

Appendix C – Business Consultation Report



Business Consultation on Lake Lothing Crossing

**Suffolk Business School
October 2015**

Introduction

Suffolk Chamber of Commerce was contracted by Suffolk County Council to conduct a consultation of businesses on the potential impact of a new crossing of Lake Lothing, Lowestoft. This report, prepared by the Suffolk Business School at University Campus Suffolk on their behalf, presents the findings of this consultation. It presents a summary of survey questions that estimate the potential value added by the project and of discussion questions from the survey and a consultation event and gauges the impact that current constraints on traffic movement across town have on businesses operations.

An online survey inviting businesses to share views on the need and potential impact of a new crossing was sent out to businesses in the area by Suffolk Chamber of Commerce. Regular reminder emails were sent, along with invitations to attend the consultation event itself. This engagement was also supported by Lowestoft and Waveney Chamber of Commerce, Lowestoft Vision, the Institute of Directors, the Federation of Small Businesses, New Anglia LEP Local Transport Board, Invest in Suffolk, and NWES each of whom sent details of the survey to their members. Links to the survey and the event invitation were publicised on Twitter and LinkedIn as a way to attempt to reach as many businesses as possible.

151 businesses responded to the online survey and 77 businesspeople attended the consultation event held at Orbis Energy on 24th September 2015. The first half of this report focuses on a summary of survey responses; the second half on the qualitative feedback provided on the survey and at the consultation event.

This report has been prepared by Dr Will Thomas at the Suffolk Business School, University Campus Suffolk.

Method

Survey

The survey was developed through the use of questions derived from Office for National Statistics and Scottish Executive guidance on the calculation of value-added in similar proposals. It is acknowledged that this gives a rather narrow opportunity for businesses to express their views on the potential impact of any new crossing and so three 'free text' questions were also included to prompt respondents to explain the impact of the current situation and proposed changes to their business. Feedback on the survey design was provided by Suffolk Chamber of Commerce, Suffolk County Council, Lowestoft and Waveney Chamber of Commerce and consultants Mouchel.

The responses to quantitative questions are summarised and explained in the section below. Responses to the free text questions form part of the evidence for the second substantive section of the report.

Consultation Events

Businesses in the area were invited to a consultation event at which the consultation and business case work were explained and at which discussions on the plans were held. 77 businesspeople attended representing a broad range of local businesses of all sizes and from a variety of sectors. The attending businesses were split into discussion groups in order to allow conversation on the

potential impact of a new crossing. Facilitators supported the discussions which centred on the current challenges; potential for making a difference and benefits of addressing traffic issues. These prompts were chosen specifically to support the work that must be done to support a business case for a new crossing.

Notes from these discussions form part of the evidence for the second substantive section of this report. This data, combined with the free text responses has been broken down into themes to allow for presentation below. Whilst it is not possible to express the weight of feeling behind these comments (and impractical to suggest proportions of businesses in support of one idea or another – given that a lack of comment does not suggest a lack of support or agreement) an indication is given where comments reflect the feelings of larger numbers of respondents. Quotes are provided to illustrate points that are made more generally and are taken verbatim from free text responses.

Summary of Survey Responses

There were 151 responses to the survey.

