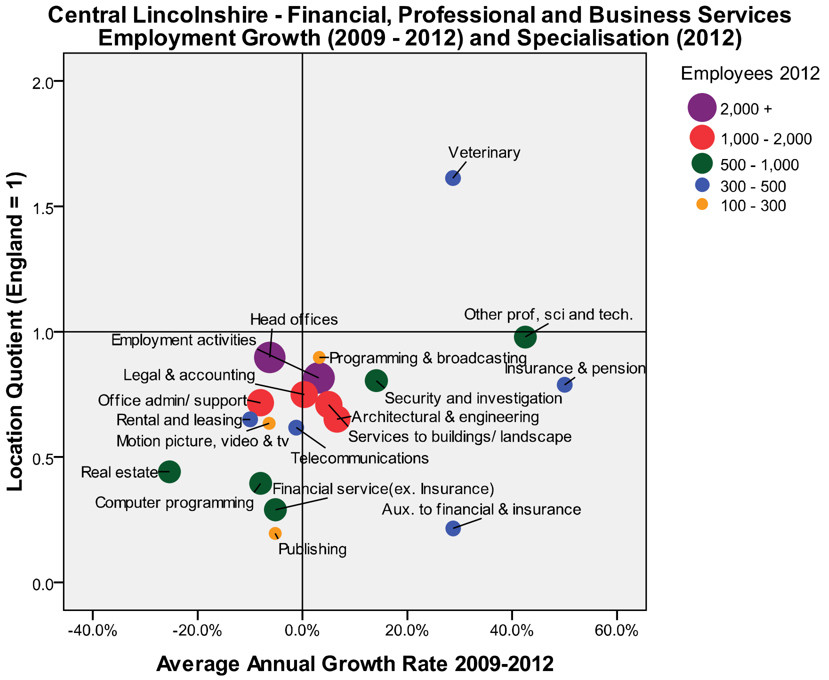
4.40 As shown by the Local Authority finance, professional and business services growth and specialisation charts in Appendix D, the distribution of sub-sectoral employment across Central Lincolnshire and growth trends vary. The key points to note include:

- The highest concentrations of finance, professional and business service employment are found in Lincoln, where a number of sub-sectors such as employment activities; and insurance and pension services, are relatively highly represented and have experienced growth in recent years. However, these highly represented sub sectors are typically lower value services (e.g. employment activities) or are sectors which have small employment numbers (e.g. programming and broadcasting).

- North Kesteven has high levels of employment in office administration and support, again a typically lower value sub-sector. The sub-sector has also experienced employment decline in recent years.

- West Lindsey has high levels of employment in security and investigation and other professional, scientific and technical activities, both of which have been growing in recent years. Overall, West Lindsey has the most poorly performing finance, professional and business services sector of the three local authorities in terms of relative employment levels and growth.

- There are a number of higher value sectors, such as architectural and engineering services in Lincoln and West Lindsey and legal and accountancy activities in North Kesteven, which have experienced growth, although there is opportunity to increase this.



*Note: Insurance and Pension growth rate adjusted – actual rate disproportionate to other sub sectors due to very small base in 2009.

The visitor economy

4.41 The visitor economy is highlighted as a priority sector for the Greater Lincolnshire LEP and is an important sector for the three Central Lincolnshire local authorities. The sector is typically hard to define using standard industrial classifications with visitor activities cutting across traditional sectors and many of the services that are used by visitors (such as restaurants, museums and galleries) also being used by local residents.

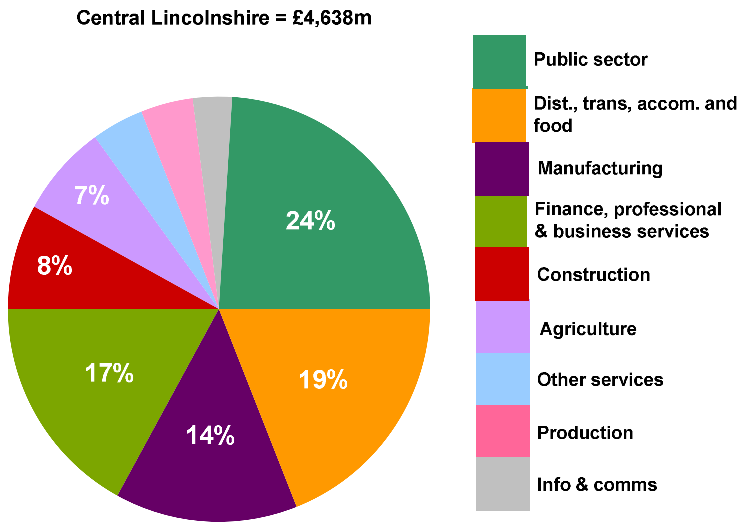
4.42 STEAM data that was produced in 2014 and focuses on providing a measurement of the economic impact of the tourism sector is available for Lincoln and North Kesteven. In both areas, the statistics provide evidence that the visitor economy has been growing, with figures on visitor days, visitors numbers and direct expenditure all increasing between 2012 and 2013. This has led to an increase in the direct and indirect employment of the sector and the economic impact.

Gross value added

4.43 Data on the level of Gross Value Added is not available for the three local authority areas within Central Lincolnshire. In order to provide an estimate of the value added generated in the area, the sectoral productivity data for the Greater Lincolnshire LEP area (expressed as the level of GVA generated per FTE) has been applied to the sectoral breakdown of the employment base in Central Lincolnshire.

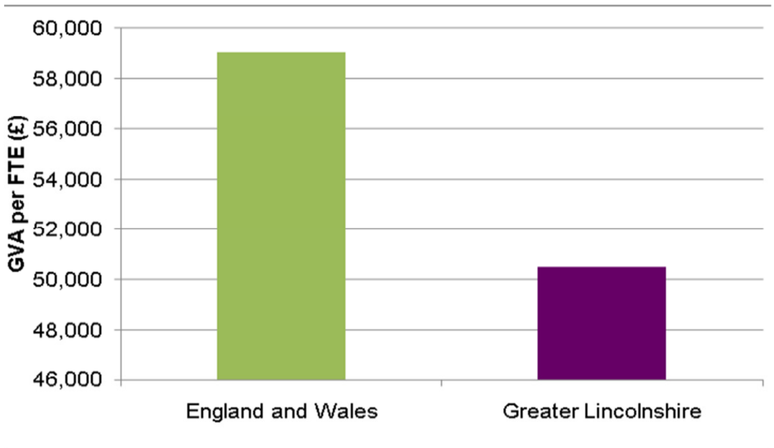
4.44 On this basis, it is estimated that in 2011 (the latest year for which sectoral GVA data is available); the Central Lincolnshire economy generated £4.6bn of GVA.

4.45 There are a number of clear differences between the sectoral composition of the GVA and the employment base. In particular, manufacturing; finance, professional and business services; and construction account for a higher share of GVA than employment, whilst public services' share is much lower. Each of the differences reflects variances in the productivity levels as set out in the section overleaf.



4.46 At the Greater Lincolnshire level, the level of GVA generated per FTE is significantly below the national average. In 2011, the area generated just over £50,000 of GVA per FTE, equivalent to just 85% of the national average.

Figure 4.13: GVA per FTE 2011



Source: Regional Accounts and BRES

4.47 Within Greater Lincolnshire, the sectors with the highest productivity levels are real estate, production and finance and insurance services. Construction, information and communication, manufacturing and other services are also above the LEP economy wide average. The lowest levels of productivity are found in public services; distribution and hospitality and business services.

Table 4.2: Productivity by sector – ranked highest to lowest in terms of GVA per FTE – Greater Lincolnshire

Sector	GVA per FTE
Real estate	406,975
Production	101,904
Financial & insurance	73,159
Construction	63,975
Information & communication	63,753
Manufacturing	63,009
Other services	50,980
Greater Lincolnshire	50,498
Public administration, education & health	38,141
Distribution, transport, accomm. & food	37,388
Business services	33,039

Note: Agriculture is excluded from this table due to limitations of the data available.

Source: Regional Accounts and BRES

Table 4.3: Productivity by sector – ranked by GVA per FTE relative to national average – Greater Lincolnshire

Sector	% England & Wales
Other services	104%
Manufacturing	103%
Real estate	101%
Public administration, education & health	89%
Distribution, transport, accomm. & food	*89%*
Production	89%
Greater Lincolnshire	86%
Construction	84%
Business services	74%
Information & communication	70%
Financial & insurance	60%

Note: Agriculture is excluded from this table due to limitations of the data available.

Source: Regional Accounts and BRES

4.48 The low levels of productivity relative to the national, average are driven by the majority of sectors underperforming, particularly private service sectors, including business services, information and communication and financial and insurance. The productivity levels in each of these sectors rages from being equivalent to between just 60% and 74% of the national average. Only three sectors have productivity levels in line with or above the national average – other services, manufacturing and real estate.

Key Messages

4.49 In summary:

- The role which each sector plays in generating economic growth can vary quite significantly. For example, while some sectors generate high levels of net job growth, others generate high value added and in some cases, a combination of both. Understanding historic growth trends and the current composition of the economy not only provides an indication of where future growth may be secured going forward, but also the type of economic growth that could be generated.

- During the last major growth period nationally (1998-2008), Lincoln significantly underperformed and captured a low level of growth overall and in a number of important private service sectors, particularly compared to West Lindsey and North Kesteven. Understanding and reacting to the factors that contributed to this (e.g. a lack of appropriate business accommodation, skill profile etc.) will help to ensure that Lincoln is better placed to secure growth in the coming years.

- Central Lincolnshire has been less successful than other areas nationally in securing growth post-recession, with an overall decline in employment between 2009 and 2012. This is typical of many northern economies and also trends experienced in northern economies following previous recessions where employment levels have taken longer to recover. There is a need to understand the extent to which sectors are expected to experience further job losses in the coming years and the point at which a net growth position will be resumed.

- The sectoral structure shows that there are clear manufacturing strengths to build upon in West Lindsey and North Kesteven and that there is an opportunity to boost levels of employment and capture a higher share of growth in private service sectors in all areas. Other specific sectoral opportunities in the area include the development of agri-food, public defence (linked to the expansion plans of the RAF) and the visitor economy. Ensuring that local economies are well equipped and able to accommodate growth in these sectors will be important and will influence the extent to which future growth is secured.

- With regards to manufacturing, despite significant decline during the last growth period, manufacturing continues to be an important sector in both West Lindsey and North Kesteven, accounting for a significant share of employment and a disproportionate share of GVA. Going forward, historic trends suggest that the sector will primarily continue to make an important contribution to growth in GVA terms. There are also likely to be new jobs created within key sub-sectors (for example, three of the four largest manufacturing sub-sectors – the manufacture of food, machinery and equipment and rubber and plastic - represent employment specialisms and have been growing in recent years) however these are likely to replace job losses elsewhere in the sector and help to stabilise total employment levels rather than net growth.

- In line with historic trends, the service sector will continue to be the main source of employment growth in the private sector. There are a number of key messages resulting from the analysis that demonstrate the need for Central Lincolnshire to capture a higher share of this growth going forward, particularly in relation to higher value activities:

  – *The private service sector lacks scale compared to the national average:* at the broad sector level, employment levels in the professional, scientific and technical activities; administration and support; finance and insurance and information and communication are below the national average in all three local authority areas. In some sectors, such as finance and insurance and information and communication, the location quotient is as low as 0.3.

  – *Existing activity focuses of lower value activity:* Across the areas, the most highly represented sub-sectors tend to fall within the broader business services category, which is typically lower value with a GVA per FTE of £33k compared to an overall economy average of £50k.

  – *The sectors also have low levels of productivity relative to the national average:* In Greater Lincolnshire, the productivity of most private services sectors it ranges from 59% - 88%, with two exceptions (other services and real estate which are both 102%).

  – *There has been employment decline in recent years.* Between 2009 and 2012, Central Lincolnshire experienced employment decline, while the number of employees remained relatively stable nationally. This was a result of private services that grew nationally, declining in Central Lincolnshire.

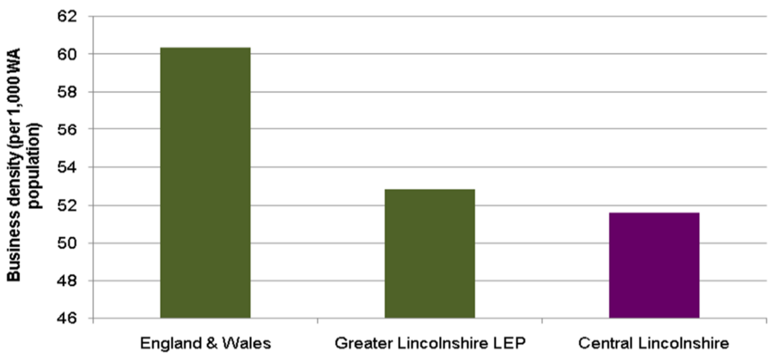
- There are also clear patterns in the distribution of sectoral employment between rural and urban areas in West Lindsey and North Kesteven, with sectors such as production; scientific and technical services; accommodation and food concentrated in rural locations, while sectors such as arts and entertainment; wholesale and retail; and real estate are more typically clustered in urban environments. This needs to be considered alongside the potential sources of growth when assessing the extent to which different areas are able to accommodate growth going forward.

- The activities carried out by growing businesses, and essentially the sector they operate within, will be a key factor that influences demand for different types of employment workspace. While it may seem straightforward to assumes that each sector is linked to one type of employment floorspace (e.g. the manufacturing sector and industrial floorspace) this is over-simplistic and does not take account of the fact that individual businesses may require mixed workspace (e.g. office and industrial) and that there may be a need for managed workshop and specialist workspace for certain activities within most sectors. Understanding the likely requirements of each sector, alongside the potential sources of growth is important when planning the distribution of future growth and employment land.

5. Economic assessment – the business base

5.1 In 2012, there were approximately 9,600 active businesses in Central Lincolnshire, accounting for just below 30% of the Greater Lincolnshire business base in line with the area's share of employment and the population. When the size of the business base in Central Lincolnshire is compared to the size of the working age population, it shows that area has a much lower business density than the national average.

Figure 5.1: Business density 2012



Source: Business Demography and Mid-Year Population Estimates

5.2 This is driven by a below average business density in West Lindsey and in particular Lincoln, while North Kesteven outperforms the national average.

Figure 5.2: Business density 2012

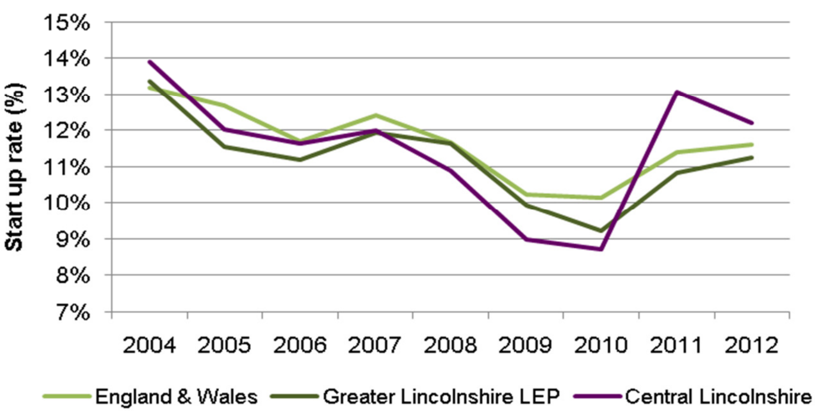
Source: Business Demography and Mid-Year Population Estimates

5.3 In the case of Lincoln, this low density is in spite of the City being the largest employment centre in Central Lincolnshire, reflecting the higher levels of medium and large companies. When examining the dynamics of change within the business base, the trends suggest that the low densities are driven by poor survival rates in Lincoln and a below average start up rates in West Lindsey. Further detail is set out in the following section.

Business start-up rates

5.4 Based on the average for 2004 to 2012, there were just over 1,000 start-ups per annum in Central Lincolnshire, although performance against the national average during this period has varied. The initial strong performance in the early years appears to have deteriorated as the recession took hold with a more significant drop in the start-up rate in Central Lincolnshire when compared with national trends. While the start-up rate appears to have experienced a significant boost in most recent years, this is driven by the high level of business births recorded in North Kesteven in 2011. This could reflect the high levels of business start-up enquiries in 2009 and 2010 as people had or faced the threat of being made redundant.

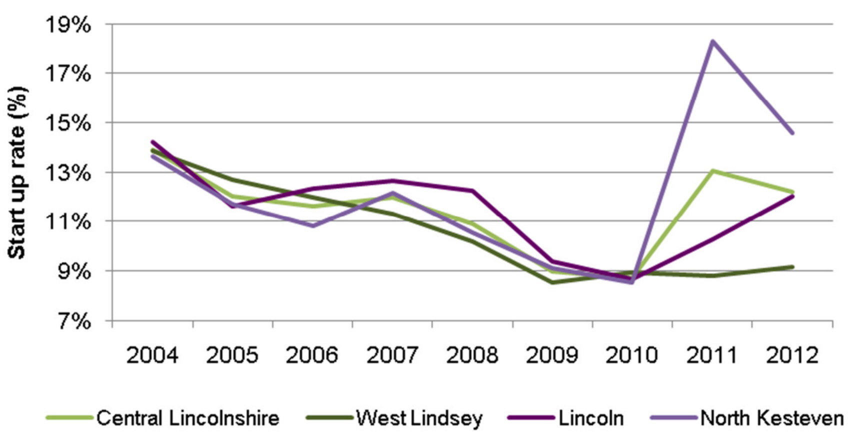
Figure 5.3: Business start-up rate 2004-2012



Source: Business Demography

5.5 At the local authority level, performance against the national start up rate has typically fluctuated on an annual basis. However, West Lindsey's rate has been consistently below the national average since 2007, contributing to the area's lower business density.

Figure 5.4: Business start-up rate 2004-2012

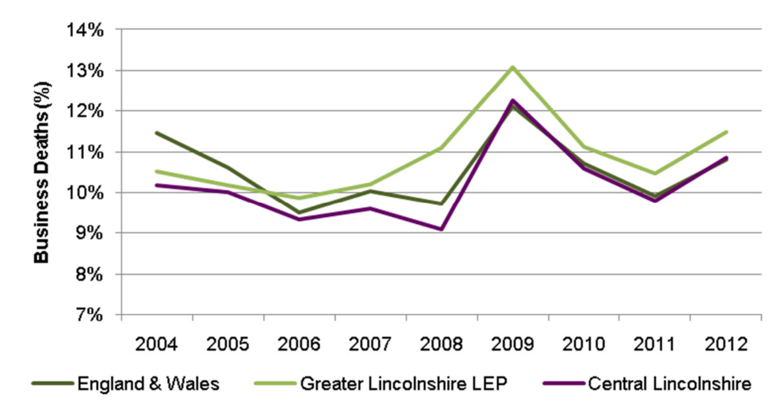


Source: Business Demography

Business deaths

5.6 The business death rate in Central Lincolnshire was largely in line with the national average between 2004 and 2008, with a strong performance pre-recession.

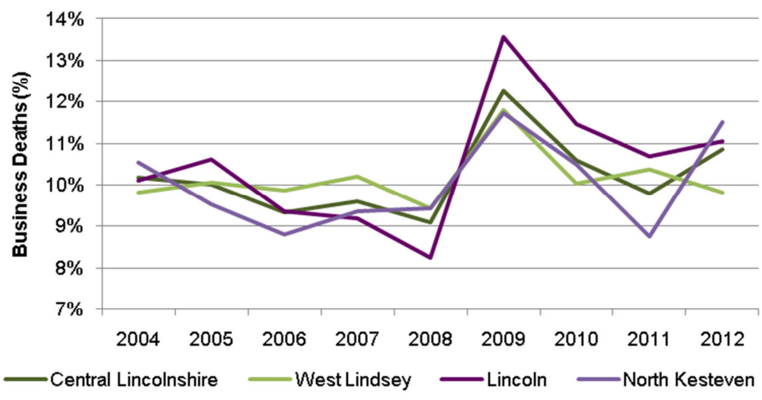
Figure 5.5: Business deaths 2004 – 2012



Source: Business Demography

5.7 At with start-up rates, performance against the national death rate has typically fluctuated on an annual basis at the local authority level. However, Lincoln's business death rate has been consistently above the national average since 2009, contributing to the area's lower business density.

Figure 5.6: Business deaths 2004 – 2012



Source: Business Demography

Size profile of the business base

5.8 Data on the size profile of the business base is available for 2013 through Activity, Size, and Location. This provides a measure of businesses (i.e. individual enterprises) and local units (which counts the branches of the same business located in an area). For the purpose of this assignment, the size profile of local units is more useful as this will affect the scale of floorspace that is required on a case by case basis. Consequently the figures in this section of the report differ from those presented on business density, start-up rates and death rates (which are based on the individual enterprises).

5.9 In 2013, there were over 11,600 business units in Central Lincolnshire. The size profile of the Central Lincolnshire unit base is largely in line with the profile for the LEP level and national economy, and is characterised by micro businesses which account for the large majority of the business units. Across the three districts, there are some 385 medium and large employers, which, whilst only accounting for 3% of the business units, make an important contribution to the area in terms of total employment.

Table 5.1: Businesses by size band 2013

	Central Lincolnshire		Greater Lincolnshire		England & Wales
	No.	%	No.	%	%
Micro (0 – 9)	9,520	82%	33,565	82%	83%
Small (10 – 49)	1,710	15%	6,115	15%	14%
Medium (50 – 249)	345	3%	1,135	3%	3%
Large (250+)	40	0%	170	0%	0%
Total	11,615	100%	40,985	100%	100%

Source: Activity, Size, Location

5.10 When the size profile is broken down further, it becomes clear that the majority of micro business have up to four employees, as is the case nationally. The breakdown also shows that the profile of large businesses in Central Lincolnshire is skewed toward smaller employee numbers, with only 26% of large businesses in Central Lincolnshire employing over 500 people compared to 35% nationally.

Table 5.2: Businesses by size band 2004-2013

	Central Lincolnshire		Greater Lincolnshire		England & Wales
Micro (0 – 9)	9,520	100%	33,565	100%	100%
0 – 4	7,830	82%	27,110	81%	83%
5 – 9	1,690	18%	6,455	19%	17%
Small (10 – 49)	1,710	100%	6,115	100%	100%
10 – 19	995	58%	3,620	59%	60%
20 – 49	715	42%	2,495	41%	40%
Medium (50 – 249)	345	100%	1,135	100%	100%
50 – 99	220	64%	735	65%	65%
100 – 249	125	36%	400	35%	35%
Large (250+)	40	100%	170	100%	100%
250 – 499	30	75%	125	74%	65%
500 – 999	5	13%	35	21%	24%
1,000 +	5	13%	10	6%	11%

Source: Activity, Size, Location

5.11 At the local authority level, the size profile of Lincoln's unit base differs significantly when compared to the Central Lincolnshire and national profile. While micro businesses continue to account for the largest share of units, there are higher concentrations of small, medium and large businesses. Specially, Lincoln accounts for almost half of the medium and large units located in Central Lincolnshire, compared to just over a quarter of total businesses.

Table 5.3: Businesses by size band 2013

	Lincoln		North Kesteven		West Lindsey	
	No.	%	No.	%	No.	%
Micro (0 – 9)	2,375	73%	3,960	86%	3,185	85%
Small (10 – 49)	685	21%	550	12%	475	13%
Medium (50 – 249)	160	5%	110	2%	75	2%
Large (250+)	25	1%	10	0%	5	0%
Total	3,245	100%	4,630	100%	3,740	100%

Source: Activity, Size, Location

Key Messages

5.12 In summary:

- The number of new business starts – on average, 1,000 per annum across Central Lincolnshire – will continue to be a source of employment growth and demand for new business accommodation.

- The low business density in Central Lincolnshire (driven by low density in West Lindsey and Lincoln) coupled with previous employment trends, suggests that the expansion of existing businesses will also play an important role in future growth.

- The data suggests that the low business density in Lincoln is linked to high levels of business deaths and low survival rates. Understanding the causes of business failure will help to identify any support requirements that could be put in place to ensure that growth in Lincoln is sustained and maximised.

- In West Lindsey, the data suggests that the low business density is linked to a below average start up rate. Activities to increase the number of start-ups (and ensure that their chances of survival are maximised) will help to increase the level of the growth that is secured in West Lindsey in future years.

- The size profile of individual business units and the overall business base will influence the size and composition of accommodation required. The current profile suggests that there is higher demand for premises suitable for micro businesses in West Lindsey and North Kesteven (particularly those employing less than 4 employees), and small, medium and larger businesses in Lincoln. The current profile also suggests that demand for premises to accommodate businesses with more than 500 employees is less likely in Central Lincolnshire than other parts of the country.

6. The commercial property market

6.1 Understanding the dynamics of Central Lincolnshire commercial property market, the current stock of employment space, and recent trends in availability and supply of employment land is beneficial in establishing the extent of revealed and latent demand arising across the area for different type of commercial property.

6.2 To set the analysis in its wider context, consideration is first given the recent trends in the occupier and investment markets at a national level. This is followed by a more detailed analysis of changes in supply and demand for commercial property across Central Lincolnshire drawing on a range of secondary data sources including:

- Commercial floorspace data from the Valuation Office Agency (VOA);
- Commercial property data drawn from online databases such as Costar; and
- Monitoring data on employment development compiled by the Central Lincolnshire authorities.

6.3 Market data on availability, vacancy and rental values is also examined, and supplemented with local intelligence from commercial agents in order to build a detailed picture of supply and demand for office, general industrial, warehousing and retail/leisure uses.

A national perspective

6.4 RICS UK Commercial Market Survey[3] for Q2 2014 provides an insight in to recent market trends at a national level. Evidence from the survey indicates that the commercial property market is increasingly showing signs of recovery and improvement, mirroring improved economic conditions nationally.

6.5 Occupier markets are showing increased levels of activity with consistent growth in tenant demand at the all-property level and across each sector. From a locational perspective, momentum is continuing to build in the Midlands/Wales and Northern markets, alongside the established market hot spots of London and the South East.

6.6 In sectoral terms, the industrial sector is currently exhibiting the strongest results. Furthermore, it is reported that over the last two quarters evidence has shown the demand for office sector property has been overtaken by an increased demand for both industrial and retail units, demonstrating the beginnings of a more balanced economic recovery.

6.7 The Survey also notes that investor interest continues to build and is expected to develop into further meaningful growth in completed transactions going forward. Capital values are also projected to remain on their upward trajectory as a result of the expected improvement in investment activity, particularly in commercial markets outside of London.

[3] RICS (2014) UK Commercial Market Survey (Q2 2014)

6.8 These sentiments are echoed by research undertaken by Savills[4] who note that the level of commercial activity in the UK expanded in August 2014 with the number of projects and transactions increasing across the private sector market in particular. The research recognises that industrial/warehouse activity in particular continues to gain momentum, with August 2014 being the 24th month of consecutive growth. Increased activity in the private sector office market is also reported, whilst public sector office activity reportedly declined for the first time since September 2013.

6.9 As a consequence of increased activity in the occupier market, RICS reports that the availability of commercial property has fallen at the fastest pace on record[5]. The office and industrial sectors account for the bulk of this decline with the significant proportions of office space being converted into residential use, impacting on supply in these markets.

6.10 As has been highlighted in earlier sections of this report, Central Lincolnshire's peripheral location means that it operates as a relatively self-contained functional market area. Given this context, as well as considering national trends, it is important to take into account evidenced trends, issues and opportunities at a more localised level. This is achieved below by considering:

- The current composition and changes in the existing stock of employment floorspace across Central Lincolnshire;
- Past development rates and take up of employment land;
- Market signals and trend based data relating to availability, vacancy and rental values; and
- The views and perspectives of local commercial agents.

