

Greater Norwich  
Development Partnership

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**Greater Norwich  
Employment Growth  
and Sites & Premises  
Study**

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Combined Final Report

ARUP



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Development Partnership

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Combined Final Report

30 May 2008

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## Contents

		Page
1	EXECUTIVE SUMMARY	8
1.1	EMPLOYMENT GROWTH STUDY SUMMARY	8
1.2	The economic future for greater Norwich	8
1.3	Creating a balanced, healthy and sustainable economy	10
1.4	Thematic focuses for the forthcoming economic development strategy	11
1.5	Cross-cutting issues	13
1.6	Sectoral initiatives	20
1.7	Delivery issues	28
1.8	SITES & PREMISES STUDY SUMMARY	30
1.9	The Brief	30
1.10	Policy Context	30
1.11	Drivers of the Economy	32
1.12	Employment Forecasts	33
1.13	Trends and Take up of Office Floorspace	33
1.14	Industrial and Warehouse Markets	35
1.15	Existing land and premises provision	37
1.16	Future land requirements	39
1.17	Options for future provision	40
1.18	Gaps in supply	43
2	GREATER NORWICH EMPLOYMENT GROWTH STUDY	44
3	Review of Local Economies	46
3.1	Note on data sources and area definitions	46
3.2	Economic characteristics of the areas	46
3.3	Demography	47
3.4	The labour market	48
3.5	Unemployment	66
3.6	Competitiveness	68
3.7	Gross Value Added	74
3.8	City comparisons	77
3.9	Summary	78
4	Key Issues for employment growth in greater Norwich	80
4.1	Better promotion of Norwich's strengths	80
4.2	Supporting economic diversity	82
4.3	Cross sector working	83

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4.4	Infrastructure and connectivity	84
4.5	Employment sites and premises	85
4.6	Recruitment and skills	86
4.7	Enterprise and innovation	89
4.8	Role of foreign-owned business	94
5	The Market Towns and Rural Areas	95
5.1	Overview	95
5.2	Existing employment structure	95
5.3	Workforce	96
5.4	Potential of market towns and rural areas	97
5.5	Specialised rural sub-sectors	97
5.6	Internet-based business and home working	98
5.7	Potential growth sectors	99
5.8	Support to rural employment growth	100
5.9	Conclusions	101
6	Economic Outlook and Future Growth Scenarios	102
6.1	Overview	102
6.2	UK Macro and East of England Region context	103
6.3	Key forecasts for greater Norwich	106
6.4	Sectoral forecasts	114
6.5	City comparisons	119
6.6	Comparison of forecasts	121
6.7	Summary	124
6.8	A lower economic growth scenario	125
6.9	Conclusion	129
6.10	RSS dwellings scenario	130
6.11	Summary of key scenario results	132
7	The Growth Agenda and Deprivation	133
7.1	Overview	133
7.2	Potential for addressing deprivation through education and training	133
7.3	Impact of employment growth on occupational structure	134
7.4	Spatial distribution of employment opportunities in relation to deprivation	137
8	Financial Services	138
8.1	Introduction on key sectors reviews	138
8.2	Overview	138
8.3	Trends and prospects	139

---

	8.4	Key issues and challenges	141
	8.5	Existing initiatives	142
	8.6	Areas for action	143
9		Retail	145
	9.1	Overview	145
	9.2	Trends and prospects	145
	9.3	Key issues and challenges	147
	9.4	Areas for action	148
	9.5	Skills issues	150
10		Science Industries	152
	10.1	Overview	152
	10.2	Trends and prospects	152
	10.3	Key issues and challenges	154
	10.4	Existing initiatives	155
	10.5	Areas for action	156
11		Business Services	158
	11.1	Overview	158
	11.2	Trends and prospects	158
	11.3	Key issues and challenges	159
	11.4	Areas for action	160
12		Creative industries	161
	12.1	Overview	161
	12.2	Trends and prospects	161
	12.3	Key issues and challenges	162
	12.4	Existing initiatives	163
	12.5	Areas for action	165
13		Tourism	168
	13.1	Overview	168
	13.2	Trends and prospects	168
	13.3	Key issues and challenges	169
	13.4	Existing initiatives	174
	13.5	Areas for action	175
14		Construction	176
	14.1	Overview	176
	14.2	Trends and prospects	177
	14.3	Key issues and challenges	178
	14.4	Existing initiatives	179

---

	14.5	Areas for action	182
15		Food and Agriculture	183
	15.1	Overview	183
	15.2	Trends and prospects	183
	15.3	Key issues and challenges	185
	15.4	Existing initiatives	186
	15.5	Areas for action	186
16		Advanced Engineering	188
	16.1	Overview	188
	16.2	Trends and prospects	188
	16.3	Key issues and challenges	189
	16.4	Existing initiatives	192
	16.5	Areas for action	194
17		Distribution	196
	17.1	Overview	196
	17.2	Trends and prospects	196
	17.3	Key issues and challenges	197
	17.4	Potential impact of East Port	198
18		Education Institutions	200
	18.1	Overview	200
	18.2	Trends and prospects	200
	18.3	Key issues and challenges	204
	18.4	Areas for action	205
19		GREATER NORWICH SITES & PREMISES STUDY	206
	19.1	The overall study	206
	19.2	This Report	206
	19.3	CLG and EEDA Guidance	207
	19.4	Area Context	208
	19.5	Key Policy Issues	209
	19.6	Research Undertaken and Report Structure	210
20		Policy Context	211
	20.1	Introduction	211
	20.2	National Planning Policies	211
	20.3	Regional and Sub-Regional Planning Policy Guidance	213
	20.4	Sustainable Community Strategies	217
	20.5	Local Planning Policy	220
21		The Economy	224

---

21.1	Introduction	224
21.2	Drivers of the Economy	224
21.3	Employment Forecasts	225
21.4	Commuting and Labour Market Balance	229
21.5	Deprivation and Access to Employment	232
21.6	Unemployment	233
22	Land and Property Markets	235
22.1	Introduction	235
22.2	Overview of The Stock of Floorspace and Occupiers	235
22.3	How the floorspace is provided	237
22.4	Overview of provision in Norwich	238
22.5	Office markets	239
22.6	Trends and Take up of Office Floorspace	241
22.7	Industrial and Warehouse Markets	245
22.8	Trends and Take up of Industrial and Warehousing Space	247
23	Review of Existing Employment Sites	250
23.1	Introduction	250
23.2	Overview of existing provision and relationship to the broader plan	250
23.3	Existing Sites	252
23.4	City Centre and wider central area	255
23.5	Ring Road and Radial Road Sites	258
23.6	Southern Bypass Sites	261
23.7	Market Towns and other Rural sites	263
23.8	Conclusions and Gaps in Current Supply	265
24	Future Requirements	267
24.1	Overview	267
24.2	Method for translating employment forecasts into floorspace and land use requirements	267
24.3	Summary of scenario results: employment change	267
24.4	Floorspace requirements implied by employment forecasts	270
24.5	Comparison of forecast floorspace requirements with past take-up rates	270
24.6	Summary of scenario results: change in floorspace requirements	272
24.7	Conversion of floorspace to land requirements	272
24.8	Summary of scenario results: land requirements	274
25	Conclusions and Recommendations	276
25.1	Introduction	276



25.2	Existing provision	276
25.3	Options for future provision	277
25.4	Gaps in supply	278

# 1 EXECUTIVE SUMMARY

## 1.1 EMPLOYMENT GROWTH STUDY SUMMARY

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This section summarises key findings from the project and outlines the main recommendations arising from the research.

- In this section key recommendations can be identified as text with bullet points.

## 1.2 The economic future for greater Norwich

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The forecasting work undertaken for this study suggests that the greater Norwich area has a positive economic future, with steady growth in population and employment expected in coming years.

### 1.2.1 Baseline scenario

Under the baseline scenario, population and economic growth have been forecast without taking into account possible constraints on house-building or infrastructure development. The results project population in the three local authority areas growing by 64,000 extra people between 2001 and 2021, with the creation of more than 44,000 net extra jobs in this period. Such employment growth would significantly exceed the RSS target of 35,000 net additional jobs to be created in the three districts during this period.

Further scenarios have been assessed to examine the consequences of not being able to build as many dwellings as required by the base forecasts, and to examine the implications of significantly worse than expected economic performance.

### 1.2.2 RSS dwellings scenario

The second of these, the RSS dwellings scenario, has been run on the assumption that RSS dwellings targets are met but no further dwellings can be constructed. Under this scenario a considerable expansion in dwellings, population and employment is still expected compared to the baseline forecast. Population grows by just under 50,000 people between 2001 and 2021, with accompanying creation of just under 40,000 net new jobs during this period. A key point is therefore that the overall RSS target of 35,000 additional jobs between 2001 and 2021 will also be exceeded under this scenario.

### 1.2.3 Low growth scenario

A third lower growth scenario has been run to examine the consequences of a more pessimistic economic future for greater Norwich. The assumptions underlying this scenario are set out in detail in Section 5.8 below, but include significant job loss in the financial sector, faster than expected rate of decline in manufacturing, lower rates of job creation in public administration, and overall job losses in tradable business services due to decline of other sectors. The assumptions represent the result of local economic shocks, but might be taken as a proxy of a wider and prolonged economic slowdown.

Under this scenario, between 2001 and 2021 the population of greater Norwich would still grow by around 50,000 people, but only 19,000 net additional jobs would be created. A corresponding implication would be that unemployment would rise and/or economic activity rates would fall in the area. It should be pointed out that the results of this scenario are pessimistic and much worse than past trends would suggest are likely to be achieved, especially in Broadland and South Norfolk. For instance, the Annual Business Inquiry has

already recorded net creation of 18,000 employee jobs between 2001 and 2005 in greater Norwich as a whole. The implications of the low growth scenario would therefore be for net job creation between now and 2021 to effectively grind to a halt.

There is a degree of uncertainty associated with any long-term forecasting exercise, and it is possible that results from any of the three scenarios, or some variant of them could materialise. However, our overall expectation, even in the context of current economic uncertainties, is to expect steady levels of population and economic growth which deliver results in terms of job growth that are much closer to the results of the baseline and RSS dwellings scenarios than to the low growth scenario.

This strong growth is driven by wider forecasts of the wider national and regional economies, assisted by high ongoing levels of immigration into the UK. At the greater Norwich level, such growth will place challenges on the planning and development systems. This will require co-ordinated delivery of infrastructure and new housing and co-ordinated efforts to manage the growth programme over time. But it is neither unrealistic nor out of keeping with growth expected in other similar sized areas within the region.

The underlying factors that give credence to this picture include an attractive and relatively uncongested location, desirable standard of living, a proven track record in employment in financial and business services and competitive costs. Growth will however need to be facilitated through the availability of land for employment and dwellings and through improvements to transport to at least keep pace with improvements elsewhere in the UK.

Key results from the three scenarios in terms of population, employment growth and demand for new housing are presented in Table 1.1.

**Table 1.1 Key scenario results, 2001 – 2021, 000s**

	Change 2001 - 2021		
	Employees	Population	Dwellings
Baseline Scenario	44.5	63.5	44.2
RSS Dwellings Scenario	39.7	49.4	37.9
Lower Growth Scenario	18.7	50.1	38.2

#### **1.2.4 Implications for policy**

The forecasts have clear implications for the focus of policy. Firstly it is essential that sufficient land for housing and employment in the right locations is provided, that the corresponding infrastructure to enable development is implemented, and that effective management of the growth programme is provided through a co-ordinated and co-operative approach involving both public and private sectors.

Beyond this, the steady employment growth forecast suggests that economic development policy will not have to focus as a priority on achieving volume growth in jobs in order e.g. to address high levels of unemployment and worklessness. Instead, there is a role for intervention to bring the efforts of public and private sectors together in order to create a sustainable and healthy economy overall and to address structural issues identified in a number of recent studies on the local and sub-regional economies. A key focus for policy should therefore be to help create a more balanced labour market by supporting development of jobs and sectors that require a more highly skilled workforce. This will help to address some of the deprivation issues within

greater Norwich and contribute to the emergence of a more pronounced 'knowledge economy'.

### **1.3 Creating a balanced, healthy and sustainable economy**

There is evidence that the labour market in greater Norwich is relatively unbalanced, with an inadequate number of better paid intermediate and higher level jobs. This is also a contributing factor in the relatively high concentrations of deprivation in urban Norwich. These are issues that the employment growth agenda needs to address.

#### **1.3.1 Supporting growth of the knowledge economy**

There is evidence that Norwich has yet to fulfil its potential in generating higher value added 'knowledge economy' jobs<sup>1</sup>, resulting in a relatively low wage economy. This is notable because of the presence of further and higher education and research institutes, and suggests the need for an increased focus on activity to capitalise on these assets.

Despite high numbers of UEA students remaining in Norwich after graduation and parts of the greater Norwich area having a significant proportion of graduates working in the private sector, anticipated benefits in terms of higher average wages rates have not materialised. Relative workplace wages across greater Norwich have been lower than the regional average in recent years, with median workplace wages in 2007 being around 7-8% lower than the regional average. Though the finance and business services sectors would normally be expected to boost average wages, the area has a considerable number of jobs in lower paid administrative grades and in the retail sector which pull down the overall average wage.

The forecasting work undertaken for this study suggests that employment growth through to 2026 will tend slowly to shift the occupational balance of the economy towards higher and intermediate level jobs. However, on both the baseline and RSS dwellings scenarios, the net effect of change will be to increase the overall proportion of higher and intermediate level jobs by a very small amount, equal to an increase from 51% of total jobs in 2007 to 52% of total jobs in 2026.

This suggests that a key aim for policy should be to try and accelerate this slow shift by promoting employment growth in sectors in greater Norwich characterised by higher skill, better paid jobs. This aim can be achieved by a range of cross-sectoral measures to address over-arching issues affecting business growth and the development, extension and creation of measures in specific sectors to support growth. A new economic development strategy for greater Norwich as a whole will need to focus in particular on the promotion of business development in existing sectors, while facilitating the emergence of new sectors where possible.

The focus on future policy support on specific sectors is discussed in more detail below. However, some preliminary observations can be made here.

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<sup>1</sup> The 'knowledge economy' is defined here following the Eurostat definition as those areas of high and medium tech manufacturing comprising activities in 2003 SIC codes 24, 29, 30, 31, 32, 33, 34, 35; Knowledge intensive services in codes 61, 62, 64, 65-67, 70-74, 80, 85, 92; High tech knowledge intensive services 64, 72, 73; Market knowledge intensive services codes 61, 62, 70, 71, 74 and Financial knowledge intensive services codes 65-67. 'Knowledge occupations are defined as Managers and senior officials, Professional occupations, Associate Professional & Technical Occupations.

- Sectors likely to create a larger proportion of intermediate and higher paid jobs include business services (including a range of sub-sectors within the broad categories of creative industries and science-based industries), financial services, construction, advanced engineering, and public sector employment in education and public administration.
- There is also a case for promoting growth of those sectors with a lower proportion of higher and intermediate level jobs, such as in retail or hotels & catering.

However, in these instances policy should aim to support the growth of higher earning job opportunities, for instance, by focusing policy on addressing skills issues to help retailers focus on higher value market segments or to help employees increase their earning potential.

### **1.3.2 How the employment growth agenda can help address deprivation**

Significant concentrations of deprivation continue to exist in Norwich. Addressing this issue will require a broad-based approach in line with wider national-level policy. There is nevertheless scope to address deprivation through the employment growth agenda.

Promoting growth of sectors with a greater proportion of higher and intermediate level jobs will increase the range of opportunities for under-utilised graduates as well as for those with lower levels of skills. Combined with appropriate training initiatives to enable those without appropriate skills to find better-paid work, it also holds the potential to contribute to the reduction of deprivation in the area.

Deprivation also needs to be addressed by ensuring that the spatial distribution of new employment opportunities takes into account their accessibility to deprived sections of the population. Maintaining a balance of employment, housing, leisure with the strong retail offer of the city centre is a clear priority as this is one of the most accessible employment locations for these groups. This is particularly the case if it can be combined with better public transport access across the city.

However, to improve access to opportunities there is a strong case:

- to bring forward constrained brownfield land in the northern city centre such as Anglia Square and to provide greater employment opportunities in the northern half of the city more generally.
- The construction of the Northern Distributor Road also holds out the potential to open up new employment areas and therefore to provide benefits to residents in deprived communities to the north of the city centre.

## **1.4 Thematic focuses for the forthcoming economic development strategy**

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The overall economic development strategy for greater Norwich will be prepared in spring and summer of 2008. This section therefore considers the implications from the work undertaken for this study in developing that strategy, focusing in particular on the underpinning themes that can be used to develop it, and the appropriate balance of cross-cutting and sector-specific issues that it will need to address.

Norwich contains a number of existing partnerships and organisations with an influence on or responsibility for economic development. These include the

City, County, Broadland and South Norfolk councils, and the various subsidiary or advisory organisations they work with including Norwich Economic Round Table, Shaping Norfolk's Future and the Greater Norwich Development Partnership.

Where economic development strategies for these bodies exist they contain a similar range of broad aims and objectives which provide the foundation for a greater Norwich economic development strategy going forward. For instance, all strategies embody the aim of achieving thriving, diverse and sustainable economies providing opportunities to all citizens. All also recognise the value of the existing urban and rural environment and the contribution this makes to a high quality of life.

The existing submission by the economic development group within the Greater Norwich Development Partnership proposes four specific focuses for the framing of policy to support job growth in Norwich, including Norwich as a place for business, Norwich as a knowledge city, Norwich as an Eco-City and exemplar of sustainable development, and Building Norwich, requiring a focus on both sustainable construction and the creation of employment opportunities in this sector.

Descriptions such as 'knowledge city', 'Eco-City' etc, are necessarily broad and a range of possible definitions for them are possible. They are likely to be most valuable in terms of describing the city-region's aspirations, and in providing broad themes for the choice of economic development projects. Some further discussion and agreement on definitions between different stakeholders in the economic development process may be valuable to define these further.

The first three of these focuses provide an appropriate foundation for the creation of an economic development strategy for greater Norwich. They correspond to the strengths of the greater Norwich area identified in the consultation with businesses and key stakeholders undertaken for this study. They also provide the stance that the economic development strategy should take to 'position' Norwich in relation to London, the main pole of economic growth in the UK, and to other cities in the Greater South East.

Such positioning requires an appreciation of Norwich's relative strengths and where what it offers as a place to invest, work or live can complement the strengths of other regional urban centres. Norwich has distinctive assets in its attractive urban environment, the quality of life it offers to people who live and work in the city and surrounding area, the natural environment of the Broads and rural areas, and in the national and international reputation in particular of UEA and the institutions at Norwich Research Park.

- Focusing on Norwich's strengths in relation to an attractive environment, knowledge-based industries and strong economic growth prospects is therefore a sensible basis for the strategy.

The remaining focus on construction is appropriate as an important sector for promotion in terms of job growth as well as image for Norwich, and initiatives in relation to construction have a role to play in the economic development strategy for greater Norwich. However, adopting a single sector as a headline focus for an economic development would privilege construction in relation to other areas in a way that would un-balance any overall strategy. We have suggested a way that it might be included as a subsidiary element below.

- In terms of the content of the strategy, we suggest that there are a number of cross-cutting issues affecting the economy as a whole that need to be addressed, along with projects for development of specific sectors.

The key issues are outlined in the remainder of this section, and summarise the more detailed discussion in the following sections. The rest of this section should therefore be read in conjunction with the rest of this report in which further detail and supporting argument can be found in the relevant sections.

## **1.5 Cross-cutting issues**

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### **1.5.1 Improving transport links**

Improving links and travel times to other UK cities is a key area for improving Norwich's ability to compete and to attract inward investment. The views of the business community identified in the consultation process for this study and in a number of other surveys in recent years strongly support public investment to improve transport infrastructure. Improvements to the A11 and A47 as well as to rail travel times to London and Cambridge would have a significant impact on business competitiveness. There are concerns among the business community that local infrastructure will not bear the increased pressures resulting from growth. For instance, it is feared that additional traffic on the A47 will increase congestion significantly after the opening of East Port.

- Actions to support the improvement of transport infrastructure will need to focus on regional funding allocations and therefore the sub-regional Integrated Development Programme, as well as on the strategic thinking of national agencies.
- Work needs to be undertaken on an ongoing basis to ensure that substantive evidence to support Norwich's case for transport improvements is gathered and that local partners make a collective approach in representations to regional and national bodies.
- The A11 should be a priority for support because of the significant improvement in travel times to London and Cambridge that dualling the remaining section between Thetford and Fiveways will bring.

The recent assessment of economic benefits from dualling this stretch estimates that the £100 million cost required would generate £600 million in wider economic benefits, and provides the case for strong lobbying of central government. Congestion on the A47 should also be monitored as East Port opens in order to provide an evidence base with which to lobby for upgrading.

- Norwich Airport already provides a highly significant asset with the potential to stimulate further economic and employment development in both the urban and surrounding rural areas.

There is a need to bring the main businesses at the airport (i.e. principally Norwich International Airport Ltd, but also FlyBe) into wider partnership discussions, as step change in the number of destinations it is linked to would have significant wider economic impacts. There is potential to develop further routes in particular with the rest of continental Europe.

- There is scope to expand existing co-operation between public agencies promoting economic development and the airport in order to support these efforts, e.g. by accompanying airport executives to industry conventions to help make the case for other airlines to fly to Norwich.

There is also a wider case for looking at joint promotion of Norwich through co-ordination of efforts by the airport and agencies such as Visit Norwich. In discussions for this study the airport also indicated that joint work on mapping the needs of local businesses for new travel routes would be helpful to understand demand and make a better case in attracting new airlines or establishing new routes from the city.

- There is also a need to minimise the extent to which the location of employment growth within the city exacerbates existing problems.

This gives weight, for instance, to improving cross-city public transport links as well as to ensuring that new employment sites are well linked with residential areas and with areas of higher deprivation and worklessness. Development in the northern city centre and around the airport would contribute to achieving this last point, by creating local jobs and reducing longer distance commuting.

### **1.5.2 Changing perceptions of Norwich**

The issue of improving perceptions of Norwich is highlighted in various places in this report, including the general review of business and key stakeholder concerns in Section 4 and in the reviews of key sectors. This is therefore a key issue cutting across a range of sectors and business issues covering for instance both skills and investment attraction.

There is potential for improvement in this area, given that the city has a number of very attractive features and industrial strengths which are less widely known than they should be. These include for instance both the city's cultural and historical heritage but also strengths in sectors such as finance or life sciences. It is also one of the key areas for co-operation with other regional urban centres through the Regional Cities East initiative.

This is nonetheless a very deep-seated issue which will take time and resources to address, with change occurring over a matter of years. It will also be one of the hardest to achieve because of the scale of change required. This will require contributions from both public and private sectors, and is unlikely to be achieved by one organisation or agency alone.

There are several examples of UK cities devoting considerable resources towards promotional activity and achieving significant returns as a result. Peterborough provides an example within the East of England region, where in the late 1980s the city's Development Corporation spent significant amounts on TV advertising (with the at that time well-known actor Roy Kinnear appearing as a Roman centurion). The subsequent period in the city was associated with strong growth in both population, employment and inward investment.