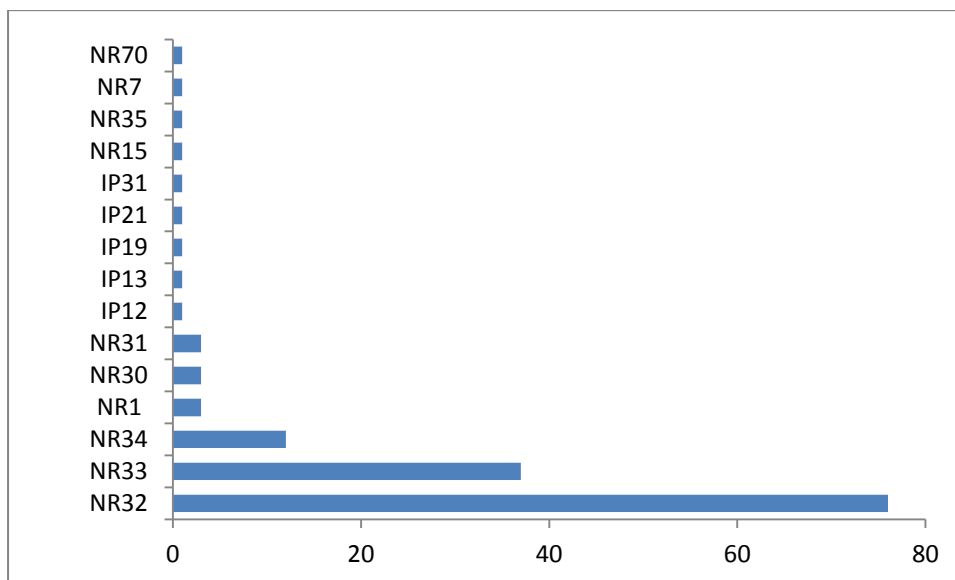


Figure 1 Postcode areas of responding businesses

The chart above indicates that the majority of responses (53%) came from the NR32 postcode area (area covering Lowestoft north of the river). The second highest proportion of responses (26%) covers the NR33 postcode area (area covering Lowestoft south of the river). The NR34 area, also well represented (8%), covers the area inland and to the south of Lowestoft, including the small market town of Beccles. We can therefore have confidence that the views expressed are representative of businesses in and around the Lowestoft area.

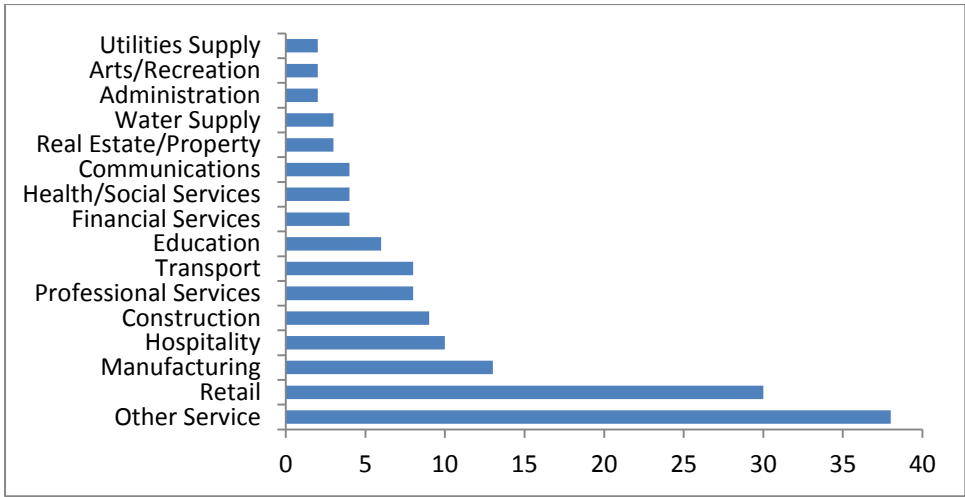


Figure 2 Main Business of Company

The chart above shows the main business of responding organisations. 38 companies (26%) categorise as ‘Other Services’ (SIC category R); 30 companies (20.5%) categorise as ‘Retail’ (SIC category G). Information from Waveney District Council suggests that most employment is in distribution, hospitality and retail – all well represented here. Other large employers include public administration and education – groups that may not have been expected to respond to this survey.

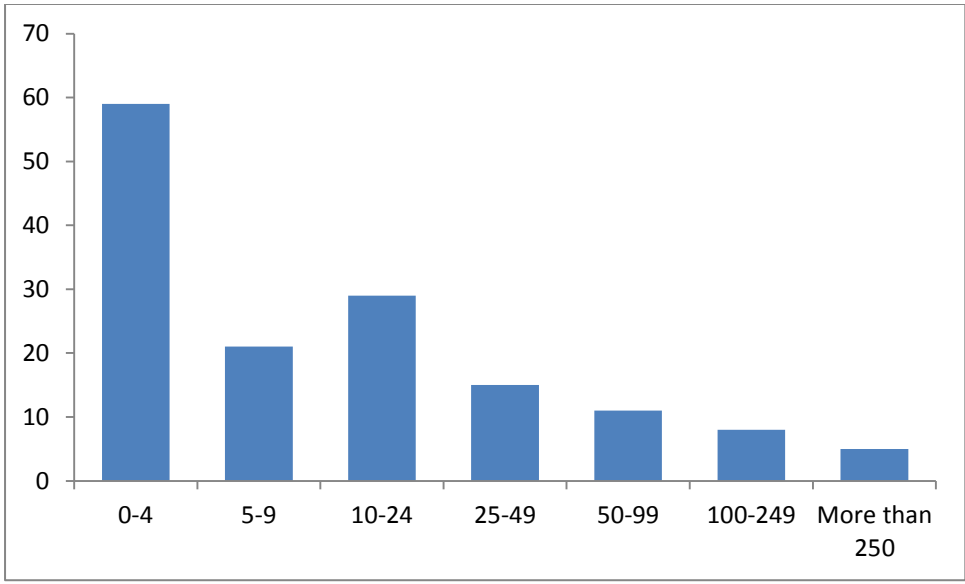


Figure 3 Number of Employees

More than 70% of respondents are from businesses with fewer than 24 employees (full-time equivalents) including 59 responses (40%) from micro-businesses with fewer than 4 members of staff. A comparison with data on business size from the Suffolk Observatory suggests that this actually under-represents smaller businesses in the area – 65% of firms employ fewer than 4 people and 91% employ fewer than 24.