The existing stock of employment floorspace

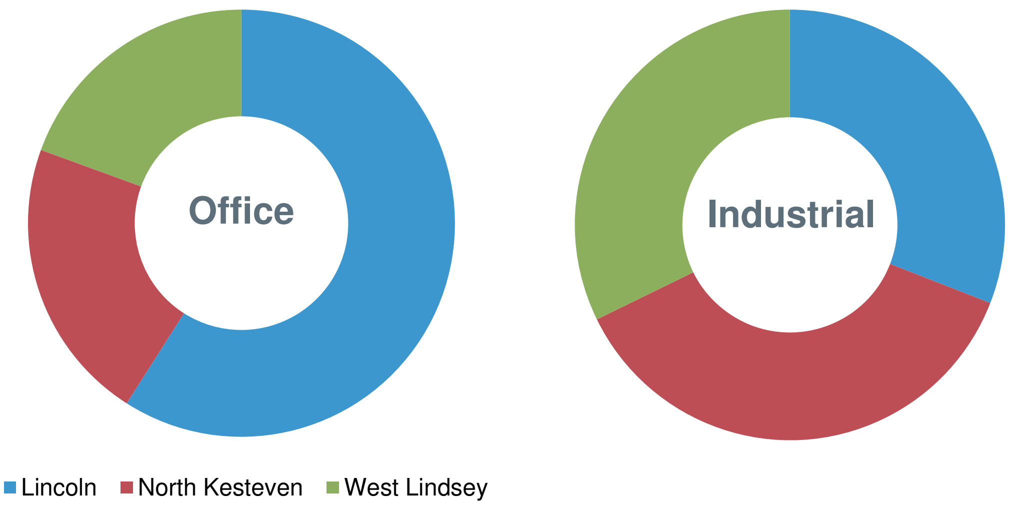
6.11 This section provides an overview of the current stock of employment floorspace in Central Lincolnshire, providing an indication of the supply of office and industrial floorspace currently available to support economic development needs across the area.

6.12 The Valuation Office Agency (VOA) publishes statistics[6] that help to understand the amount of business floorspace in Central Lincolnshire, allowing analysis of properties liable for business rates. The latest data available is from March 2012 and shows at this time that there was a total of 1.67 million sqm of industrial floorspace in Central Lincolnshire, with 288,000sqm of office floorspace.

6.13 As the graphs below show, while there was a relatively high concentration of the latter in the City of Lincoln, there is a generally even distribution of industrial floorspace throughout the economic area.

[4] Savills Research UK Commercial (September 2014) Development Activity Report
[5] RICS (2014) UK Commercial Market Survey (Q2 2014)
[6] VOA (2012) Business Floorspace (Experimental Statistics)

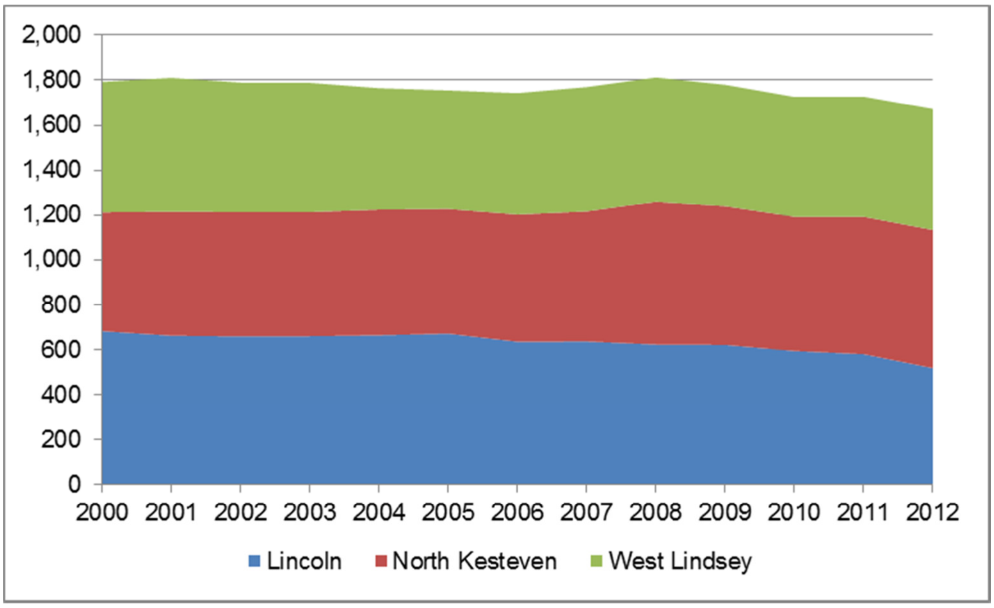
Figure 6.1: Distribution of Employment Floorspace – March 2012



Source: VOA, 2012

6.14 Analysis of VOA data also allows an understanding of how employment floorspace has changed in Central Lincolnshire since 2000. The graph below summarises year-on-year change in industrial floorspace. As shown, the total industrial floorspace in Central Lincolnshire has remained relatively constant since 2000, although there has been a fall in total floorspace since 2008. The amount of industrial floorspace in North Kesteven, however, has increased over the period shown by around 85,000sqm, although this has not offset the losses of 164,000sqm and 42,000sqm seen in Lincoln and West Lindsey respectively.

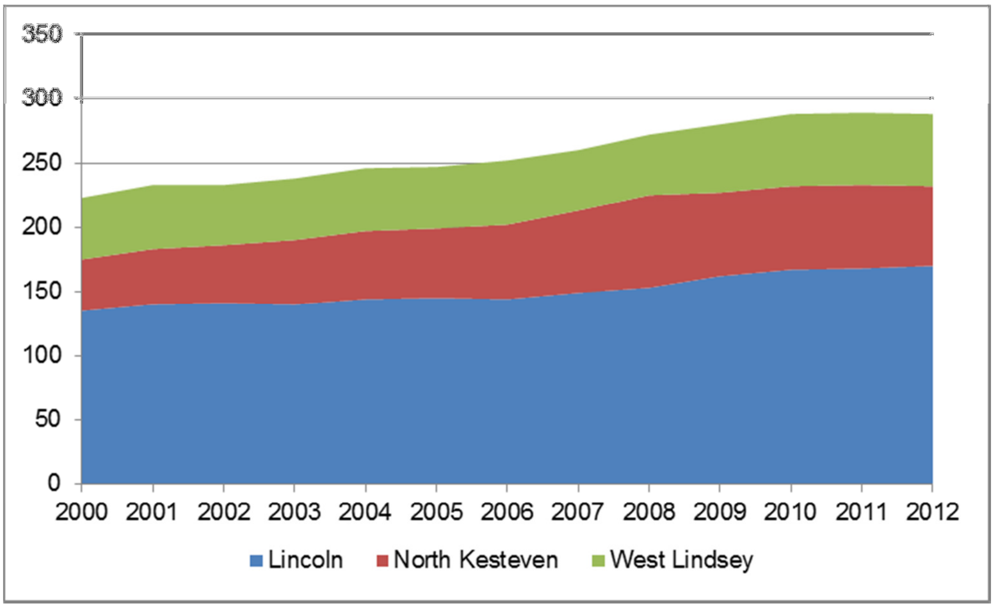
Figure 6.2: Change in Industrial Floorspace 2000 – 2012



Source: VOA, 2012

6.15 The following graph shows a comparable analysis for office floorspace.

Figure 6.3: Change in Office Floorspace 2000 – 2012



Source: VOA, 2012

6.16 In contrast to industrial, there has been a sizeable growth in the amount of office floorspace in Central Lincolnshire, with the total stock increasing by just under 30% between 2000 and 2012. It is clear that Lincoln continues to play a key role as a major destination for offices, consistently accounting for over half of all office floorspace in Central Lincolnshire.

Past Development Rates

6.17 More recent trends can be obtained from an analysis of Local Authority monitoring data. Local Planning Authorities typically prepare an Annual Monitoring Report (AMR) as a means of assessing progress against the implementation of Local Plan policies. Analysis of this data is beneficial in gaining an understanding of the scale of completed employment floorspace in each district over recent years as well as the current supply land available for future economic development across the Central Lincolnshire area.

6.18 Comparable data on completed employment floorspace across Lincoln, North Kesteven and West Lindsey is currently available for the period from 2011/12 to 2013/14. A summary of this data is provided in the table below and shows that over the last 3 years, 113,039 sqm of employment floorspace has been created across Central Lincolnshire.

Table 6.1: Completed Employment Floorspace (sqm) 2011/12 – 2013/14

Year	Lincoln	North Kesteven	West Lindsey	Central Lincolnshire
2011/12	3,624.15	15,763.59	13,441.41	32,829.15
2012/13	745.33	39,135.48	5,941.29	45,822.1
2013/14	2,823.72	7,105	24,459	34,387.72
Total	7,193.2	62,004.07	43,841.7	113,038.97

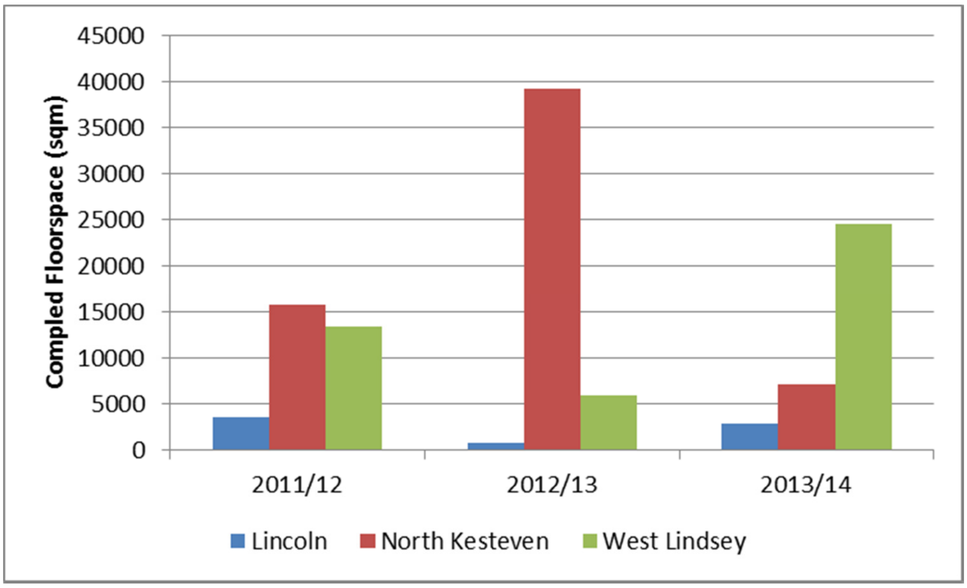
Source: Central Lincolnshire Authorities Annual Monitoring Reports 2011/12, 2012/13 and 2013/14

6.19 It is notable however that over this period the rate of delivery has varied substantially across the three local authority areas. The above analysis shows that:

- In 2011/12, a total of 32,829 sqm of employment floorspace was created across the area, just under half of which was developed across North Kesteven. By comparison just over 11% - equivalent to 3,624 sqm – was developed in Lincoln, whilst in West Lindsey witnessed 13,441.41 sqm of new floorspace being created.
- A similar trend was evident in 2012/13, however the proportional split of floorspace was much more pronounced with 85% of the 45,822 sqm developed that year being completed in North Kesteven. Lincoln also witnessed a much lower level of completed floorspace with just 745 sqm being created.
- In 2013/14, rates of development across North Kesteven were more subdued at 7,105 sqm but increased substantially across West Lindsey with 24,459 sqm being developed. Lincoln, again, experienced more modest levels of development with around 2,824 sqm being created.

6.20 The above trends are illustrated in the graph below.

Figure 6.4: Completed Employment Floorspace (sqm) 2011/12 – 2012/13



Source: Central Lincolnshire Authorities Annual Monitoring Reports 2011/12, 2012/13 and 2013/14

6.21 In terms of the largest gains of floorspace:

- Of the 15,764 sqm developed across North Kesteven during 2011/12, the creation of 7,133 sqm of new B8 floorspace accounted for the largest proportion. A further 5,614 sqm of B1 floorspace was also developed, representing a significant increase on previous years and was largely attributable to the completion of a unit on Sleaford Enterprise Park and on Whisby Way, North Hykeham. In West Lindsey some 7 735 sqm of new floorspace related to the development of an additional unit for an existing business in Gainsborough; this also accounted for 1.943 ha take-up of employment land.

- In 2012/13, the largest proportion of new floorspace was again completed in North Kesteven driven by a number of larger developments being completed. This included two B2 developments at Poplar Farm at Dunston Fen and Branston Potatoes. Also under mixed use schemes Siemens on Teal Park and new workshop space at Bracebridge Heath also came forward.

- In 2013/14, West Lindsey witnessed the largest share of new employment floorspace. A total of 24,459 sqm of floorspace was developed representing a significant increase on the previous year. The level of activity is attributable to a number of developments having come forward including new build and conversion of premises for companies based in Wickenby totalling 4,000 sqm. A further 9,136 sqm of conversion and extension to premises in Gainsborough was finalised in July 2013 and a further 5,057 sqm was completed on Somerby Park, Gainsborough.

6.22 The following table shows the proportional split of floorspace developed by the type across Central Lincolnshire.

Table 6.2: Completed Floorspace by Type (B1, B2, B8 and Mixed)

Type	2011/12	2012/13	2013/14	Total
B1	10,170.75	8,627.6	4,964.86	23,763.21
B2	2,290	10,753	20,706	33,749
B8	10,230.4	5,013	1,350.86	16,594.26
Mixed	10,138	21,428.5	7,366	38,932.5
Total	32,829.15	45,822.1	34,387.72	113,038.97

Source: Central Lincolnshire Authorities Annual Monitoring Reports 2011/12, 2012/13 and 2013/14

6.23 Considering each sector in turn:

- A total of 23,763 sqm of B1 floorspace was created between 2011/12 and 2013/14. Around 42% of this was delivered in 2011/12 with the rate of delivery decreasing year on year with the floorspace created in 2013/14 accounting for just over 20% of the overall total.

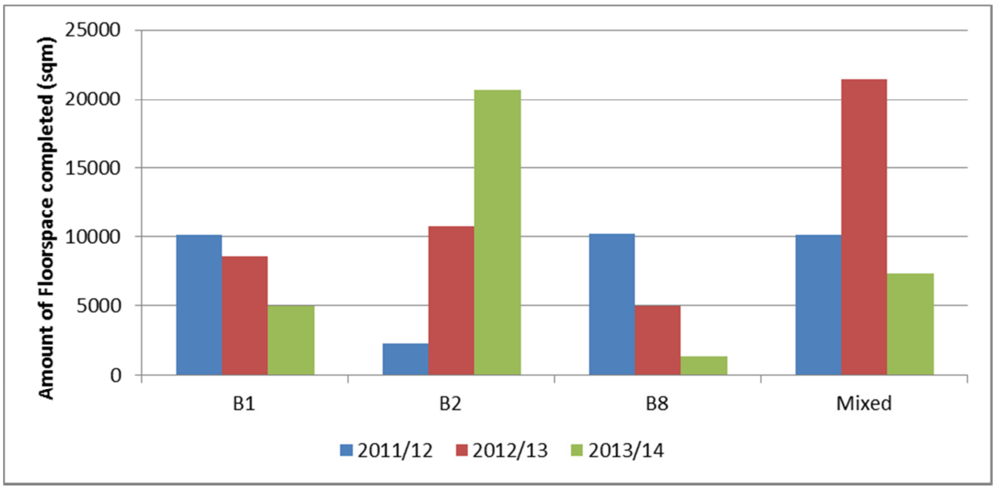
- A similar trend is evident for B8 floorspace with the largest quantum being developed in 2011/12. During this year a total of 10,230 sqm was developed across the Central Lincolnshire area, equivalent to 61% of the three year total. The rate of development slowed in the two years that followed, with development taking place in 2013/14 reducing to just 1,350 sqm.

- In contrast to the above trends, the amount of B2 floorspace developed across the district has increased significantly over the period from just 2,290 sqm in 2011/12 to 20,706 sqm in 2013/14. Furthermore, development of B2 floorspace during 2013/14 accounted for around 60% of the total amount of floorspace developed across Central Lincolnshire.

- At 38,932 sqm, schemes comprising a mix of B1, B2 and B8, accounted for the largest share of new floorspace creation during 2012/13 and represented around 34% of the total floorspace developed over the last three years.

6.24 These trends are illustrated in the graphs overleaf.

Figure 6.5: Floorspace developed by type (B1, B2 and B8)



Source: Central Lincolnshire Authorities Annual Monitoring Reports 2011/12, 2012/13 and 2013/14

Figure 6.6: Share of Floorspace developed by type (B1, B2, B8 and Mixed)

Source: Central Lincolnshire Authorities Annual Monitoring Reports 2011/12, 2012/13 and 2013/14

Take up of employment land

6.25 Take up levels have been variable across Central Lincolnshire. Of the three authorities, North Kesteven and West Lindsey have witnessed the highest levels of demand for employment land with 22.3 hectares taken up across the two districts between 2010/11 and 2013/14. This is equivalent to an average take up rate of 5.6 hectares per annum.

6.26 Take up has generally been strongest in North Kesteven over this period, and of the 22.3 hectares developed:

- 7.24 hectares was taken up during 2010/11, 3.71 hectares of which was developed for B8 distribution and warehouse use.

- 5.35 hectares was taken up during 2011/12, with 3.41 hectares being taken up in North Kesteven and the remaining 1.94 hectares in West Lindsey.

- 3.53 hectares was developed in North Kesteven during 2012/13 with no new land taken up in West Lindsey during this reporting year. Instead all additional employment related development in West Lindsey was accommodated on brownfield sites.

- 6.16 hectares was taken up during 2013/14. A total of 4.82 hectares was taken up in North Kesteven, compared to 1.34 hectares in West Lindsey.

6.27 By contrast Lincoln has recorded very low levels of employment land take up, with the majority of new employment floorspace being created on previously developed land. As a result, just 0.27 hectares has been take up between 2009/10 and 2013/14. However, this may not be representative of future needs and any pent up demand created as economic conditions continue to improve and the supply of suitable sites and premises is depleted. These matters are considered later within this section.

Rateable Commercial Properties

6.28 VOA also value commercial properties for business rates purposes, which includes measurement of floorspace. This analysis can therefore be brought up to date through analysis of rateable commercial properties in September 2014, as presented in the following table. This can also provide an indicative average size for each employment type across Central Lincolnshire as a whole[7].

Table 6.3: Rateable Properties – September 2014

Type	Number of rateable properties	Total area (sqm)	Average floorspace (sqm)
Factories	126	466,230	3,700
Offices	1,416	277,325	196
Warehouses	537	602,170	1,121
Workshops	1,206	346,615	287
Total	**3,285**	**1,692,340**	**515**

Source: VOA, 2014

6.29 There were 3,285 rateable business properties within the above groups in Central Lincolnshire in September 2014, of which 43% were used as offices. Notably, however, this accounted for just 16% of all floorspace, reflecting the smaller size requirements of offices. There are also a significant number of workshops in Central Lincolnshire, although these are – on average – slightly larger.

[7] Property types derived from standard description codes utilised by VOA, with the table summarising commercial premises classified as offices, factories, warehouses or workshops by the VOA

6.30 There are over 500 warehouses in Central Lincolnshire, representing over a third of all business floorspace in the economic area with each occupying in excess of 1,000sqm on average. Factories, however, have the largest size requirements, with the 126 factories in the area occupying an average of 3,700sqm.

6.31 The following table breaks down the analysis into the individual authorities of Central Lincolnshire.

Table 6.4: Rateable Properties – September 2014

	Lincoln		North Kesteven		West Lindsey	
	Number of properties	Total sqm	Number of properties	Total sqm	Number of properties	Total sqm
Factories	29	128,791	46	160,768	51	176,671
Offices	685	162,783	440	63,279	291	51,264
Warehouses	203	193,997	198	219,821	136	188,353
Workshops	245	77,917	569	140,411	392	128,287
Total	**1,162**	**563,487**	**1,253**	**584,278**	**870**	**544,575**

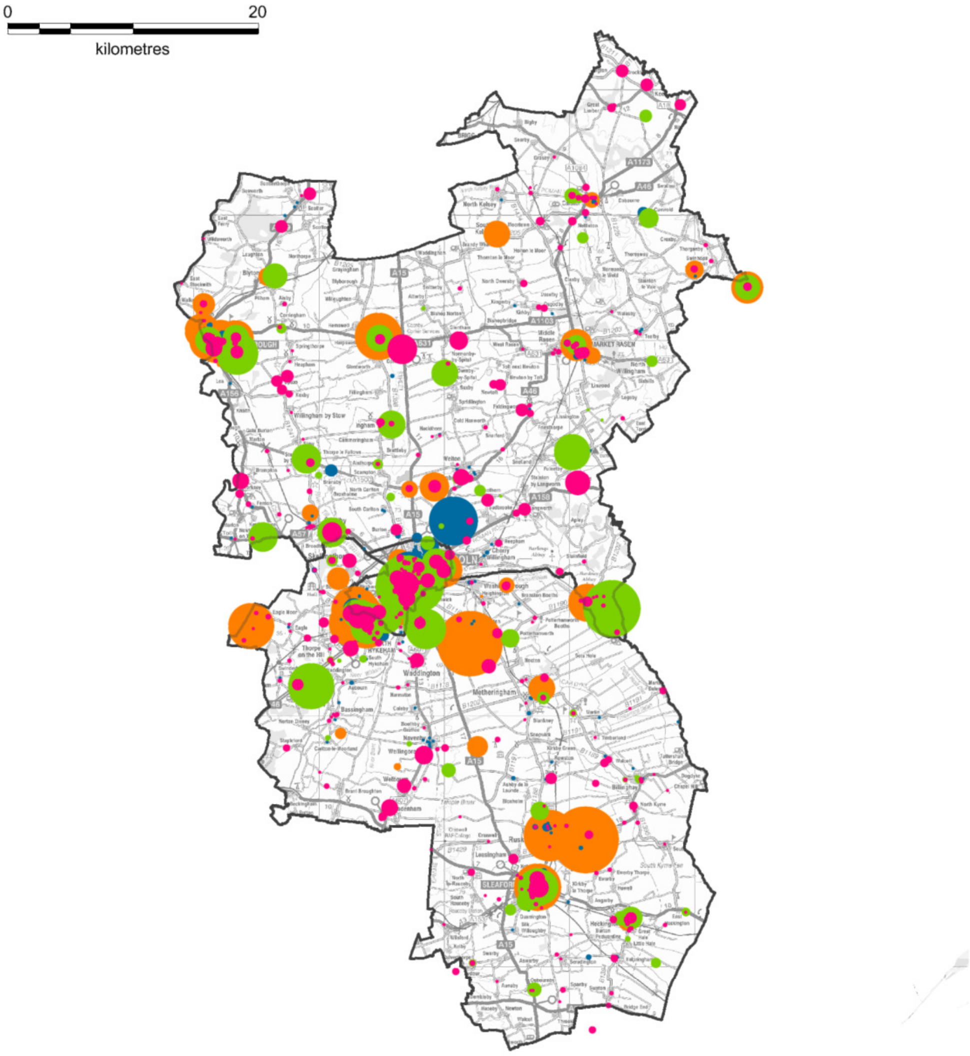
Source: VOA, 2014

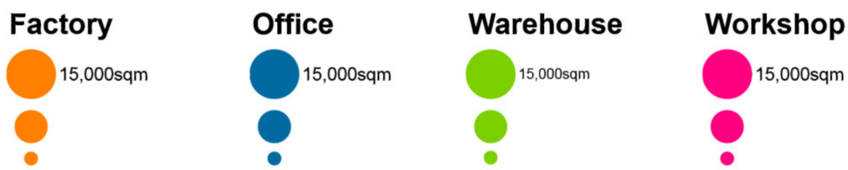
6.32 The table suggests that over half of rateable business properties in Lincoln are offices, while North Kesteven and West Lindsey have a much higher proportion of workshops, potentially reflecting the more rural economies of the two districts. Based on the calculation of average property sizes, factories and offices in Lincoln are generally larger, although warehouses in particular are larger in the districts of West Lindsey and North Kesteven. Indeed, overall, business properties in West Lindsey are generally larger than elsewhere in Central Lincolnshire.

6.33 The spatial distribution of employment floorspace is a further factor to consider, with the following graphic indicating the location of employment floorspace in Central Lincolnshire. This is again based on the VOA data presented above – showing premises within standard description codes related to this study – with properties distinguished by type and scaled by the total size.

6.34 This illustrates the major economic role of Lincoln, with a high concentration of employment floorspace within the city. This does, however, extend beyond the authority boundary, particularly to the south into North Hykeham. There are further clusters of business premises in Gainsborough and Sleaford, with smaller centres in Market Rasen and Caistor. Indeed, there is a relatively even distribution throughout the more rural areas of Central Lincolnshire, with a prevalence of smaller workshops in particular. There are also notably a number of larger warehouses and factories located in more rural areas, beyond the outskirts of the city of Lincoln but close to major transport links including the A15 and A631.

Figure 6.7: Spatial Distribution of Employment Floorspace

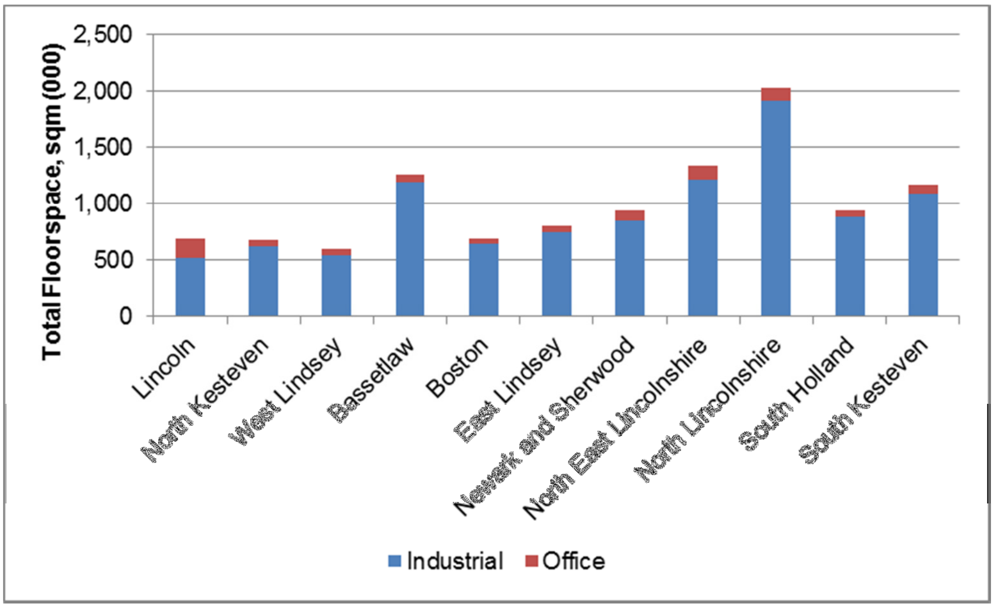




Source: VOA, 2014

6.35 For further context, it is also beneficial to compare the commercial floorspace in Central Lincolnshire against neighbouring authorities. This is illustrated in the following chart, which is based on VOA floorspace statistics in March 2012.

Figure 6.8: Employment Floorspace in Neighbouring Authorities



Source: VOA, 2014

6.36 Within this context, it is evident that the total supply of employment floorspace in Lincoln, North Kesteven and West Lindsey is lower than many neighbouring authorities. North Lincolnshire, North East Lincolnshire and Bassetlaw contain the highest total amount of employment floorspace in the wider surrounding area.

6.37 However, a notably high proportion of business space in Lincoln is used for offices, relative to other authorities, with this accounting for a quarter of all employment floorspace in the City. Given that the next highest concentration of office space is in Newark and Sherwood – with 10% – this shows that Lincoln is a prominent location in the wider area for office space.

Available employment land

6.38 This final section considers the amount of land currently available to support new commercial development. This is presented at a headline level with the suitability, availability and deliverability of this portfolio being considered in more detail through the Economic Land Availability Assessment currently being prepared by the Councils.

6.39 According to the Central Lincolnshire Housing Market Area (HMA) Employment Land Review – published in September 2010 – Central Lincolnshire had an overall employment land availability of 298.45ha.