Similar activity could help to promote greater Norwich. However, the scale of direct public funding for promotion activities will be much more constrained in Norwich than was the case for Peterborough. For instance, at County level, Shaping Norfolk's Future had a marketing budget in the range of £40 - £50,000 in 2007/8 which has meant funded activities have had to be carefully focused. There is also a limit to what can be achieved by direct spending by the City Council.

A key issue is therefore to find ways of influencing the activities of a wide range of public and private sector actors in order to increase the leverage of existing resources to the greatest extent possible. The recent work of Shaping Norfolk's Future in developing a set of key messages about Norwich and Norfolk and providing a publicly-accessible bank of images and facts for use by companies



and other organisations is a valuable project and a good example of how this can be achieved. The point here is not just that promotion requires effective marketing materials (and it should be mentioned that Norwich City Council have also recently produced a promotional materials which have been recognised as a benchmark in good practice). It is also that there is value to be realised in ways that will bring together public and private sector efforts around a common set of messages about Norwich's strengths.

- There are a range of potential actions that might be undertaken to take forward the joint promotion of Norwich by both public and private sectors together. The following list is included to provide a suggestion and stimulus for thought. There may however be other activities that could be added to this list or substituted for items that are considered less workable.
- **Unite the efforts of different agencies.** There is a need to bring the efforts of a number of existing programmes together, including inward investment attraction efforts, tourism promotion, heritage development etc. What is required is a way of undertaking activities that link the work of public and private sectors. In this light, the work already undertaken by Shaping Norfolk's Future and Norwich City Council on common promotional messages should be expanded.
- One option to explore would be **the establishment of common branding** of a broad range of initiatives and programmes, including e.g. the various events held at the Forum and any development programmes promoted by HEART or other agencies. If this is not realistic then the adoption of a limited number of messages about the city should be used. One approach to achieving this would be to establish a promotional working group within the context of GNDP with a remit to focus solely on developing and implementing a more co-ordinated approach across organisations and sectors.
- **Co-ordinate marketing campaigns.** Where possible efforts should be made to co-ordinate messages or timing of campaigns. For instance, Chapelfield currently advertises on ONE trains to attract shoppers to Norwich. There is scope to investigate whether it is possible to encourage Chapelfield and other advertisers such as FlyBe to consider the broad strengths of Norwich, or to contribute to broader city-marketing campaigns that they might also benefit from. Similarly, there needs to be ongoing liaison between different institutions and companies carrying out promotion to help the co-ordination of complementary initiatives.
- **Expand the use of programmes of arts and cultural institutions to raise Norwich's profile.** Tourism in Ghent in Belgium was held up as an example of the successful use of events to attract visitors. The Norfolk & Norwich Festival is already doing this, but could be linked to a wider programme of events to attract attention. Some of these events may well happen anyway – the point is not necessarily to add more events but to link what does happen to reinforce the message of vibrancy and activity.
- **Use the Growth Agenda to promote a wider message about Norwich.** The growth plans for Norwich mark the start of an important expansion of the city which should be used to catch the attention of the wider world. There are different ways of doing this.
- **One possibility would be to reflect the growth agenda in the names of agencies.** For instance, Shaping Norfolk's Future and Greater Norwich

Development Partnership both have a role in promoting the future development in Norwich. The names of these organisations make sense in explaining what they do from the point of view of people in Norwich or Norfolk. Given the importance to economic development efforts of changing the image of Norwich for people outside the area (entrepreneurs, investors, re-locating professionals), consideration should be given to the potential to use organisation names to communicate to outsiders that there is more to Norwich than perceptions suggest. Renaming GNDP as “Growing Norwich” might be suggested, if only for the purposes of illustration.

- **Another is to promote the expansion of Norwich as an exemplar of environmental sustainability**, as suggested in the GNDP Economic Development Group’s proposal to promote Norwich as an Eco City. This would build on the city’s real strengths in terms of quality of life and publicity from internationally renowned initiatives in the area of sustainable development such as the Tyndall Centre for Climate Change at UEA. Further demonstration construction projects that mark Norwich out would also help with this, as would eco-friendly tourism facilities.
- **Make the most of opportunities from regional co-operation**. In addition to marshalling the efforts of both public and private sectors in greater Norwich there is further scope to achieve leverage through co-operation with other major urban centres in the region as outlined by the Regional Cities East partnership (RCE). Planned RCE work includes joint marketing and promotion work, including co-ordinated marketing materials, promotional activities such as a shared presence at key events and exhibitions and shared learning among partners.

#### **Changing perceptions of a city: International Turin**

The case of Torino Internazionale (International Turin), provides an example of how a range of disparate urban development programmes (including education and training, transport infrastructure improvements, urban regeneration schemes, tourism promotion initiatives etc.) were brought together within a common framework over a number of years to change external perceptions. The campaign aimed to explain to the world that a city with a grey industrial image associated with the declining car industry had much more to offer than many outsiders realised. The circumstances for Turin are different to those of Norwich but what is worth learning from is the way a broad range of initiatives were brought within an overall partnership and promotional scheme to tell a common story about how the city was changing.

(Further details in English can be found at [www.torino-internazionale.org/Page/t13/view.html?idp=2448](http://www.torino-internazionale.org/Page/t13/view.html?idp=2448))

#### **1.5.3 Education, skills and innovation**

Institutions of higher and further education in Norwich have an important role to play in the overall growth agenda. In particular, they have the potential to support the growth of higher skill, higher value added economic activities and to promote the city as a location for knowledge, innovation and environmental sustainability.

These institutions already play an important role in a number of areas, providing an educated workforce, through their participation in a number of existing sector development initiatives, and because of their spending which

generates demand for a range of goods and services. However, the impact of HE and FE institutions could be further developed in a number of areas.

Norwich has an ongoing economic imperative to build a high calibre workforce and maximise the benefits from the large number of students who study in the city in a range of disciplines. There are many positive examples where useful work is currently being done to link education and training with sectoral initiatives. These include, for instance, involvement of Norwich College of Art & Design with wider creative industries initiatives and EPIC, the role of City College in developing the Financial Services Academy proposal, or links between UEA and the emerging environmental and life sciences sector at Norwich Research Park, or with the construction industry developed through programmes like CRed and Construction Excellence.

- It is recommended that these initiatives are sustained and built on over time through co-operation between industry and the education institutions.

In addition, there are further areas where new initiatives might be developed.

- This could include working to develop further competencies in areas of environmental engineering, or possibly in creating a local retail academy.

Recent experience suggests the way to take this forward is to work through specific sectoral promotion groupings or initiatives working closely with the relevant parts of the city's education institutions and the Learning & Skills Council.

- There is also a need to ensure that the potential from Norwich's higher education institutions is realised and that the potential spin-out from academia into commercial activities is realised.

Greater Norwich currently has three innovation centre initiatives to promote new business growth through linkages with higher education, including the Norwich Bio Incubator, the Hethel Engineering Centre, and the East of England Production Innovation Centre. In addition, further 'soft' initiatives at NRP include Plant Biosciences Limited and UEA's Research and Business Services division.

These initiatives provide a strong foundation for promoting innovation, and there are indications that the institutions established to promote these activities are beginning to achieve results. For instance, the Norwich Bio Incubator is now full and several companies located there require expansion space. There will however be an ongoing need to ensure that various initiatives to support commercial spin-out are fulfilling their potential, which will require periodic evaluation and learning from best practice at national and international level.

- There is further scope to develop Norwich's potential to promote innovation in areas not covered by existing initiatives.

New projects, such as the proposed Environmental Sciences Innovation Centre at UEA should be supported to capitalise on existing strengths at the university. This particular project ties closely in with the county-level economic strategy and with Regional Cities East plans to promote low environmental impact technological innovation and business development. There is also a need to ensure that accompanying property initiatives are delivered, such as expansion of Norwich Research Park, which is a priority area for attention.

- It is also suggested that further work be undertaken to develop support in key target sub-sectors not covered by existing work.

For instance, some areas of the creative industries, such as digital media, design, advertising or marketing would benefit from support to help students start and develop businesses and therefore to retain their skills in the area. Projects to link Norwich School of Art & Design's with the new LEGI-funded Norwich Enterprise Centre have been suggested as an example of this. Similarly, further work could be undertaken to promote sustainable construction techniques to go beyond the initial work already undertaken through the Construction Excellence programme and the efforts of UEA's CRed programme in this area.

#### **1.5.4 Aligning efforts to attract inward investment with key sector growth opportunities**

Our forecasts suggest strong growth in line with previous economic trends. It is notable that in recent years inward investment has not made a strong contribution to job creation. Norwich has not been a major UK location for in-moving firms from elsewhere in the country or abroad, with the possible exception of the retail sector.

- It is important therefore that a key focus of policy is to sustain growth in existing and new indigenous businesses, building on the potential for commercialisation of knowledge in the city and assisting business start-up and growth.

Nonetheless, in addition to these efforts there is also scope to attract inward investment through targeted and focused efforts that align with the areas chosen for focus in the forthcoming economic development strategy for greater Norwich. If successful, this would also strengthen key sectors in which indigenous business growth is expected.

Existing initiatives to attract investment include the work of economic development departments at city, districts and council level. Specific initiatives include the Invest in Norfolk website, the marketing materials prepared by Norwich City Council and its ambassadors initiative, and the new Evolutive county-wide database for managing investors' land and property enquiries.

There are however particular niche opportunities where specific plans could be developed in co-ordination with East of England International and UK Trade & Investment. Specific opportunities described in more detail in the relevant sections of this report include:

- Re-location of major operations by international financial services firms (e.g. those looking to relocate some functions from London).
- Attracting a multi-national company research facility to locate at Norwich Research Park.
- Attracting operations of central government departments moving out of London in line with the Lyons Review recommendations.
- Attracting aircraft maintenance activities to Norwich Airport, in particular from major UK airports e.g. Heathrow at which there is competition for the space they currently use.
- Attraction of creative industries businesses on the basis of the strengths that Norwich can provide in particular areas.

This should be undertaken as a medium-term exercise, with work to identify potential target organisations on a national and international scale, assess their specific requirements and develop a particular pitch based on Norwich's

strengths. In specific cases the potential to implement supporting projects should be undertaken to increase the attractions of Norwich. For instance, there is potential to work with UEA and NNUH to align future research programmes with the interests of major potential investors, as described in more detail in Section 10.

### **1.5.5 Provision of employment land and premises**

There is a need to ensure appropriate provision of employment land and premises. Bringing forward key employment sites, protecting them from residential development and adopting a flexible approach in managing land supply are key issues which are addressed in detail in the separate Sites & Premises report which accompanies this study.

Within Norwich, there have been shortfalls in the range and variety of industrial land and premises and these need to be addressed:

- Smaller firms have expressed problems with finding appropriate premises, particularly manufacturing businesses. There is also some evidence of limited opportunities for owner-occupation.
- There is a need to retain a range of industrial estates and other employment sites within Norwich for business use and to protect them against pressures towards conversion to residential use.
- There is a corresponding need to ensure that the economic vitality of rural areas and market towns is supported through suitable provision of employment land.
- Norwich, like several other cities needs to address the tension of developing office space within the city and on the city fringes (such as further development of the Broadland Business Park), which may lead to a loss of employment within the city itself.
- There is therefore a need to retain different types of employment in and around the city centre as part of the overall attraction of the city, and counter-act trends towards 'hollowing out' of the city with employment moving to the urban fringe.

The issue of location of new sites for employment is discussed in detail in the accompanying Sites & Premises study. It is notable however that there are a number of areas where the location of development can contribute to achievement of goals in relation to both sustainability and social deprivation. These include, for instance, provision of land for expansion at Norwich Airport and redevelopment of key sites e.g. in the northern city centre, Longwater and others such as the Deal Ground site at Trowse.

### **1.5.6 Specific initiatives for rural areas**

Growth in employment outside the Norwich urban area will provide the potential to compensate for decline of employment in specific sectors such as agriculture or Broads-tourism, and to create better paid jobs. There are job creation opportunities in the rural areas which hold out the potential to maintain thriving small town and rural communities as well as to reduce commuting and therefore to contribute to sustainability objectives.

Key areas for action include:

- ensuring that the basis for undertaking existing business activities remains in place, in particular, provision of appropriate land and property. This includes making available sufficient employment land at existing industrial

estates in each of the market towns, as well as for conversion of agricultural buildings for expanding niches of economic activity as described in Section 5.

At the same time, the construction of new infrastructure will create the potential for further development of micro-businesses that characterise much of the market town and rural economy. For example, the Northern Distributor Road will help to improve access to the city from areas to the north of the city and improve the attractiveness of the area as a business location. Business opportunities in rural areas as a whole will also be improved by fast broadband internet access.

- There is therefore scope to take advantage of the opportunities opened up by this new infrastructure by continuing and expanding existing business support provision, including start-up grants and training.
- There is further need to ensure that employment growth initiatives centred on Norwich are tied in with rural counterparts, for instance, linking rural and city tourism through ongoing destination management activities or in relation to creative industries initiatives.

It is unlikely that major employers will be attracted to rural areas. However, at Hethel in particular the potential does exist to create the conditions for the emergence of a significant cluster of SMEs which collectively will add up to the impact of a medium or large-scale inward investor.

- Building on the success of the Hethel Engineering Centre initiative with a linked Technology Park has been proposed by some members of the Greater Norwich Development Partnership, and this project should be implemented.

There is currently no allocation of land at Hethel in the Local Plan to house such a Park. However, it is feasible that the expansion space could be provided nearby to the Centre but not necessarily co-located with it.

## **1.6 Sectoral initiatives**

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### **1.6.1 Prioritising sectors for support**

Sections 8 to 18 of this report review a range of sectors in the greater Norwich economy and identify a number of areas in which employment growth in those sectors could be supported. While support projects across a range of sectors could in theory be implemented, there is in practice a need for focus and priority setting.

Table 1.2 below suggests a method for deciding which sectors overall should be prioritised, and which of the main interventions discussed in this report should be implemented first. It takes into account a number of issues including employment trends as identified in the baseline forecast, the proportion of 'knowledge jobs' in each sector, the likely scale of resource inputs and timescale for delivery.

The results from this approach are illustrated in the two right-hand columns, which suggest prioritisation for overall sectors on a scale of 1 to 3 (with 1 being the highest priority) and for individual interventions.

On this basis it is suggested that science-based industries, creative industries, tourism, construction and advanced engineering are the main priority areas for support. It is important to note that there is still scope to include specific

interventions to support other sectors e.g. in relation to financial services or the food sector.

The matrix is included here as a suggested approach to prioritisation and as a stimulus for discussion. Other interventions might be included in the course of creating the economic development strategy for greater Norwich, and the overall focus on specific sectors might need to be adjusted after further consideration.

**Table 1.2 Suggested matrix for prioritising sectoral interventions**

	Job growth trend 07-26 as per OE Baseline Forecast	Proportion of knowledge economy jobs	Examples of interventions to support growth	Resource inputs for suggested support	Timescale for delivery	Suggested Priority for intervention	Overall sectoral priority
Financial services	None	53%	Retain existing firms; support ongoing growth of mid size firms	Medium	Ongoing	1	1
			Attract high value added relocations	Medium	Ongoing	1	
Retail	Strong	27%	Intensified support for skills development e.g. retail academy	High	2007 - 2012	2	2
			Development of the independent shopping offer	Low	2007 - 2012	2	
Science-based industries	Weak	53%	Expand NRP	High	2007 - 2012	1	1
			Establish new innovation centres and facilitate knowledge transfer	High	2007 - 2012	1	
			Attract high value added private sector research facility	Low	Ongoing	2	
Business services	Strong	53%	Develop professional services initiative including e.g. 'Package for Professionals' etc.	Medium	2007 - 2012	2	2
Creative industries	Strong	53%	Further infrastructure development e.g. broadband backbone	Medium	2007 - 2012	2	1
			Single one stop shop for business support with supporting angels/mentoring scheme	Medium	2007 - 2012	1	
			Mentoring / business angel scheme	Low	2007 - 2012	1	
Tourism	Strong	23%	Destination promotion management	High	Ongoing	1	1
			Implementation of Halls project	High	2007 - 2012	1	
			Implementation of HEART and other cultural projects	Medium	2007 - 2012	2	
Construction	Strong	18%	Continuation of existing supply chain and industry-academia initiatives	High	Ongoing	1	1
			Re-initiate skills initiatives to ensure labour supply	Medium	Ongoing	2	
Food and agriculture	Negative	31%	Implement food hub proposals	High	2007 - 2012	2	2
			Implement food cluster initiative	Medium	2007 - 2012	1	
Advanced engineering	Negative	31%	Establish higher education engineering provision	High	2007 - 2012	2	1
			Establish Technology Park, linked to Hethel Centre	High	2007 - 2012	1	
			Attract air maintenance activities at the airport	Medium	2007 - 2012	2	
Distribution	Weak	23%	None recommended				-



The subsequent sections discuss specific sectors and interventions, starting with those areas for which a high level of priority is suggested.

### **1.6.2 Science-based industries**

Norwich has the potential to increase higher value-added employment in particular by building on the strength of research institutions in the fields of health, life sciences and environmental technologies. It is conceivable, as explained in Section 10, that Norwich could create 2,000 jobs in this sector in the next 10 years and double that amount during East of England Plan period going forward to 2026. The institutions and much of the 'soft' infrastructure to promote this jobs growth is already in place, as described elsewhere in this report. However, there are a number of key projects that would greatly support this process. These include:

- Accelerate plans to broaden the focus of Norwich Research Park to house a greater amount of commercial activity. A key issue in this is the physical expansion of Norwich Research Park to provide business space. Existing expansion plans should be implemented, including initiation of Compulsory Purchase procedures if necessary to acquire land.
- As described above, step-up efforts to attract inward investment by linking marketing and promotion efforts to development of new research programmes at Norfolk & Norwich Hospital or other research institutes. The aim should be to attract a large multinational company research facility, which will require targeted efforts and a specific plan in order to take a proactive approach. This should be developed in conjunction with East of England International and UK Trade & Investment.
- Build on UEA's strong position in environmental sciences and fill gaps in existing support for innovation and the commercialisation of knowledge. Implementation of UEA's proposal for an environmental sciences innovation centre would contribute significantly to this, as would the establishment of an engineering department at the university.

### **1.6.3 Creative Industries**

Norwich has established strengths in the creative industries which make it a key sector for support. These strengths include a range of established businesses and organisations and growing smaller companies, key educational institutions and a number of public-private initiatives and projects which will help promote further growth. The Shaping Norfolk's Future Creative Industries Group provides an effective co-ordinating body for future work in the greater Norwich area. It covers Norfolk as a whole, but the fact that Norwich is the main industrial and business centre in the county means that the large part of supporting activity will take place in Norwich in any case.

A key recommendation in relation to creative industry development is to continue with the initiatives already in place to the extent that they address the key issues for the sector set out in Section 12. There are however, a number of further areas for consideration:

- Initiatives to support business development by linking creative industries firms with other sectors in greater Norwich. The City Council's suggestion that forthcoming initiatives, such as the upcoming local procurement study, can help build trade between larger employers and creative businesses in areas such as marketing, design or PR is a good one: this should be a focus of that study and other Buy Local work.

- There is scope to establish a single site one stop shop for creative businesses to focus on the provision and dissemination of knowledge and movements in technology. This would particularly helpful for those creative industry areas outside the remit of EPIC. Linking such a one stop shop to the new LEGI-funded Norwich Enterprise Centre, e.g. by providing specialised support, would help bring creative businesses into closer contact with other local firms.
- Projects to further develop the 'hard' infrastructure underpinning the sector. This should include consideration of a fast broadband network based on the Soho Net model, and the supply of affordable start-up space, building on the City Council's established aim to develop creative hubs around King Street and Magdalen Street.
- Further work on the issue of graduate retention / attraction by creating interfaces between established creative businesses in Norwich and graduates from the Colleges and University. A mentoring or business angel scheme for the sector should be instituted to provide support for those considering starting a business.
- Further expansion of sector promotion efforts to encourage greater links between the creative industries sector and other sectors in greater Norwich and to establish a greater presence on the national and international stage.

#### **1.6.4 Tourism**

The review of tourism industry issues in Section 13 highlights a number of areas where Norwich and the surrounding rural areas could increase the economic benefits from tourism activities. Norwich's offer to tourists is being developed, with e.g. the opening of some new hotels in the last 18 months. There are a number of areas for action however. These include broadening Norwich's appeal among under-represented younger and more affluent visitors, developing a presence in the national business visitor destination market, and renewing the appeal of the Broads-related tourism in the context of declining 'traditional' Broads holidays . A number of actions will help to achieve this including the following:

- Continued financial support for destination and tourism marketing in the greater Norwich area. This is a key priority action in particular because of the need to link city and market town/rural area tourism promotion.
- Implementation of the heritage and economic regeneration projects proposed by HEART. The St. Andrews Halls project in particular should be a priority because of its potential to create medium-size conference venue in the city and therefore develop the city's appeal for business visitors. It will also address the lack of a large concert venue and contribute to the creation of a cultural hub in the immediate surrounding area.
- A project should also be taken to review links between marketing measures undertaken by different agencies to identify areas for leverage and common focus. This relates closely to the point made above about coordinating efforts of public and private sector agencies more closely in order to achieve greater leverage overall.
- Build on Norwich's cultural and architectural heritage and creative industry strengths by developing an ongoing programme of linked events across different sectors including museums, theatre, festivals etc.

- Continue to move forward with HEART's work to place the city on the UK's candidate list of UNESCO World Heritage Sites, developing a formal bid linking the city of Norwich and the Broads.

### **1.6.5 Construction**

Construction is likely to be a major employment growth area in coming years in particular because of the substantial project work associated with house-building and infrastructure projects. The 3,200 baseline forecast increase in employment in the sector between now and 2026 would constitute on its own nearly 10% of the overall greater Norwich employment growth target.

There are a number of issues affecting employment growth trends in the sector. These include the issue of skills and the recruitment of younger people to the sector. The adoption of sustainable construction techniques will also become increasingly important in coming years, and is an area where local firms can develop their own competitiveness while contributing to the promotion of Norwich as a location for environmentally sustainable growth.

Skills shortages are likely to be exacerbated by the inception of major projects in the region and beyond, including the Olympics and Sizewell C. In light of this it is quite possible that a considerable proportion of the demand for labour will be met by in-migration.

- There is therefore an opportunity to help promote the development of a skilled labour force from the indigenous population, which will also help create greater numbers of intermediate and higher level jobs locally.
- Many of the partnerships required to coordinate further sector development are in fact in place, so the key recommendation from this report is to continue to support existing construction initiatives such as the Build Norfolk Network focusing on supply chains, and Constructing Excellence, developing links with higher education institutions and schools.

Given the potential for construction to create new jobs in Norwich, it is unfortunate that the previous Construction Academy initiative is no longer being funded. This underlines the need to ensure support for existing projects tackling key issues in the sector.

- There is also scope to link locally-based construction firms with sustainable construction expertise available at UEA.