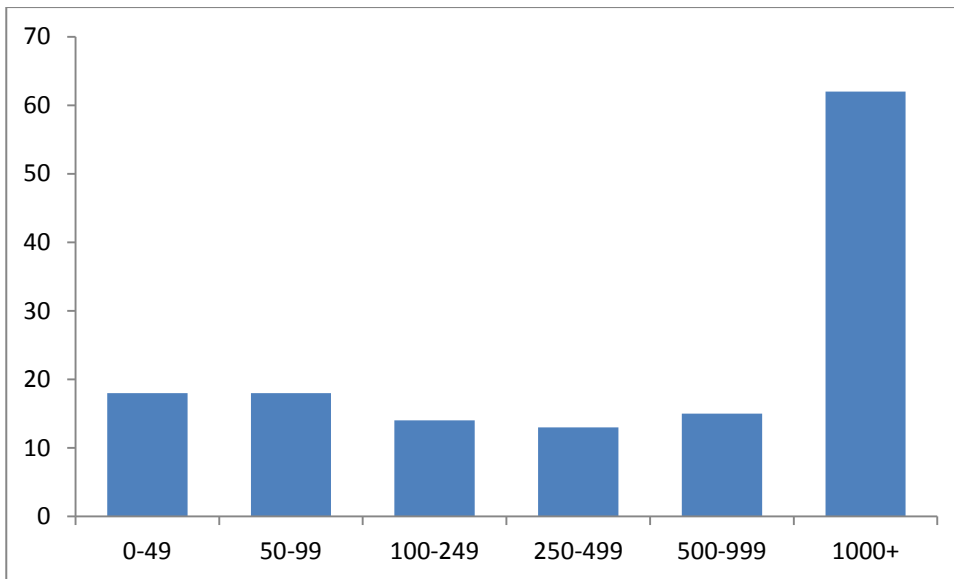


Figure 4 Turnover last year (in thousands of pounds)

The majority of respondents indicate a turnover in the previous year in excess of £1 million (62 respondents – 44%). No comparative data for the district is available, but these figures suggest that whilst many respondents represent micro- or small-businesses in terms of employment, their turnover and economic contribution to the area is significant.

These figures indicate that readers should have confidence in the data collected – that the views expressed are representative of businesses in the area and whilst some groups may be over- or under-represented there are no biases which should give concern about overall reliability.

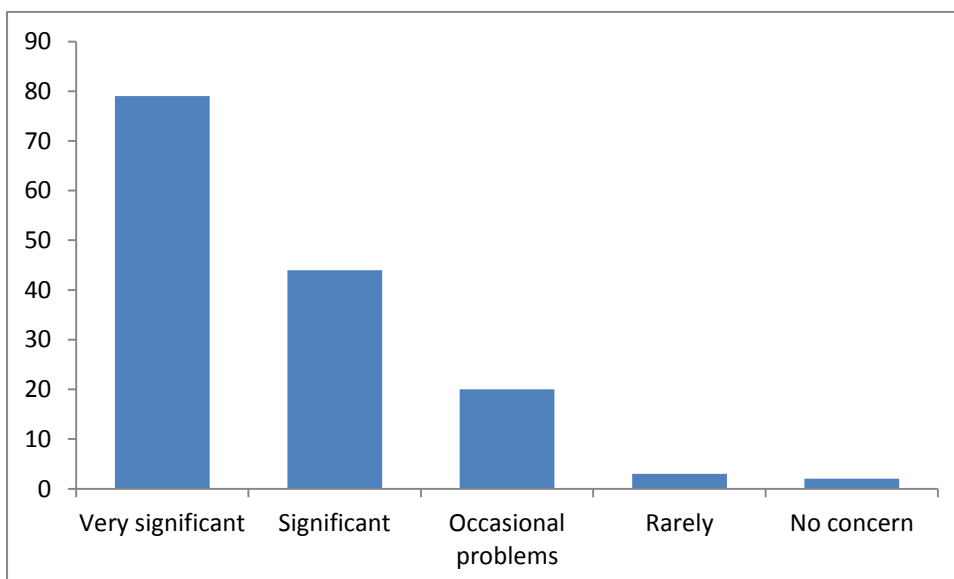


Figure 5 Degree to which traffic causes a problem to your business

It is clear from the responses to this question that traffic problems are a major problem in the town (and surrounding area). More than half of respondents (53%) rate traffic problems as a very significant concern for their organisation, and a further 30% rate issues as a significant problem. Very few respondents rate issues as rarely or of no concern (3% combined) – although it might be noted that businesses in this situation are less likely to respond to the survey.