6.40 The results of a recent audit of the available land supply, undertaken as part of the Central Lincolnshire work on the Economic Land Availability Assessment, reveals that the areas portfolio of employment land equates to approximately 266 hectares. It should be noted, however, that this represents a baseline position of existing allocations and employment sites, the suitability, availability and deliverability of which will be tested further through the Local Plan process.

6.41 This would suggest that the overall supply of land has reduced by approximately 10% over the past 3 to 4 years.

6.42 The analysis also reveals that there is an uneven distribution of land across Central Lincolnshire with 152.60 hectares – or 57% - being located with North Kesteven, with the remainder broadly split equally between Lincoln and West Lindsey.

Table 6.5: Economic Land Supply

Local Authority	Economic Land Supply (ha)	
	2010	2014
Lincoln	60.97	56.33
North Kesteven	173.77	152.60
West Lindsey	63.71	57.05
Central Lincolnshire	**298.45**	**265.98**

Source: Central Lincolnshire Housing Market Area Employment Land Review (2010) and Economic Land Availability Assessment (2014)

6.43 It should be noted that the above constitutes to the total supply, the suitability, availability and deliverability of which is currently being tested through the Economic Land Availability Assessment currently being undertaken by the Central Lincolnshire authorities.

Employment Land in adjoining districts

6.44 As recognised in the NPPF it is relevant to consider the employment land position, both current and in terms of forward planning policy, of adjacent authority areas when considering the future position for Central Lincolnshire. This approach forms part of the Council's Duty to Co-Operate; a requirement of the Localism Act.

6.45 The following therefore provides a headline summary of the current position in neighbouring authorities across Lincolnshire and Nottinghamshire. This includes consideration of:

- Current employment land provision;
- The status of the employment land evidence base;
- Identified cross boundary sites which need to be considered by Central Lincolnshire authorities; and
- Any anticipated requirements for unmet needs to be met outside of the district.

Table 6.6: Employment Land Provision in Adjoining Districts

LPA	Available Employment Land	Source / Evidence	Status of employment land source / evidence base	Cross boundary employment sites	Requirement to meet needs outside of the district?
Newark and Sherwood	218.69 hectares	Newark and Sherwood Employment Land Availability Study 2013/14.	The Employment Land Availability Study 2013/14 presents the latest available employment land figure. However, the council has recently commissioned Nathaniel Lichfield & Partners (as part of the wider Greater Nottingham Authorities) to undertake an Employment Land Feasibility Study. This will be used to inform the review of the Newark and Sherwood Development Plan Documents which is schedules to commence in 2015/16.	No	It is not currently anticipated that any future land requirements will need to be met outside of the Newark and Sherwood.
South Kesteven	93.34 hectares	South Kesteven District Council Annual Monitoring Report 2013	This figure reflects the area of land that had planning permission for employment uses as at 31st March 2013. It did not include Development Plan employment allocations. The Council are currently finalising the 2014 AMR which will provide updated figures. The Council's latest Employment Land Capacity Study was published in 2010, although the Council are currently commissioning an update of this study. This is expected to be published in spring/summer 2015.	No	At this stage it is not anticipated that future land requirements will need to be met outside of South Kesteven.

LPA	Available Employment Land	Source / Evidence	Status of employment land source / evidence base	Cross boundary employment sites	Requirement to meet needs outside of the district?
South Holland	192.94 hectares	South East Lincolnshire Annual Monitoring Report April 2013 - March 2014	The South East Lincolnshire AMR (2013/14) presents the latest employment land data available. This figure reflects the amount of employment land that remains available for development (land that is either allocated for employment development or for which planning permission is outstanding) at 31st March 2014.	No	There is an acknowledged oversupply of employment land across South East Lincolnshire, therefore there is no need to meet land requirements elsewhere.
Boston	71.20 hectares	South East Lincolnshire Annual Monitoring Report April 2013 - March 2014	The South East Lincolnshire AMR (2013/14) presents the latest employment land data available. This figure reflects the amount of employment land that remains available for development (land that is either allocated for employment development or for which planning permission is outstanding) at 31st March 2014.	No	There is an acknowledged oversupply of employment land across South East Lincolnshire, therefore there is no need to meet land requirements elsewhere.
East Lindsey	48.29 hectares	East Lindsey Employment Sites Review Update, December 2013	This Review Update (2013) represents the latest information currently available and will be reviewed as part of the ongoing monitoring process for the development plan. It is understood from discussions with the Council that the figures are not	There are 2 areas of influence to consider in respect of the Central	It is not anticipated that any specific need will be met outside the District, although it is recognised that commuting from locations such as Wragby will continue to occur depending on job creation (primarily in

LPA	Available Employment Land	Source / Evidence	Status of employment land source / evidence base	Cross boundary employment sites	Requirement to meet needs outside of the district?
			representative of the full local authority area as the study relates primarily to the identified employment sites that have been developed by the Council and/or partners such as LCC and originally English Partnerships/RDC. However, they do represent the position in respect of the main centres of employment and provide a strategic overview. The 48ha figure does not include a figure for future requirement and the need to allocate additional land in different centres, although that figure is estimated elsewhere in the review.	Lincolnshire area - 1) employment site at Wragby (noted in the Employment Land Review) and 2) RAF base at Coningsby	Lincoln) and the availability and location of housing to meet that need.
North Lincolnshire	1,131.34 hectares	North Lincolnshire Employment Land Review, 2014	The 2014 North Lincolnshire Employment Land Review provides the most up to date employment land position for the authority. There are currently no plans to update this study.	No	There is an acknowledged oversupply of employment land across North Lincolnshire; therefore there is no need to meet land requirements elsewhere.
North East Lincolnshire	c.200 hectares of ‘available’ land	North East Lincolnshire Employment Land Review, 2014	The study, published in December 2014, provides the most up to date employment land position for the authority	No	It is not anticipated that any specific need will be met outside the District

Market signals

6.46 A review of data drawn from commercial property market database Costar UK allows for a more detailed analysis of the changing pattern of supply and demand for office, industrial and retail/leisure premises in the Central Lincolnshire area. Again, it is important to note that areas such as North Hykeham in North Kesteven, which are typically classed as the wider Lincoln area, are not included in the Lincoln statistics which are restricted to the City boundary.

6.47 In addition to assisting in determining the quality and type of commercial stock currently on the market, Costar also provides historic market data which is useful in comparing and analysing the changes in property market conditions over time. Consideration has therefore been given to the quality of the current stock of office and industrial premises, in addition to a number of important market signals, including trend based changes in availability[8], vacancy levels[9] and rental values.

Office

6.48 The table below provides details on the number of office premises across Central Lincolnshire, together with more detailed information relating to current levels of availability. In accordance with the VOA floorspace statistics presented above, analysis of this data suggests that Lincoln has the largest stock of office accommodation with 58% (243 properties) of the office stock currently being monitored on the database being located in the City, compared to 25% (105 properties) in North Kesteven and 16% (68 properties) in West Lindsey respectively.

Table 6.7: Office Properties in Central Lincolnshire

	Total Properties	Available Properties	% Properties Available	Sqft Available
Lincoln	243	40	16%	254,378
North Kesteven	105	30	29%	82,533
West Lindsey	68	18	26%	87,561
Central Lincolnshire	**416**	**88**	**21%**	**424,472**

Source: Costar, 2014

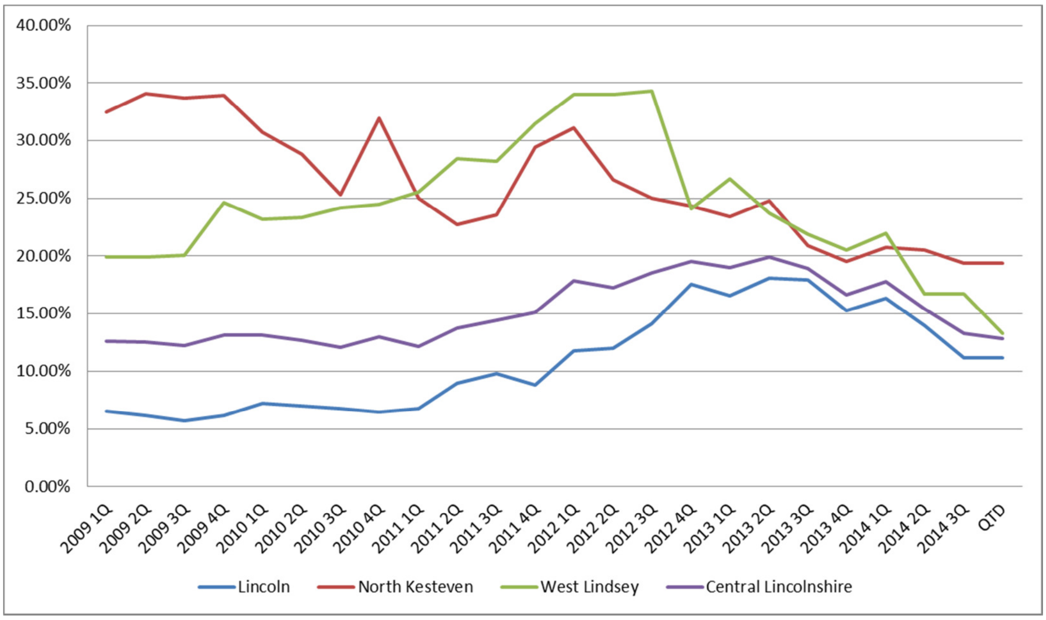
6.49 The data also reveal that there is higher demand for office property in the Lincoln area with just 16% of properties having available floorspace to lease, compared to 29% and 26% respectively in North Kesteven and West Lindsey.

[8] Availability is defined as the total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date, although it excludes space available in proposed buildings - Costar Group (2014) Analytics.

[9] Vacancy is defined space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available

6.50 Notwithstanding these trends, all areas have witnessed increasing demand for office premises, with a sharp decline in available floorspace evident across Lincoln and West Lindsey from Q1 2014. The trends are illustrated in the chart below, which shows that the current availability rate (as at September 2014) across Central Lincolnshire is 12.8%. This is comparable to the Q1 2009 rate of 12.6% and notably lower than the 20.0% rate recorded in Q2 2013.

Figure 6.9: Availability rate of office stock 2009 – 2014



Source: Costar 2014

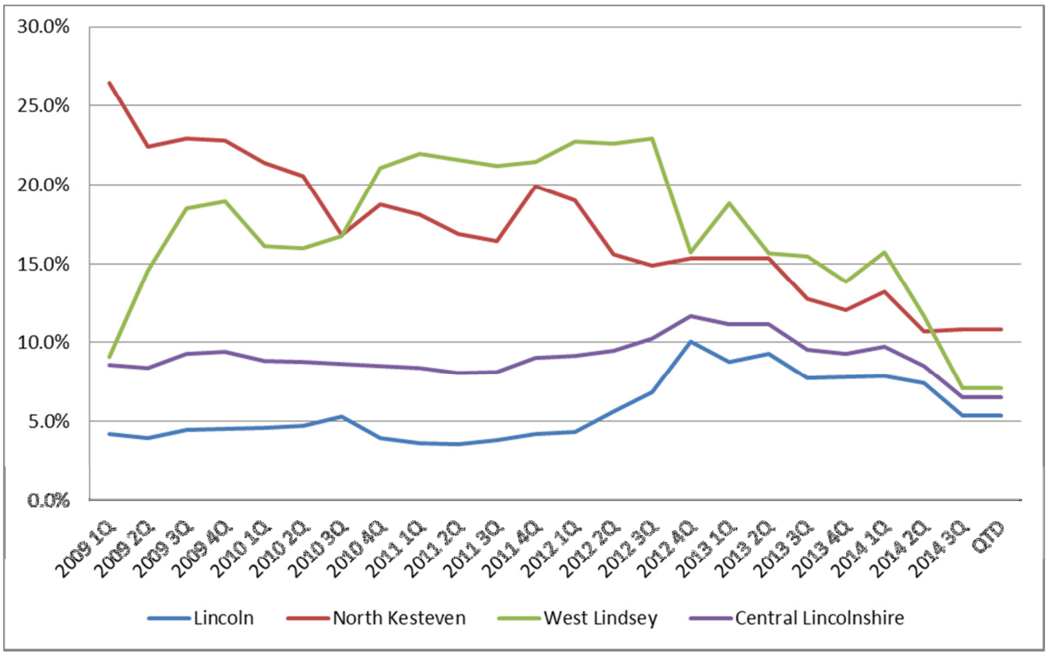
6.51 As the previous analysis suggests, it is evident that the demand for office space is greater in Lincoln, with the availability rate remaining notably lower than the rates in North Kesteven and West Lindsey.

6.52 Similar trends are evident from an analysis of vacant office stock, with the current vacancy rate for Central Lincolnshire currently standing at 6.5%. Again, vacancy levels have declined sharply from Q1 2014 as economic conditions have improved, potentially constraining the overall supply of higher quality office accommodation that is available for take up across the area.

6.53 At a more local level, vacancy levels across Lincoln peaked in Q4 2012 and have since declined gradually to their current level of 5.4%. North Kesteven has also witnessed a sustained decline in vacancy from a peak of over 25% in Q1 2009 to just over 10%.

6.54 Trends across West Lindsey have been more sporadic, increasing sharply in the early years of the recession and reaching a peak of around 23% in Q3 2012. There is however, evidence of stronger demand for office premises in more recent months with the vacancy rate decreasing from around 16% in Q1 2014 to 7.1% at the end of Q3.

Figure 6.10: Vacancy rate of office stock 2009 - 2014

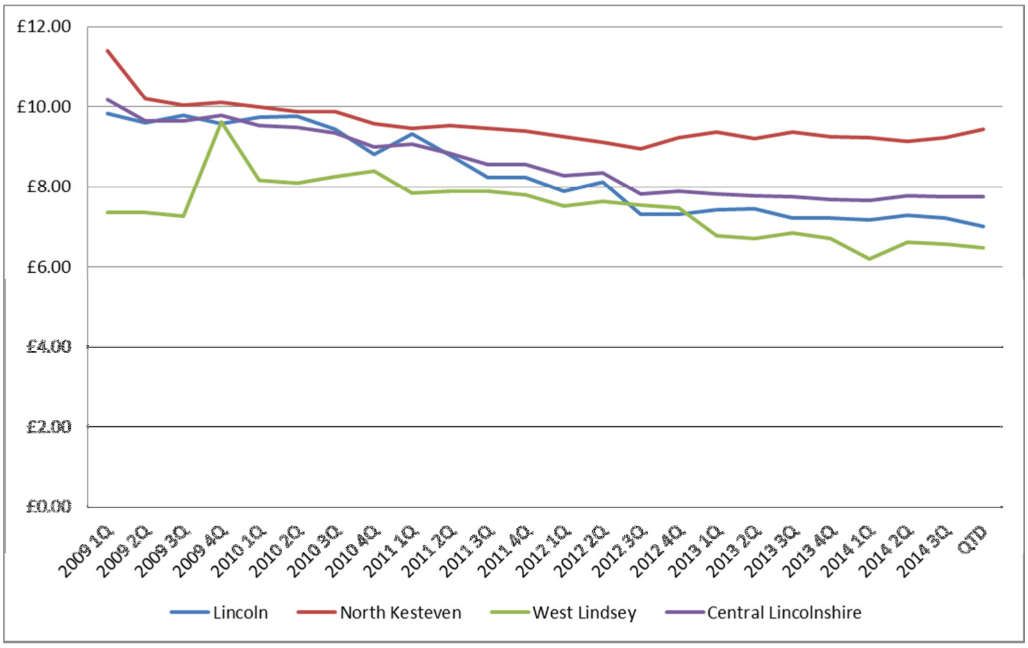


Source: Costar, 2014

6.55 Despite improving market conditions and increased demand, Central Lincolnshire has yet to experience a strong recovery in rental values, with average rates across the area currently standing at £7.74 per sqft, someway below the £10.18 recorded in Q1 2009 and still lower than the 5 year average of £8.35.

6.56 The declines in rental values have however started to stabilise and there is evidence of a slight recovery moving into the second half of 2014, particularly in North Kesteven where rates have increased to £9.43 per sqft, their highest since Q1 2011. However, West Lindsey and Lincoln have yet to experience similar increases with rental values in Lincoln currently at around £7 per sqft. This is their lowest levels over the 2009-2014 reporting period, but still slightly higher than those reported for West Lindsey which currently stand at £6.49 per sqft.

Figure 6.11: Office rental values 2009 - 2014



Source: Costar, 2014

6.57 It can be suggested that low rental values are a characteristic of the quality of stock currently available and vacant across the Central Lincolnshire area. Evidence from Costar supports this conclusion. Based on the Costar classifications[10] it is evident that the supply of office properties in Central Lincolnshire are generally of a lower quality, with 72% of stock being rated as 1 or 2 stars and just 2% of all office stock having a rating of 4+ stars. For example, it is understood that the largest office scheme in Central Lincolnshire with available letting space is Thomas Parker House in Lincoln. The city centre office scheme developed in the 1970's is currently occupied by companies 'Wahoo' and 'The Forum' yet has 50,654 sqft available letting space for office use above ground floor retail use. The Costar database does, however, identify a number of existing proposed office developments in Central Lincolnshire, which are predominantly located in Lincoln and the LN6/North Hykeham areas. This includes This includes a 13,500 sqft office development at Crusader Road; 7,000 sqft at Deepdale Lane; 2 office buildings at Outer Circle Road, comprising 4,145 sqft and 5,766 sqft respectively; a 549 sqft unit at Saxilby Enterprise Park and 6,000 sqft office development at Croften Road.

Industrial

6.58 The industrial market within Central Lincolnshire is based around a number of key industrial estates that provide a mixture of second hand and newer accommodation.

6.59 As previously reported, the majority of Central Lincolnshire's industrial stock is located in North Kesteven. The table below indicates that the proportion of properties with available industrial space appears to be relatively even across the three authorities,

[10] Costar uses a Building Rating System; a universally recognised 1-5 star rating system which is used to assess each commercial property on the database. Rating is based on the characteristics of each property type, including: architectural attributes, structural and systems specifications, amenities, site and landscaping treatments, third party certifications and detailed property type specifics.

suggesting comparable levels of demand across Lincoln, North Kesteven and West Lindsey.

Table 6.8: Industrial Properties in Central Lincolnshire

	Total Properties	Available Properties	% Properties Available	Sqft Available
Lincoln	134	34	25%	347,553
North Kesteven	157	42	27%	327,355
West Lindsey	101	28	28%	219,893
Central Lincolnshire	**392**	**104**	**27%**	**894,801**

Source: Costar UK

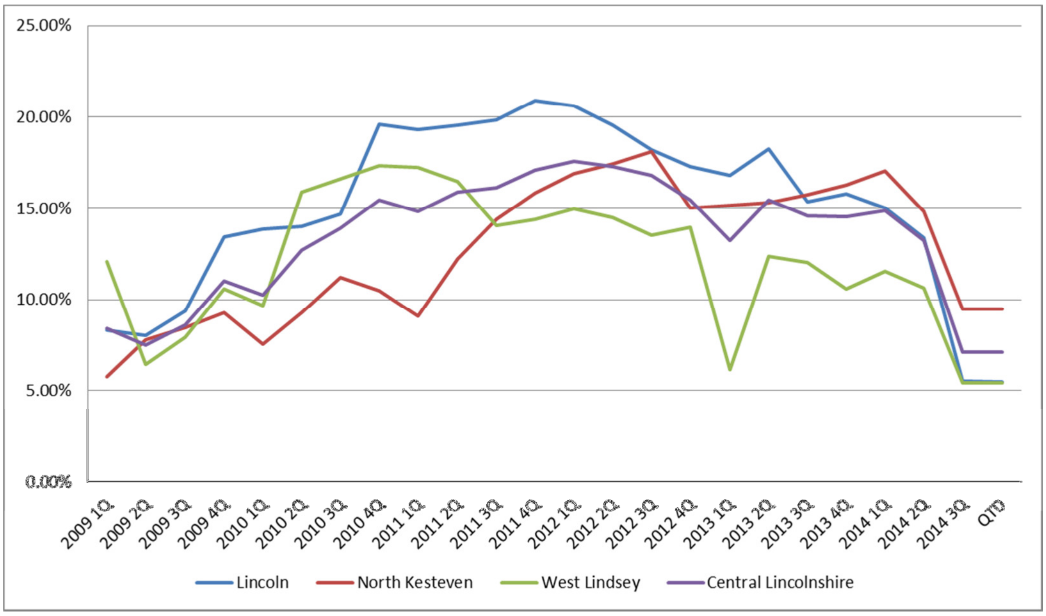
6.60 However, a review of the recent industrial property transactions, presented by Costar, suggests that the authority with the greatest demand for industrial space is in Lincoln, with 22 out of 28 transactions recorded over the past 6 months having been deals in the Lincoln area. In Lincoln, there is evidence of recent take up at the established Lyndon Business Park; a prime industrial area with easy access to the A46 Lincoln bypass and the city centre.

6.61 Newlin Business Park in North Hykeham has also seen recent take up of general industrial stock, with the remaining transactions in North Kesteven and West Lindsey being concentrated in the established market areas around Sleaford and Gainsborough. This trend would align with trends occupier trends at a national levels with demand being driven by growth in industrial and warehousing sectors.

6.62 The graph below shows trends in the availability rate over the period from Q1 2009 to present. This shows a steady increase in the availability of industrial floorspace at a Central Lincolnshire level between Q2 2009, peaking at 17.58% in Q1 2012. Lincoln's availability rate was above sub-regional trends between Q4 2010 – Q3 2013, but has since declined and currently stands at 5.5%, alongside West Lindsey at 5.4%.

6.63 As has been shown previously, North Kesteven has the most established industrial market and at 9.5% currently has the largest number of properties and floorspace available.

Figure 6.12: Availability rate of industrial stock 2009 - 2014



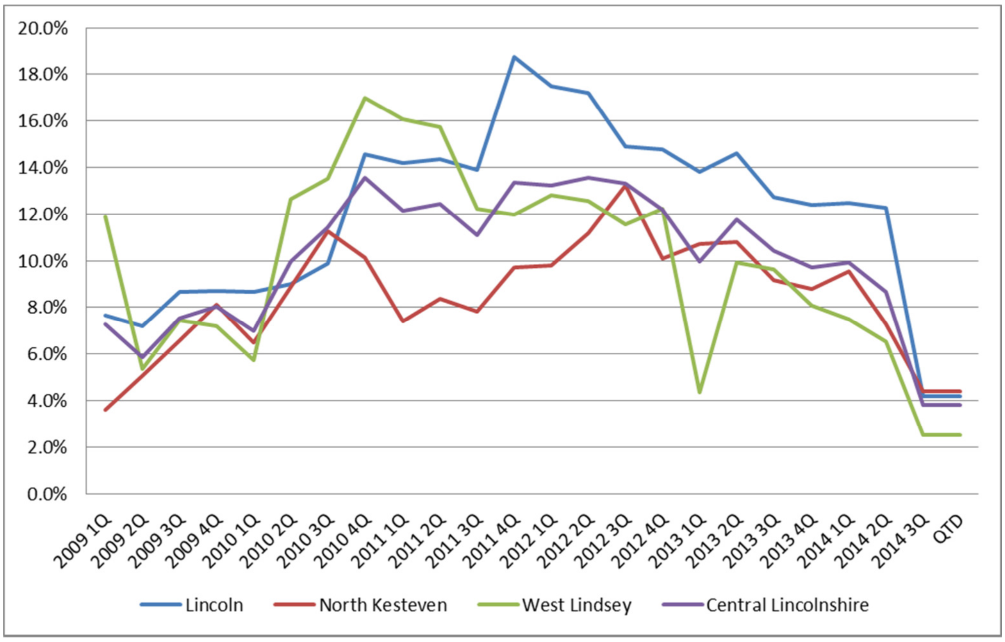
Source: Costar, 2014

6.64 Vacancy rates over the 5 year period have been equally as volatile across the Central Lincolnshire area increasing from 5.3% in Q2 2009 to peak of 13.6% in Q2 2012 as the impact of the recession continued affect business confidence and demand for industrial property across the area. The impact were most pronounced in Lincoln where the vacancy rate had increased to over 18% by the end of the 2011, before declining steadily to the current rate of 4.2%.

6.65 Vacancy rates in North Kesteven and West Lindsey were lower over the period but have declined at a similar fast rate from the start of 2014 and current stand at 4.4% and 2.5% respectively. Whilst these trends are positive and suggest confidence has returned to the market, there is a risk that future economic growth could be constrained by a lack of available stock for both new investors looking to expand or relocate.

6.66 Evidence from Costar suggests that there is a number of proposed industrial units in Central Lincolnshire, which once completed will total over 210,000 sqft of additional industrial space across the three authorities. At the current time, the largest industrial space available in Central Lincolnshire is at a 3 star industrial warehouse on Beevor Street, Lincoln. The property has 52,225 sqft of industrial space available to let.

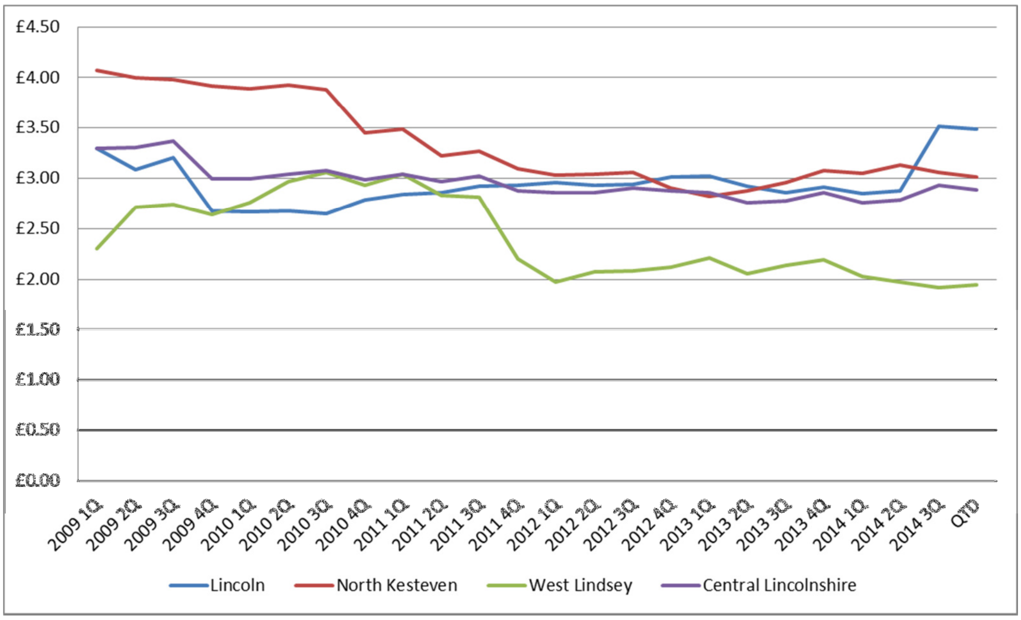
Figure 6.13: Vacancy rate of industrial stock 2009 – 2014



Source: Costar, 2014

6.67 A lack of flexibility is also likely to put upward pressure on rental values, a trend that is already evident across part of the Central Lincolnshire property market. Whilst rental values have generally decreased or remained flat across North Kesteven and West Lindsey over the past 2 years, rental values in Lincoln have increased. Rental values for industrial space in Lincoln currently stand at an average of £3.49 per sqft, compared to £3.01 in North Kesteven and £1.95 in West Lindsey.

Figure 6.14: Industrial rental values 2009 - 2014



Source: Costar, 2014

6.68 These averages do, however, mask large variations in rental values that exist across the three areas, which vary depending upon the quality and location of the commercial premises. An analysis of industrial properties in Lincoln, North Kesteven and West Lindsey with floorspace currently available to rent is set out below to illustrate this point.

- In Lincoln, the rental rates for industrial property range from £1.87 per sqft in the Tanners Lane area, relatively central to Lincoln City Centre, to £7.50 per sqft at Deacon Business Park.
- Rental rates in North Kesteven range from £1.36 at Bass Industrial Estate in Sleaford to £7.81 for an air conditioned industrial unit at Five Mile Lane in Washingborough, which is located within a closer proximity to Lincoln.
- In West Lindsey, rental rates of currently available floor space range from £1 per sqft at the Corringham Road Industrial Estate, Gainsborough to £6.46 at for premises at Saxilby Enterprise Park. In terms of new supply, the proposed industrial premises at Somerby Park has an asking rental price of £4.50 per sqft.