This can be achieved for instance, by moving from information exchange activities of the kind currently promoted by CRed to more involved joint working on demonstration projects or feasibility studies.

### **1.6.6 Advanced Engineering**

The advanced engineering sector includes a range of firms in different sub-sectors with particular local strengths in (but not limited to) motorsports, the oil and gas sector, and aircraft maintenance. The sector benefits from a number of public sector-supported initiatives which receive continued support to the extent that it can be shown that they deliver wider employment benefits. Lack of skilled workers remains a key issue for the sector at national as well as local level.

- There is therefore scope for ongoing discussions with further and higher education institutions to see if provision of appropriate courses for apprentices and graduates can be introduced.

The Hethel Engineering Centre is still a relatively new initiative but has already exceeded its forecast targets for take-up of space by start-up companies and

has the potential to form the basis of an advanced engineering cluster in the greater Norwich area. This nascent cluster also has the potential to contribute to workforce development in environmental engineering skills, and therefore to contribute to employment growth in environmental technologies.

- A key recommendation is therefore to support growth by making space available for the development of a technology park at or near the existing Centre.

There is also scope to expand the aircraft maintenance activities already being carried out at Norwich Airport by KLM Engineering and other companies, and thereby create new high skill jobs in the north of Norwich. The fact that KLM has its own training school at the site is a further asset that could help to support this. This is a real opportunity as capacity constraints at Heathrow and other airports create pressures for maintenance activities to be carried out elsewhere. This is an area which could be taken forward in discussion with the airport and by further investigation of the needs of aircraft maintenance firms at other UK airports.

### **1.6.7 Financial Services**

Norwich has a cluster of financial services employment which stands out compared to other UK cities because of the high number of jobs in relation to the city's overall population. This constitutes both an opportunity to build on and a potential threat, because of the risk that a large employer might downsize significantly.

The cluster has broadened and diversified notably since the mid-1990s with the emergence of a number of medium-size firms in various areas of retail financial services. The existence of a skilled workforce and relatively cheap city-centre property vacated by Norwich Union have been cited as significant reasons for this trend, underling the need to underpin the sector's competitiveness with skills initiatives and to ensure appropriate provision of office space.

- Existing activities to support the industry in Norwich including the work of the Financial Industries Group and the establishment of the Financial Services Academy are significant achievements which need to be supported into the long-term.

Continuation of existing sector-support work including the broad networking initiatives already in place, and on-going liaison with key investors in the city to understand their concerns and 'make them feel loved' is therefore an important action to help support existing employment levels.

- There also is further scope to increase employment in the city through the growth of existing companies and through inward-investment attraction, notwithstanding current issues affecting financial services industries at national and international level.

Investment attraction should include targeted efforts to attract re-location of activities, in particular from London, where significant cost-push pressures can be expected to exist for the foreseeable future.

- Efforts both to maintain existing jobs and attract new ones will be supported by wider promotion of the city as a financial services location.

This needs to be achieved through marketing Norwich to key audiences through approaches to targeted opinion-formers including editors and journalists at key industry publications.

### **1.6.8 Retail**

Greater Norwich has a thriving retail sector which offers scope for further job growth. The city centre accounts for a significant proportion of regional comparison goods shopping, supported by the outstanding built environment which helps to attract visitors from a broad catchment area. Retail is also thriving in several of the market towns. The prospects of the sector as a whole are linked to the area's wider cultural and heritage offer both inside and outside the city, and need to be seen in the context of this wider perspective.

- Key actions include deciding the extent to which it is desirable to allow retail provision and employment to expand towards its maximum potential, and how much additional retail floorspace to accommodate.

This is not an issue of the extent of potential market demand (recent research indicates that there is likely to be strong sustained demand for appropriate retail floorspace, as discussed later in this study). Rather it is a question of the extent to which it is desirable from the point of view of facilitating growth of a higher value added 'knowledge-based' local economy, considering the relatively high number of lower paid jobs in the retail sector.

- There is also scope for further consideration of how the diversity of the retail offer in The Lanes and other areas of the city centre can be supported through planning policy, and how independent traders can be protected and supported in order to retain Norwich's distinctiveness and avoid the 'Clone Town' effect.
- Beyond this, further actions relate to improving skills in the sector and the wider benefits that this may bring. The potential to support skills through establishing a retail academy in Norwich should therefore be investigated, along with its impact to support not just increased employment but also higher earning potential.

### **1.6.9 Food sector**

Food processing activities remain important to the greater Norwich economy with a number of national brands having manufacturing activities in the area. Employment forecast shows an ongoing decline in this sector, suggesting that it should not be a major focus area for proposals to support employment growth. Nonetheless, despite the overall reduction in jobs there are a number of sub-sectors where opportunities for supporting existing employment levels exist.

- The Food Hub proposal developed in line within the context of the Regional Economic Strategy provides a good opportunity to capitalise on existing advantages in this area and should be implemented in the near future.
- There is however scope to broaden the Food Hub's activities by investigating other opportunities to create a food cluster initiative, bringing R&D institutions including the Institute of Food Research and the Norfolk & Norwich Hospital, together with food processing and educational institutions together. The extent to which genuine opportunities exist would need to be researched in more detail. However, it is suggested that initial work is undertaken on the feasibility of establishing a local food cluster initiative.
- There are also projects linking the sector with the rural development agenda, such as the Produced in Norfolk initiative, which should continue to be supported and expanded where appropriate.
- There is also scope to promote sector development through links to the wider retail, heritage and tourism offers, for instance by further expansion of

the Norwich Food Festival and its integration into a wider programme of activities to attract visitors to the Norwich area.

## **1.7 Delivery issues**

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A wide range of bodies are currently involved in activities with relevance to the future delivery of an economic development strategy for greater Norwich, reflecting administrative and institutional arrangements drawn up in earlier times. These include economic development functions within the Broadland, South Norfolk, Norwich City and the County councils, and the county- and city-wide partnerships Shaping Norfolk's future and Norwich Economy Round Table. In addition there are the activities of the Norfolk Chamber of Commerce and other bodies such as Visit Norwich, HEART, The Forum Trust etc.

The range of valuable interventions that have been implemented in recent years at different levels in Norwich and the surrounding area indicate that it has been possible to achieve a lot despite the complexity of over-lapping arrangements. Nonetheless, it is hard to argue that such a set of arrangements would be chosen if an appropriate institutional framework for delivery were to be drawn up now on the basis of first principles.

The prospect of reform of local government institutions in Norwich provides the opportunity to adjust existing institutional arrangements and to implement a more appropriate structure to support the economic component of the overall growth programme. A number of institutional arrangements may be suitable. These include retaining a leading / co-ordinating / advocacy role within local government and working in co-operation with the private sector or other delivery bodies, or alternatively instituting a form of arms-length or outsourced arrangement in the form of an urban regeneration company e.g. as in Peterborough or a city development company e.g. as found outside the region in Sheffield.

Because the outcome of discussions on local authority reorganisation is unclear at the time of drafting this report we have followed the approach agreed with the project steering group, to outline the key tasks that will need to be addressed to deliver the overall economic growth agenda. These can then provide a guideline on issues to be addressed in designing new institutional arrangements for delivery. We suggest therefore that these tasks include the following:

### **Advocacy and promotion**

- There is an ongoing need for the greater Norwich area to 'fight its case' in relation to regional and national government institutions e.g. in relation to funding for transport infrastructure or in relation to allocation of discretionary funding streams. This will be a key task for delivery in particular of the infrastructure required to support the economic growth targets.
- There is a similar need for co-ordination of promotional work, working to combine the efforts of public and private sectors as described above. This will require 'clout' and consistency particularly with respect to the private sector. Companies will need to be persuaded that taking part in co-ordinated initiatives makes sense from their point of view, and that public sector organisations can be relied on to deliver their side of the bargain.

- A single voice in advocacy for greater Norwich will also be important in terms of presenting consistent messages to potential private sector inward investors looking at the city-region from an external point of view.

#### **Co-ordination and liaison with key stakeholders and institutions**

- The economic component of the growth programme will need to be carefully co-ordinated with delivery of infrastructure and housing construction. This will be best promoted by a single line of authority and point of contact with e.g. regional organisations, utility companies, house-builders etc.
- At the same time there is a need for ongoing liaison with key institutions in Norwich, in particular higher and further education institutions. Particular departments and individuals within these institutions are likely to be engaged in sector development programmes, but there is also a need for higher level liaison and co-ordination, particularly in light of the aspiration to involve UEA and the colleges more closely in economic development efforts in future.

#### **Management of sector and other economic development programmes**

- There is a need to oversee co-ordinated delivery of a programme of initiatives for promoting development in specific sectors or for addressing cross-cutting issues such as enterprise support.
- It is more likely that desired outcomes will be achieved if a consistent and co-ordinated approach is taken, involving either direct delivery or oversight of outsourced programme management, along with ongoing monitoring and evaluation to test programme effectiveness and make appropriate adjustments.
- Management of economic development programmes is currently split between lower and upper tiers of central government. Ongoing delivery through partnership arrangements is therefore quite feasible. There is however an argument for streamlining of management and co-ordination roles within a single agency.

#### **Inward investment attraction**

- On the basis of past trends and the analysis presented in this report, inward investment attraction is likely to be a secondary but nonetheless important function in the delivery of the growth programme. It is suggested that this will require both a passive component (dealing with incoming queries etc.) as well as a more active attraction plan focused on a small number of key opportunities in the areas listed above.
- There are a number of areas where this will be best achieved by working alongside sectoral initiatives and in conjunction with other local stakeholders (NNUH and NRP Enterprises being two examples in relation to life sciences inward investment).

It is important to note that this is a list of overall tasks to be undertaken. However, the balance of resources and time devoted to each may vary. It is expected for instance that significantly greater effort will be devoted to support for indigenous business growth compared to efforts to attract inward investment.

## **1.8 SITES & PREMISES STUDY SUMMARY**

### **1.9 The Brief**

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In 2006 the greater Norwich area comprising the local authority districts of Broadland, Norwich and South Norfolk District, was designated as a New Growth Point. Plans for the area within the context of Regional Spatial Strategy include an additional 37,500 new dwellings and 35,000 additional jobs between 2001 and 2021, with further growth of at least 10,000 further dwellings between 2021 and 2026. Much of this growth will be centred on Norwich, requiring a planned approach over the RSS period and consideration of how employment and population growth can be planned for and managed in a sustainable way.

Ensuring appropriate provision of land and premises in line with current and future business needs and which are easily accessible for the existing and new population are therefore key issues to be addressed in the Joint Core Strategy of the three local authorities.

The brief for this study required an employment sites and premises review using recent EEDA Guidance on employment land reviews including a risk assessment of vulnerability to change of use and the challenges in bringing forward particular sites including a review of office stock condition, an assessment of the condition of other premises/industrial estates and a hierarchy of allocations.

The emerging Regional Spatial Strategy directs most strategically significant growth to the region's major urban areas, including Norwich where:

- strategic networks connect and public transport accessibility is at its best, and has the most scope for improvement; and
- there is the greatest potential to build on existing concentrations of activities and physical and social infrastructure and to use growth as a means of extending and enhancing them efficiently.

### **1.10 Policy Context**

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The emerging Regional Spatial Strategy for the East of England sets indicative targets in policy E1 for net growth in jobs for the period 2001-2021 in the greater Norwich area of 35,000 jobs and suggests that local development documents should provide an enabling context to achieve these targets and suggests that further growth is anticipated in subsequent periods. Providing sufficient employment land of the right type is a key element of this enabling.

Policy E 2 of the RSS, Provision of Land for Employment Suggests that Local development documents should ensure that an adequate range of sites/premises (including dedicated land/sites and sites within mixed-use areas and town/district centres) is identified and then subsequently allocated, safeguarded and/or protected to meet the full range of sectoral requirements needing to be accommodated to meet the indicative job growth targets of Policy E 1 'Job Growth 2001-2021' and the needs of the local economy as revealed by up-to-date employment land reviews.

The RSS notes that the quality of land to meet the needs of business is one of the critical factors in ensuring economic success and attracting inward investment. Local development documents will ensure that there is a high quality offer of employment land, taking account of the contribution that can be made by strategic and sub-regional employment sites and the need to provide



the levels of job growth roughly in line with Policy E 1 on 'Job Growth 2001-2021'.

The RSS suggests that area's economic strengths include a diverse economic base with specialisms in biotechnology, food processing, finance, insurance and business services, retail and leisure, media and creative industries; an important education and training base in the University of East Anglia, Norwich School of Art and Design, Easton College and Norwich City College; and a strong tourism base. These are acknowledged to be of regional significance, particular as a major regional service centre, a role which extends well beyond Norfolk. There are significant opportunities to build on these existing strengths, with Norwich and surrounding towns and villages benefiting from the city's status as a major economic driver for the region, and a visitor destination of international importance. This is recognised in its identification by the Government as a New Growth Point.

Policy NR 1 Norwich Key Centre for Development and Change, states that given its regional significance Norwich should be a major regional focus for housing, employment, retail, leisure, cultural and educational development. Particular aims, reflecting its identification as a new growth point, should be to:

- provide for 33,000 net additional dwellings in the Norwich Policy Area (NPA) in the period 2001-2021 facilitated by joint or coordinated LDDs prepared by Norwich, South Norfolk and Broadland;
- achieve a major shift in emphasis across the NPA towards travel by public transport;
- support and enhance the retail, leisure and cultural role of Norwich and its image as a "contemporary medieval city";
- promote the city as a destination for tourists and visitors and a gateway to the wider rural and coastal areas of the county and the Broads; and
- address the deprivation concentrated in parts of the urban area.

Planning for employment growth in the NPA should focus on:

- the City Centre, particularly media and creative industries, finance and insurance, and information communication technologies;
- Thorpe St Andrew and Longwater, Costessey (business park use);
- Colney/Cringleford (significant expansion of the research park reserved for research and development, higher education, and hospital/health related uses);
- Norwich Airport (uses benefiting from an airport-related location); and
- Wymondham/A11 corridor (high-tech development and rail-related uses).
- New requirements for transport infrastructure arising from development in the Norwich area

Existing and emerging economic clusters/ sectors to be supported and promoted include media and creative industries, business and professional services, finance and insurance, energy (including renewable energy), advanced engineering (including high performance motor sport), environmental economy, health and life sciences including plant biotechnology, education, and tourism.

### **1.11 Drivers of the Economy**

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Greater Norwich has a robust and diverse business base. Some 50 companies have national or regional headquarters in Norwich including Aviva, Virgin, Marsh, Moneyfacts, Central Trust, KLM, Unilever, Lotus, PriceWaterhouse Coopers, Archant Media Group, Grant Thornton, Office of Government Commerce, Mills and Reeve and May Gurney. Norwich Research Park is one of Europe's leading clusters of research and development encompassing health, food, plants, microbes, the environment and computing sciences. Organisations based at the Research Park include The Institute of Food Research, The Sainsbury Laboratory and the John Innes Centre. The Norwich Bio-Incubator provides self-contained units for biotechnology spin-outs and start-up companies and dedicated business support.

The University of East Anglia, a research-led university with a growing reputation is expanding rapidly and now is well established as one of top twenty universities in UK. The University hosts the headquarters of the world-famous Tyndall Centre for Climate Change Research, has a new Medical School and has a global profile for environmental science.

Norwich International Airport is expanding. It has world-wide links through Schiphol (4 flights daily each way, with a journey time of 50 minutes). There are regular direct flights to Edinburgh, Aberdeen and Manchester. The chartered business flights and holiday markets are also developing.

Norwich is ranked in the top ten retail centres in the UK based on the scale of the retail turnover based on the Experian Goad ranking of 1,100 UK towns and cities. The centre is distinct in containing the possibly the strongest representation of independent retailers in the UK outside London. As a major regional service centre, Norwich also has a vibrant evening economy – attracting almost 30,000 visitors on an average Saturday night.

Employment in the media industry is higher than the national average. Companies based within Norwich include Anglia TV, BBC TV East, Radio Broadland, Radio Norfolk, Archant Media Group (the largest independent regional media group in the country).

Norwich is the largest financial centre in the Eastern Region. Approximately one in three of Norwich's workforce is employed in financial services. 17 financial companies have regional or national headquarters in Norwich, including of course Aviva.

Norwich has one of the largest clusters of creative and cultural industries in the Eastern Region. It is recognised for its richness of creative talent and is home to the highly regarded Norwich School of Art and Design. Creative Writing at the University of East Anglia has a world-wide reputation.

Norwich has an expanding knowledge based and public sector employment including DEFRA, Office of Government Commerce and recent location of the Department of Work and Pensions.

The skilled work force, significantly enhanced by one of the highest university graduate retention rates in the UK is matched by a strong knowledge economy. But the knowledge economy needs to grow further and to expand intermediate level jobs as part of a rebalance of the economy. This is because a proportion of workers are over skilled for their current jobs and this results in a silting up of job opportunities for less skilled groups.

### **1.12 Employment Forecasts**

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The outlook for employment growth in greater Norwich is for expansion. The total projected increase is for an additional 30,000 jobs between 2006 and 2026 and 45,000 between 2001 and 2026. In both cases these totals include the self-employed. This is also equivalent to 10% of the total regional employment growth.

These forecasts are based on extrapolations of recent trends in the greater Norwich share of UK jobs in individual sectors. We regard the UK projections as attainable and currently see no reason why greater Norwich should not continue the established trends in its share of these jobs. The projected increase of 1,500 additional jobs each year, is below the 3,000 average annual increase over the last ten years. We expect lower jobs growth in future partly because of a much slower rate of increase in public expenditure.

The graphs below summarises the total and sector breakdown of employment change for greater Norwich over the period 2001 to 2026 respectively. This is based on work by Oxford Economic Forecasting and is based on "business as usual", the latter representing conditions in which Greater Norwich continues to offer the range of sites, premises and support that it has in the recent past.

Overall aggregate growth can be summarised as follows:

- 35,215 jobs in the period 2001 – 2021 (directly compatible with the RSS);
- 40,212 in the period 2001 – 2026, 2026 being the end date of the plan period; and
- Overall growth of 25,000 jobs between 2007 and 2026 (the plan implementation period)

### **1.13 Trends and Take up of Office Floorspace**

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The local office market in Norwich comprises around 4 million sq ft of stock. As noted above, the market for Grade A space is currently concentrated on business parks such as Broadland Business Park on the city outskirts and Gateway 11, in Wymondham.

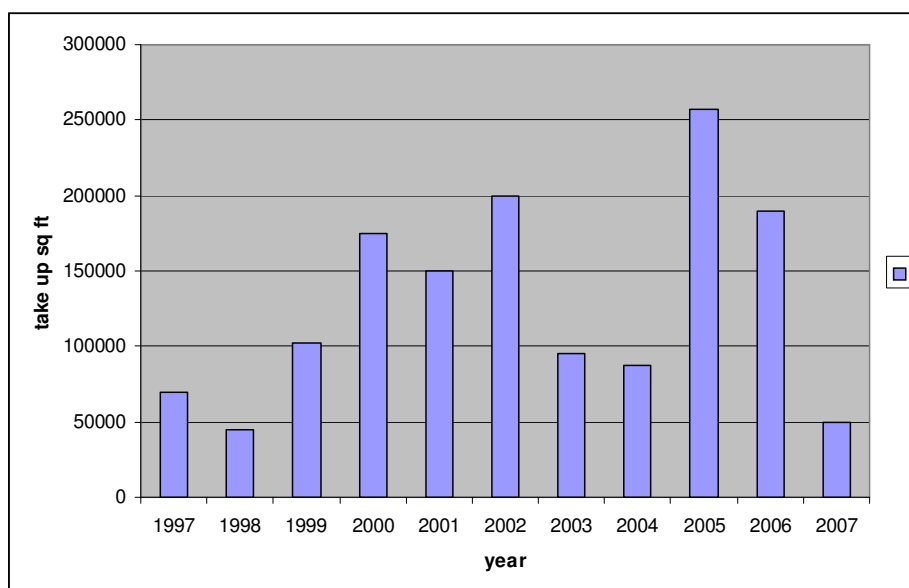
The offices market has traditionally been dominated by occupiers with regional and national market such as Aviva together with the public sector (e.g. HMSO historically) and to a lesser extent local and sub regional occupiers serving local and regional markets. Both Aviva and public sector have tended to provide a large proportion of their own space, resulting in a much smaller commercial and speculative market. However, trends most recently are towards the larger uses seeking space on a commercial basis, while owner-occupation remains popular for many local users. This position puts greater emphasis on the role of developers in providing a supply of premises than in the past and on the viability of developments, which is influenced by rental levels and the confidence in long term rental streams.

Office rents remained relatively steady in 2007 with £15.50 per sq ft being achieved for the best new out of centre space and £13 per sq ft for the best second hand space in the city centre. Rents could rise higher, but are likely to stabilise, given the healthy pipeline supply. As might be expected lettings and achieved rentals are very sensitive to location. The level of rents is generally not sufficiently high to promote a steady supply of ready to use Grade A space. Nevertheless, the market generally has ready to use and consented sites, with actual development occurring relatively quickly after occupiers sign up for pre lets.

Many local firms have occupied converted, historic or second hand space, much of which is in prestigious city centre locations. However, consolidation, the demands of IT and rising and changing expectations means that many have been relocating to newer stock, including business park space.

Take up in 2007 has been around 5,000m<sup>2</sup> lower than in previous years and suggests that the pipeline space is substantial (see Figure 4.3). However, this is thought by commentators to reflect two factors: a number of major requirements having been satisfied and a shortage of good space. Based on anticipated lease expiries and changing occupiers it thought that there is significant latent demand for city centre space.

### Take up of office space in Norwich 1997 - 2007



Much of the existing city centre stock dates from the 1960s, 1970s and 1980s which is often now unattractive, particular to new investors. Some of this stock has been refurbished, reflecting the continuing commitment of Aviva to Norwich. Proposed developments at Duke Street and Whitefriars, proceeding on the basis of pre lets are a good sign and will meet much of the city centre office requirements over the medium term.

The current pipeline of 85,000m<sup>2</sup> will contribute space for at least 4000 – 8,000 jobs, depending on floorspace densities. However, evidence suggests that this pipeline has improved in recent years. Given expected employment growth and other opportunities on business parks and around the market towns, it seems likely that take up will increase as take up will include relocations of existing city centre occupiers seeking more modern space as well as employment growth.

#### **1.14 Industrial and Warehouse Markets**

The industrial market has remained strong in Norwich, with capital growth and total returns hitting their highest levels in over a decade. While the market is cooling off from the high volume of transactions recorded in 2006, there is still some activity left in the current cycle. Prime yields have softened during 2007 from 6% to 6.25%.