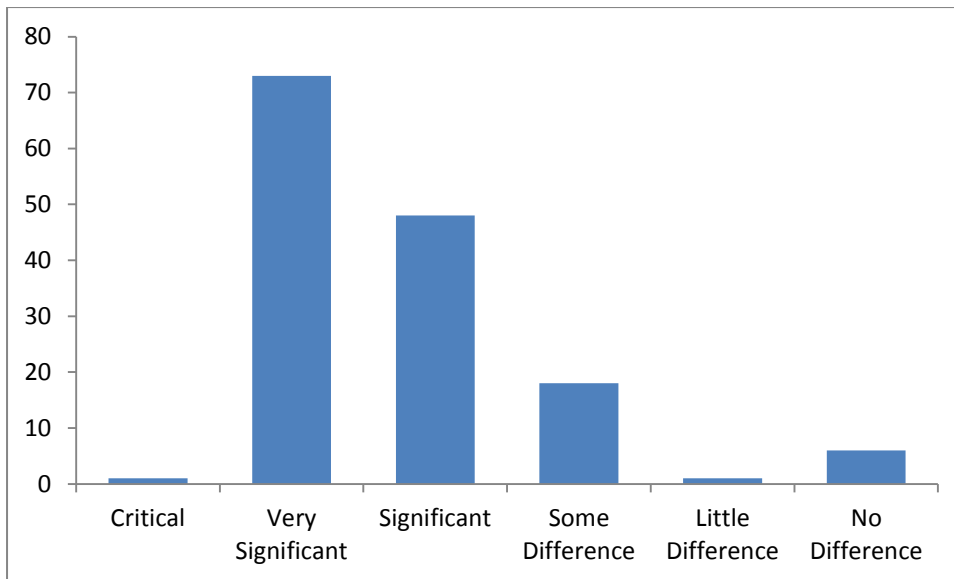


Figure 6 To what extent would a new crossing of Lake Lothing benefit your business?

Whilst only one respondent indicated that a failure to build a new crossing would threaten the existence of their firm, the majority of respondents indicate that a new crossing would make a very significant difference to their operations (50%) and a further 33% indicate that it would make a significant difference. A small proportion of respondents (4%) indicate that a new crossing would make no difference to their organisation.

The survey asked respondents to make estimates about changes to expected turnover and to employment over the next 5 years in cases where no new crossing is built and where a new crossing is built (and in place ‘tomorrow’). These questions are put in place to provide an indication of the potential for value-added in the scheme and whilst numbers are certainly imperfect they provide a valuable indicator of the expectations of businesses in the area.

The first set of questions asks businesses to comment on growth in turnover:

- If there is NO new crossing of Lake Lothing, what is your best estimate for growth in TURNOVER over the next 5 years (as a percentage)?
- If there WAS a new crossing of Lake Lothing tomorrow, what is your best estimate for growth in TURNOVER over the next 5 years (as a percentage)?

The summary results indicate the importance of a new crossing to businesses. The mean result in the first case (no crossing) indicates expected turnover growth of 5%. The mean result in the second case (crossing exists tomorrow) indicates expected turnover growth of 23%. Calculating the expected difference in terms of Gross Value Add is far from straightforward, and at a local level considered unreliable by the Office for National Statistics. However, it is clear from these results that businesses in the area consider a new crossing to bring very great economic benefits to their organisations.

The second set of questions asks businesses to comment on growth in employment:

- If there is NO new crossing of Lake Lothing, what is your best estimate for growth in EMPLOYMENT over the next 5 years (in full-time equivalents)?

- If there WAS a new crossing of Lake Lothing tomorrow, what is your best estimate for growth in EMPLOYMENT over the next 5 years (in full-time equivalents)?

These results reinforce the perceived importance of a new crossing in Lowestoft. The mean result of the first case (no crossing) indicates expected growth in employment of 0.02 full-time equivalents. Large numbers of respondents indicate no growth or a decline in employment – 99 respondents provide a prediction of 0 or less than 0, and a further 24 provided no response. Only 27 respondents indicate growth in employment without a new crossing. In the second case (crossing exists tomorrow) the expected growth in employment is 8.1 full-time equivalents. It is clear that the presence of a new crossing is predicted to lead to much greater employment and is associated by respondents with prosperity and economic growth. It is also worth noting that the size of responding businesses (see above) suggests that average increases of 8 fte employees are very substantial indeed. Clearly in larger organisations the opportunities for greater employment are much more significant.