6.69 Nevertheless, compared to office, Central Lincolnshire has a relatively good stock of quality industrial accommodation with evidence from Costar indicating that 64% of the stock is rated as 3 stars. This is further evidenced from the depleting supply position outlined above.

Retail and Leisure

6.70 In addition to the traditional B class sectors identified above, consideration has been given to trends in the retail and leisure market, taking into consideration the supply of and demand for retail and leisure properties[11].

6.71 The retail and leisure market within Central Lincolnshire is driven by town centre and out of town retail developments, with trends showing a greater demand for retail and leisure space in Lincoln than in North Kesteven and West Lindsey, as indicated in the table below.

Table 6.9: Retail and Leisure Properties in Central Lincolnshire

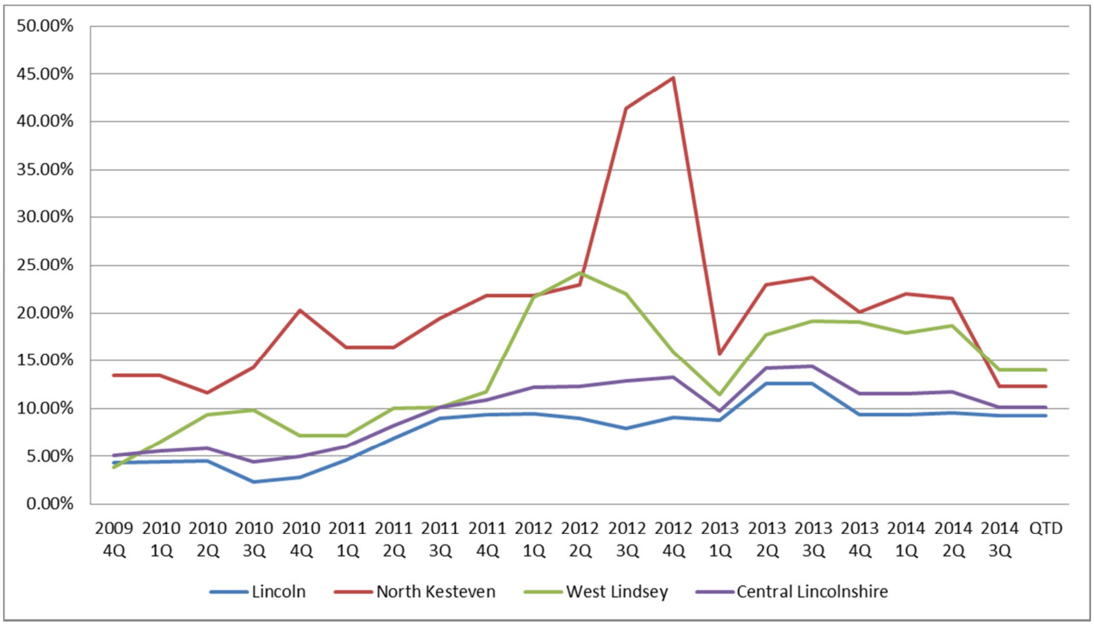
	Total Properties	Available Properties	% Properties Available	Sqft Available
Lincoln	168	30	18%	118,943
North Kesteven	62	19	31%	21,442
West Lindsey	61	16	26%	30,654
Central Lincolnshire	**291**	**65**	**22%**	**171,039**

Source: Costar, 2014

[11] Retail and leisure includes convenience stores, supermarkets, department stores, fast food stores, chemists, garden centres, cinemas, restaurants, health clubs, swimming pools and golf courses.

6.72 The availability of retail and leisure property has increased since 2009. The greatest increase in availability is evident in West Lindsey where the rate has increased by 10.1% over the 5 year period since Q1 2009. North Kesteven has shown consistently high levels of availability over the period with a significant peak in Q4 2012 when around 45% of the retail and leisure stock in the authority area was available to lease. The availability rates in Lincoln have been consistently lower than the two partner authorities, reflecting its role as the main administrative centre and important visitor destination.

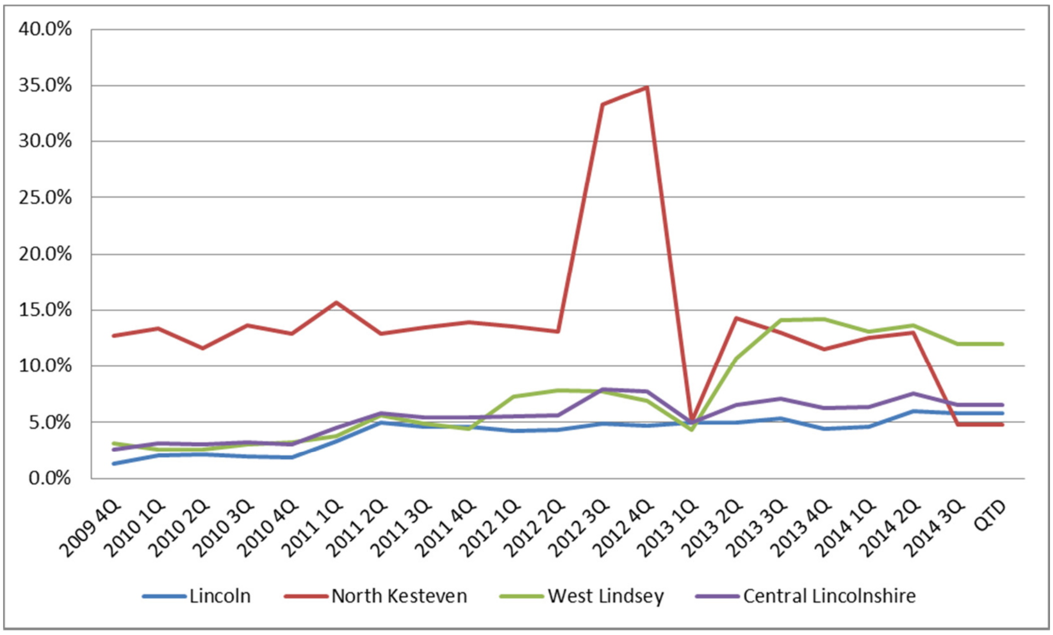
Figure 6.15: Availability rate of retail and leisure stock 2009 – 2014



Source: Costar, 2014

6.73 The vacancy rates of retail and leisure stock again show similar trends with a sharp increase in vacancy recorded in late 2012.

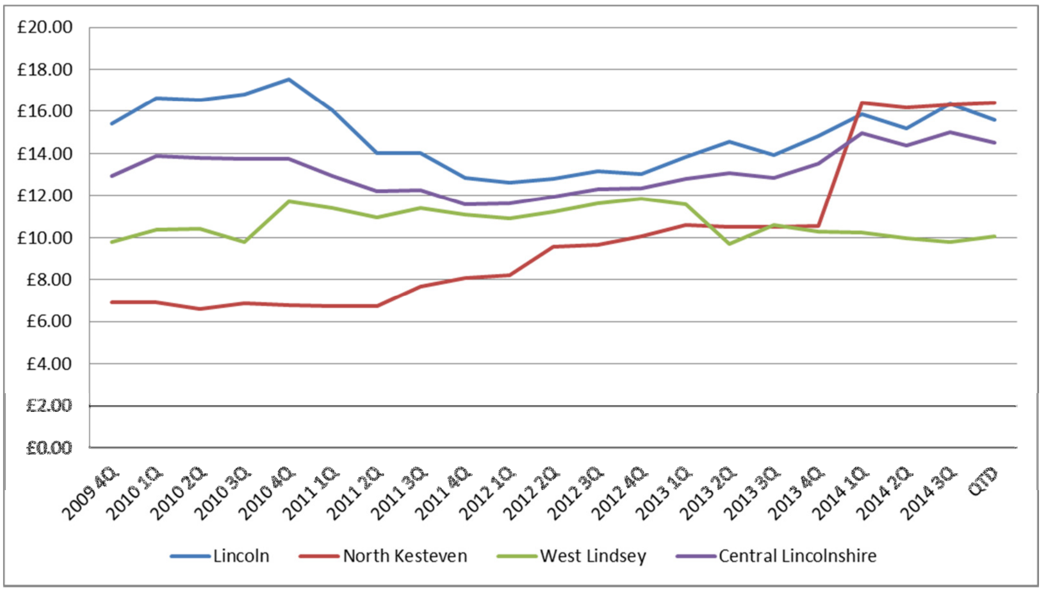
Figure 6.16: Vacancy rate of retail and leisure stock 2009 – 2014



Source: Costar, 2014

6.74 An analysis of rental values is presented in the graph below and highlights a steady increase in values across Central Lincolnshire in the period since Q3 2012 the average rate currently standing at £14.50 per sqft. Unsurprisingly, the average asking rents in Lincoln since Q4 2009 have remained consistently greater than rents in North Kesteven and West Lindsey, although rents in North Kesteven have increased significantly since the start of 2014 and currently stand at £16.35. Rental rates in West Lindsey are much lower ranging from just £9.70 - £11.88 per sqft over the last 5 years.

Figure 6.17: Retail and leisure rental values 2009 – 2014



Source: Costar, 2014

6.75 Evidence from Costar demonstrates that across Central Lincolnshire the majority of retail and leisure property take up of over the past 6 months has been for A1 (shops) use. In addition to this, a significant 10,000 sqft out of 13,800 sqft of retail space across the Central Lincolnshire sub region was taken up on High Street, Lincoln. Indeed, Costar reveals that over the past 6 months, 5 out of 8 retail and leisure property transactions have been for space in Lincoln and all but 1 was based in the very centre of the City.

Commercial Agent and Developer Consultation

6.76 Building on the above analysis, a number of commercial property agents and local developers have been consulted in order to gain a local perspective on market conditions across Central Lincolnshire. This has included discussions with:

- Pygott Crone
- Hodgson & Elkington
- Brown & Co
- Drewery & Wheeldon
- Taylor Lindsey
- Sterlin Developments

6.77 Views were sought on the operation of the commercial property market across Central Lincolnshire including trends in specific markets and sectors, levels of supply and demand for different types of property as well as perspectives on the current development market and demand for employment land.

6.78 A summary of key messages emerging from these discussions is provided below.

General Market Sentiment

6.79 Commercial agents were asked to comment on the commercial property market conditions across Central Lincolnshire at the current time and how they think the market might have changed over the past 12 months.

6.80 The general feeling was that the Lincolnshire commercial market is fairly stable and does not tend to experience periods of significant growth or market failure. However, agents commented on improving market conditions since the economic recession and the positive impact this was having on demand for commercial property, which has increased over the past 12 months.

6.81 Whilst over the past 12 months there has been a notable increase in demand for commercial properties across all sectors and all three local authority areas, the trend has been noticed particularly in Lincoln. The wider Lincoln area is generally a location in higher demand due to its administrative role and connectivity relative to surrounding rural locations. These elements attract businesses to Lincoln, and as a result the area has experienced increased pressures on available in the last year.

6.82 In view of this, commercial property prices are generally greater in Lincoln. Rental values and prices in North Kesteven can reach similar levels, particularly in areas close to Lincoln itself, such as the LN6/North Hykeham area, however prices in West Lindsey are generally lower.

Markets and Sectors

6.83 Commercial agents were asked to comment on the markets and sectors that Central Lincolnshire generally caters for. For example, whether movement in the market is predominately a result of local businesses looking to move or relocate or if there evidence to suggest the area is attractive to external inward investment from outside of Central Lincolnshire.

6.84 It was noted that Lincolnshire is generally quite an isolated area and as a result demand tends to be driven by local businesses relocating and expanding. However, whilst it was recognised as being a largely local market, with little evidence of footloose investors moving in to the Central Lincolnshire area, it was felt that the availability of good and readily available sites would potentially help to attract external investment in the future.

Demand

6.85 Regarding the current demand for commercial property in the area, developers and agents were asked to comment on the current demand for office and industrial premises across Central Lincolnshire as well as the factors influencing demand in different locations.

Office

6.86 It was noted that demand for offices has increased over the last 12 months with the wider Lincoln area being the most favoured location. It is understood there is a bias for properties located in Lincoln City Centre, although demand in the out of town business parks is improving as the accommodation on offer is generally newer and more accessible. Outside of Lincoln demand is more limited. It is understood that smaller market areas such as Gainsborough and Sleaford have been experiencing office demand, although this has tended to be from local businesses in the nearby area.

Industrial

6.87 It was reported that the industrial sector is currently experiencing strong demand and competition. Historically Lincoln has seen the greatest demand in for industrial property, although improving demand is also evident in Sleaford and Gainsborough, albeit not at the same pace as the demand for property in Lincoln. It was noted that the more rural locations generally have less demand for industrial property, although there is still evidence of demand here, particularly on industrial estates on the periphery of Lincoln.

6.88 It is understood that units of between 2,000 – 10,000 sqft are in highest demand. As a result of increased demand and potential supply side constraints, some agents reported that that are looking to increase rents by around 50p per sqft. This supports the analysis from Costar presented above, which suggests a lack of availability has started to put upward pressure on rents.

Retail/Leisure

6.89 It was reported that the retail market in Lincoln is extremely buoyant resulting in little availability of retail stock in the area. Retail stock is generally fully occupied in Lincoln centre in addition to retail warehouse centres where there is demand for stock. Secondary retail areas are more unstable in terms of demand and availability, but are currently maintaining demand as there has been no recent decline. The retail market in North Kesteven has also increased in demand over the past 12 months, whilst West Lindsey has not seen a particular increase in demand for retail, although the development at the vibrant Marshall's Yard is bringing more people and businesses into this area. This, it is understood, has resulted in a decline in the town centre with the high street having many long term empty properties and little demand.

Supply

6.90 Agents and developers were also asked to comment on the current supply of commercial stock in Central Lincolnshire and specifically whether the supply of stock well matched to occupier requirements. Evidence of over/under supply of any particular type of product and the performance of existing property portfolios was also explored.

6.91 Discussions revealed that overall there is too much office availability in the region, in particular an oversupply of older office stock in the centre of Lincoln, which in turn was keeping rental values low.

6.92 In contrast, there is a notable and insufficient supply of industrial stock, with it being reported that space often lets quickly. This is a not a universal trend however, with variations between the districts clearly in evidence. For example it was reported that in Gainsborough the current available supply of industrial property is generally older, smaller, more traditional stock which in many cases has been reduced in value in order to sell or let.

6.93 It was reported that there is fairly balanced availability of retail stock although there is a need for new retail supply in the market. The recent economic recession has meant that very little has been built in the last 5 years.

Land and Development

6.94 Gaining an understanding of the availability of certain types of land and the direction of current development is essential for understanding potential gaps in the land supply and other factors which may be acting as a constraint to development.

6.95 Issues explored with agents and developers included:

- The extent to which they are witnessing any increase in demand for employment land / development activity;
- The current demand and availability of freehold and leasehold land and what is preferred by occupiers / investors;
- On what basis new development is being brought forward (i.e. for speculative development or design and build procurement); and
- If development values and viability are acting as a constraint to development.

6.96 It was reported that the limited supply of industrial space is influencing speculative development in Central Lincolnshire, with agents working with developers on delivering portfolios of both speculative and design and build developments within the Lincoln area.

6.97 A number of agents felt that in general there was a sufficient supply of leasehold land and property available, however the wider Lincoln area could benefit from an increased supply of freehold land and property due there being high demand and insufficient supply. This sentiment was echoed through discussions with some developers who indicated a strong level of interest for freehold sites and premises, particularly amongst the local SME market in and around Lincoln.

6.98 Discussion also highlighted that there are viability issues currently restricting development. Build costs continue to climb, with the increasing price of raw materials and intensified building regulations, although commercial property values have not yet recovered from the economic recession.

6.99 The oversupply of lower grade office stock has also resulted in a reduction of rental values. This results in many office schemes being unviable to develop. It was felt that this was acting as a disincentive to development and potentially constraining future development of modern Grade A accommodation, which is understood to be in short supply.

6.100 There was a general feeling that the industrial sector had recovered from a similar trend and rents are now increasing, which is spurring an increase in design and build development. The government introduced empty rates policy has, however, impacted demand for the speculative market, with fewer schemes being brought to the market.

Key messages

6.101 In Summary:

- Understanding demand for the existing stock of employment land and premises is an important element of assessing future business needs and requirements. Examining market intelligence as well as recent statistics on past development rates and employment land take up is also beneficial in understanding the spatial implications of 'revealed demand' for employment land across Central Lincolnshire. It is important to recognise however, that the existing stock may not reflect the future needs of business, and as such the views of commercial agents have been sought to gain further insight into the locational and premises requirements of particular sectors and types of businesses.

- The national perception is that the occupier market is showing consistent growth in tenant demand at the all-property level and across each sector, with the industrial sector exhibiting the strongest results. It has been identified however, that the Central Lincolnshire property market is relatively isolated and self-contained market area, with demand driven primarily by local businesses. This is clearly in evidence when examining the scale and spatial distribution of floorspace, which in addition to being clustered around the main urban areas of Lincoln, Sleaford and Gainsborough, is also characterised by smaller premises scattered across the vast rural hinterland that surrounds these settlements.

- Analysis of VOA data provides a historic perspective on the amount of floorspace across the Central Lincolnshire area. This shows that the total industrial floorspace in Central Lincolnshire remained relatively constant from 2000, but fell slightly between 2008 and 2012. In contrast, over the same period there was sizeable growth in the amount of office floorspace, with the total stock increasing by just under 30% between 2000 and 2012. However, there is now evidence of some of these losses being offset with new industrial development as economic conditions improve and businesses confidence returns to the market. This can be seen across the established industrial markets of North Kesteven and West Lindsey, and to a lesser extent Lincoln, with over 33,000 sqm of B2 floorspace and over 16,500 sqm B8 floorspace being completed between 2011/12 and 2013/14.

- The amount of office floorspace has also continued to expand, however the rate of delivery has slowed significantly in recent years despite improved market conditions and strong demand, potentially as a result of concerns regarding viability together with a diminishing supply of land suitable for high quality B1 office development. Indeed, much of the land currently available is identified for industrial or schemes incorporating a mix of B Class employment uses.

- Whilst potentially avoiding the extremes of boom and bust seen elsewhere in the Country, market indicators suggest a degree of volatility over the course of the last 5 years, with increases in vacancy and available floorspace evident. Market conditions today are now very different however, with commercial agents commenting on the positive impact improved economic conditions was having on demand for commercial property across all sectors, which has increased over the past 12 months. This in turn has created an upward pressure on supply with the availability of good quality stock declining quickly, particularly in the Lincoln area.

- The impacts on rental values have been less pronounced however, with low rental values continuing to impact on the viability of some schemes and the pace at which new supply is coming to the market. Whilst the situation has improved in industrial sectors, it persists in the office market, driven by an oversupply of lower grade premises and lack of new high quality stock coming forward in out of town locations.

- Whilst it is positive the more favourable market conditions have now started to return, there is evidence that the sustained levels of demand is now depleting the supply of good quality stock, which in turn is reducing quality and choice in the market. This presents a risk as any sustained lack of availability will potentially act as a barrier to investment. An element of demand will arise from companies moving and expanding, which if constrained, again could limit the economic growth prospects of the area.

- Whilst there appears to be little appetite for speculative development in the short term, there is evidence of growing latent demand in the Central Lincolnshire market, particularly in Lincoln. Whilst the districts are unable to influence wider market forces, ensuring there is an adequate supply of high quality sites and premises will be important if Central Lincolnshire is to capture its share of future employment growth key growth sectors and support the sustainable operation of the commercial property market.

7. Stakeholder consultation

7.1 A series of consultations have been undertaken with strategic local employers across key sectors and local partners including Visit Lincoln and the Chamber of Commerce. The consultations covered a range of topics including recent economic performance, drivers of growth, growth opportunities, barriers to growth and support needs. Depending on the consultee these topics were discussed in the context of a specific sector and/or a specific area within Central Lincolnshire.

7.2 Overall, the feedback from the consultations was positive and reinforced the findings identified through the Stage 1 analysis.

A positive outlook, although uncertainty remains

7.3 There is a consensus that business confidence has increased over the past couple of years, and particularly in the most recent quarter. This is reinforced by the findings of the Chamber of Commerce’s Quarterly Business survey.

7.4 It is, however, expected that confidence will dip slightly in the next quarter linked to macro-economic conditions and specifically the performance of international economies (including the Eurozone) and political uncertainty linked to the forthcoming General Election. Further, while there is an expectation that growth will continue, it is expected to follow the slower, recovery level growth that has been experienced over the past couple of years in the short term.

Varied opportunities for growth

7.5 There are opportunities for growth across a range of sectors including key manufacturing sub-sectors (e.g. food processing), the visitor economy, both high and low value professional and business services and other parts of the local service economy. The expansion plans of the RAF are also expected to increase levels of public defence employment.

7.6 Generally, the opportunities for the manufacturing sector are driven by international markets while the service sector is more locally driven and linked to factors such as population and employment growth and town centre improvements. There are, however, also national drivers for food manufacturing businesses reflecting the focus on British produce and tracing the source of food which has increased in recent years.

7.7 The diversity of the sectoral opportunities means that there are growth opportunities for each local authority area within Central Lincolnshire.

An important role for the University

7.8 Throughout the consultations the role of the university as both a driver of growth and a source of support for growth came through strongly. There is a consensus that the University has helped to drive growth by attracting additional business and leisure visitors to Central Lincolnshire and that it has supported growth through the provision of business support and graduates. There are a number of cases where businesses have worked successfully with the University to secure the skills required for their business.

7.9 With an expectation that the University will grow and that levels of business engagement will increase in the coming years, it will continue to be one of the most important local economic assets over both the short and longer term.

Central Lincolnshire as an attractive business location

7.10 The availability of relevant skills, a loyal and stable workforce and the attractiveness of the area as a place to live were highlighted as the three key selling points of Central Lincolnshire as an attractive business location. This was endorsed by well established companies that have been operating in the area for at least 30 years.

7.11 There are also views that the local planning system has supported and been responsive to growth propositions, with feedback that this has helped to secure local expansion and avoid the relocation of strategic employers to areas outside Central Lincolnshire.

7.12 The businesses consulted reported that they are happy with their current location and confident that they would be able to deliver their local growth plans at current or alternative local sites. With regards to alternative sites, there appears to be potential for manufacturing companies to seek opportunities to move heavy industry from central to out of town locations.

Barriers to growth

7.13 Transport and accessibility were consistently reported as the main barrier to growth, with several consultees noting that this would continue to be the case when planned transport improvements were taken account of. Reference was also made (by local partners) to the fragmented business support offer that is currently in place, with expectations that this will be improved when the 2014-2020 ERDF funding is deployed.

7.14 While businesses did not identify any specific support requirements, two skills related points were raised:

- **Recruitment difficulties at mid and senior management level:** There are isolated cases where businesses have experienced difficulties in recruiting for mid and senior level management positions. There are also concerns that these difficulties may increase with further growth in the service sector.

- **Selling local career opportunities to young people:** As the workforce ages, replacement demand, particularly in industrial sub-sectors, is expected to be an important source of job opportunities. Consultees commented that there is a need to sell such opportunities to young people highlighting the potential for (sometimes rapid) progression to increase their attractiveness.

Key messages from Stage 1

7.15 Both the data analysis and the consultations provide useful intelligence and evidence that can be used to inform scenario development. In particular, the key messages to take into account are:

- Employment growth varied by local authority between 1998 and 2008. While there was strong growth in North Kesteven and West Lindsey, growth in Lincoln was below the national average.

- As with many northern economies, Central Lincolnshire has been less successful that other areas nationally in securing growth post-recession, with overall employment decline between 2009 and 2012.

- Overall, Central Lincolnshire is a moderately performing economy with no dominant employment specialism or obvious drivers, however:

  - The area continues to have significant public sector employment despite the decline.

  - Manufacturing continued to be an important GVA driver and the area has employment specialism in key manufacturing sub-sectors which have experienced growth between 2009 and 2012

  - There is an opportunity to build upon the undeveloped service sector. Currently, low value services are dominant and there is potential for growth in high value services albeit from a low base, including private services that have driven growth nationally.

- Central Lincolnshire performs reasonably well against the LEP / National Averages on most labour market indicators which will support economic growth. However there are some variances at the local authority level.

- Business confidence has increased over the past couple of years, and particularly in the most recent quarter. It is however, expected that confidence will dip slightly in the next quarter linked to macro-economic conditions and specifically the performance of international economies and political uncertainty.

- Further, while there is an expectation that growth will continue, it is expected to follow the slower, recovery level growth that has been experienced over the past couple of years in the short term.

7.16 There are opportunities for growth across a range of sectors including key manufacturing sub-sectors (e.g. the manufacture, processing and preserving of food products which is also part of the agri-food sector), the visitor economy, both high and low value professional and business services and other parts of the local service economy. The diversity of the sector opportunities means that there are growth opportunities for each local authority area within Central Lincolnshire.

8. Future demand – baseline economic forecasts

8.1 Economic forecasts are one of the main data sources that provide an indication of both the likely scale and potential source of future growth within local economies. There are a number of professional forecasting houses that have bespoke in-house models which are used to forecast trends on a number of key economic indicators including employment. The models are typically updated on a quarterly basis.

8.2 As the underpinning assumptions of each of these models differ and are usually amended for each quarterly update, the forecast levels of growth vary, particularly at the local level, and can become outdated following each subsequent release. Consequently, it is useful to compare forecasts from different models and different time periods when trying to reach robust conclusions on the potential level of growth that can be delivered in a local area.

8.3 This section presents analysis of three sets of employment forecasts for Central Lincolnshire sourced from Oxford Economics and Experian – one set from Oxford Economics based on the 2014 Summer Release, and two sets from Experian based on the June 2014 model (referred to as the first Experian run) and September 2014 model (referred to as the second Experian run).

8.4 The analysis covers the period from 2012 to 2030 (i.e. from end point of the historic data analysis) and is based on forecasts of total workplace employment/jobs which includes employees, self-employment and HM forces.

8.5 As with the historic analysis, the geographies used in this section refer to the administrative boundaries, and therefore Lincoln refers specifically to the City of Lincoln rather than the wider Lincoln area.

Points to note

8.6 There are a number of points that need to be noted when interpreting and using analysis of economic forecasts:

- **The results are indicative rather than exact:** While econometric modelling is carried out using the best available data and expertise in the field; the results produced are illustrative rather than exact. They provide an indication of what is likely to happen based on the available evidence, but scope for variation and unexpected changes exists and should be factored into interpretation.

- **There can be significant variation between forecast models:** As noted above, there are a number of companies that specialise in economic forecasts, each of which has its own bespoke forecast model and underpinning assumptions. In most cases, these begin with an assumption with regards to the potential level of growth in the national economy, which is then broken down to local economy forecasts. There is often significant variation between these estimates, for example, the most recent Experian estimates suggest that employment will grow by 19% nationally between 2012 and 2030, while estimates by Oxford Economics are less optimistic and suggest growth of 14%.

- **There is likely to be more variation in longer term forecasts:** The likelihood of variation from the forecast increases for estimates that are projected further into the future.

- **Sectoral data is based on standard industrial sectors, rather than priority sectors:** All sectoral data is based on standard industrial sectors (SICs). These do not match with priority sectors used across the wider LEP area, which are based on tailored definitions or industrial groupings and often cut across a number of the SIC defined sectors and/or just consider parts of particular sectors.

8.7 Nevertheless, the forecasts provide an indication of the sectors in which business growth will occur and be captured and are a useful source of data for economic assessments.

Headline Comparisons

8.8 The levels of growth at both the national and the local level vary across the three sets of forecasts. Generally, both sets of the Experian forecasts suggest higher, more buoyant growth rates than the Oxford Economics model.

8.9 The models are in agreement that:

- Growth in the each of the Central Lincolnshire Local Authorities will typically be below the national average.