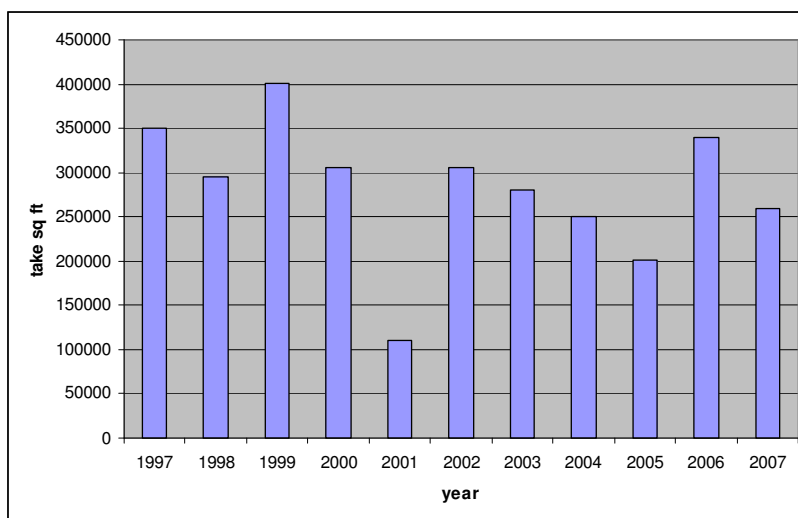
There is a shortage of available freehold land available for development, as well as a lack of speculative development of industrial space.

The apparent strength of demand for industrial premises can be considered in the context of the forecasts in Section 3 suggesting recent and future long term decline in industrial employment. Manufacturing is generally becoming a more capital, space and land intensive activity. This reflects increasing mechanisation and the use of new technologies and the obvious trend towards single storey premises usually with much better vehicle access and vehicle turning circles than was achieved in the past.

This means overall output and demand for premises and sites may be growing even though employment may be declining. The obvious recommendation is

that the provision of industrial premises should be based more on take up rates and less on employment trends.

**Figure 1.3: Take up of industrial space in Norwich 1997 - 2007**



Recent market commentaries suggest availability of just 5% of the existing stock, a situation which has been confirmed by consultees in this study who have consistently suggested that there is a shortage of industrial space. An Autumn 2007 market commentary by Savills suggested that in Autumn 2007 there was overall availability of 64,000m<sup>2</sup> with just 5,000m<sup>2</sup> of this being speculative new build. However, the supply of space pre-let has been stronger. In essence existing shortages reflects a lack of speculative development.

The larger established estates to the north of the City such as Airport estates vary significantly with regards to the take up of space. Generally the larger, poorer quality units take a considerable time to re-let. Overall there is a shortage of available freehold land available for development, although a number of the larger estates (e.g. Vulcan Road) offer redevelopment potential where there are large areas of purpose built units, where there could be infill opportunities.

In relation to current development opportunities most are at locations such as Broadland and Longwater. Longer term options include the airport.

Generally there is thought to be strong demand for smaller units. This is being addressed by proposals for managed workspace and growing on units at Hurricane Way on the airport industrial estate and by managed workspace being developed in the West of the City as part of the north Earlham New Deal for Communities programme. However, the situation needs to be monitored carefully. This is especially as a result of smaller sites being lost to housing in the city centre, e.g. at King Street and evidence from the redevelopment of the livestock market where it was necessary to relocate small businesses is that businesses find it difficult to find premises in the urban area and that some of the demand is being met in the wider rural area.

### **1.15 Existing land and premises provision**

To date the greater Norwich Area has been able to provide a wide range of employment sites to meet the needs both of a diverse economy and the needs of local populations to access employment. As such past strategies have been well formed and competitive and thus there are good reasons for continuing the current approach.

There is no case for the wholesale de-designation of any of the existing employment sites for other (non B group) uses. This is because all sites are in active use and excepting the most recent allocations largely occupied, with low vacancy levels mostly associated with natural churn rather than lack of demand. Indeed this suggests to us that sites deserve strong policy protection, especially to the ring road sites and newer larger allocations. In some cases such as Longwater, there is a case for clearer definition of the employment site, as opposed to land that is available for retail or housing development.

Compared to the other locations where we have completed similar reviews, we are surprised at the relative lack of a range of available ready to use sites, with the main current opportunities of this kind only at the Broadland Business Park. Nevertheless the loyalty of office occupiers to the city centre and the existence of a sizeable office development pipeline is impressive and reflects the success of the wider planning strategy.

It is also notable that the city centre still contains significant long term capacity, particularly at Whitefriars, Duke Street and in the longer standing office areas as identified. However this will depend on the protection of some sites for offices against competing retail and housing uses. The wider central area also some highly complex development sites notably at Anglia Square that will require intensive support if they are to include office or other B-class uses. Many of these areas should be subject to masterplanning exercises in order to identify future office sites – and avoid piecemeal development for other uses.

The Norwich Research park is one of the greatest areas of potential and of significant on a regional and national scale. It therefore deserves higher priority in terms of achieving the assembly of land and realisation of infrastructure.

Strategically, the improved accessibility offered by the southern bypass, compared with the lack of road capacity to the north of Norwich has tended to make the southern part of greater Norwich a more attractive location for business than the north. In this respect the designation of sites at the eastern and western ends of the bypass has provided a sensible approach, especially given the scale of population and the employment needs of the residents of the northern side. As a consequence there is case for developing a new north city employment hub. In our judgement this should seek to realise the economic potential of the airport and in the longer term benefit from the proposed northern distributor road.

Creative industries are one of the sectors that particularly benefit from clustering. A recent study by the Work Foundation demonstrates the importance of a critical mass of knowledge workers to stimulate innovation. The basis of the success of certain knowledge economies is the extent to which certain cities can provide the conditions to allow for an agglomeration which leads to transfers of ideas, collaborative working etc. e.g. the Nether Conesford model in King Street. The importance of social capital, e.g. opportunities to network in local cafes, bars, etc. are particularly important in knowledge economies for innovation and creative industries. This therefore leads to a conclusion that this type of activity needs to be focused in a City Centre, a creative quarter or potentially around a university campus/science park. It is dangerous therefore to rely on rural and sporadic provision as this will not achieve the conditions which a significant body of research say are necessary to underpin creative and innovative industries. There are other issues too about access to public transport, location with deprived communities.



Beyond the urban area, one of the main strengths of the market towns has been their ability to provide accommodation for small and start up businesses, including a significant number of people working from home as well as numerous smaller scale premises.

A summary of existing sites in terms of size and approximate floorspace is also provided in Table 1.3 below. Excepting a few small rural allocations all of the sites are developed and occupancy levels are consistently high. Virtually all have evidence of recent development or occupation, suggesting that all are also viable and attractive to the market. Whilst usually employment land studies in other similar locations identify significant areas of designated but undeveloped land, this is not the case in greater Norwich, indeed levels of vacancy and undeveloped land seem largely to be at a level associated with normal market churn and there is little evidence of long term vacancy or undevelopment on any site. It is also clear that many of the sites have been under pressure for redevelopment for other uses, notably housing (especially in the city centre) and also retailing, car showrooms, leisure and hotel uses).

Table 1.3 also provides our assessment of the combined market appeal and policy contribution in accordance with the EEDA Guidance on Employment Land Reviews in the East of England<sup>2</sup>. Based on the EEDA definition marketability is concerned with the extent to which if there are or were vacancies on the site the extent to which it is likely to be taken up in a reasonable timeframe. Policy contribution relates to the merits of the site with regard to strategic and local policy objectives. A site will rate highly on this criteria because it is in a sustainable location, in a built up area (or settlement envelope) and well served by public transport. A site may also score highly because it is the only employment area in a small town or village. The basic scoring is as follows.

- 5 Excellent
- 4 Good
- 3 Average
- 2 Poor
- 1 Very Poor

Sites rated 4-5 may be assumed to be taken up during the plan period. Sites rated 3 may or may not be taken up depending on market conditions and the availability of competing sites. Sites rated 1-2 are considered generally unsuitable for continued employment use.

As may be observed in our judgement all site score higher than 3 so none are considered unsuitable for employment use on this basis.

Overall given the scale of current supply and the quality of the existing sites we would recommend rather stronger policy protection against non B1 uses on many of the sites.

### **1.16 Future land requirements**

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Under the Baseline Forecast an additional 250 hectares of employment land will be required by 2026, comprising 126 hectares of B1 allocation for office space, and 124 hectares for B2 and B8 industrial uses. Under the RSS Dwellings forecast, an additional 229 hectares of employment land will be

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<sup>2</sup> Employment Land Reviews Guidance Manual, October 2007 EEDA

required by 2026, comprising 118 hectares of B1 allocation for office space, and 111 hectares for B2 and B8 industrial uses. The difference in results between the two scenarios are not substantially different – the total requirement for land of the RSS Dwellings Forecast is 92% of that of the Baseline Forecast. We recommend that to allow some scope for margin for error that the higher Baseline Forecast is adopted as the basis for allocation of employment land in the Joint Core Strategy.

### **1.17 Options for future provision**

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Overall we have identified the soundness of existing allocations and the absence of any better alternatives. We therefore consider that the primary option should involve existing allocations.

There are issues in terms of the split between industrial and office uses on many of the above sites. This is particularly the case because many of the existing sites have included both offices and industry and thus few have a dominant industrial or office use. Our recommendation is that this should be clarified as the competitiveness of the sites may be put at risk by the overall mix of uses. This might be resolved by more detailed frameworks produced in partnership with site owners. However, in some cases the distinctions between B uses are becoming more blurred.

**Table 1.3: Existing employment sites in greater Norwich by district, site size, policy contribution and assessed marketability**

Name of site/area	Site Size (Hectares)	Estimated Existing Floorspace (square metres)	Accessibility by Road	Accessibility by Public Transport	External Environment	Internal Environment	Market Evidence	Overall Assessed Score
City Centre		320,000	4	4	4	3	3	4
Whitefriars		27,000	4	4	4	4	4	4
Duke Street		25,000	3	4		4	3	4
Smurfit Sheetfeeding	1.30	8,200	2	3	3	3	3	3
Sweetbriar Road	52.00	44,000	3	3	3	3	3	3
Bowthorpe Employment Area	85.00	68,000	3	3	3	3	3	3
Hall Road	68.00	64,000	4	3	4	4	3	4
Norwich Airport Industrial Estate	48.00	120,000	3	4	3	3	3	3
Norwich Livestock Market	16.00	6,000	4	4	3	4	4	4
Old Hall Road	1.70	7,300	4	3	4	4	3	4
Vulcan Road/Fifers Lane	93.00	155,000	3	3	3	3	3	3
Mason Road/Mile Cross Area	32.00	32,000		4	3	4	3	3
Whiffler Road	59.00		4	3	3	3	3	3
City Trading Estate	46.00	66,000	4	4	4	4	3	4
Northumberland Street/Waterworks Road	4.20	6,600	2	3	3	2	3	3
Europa Way	3.90	3,105	4	3	4	4	4	4
Drayton Road/City Care	5.90	20,000	3	3	3	3	3	3
Guardian Road inc Bowthorpe School	2.82	10,952	4	3	3	3	3	3
Bayer Crop Science	24.00	27,000	3	3	4	4	3	3
Deal Ground	8.20	0	1	1	3	3	2	2
Utilities site	6.90	0	1	1	2	2	2	2
Kerrison Road/Hardy Road	4.21	2,500	2	3	2	2	4	3
	5.00	0	4	3	3	3	3	3
	5.00	0	4	3	4	4	3	4
<i>Sub Total Norwich City</i>	<i>572.13</i>	<i>696,457</i>						
St Andrews Business Park	6.60	19,000		3	4	3	4	4
Broadland Business Park	68.00	69,000	5	3	4	3	4	4
Meridian Business Park	4.85	4,000	5	3	4	3	4	4
Damgate Lane Acle	0.45	170	3	2	2	3	3	3
ACL 2 Acle	2.40	400	3	2	3	3	2	3
ACL 3 Acle	1.00	200	3	2	3	2	2	3
Alderford	9.00	20,450	2	1	3	3	3	3
Aylsham	55.00	8,100	3	2	3	3	3	3
Powleys Park, Foulsham		2,382	3	1	3	3	3	3
Horsford	1.50	4,576	3	3	3	3	3	3
Abbey Farm, Horsham St Faith	3.00	8,490	4	1	4	4	4	4
Station Road, Lenwade	22.61		4	1	3	2	3	3
Rackheath	58.60	66,000	4		3	3	3	3
Collers Way, Reepham	2.40	2,100	2	1	3	3	3	3
Sprowston	51.26	61,000	4	4	3	3	3	3
<i>Sub Total Broadland</i>	<i>288.27</i>	<i>299,368</i>						
Longwater, Costessey	37.00	30,000	5	4	4	4	3	4
Vinces Road, Diss	12.00	24,000	3	3	3	3	3	3
	8.00	10,000	3	3	3	3	3	3
Sandy Lane Sawmills Farm, Diss	15.20	0	3	3	3	3	2	3
Border Valley Estate, Harleston	8.90	45,000	3	2	3	3	3	3
	19.50	43,500	3	1	3	5	4	4
Hingham	4.40	14,400	2	2	3	3	3	3
Loddon Industrial Estate	48.69	19,000	3		3	3	3	3
Loddon East of Low Road		0	3	2	3	3	1	3
Jn of Beccles Road and Loddon Bypass	1.00	0	5	3	3	3	2	3
Broadhill and Tharston, Long Stratton	11.50	11,500	4	2	3	2	2	3
Ipswich Road, Long Stratton		100	4	3	3	3	3	3
Norwich Research Park	21.80	108,200	5	4	4	4	4	4
Ayton Road, Wymondham	13.00	29,000	2	3	3	3	3	3
Gateway 11 Wymondham	19.50	40,000	5	3	4	4	4	4
Cemetery Lane Wymondham	1.21	0	3	1	3	3	2	3
Ivygreen Villa Wymondham	8.90	7,500	3	2	3	3	2	3
Stanleys Lane, Wymondham	0.70	5,000	3	2	3	3	2	3
Bridge Industrial Estate Wymondham	1.30	0	3	2	3	3	2	3
<i>Sub Total South Norfolk</i>	<i>244.10</i>	<i>387,200</i>						
<b>TOTAL</b>	<b>1104.50</b>	<b>1,383,025</b>						

Our assumption is that the primary industrial sites will remain the existing ring road estates together with sites such as Longwater, the Airport and most of the more rural sites, including Wymondham. We discount remaining land at the Broadland Business Park as a significant industrial site because of the dominance and high values of office space in relation to industry. If this assumption is accepted this means that the greater Norwich area still offers sufficient land in these existing allocations, together with the Airport to meet future demands which are estimated to be in the region of only 85 hectares if all new take up was on new sites. In reality, existing trends suggest that there is scope for reuse and redevelopment of existing provision, albeit some of the sites are characterised by functional but aging premises and redevelopment of specific plots may take 5-10 years to achieve based on past experience.

In relation to offices the overall floorspace requirement is estimated to be in the region of 300,000 sq m. We would recommend this be distributed most obviously as follows:

- Norwich City Centre and the wider central area 100,000 sq m
- Norwich Research Park 100,000 sq m, based on a floorspace plot ratio of about 1:4.
- Broadland Business Park 50,000 sq m

For the remaining 50,000 sq m, we suggest there are a number of options including:

- Further space in the city centre and/or
- New allocations of business parks associated with housing allocations.
- Greater use of Longwater as an office park

All these options have their merits. The city centre has a good fit with policy, but perhaps depends on competing uses, transport capacity and so on. New allocations may be acceptable if housing allocations are large and geographically focused, although it is probably desirable that such allocations follow rather than precede housing completions. This would be to avoid isolated business parks. Longwater is a well connected site and could be competitive in the future.

Overall release of new sites needs to be carefully phased to avoid undermining existing and city centre sites. However, the approach seems to provide a balanced approach with main allocations in the city centre and the Research Park. This is the case because we consider that the city centre and the Research Park will appeal to different occupiers and thus will not compete or undermine one another.

The potential drawback is that it places considerable reliance on the Research Park. However, if this is not the case then there is a requirement for new allocations elsewhere. These new allocations might involve further extension to Broadland Business Park or new greenfield allocations. In terms of the potential impact on the city centre, this seems a less favourable option.

## **1.18 Gaps in supply**

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### **1.18.1 Small businesses**

In addition to quantitative requirements we recommend that there should be greater provision specifically targeted at smaller and start up businesses. The characteristics of this provision would include:

- Flexible ownership arrangements including opportunities for owner occupation and owner developments through to short and flexible tenancies
- Opportunities for shared services e.g. IT, reprographics, meeting rooms etc
- Access to finance
- Access to business support and professional services
- Attractive environment

Our recommendation would be that these needs could be addressed by a combination of the rural sites and market towns (playing to the strengths of their environments) together with the provision of new business centre space adjacent to Norwich City Centre, possibly in locations such as Anglia Square, the City Trading Estate and Heigham Street etc.

### **1.18.2 Research Park**

Although we have accepted the existing allocation and contingency area in the South Norfolk Local Plan, we would suggest that a highly proactive approach is needed to ensure its delivery. This is because there are ownership issues to be resolved which we do not think will be achieved without strong measures, including possible use of CPOs. In view of its national and regional significance, and the scale of potential the Park should also be a priority for public resources. In addition, as the forecasts have suggested, growth is likely to involve substantial growth in research and development as part of the broad business services category.

### **1.18.3 Addressing geographic needs**

Consistent themes in this report and the wider growth study has been the need to ensure that the communities of Norwich are able to engage and benefit from future employment growth. Norwich has surprisingly high levels of deprivation spread throughout the urban area, but our conclusion is that residents in the north city have been facing an increasing decline in employment opportunities. Therefore, there is a need to strongly promote the development of new opportunities in the north and we have identified the Airport as the strongest driver for this growth.

## **2 GREATER NORWICH EMPLOYMENT GROWTH STUDY**

This part of the combined report presents the findings of the Employment Growth Study commissioned for the Greater Norwich area by the Greater Norwich Development Partnership and carried out by Arup and Oxford Economics jointly.

The aim of the study is to look in detail at the growth potential of the Greater Norwich economy in light of planned expansion of population and employment targets set out in the East of England Plan and the designation of Norwich as a New Growth Point. It examines this potential at both sectoral and sub-sectoral level for the period through to 2026, corresponding to the period for the Joint Core Strategy for the three districts of Broadland, Norwich City, and South Norfolk.

It includes the following parts:

- An assessment of baseline socio-economic conditions in the study area, included as Section 3.
- The results of findings from the business engagement and 'Future Gazing' exercise, involving discussions with local businesses and other stakeholders from a range of sectors to identify key trends, cross-cutting issues, perceived constraints on growth, and the 'hard' and 'soft' infrastructure necessary to achieve employment growth targets. The results of this exercise are included as Section 4. A list of consultees is provided in the separate standing appendix.
- A review of the employment growth potential of Broadland and South Norfolk's market towns and rural areas, included as Section 5.
- A baseline economic forecast for the period through to 2026 using the recently developed RES/RSS model developed in partnership by GO East, EERA and EEDA, which links both housing and economic forecasts. Two subsequent forecasts have also been produced, examining the potential effect of a lower economic growth scenario and an economic growth scenario constrained to the East of England Plan housing growth minima. These are included as Section 6.
- A discussion of how implementation of Growth Point plans can contribute to wider goals of reducing deprivation and social exclusion, included as Section 7.
- A detailed review of key sectors of interest identified from review of economic strategy documents, the business engagement process and the project Steering Group. These are included in Sections 8 to 17.
- Section 18 examines the contribution of higher and further education institutions to employment growth.
- A set of appendices, providing details of different forecast scenarios and other supporting data is included as a supporting document.

### **Acknowledgments**

This study has been based on work undertaken between October 2007 and February 2008. During this period the consultant team have had discussions with a wide range of individuals and organisations in the public, private and

third sectors, and as a result have been able to incorporate a wealth of local knowledge and experience into the study.

The research has also benefited from the strong direction provided by the project steering group, comprising representatives of Norwich City Council, Broadland District Council, South Norfolk District Council, Norfolk County Council, Shaping Norfolk's Future, East of England Development Agency, East of England Regional Assembly and Greater Norwich Development Partnership.

We have provided references where possible to credit the sponsoring organisations of the many existing and developmental projects discussed in the body of this report. We regret however that it has not been possible to include acknowledgement in every single instance.

## **3 Review of Local Economies**

### **3.1 Note on data sources and area definitions**

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This section presents a review of the three local economies and of the greater Norwich area as a whole. The analysis presented makes use of the most up-to-date government statistics available at the time this project was commissioned in October 2007.

In addition to profiles of the local economies of the three districts and for the three combined (i.e. greater Norwich), data on the Norwich Urban Area has also been included where possible. The Urban Area is defined at ward level. The main available data sets at this level include the Annual Business Inquiry, providing details on employment, various data sets from the 2001 Census and unemployment claimant count data. Other data sets such as the Labour Force Survey / Annual Population Survey are not available at ward level.

Data is provided in some instances for the period 1995 to 2005, during which time the names and boundaries of Norwich wards changed. Therefore two sets of wards have been taken to define the Norwich Urban Area as follows:

- CAS 2003 wards (e.g. for ABI data for 1998 – 2005):
  - Broadland: Drayton North, Drayton South, Hellesdon North West, Hellesdon South East, Old Catton and Sprowston West, Sprowston Central, Sprowston East, Taverham North, Taverham South, Thorpe St Andrew North West, Thorpe St Andrew South East.
  - Norwich City: Bowthorpe, Catton Grove, Crome, Eaton, Lakenham, Mancroft, Mile Cross, Nelson, Sewell, Thorpe Hamlet, Town Close, University, Wensum.
  - South Norfolk: Cringleford, New Costessey, Old Costessey, Stoke Holy Cross.
- Frozen 1991 Wards (e.g. for ABI data for 1995 – 1997)
  - Broadland: Catton, Drayton, Hellesdon North, Hellesdon Southeast, Hellesdon West, Sprowston Central, Sprowston East, Sprowston South, Sprowston West, Taverham, Thorpe St. Andrew Northeast, Thorpe St. Andrew Northwest, Thorpe St. Andrew South
  - Norwich: Bowthorpe, Catton Grove, Coslany, Crome, Eaton, Heigham, Henderson, Lakenham, Mancroft, Mile Cross, Mousehold, Nelson, St. Stephen, Thorpe Hamlet, Town Close, University.
  - South Norfolk: New Costessey, Old Costessey, Cringleford and Colney, Crown Point

### **3.2 Economic characteristics of the areas**

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Greater Norwich is a classic city region. Norwich has developed around a medieval core resulting in a heritage amongst the best in England. The surrounding Broadland and South Norfolk districts include a range of tourist attractions, attractive countryside, market towns and villages. The population of the whole area is now over 360,000 and rising steadily, and the number of jobs is now over 200,000.



Although including less than 3% of the area, Norwich City as a local authority district has a third of the area's population and half of the employment. Beyond the environs of Norwich these two areas are largely rural in character but also house large numbers of commuters into Norwich.