This question does not address the possibility of businesses that might start in the area, or might be attracted to invest in the area, as a result of the improved traffic flows that a new crossing might help bring. Whilst this is outside the direct scope of a consultation of existing local businesses the scope for additional inward investment is addressed in the qualitative remarks below.

Again, calculations about Gross Value Added are difficult, given that we do not know how non-responding businesses see potential growth in employment. However, figures available from the Office for National Statistics show that the average GVA per head in the New Anglia region is approximately £19,751 – this figure represents the average annual value of a person in employment in the area. Jobs created by this project promise to make a significant difference to the prosperity of the Town and to the wider County/Region.

Whilst precise calculations of GVA resulting from a new crossing are very difficult to calculate, the responses to survey questions give a sense of the value that this project has to the business community and the degree to which it might be expected to support the economic growth of the area.

Survey Respondents were also asked to comment on the potential location of any new crossing. Three areas were indicated on a map and respondents were asked to rank their preferences. Some respondents also chose to comment on the reasons behind their selection.

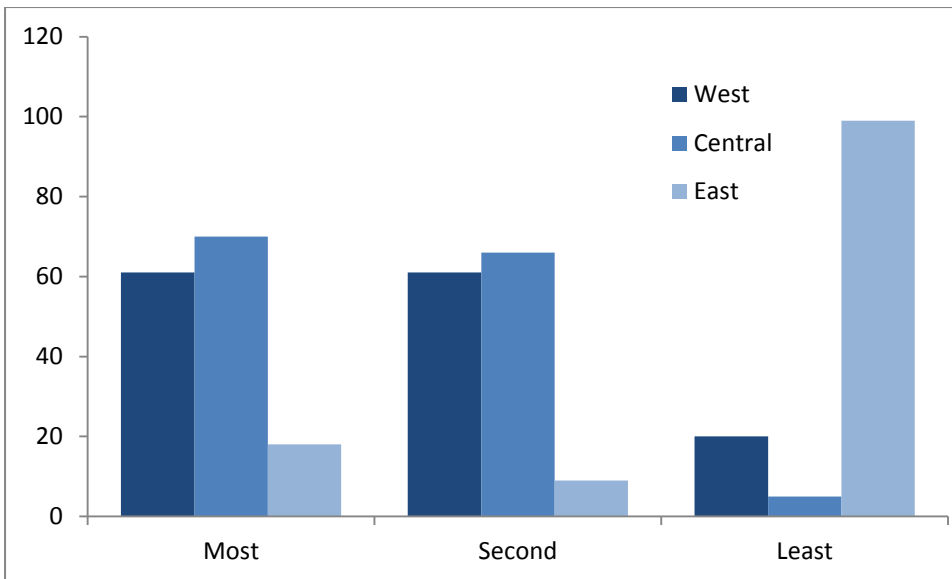


Figure 7 Preferred locations for new crossing

The responses shown above in the chart show no clear preference between the west and central locations for the crossing, but a clear vote against the eastern location. Comments in favour of the central location mainly suggest that it offers the most obvious connection with existing road layouts. A western approach may favour traffic looking to pass by Lowestoft (although not necessarily). Comments against the easternmost location mainly suggest that it either adds to, or at least does not alleviate, the bottleneck that currently exists around the Bascule Bridge and the town centre.

The advantage of the Central route is that it aligns with the arterial spine routes North and South of the river. The Western route only directly adjoins the Northern Spine road and additional work would be required to linking in to Tom Crisps Way. The Eastern route will only concentrate traffic further into the town centre and does not cater for potential business growth and does not alleviate the congestion caused by passing through traffic en route to and from Great Yarmouth.

A concern raised by a number of respondents is the impact that a new crossing might have on the town centre, with a similar project in Gt. Yarmouth cited a number of times as having resulted in the relocation of some retail businesses to out-of-town shopping around the link roads. There is some concern about how the needs of the town centre might be served if newly improved roads bypass the town.

Summary of Comments

This section is split into three broad areas. The first sub-section considers the impact of the current situation on businesses in the Lowestoft area. The second sub-section considers the potential impact that improved traffic-flow might have on the area. The third sub-section considers additional considerations that were raised by the participating businesses and which may need to be considered alongside any new crossing.