- Business, professional and technical services and health and social care are expected to be the key drivers of growth.

- Construction and private services, including wholesale and retail and accommodation and food are also forecast to growth.

8.10 However, notable differences include:

- The magnitude of growth forecast for each sector and each local authority.

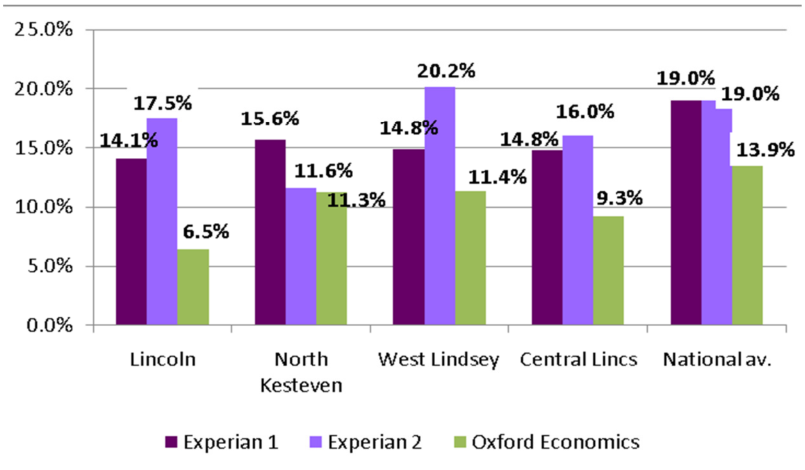
- The driver of decline – manufacturing is expected to be the main source of employment decline in the Oxford Economics model, while forecast decline is concentrated in agriculture in the first Experian run. In the most recent Experian run, there is more of a balance between manufacturing and agriculture.

8.11 Further detail is set out in the following sections.

Forecast Growth Rates

8.12 At the Central Lincolnshire level, the Experian runs estimates that employment will grow by between 15% and 16% compared to 9% in the Oxford Economic model. This is equivalent to a net increase of between 19,960 and 21,420 additional jobs in comparison to 12,200 – this is a significant difference (some 7,600 to 9,200 jobs) and each forecast would result in quite different estimates of housing and employment land requirements.

Figure 8.1: Employment Growth Forecasts 2012-2030

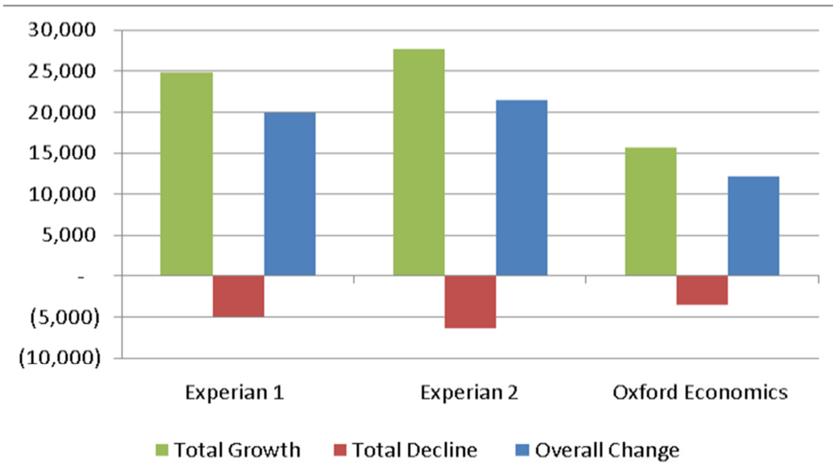


Source: Experian and Oxford Economics

Dynamics of Change and Sector Trends

8.13 Looking below these overall growth trends at the Central Lincolnshire level and separating sectors that are forecast to experience employment growth from those that are expected to decline demonstrates that the more buoyant Experian projections are based on much higher levels of growth than the Oxford Economic model, with a similar level of decline projected in each of the forecasts.

Figure 8.2: Dynamics of Change 2012-2030



Source: Experian and Oxford Economics

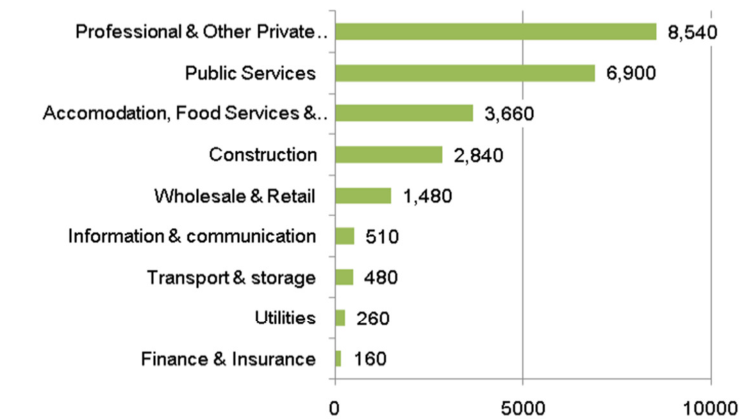
8.14 In the first Experian forecasts, the higher levels of growth are driven by:

- Professional and other private services (+8,540 compared to +5,276 in Oxford Economics when the relevant categories are combined);

- Public services (+6,900 compared to +2,235 in Oxford Economics when the relevant categories are combined); and

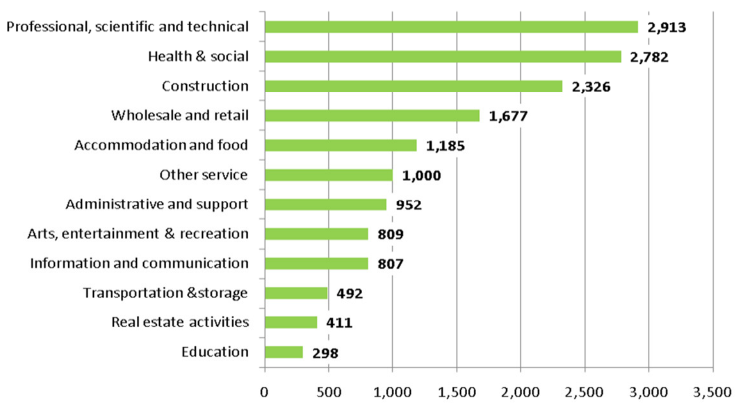
- Accommodation, food and recreation (+3,660 compared to +1,990 in Oxford Economics when the relevant categories are combined).

Figure 8.3: Sectors Forecast to Grow 2012-2030 – Experian 1



Source: Experian

Figure 8.4: Sectors Forecast to Grow 2012-2030 – Oxford Economics



Source: Oxford Economics

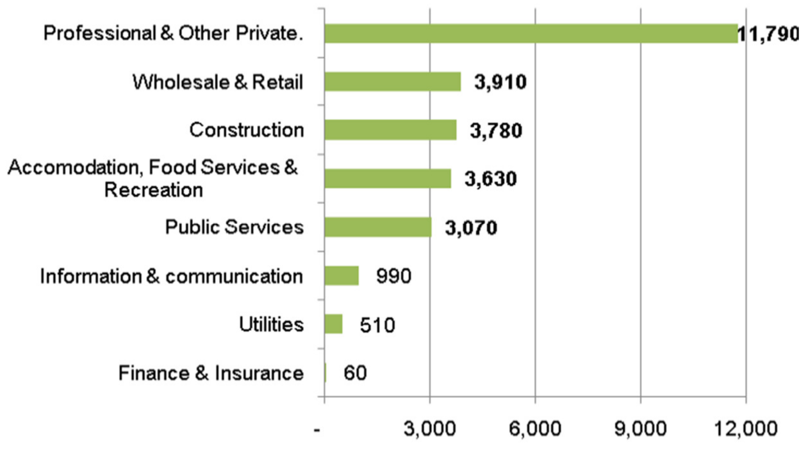
8.15 However, in the second Experian run, the growth forecasts have been revised down for the public sector (from +6,900 to +3,070), although this has been compensated for even higher growth in:

- Professional and other private services (+11,790 in second run compared to +8,540 previously and +5,276 in Oxford Economics when the relevant categories are combined);

- Construction (+3,780 in second run compared to +2,840 previously and +2,300 in Oxford Economics);

- Wholesale and retail (+3,910 in second run compared to +1,480 previously and +1,677 in Oxford Economics);

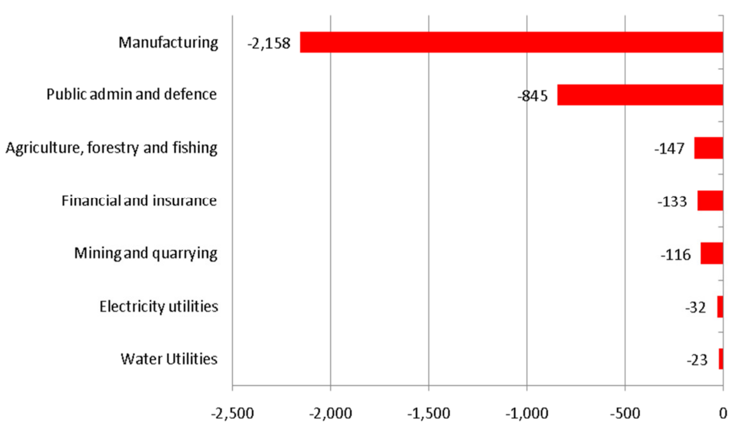
Figure 8.5: Sectors Forecast to Grow 2012-2030 – Experian 2



Source: Experian

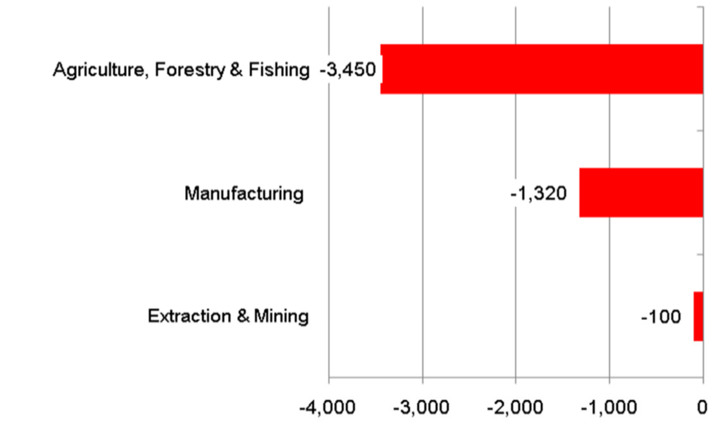
8.16 While there is agreement in across the models with regards to the sectors that will drive growth (albeit with varying levels of growth), there are conflicting views across the models on the potential drivers of forecast employment decline. Manufacturing is expected to be the main source of employment decline in the Oxford Economics model, while forecast decline is concentrated in agriculture in the first Experian run. In the most recent Experian run, there is more of a balance between manufacturing and agriculture.

Figure 8.6: Sectors Forecast to Decline 2012-2030 – Oxford Economics



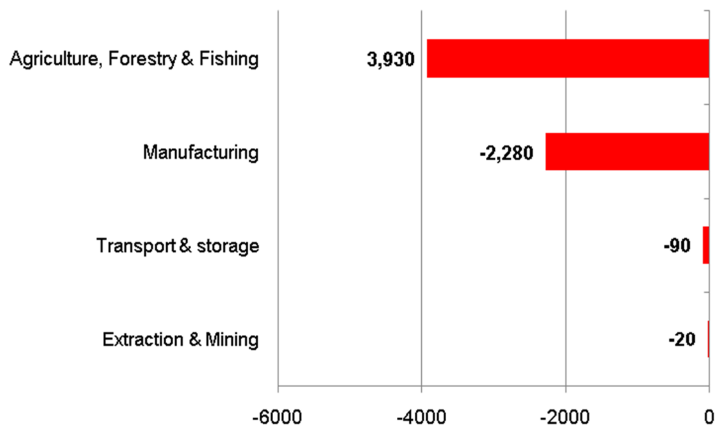
Source: Oxford Economics

Figure 8.7: Sectors Forecast to Decline 2012-2030 – Experian 1



Source: Experian

Figure 8.8: Sectors Forecast to Decline 2012-2030 – Experian 2



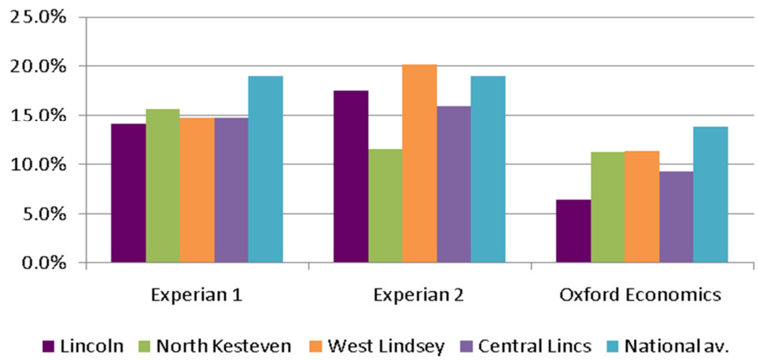
Source: Experian

8.17 It should be noted that in each case, the model includes overall decline in the manufacturing sector, despite recent evidence of growth in key manufacturing sub-sectors. This is re-visited in section 9 when developing the variant adjusted growth scenarios.

The Distribution of Growth

8.18 Focusing on the geographical split of the forecast employment growth, there is more variation in the expected growth rates for each of the Local Authorities in the Oxford Economics model and the second Experian run.

Figure 8.9: Employment Growth Forecasts 2012-2030

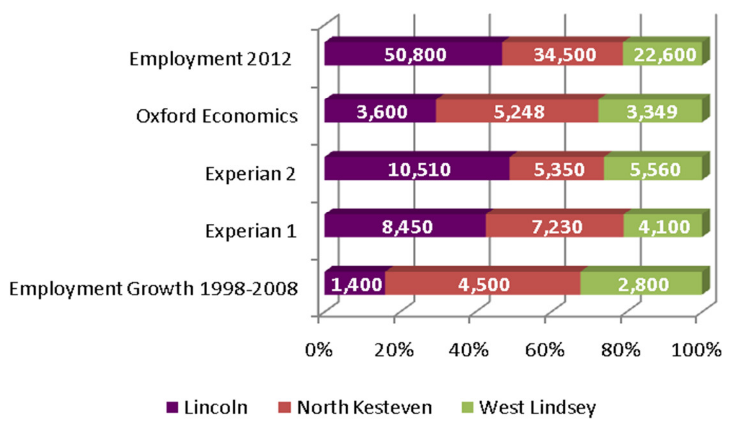


Source: Experian and Oxford Economics

8.19 Analysis suggests that the projected distribution of the Experian model aligns closely with the distribution of the current employment base, while the Oxford Economic projections are more closely aligned with the distribution of employment growth in historic trends between 1998 and 2008 (i.e. with Lincoln capturing a lower share of growth). Consequently, the number of jobs forecast at the local authority level varies significantly, particularly in relation to Lincoln, where an uplift of between 8,400 and 10,500 jobs is forecast in the Experian runs in comparison to 3,600 in the Oxford Economic model.

8.20 It is also worth noting that in the most recent Experian run, while growth projections for Lincoln and West Lindsey were boosted, the growth forecast for North Kesteven was revised downwards.

Figure 8.10: Distribution of Employment Growth



Source: Experian and Oxford Economics

Comparing Forecasts to Historic Growth

8.21 The significance of the growth forecast in the Experian model is highlighted when it is compared to growth in the last major growth period when employment experienced exceptional growth – even if the historic growth is doubled to cover a 20 year period, the 18 year forecast from Experian outperforms this. Given the less favourable conditions that businesses are currently faced with, there is no evidence to suggest that it would be possible to repeat this level of growth.

Table 8.1: Comparison of Forecasts

	Experian 1 – 18 years 2012-2030	Experian 2 – 18 years 2012-2030	Oxford Economics – 18 years 2012-2030	Historic Growth in 10 year period 1998-2008
Central Lincs	**+19,780**	**+21,420**	**+12,197**	**+8,700**
Lincoln	+8,450	+10,510	+3,600	+1,400
North Kesteven	+7,230	+5,350	+5,248	+4,500
West Lindsey	+4,100	+5,560	+3,349	+2,800

Source: Experian, Oxford Economic, Annual Business Inquiry

8.22 It is also important to note, that while the 18 year forecast assumes that there will be investment in infrastructure and economic development, it does not take account of the impact of major policy interventions over this period (which would have been captured in the historic growth trends).

8.23 The scale of growth forecasts in the Experian model also needs to be considered in light of a number of factors highlighted by historic and recent growth trends, including:

- The net decline that has occurred during 2009 and 2012 in Central Lincolnshire despite growth nationally, suggesting that economic recovery is slower in the area.
- The low levels of growth captured in Lincoln in the last major growth period. The most recent Experian run identified Lincoln as the main centre for growth, with a net increase of at least double that forecast for North Kesteven and West Lindsey.

8.24 At the same time, there is a need to ensure that growth is not being underestimated in future plans and that current local conditions are fully taken account of to determine an area's ability to capture growth going forward.

Key messages

8.25 Based on the comparison of the three forecasts and taking account of the findings from the historic data and consultations, there is sufficient evidence to recommend that the Oxford Economics forecasts provide the most robust baseline position for expected employment growth in Central Lincolnshire. This is based on the following four factors:

- The scale of growth forecast in the Oxford Economics model is realistic given the area's performance in the previous growth period and recent indications that business confidence and growth is expected to slow in the interim period (from 2014).

- There is an opportunity to add optimism to the baseline position to take account of local economic development and investment opportunities.
- The Oxford Economics model provides a useful headline sector breakdown.
- The volatility and significant variances between the two Experian runs, particularly with regards to the sectoral and geographical distribution of employment growth.

8.26 Recognising that there is a need to ensure that growth is not being underestimated in future plans and that current local conditions are fully considered in determining an area's ability to capture growth going forward, it is also recommended that an adjusted growth scenario is developed. Henceforth this scenario will be referred to as the Adjusted Scenario (Higher Growth) add will incorporate the optimism noted above and also take account of the following variances in the Experian trends, specifically:

- **The geographical distribution of growth** – while growth is unlikely to be as concentrated in the City of Lincoln as the most recent Experian run suggests, its role as the principal economic centre within Lincolnshire with the highest concentration of private service sectors (which are forecast to drive growth) suggests that the City of Lincoln has a larger role to play in employment growth than the Oxford Economic forecasts sets out.
- **The level of decline concentrated in manufacturing** – trends for the most recent growth period (2009-2012) suggest that there is potential for employment growth in key manufacturing sub-sectors, which would reduce the level of decline concentrated in the manufacturing sector.

8.27 The following section presents the baseline and the Adjusted Growth Scenarios.

9. Scenario development

9.1 This section presents the employment growth scenarios that have been developed for Central Lincolnshire. In line with the conclusions in the previous section, an Adjusted Scenario (Higher Growth) and baseline forecast have been prepared. In each case, the Oxford Economics forecast is used as the baseline position and this has then been amended to take account of local opportunities and circumstances (identified through the data analysis and consultations) to provide a credible Adjusted (Higher Growth) scenario. Recognising the uncertainties involved in adjusting the baseline scenario, the section also includes an iteration of the Adjusted scenario with less optimistic adjustments. This is referenced as the Adjusted (Lower Growth) Scenario but still represents a more positive picture of economic growth than the Baseline Scenario.

9.2 Recognising the differences between the sectoral composition and performance of the Lincoln, West Lindsey and North Kesteven economies, the analysis has been carried out at the local authority level and then aggregated to provide an overall outlook for Central Lincolnshire.

Points to note

9.3 The baseline forecasts are based on:

- Total workplace employment – comprising employees, self-employment, HM forces.

9.4 They take account of:

- Sub-national population projections, and trends relating to an ageing population / workforce.
- Projected unemployment and employment trends driven by regional and national patterns.

9.5 And assume that:

- If the demand for employees outstrips supply, migration will respond (i.e. people will go to where the jobs are).
- Commuting patterns will continue to be based on results of the Census.

9.6 It is important to note that:

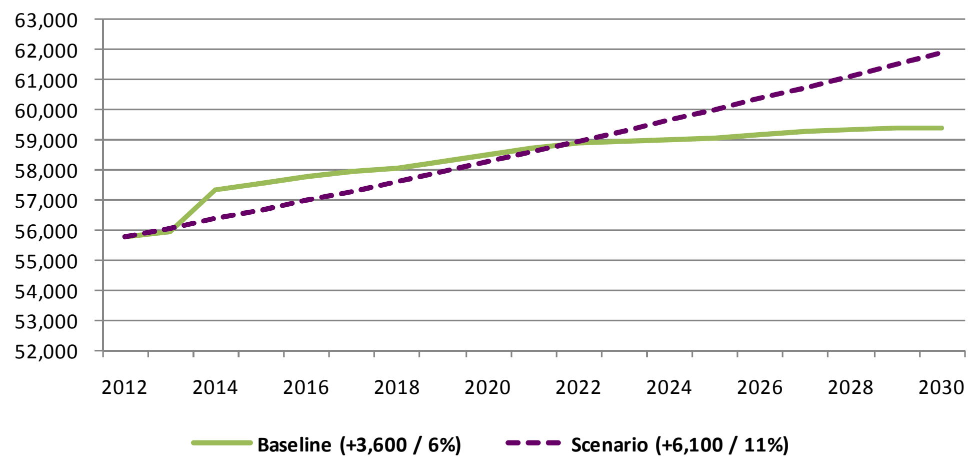
- The baseline position and forecast do not take account of all individual planned investments on a by project by project basis. This is because historic data (which includes the impact of previous investment) is taken into account in the baseline position, and therefore an expected level of investment in infrastructure and economic development is automatically captured in the Baseline Scenario and both Adjusted Scenarios . However, the impact of major, strategic interventions is unlikely to be captured. At the time of writing, such planned interventions (including the RAF expansion plans) are at an early stage of development and/or there is insufficient, robust data to accurately estimate both the scale and timing of their potential employment impact.

- The baseline position and scenarios assume that growth is unconstrained i.e. conditions for growth are delivered, including the provision of sufficient labour, land supply and supply of high quality business accommodation.

Lincoln

9.7 The Adjusted Scenario (Higher Growth) for Lincoln increases employment growth to +6,100 (11%) compared to the baseline uplift of +3,600 (6%). This compares to a national increase of 14% in the Oxford Economics baseline (and a national increase in the Experian model of +19%). It also compares to projections for Lincoln of +14% in the first Experian run and +18% in the second Experian run.

Figure 9.1: Lincoln Employment Growth Baseline and Adjusted Scenario (Higher Growth)



Source: Oxford Economics and ekosgen estimates

9.8 Adjustments have been made to the baseline scenario to take account of the following factors:

- Two sectors – professional, scientific and technical and administrative and support activities - are forecast to drive growth nationally. The Oxford Economics forecasts show that the two sectors are expected to create 1.7m jobs in England between 2012 and 2030, accounting for 45% of the net uplift compared to 16% of total employment. There are a number of factors which suggest that Lincoln is well placed to capture a greater share of this growth than the baseline estimates, including its role as the sub-regional centre and being the area within Central Lincolnshire with the highest existing concentration of these activities to build upon. Furthermore, in the last period of major growth (1998-2008), growth in professional and business services in Lincoln was higher than the national average (with an increase of 43% compared to 36%). At the aggregate level, employment in the sector also remained relatively stable between 2009 and 2012.

- Closely linked to the above and part of the broader financial, professional and business services sector, the financial and insurance sub-sector is also expected to grow nationally between 2012 and 2030. The sector has recently performed strongly in Lincoln with employment growth between 2009 and 2012 (creating some 300 jobs – equivalent to an increase of 52%) in contrast to the net decline of 1% experienced nationally. This growth has been driven by insurance and auxiliary activities (primarily the insurance and pension services and activities auxiliary to financial and insurance sub-sectors) and provides a strong foundation for low levels of growth to be captured in Lincoln in future years.

- In line with the ambition of the Greater Lincolnshire Local Enterprise Partnership, there is significant potential for growth in the visitor economy. The LEP's Strategic Economic Plan identifies five drivers and priorities for success, including driving growth of the area's three defining and strongest sectors that offer the most competitive advantage – the visitor economy is one of these sectors. In Lincoln, the potential growth in the visitor economy is underpinned by the strength of the existing offer (including the iconic cathedral, castle and historic city centre that attracts both leisure and business visitors), product development and investment in the area's most important assets (e.g. investment in the Castle), planned events and growth in the wider economy which stimulates demand for local restaurants and leisure facilities. STEAM statistics for Lincoln also provide evidence that the visitor economy has been growing, with figures on visitor days, visitors numbers and direct expenditure all increasing between 2012 and 2013. This has led to an increase in the direct and indirect employment of the sector and the economic impact.

- The University of Lincoln has experienced rapid growth in recent years and is at the forefront of supporting innovation in the local business community, growing its research capacity and performance and driving transformational change. The University delivers a wide range of knowledge exchange schemes and support for businesses as well as intern programmes that help to support graduate retention. Building on the success and investment in recent years, the University has the potential for further expansion and to drive and support further growth within the local economy through the provision of graduates and business support and by increasing the number of business and leisure visitors to the area. These roles are recognised in the LEP's Strategic Economic Plan, which identifies priorities that the University can help to deliver throughout the document.

9.9 On this basis, the levels of growth in seven broad sectors highlighted in grey in Table 9.1 have been adjusted to take account of the factors set out above. It should be noted that, during the development of the scenarios, no factors were identified that resulted in downwards adjustments to the baseline forecasts being made.

Table 9.1: Lincoln – Employment Change 2012-2030

	Baseline			Adjusted Scenario (Higher Growth)	
	Lincoln		UK	Lincoln	
	No.	%	%	No.	%
Human health and social work	1,238	12%	11%	1,238	12%
Professional, scientific and technical	1,115	34%	42%	1,374	42%
Wholesale and retail trade	890	8%	8%	890	8%
Other service activities	422	20%	25%	422	20%
Accommodation and food service	366	11%	14%	497	14%
Information and communication	310	23%	31%	414	31%
Arts, entertainment and recreation	277	28%	35%	342	35%
Construction	256	12%	26%	256	12%
Real estate activities	139	34%	57%	139	34%
Education	92	2%	5%	276	5%
Mining and quarrying	-5	-39%	-38%	-5	-39%
Transportation and storage	-5	0%	13%	-5	0%
Electricity, gas, steam and air conditioning	-6	-17%	-12%	-6	-17%
Agriculture, forestry and fishing	-7	-4%	-12%	-7	-4%
Water supply; sewerage, waste, remediation	-14	-1%	-5%	-14	-1%
Administrative and support service	-110	-2%	34%	1,516	34%
Financial and insurance	-124	-13%	2%	15	2%
Public administration and defence	-567	-17%	-14%	-567	-17%
Manufacturing	-668	-18%	-20%	-668	-18%
Total	**3,600**	**6%**	**14%**	**6,108**	**11%**

Source: Oxford Economics and ekosgen estimates

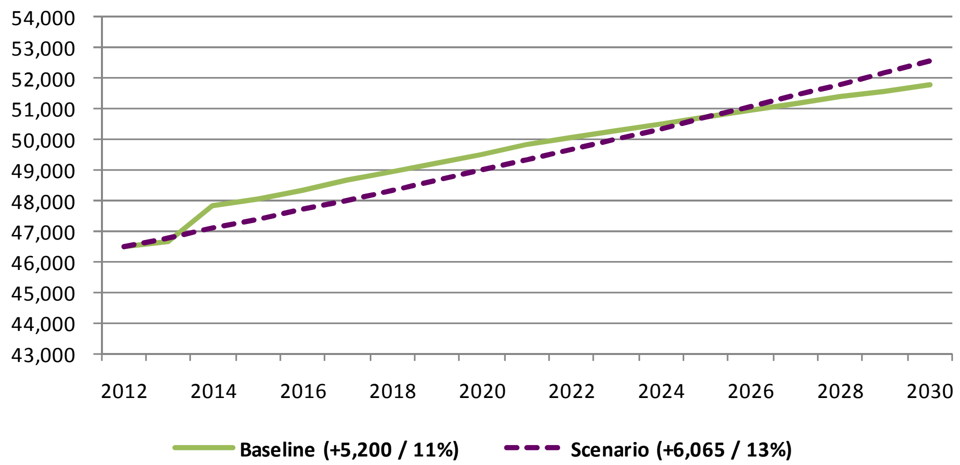
9.10 While the forecast for the manufacturing sector has not been amended, it is important to note that the decline in Lincoln is expected to be slightly slower than the national forecast. There will also be underlying dynamics of change within the sector as witnessed in the most recent growth period (2009-2012) where some sub-sectors and key companies experience growth while others contract.