**Table 3.1: Summary Statistics, 2005**

	Area (km <sup>2</sup> )	Population (000s)	Population density (000/km <sup>2</sup> )	Employment (000s)	Employment density (000/km <sup>2</sup> )	Claimant Unemployment (000s)
Norwich	39.0	127.1	3.3	102.0	2.6	2.7
Broadland	552.4	121.5	0.2	49.1	0.1	0.8
South Norfolk	907.7	115.7	0.1	53.4	0.1	0.8
Greater Norwich	1499.1	364.3	0.2	204.6	0.1	4.3

Source: ONS, ABI, Nomis

### 3.3 Demography

In keeping with most of the UK, recent years have seen a rapid growth in population across the areas, including within Norwich. Population in greater Norwich rose by almost 16,000 in the last 5 years, compared to an increase of just over 11,000 in the five previous years (Table 3.2). The acceleration is wholly due to a reversal of Norwich's previous population decline. Some of this appears to have been at the expense of population growth in Broadland and South Norfolk which has slowed a little in the latest five year period.

**Table 3.2: Population change, selected years**

	96-01		01-06	
	(000's)	%	(000's)	%
Norwich	-1.4	-1.1	7.1	5.8
Broadland	6.8	6.1	3.4	2.9
South Norfolk	5.7	5.4	5.4	4.9
Total	11.1	3.2	15.9	4.5

Source: ONS

The increase in Norwich's population has been predominantly, though not exclusively, due to international migration. International net migration has risen sharply in Norwich to over 1,500 in each of the last two years (Table 3.3). The rural authorities have experienced more modest international migration, though they remain attractive destinations for domestic migration (many from within the Norwich area). Net domestic migration has fallen away in South Norfolk perhaps reflecting an end to home moves following the hospital relocation. Interestingly in 2006 Norwich had a strong in-flow of domestic migrants complementing the international in-flows, this has not been a pattern of the recent past where the city had, by and large, lost population from domestic migration. The acceleration in population growth in Norwich, supported by a high level of international migration, mirrors the trend in other UK cities in this period.

**Table 3.3: International and domestic migration, 02-06**

	2002	2003	2004	2005	2006
<b>International migration</b>					
Norwich	1020	900	980	1730	1510
Broadland	-130	-50	-90	100	60
South Norfolk	20	60	30	160	40
<b>Total</b>	<b>910</b>	<b>910</b>	<b>920</b>	<b>1990</b>	<b>1610</b>
<b>Domestic migration</b>					
Norwich	-520	-130	-50	-10	440
Broadland	980	1130	980	780	910
South Norfolk	1650	1350	1140	910	530
<b>Total</b>	<b>2110</b>	<b>2350</b>	<b>2070</b>	<b>1680</b>	<b>1880</b>
<b>Natural increase</b>					
Norwich	-60	200	260	350	460
Broadland	-380	-150	-180	-280	-270
South Norfolk	-90	-130	-180	-80	-130
<b>Total</b>	<b>-530</b>	<b>-80</b>	<b>-100</b>	<b>-10</b>	<b>60</b>

Source: ONS supporting information for population

It is also worth drawing attention to the fact that in Norwich natural increase (births minus deaths) is also rising markedly, from a level of -60 in 2002 to over 450 in 2006. This rise is a combination of higher birth rates and increasing life expectancy. This is also a common feature across the UK and is partly due to higher family sizes in migrant communities and also increased income levels facilitating middle income families to have more children. An expectation that natural increase rates would remain low lay behind a number of public services decisions in relation to maternity facilities and schools and this reversal is an important change in trend.

DCLG reports almost 7,000 extra dwellings completed across the three areas in the five years up to 2006. The rate of growth of new housing was fastest in Norwich underpinning the rapid population expansion of recent years. In the rest of greater Norwich the rate of house building has lagged behind RSS targets and the rates of building would need to speed up to meet the current target for 2021.

**Table 3.4: Change in dwellings, 2001-2006**

	Change 01-06 (000's)	Change 01-06 (%)
Norwich	2.9	5.2
Broadland	2.0	3.9
South Norfolk	2.0	4.2
Greater Norwich	6.8	4.5

Source: DCLG

### **3.4 The labour market**

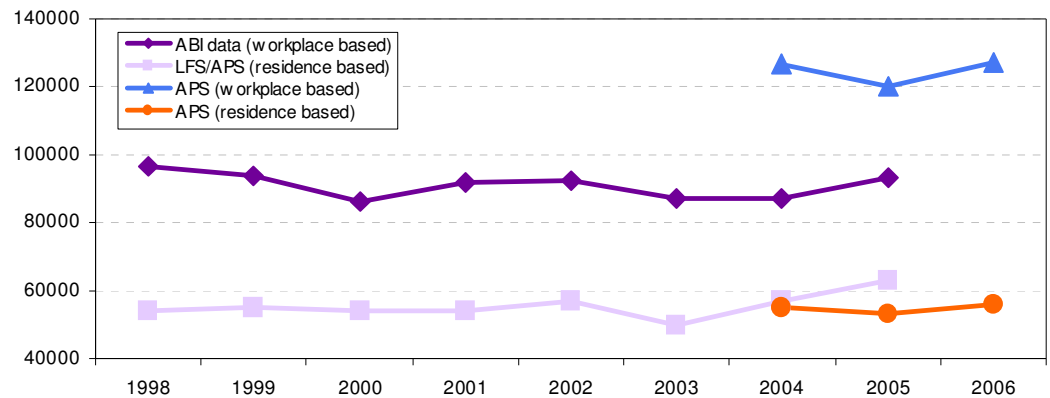
#### **3.4.1 Total employment**

Unfortunately the quality of local data has declined significantly over recent years making reliance on any individual measure unwise. With this in mind we set out a range of employment indicators for each area, drawing on both the LFS/APS and the ABI. The most recent data from the ABI when the analysis for this study was carried out is that for 2005. Subsequently data for 2006 has been released and this has been reviewed against the results of earlier data to identify any discontinuities. The LFS/APS measure has data for 2006 as this was available at the time the study was commissioned. The sources can be defined as follows:

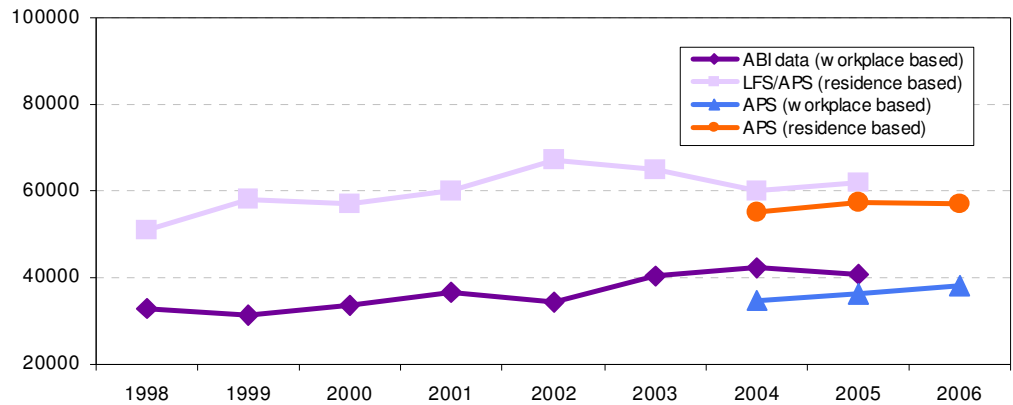
- ABI: Based on an annual survey of businesses this records the number of jobs on a workplace basis (in other words people with more than one job would be counted more than once). It includes only employee jobs (not self employed).
- LFS/APS (residence based): This series has now been discontinued with the replacement of the LFS by the APS. It is based upon a survey of people and measures the number of people working (regardless of where they work). It includes both employees and the self employed.
- APS (residence based): The replacement for the LFS series this series is largely identical to the LFS/APS series though the two do not match exactly in the overlapping years.
- APS (workplace based): This measure, introduced in the APS in 2004 measures people working in an areas. Again it includes both the employees and self employed. It counts people not jobs.

**Figure 3.1: Comparison of employment sources**

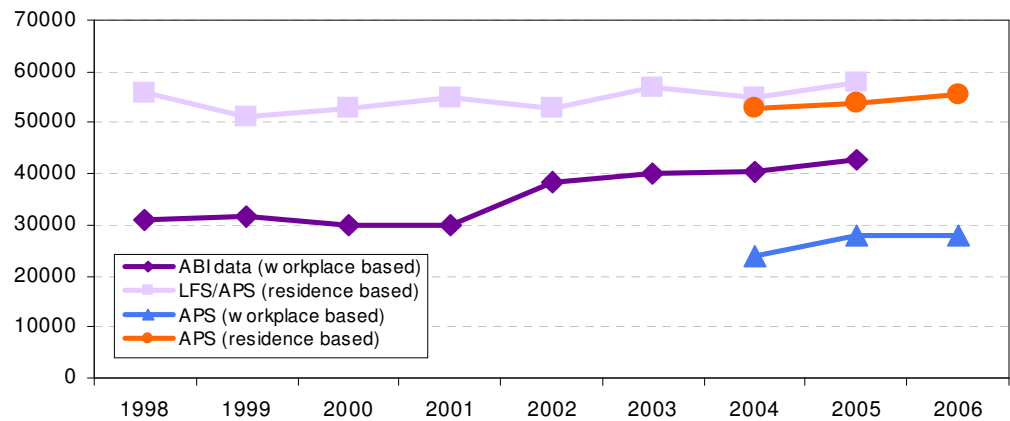
**Norwich**



### Broadland



### South Norfolk



Source: LFS, APS, ABI

Employment in Norwich has remained almost unchanged over the last decade, though resident employment data seems to suggest a slight pick-up since 2003. The relatively static workplace employment overall trend conceals underlying growth when the relocation of the hospital and movement of a large number of Norwich Union jobs are taken into account.

The APS measure of workplace employed persons appears surprisingly high at over 120,000, more than 20% above the ABI figures because it counts people rather than jobs. Although this measure includes the self employed it is unusual to see it so much higher than the ABI, indeed in the other two Authorities in this study the APS workplace measure is lower than the ABI figure. This may reflect some inaccuracy through respondents lack of precision in locating the workplace location given the tight boundaries for Norwich district.

It is however notable that the 2006 ABI data for Norwich show an increase in employment compared to 2005, with the ABI following the same trend illustrated in APS workplace measure from 2005 to 2006, suggesting an underlying trend of strong job creation in Norwich City in the last 2 years. ABI data for Broadland and South Norfolk in 2006 show no significant departure from the growth pattern exhibited in earlier years.

- **Broadland's** economy has expanded more steadily with employee jobs passing 40,000 and resident employment passing 60,000. The improvement in resident employment levels is interesting as it would appear many of the jobs have been within the Authority boundary as workplace employment has also risen in part due to relocation from Norwich.
- **South Norfolk's** employment pattern shows some sign of improvement, particularly in the ABI data which stepped up since 2001 (due to the relocation of the hospital) and grown modestly since. Resident employment estimates are rather more static with the number climbing slowly since 1999 but at fewer than 60,000 it is lower than the corresponding level in 1998. As in Broadland, the resident figure is higher than the ABI employee job estimate due to out commuting.
- Employment in the **Norwich Urban Area** (see figure below) recorded by the ABI closely followed the trend for Norwich City, falling slightly in 2000 but then rising in subsequent years. The slight downward fluctuation in employment witnessed in Norwich City in 2003 and 2004 compared to the preceding and succeeding years does not show up in data for the urban area as a whole, due to employment growth in wards within the urban area but beyond the city council boundary.

#### Norwich Urban Area

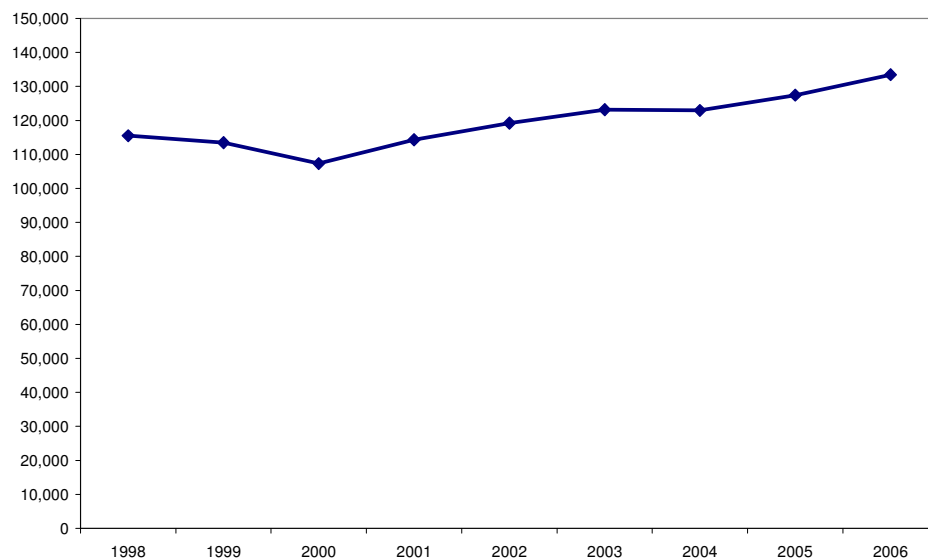
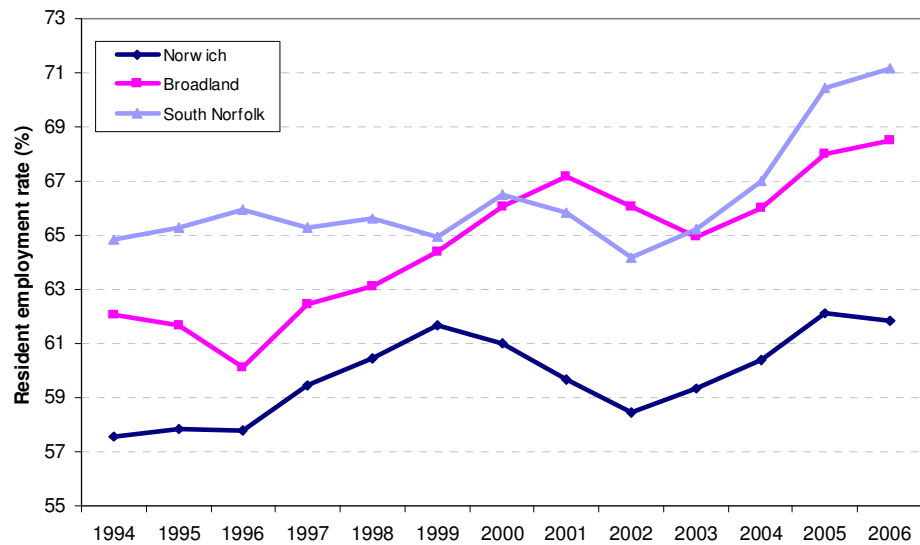


Figure 3.2 sets out the recorded employment rate for the three areas over the last 12 years. Employment rates are based on the 2001 census subsequently updated using APS growth rates. As such they include students at their term-time addresses. Despite the rise in population employment rates have climbed across each of the Authorities, though the improvement is more pronounced in the rural areas than in Norwich where reductions in the early part of this decade have taken time to redress in the period since. Norwich's employment rate, on this measure, is one of the lowest in the East of England region, partly reflecting the large number of higher education students in the city during term-time. The current employment rate for the resident working age population in Norwich, measured directly by the APS are close to 73% and only slightly below the regional average of 74%.

**Figure 3.2: Resident employment rate, 1994-2006**



Source: LFS, APS, Census

### 3.4.2 Sectoral employment

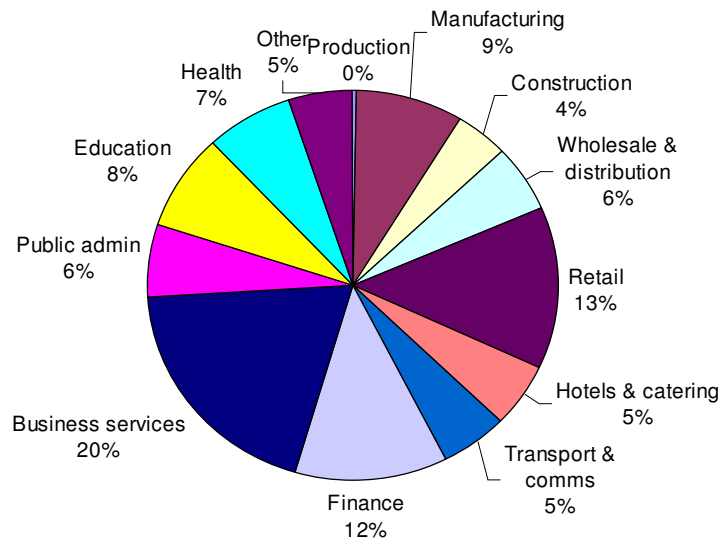
We explore sectors in more detail in the subsequent section but by way of summary the workplace economies are structured as follows:

Looked at sectorally the diversity of the three economies as indicated by ABI 2005 is evident.

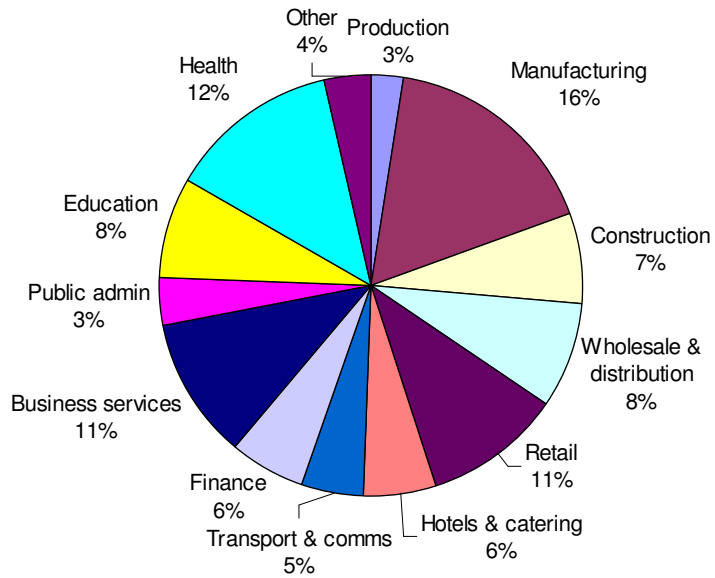
- **Norwich** is dominated by **service sector employment** with over 30% of employees in business services and finance. This reflects the strength of the insurance industry and other professional services in the area.
- **Manufacturing** is the biggest employer in **Broadland** at 16% with business services and health the next most significant employers.
- **Health** is the major employer in **South Norfolk**, largely due to the NHS Norfolk and Norwich University Hospital (NNUH) at Colney.
- The **Norwich Urban Area** as a whole closely mirrors that of Norwich City with the following differences. Employment in financial and business services in the urban area is a slightly smaller proportion of the total, reflecting relative concentration of these sectors in the city area. Conversely, health employment is a slightly greater proportion of the total in the urban area as a whole, influenced significantly by NNUH lying within the urban area.

**Figure 3.3: Employment shares, 2005**

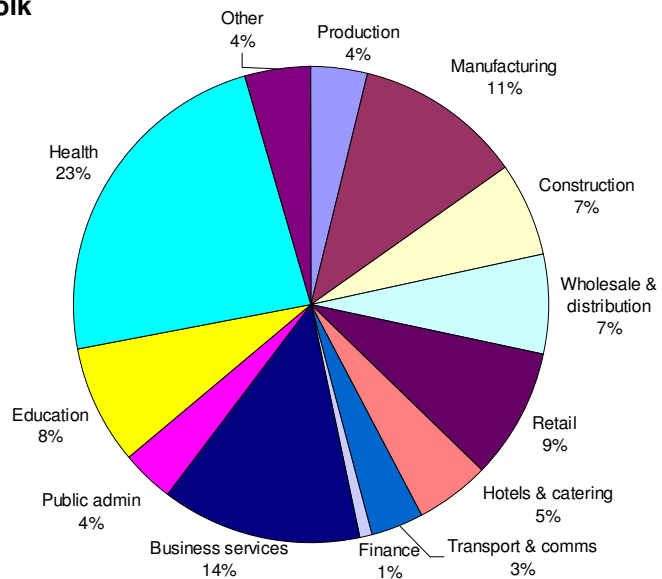
**Norwich**



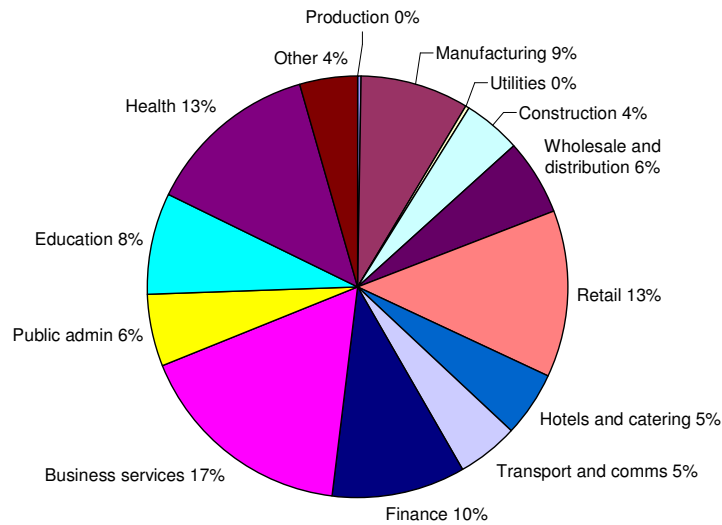
**Broadland**



**South Norfolk**



## Norwich Urban Area



Source: ABI

Note: employees in employment. The 'Production' category in the tables refers to agricultural industries.

Comparison of 2005 and 2006 ABI sectoral employment totals confirms this overall pattern, with a small degree of variation in the balance of different sectors in total employment, notably:

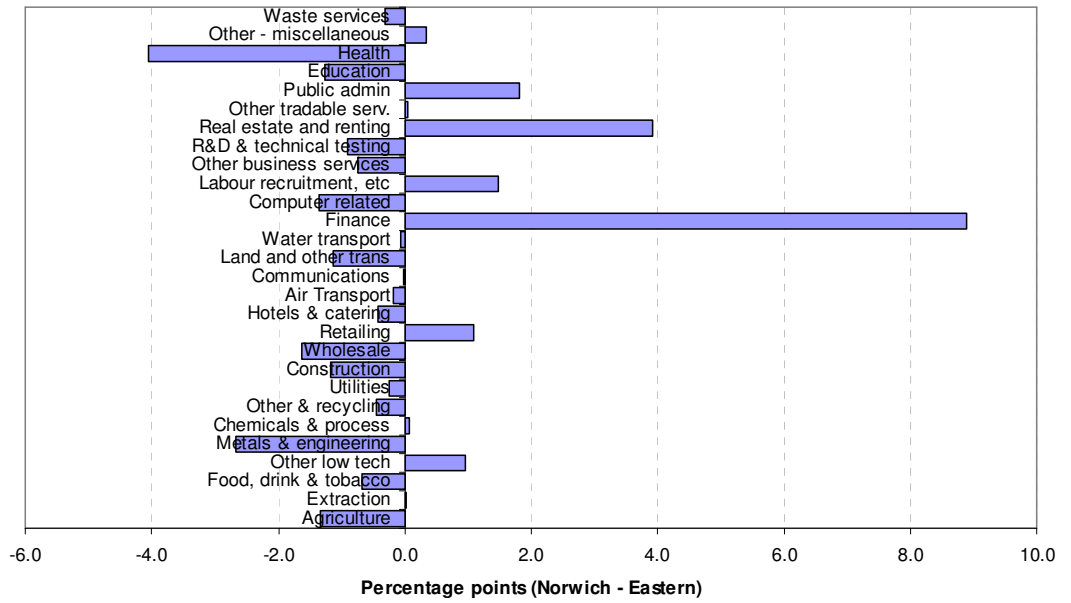
- In **Broadland** a relative decline in manufacturing (from 17% to 14% of total employment), and a relative increase in health (from 13% to 15% of total employment).
- In **Norwich**, a relative increase in employment in Health (from 8% to 11% of total employment) a relative increase in finance (from 12% to 13%).
- In **South Norfolk** a relative increase in wholesale and retail (from 16% to 17% to total employment) and a relative decrease in health (from 24% to 22%).