Impact of Current Situation

The most significant issue raised by participants concerns the amount of time that they spend in traffic during the course of their business. This is especially significant for those businesses that

need to cross the river several times a day. One respondent suggests that their business is losing “7 hours per week per person” as a result of congestion no matter which of the two current crossings they chose to use. For those companies that are reliant on being able to make deliveries, visit clients or to travel between sites within the town this is a very significant problem. Larger businesses that run multiple vehicles or make more journeys clearly experience this problem more frequently.

One respondent describes how traffic congestion impacts upon their business:

We operate a large property portfolio around Lowestoft and we lose many man hours every week as a result of sitting in traffic waiting for the bridge to come up and down. This makes it difficult when conducting viewings to prospective clients who wish to view properties on each side of town. In many cases we have had prospective clients decide to live outside of Lowestoft after experiencing the traffic chaos caused by the bridge. Some days the bridge can be up and down three or four times in one hour, resulting in major tailbacks.

Several respondents note that traffic issues are compounded by the time it takes to clear traffic that is held-up by the raising of the Bascule Bridge. The road layout, including the patterns of traffic lights, exacerbates the problems of the interruption of the crossing as the bridge lifts. As queues build up, periods when lights are ‘green’ do not help to clear backlogs as traffic has nowhere to go to. As housing in Lowestoft has expanded problems with traffic have increased – these patterns may be expected to continue in the future.

A number of respondents comment on the time taken to travel relatively short distances: 2 mile journeys across town might take 30-40 minutes depending on the state of traffic and whether the existing Bascule Bridge has been opened. When making journeys from one side of the river to another many respondents describe needing to allow extra time as a result of the uncertainty caused by traffic patterns.

Several respondents make the point that congestion affects emergency services as much as business and residential traffic. Delays in serving emergency calls certainly cause concern for all those involved in living and working around Lowestoft.

Being unable to predict the time it will take to make a journey causes additional problems for businesses trying to plan their workloads and manage journeys effectively:

It is impossible to schedule work, meetings etc. with any certainty when the time taken to cross from one side of Lowestoft to another can be anything from 10 minutes to an hour.

We work with volunteers who transport elderly and vulnerable people. We frequently pick up passengers in Lowestoft and transport others to Lowestoft. We find it challenging estimating the times taken to get people to Lowestoft and back because of potential hold ups particularly around the peak travelling times and also at lunchtimes.

Resolving these issues might mean planning to avoid multiple crossings in the same day, attempting to group visits north or south of the river, or leaving much longer for visits on one side of the river than the other. Each of these ‘solutions’ restricts the capacity of a business to operate in a

competitive manner and to take advantage of business opportunities that might be more appealing in an environment in which traffic flows were more predictable and there was less congestion.

In addition to the inconvenience of traffic congestion, there is a very real cost associated with time spent in traffic. In the majority of cases this cost is borne by the business and cannot be passed on to the customer – increasing the running costs of the business and making it much more difficult to sustain and grow a successful business. Respondents mention “down-time” of staff sitting in traffic queues or being able to complete a reduced number of jobs in days where multiple river-crossings are involved. One small company estimates the impact of this to be in the region of £250 per day in lost revenue on days where they work south of the bridge. Another organisation estimated the costs to their SME of time in traffic to be about £3,000 per annum (based on 15 hours a month in traffic). Companies that have contracts with penalty clauses for late delivery are hit particularly hard:

We rely heavily on goods materials and services to be delivered by road, on time, to meet contract schedules that have penalty clauses for late delivery. We have had several instances where problems with the Bascule Bridge have meant that services and materials required at our sites have been delayed, holding up multi-million pound projects, resulting in a domino effect, leading to additional unplanned overhead costs.

Some companies are able to (or have to) pass on the costs of additional travel time to their customers, potentially making them less competitive. For others, suppliers may need to pass on additional costs, raising the price of deliveries.

Costs of traffic congestion are also passed on indirectly. One company describes:

Lowestoft is an important market. Being 6 miles away customers benefit from a quick service, little environmental impact from emissions and the cost savings of using a service on the doorstep. It becomes significantly more costly to operate if the large vehicles required are in transit. Generally bad traffic makes access to North Lowestoft impossible after 2.30, when we stop collections from commercial and residential construction sites, offices and council premises that we are contracted to service.

The additional costs of operating in the area resulting from the traffic congestion certainly impact on the attractiveness of the town as a commercial location. Several respondents describe how clients (or customers) avoid the area because of the traffic situation: “We have customers from Lowestoft that use our branches in Gt. Yarmouth and even Norwich as they will not drive into town due to the time and congestion.” This makes it much more difficult to attract new customers “People don’t want to face the traffic queues to come to our business as a new customer”. The situation for local businesses is extremely difficult:

Our customers simply do not want to face the traffic problems, and time wasting issues that are involved with attempting to get from south Lowestoft to north Lowestoft. I have spoken to many customers over the years who consider shopping in Lowestoft as a last option behind Norwich and even Beccles. Therefore, however much we spend on advertising and new products and services, there is a huge percentage of potential customers that will not want to travel, visit and shop with us, simply because of the traffic.