9.11 A final adjustment has been made to the timing of the growth. The baseline forecasts show a high level of growth in the early years of the trajectory and particularly between 2013 and 2014. Given that data is not yet available to confirm if this was the case, the revised level of growth in Adjusted Scenario (Higher Growth) has been evenly distributed in the years between 2012 and 2030. This has been calculated at the sector level within each local authority by applying the sectoral average annual growth rates for 2012-2030 from the Adjusted Scenario (Higher Growth) to the 2012 base and then each subsequent year. In other words, applying a fixed % uplift to the base number for the previous year for each year between 2012 and 2030.

North Kesteven

9.12 The Adjusted Scenario (Higher Growth) for North Kesteven increases employment growth to +6,100 (13%) compared to the baseline uplift of +5,200 (11%). This compares to a national increase of 14% in the Oxford Economics baseline (and a national increase in the Experian model of +19%). It also compares to projections for North Kesteven of +16% in the first Experian run and +12% in the second Experian run.

Figure 9.2: North Kesteven Employment Growth Baseline and Adjusted Scenario (Higher Growth)



Source: Oxford Economics and ekosgen estimates

9.13 The uplift between the North Kesteven baseline and Adjusted Scenario (Higher Growth) position is less substantial than in Lincoln and reflects that the fact that the baseline forecast in North Kesteven is much more buoyant with higher levels of growth forecast in most sectors. There are also three sectors that link to local opportunities where levels of growth are already forecast to exceed the national average – professional, scientific and technical; accommodation and food services; and information and communication. Adjustments have been made to the baseline scenario to take account of the following factors:

- Two sectors – professional, scientific and technical and administrative and support activities – are forecast to drive growth nationally. The Oxford Economics forecasts show that the two sectors are expected to create 1.7m jobs in England between 2012 and 2030, accounting for 45% of the net uplift compared to 16% of total employment. During the last major growth period, the level of growth in professional and business services in North Kesteven was much higher than the national average (with an increase of 92% compared to 36%), partly reflecting the low base and also the role which North Hykeham has played in extending the City of Lincoln's built up area. The baseline forecast recognises the potential for the area to capture a higher share of growth in professional, scientific and technical activities going forward (especially given the low base and employment growth in recent years). However, there is also potential for North Kesteven to experience high levels of growth in administrative and support services, building upon the existing base, particularly given that office administration and support is the most highly represented financial, professional and business services sub-sector in North Kesteven with employment levels over 1.5 times the national average.

- In line with the ambition of the Greater Lincolnshire LEP (and as set out under the Adjusted Scenario (Higher Growth) for Lincoln), there is significant potential for growth in the visitor economy in Central Lincolnshire. In particular, North Kesteven has the potential to benefit from growth in the visitor economy linked to its proximity to Lincoln, which is the principal visitor destination in Central Lincolnshire, and through investment in the market town of Sleaford – a key regeneration priority for the Council. During the last major growth period, employment growth in accommodation and food and other services (which include arts entertainment and recreation) was higher than the national average (32% compared to 16% in hotels and restaurants and 51% compared to 21% in other services). STEAM statistics for North Kesteven also provide evidence that the visitor economy has been growing, with figures on visitor days, visitors numbers and direct expenditure all increasing between 2012 and 2013. This has led to an increase in the direct and indirect employment of the sector and the economic impact. The baseline position already includes high levels of growth in accommodation and food services, although there is also potential for growth in arts, entertainment and recreation linked to increasing demand for leisure services.

- Following a period of long term decline in manufacturing, during which large parts of the sector have consolidated and moved towards a focus on advanced and high value manufacturing, both national and local policy now acknowledges and places importance on the role of key manufacturing sub-sectors supporting economic growth through both the creation of jobs and GVA. For example, the Greater Lincolnshire Strategic Economic Plan identifies agri-food and advanced manufacturing as two of three of the area's defining and strongest sectors that offer the most competitive advantage going forward. Driving growth in these sectors is a set out as a priority. While it is unlikely, that the overall sector will stabilise over the longer term, there is potential for growth in priority sub-sectors – typically those which represent local employment specialisms – to reduce the level of overall decline. In the most recent growth period (2009-2012) the manufacturing sector experienced growth in employment terms in North Kesteven in contrast to overall decline nationally (+11% compared to -3%). Seven of North Kesteven's eight manufacturing sub-sectors expanded, including food; machinery and equipment; and fabricated metals – the district's three largest and highly represented manufacturing sub-sectors. These recent trends and the consultations with stakeholders and local businesses suggest there is potential for continued growth within the sector partly driven by international markets. In particular, the manufacture of food has been highlighted as a growth sub-sector reflecting its status as a local employment specialism (with employment levels six times higher than the national average), underpinned by the presence of multiple parts of the food supply chain (including high levels of agricultural employment and land) and national drivers linked to the focus on British produce and being able to trace the source of food.

9.14 Reflecting the points made above, the levels of growth in four broad sectors highlighted in grey in the table below have been adjusted (to match the national average in the case of service sectors and to reduce the forecast level of decline in manufacturing). The green shading denotes those sectors where the potential for high levels of growth is already recognised in the baseline position. It should be noted that, during the development of the scenarios, no factors were identified that resulted in downwards adjustments to the baseline forecasts being made.

Table 9.2: Employment Change 2012-2030

	Baseline			Adjusted Scenario (Higher Growth)	
	North Kesteven		UK	North Kesteven	
	No.	%	%	No.	%
Professional, scientific and technical	1,270	50%	42%	1,270	50%
Construction	1,055	25%	26%	1,055	25%
Human health and social work	828	15%	11%	828	15%
Administrative and support service	711	29%	34%	830	34%
Accommodation and food service	657	29%	14%	657	29%
Information and communication	431	55%	31%	431	55%
Wholesale and retail trade	371	5%	8%	371	5%
Education	286	7%	5%	286	7%
Other service activities	286	36%	25%	286	36%
Transportation and storage	273	14%	13%	273	14%
Arts, entertainment and recreation	197	29%	35%	235	35%
Real estate activities	96	42%	57%	96	42%
Water supply; sewerage, waste, remediation	-3	-1%	-5%	-3	-1%
Financial and insurance activities	-5	-2%	2%	3	2%
Electricity, gas, steam and air	-26	-16%	-12%	-26	-16%

	Baseline			Adjusted Scenario (Higher Growth)	
conditioning					
Mining and quarrying	-62	-40%	-38%	-62	-40%
Agriculture, forestry and fishing	-72	-3%	-12%	-72	-3%
Public administration and defence	-156	-3%	-14%	-156	-3%
Manufacturing	-889	-17%	-20%	-237	-5%
Total	**5,248**	**11%**	**14%**	**6,065**	**13%**

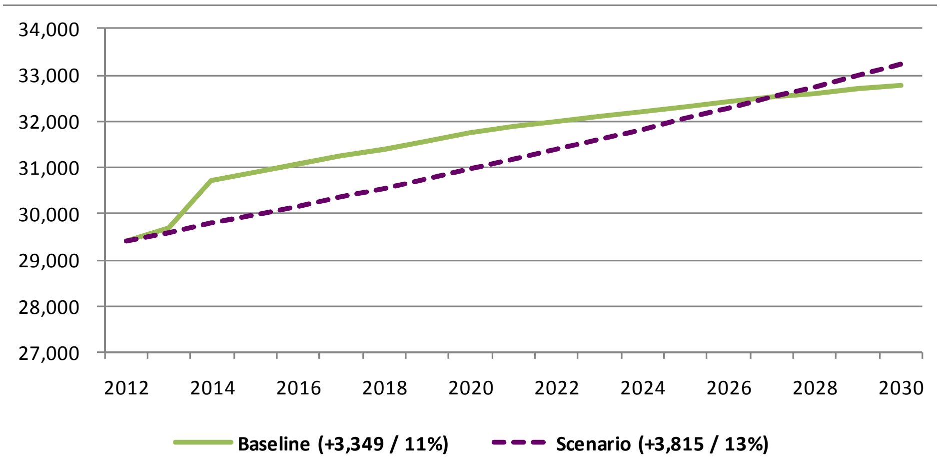
Source: Oxford Economics and ekosgen estimates

9.15 A final adjustment has been made to the timing of the growth. The baseline forecasts show a high level of growth in the early years of the trajectory and particularly between 2013 and 2014. Given that data is not yet available to confirm if this was the case, the revised level of growth in the Adjusted Scenario (Higher Growth) has been evenly distributed between 2012 and 2030. This has been calculated at the sector level within each local authority by applying the sectoral average annual growth rates for 2012-2030 from the Adjusted Scenario (Higher Growth) to the 2012 base and then each subsequent year. In other words, applying a fixed % uplift to the base number for the previous year for each year between 2012 and 2030.

West Lindsey

9.16 The Adjusted Scenario (Higher Growth) for West Lindsey increases employment growth to +3,800 (13%) compared to the baseline uplift of +3,300 (11%). This compares to a national increase of 14% in the Oxford Economics baseline (and a national increase in the Experian model of +19%). It also compares to projections for West Lindsey of +15% in the first Experian run and +20% in the second Experian run.

Figure 9.3: West Lindsey Employment Growth Baseline and Adjusted Scenario (Higher Growth)



Source: Oxford Economics and ekosgen estimates

9.17 As with North Kesteven, the uplift between the West Lindsey baseline and the Adjusted Scenario (Higher Growth) position is less substantial than in Lincoln and reflects that the fact that the baseline forecasts in West Lindsey are much more buoyant with higher levels of growth forecast in most sectors.

9.18 There are also two sectors that link to local opportunities in the visitor economy where levels of growth are already forecast to reach or exceed the national average - accommodation and food services; and arts, entertainment and recreation. The high levels of growth in these sectors reflect the LEP's ambition, the area's proximity to Lincoln and the existing offer which includes the countryside environment and part of the Lincolnshire Wolds – a designated Area of Outstanding Natural Beauty.

9.19 Adjustments have been made to the baseline scenario to take account of the following factors:

- Two sectors – professional, scientific and technical and administrative and support activities – are forecast to drive growth nationally. The Oxford Economics forecasts show that the two sectors are expected to create 1.7m jobs in England between 2012 and 2030, accounting for 45% of the net uplift compared to 16% of total employment. When the low base in West Lindsey is taken into account, there is potential for the area to experience higher levels of growth in both high and low value private services, including information and communication and financial and insurance services. This is demonstrated through the trends during the last major growth period, where West Lindsey's level of growth in professional and business services was much higher than the national average (with an increase of 59% compared to 36%), partly reflecting the low base.

- As set out under the North Kesteven Adjusted Scenario (Higher Growth), both national and local policy now acknowledges and places importance on the role of key manufacturing sub-sectors supporting economic growth through both the creation of jobs and GVA following a period of long term decline in manufacturing. For example, the Greater Lincolnshire Strategic Economic Plan identifies agri-food and advanced manufacturing as two of three of the area's defining and strongest sectors that offer the most competitive advantage going forward. Driving growth in these sectors is a set out as a priority. While it is unlikely, that the overall sector will stabilise, there is potential for growth in priority sub-sectors – typically those which represent local employment specialisms – to reduce the level of overall decline. In the most recent growth period (2009-2012), five of West Lindsey's manufacturing sub-sectors – rubber and plastic; machinery and equipment; other manufacturing; motor vehicles and trailers; and electrical equipment - experienced employment growth. The consultations also suggest that there is potential for continued growth within the sector largely linked to international markets which could help to reduce the level of overall decline in the sector.

- While this provides a rationale for reducing the forecast level of manufacturing decline in West Lindsey, it has not been reduced to the same extent as in North Kesteven based on the sub-sectors being smaller in scale and two of West

Lindsey's largest manufacturing sectors (food and fabricated metals) having experienced decline in recent years (2009-2012). The overall performance of the manufacturing sector between 2009 and 2012 was also less positive in West Lindsey than in North Kesteven.

9.20 On this basis, the levels of growth in five broad sectors highlighted in grey in the table below have been adjusted (to match the national average in the case of service sectors and to reduce the forecast level of decline in manufacturing). The green shading denotes those sectors where the potential for high levels of growth is already recognised in the baseline position. It should be noted that, during the development of the scenarios, no factors were identified that resulted in downwards adjustments to the baseline forecasts being made.

Table 9.3: West Lindsey – Employment Change 2012-2030

	Baseline			Adjusted Scenario (Higher Growth)	
	West Lindsey		UK	West Lindsey	
	No.	%	%	No.	%
Construction	1,016	30%	26%	1,016	30%
Human health and social work	716	21%	11%	716	21%
Professional, scientific and technical	528	34%	42%	648	42%
Wholesale and retail trade	416	9%	8%	416	9%
Administrative and support service	351	31%	34%	380	34%
Arts, entertainment and recreation	335	47%	35%	335	47%
Other service activities	292	35%	25%	292	35%
Transportation and storage	224	17%	13%	224	17%
Real estate activities	176	55%	57%	176	55%
Accommodation and food service	162	13%	14%	162	13%
Information and communication	65	23%	31%	88	31%
Electricity, gas, steam and air conditioning	0	-16%	-12%	0	-16%
Financial and insurance activities	-4	-2%	2%	3	2%
Water supply; sewerage, waste, remediation	-6	-2%	-5%	-6	-2%
Mining and quarrying	-50	-40%	-38%	-50	-40%
Agriculture, forestry and fishing	-68	-3%	-12%	-68	-3%
Education	-80	-2%	5%	-80	-2%
Public administration and defence; compulsory social security	-123	-10%	-14%	-123	-10%
Manufacturing	-601	-19%	-20%	-315	-10%
Total	**3,349**	**11%**	**14%**	**3,815**	**13%**

Source: Oxford Economics and ekosgen estimates

9.21 A final adjustment has been made to the timing of the growth. The baseline forecasts show a high level of growth in the early years of the trajectory and particularly between 2013 and 2014. Given that data is not yet available to confirm if this was the case, the revised level of growth in the Adjusted Scenario (Higher Growth) has been evenly distributed in the years between 2012 and 2030. This has been calculated at the sector level within each local authority by applying the sectoral average annual growth rates for

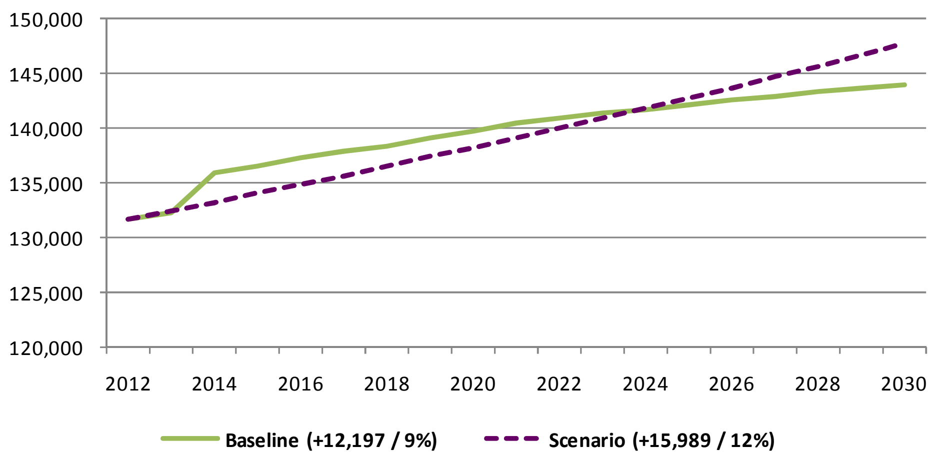
2012-2030 from the Adjusted Scenario (Higher Growth) to the 2012 base and then each subsequent year. In other words, applying a fixed % uplift to the base number for the previous year for each year between 2012 and 2030.

Central Lincolnshire

9.22 The baseline and Adjusted Scenarios (Higher Growth) for each of the local authorities aggregate to provide the following results at the Central Lincolnshire level: The Adjusted Scenario (Higher Growth) for Central Lincolnshire increases employment growth to +15,900 (12%) compared to the baseline uplift of +12,197 (9%). This compares to a national increase of 14% in the Oxford Economics baseline (and a national increase in the Experian model of +19%). It also compares to projections for Central Lincolnshire of +15% in the first Experian run and +16% in the second Experian run.

9.23 The differential between the level of growth forecast for Central Lincolnshire and nationally (+12% compared to +14%) is similar to that experienced in the last period of major national growth (+8% compared to +9%). This is deemed realistic, yet ambitious particularly given the slow interim recovery.

Figure 9.4: Central Lincolnshire Employment Growth Baseline and Adjusted Scenario (Higher Growth)



Source: Oxford Economics and ekosgen estimates

A Longer Term View

9.24 As the timescales for the Local Plan reach 2036, the Adjusted Scenario (Higher Growth) has been extrapolated to provide an estimate of the level of employment growth that could occur within each Local Authority to the end of the period.

9.25 The extrapolation to 2036 is based upon the average annual growth rate between 2020 and 2030 in the redistributed Adjusted Scenario (Higher Growth) (which is built upon the Oxford Economics baseline). This has been carried out individually for each sector within each Local Authority for each year from 2030 onwards. The results are then summed to provide the total estimated uplift for each area and Central Lincolnshire.

9.26 Given that the growth rate over the 2012-2030 period had been smoothed out and redistributed – the average annual growth rate for each sector and Local Authority between 2020 and 2030 is now the same as 2012-2030.

9.27 It is important to reiterate that the employment numbers presented for any year after 2030 (including the baseline and the Adjusted Scenarios) are based on extrapolation rather than forecasts (for those years post 2030). The employment change presented post 2030 is an indication of future trends rather than a forecast; this is because the forecasts on which this analysis is based runs only until 2030.

Table 9.4: Employment Change 2012-2036 – Adjusted Scenario (Higher Growth)

	To 2030		To 2036	
	No.	%	No.	%
Lincoln	6,108	11%	8,572	15%
North Kesteven	6,065	13%	8,518	18%
West Lindsey	3,815	13%	5,380	18%
Central Lincolnshire	**15,989**	**12%**	**22,469**	**17%**

Source: Oxford Economics and ekosgen estimates

Additional Adjusted Scenario (Lower Growth)

9.28 With all long-term economic forecasts and scenarios there is an element of uncertainty particularly as the time period increases from the base year. Therefore, in order, to provide a more complete range of scenarios a less optimistic variant of the Adjusted Scenario (Higher Growth) has been produced for the full scenario period which is included in the tables below for ease of comparison.

9.29 The additional scenario - the Adjusted Scenario (Lower Growth) follows the same evidenced rationale as the previous (Higher Growth) scenario in terms of the specific sectors which have been adjusted and follows the same assumptions on planned investment (as highlighted in para 9.6). Furthermore the additional scenario maintains the proportionate share of growth between local authority areas within Central Lincolnshire and so is consistent with the rationale for both the baseline and the (Higher Growth) scenarios.

9.30 In the Low Growth Scenario the sector adjustments have been more modest and reflect a slightly less optimistic view of future economic performance of those sectors (set out in the previous section) where growth opportunities exist. Furthermore, those sectors forecast to decline in the baseline forecast and which were then adjusted upwards in the Higher Growth scenario have had less optimistic adjustments applied in the Lower Growth Scenario.

9.31 A comparison of the scenarios, over the periods 2012-2030 and 2012-2036, is summarised in the tables below.

Table 9.5: Employment Change to 2012-2030 – All Scenarios

To 2030	Baseline	Adjusted Scenario (Higher Growth)	Adjusted Scenario (Lower Growth)
Lincoln	+3,600 (+6%)	+6,108 (+11%)	+4,955 (+9%)
North Kesteven	+5,248 (+11%)	+6,065 (+13%)	+5,543 (+12%)
West Lindsey	+3,349 (+11%)	+3,815 (+13%)	+3,468 (+12%)
Central Lincolnshire	+12,197 (+9%)	+15,989 (+12%)	+13,967 (+11%)

Source: Oxford Economics and ekosgen estimates

Table 9.6: Employment Change to 2012-36 – All Scenarios

To 2036	Baseline	Adjusted Scenario (Higher Growth)	Adjusted Scenario (Lower Growth)
Lincoln	+4,204 (+7%)	+8,572 (+15%)	+6,916 (+12%)
North Kesteven	+6,792 (+14%)	+8,518 (+18%)	+7,822 (+17%)
West Lindsey	+4,076 (+14%)	+5,380 (+18%)	+4,914 (+17%)
Central Lincolnshire	+15,071 (+11%)	+22,469 (+17%)	+19,653 (+15%)

Source: Oxford Economics and ekosgen estimates

Labour supply

9.32 For purposes of comparison, the level of jobs able to be supported in Central Lincolnshire based on demographic growth has been considered, since this could impact upon the sub-region's ability to attract businesses and future job growth.

9.33 The Central Lincolnshire Strategic Housing Market Assessment (SHMA) includes modelling of a range of demographic scenarios, which highlight how the population – including labour force and the number of jobs supported – might change over the plan period to 2036. A scenario has been modelled to show how the population would change if recent longer term migration trends – over a ten year period – continue. This provides a valuable insight into the scale of potential growth which could be driven by demographic factors.

9.34 The following table summarises the total change in supported jobs under the ten year past growth scenario – for each authority in Central Lincolnshire – over the period from 2012 to 2036. It is important to note that the population is converted to jobs through prudent assumptions on economic activity, unemployment and commuting, which are fully set out within the SHMA.

Table 9.7: Modelled Demographic Change in Labour Force 2012 – 2036

Authority	Total Change in Supported Jobs 2012 – 2036	Annual Change in Supported Jobs
Lincoln	4,854	202
North Kesteven	3,932	164
West Lindsey	2,222	93
Central Lincolnshire	**11,008**	**459**

Source: Edge Analytics, 2014

9.35 As shown, a continuation of recent levels of migration could support the creation of approximately 11,000 additional jobs in Central Lincolnshire over the plan period, equivalent to around 460 jobs per annum. At a Local Authority level, demographic growth in Lincoln is expected to support around 200 jobs per annum, although modelled growth can only support a lower level of job creation in West Lindsey.

9.36 Importantly, the Central Lincolnshire demographic projection suggests a level of job which could be supported that is lower than the historic rate of job creation between 1997 and 2012, where 719 jobs were created annually. It is also lower than the range of job growth anticipated under the Adjusted Scenarios, 819 jobs per annum (Lower Growth) and 936 jobs per annum (Higher Growth) over the period 2012-2036.

9.37 The PPG highlights the importance of ensuring alignment between planning for housing and employment, and therefore it will be important that the SHMA and subsequent local plan take account of economic evidence presented through this study, putting in place measures and policies to accommodate a larger labour force and encourage the higher levels of migration that are likely to be needed to support the anticipated levels of economic growth outlined above.

Key messages

9.38 In summary:

- A significant level of employment growth is forecast for Central Lincolnshire between 2012 and 2030 and over the longer term to 2036. Based on the Adjusted Scenario (Higher Growth), it is estimated that almost 16,000 additional jobs will be created by 2030 and almost 22,500 by 2036. This growth is underpinned by strong growth in each Local Authority area and is deemed realistic, yet ambitious based on the areas' historic economic growth trends. The less optimistic Adjusted Scenario (Lower Growth) estimates that just under 14,000 additional jobs will be created by 2030 and just over 19,500 by 2036.

- Employment growth will occur across a wide range of sectors in the local economy. Both Adjusted Scenarios recognise local opportunities for strong growth in professional and business services (including both high and low value private services) and the visitor economy, as well as a more stable manufacturing sector linked to the strength of key sectors such as food manufacturing and international opportunities. These local opportunities align with the key sectors identified by the Greater Lincolnshire LEP.

- This level of growth will result in requirements for business premises and housing for a larger labour force which will be estimated through accompanying studies.

10. Quantifying future land requirements

10.1 Having considered the changing structure of the local economy and identified a robust range of realistic potential employment growth scenarios, consideration is given within this section to calculating the potential "follow-on" effects in terms of typical floorspace and land requirements over the Plan period to 2036.

10.2 It should be noted that as the study excludes a detailed assessment of economic land availability, and does not constitute a full employment land review, only a base estimate of gross land requirements is provided.

Methodology

10.3 For the purposes of estimating future economic land requirements, change in Full Time Equivalent (FTE) employment is used, converted into floorspace (using employment densities) and then into land (using a plot ratio).

10.4 In accordance with the PPG this calculation should take account of the four key relationships in translating employment outputs into land. They are:

- **Standard Industrial Classifications (SIC) sectors to use classes.** This is achieved by assigning jobs to land use categories, including those likely to occur in B Class and Non B Class employment sectors.

- **SIC sectors to types of property.** This is an estimate of the proportion of employment that is likely to take place in each property sub-sector i.e. in office and R&D floorspace (B1a/b), industrial floorspace (B1c/B2) and warehouse/distribution floorspace (B8).

- **Employment to floorspace (using employment density).** This involves the conversion of employment to floorspace (sqm) using an agreed employment density. It is advisable that the employment densities used are in line with the HCA's Employment Densities Guide 2nd Edition (2010),

- **Floorspace to site area (using plot ratio).** The final step involves the application of standard plot ratio assumptions to convert estimates for floorspace into estimates for net developable land.

10.5 Turley has an established employment land calculator that is used to estimate economic demand and to convert this to land requirements in line with the procedure outlined above. A worked example is presented overleaf.

Table 10.1: Example Employment Land Requirements Calculation

	Assumption / calculation	Result
Total FTE jobs	1,000 B1a/b FTE jobs	
Employment to Floorspace	**Assumed density** = 14 sqm per FTE employee **Calculation**: 1000 x 14 sqm	14,000 sqm
Floorspace to site area	**Assumed plot ratio** = 40% **Calculation**: 14,000 sqm / 0.4 / 10,000	3.5 hectares

Source: Turley

10.6 Using the above technique the following presents an illustrative base estimate of economic land requirements for the Central Lincolnshire area in line with the Baseline and Adjusted Scenario (Higher Growth) forecast employment scenarios presented in section 9,

Forecast changes in FTE employment

10.7 The previous section concluded the following levels of employment growth over the period to 2036 under the Baseline and Adjusted Scenario (Higher Growth).

Table 10.2: Employment Change 2012-2036 – Baseline and Adjusted Scenario (Higher Growth)

Area	Baseline Scenario	Adjusted Scenario (Higher Growth)
Lincoln	+4,204 (+7%)	+8,572 (+15%)
North Kesteven	+6,792 (+14%)	+8,518 (+18%)
West Lindsey	+4,076 (+14%)	+5,380 (+18%)
Central Lincolnshire	+15,071 (+11%)	+22,469 (+17%)

10.8 The change in FTE employment associated with the above levels of employment growth is summarised in the table below.

Table 10.3: FTE Employment Change 2012-2036

Area	Baseline Scenario	Adjusted Scenario (Higher Growth)
Lincoln	3,162 (+7%)	6,698 (+15%)
North Kesteven	5,519 (+14%)	7,074 (+18%)
West Lindsey	3,213 (+13%)	4,352 (+18%)
Central Lincolnshire	11,894 (+11%)	18,124 (+17%)

Source: Oxford Economics and ekosgen

10.9 This shows that over the Plan period to 2036, 11,894 FTE jobs, or 496 jobs per annum, are anticipated to be created under the Baseline Scenario, increasing to 18,124, or 755 jobs per annum, under the Adjusted Scenario (Higher Growth).

10.10 A sectoral breakdown of this anticipated level of FTE employment creation is summarised in the table below. Equivalent data for each of the three local authority areas is provided at Appendix 6.