Compared to the regional average Norwich's high concentration of finance employment is evident. The data also shows a concentration in real estate employment, though this is almost certainly due to an error in the data. Broadland has a number of above average concentrations, notably food/drink manufacture and finance (resulting from the Norwich Union relocations). Business services and retailing are under-represented as would be expected in a rural area. A similar pattern is evident in South Norfolk with the scale of its concentration in health clearly evident in the regional comparisons chart.

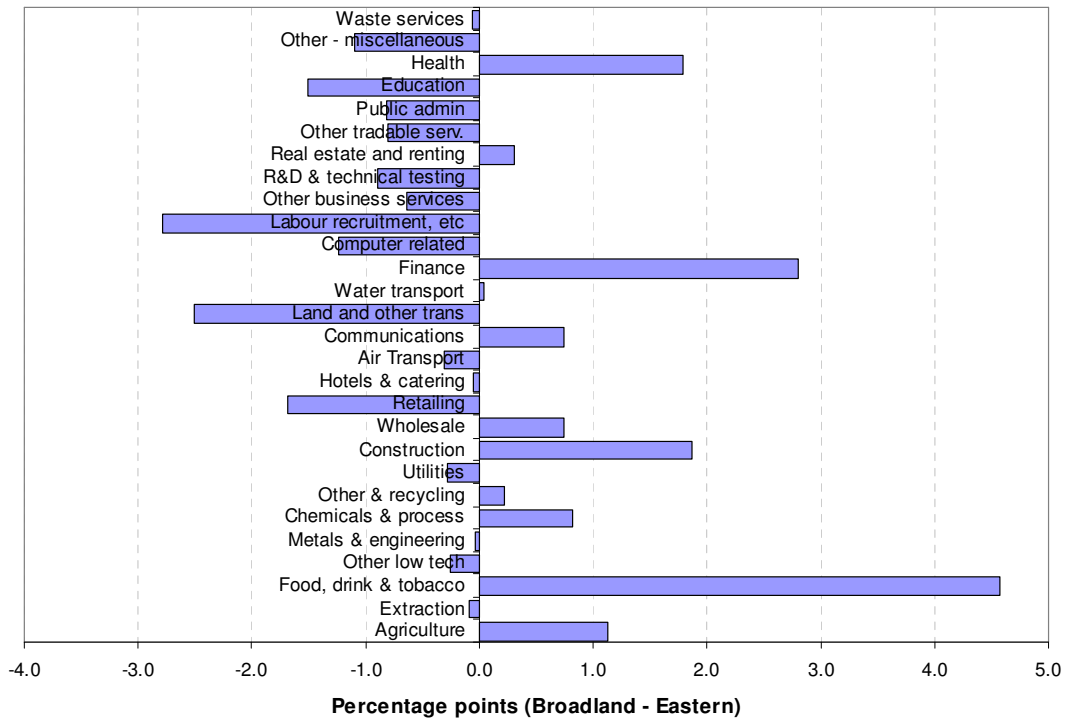
**Figure 3.4: Employment shares difference from East of England Region, 2005**



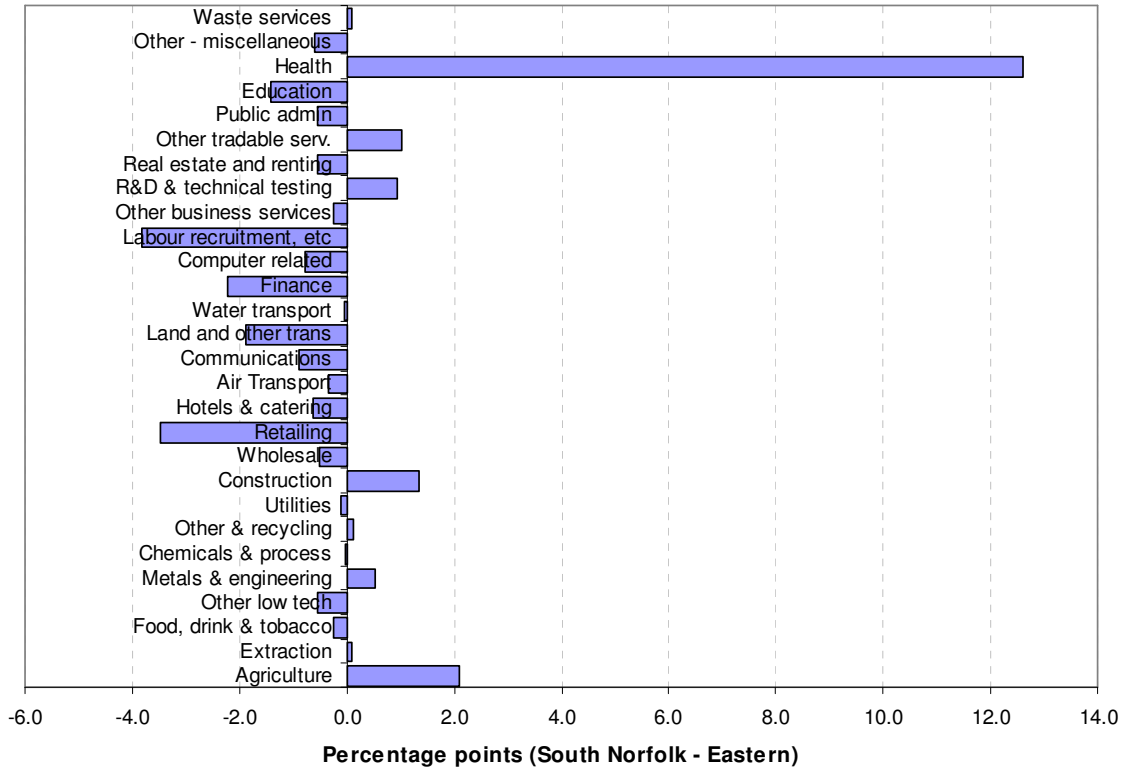
### Norwich



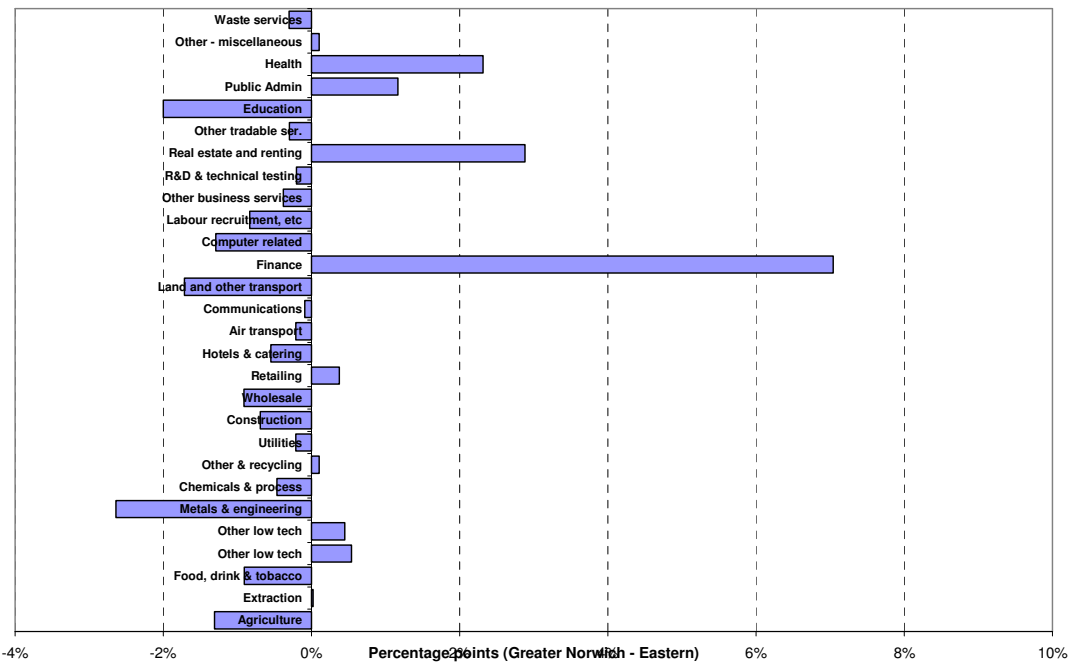
### Broadland



### South Norfolk



Greater Norwich



Source: ABI, Oxford Economics

Note: Employees in employment

Looking back over the last decade a number of sectoral patterns are revealed (Tables 3.5 – 3.7).

- **In greater Norwich** as a whole the new jobs have come in the service sectors. About a third have appeared in public services, another third in financial and business services (excluding a possible 5,000 overcount in error by ABI in real estate, and most of the rest in distribution and construction). The key element in this is the jobs in financial and business services since these are most likely to provide 'export' earnings for the sub-region. Manufacturing jobs have been lost from the sub-region as a whole but not from all individual areas.
- **Norwich's** employment growth has been restrained by employment losses in manufacturing and in health. The manufacturing decline is expected given pressure on competitiveness in industry and particularly in cities and urban settings where land can be more expensive and restricted for space. The health decline is a result of the movement of service from the city centre hospital sites to the new University Hospital at Colney in South Norfolk. Lesser falls during the past decade in employment in hotels and transport have also held back growth which has been strong in both retailing and business services. This reflects a general UK trend in urban centres toward retail and professional services growth which have been amongst the UK's fastest growing sectors over the last decade.
- The **Norwich Urban Area** is similar to that for Norwich City with some notable differences. Health and education employment grew much faster in the urban area as a whole than the city, reflecting relocation of NNUH and possibly expansion of UEA. Finance and Business Services also grew faster in the urban area than the city, reflecting the growth in employment (and some relocations from the city council area) on peripheral business parks. Wholesale and retail also grew more strongly in the urban area than in the city as a whole.
- **Broadland's** expansion in the finance and education sectors during the current decade are particularly noteworthy and largely due to the relocation of Norwich Union jobs to the Broadland Business Park site, but it is the stability in manufacturing which is perhaps most striking and the major factor in the strong overall employee growth in the area.
- **South Norfolk's** growth has been in the health sector with the opening of the Norfolk and Norwich University Hospital at Colney, which replaced the old Norfolk and Norwich building in central Norwich. Elsewhere retailing and business services growth and a decline in industrial employment mirror trends in Norwich and indeed the wider region. The area is the only one of the three to enjoy any expansion in the hotels sector in the period up to 2005. This sector has grown in the wider region and is a useful indicator of the tourism sector.

Review of the latest ABI data for 2006 does not reveal any significant change in these overall trends. It is notable however that the 2006 data for Norwich City do show an increase in employment in hotels employment reflecting the recent opening of new establishments.

**Figure 3.5: Sectoral employment, change 1995-2005, 000s**

	Norwich	Broadland	South Norfolk	Greater Norwich	Norwich Urban Area
Agriculture	0.0	-0.2	-0.8	-1.0	0.0
Extraction	0.0	0.0	0.0	0.0	0.0
Manufacturing	-3.5	0.9	-1.3	-3.9	-3.6
Utilities	-0.6	-0.1	0.0	-0.7	-0.7
Construction	1.7	1.3	1.2	4.1	2.5
Wholesale & retail	2.6	1.6	1.7	5.9	5.3
Hotels & catering	-1.0	0.1	0.9	-0.1	-0.6
Transport & communications	-1.0	1.0	0.4	0.5	-0.4
Finance	1.8	2.0	-0.1	3.7	3.2
Business services	5.9	1.6	2.5	10.1	7.9
Public admin	-0.9	0.9	0.5	0.5	-0.5
Education	1.1	1.4	1.7	4.2	2.2
Health	-4.4	0.1	7.7	3.4	2.9
Other personal services	0.5	0.5	0.7	1.7	1.0
<b>Total</b>	<b>2.1</b>	<b>11.2</b>	<b>15.0</b>	<b>28.3</b>	<b>19.3</b>

Source: ABI

Note: ABI excludes farming in most years except 1997 hence we have constructed our own estimate for this sector. Employees in business services in Norwich in 2005 are likely to be overstated by 4,500 jobs due to an ABI error.

Though care needs to be taken when exploring more detailed employee data we have looked at more dis-aggregated employee data to identify more specifically the fastest growing and contracting sub-sectors. Table 3.7 sets out the sub-sectors (SIC 3digit) with the largest increases and falls respectively in each area.

**Table 3.7: Three digit employment****Norwich**

<b>Top 5</b>	<b>Change (000's) 1995-2005</b>
703 : Real estate activities- fee basis	4461
521 : Retail- in non-specialised stores	905
741 : Legal, accounting, book-keeping	889
452 : Civil engineering	841
751 : Administration of the State	738
<b>Bottom 5</b>	
672 : Activities auxiliary to insurance	-5179
851 : Human health activities	-3534
747 : Industrial cleaning	-1576
555 : Canteens and Catering	-1340
221 : Publishing	-1184

**Broadland**

<b>Top 5</b>	<b>Change (000's) 1998-2005</b>
652 : Other financial intermediation	1436
741 : Legal, accounting, book-keeping	843
801 : Primary education	683
751 : Administration of the State	652
660 : Insurance and pension funding	626
<b>Bottom 5</b>	
851 : Human health activities	-1449
010 : Agricultural Data	-271
252 : Manufacture of plastic products	-252
900 : Sewage and refuse disposal	-222
752 : Services to the community	-203

**South Norfolk**

<b>Top 5</b>	<b>Change (000's) 1998-2005</b>
851 : Human health activities	6456
752 : Services to the community	835
801 : Primary education	791
518 : Wholesale of machinery	764
853 : Social work activities	585
<b>Bottom 5</b>	
554 : Bars	-873
010 : Agricultural Data	-724
151 : Production- meat & meat products	-682
452 : Civil engineering	-212
513 : Wholesale of food, drink & tobacco	-187

## Norwich Urban Area

	Change (000s) 1995-2005
Top 5	
703 : Real estate activities	4747
660 : Insurance and pension funding	3210
521 : Retail sale in non-specialised stores	2893
524 : Other: new goods in specialised stores	2087
741 : Accounting/book-keeping activities etc	1751
Bottom 5	
222 : Printing etc	-909
193 : Manufacture of footwear	-1257
672 : Activ. auxil. to insur./pension funding	-1304
555 : Canteens and catering	-1647
747 : Industrial cleaning	-1885

Source: ABI

- For **Norwich** real estate is recorded as the fastest growing sub-sector. However an implausibly large rise, showing a ten-fold increase in employment the sector from 2004 to 2005 leads us to believe that this is an error, even though the data for 2006 show a similar employed total compared to 2005. Discounting this as a data error leaves four other service sectors. Three of these are in business services as we would expect in an urban economy. Retailing and construction are unsurprising other entries in the top five. At the bottom end of the scale the losses in activities auxiliary to insurance reflect that finance has not been without its challenges from off-shoring and competitive pressures and also reflects the re-location of Norwich Union jobs to the Broadland Business Park. The health decline reflects the hospital relocation and industrial cleaning may be due to the same cause.
- In **Broadland** four of the five most expanded sub-sectors are in the financial and business sectors, reflecting the movement of jobs into the Broadland's Business Park. The decline in health is likely due to the movement of services to new buildings in South Norfolk. Interestingly no other sub-sector has lost more than 300 jobs over the seven year period, a creditable performance. The falls in agriculture and plastics manufacture are not unexpected, though the agriculture sector is not well covered by ABI and overall losses may be of a greater scale than reported here.
- For **South Norfolk** unsurprisingly the opening of the new Trust hospital dominates the growing sector list with related public services and education making up three of the other four top five positions. Only wholesale of machinery and equipment provides a private sector growth sub-sector in the top 5 list. The weaker performing sectors include food production and agriculture, but the loss of jobs in bars is unexpected, coupled as it is with significant losses in wholesale of food and beverages there may be a specific reason behind this trend.
- Data for the **Norwich Urban Area** contains the same suspected errors in terms of real estate employment as Norwich City. Some higher end business activities also show stronger growth in the urban area than the city as a whole. Other growth areas also reflect growth in retail in the city area, and ongoing change in the financial services sector, with insurance

and pension related employment rising, but auxiliary activities declining. Areas of decline in the urban area closely follow those in the city, with e.g. publishing, industrial cleaning and catering activities falling in both areas.

### 3.4.3 Gender and working practices

Male employees make up half of the sub-region's total and 54% percent of the Broadland workforce, but only 48% in South Norfolk. This is due to the concentration of industrial employment in areas of Broadland (outside the Norwich Urban Area), which is still predominantly a male activity, and the public services (and in particular hospital) employment located in South Norfolk help to boost female employee levels for the district as well as for the Norwich Urban Area. For similar reasons the proportion of full time employees is greatest in Broadland's and lowest in South Norfolk

**Table 3.8: Male and full-time employment, 2005**

	% male 2005	% full time 2005
Norwich	50.0	65.8
Broadland	54.0	68.5
South Norfolk	48.1	65.2
Greater Norwich	50.5	66.3
Norwich Urban Area	48.7	65.4

Source: ABI

Growth since 1995 reflects the sectoral patterns described earlier. The single largest category of new jobs has been full-time jobs for males, followed by part-time jobs for females. There has been only a small rise in full-time jobs for females. Steady manufacturing employment has allowed Broadland to enjoy significant growth in male full time employees, while Norwich City and the Norwich Urban Area have enjoyed a more modest increase. Female employees have grown steadily across the area with the exception of Norwich City where full time female employees which have fallen sharply as a result of the relocation of hospital services.

**Table 3.9: Change in male/female, full-time/part-time employees, 1995-2005**

	Male Full Time 1995-2005	Male Part Time Workers 1995-2005	Female Full Time Workers 1995-2005	Female Part Time Workers 1995-2005
Norwich	1,230	1,961	-2,952	2,048
Broadland	6,561	1,028	2,445	2,247
South Norfolk	3,539	804	2,879	5,049
Greater Norwich	11,330	3,793	2,372	9,344
Norwich Urban Area	6,467	3,383	2,224	7,191

Source: ABI

### 3.4.4 Occupations

Taking data from the LFS/APS it is possible to look at the occupational structure of the three economies on both a resident and workplace basis.

- **Greater Norwich's** occupation structure in 2001 largely mirrored that of the region and of the UK as a whole. The largest single difference from the regional pattern was a smaller proportion of managers and senior officials. This is counter-acted by a somewhat higher proportions of professionals, skilled trades occupations and sales staff. The impression is of a sub-

region which is a little light on senior decision makers, but has rather more manufacturing (and hence skilled manual workers) than the region as a whole. The take-over of the Norwich Union may have diminished the number of managers, but this category is relatively broad and more research would be needed to track down the reasons for the under-representation of managers.

- **Norwich** has a high concentration of associated professional occupations and sales and customer services, reflecting the business finance and retail presence in the area (Table 3.10). It has a limited proportion of process and personal service occupations reflecting the relatively small industrial sector.
- The **Norwich Urban Area** is broadly similar to Norwich. There are a higher proportion of managerial grades in greater Norwich (including the rural areas) than in the urban area as a whole. The urban area as a whole also includes a greater number of lower grade sales and customer service occupations, and of elementary occupations than greater Norwich as a whole. This underlines the need for policy to address this issue of labour market imbalance and create larger numbers of knowledge economy jobs in the urban area.
- **Broadland** has a surprisingly high concentration of personal services residents, twice the level in Norwich and over three percentage points above the regional average. This occupation includes healthcare and related personal and services and services such as hairdressing and travel agents and may be high due to the travel industry in the area. Professional and managerial occupations are less heavily represented reflecting the more rural and industrial aspects of the economy.
- In **South Norfolk** professional occupations are well above the regional average, reflecting both the local hospital and the occupation of out-commuters to Norwich. Skilled trades occupations are very low in the area, reflecting the relatively small industrial sector.



**Table 3.10: Percent within each occupation group (residence based), 2001**

	Greater Norwich	Eastern	Norwich Urban Area
Managers and senior officials	13.9	16.3	12.3
Professional occupations	10.6	10.8	11.1
Associate professionals and technical occupations	13.3	13.5	13.7
Administrative and secretarial occupations	12.5	13.7	12.3
Skilled trades occupations	13.2	12.1	12
Personal service occupations	6.9	6.7	6.6
Sales and customer service occupations	8.6	7.3	9.9
Process, plant and machine operatives	8.1	8.1	8.1
Elementary occupations	12.9	11.5	14.1

Source: Census 2001

### **3.4.5 Commuting**

Commuting data is difficult to gather accurately and the Census remains the most reliable source of data. The major commuting flows for 2001 are shown in the table below derived from the Census. Greater Norwich is shown to be a relatively self-contained area, with a net inflow of only 7,000 people. The flows within the sub-region, into and out of Norwich were of course much larger. These are summarised in Figure 3.5.