For the town centre as a whole the risk of sitting in traffic for a long period puts people off short visits to shops. Business is lost to surrounding towns and several companies report that their client group is limited to those that are on one side of the river or the other.

For some businesses the traffic situation means that clients will not come to their offices and they have had to change the way that they operate so that they make visits to client premises: “getting customers to our premises has become a major issue due to the traffic, which compounds the problem as it requires us to go to them.” In order to secure work, these businesses must take on the costs of additional travel (including any time spent in congestion).

It is not just access of clients to business premises that is causing problems. Many respondents report difficulties that their staff face in getting to and from work. This might cause employees to be late to work, extend journey times, and can cause significant stress. The problem extends to recruitment and retention – many respondents recognise the need to recruit skilled workers and face challenges as a result of the traffic congestion in the town. One respondent notes “We have a real talent issue as access to Lowestoft is so congested”; another that it is difficult to “attract skilled staff who can travel to Norwich quicker than crossing the river from north Lowestoft and Gt. Yarmouth”. In some cases the problem is so severe that businesses are forced to consider relocating as a result of the recruitment and retention problems that they face “large employers that we service are also considering relocating because they cannot attract IT staff from Norwich as the journey time is too long”. The issue can be summed up:

[It is] difficult to recruit talented people in to the area as the traffic issues reinforce the 'backwater' perception.

The image of Lowestoft as a commercial centre is certainly harmed by the traffic issues that the town faces. Several respondents are able to describe how this has resulted in lost business for their company.

We have lost 3 clients from energy industry who have re-located out of area, reducing our annual revenue by a further £4,000. ... If [large company] join the migration we will lose approximately £5,000 more per annum.

I have made the decision to move my business mainly down to London since September 2012. This decision was partly due to the infrastructure problems in Lowestoft making travel to Gt. Yarmouth difficult and therefore increasing the costs of providing services to the Oil and Gas sector in Gt. Yarmouth. It is easier not to travel north of the river. I know many individuals who are doing the same in London who are from Lowestoft so money and businesses are moving out of the area and infrastructure issues are a contributory factor behind this.

The time it takes to get into the town is reported to put potential customers off using shops and other companies in Lowestoft. Similarly, for companies trying to attract visitors to tourist/leisure facilities the traffic congestion limits the area from which people are prepared to travel.

Concerns over the current situation fall into two broad categories. Firstly, the traffic congestion in the town makes operating a business successfully and profitably far more difficult in Lowestoft than other locations. Secondly, the perception of the town is being damaged by traffic issues that

make it less appealing to shoppers, customers and visitors and therefore limit spend with local businesses.

Potential Impact of Improved Traffic-flow

The clearest potential impact of improving the traffic-flow in and around Lowestoft is in reducing the amount of time that businesses (and their customers) spend in traffic. Enabling traffic to flow around the town more effectively should help to “reduce down-time and overheads”. Businesses will be able to be more productive (for example by making more deliveries in a day), to reduce costs (and prices) and to take on work which they may currently have to turn down due to the constraints imposed by current traffic patterns.

Congestion will be massively reduced, meaning that the negative impact of late deliveries, late collections by carriers, late staff into work and potential staff who turn away the work will then be negligible

We will be able to operate our own vehicles much more efficiently. With regards to our customers they will be able to reach us more quickly and, most importantly, more reliably. From speaking to many customers I know that it's the possibility of getting stuck that puts them off making the journey. If a new crossing means that there isn't the possibility that you might waste an hour on a return trip of a couple of miles sitting in traffic customers will make the journey without thinking.

Significantly, reducing overall levels of congestion should help to improve the degree to which journey times can be predicted. For clients of local firms, this makes it more convenient to use locations in Lowestoft. For Lowestoft businesses making visits it means reducing the need to allow extra time to sit in traffic just in case there is congestion:

Not having to factor in the extra time that is needed just to travel a couple of miles would be a great benefit.

For staff, improving traffic flows around the town will help to reduce journey times to work. Not only does this help to improve wellbeing, but it also helps to make Lowestoft a more attractive place for people to work. Recruitment issues may be partly alleviated by improved traffic that “will increase the credibility of Lowestoft as a place for employment” and help attract more skilled staff. In sectors where there is a real need to recruit highly skilled staff, for example in Education, the reassurance from improved traffic and the additional prosperity that this should bring to the town could significantly improve recruitment.