Table 10.4: Central Lincolnshire FTE Employment Change by Sector 2012-2036

Sector	Baseline Scenario		Adjusted Scenario (Higher Growth)	
	No.	%	No.	%
A : Agriculture, forestry and fishing	(215)	-5%	-191	-5%
B : Mining and quarrying	(145)	-51%	-139	-49%
C : Manufacturing	(2,846)	-25%	-1,529	-13%
D : Electricity, gas, steam and air conditioning supply	(45)	-22%	-42	-21%
E : Water supply; sewerage, waste management and remediation activities	(68)	-4%	-28	-2%
F : Construction	2,828	32%	2,953	33%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	1,536	9%	1,750	10%
H : Transportation and storage	463	11%	608	14%
I : Accommodation and food service activities	978	20%	1,240	26%
J : Information and communication	944	45%	1,173	56%
K : Financial and insurance activities	(139)	-12%	25	2%
L : Real estate activities	416	53%	478	61%
M : Professional, scientific and technical activities	3,222	49%	4,198	63%
N : Administrative and support service activities	965	15%	3,133	47%
O : Public administration and defence; compulsory social security	(720)	-7%	-969	-10%
P : Education	333	3%	501	5%
Q : Human health and social work activities	2,746	19%	2,937	20%
R : Arts, entertainment and recreation	693	43%	890	55%
S : Other service activities	948	32%	1,137	38%
Total	11,894	11%	18,124	17%

Source: Oxford Economics and ekosgen

SIC sectors to use classes and type of property required

10.11 It is important to note, though, that not all of these jobs will be associated with activities occupying B use class employment space. In view of this, the net amount of FTE employment growth expected to occur in B Use Class employment sectors needs to be calculated. As highlighted above, this is achieved by assigning jobs to land use categories, including those likely to occur in B Use Class and Non B Use Class employment sectors and an estimate of the proportion of employment that is likely to take place in each property sub-sector i.e. in office and R&D floorspace (B1a/b), industrial floorspace (B1c/B2) and warehouse/distribution floorspace (B8). The assumptions used to inform this calculation, and which apply to all scenarios, can be found at Appendix 7. The results of this analysis are presented in the tables below.

Table 10.5: Change in B Use Class FTE Employment – Baseline Scenario 2012-2036

	Change in B Use Class Employment (FTE Employment)			
	B1a/b	B1c/B2	B8	Total
Lincoln	1,156	-792	613	977
North Kesteven	2,487	-1,057	492	1,922
West Lindsey	934	-712	482	704
Central Lincolnshire	**4,577**	**-2,561**	**1,587**	**3,603**

Source: Oxford Economics, ekosgen and Turley analysis

Table 10.6: Change in B Use Class FTE Employment – Adjusted Scenario (Higher Growth) 2012-2036

	Change in B Use Class Employment (FTE Employment)			
	B1a/b	B1c/B2	B8	Total
Lincoln	3,412	-748	741	3,405
North Kesteven	2,837	-270	653	3,220
West Lindsey	1,279	-358	632	1,553
Central Lincolnshire	**7,528**	**-1,376**	**2,026**	**8,178**

Source: Oxford Economics, ekosgen and Turley Analysis

10.12 The above tables show that under the Baseline Scenario FTE employment change in sectors occupying B use Class employment space is anticipated to increase by 3,603 FTE jobs, or 150 FTE jobs per annum. This figure increases to 8,178 FTE jobs, or 341 FTE jobs per annum, under the Adjusted Scenario (Higher Growth).

10.13 The largest proportion of this growth is expected in B1a/b employment, followed by B8, however the overall level of growth anticipated is offset by a loss of B1c/B2 related FTE jobs. This is evident in both scenarios, although in light of adjustments to a number of industrial sectors within the Baseline scenario, as detailed in section 9, the proportion of B1a/b is significantly higher under the Adjusted Scenario (Higher Growth).

Converting employment to floorspace and land

10.14 The next step is to convert employment to floorspace (using an employment density) and floorspace to land (using a plot ratio). The key assumptions applied for this based estimate are summarised in the table below.

Table 10.7: Employment land calculation – key assumptions

Use class	Employment Density	Plot ratio
B1a/b	14 sqm Gross External Area (GEA) per FTE employee	35%
B1c/B2	36 sqm Gross External Area (GEA) per FTE employee	40%
B8	70 sqm Gross External Area (GEA) per FTE employee	40%

Source: HCA's Employment Densities Guide 2nd Edition (2010) and ODPM Employment Land Reviews: Guidance Note (2004)

10.15 By applying the density assumptions to the two Scenarios the following estimates of future changes in employment floorspace are generated.

Table 10.8: Expected change in B- Use Class Floorspace (Sqm GEA) 2012-2036 – Baseline Scenario

	Floorspace (Sqm)			
	B1a/b	B1c/B2	B8	Total
Lincoln	16,183	-28,514	42,886	30,555
North Kesteven	34,813	-38,063	34,452	31,202
West Lindsey	13,076	-25,640	33,719	21,155
Central Lincolnshire	**64,072**	**92,217**	**111,057**	**82,912**

Source: Turley

Table 10.9: Expected change in B- Use Class Floorspace (Sqm GEA) 2012-2036 – Adjusted Scenario (Higher Growth)

	Floorspace (Sqm)			
	B1a/b	B1c/B2	B8	Total
Lincoln	47,773	-26,927	51,840	72,686
North Kesteven	39,721	-9,719	45,682	75,684
West Lindsey	17,901	-12,886	44,234	49,249
Central Lincolnshire	**105,395**	**-49,532**	**141,756**	**197,619**

Source: Turley

10.16 On the basis of the plot ratio assumptions described above, the table below sets out the expected future demand for B-Class employment land across the Central Lincolnshire area over the period 2012-2036 under both the Baseline and Adjusted (Higher Growth) scenarios.

Table 10.10: Expected change in B Use Class land (Hectares) 2012-2036

	Baseline				Adjusted Scenario (Higher Growth)			
	Land (Hectares)							
	B1a/b	B1c/B2	B8	Total	B1a/b	B1c/B2	B8	Total
Lincoln	4.6	-7.1	10.7	8.2	13.6	-6.7	13	19.9
North Kesteven	9.9	-9.5	8.6	9.0	11.3	-2.4	11.4	20.3
West Lindsey	3.7	-6.4	8.4	5.7	5.1	-3.2	11.1	13
Central Lincolnshire	**18.2**	**-23.0**	**27.7**	**22.9**	**30**	**-12.3**	**35.5**	**53.2**

Source: Turley

10.17 This shows:

- An overall requirement for 22.9 hectares of developable economic land under the Baseline Scenario. This is made up of 18.2 hectares of land to accommodate B1a/b office and R&D related uses and a further 27.7 hectares of land for B8 Storage and Distribution related uses. The combined total of 45.9 hectares is offset by a loss of 23 hectares of land for industrial B1c/B2 uses.

- Under the Adjusted Scenario (Higher Growth) the higher forecast growth in employment results in an estimated overall requirement for 53.2 hectares of land. This comprises 30 hectares of land to accommodate B1a/b office and R&D related uses and 35.5 hectares of land to accommodate B8 Storage and Distribution related uses. Again, the above is offset by a loss – in this instance equivalent to 12.3 hectares - of land for B1c/B2 industrial uses.

Additional Adjusted Scenario (Lower Growth)

10.18 Section 9 introduced a third scenario – Adjusted Scenario (Lower Growth) – with more modest sector adjustments applied to the Baseline scenario. This recognised the uncertainties in forecast long term employment growth and is intended to reflect a slightly less optimistic view of future economic performance of those specified local growth sectors identified.

10.19 Under this scenario, it is anticipated that 15,716 FTE jobs, or 655 jobs per annum, would be created over the 24 year period to 2036 across Central Lincolnshire. This, and the local authority breakdown, is summarised in Table 10.

Table 10.11: FTE Employment Change 2012-2036

Area	Baseline	Adjusted Scenario (Low Growth)
Lincoln	3,162 (+7%)	5,363 (+12%)
North Kesteven	5,519 (+14%)	6,429 (+16%)
West Lindsey	3,213 (+13%)	3,924 (+16%)
Central Lincolnshire	11,894 (+11%)	15,716 (+14%)

10.20 Applying the methodology for calculating land requirements the following floorspace and land requirements are generated under the Adjusted Scenario (Lower Growth).

Table 10.12: Expected change in B- Use Class Floorspace (Sqm GEA) 2012-2036 – Adjusted Scenario (Lower Growth)

	Floorspace (Sqm)			
	B1a/b	B1c/B2	B8	Total
Lincoln	35,232	-26,927	51,840	60,145
North Kesteven	38,356	-25,836	42,200	54,720
West Lindsey	16,132	-22,047	42,255	36,340
Central Lincolnshire	**89,720**	**-74,810**	**136,295**	**151,205**

Source: Turley

Table 10.13: Expected change in B Use Class land (Hectares) 2012-2036 - Adjusted Scenario (Lower Growth)

Land	Land (Hectares)			
	B1a/b	B1c/B2	B8	Total
Lincoln	10.1	-6.7	13	16.4
North Kesteven	11	-6.5	10.6	15.1
West Lindsey	4.6	-5.5	10.6	9.7
Central Lincolnshire	**25.7**	**-18.7**	**34.2**	**41.2**

Source: Turley

10.21 Based on this Adjusted scenario, a net additional total of 41.2 hectares of developable economic land is estimated to be required over the period 2012-36. This comprises of:

- 25.7 hectares of land to accommodate B1a/b office and R&D related uses; and
- 34.2 hectares of land to accommodate B8 Storage and Distribution related uses

10.22 Again, the above requirements are offset by a loss of 18.7 hectares of land for B1c/B2 industrial uses. As would be expected, given the adjustments applied, the land requirements resulting from this scenario fall between those identified for the Baseline and Adjusted (Higher Growth) scenarios.

Summary of land requirements

10.23 Based on the above analysis, between 23 hectares (Baseline Scenario) and 53 hectares (Adjusted Scenario (Higher Growth)) of land will potentially be required across Central Lincolnshire for B Use Class employment uses over the period from 2012-36.

10.24 Whilst the land requirements generated under all three scenarios are only indicative, and will change subject to the level of analysis and assumptions applied, they provide a good indication of the sectors which are likely to drive economic land requirements across the Central Lincolnshire area over the next 24 years.

10.25 In taking this forward, and aligning the results of the Economic Needs Assessment with the supply position reached through the Economic Land Availability Assessment, the Central Lincolnshire Authorities may wish to consider applying other techniques and adjustments to refine this figure further.

Benchmarking forecast land requirements against past take up

10.26 Extrapolating the annual average land take up forward over the 24 year period from 2012 to 2036 would act as an additional ‘check’ future land requirements.

10.27 Whilst past development rates are subject to a degree of volatility, and cannot be relied upon in isolation, extrapolating these forward provides a useful benchmark for considering future levels of demand for different types of employment floorspace. The application of this approach would, of course, be subject to the availability and robustness of data on past take up rates across the Central Lincolnshire area.

10.28 However, the results of any such analysis should be treated with a degree of caution as the continuation of past rates of land take would fail to take into account changes to the structure of the economy, changes in business practices and changes in technology that together can mean that future land needs of the economy can be significantly different to what may have been appropriate in the past. The other risk of relying excessively on this approach is that past take up may reflect the operation of previous rounds of planning policy and strategy.

Allowance for choice and flexibility

10.29 In order to plan positively for potential future employment growth it is considered best practice to add a margin of choice/flexibility factor to the land demand forecast calculation. This is an additional amount of land that ensures a reasonable choice of sites for businesses and developers and to allow for delays in sites coming forward or premises being developed.

10.30 Determining a robust figure for margin of choice is not an exact science and will always be open to a degree of subjectivity. In order to ensure there is sufficient choice in the Central Lincolnshire’s land supply, an allowance equivalent to five years supply would be appropriate for enabling the Council's to remain responsive to potential changes and increased market demand that may occur over the plan period.

Allowance for losses

10.31 An allowance also needs to be made for some replacement of losses of existing employment land that may be developed for other, non B Class uses. The base estimate presented above identifies an expected decline in demand of around 12 and 23 hectares for B2 land, which if not recycled for alternative B Class uses, may be lost to other uses over the plan period. Should this occur, the requirement would be realistically be revised upwards.

10.32 Whilst it can be assumed that a proportion of this land will be recycled, thereby reducing the amount of land lost, it is considered more appropriate to base this figure on past trends and recorded losses over a sustained period. The annual average loss over this period would then be extrapolated forward and added to the demand calculation to take account of potential losses that might occur over the Plan period.

11. Conclusions and next steps

11.1 The Economic Needs Assessment has developed and tested a number of employment growth scenarios, with the aim of enabling evidenced and reasoned conclusions to be reached on the level of employment growth that Central Lincolnshire is expected to experience over the Plan period from 2012-2036.

11.2 The analysis has shown that Central Lincolnshire's growth prospects are strong with a significant level of employment growth forecast between 2012 and 2030 and over the longer term to 2036. In addition to the baseline forecasts two Adjusted Scenarios have been developed which factor in local opportunities for stronger growth in professional and business services and the visitor economy both of which are reflected in recent economic trends. The adjusted scenarios also include a more stable manufacturing sector linked to local strengths in key sub-sectors which includes food manufacturing.

11.3 Based on the Adjusted Scenario (Higher Growth), it is estimated that almost 16,000 additional jobs will be created by 2030 and almost 22,500 by 2036. In FTE terms this is equivalent to 18,124 FTE jobs or 755 jobs per annum over the 24 year period to 2036. This growth is underpinned by strong growth in each Local Authority area and is deemed realistic, yet ambitious based on the areas' historic growth trends. The Adjusted Scenario (Lower Growth) estimates that just under 14,000 additional jobs will be created by 2030 and just over 19,500 by 2036. In FTE terms this is equivalent to 15,716 FTE jobs or 655 jobs per annum over the 24 year period to 2036.

11.4 In terms of growth sectors both Adjusted Scenarios take account of local opportunities for strong growth in professional and business services (including both high and low value private services) and the visitor economy, as well as a more stable manufacturing sector linked to the strength of key sectors such as food manufacturing and international opportunities. These local opportunities align with the key sectors identified by the Greater Lincolnshire LEP.

11.5 This level of growth will result in requirements for economic land and business premises, as well as housing for a larger labour force which is currently the subject of the emerging SHMA.

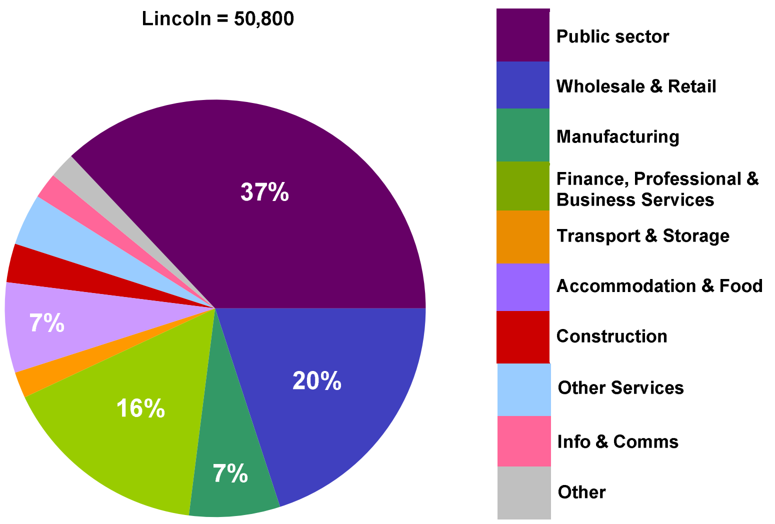
11.6 In terms of land requirements, the analysis in section 10 presents an illustrative base estimate of economic land requirements for Central Lincolnshire area – equivalent to between 23 and 53 hectares over the Plan period to 2036, when all three scenarios are taken into account. Considering just the Adjusted Scenarios, then the range is between 41 and 53 hectares. Following further refinements, including the consideration of allowances for a margin of choice and potential employment land losses, an important step will be for the local authorities to identify potential gaps and a balanced supply of land which can accommodate the objectively assessed needs established through this study.

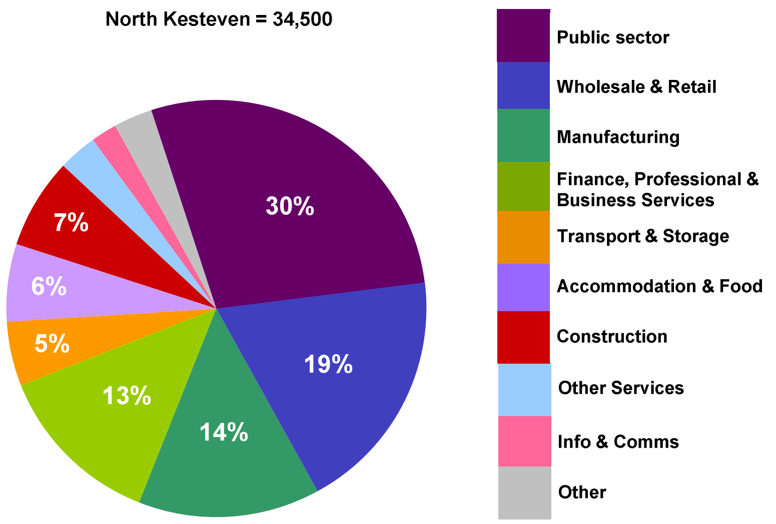
11.7 The outcome of the Economic Land Availability Assessment currently being completed by the three local authorities is a key piece of evidence in this regard, and in accordance with PPG, will:

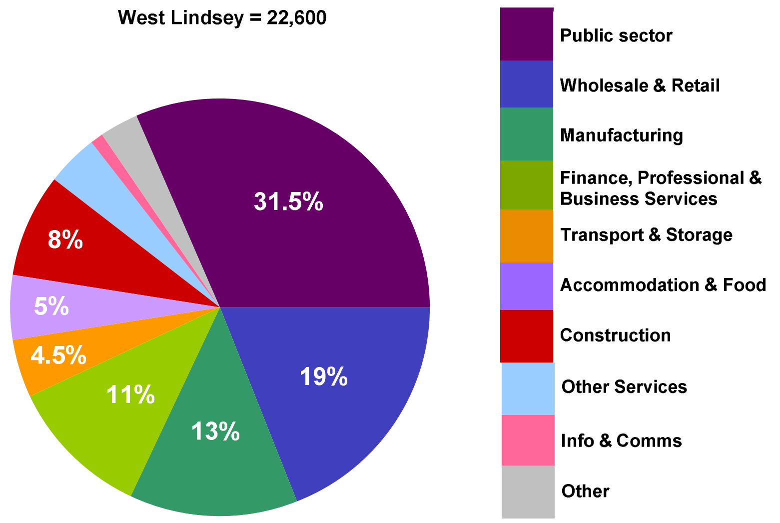
- identify sites and broad locations with potential for development;
- assess their development potential; and
- assess their suitability for development and the likelihood of development coming forward (the availability and achievability).

11.8 It is of critical importance that through this process the three authorities test the sufficiency of the potential land supply and identify a pipeline of sites to meet quantitative and qualitative economic development needs over the Plan period. This will ensure that the investment and occupier markets have a choice of sites and premises, in turn supporting the forecast levels of job growth and enabling Central Lincolnshire to realise its full economic potential.

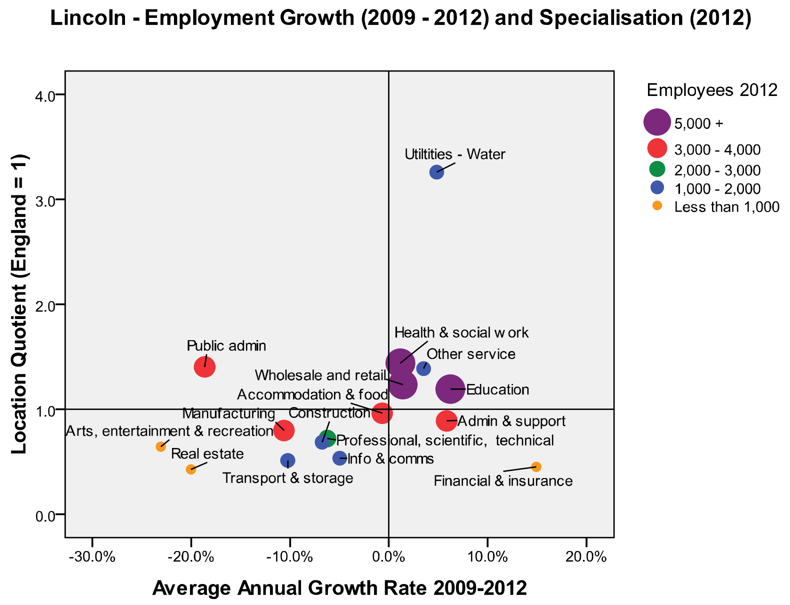
Appendix 1: Local authority employment by sector

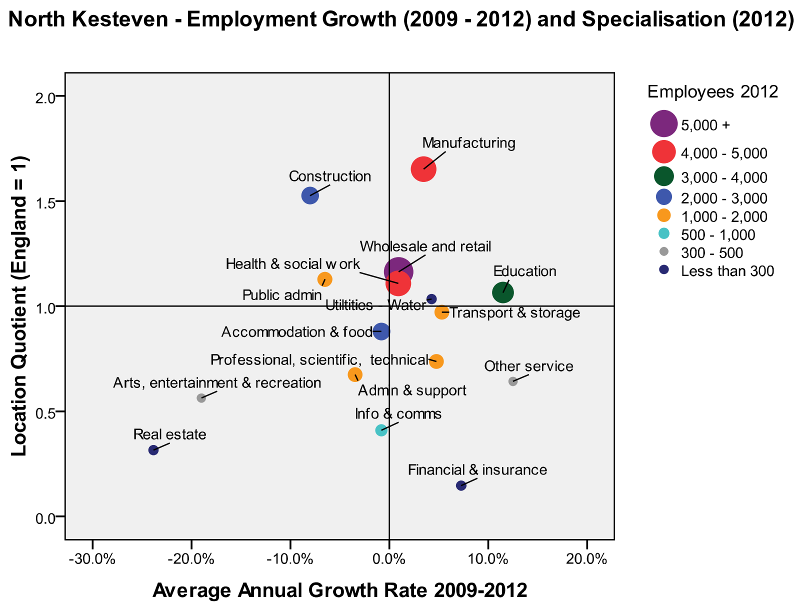




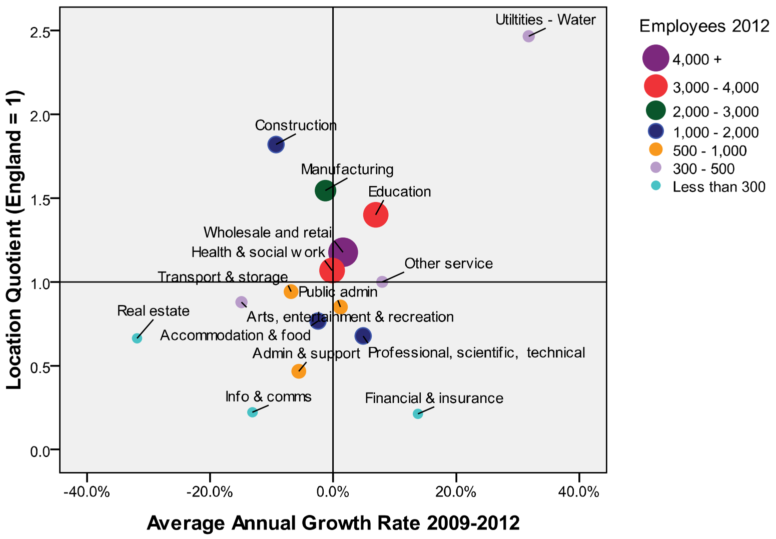

West Lindsey = 22,600
31.5%
19%
13%
11%
4.5%
5%
8%
Public sector
Wholesale & Retail
Manufacturing
Finance, Professional & Business Services
Transport & Storage
Accommodation & Food
Construction
Other Services
Info & Comms
Other

Appendix 2: Local authority growth and specialisation



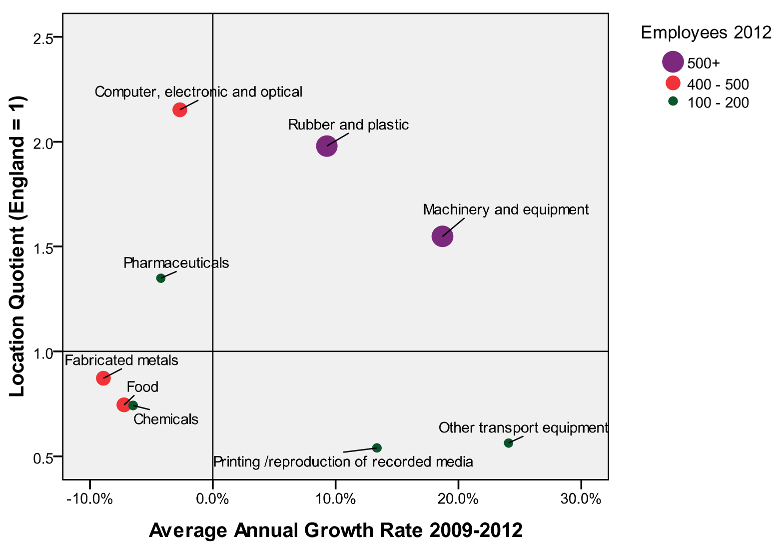


West Lindsey - Employment Growth (2009 - 2012) and Specialisation (2012)

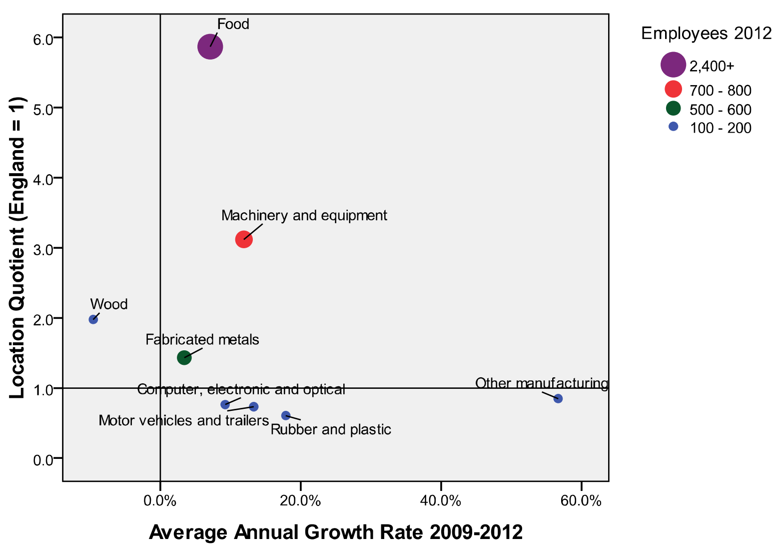


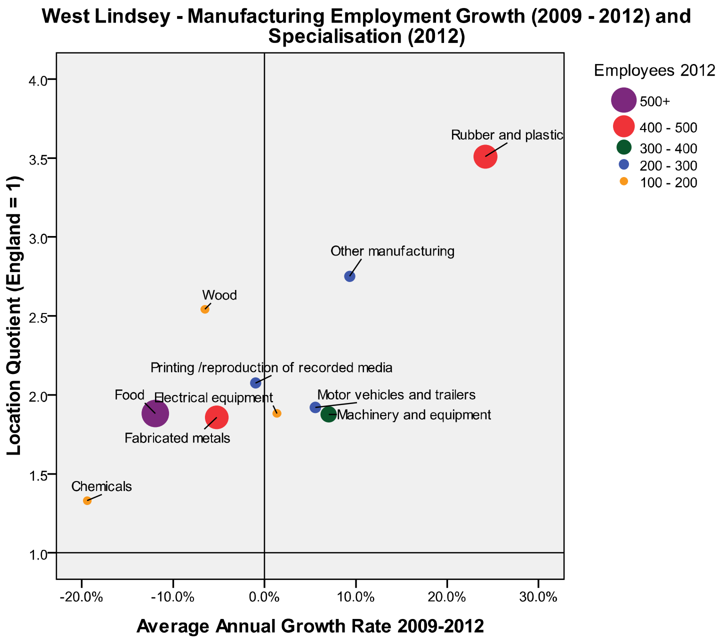
Appendix 3: Local authority manufacturing growth and specialisation