**Table 3.11: Top 5 in and out commuting areas, 2001**

Norwich commuting		
	Number	%
<b>Total in:</b>	<b>53,754</b>	
From:		
Broadland	23600	43.9
South Norfolk	14453	26.9
Breckland	4571	8.5
North Norfolk	3995	7.4
Great Yarmouth	2115	3.9
<b>Total out:</b>	<b>14,785</b>	
From:		
Broadland	5962	40.3
South Norfolk	3760	25.4
Breckland	926	6.3
North Norfolk	923	6.2
Great Yarmouth	565	3.8

Broadland commuting		
	Number	%
<b>Total in:</b>	<b>14,755</b>	
From:		
Norwich	5962	40.4
North Norfolk	2748	18.6
South Norfolk	2324	15.8
Breckland	1692	11.5
Great Yarmouth	923	6.3
<b>Total out:</b>	<b>33,526</b>	
From:		
Norwich	23600	70.4
North Norfolk	2556	7.6
South Norfolk	2525	7.5
Great Yarmouth	1380	4.1
Breckland	873	2.6

South Norfolk commuting		
	Number	%
<b>Total in:</b>	<b>13,882</b>	
From:		
Norwich	3760	27.1
Breckland	2654	19.1
Broadland	2525	18.2
Waveney	1362	9.8
Mid Suffolk	1260	9.1
<b>Total out:</b>	<b>26,603</b>	
From:		
Norwich	14453	54.3
Broadland	2324	8.7
Breckland	2273	8.5
Waveney	2151	8.1
Mid Suffolk	1566	5.9

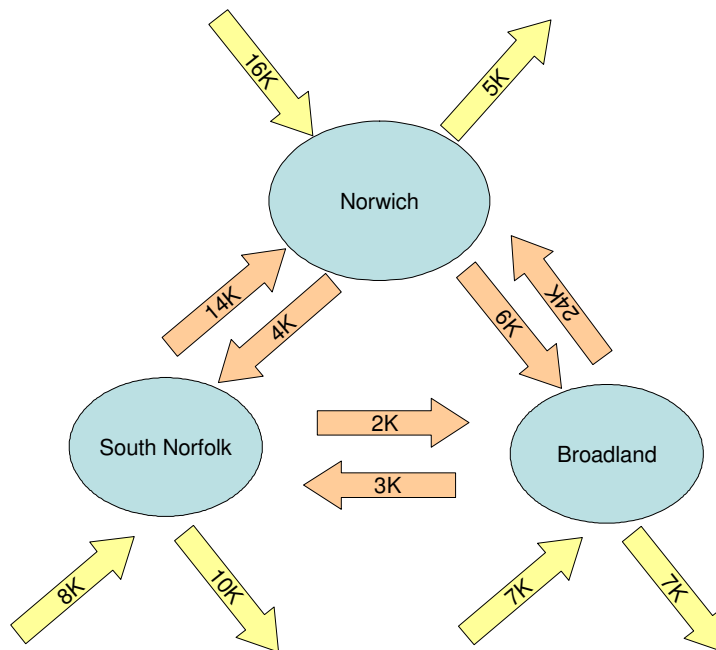
Source: Census

- In 2001 **Norwich** had over 50,000 in-commuters, something approaching half of Norwich's employment at that time. Broadland and South Norfolk make up over 70% of commuters and 85% of commuters are covered by the top five areas. Out commuting has a similar geographical pattern but a much lower scale with just fewer than 15,000 out commuters. Broadland is the major location though the relocation of the hospital is likely to have

increased out commuting to South Norfolk considerably. Net commuting is therefore a net inflow of close to 39,000.

- **Broadland** has a net commuting balance of -19,000, out commuting is more than twice the level of in commuting. Norwich is the dominant commuter location, with 6,000 commuting from Norwich to Broadland and over 23,000 commuting from Broadland to Norwich.
- **South Norfolk** has a very similar pattern to Broadland with out commuting close to twice the level of in commuting and Norwich the primary destination. The opening of the health trust will have impacted significantly upon these flows.

**Figure 3.5: Commuting flows across the three Authorities in 2001**



**Table 3.12: Estimated Net Commuting 2004-06**

	2004	2005	2006
Norwich	33.3	34.9	29.3
Broadland	-11.7	-16.4	-16.9
South Norfolk	-5.2	-7.1	-7.1
Greater Norwich	<b>16.4</b>	<b>11.4</b>	<b>5.3</b>

Source: Oxford Economics calculations based on difference between estimated people employed in area and estimated employed resident population.

The table above sets out estimates of net commuting flows for more recent years derived from calculations of the difference between the numbers of employed and resident employed people in each area. The calculated flows for

individual areas are lower than the net commuting figures from the census for 2001. One influence is the movement of hospital jobs into the district in which many of its staff are likely to live. This will simultaneously reduce net commuting out of South Norfolk and net commuting into Norwich. These are however differences between two estimates and hence subject to significant fluctuations as with the estimated net flow into the sub-region as whole. Net migration into the sub-region in 2001 was 7,000 per day. The average estimate for 2004 to 2006 was around 10,000.

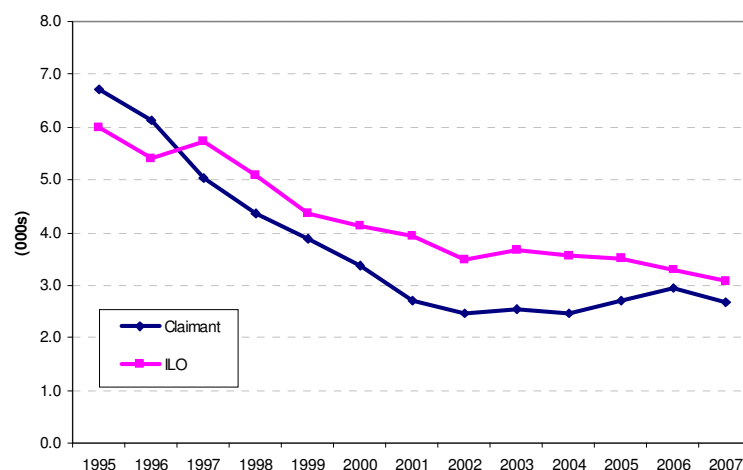
### 3.5 Unemployment

Unemployment is at historically low levels and is often disregarded in economic analysis due to the assumption that many parts of the UK are close to full employment. Whilst this is true it remains an important measure of short term labour market fluctuations as the claimant count is a measure of people seeking work and it is both an accurate and a timely measure. (The broader ILO definition is harder to accurately measure at local level, based as it is on the LFS/APS sample survey). Our research suggests that unemployment is an important influence on migration levels to most areas.

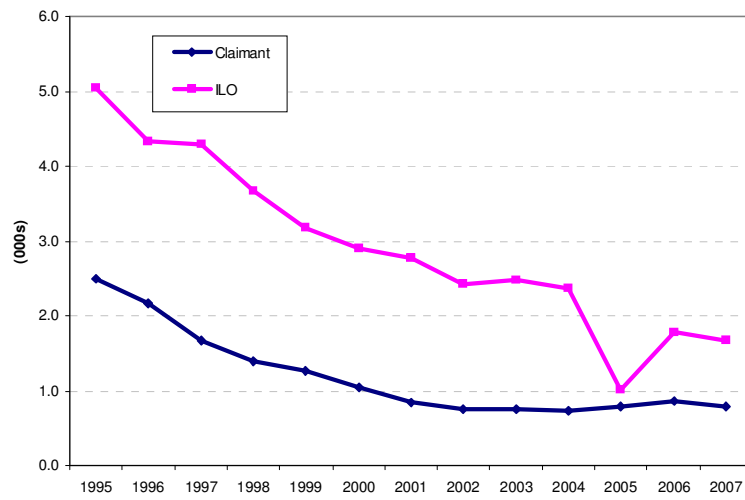
The unemployment pattern is very similar across all three areas and within the urban area as a whole, with steady falls experienced from 1995-2000. Since 2000 unemployment has remained very low but climbed up very slightly in each of the areas, though 2007 does appear on provisional data to be lower than 2006. Increases in claimant unemployment between 2004 and 2006 may be due to high in-migration particularly from Eastern Europe. The ILO measure, which is more volatile and subject to survey error, continues to fall in Norwich but has spiked up sharply in the two more rural areas. Noticeably the gap between the two measures is greater in the rural areas than in the city.

**Figure 3.6: Unemployment (000's)**

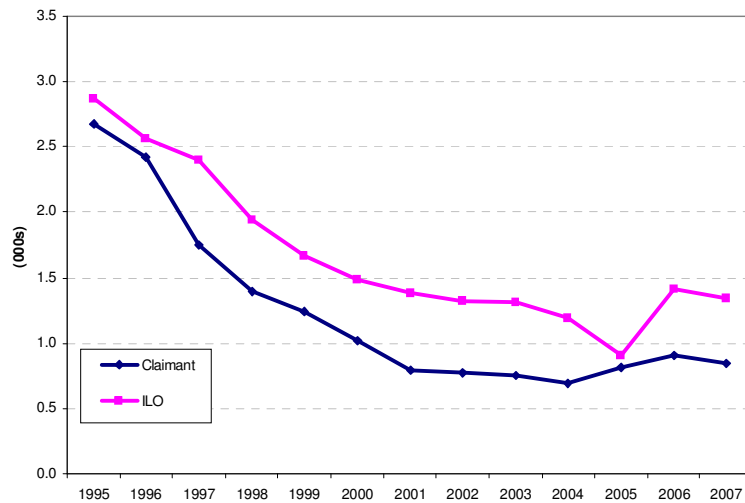
#### Norwich



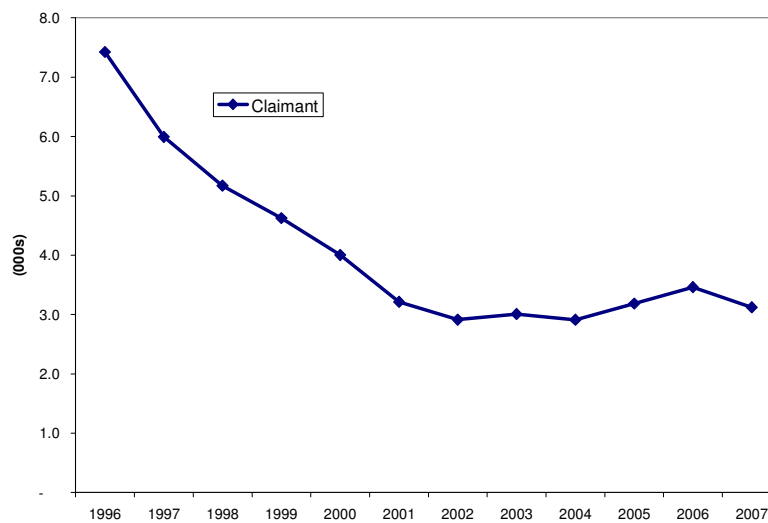
### Broadland



### South Norfolk



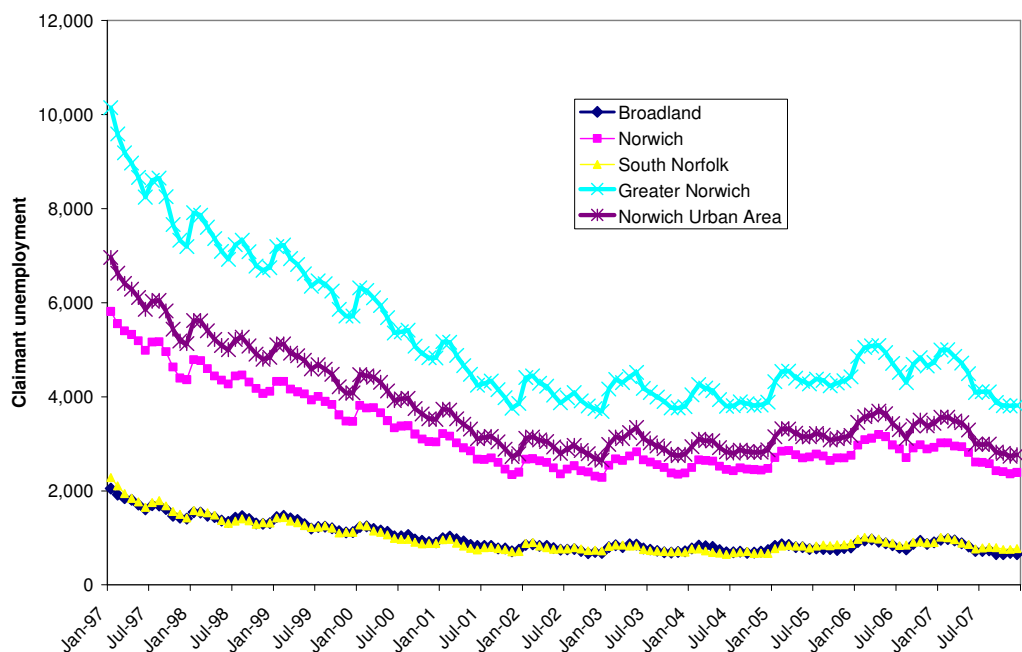
### Norwich Urban Area



Source: Nomis (Claimant), LFS/APS (ILO). NB only claimant count data is available at ward level for inclusion in the urban area chart.

The more detailed monthly data shows remarkable similarity between the two rural areas, and even Norwich is similar in terms of timing. It is also notable that the Norwich City and Norwich Urban Areas follow each other very closely. Though unemployment is often considered a less helpful measure than inactivity, which is much larger, it does remain a reliable and up to date measure of people actively seeking work. One notable feature is that the unemployment rate in Norwich is much higher. This correlates with reports that Norwich also has relatively high levels of young people not in education, employment or training, and relatively high number of people on incapacity benefit.

**Figure 3.7: Monthly unemployment, 000's 1997-2007**



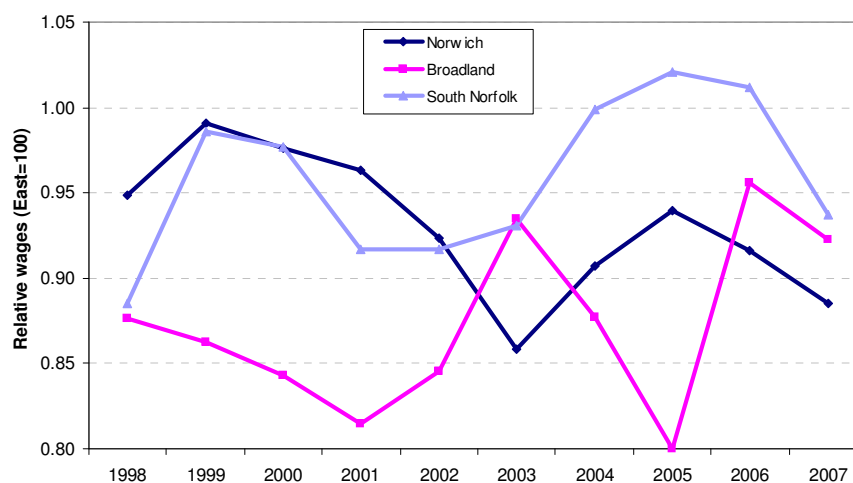
Source: Nomis

### 3.6 Competitiveness

#### 3.6.1 Wages

Wages data is less reliable at local scales than at regional level. The Annual Survey of Hours and Earnings (ASHE) has replaced the New Earnings Survey but small sample sizes mean that trends at local level can be very volatile. Relative workplace wages across the three areas are similar at between 5% and 10% below the regional average. In recent years South Norfolk's wages have climbed to above the regional average before falling back. Broadland would appear to have the lowest relative wages, though 2006 and 2007 data is much improved. Though the finance and business sectors in Norwich might be expected to boost average wages there are a considerable number of jobs in lower paid administrative grades and in the retail sector which pull down the overall wage. South Norfolk's wages will undoubtedly have been improved by the opening of the NHS trust teaching hospital.

**Figure 3.8: Workplace based relative wages, 1998-2006**



Source: ASHE

**Table 3.13: Residence and workplace wages, 2007**

	Residents	Workplace
Norwich	402.8	411.8
Broadland	428.7	392
South Norfolk	435.2	419.3
Greater Norwich	421.7	409.0
East of England Region	479.1	450
UK	456.7	456.7

Source: ASHE

In 2007 median wages in greater Norwich were 10% below the UK average on a workplace basis. Residence based wages were a little higher but still 8% below the UK average. Residents' wages were further below the regional average, by 12% due to the presence of well paid commuters in parts of the region closer to London. Median resident's wages are similar to workplace wages in Norwich and to a lesser extent in South Norfolk but Broadland has a much higher residence based wage, reflecting the well paid commuters into Norwich but lower paid local jobs. Norwich residents had the lowest median wage. Workplace wages were higher in Norwich City than in Broadland but many of the best paid jobs were taken by commuters from surrounding areas. The locally highest workplace wages were in South Norfolk, boosted by the new hospital.

### 3.6.2 Enterprise

Though VAT registration data is not entirely synonymous with enterprise (as businesses can operate below the threshold) it is a useful up to date measure of overall start-up rates. The overall picture for greater Norwich is one of a deteriorating situation since the mid 1990's. In 1995 both the new registrations

and the overall stock of registered businesses were close to the regional average which was five new registrations per 1,000 people and 50 registrations (stock of businesses) per 1000 people. By 2005 the regional average for new registrations had remained constant but in greater Norwich had fallen back to four per 1,000 people. The stock of registered businesses also failed to keep up with the 8% rise in the region.

Business stocks are highest in South Norfolk, reflecting the agriculture sector which has a high proportion of self employed. The lower number in Norwich is partly a reflection of a limited farming sector and also the predominance of larger employers drawing in much of the labour.

It has been suggested in previous research that other factors including the local presence of large employers and a low level of home ownership have contributed to low formation rates. For instance, work undertaken by IPSOS-MORI for the preparation of Norwich's LEGI bid illustrated a disconnection between the large and small firm sectors in Norwich, with many of the larger firms that dominate the city's economy sourcing goods and services from outside the local area. In addition, it has also been suggested that the predominance of large firms are more likely to lead to an 'employee culture'<sup>3</sup> which militate against a more entrepreneurial business culture. If this is the case, it would represent a contrast with regional and national trends; nonetheless it is possible that the presence of large employers and home ownership patterns are contributory factors. We should also note that the large student and other inactive population in Norwich are likely to reduce the formation rate measured relative to the working age population.

The issue of how to address low relative rates of business start-up is discussed in detail in Section 4.7.

**Table 3.14: VAT registrations**

	VAT stocks per 1,000 working age population 1995	VAT registrations per 1,000 working age population 1995	VAT stocks per 1,000 working age population 2005	VAT registrations per 1,000 working age population 2005	Change in VAT stocks per 1,000 working age population 1995-2005	Change in VAT registrations per 1,000 working age population 1995-2005
Norwich	38	5	39	3	1	-1
Broadland	50	5	50	4	1	-1
South Norfolk	62	4	64	5	2	1
Greater Norwich	49	5	50	4	1	-1

Source: Nomis

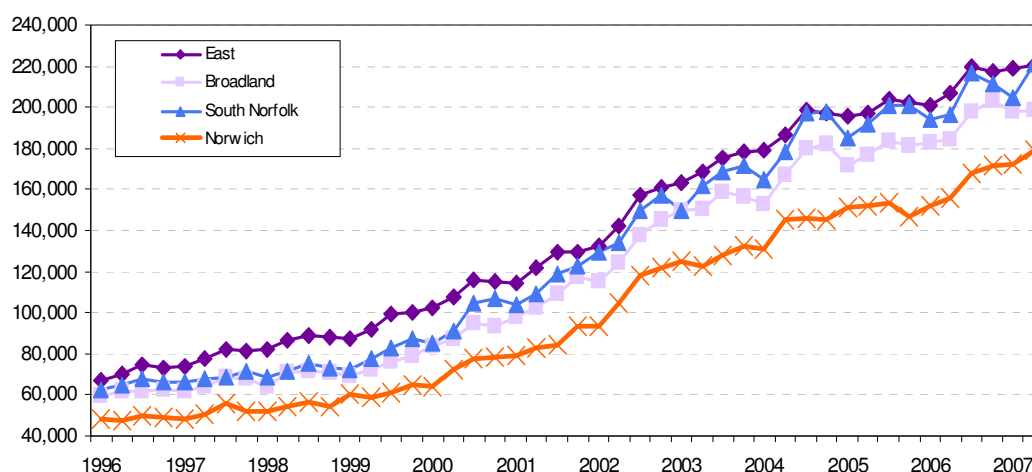
### **3.6.3 House prices**

Escalating house prices has been a feature of the UK economy for a considerable period and the last decade has been one of almost unbroken growth. Across the three areas growth has been similar though the rural areas have outstripped the more urban Norwich area. South Norfolk's average prices are close to the regional average, Broadland around 10% below and Norwich close to 20% below. In percentage terms this is closer to the regional average than a decade ago. The increased numbers of migrants appears to have impacted on prices as Norwich's prices have picked up in the last three years after a period of relative stagnation.

<sup>3</sup> Norwich City Council - Norwich Local Enterprise Growth Initiative Application Form *undated*



**Figure 3.9: House prices, Q1 1996-Q2 2007. Source: DCLG**



### 3.6.4 Skills

The proportion of people with higher education qualifications (level 4 and above) in the working age population in greater Norwich was 21.9% in 2001. This was marginally below the regional average of 22.0%, a conclusion also supported by Census data. The APS data for 2006 appears to suggest higher percentages of graduates than in 2001. However, small sample sizes in the LFS and APS mean that relatively little weight can be placed on the estimates for individual areas, and the 2006 figures cannot necessarily be taken to indicate a rise since 2001 in all three areas. We can have a little more confidence in the aggregate figures for greater Norwich as a whole. The 2006 figures do provide a snapshot of the area. This snapshot tentatively suggests that the graduate percentage in greater Norwich may now be above the average for the region, which was 25.0% in 2005/6. However, confidence intervals in the data are not small enough to be categorical about this. A safer conclusion is that greater Norwich is unlikely to be below the regional average in this respect.

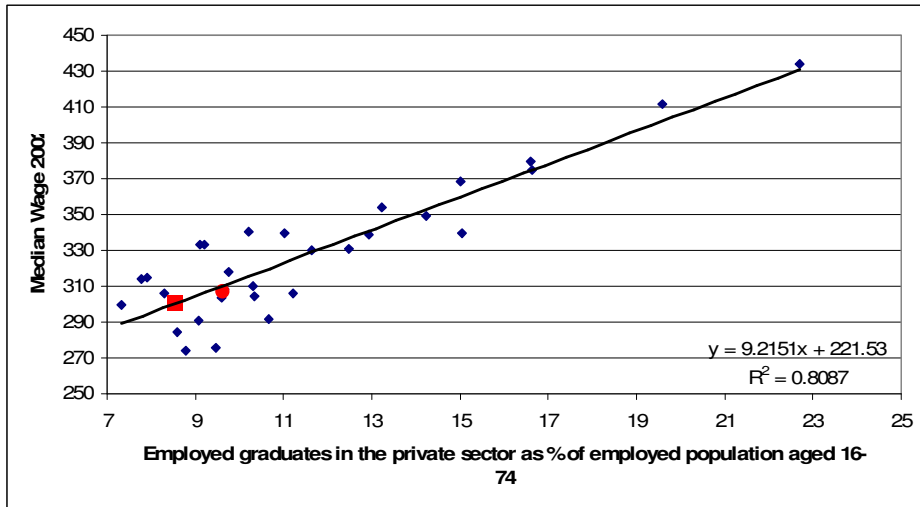
The graduate percentage is highest in Norwich whether measured by the Census in 2001, the LFS or the APS. The level for Norwich as measured by the Census was further above the regional average than the LFS data in Table 3.15. However this was boosted by the 3,000 postgraduate students and 1,500 teaching and research staff at UEA since students were included at term-time addresses in the 2001 Census. UEA probably added around 4-6 percentage points to the graduate percentage in Norwich depending on where the staff and postgraduates live. The LFS data in Table 3.15 is less reliable but again suggests a graduate proportion a little above the regional average.