Improved traffic-flow certainly helps to improve the quality of life for local residents and businesses, but it also helps make the town more appealing to customers and clients of its businesses.

We strongly believe that it would also encourage more people to consider living, working and spending their money in Lowestoft.

The possibility of improved infrastructure in the town increasing the footfall to the town centre and the willingness of clients to travel to businesses based in the town is a very significant benefit and one that large numbers of respondents mention. Improving connectivity within the town, not just north-south but east-west (or around the Lake) is critical and will be helped by a new crossing. It

may help to increase demand for commercial and residential property in the area and encourage new growth that will increase demand for services (particularly business-to-business) in the town. One respondent likens the 'feel-good' impact to that of the success of a football team gaining Premiership status.

I would possibly look for more business in the Lowestoft area if we had easier access...

Improving the image of Lowestoft through investment in its infrastructure is also likely to help increase the amount of inward investment to the town and to prevent (at least some of) businesses choosing to re-locate elsewhere. Existing sites in the town may be opened up by improvements to infrastructure and traffic patterns.

[Improved] traffic flow could well halt the migration and attract new energy and related business which will help employment, improve regional wealth, education, available workers, more money to spend shopping locally.

It [improved traffic flow] would help the whole economy of the town encouraging growth in tourism, all types of repair, manufacturing and retail investment which would benefit our business. It would facilitate the growth of apprenticeships in all types of work but particularly boat repair and many types of engineering to which we are suppliers.

The benefits of improved traffic-flow in the town are significant and promise to go some way to address the concerns raised in the previous section. Operating a business in the area becomes easier and more profitable. Attracting customers or clients, and staff are also helped by improving the image of the town and the ease with which business premises can be accessed. Opportunities to halt the movement of businesses from the town, and to attract new investment into the area are also supported by addressing the infrastructure issues in the town.

Additional Considerations

This final sub-section brings together some additional thoughts from respondents.

The case for a new river crossing has been discussed in the town and in previous studies over a period of many years. Several respondents draw attention to this and make links to a decline in Lowestoft's fortunes. With a history of high employment in industries that have faced some decline (fishing, manufacturing) the town has faced struggles. Whether the discussions on a new crossing date back to the 1930s or whether it is 25 or 30 years of continued debates about the merits of a new crossing without having a project commissioned it is frustrating for businesses in the area.

A large number of respondents describe a need for a more comprehensive consideration of traffic infrastructure in Lowestoft than simply a new river crossing. A number of suggestions were made during the consultation for additional road schemes to help ease flows around the town centre and Bascule Bridge areas. Respondents are generally keen to encourage a consideration of how existing bottlenecks might be avoided or alleviated and how east-west flows of traffic might be improved as well as those that run north-south and which are most obviously helped by a new crossing.

When discussing location, several respondents note that infrastructure to support a central option appears to either be in place or to present the fewest problems. The eastern option is not favoured strongly at all, seemingly because it is not considered to help address problems caused by times

that the existing bridge has to open (respondents seem to have assumed that the any new crossing would operate in a similar way to the existing bridge). There is some concern about whether a new crossing would help the town centre or would simply bypass much of the town's shopping (and parallels are drawn with the experience of Gt. Yarmouth). Whilst there is some support for an improved bypass for traffic not looking to enter the centre, but for retailers (in particular) there is concern about impact on town centre activity.

Lowestoft's maritime heritage and its current maritime interests are represented by some respondents who are keen to ensure that any new crossing does not interfere with maritime traffic. The needs of water-borne users of the inner and outer harbour areas and further inland in Lake Lothing itself (and beyond) should be considered as should opportunities to consider the future of both harbour areas and their suitability for current and future use. Crossing suggestions include bridges high enough to prevent a need to lift and tunnel options which may ease maritime issues – however, there may be additional considerations which render these options unfeasible.

Summary

The results from this consultation give a clear and strong message in support of a new crossing. Businesses that responded to the survey, or that came along to the consultation event (or both) are able to provide clear descriptions of the problems that they face as a result of traffic congestion in the town and the many ways in which this impacts on their capacity to run businesses effectively and efficiently.

It is felt that a new crossing would help to reduce levels of congestion in the town and allow businesses to operate more easily and make the town more attractive for visitors, shoppers and clients of all businesses, and to potential employees and investors. Estimates for the economic impact of a new crossing demonstrate significant potential for development as a result of this project.

The grateful thanks of the team involved in the business consultation go to all those that took the time to respond and to attend the consultation event. Thanks also to the staff at the Chambers of Commerce and other organisations that worked so hard to ensure that businesses had the chance to share their views.