Lincoln - Manufacturing Employment Growth (2009 - 2012) and Specialisation (2012)

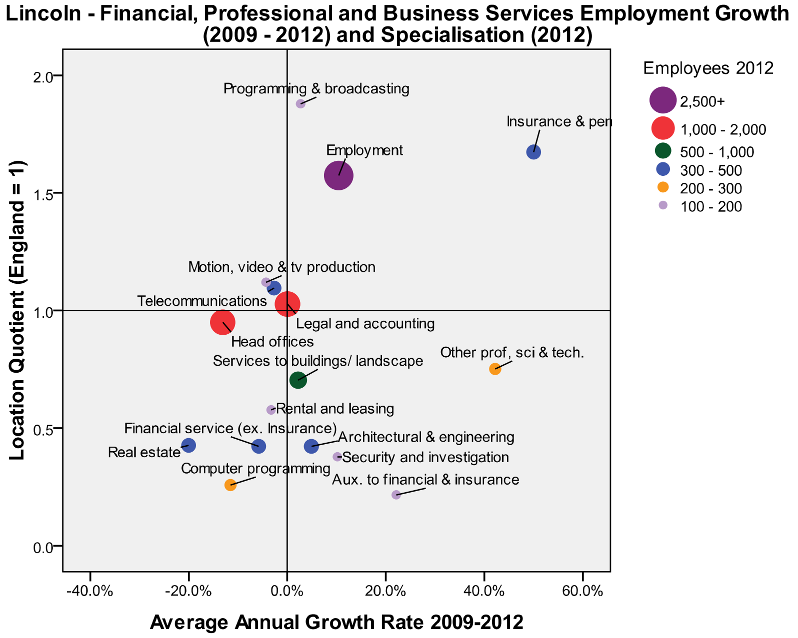


North Kesteven - Manufcaturing Employment Growth (2009 - 2012) and Specialisation (2012)

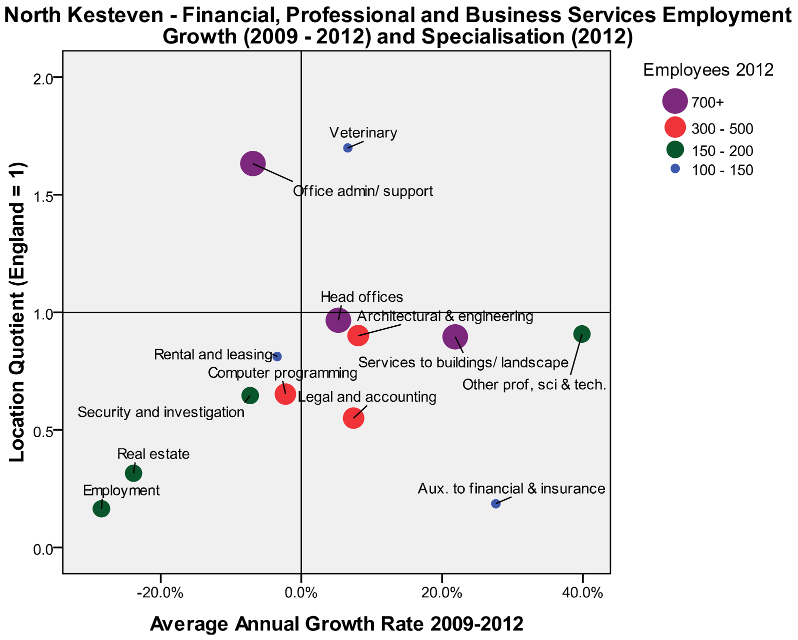


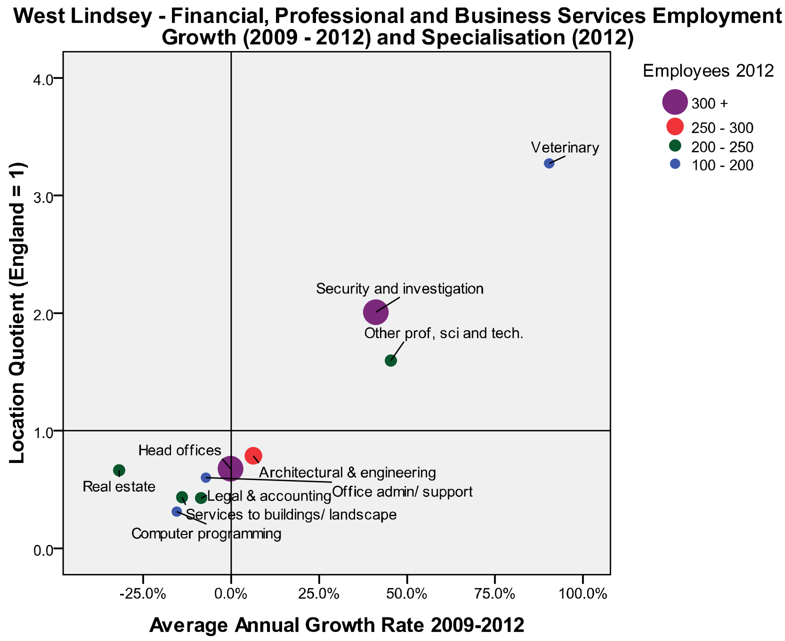

West Lindsey - Manufacturing Employment Growth (2009 - 2012) and Specialisation (2012)
Employees 2012
500+
400 - 500
300 - 400
200 - 300
100 - 200
Rubber and plastic
Other manufacturing
Wood
Printing /reproduction of recorded media
Food
Electrical equipment
Motor vehicles and trailers
Machinery and equipment
Fabricated metals
Chemicals
Location Quotient (England = 1)
4.0
3.5
3.0
2.5
2.0
1.5
1.0
-20.0%
-10.0%
0.0%
10.0%
20.0%
30.0%
Average Annual Growth Rate 2009-2012

Appendix 4: Local authority financial, professional and business services growth and specialisation



Note: Insurance and Pension growth rate adjusted – actual rate disproportionate to other sub sectors due to very small base in 2009.




West Lindsey - Financial, Professional and Business Services Employment Growth (2009 - 2012) and Specialisation (2012)
Employees 2012
300 +
250 - 300
200 - 250
100 - 200
Veterinary
Security and investigation
Other prof, sci and tech.
Head offices
Real estate
Architectural & engineering
Legal & accounting
Office admin/ support
Services to buildings/ landscape
Computer programming
4.0
3.0
2.0
1.0
0.0
-25.0%
0.0%
25.0%
50.0%
75.0%
100.0%
Location Quotient (England = 1)
Average Annual Growth Rate 2009-2012

Appendix 5: Local authority summaries

Lincoln in summary

Contribution to the Central Lincolnshire economy

The City of Lincoln forms part of the Central Lincolnshire functional economic area alongside North Kesteven and West Lindsey. As the County Town of Lincolnshire, public administration comprises a significant proportion of local employment alongside the service sector, agriculture/food, engineering and tourism. The City has a relatively strong economy and labour market with low levels of economic inactivity and a skilled workforce.

As the principal urban area within Central Lincolnshire, the City of Lincoln is expected to be an important driver of economic growth locally and across the GLLEP area. The City will deliver significant new housing along the Western Growth Corridor and North-East and South-East Quadrants. Housing and employment sites will be opened by following completion of the Lincoln Bypass and an improved public transport interchange funded via LGF investment.

The City has numerous historical and cultural tourist attractions including Lincoln Cathedral and Castle, and runs a programme of events to bring people into the area including its Christmas market. As such, it is an important tourist destination. The County Council are leading investment plans for the Castle and funding sources will be combined to deliver projects that further develop the cultural offer e.g. Lincoln Castle Revealed and Lincoln Cathedral Connected programmes. The City's cultural and historical offer is a key asset contributing to development of the visitor economy across the LEP area.

The University of Lincoln is a major asset for the City and GLLEP area. The University's expertise in the healthcare sector is expected to directly contribute to GLLEP priorities and the Lincoln Science and Innovation Park is expected to support knowledge transfer from the University to local businesses. The Park is expected to receive investment from LGF to allow the provision of new incubator space; Boole Technology Centre; and the relocation of the School of Life Sciences. The University is also at the forefront of supporting innovation in businesses. The School of Engineering and National Centre for Food Manufacturing will support innovation and knowledge transfer within key local growth sectors. The School of Engineering was built in partnership with Siemens who have a gas turbine manufacturing plant in Lincoln and contributes to the City's growing expertise in engineering and engineering skills. The City's Growth Strategy includes measures to continue development of the City's Engineering Hub to meet the skills needs of local engineering businesses and promote the City to engineering businesses and their supply chains.

Indicator	2012	% of Central Lincolnshire
Employment	50,800	47%
Businesses	2,490	26%
Population (2013)	95,600	32%

Labour market

Indicator	Key Points	Latest Position
Employment Rate	Higher than average employment rate across Central Lincolnshire Exceeds the LEP average	76.1%
Unemployment Rate	Lowest unemployment rate in Central Lincolnshire Below the LEP national average	5.1%
Inactivity Rate	Lower than the Central Lincolnshire average Lower than the LEP average.	19.9%
NVQ L2+	A skills profile below the Central Lincolnshire and national averages, with a higher proportion of residents with low level qualifications (e.g. NVQ L1, NVQ L2 and apprenticeships) A more highly skilled resident base than the LEP average (a reflection of the district as a University Town)	71.9%
NVQ L4+		29.5%

Current economic performance

Indicator	Key Points	Latest Position
Employment Density	Significantly higher than the Central Lincolnshire and higher than the LEP average. Highest of the 3 Local Authorities in Central Lincolnshire.	77,800 per 100,000 working age residents
Business Density	Lowest business density of the three local authorities in Central Lincolnshire. Business density significantly lags the Central Lincolnshire and LEP average. Average start up rates but low 3 year survival.	38 per 1,000 working age residents
Highly Skilled Occupations	Slightly above average representation of highly skilled occupations in Central Lincolnshire. Exceeds representation in Greater Lincolnshire Particularly high representation of associate, professional and technical occupations.	44.6%
Average Annual Workplace Earnings	Higher than resident based earnings in Lincoln Exceeds Central Lincolnshire and LEP average Both workplace and resident earnings lower than national average	£20,635

Economic forecasts

Indicator	Key Points	% Change 2014 - 2023
Employment	Lower forecast growth than the LEP and Central Lincolnshire average Growth driven by public services, Professional and other services and accommodation and food.	+4,600 / 7.5%

Source: BRES, Annual Population Survey, Experian, Annual Survey of Hours and Earnings, Business Demography, Mid-Year Population Estimates.

North Kesteven in summary

Contribution to the Central Lincolnshire economy

North Kesteven is a predominantly rural area with the town of Sleaford the district's main urban centre. North Kesteven comprises part of the Central Lincolnshire functional economic area and benefits from links to the City of Lincoln principal urban area. North Kesteven has relatively high levels of employment and economic activity, and the resident base is more highly skilled than other authorities within Greater Lincolnshire.

Agriculture dominates the local economy and is worth approximately £170m pa. Direct agriculture employs around 2000 people, whilst a further 3,000 are employed in food processing industries. Diversification within the sector is however relatively low, and the district is looking to strengthen the rural economy by supporting farm diversification. The area is likely to make an important contribution to the LEP's agri-food sector activities and development of the visitor economy.

Sleaford will be the focus for wider regeneration and economic development measures with a town centre masterplan in place. Major developments are planned at the Maltings and Tesco sites, and the town is earmarked for further housing growth. North Kesteven, alongside the other Central Lincolnshire authorities of Lincoln and West Lindsey, has prepared a joint housing growth strategy to support housing-led growth. With all three areas having an ageing population there is a requirement to attract new residents and businesses to deliver sustainable growth.

The Central Lincolnshire Economic Strategy sets out the local economic priorities of the three authorities. In partnership with West Lindsey and Lincoln, North Kesteven is keen to attract new businesses in higher value added sectors and continue to build on strengths in engineering, food and farming. The strategic employment areas of LN6 and the Western Growth Corridor will be important in supporting growth across the Central Lincolnshire area and GLLEP area; and the area is well placed to capitalise on new opportunities following further investment in the Humber bank ports.

Indicator	2012	% of Central Lincolnshire
Employment	34,500	32%
Businesses	4,080	42%
Population (2013)	109,900	37%

Labour market

Indicator	Key Points	Latest Position
Employment Rate	Exceeds the Central Lincolnshire average Highest employment rate of the three local authorities in Central Lincolnshire Exceeds the LEP average	77.2%
Unemployment Rate	In line with the average unemployment rate across Central Lincolnshire. Below the LEP average unemployment rate	5.9%
Inactivity Rate	Below the average for Central Lincolnshire Lowest rate of the three local authorities within Central Lincolnshire. Below the LEP average proportion of inactivity	18.0%
NVQ L2+	An above average skills profile.	80.9%
NVQ L4+	Driven by a high proportion of residents with L4+ qualifications and a low proportion with no qualifications. A more highly skilled resident base than the LEP average	37.4%

Current economic performance

Indicator	Key Points	Latest Position
Employment Density	Below the average employment density for Central Lincolnshire Small employment base relative to size of working age population Lags the LEP average.	52,000 per 100,000 working age residents
Business Density	An above average business density Highest business density of the three local authorities within Central Lincolnshire. Exceeds the LEP average High start-up rates and above average 3 year survival	62 per 1,000 working age residents

Indicator	Key Points	Latest Position
Highly Skilled Occupations	The highest representation of all local authorities in Central Lincolnshire Driven by high levels of managerial and senior occupations Higher than the average for Greater Lincolnshire	46.2%
Average Annual Workplace Earnings	Below the average for Central Lincolnshire Lower than the resident based earnings Below the LEP average annual wage	£18,922

Economic forecasts

Indicator	Key Points	% Change 2014 - 2023
Employment	Highest forecast growth of all local authorities in Central Lincolnshire Driven by high growth in professional and other private services and public services. Above LEP average growth forecast	+5,000 / 11.1%

Source: BRES, Annual Population Survey, Experian, Annual Survey of Hours and Earnings, Business Demography, Mid-Year Population Estimates.

West Lindsey in summary

Contribution to the Central Lincolnshire economy

Situated to the north of Lincoln, West Lindsey is a predominantly rural and sparsely populated area surrounding the three principal market towns of Gainsborough, Market Rasen and Caistor. The majority of local employment is within the service sector, although agriculture and manufacturing remain an important part of the local economy. The District comprises part of the Central Lincolnshire area.

With much of the district comprising open country and arable land, the area will make an important contribution to GLLEP activities to support the agri-food sector and the visitor economy. Work is underway to move Bishop Burton Agricultural College to a site near the Lincolnshire Showground in West Lindsey, where it will offer courses and qualifications within land based industries. The new campus will welcome its first intake of students in September 2015, and will be fully operational by 2016. It is expected to engage more than 450 local businesses in skills training within two years.

In terms of the visitor economy, the Lincolnshire Wolds and market towns - attract visitors to the area and as the biggest antiques centre in Europe, Hemswell is an increasing draw for international visitors.

To date much of the growth across West Lindsey has been housing led and this is expected to continue moving forward alongside continued development of Gainsborough. In particular, Gainsborough, Market Rasen and Caistor have the potential to accommodate the new executive housing demand resulting from the continued success of Lincoln and the growth of the renewables industry on the South Humber bank.

As part of the Central Lincolnshire functional economic area, links into Lincoln City Principal Urban Area will be important and in partnership with North Kesteven and Lincoln, West Lindsey is keen to attract new businesses in higher value added sectors and continue to build on strengths in engineering, manufacturing, food and farming. The strategic employment areas of LN6 and the Western Growth Corridor will be important in supporting growth across the Central Lincolnshire area and GLLEP area; and there will also be development opportunities at Hemswell, Lincolnshire Showground and Riseholme linked to the A15 growth corridor. The area is well placed to capitalise on new opportunities following further investment in the Humber bank ports.

Indicator	2012	% of Central Lincolnshire
Employment	22,600	21%
Businesses	3,055	32%
Population (2013)	90,700	31%

Labour market

Indicator	Key Points	Latest Position
Employment Rate	Below the Central Lincolnshire average Below the LEP average	70.2%
Unemployment Rate	Above average unemployment and the highest rate of unemployment in Central Lincolnshire. In line with the LEP average	6.6%
Inactivity Rate	Above average for Central Lincolnshire. Highest proportion of inactivity of three local authorities in Central Lincolnshire. Above LEP average inactivity	24.8%
NVQ L2+	A lower skilled resident base than the average for Central Lincolnshire Greater proportion of residents with no qualifications Above LEP average levels of residents with higher level skills	70.9%
NVQ L4+		32.7%

Current economic performance

Indicator	Key Points	Latest Position
Employment Density	Significantly below average employment density Lowest of the three local authorities in Central Lincolnshire Lower than the LEP average.	41,200 per 100,000 working age residents
Business Density	Above the average for Central Lincolnshire Higher than the LEP average Low start up rate but high 3 year survival	56 per 1,000 working age residents
Highly Skilled Occupations	Below Central Lincolnshire's average. Driven by underrepresentation of associate, professional and technical occupations. Above LEP average	40.5%
Average Annual Workplace Earnings	Below the average earnings for Central Lincolnshire Below resident based earnings for West Lindsey Below LEP average earnings	£18,224

Economic forecasts

Indicator	Key Points	% Change 2014 - 2023
Employment	Below the Central Lincolnshire average forecast growth Higher forecast growth than the LEP average	+ 2,000 / 7.1%

Source: BRES, Annual Population Survey, Experian, Annual Survey of Hours and Earnings, Business Demography, Mid-Year Population Estimates.

Appendix 6: Local authority level change in FTE employment 2012-2036

Baseline

Lincoln FTE Change by Sector	2012-2036	
	No.	%
A : Agriculture, forestry and fishing	(9)	-5%
B : Mining and quarrying	(6)	-50%
C : Manufacturing	(880)	-25%
D : Electricity, gas, steam and air conditioning supply	(8)	-23%
E : Water supply; sewerage, waste management and remediation activities	(43)	-4%
F : Construction	304	15%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	801	10%
H : Transportation and storage	(48)	-4%
I : Accommodation and food service activities	279	12%
J : Information and communication	328	29%
K : Financial and insurance activities	(134)	-16%
L : Real estate activities	143	41%
M : Professional, scientific and technical activities	1,202	41%
N : Administrative and support service activities	(182)	-5%
O : Public administration and defence; compulsory social security	(498)	-17%
P : Education	99	2%
Q : Human health and social work activities	1,208	15%
R : Arts, entertainment and recreation	228	34%
S : Other service activities	377	23%
Total	**3,162**	**7%**

North Kesteven FTE Change by Sector	2012 - 2036	
	No.	%
A : Agriculture, forestry and fishing	(106)	-5%
B : Mining and quarrying	(76)	-51%
C : Manufacturing	(1,175)	-24%

D : Electricity, gas, steam and air conditioning supply	(36)	-22%
E : Water supply; sewerage, waste management and remediation activities	(10)	-4%
F : Construction	1,303	34%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	367	6%
H : Transportation and storage	285	16%
I : Accommodation and food service activities	581	38%
J : Information and communication	547	75%
K : Financial and insurance activities	(3)	-2%
L : Real estate activities	95	52%
M : Professional, scientific and technical activities	1,472	64%
N : Administrative and support service activities	829	38%
O : Public administration and defence; compulsory social security	(127)	-2%
P : Education	300	11%
Q : Human health and social work activities	820	20%
R : Arts, entertainment and recreation	164	36%
S : Other service activities	287	44%
Total	**5,519**	**14%**

Source: Oxford Economics and ekosgen analysis

West Lindsey FTE Change by Sector	2012 - 2036	
	No.	**%**
A : Agriculture, forestry and fishing	(100)	-5%
B : Mining and quarrying	(63)	-51%
C : Manufacturing	(791)	-26%
D : Electricity, gas, steam and air conditioning supply	(0)	-22%
E : Water supply; sewerage, waste management and remediation activities	(15)	-4%
F : Construction	1,221	39%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	367	10%
H : Transportation and storage	226	20%
I : Accommodation and food service activities	118	13%
J : Information and communication	69	29%

K : Financial and insurance activities	(3)	-2%
L : Real estate activities	178	69%
M : Professional, scientific and technical activities	548	40%
N : Administrative and support service activities	318	39%
O : Public administration and defence; compulsory social security	(95)	-9%
P : Education	(67)	-3%
Q : Human health and social work activities	718	27%
R : Arts, entertainment and recreation	301	60%
S : Other service activities	284	41%
Total	**3,213**	**13%**

Source: Oxford Economics and ekosgen analysis

Adjusted Scenario (Higher Growth)

Lincoln FTE Change by Sector	2012-2036	
	No.	%
A : Agriculture, forestry and fishing	(9)	-5%
B : Mining and quarrying	(6)	-49%
C : Manufacturing	(831)	-24%
D : Electricity, gas, steam and air conditioning supply	(8)	-22%
E : Water supply; sewerage, waste management and remediation activities	(17)	-2%
F : Construction	310	16%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	903	11%
H : Transportation and storage	(6)	0%
I : Accommodation and food service activities	469	19%
J : Information and communication	488	44%
K : Financial and insurance activities	18	2%
L : Real estate activities	164	48%
M : Professional, scientific and technical activities	1,742	59%
N : Administrative and support service activities	1,715	47%
O : Public administration and defence; compulsory social security	(644)	-22%
P : Education	290	6%
Q : Human health and social work activities	1,318	17%
R : Arts, entertainment and recreation	328	49%
S : Other service activities	471	28%
Total	**6,698**	**15%**

Source: Oxford Economics and ekosgen analysis

North Kesteven FTE Change by Sector	2012-2036	
	No.	%
A : Agriculture, forestry and fishing	(94)	-5%
B : Mining and quarrying	(73)	-49%
C : Manufacturing	(300)	-6%
D : Electricity, gas, steam and air conditioning supply	(34)	-21%
E : Water supply; sewerage, waste management and remediation activities	(4)	-2%

F : Construction	1,337	35%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	404	7%
H : Transportation and storage	336	19%
I : Accommodation and food service activities	622	41%
J : Information and communication	580	80%
K : Financial and insurance activities	4	2%
L : Real estate activities	109	60%
M : Professional, scientific and technical activities	1,639	72%
N : Administrative and support service activities	1,034	47%
O : Public administration and defence; compulsory social security	(190)	-3%
P : Education	287	10%
Q : Human health and social work activities	866	21%
R : Arts, entertainment and recreation	223	49%
S : Other service activities	328	51%
Total	**7,074**	**18%**

Source: Oxford Economics and ekosgen analysis

West Lindsey FTE Change by Sector	2012-2036	
	No.	%
A : Agriculture, forestry and fishing	(88)	-5%
B : Mining and quarrying	(61)	-49%
C : Manufacturing	(398)	-13%
D : Electricity, gas, steam and air conditioning supply	(0)	-20%
E : Water supply; sewerage, waste management and remediation activities	(7)	-2%
F : Construction	1,306	42%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	442	12%
H : Transportation and storage	278	24%
I : Accommodation and food service activities	149	17%
J : Information and communication	104	44%
K : Financial and insurance activities	4	2%
L : Real estate activities	205	80%
M : Professional, scientific and technical activities	817	59%
N : Administrative and support service activities	383	47%
O : Public administration and defence; compulsory social security	(135)	-13%
P : Education	(76)	-3%
Q : Human health and social work activities	752	29%
R : Arts, entertainment and recreation	339	68%
S : Other service activities	338	49%
Total	**4,352**	**18%**

Source: Oxford Economics and ekosgen analysis

Adjusted Scenario (Lower Growth)

Lincoln FTE Change by Sector	2012 - 2036	
	No	.%
A : Agriculture, forestry and fishing	(9)	-5%
B : Mining and quarrying	(6)	-49%
C : Manufacturing	(831)	-24%
D : Electricity, gas, steam and air conditioning supply	(8)	-22%
E : Water supply; sewerage, waste management and remediation activities	(17)	-2%
F : Construction	310	16%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	903	11%
H : Transportation and storage	(6)	0%
I : Accommodation and food service activities	369	15%
J : Information and communication	377	34%
K : Financial and insurance activities	7	1%
L : Real estate activities	164	48%
M : Professional, scientific and technical activities	1,532	52%
N : Administrative and support service activities	954	26%
O : Public administration and defence; compulsory social security	(644)	-22%
P : Education	187	4%
Q : Human health and social work activities	1,318	17%
R : Arts, entertainment and recreation	290	43%
S : Other service activities	471	28%
Total	**5,363**	**12%**

Source: Oxford Economics and ekosgen analysis

North Kesteven FTE Change by Sector	2012 - 2036	
	No.	%
A : Agriculture, forestry and fishing	(94)	-5%
B : Mining and quarrying	(73)	-49%
C : Manufacturing	(797)	-16%
D : Electricity, gas, steam and air conditioning supply	(34)	-21%

E : Water supply; sewerage, waste management and remediation activities	(4)	-2%
F : Construction	1,337	35%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	404	7%
H : Transportation and storage	336	19%
I : Accommodation and food service activities	622	41%
J : Information and communication	580	80%
K : Financial and insurance activities	3	2%
L : Real estate activities	109	60%
M : Professional, scientific and technical activities	1,639	72%
N : Administrative and support service activities	913	42%
O : Public administration and defence; compulsory social security	(190)	-3%
P : Education	287	10%
Q : Human health and social work activities	866	21%
R : Arts, entertainment and recreation	197	43%
S : Other service activities	328	51%
Total	**6,429**	**16%**

Source: Oxford Economics and ekosgen analysis

West Lindsey FTE Change by Sector	2012 - 2036	
	No.	%
A : Agriculture, forestry and fishing	(88)	-5%
B : Mining and quarrying	(61)	-49%
C : Manufacturing	(680)	-22%
D : Electricity, gas, steam and air conditioning supply	(0)	-20%
E : Water supply; sewerage, waste management and remediation activities	(7)	-2%
F : Construction	1,306	42%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	442	12%
H : Transportation and storage	278	24%
I : Accommodation and food service activities	149	17%
J : Information and communication	81	34%
K : Financial and insurance activities	3	2%

L : Real estate activities	205	80%
M : Professional, scientific and technical activities	718	52%
N : Administrative and support service activities	361	44%
O : Public administration and defence; compulsory social security	(135)	-13%
P : Education	(76)	-3%
Q : Human health and social work activities	752	29%
R : Arts, entertainment and recreation	339	68%
S : Other service activities	338	49%
Total	**3,924**	**16%**

Source: Oxford Economics and ekosgen analysis

Appendix 7: SIC codes to use class assumptions

Sector	B1a/b	B1c/B2	B8	Non B Class
A : Agriculture, forestry and fishing	0%	0%	0%	100%
B : Mining and quarrying	0%	0%	0%	100%
C : Manufacturing	0%	90%	10%	0%
D : Electricity, gas, steam and air conditioning supply	0%	0%	0%	100%
E : Water supply; sewerage, waste management and remediation activities	0%	0%	0%	100%
F : Construction	0%	0%	5%	95%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	0%	0%	90%	10%
H : Transportation and storage	0%	0%	75%	25%
I : Accommodation and food service activities	0%	0%	0%	100%
J : Information and communication	80%	0%	0%	20%
K : Financial and insurance activities	80%	0%	0%	20%
L : Real estate activities	80%	0%	0%	20%
M : Professional, scientific and technical activities	90%	0%	0%	10%
N : Administrative and support service activities	80%	0%	0%	20%
O : Public administration and defence; compulsory social security	10%	0%	0%	90%
P : Education	0%	0%	0%	100%
Q : Human health and social work activities	0%	0%	0%	100%
R : Arts, entertainment and recreation	0%	0%	0%	100%

Sector	B1a/b	B1c/B2	B8	Non B Class
S : Other service activities	0%	0%	0%	100%

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