**Table 3.15: Percent of working age qualified to level 4 and above**

	LFS 2001	APS 2006
Norwich	23.0	30.0
Broadland	20.7	22.5
South Norfolk	21.0	33.3
Greater Norwich	21.9	28.5
East	22.0	25.0

Source: LFS/APS

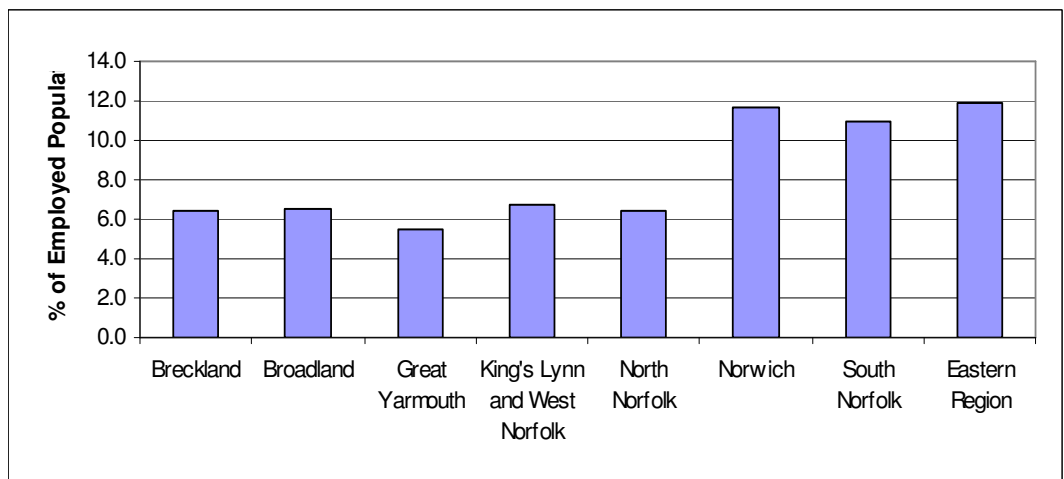
**Figure 3.9b Average wages reflect percentage of Employed Population who are Graduates working in the Private Sector**



Source of data: Census 2001; ASHE 2002-6. Each point on the chart is a UK county. The large red square is Norfolk. The red circle is greater Norwich.

Our research suggests that employed graduates working in the private sector have a strong influence on the average wage for all employees in the local economy and for productivity. The relationship for UK counties is shown in Figure 3.9b above. This chart shows that in 2001 greater Norwich had a low percentage of its employed population who were graduates working in the private sector. The rest of Norfolk was even lower. However, the chart also shows that average wages in greater Norwich were much as predicted from its private sector graduate percentage.

**Figure 3.9c: Percentage of employed persons who were graduates working in the private sector, 2001**



Source: RF calculations from Census 2001

Note: Private sector is defined as all sectors less SIC L-N.

For England and Wales as a whole in 2001 14.1% of all employees were graduates working in the private sector. The figures for different local authority districts in Norfolk are shown in Figure 3.9c above. The percentage for the

East of England region was 11.8% which was average for England and Wales excluding London. The average for greater Norwich (not shown in the figure) was below this at 10.2%. While Norwich and South Norfolk were only a little below the regional average, the figure for Broadland was only a little above half of the regional average.

Parts of greater Norwich can thus be viewed as having a competitive proportion of private sector graduates. These areas (Norwich and South Norfolk) would normally be expected to lead to a level of wages close to the regional average. As we saw above in Table 3.13 this is not the case since median workplace wages in 2007 were 7% to 8% below the regional average. This suggests that wages for all employees are lower than normally generated by this level of graduates. This may reflect a degree of excess supply of labour in greater Norwich, which in turn may be due to a willingness to accept lower wages to live in greater Norwich for lifestyle reasons. Distance from London and lack of competition from potential commuters are also likely to be factors. However, low wages for a high quality labour force can be seen as a competitive advantage.

### 3.6.5 Business Rates

Greater Norwich has low business rates compared to the average for the region. Factory and warehouse rates per square metre are about one quarter below the regional average. Office rates are 18% below while retail rates are about 10% below the regional average. This is not surprising since greater Norwich is further from London than most of the region and hence has lower property prices, but it does mean that the area has a cost advantage for footloose businesses.

Norwich appears to be the most expensive location, in terms of rates per square metre, among the three districts with a considerable premium above Broadland averages for most types of property which in turn are above South Norfolk levels.

**Table 3.16: Average rates by property type, 2006 (£000's)**

	All commercial properties	Retail	Offices	Factories	Warehouses	Other bulk premises
Norwich	29.3	35.8	27.5	26.9	19.9	13.3
Broadland	20.6	26.0	27.3	17.3	17.9	8.7
South Norfolk	14.0	14.7	15.2	14.6	13.2	7.1
Greater Norwich	23.4	29.5	24.6	19.6	17.8	9.1
<b>Eastern</b>	<b>27.2</b>	<b>28.2</b>	<b>27.6</b>	<b>24.9</b>	<b>32.2</b>	<b>10.9</b>

Source: ONS Neighbourhood Statistics

**Table 3.17: Average rates per square meter by property type, 2006 (£/m<sup>2</sup>)**

	All commercial properties	Retail	Offices	Factories	Warehouses	Other bulk premises
Norwich	70	145	78	28	37	44
Broadland	47	120	93	26	35	28
South Norfolk	41	89	78	25	27	30
Greater Norwich	53	118	83	26	33	34
<b>Eastern</b>	<b>65</b>	<b>132</b>	<b>102</b>	<b>36</b>	<b>45</b>	<b>35</b>

Source: ONS Neighbourhood Statistics

- **Norwich** commercial rates are just above the regional average, with retailing having the highest mark-up (10% above the regional average for retail premises). Warehouses, as with all three districts, are much cheaper than the regional average. Office rates are well below the average for the region and surprisingly are not above those for surrounding districts. This suggests that the quality of offices in Norwich, including commercial offices could be higher.
- **Broadland** has much cheaper retail average rates, below the regional average, though office rates are higher than Norwich, probably reflecting the quality of relatively new developments. Warehousing and factory rates are well below regional averages.
- **South Norfolk** is considerably cheaper in average rate terms than the other study areas. Warehouse and retail rates are particularly low compared to the average in neighbouring districts reflecting the underdeveloped nature of the sectors requiring these properties.

Further analysis of the quality of office stock in the three districts and overall findings on the need to retain employment land within the city are addressed in the separate Sites & Premises study that accompanies this report.

### 3.7 Gross Value Added

GVA data are not published at Local Authority level, NUTS 3 (in this case Norfolk) being the lowest level of geographical disaggregation available. As part of the EEDA model GVA is estimated at local level, and is presented below. These are workplace estimates and should be treated as approximate. They are consistent with the published NUTS 3 data but this itself can be volatile.

**Table 3.18: Total GVA, £m (2003 prices)**

	1995	2005	Growth (%)	Relative productivity 2005 (East=100)
Norwich	2372	3240	3.2	97.1
Broadland	896	1472	5.1	91.5
South Norfolk	976	1633	5.3	93.5
Greater Norwich	4243	6345	4.1	94.8
East	65987	90542	3.2	100.0

Source: Regional Accounts, Oxford Economics

Total GVA in 2005 across the three areas is estimated at about £6.3 billion (in 2003 prices). Just over half of this is accounted for by the Norwich economy, a proportion which has fallen slightly over the last decade. Relative productivity (GVA per worker) in greater Norwich is estimated to be 5% below the regional average. Productivity in Norwich is close to the regional average, around 7 percentage points lower in South Norfolk and over 10 percentage points lower in Broadland. In each case this partly reflects the sectoral composition of the economy.

#### 3.7.1 Deprivation

The recently released 2007 indices of deprivation once more show that Norwich has a surprisingly high level of deprivation for a cathedral city located in southern England. Its rank on the average score for multiple deprivation was 62 out of the 354 local districts in England, and 36% of its population (as determined by the city council local authority boundary) lived in highly deprived areas. Taking into consideration the fact that around 40% of the urban

population lives in Broadland and South Norfolk, the extent of deprivation in the urban area as a whole is considerably lower than this figure of 36% would suggest. Nonetheless the deprivation scores, which were very similar to the situation in the previous 2004 indices, do illustrate significant concentrations of deprivation.

Almost all of the local authority districts with higher average deprivation scores than Norwich were either conurbations, cities or former coalfield districts in northern England or the midlands, or else were London boroughs. The only exceptions were two seaside towns (Hastings and Grimsby/Cleethorpes). Few other districts in the south of England were in the top quarter of districts by average deprivation score, but those that were included Bristol, Lincoln, Plymouth, Torbay, Brighton, Corby and Luton. Several of these are seaside towns where the availability of low cost rented accommodation has allowed concentrated populations of benefit recipients.

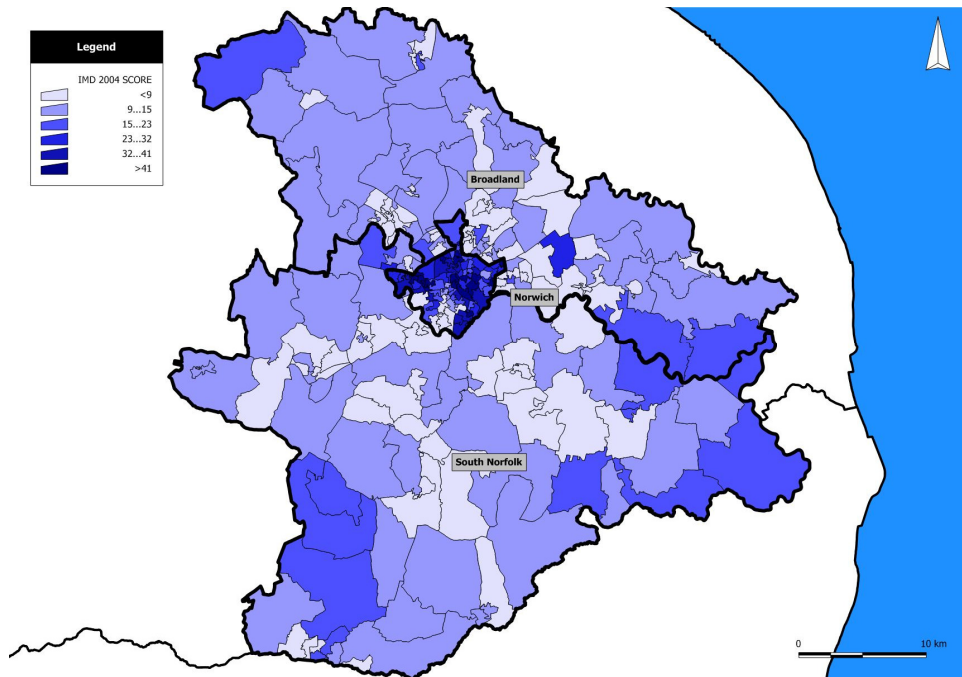
Looking at Norwich's position in a different way we can see that although its average deprivation score was only 60% of the worst area in England (Liverpool), it was 40% higher than Exeter and twice as high as the scores for towns like Welwyn, York or Salisbury. Norwich's average score was also three times higher than that of Winchester, another cathedral city which is often voted the most attractive place to live in the UK.

Given this context it is not easy to see why Norwich's deprivation should be so high. One factor is the low level of deprivation in surrounding districts, since both Broadland and South Norfolk are in the lowest quartile of districts by deprivation. Neither of these two districts has any of its population living in the UK's most deprived super output areas. Hence deprivation in greater Norwich has become concentrated within Norwich itself. Even so, the level is high. One view is that, as in London, the decline of well paid manual jobs in manufacturing has been replaced by non-manual jobs in sectors like finance, leaving former manual workers unable to access well paid employment. Unlike the USA where mobility is high, people trapped into unemployment or inactivity in the UK tend to be immobile. Although low wage jobs are available, as shown by recent influx of East European workers, for a range of reasons these are often unattractive to existing residents on benefits.

The map below shows the distribution of multiple deprivation scores across greater Norwich. These are scores from the 2004 Index in which the geography was similar to that in 2007.

Deprivation scores vary widely across the three areas with the most deprived areas located throughout Norwich except in the south west of the city. Although a number of areas of relatively high deprivation exist in the more rural districts none of these were in the highest category of deprivation. Lower deprivation areas are scattered throughout the rural areas with much of the commuter belt to the south and east of the city having particularly low scores.

**Map 3.1: Multiple index of deprivation scores, 2004**



### 3.7.2 Crime

Turning to the crime indicator interesting contrasts are apparent. Greater Norwich has low rates of robbery and vehicle theft compared to the region as a whole, but has a rate of violent crime which is at the regional average. As might be expected crime is highest in Norwich, which is usually the case for urban areas. All three forms of crime reported in Table 3.19 are higher than the East of England average by a considerable margin. However as shown below in Table 3.20, Norwich is close to average for cities in the East of England Region. Crime levels are much lower in South Norfolk, where they are well below the regional averages. Broadland stands out with the lowest crime figures in the district. In particular, violence against the person is around one third of regional average and robbery is only a tenth of the average. Motor vehicle theft is three times lower than the corresponding rate in Norwich.

**Table 3.19: Crimes indicators, Apr 06 – Mar 07**

	<b>Violence Against the Person per 1000 population</b>	<b>Robbery per 1000 population</b>	<b>Theft of a Motor Vehicle per 1000 population</b>
Norwich	28.1	1.7	3.0
Broadland	6.0	0.1	0.9
South Norfolk	8.5	0.2	1.3
Greater Norwich	14.6	0.7	1.8
East of England	14.5	0.9	2.8

Source: Neighbourhood Statistics

### 3.8 City comparisons

It is a useful exercise to compare Norwich to other major population centres in the region. Table 3.20 sets out some comparisons of key economic metrics for six cities including Norwich. Norwich is generally regarded as the most under-bounded of the urban areas included here, since around 80,000 of the population of the urban area live outside the local authority boundary. While this is true, most of the other urban areas, except Peterborough and to a lesser extent Cambridge, have relatively tight boundaries with adjacent built up areas outside the local authority boundary. Hence we regard the comparisons as broadly meaningful.

**Table 3.20: Comparison of key indicators in selected cities in the East of England Region**

	Population (000s) 2006	Employment (000s) 2005	Claimant unemployment rate 2007	Graduates as % of working age 2006	Resident wages (£weekly) 2007	Workplace wages (£weekly) 2007	House prices (£) 2007 Q2	Violence against the person per 1000 population 2006 (East=100)	Robbery per 1000 population 2006 (East=100)	Theft of a motor vehicle per 1000 population 2006 (East=100)
Norwich	129	102	3.0	30	374	382	178,800	195	183	109
Ipswich	120	74	3.0	18	394	418	155,100	169	141	168
Cambridge	118	87	1.5	45	491	485	278,800	128	157	102
Peterborough	163	102	2.9	18	423	440	159,900	170	285	209
Luton	187	99	3.0	23	378	434	167,400	163	446	143
Watford	80	56	1.7	30	541	408	239,700	226	246	145

- Though Luton and Peterborough are much large in **population** terms Norwich is tied with Peterborough as the largest **employer**, reflecting its higher level of in-commuting.
- In **unemployment** terms Watford and Cambridge are, unsurprisingly the lowest but Norwich does have a lower rate than both Peterborough and Luton.
- The level of **graduate employment** shows striking contrasts with Cambridge comfortably the highest, Norwich and Watford are next and Peterborough and Ipswich lag far behind.
- Norwich has the lowest **resident wages** across the six areas, and by a considerably margin the lowest **workplace wages**. Cambridge has the highest workplace wages with Watford the highest in resident terms.
- **House prices** are highest in Cambridge, followed by Watford (matching the resident wages patterns). Norwich' prices sit in the middle of the spectrum with Ipswich and Peterborough considerably lower.
- The **house prices to earning ratios** exhibit a similar pattern to that of house prices. The highest ratio of the city areas is within Cambridge, with house prices averaging around 11 times income. Peterborough and Ipswich have the lower house prices to earnings ratio of over seven times average income.
- The **crime index** shows all of the city areas ranking above the regional average in terms of crime. The index of robberies per 1000 population for Luton is 446 – significantly above average, reflecting higher instances of robberies occurring at the airport. Norwich has a relatively high level of violent crimes against the person but is below the cities average for robbery and car crime.

### **3.9 Summary**

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The information presented in this Section show a growing area in terms of both population and employment. Employment growth has been steady especially in Broadland and South Norfolk, both of which have gained from jobs relocated out of Norwich. Even in Norwich employment growth has been favourable, and has been more consistently positive when account is taken of the relocation of both the hospital and parts of Norwich Union and of errors in the ABI data.

Several UK cities have reversed long experience of population decline with renewed growth in the current decade – some spectacularly so. Other have merely stabilised their population numbers or have yet to cease declining. Two factors associated with continued decline are high deprivation and high crime levels. Levels of crime and also deprivation are considerably above the regional average within Norwich, but are average for cities in the region. Norwich's population has been rising in the last few years and the likelihood is that, as in other cities, international migration has been a factor fuelling growth. Population growth has been much steadier in Broadland and South Norwich as is expected of areas with plentiful supplies of land and few strong planning restrictions except in areas such as the Broads.

One of the area's key strengths is the above average level of graduates. Both Norwich and South Norfolk are above the regional average in the proportion of graduates among the working-age population (only Norwich was in this position in 2001). Broadland remains a few percentage points below the average.

Our evidence is that it is graduates working in the private sector who have the strongest influence on an area's general levels of wages and productivity. Norfolk as a whole has the fourth lowest UK percentage of employees who are graduates working in the private sector (after Lincolnshire, Humberside and the Black Country) and Broadland fits this pattern. However Norwich and South Norfolk are much closer to the regional and national (excluding London) averages. This would lead us to expect that wages would be close to the regional average in Norwich and South Norfolk. In fact relative workplace wages are below the regional average for all three areas. In South Norfolk they are 5% below the regional average and in Norwich the figure is 10%. There may be a range of reasons for this under-performance in wages but it also indicates a competitive level of wages for potential employers given the relatively high qualifications levels in much of the area. A further cost advantage of the area is the below average relative rates. Relative office, factory and warehouse rates are all below the regional average, with only retailing rates above the average for the region. This in turn indicates a relatively low cost of commercial property and again suggests a cost competitive local economy.

On the other hand, the areas' weaknesses are reflected in low company formation rates in both Norwich and Broadland. The decline in the Norwich rate since 1995 may be a reflection of a tendency for firms to seek cheaper out of town premises. However there is little direct evidence for this view, nor have formation rates obviously increased in Broadland or South Norfolk as a result.

Employment rates are close to or above the regional average in both Broadland and South Norfolk. Recorded employment rates are low in Norwich but this is largely due to the city's large population of students in higher education (whom the census now counts at their term-time addresses). Deprivation may also contribute to low employment rates although the impact is unlikely to be large.



Deprivation varies across the areas with the most deprived areas located within Norwich's city centre.

## 4 Key Issues for employment growth in greater Norwich

This section provides an overview of the key issues identified from our consultation with businesses and key stakeholders and through review of previous studies on various aspects of the local economy. It integrates some analysis of relevant documents, policies and strategies where appropriate, in order to provide a context for some of the issues outlined.

### 4.1 Better promotion of Norwich's strengths

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Norwich is perceived to have an image problem from the point of view of the outside world, though the consensus of opinion among those consulted was that this is an issue of perception rather than reality. For those living in Norwich, the city has a very positive image, with a recent MORI survey finding that 90% of surveyed residents are satisfied with the city as a place to live, one of the highest scores compared to similar surveys carried out in other cities.<sup>4</sup> It has been pointed out with fairness that Norwich has an outstanding urban environment, including a city centre that could, in conjunction with the Broads, feasibly achieve World Heritage Site status, as well as having a thriving local economy with representation in sectors such as finance on a scale which is only found in much larger cities elsewhere in the UK. The city also has other assets, including one of the larger concentrations of scientists in Europe, with globally recognised expertise in food, plant, microbial, health, environmental and ICT science, and a burgeoning creative industries and cultural scene.

But many of those interviewed felt that Norwich's assets are not sufficiently well known and that, at a national and international rather than regional level, Norwich is 'off the radar'. This has implications for economic development and employment growth, to the extent that it is harder to attract skilled employees, or significant levels of inward investment, or entrepreneurs looking for a location to start new businesses.

Our research suggests that Norwich's strengths need to be articulated to a wider audience. The identification of distinctive assets around which Norwich can build a vision for the future and a marketing strategy is therefore an important priority. The city has managed to blend new urban development and historic sites, partly through its involvement in the 'Liveable City' partnership, a European project designed to improve public space in historic city centres in a co-ordinated way and to balance the need to maintain the heritage of the city with the needs of those who work, live or visit it. Wider research (see box) suggests that this kind of approach needs to be built on in a systematic and sustained way, and that this is a key area for future action.

#### **The Creative Class – the value of a vibrant city**

Creativity, innovation, and the future are all three topics that generate tremendous interest and angst. Backed by empirical research, Richard Florida's bestselling books *The Rise of the Creative Class*, *Cities and the Creative Class*, and *The Flight of the Creative Class* review the critical issues of creativity, economic growth and personal advancement, and outline

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<sup>4</sup>The Work Foundation (2006) *Ideopolis: Knowledge City Regions*

important lessons for Norwich.

Florida's central argument is that creative people will increasingly garner a greater share of the economic pie in a world of commoditization and that the attraction of these groups is a prerequisite for city success. To capitalize on the hot new economy, Florida tells policymakers, they must reach out to the "creative class", whose interests may be different from those of the "decent" families that cities traditionally try to attract through good schools and competitive costs.

The new creative class craves a vibrant nightlife, outdoor sports facilities, and places vibrant with street performers, unique shops, and chic cafés. In order for any city to take on the challenge of creating a creative class friendly area, they must commit to the development of the 3-T's of economic development: technology, tolerance, and talent. He suggests that attracting and retaining high-quality talent, versus a singular focus on infrastructure, would be a better primary use of a city's scarce regeneration resources for long-term prosperity.

The evidence presented also suggests that while social and environmental factors play a significant role in the attraction and retention of creative class workers to their respective cities, creative workers often derive significant intrinsic value and reward from their occupations, which their employers must take note of.

In Florida's view creative workers want to live and work in "authentic" neighbourhoods of historic buildings, not areas that are "full of chain stores, chain restaurants and nightclubs". Workers also seek enlightened communities and employers who encourage differences. In focus groups, Florida says, young knowledge workers say that they are drawn to places "known for diversity of thought and open-mindedness."

It's easy to see why Florida's ideas would have wide appeal. His book has struck a chord among a generation of young, tech-oriented workers and entrepreneurs who have managed to combine two traditions that had previously been at odds—the bourgeois work ethic with bohemian culture—into something new, which Florida calls his "creative class." Florida's ideas also spark enthusiasm among the advocates of public funding of cultural institutions and the arts. "Culture is no longer a frill. It is economic fuel."

Businesses commented that a marketing strategy Norwich needs to be led by public sector agencies, with for instance, one commenting that '*businesses have day jobs, so there is limited amount we can do*'. It was agreed that there must be some joined up thinking and common branding, much like Yorkshire Forward's promotional campaigns in London; or North East "passionate people and places" campaign. Thus, there is a need to reach out to those who live outside of Norfolk and to promote Norwich as a destination in its own right, independent of Norfolk.

Norwich's relative isolation from other areas of the country contributes to concerns about external audiences perceiving the city as located in a predominantly rural backwater. On some levels this is about marketing the city better, but on others it is about generating change that alters what Norwich is perceived to be 'about'. Norwich should focus on building and reinforcing an image grounded in its strengths (such as quality of life, health and life sciences, financial services) that will attract people and businesses and will also support

the city in realising its future ambitions regionally, nationally and internationally. The championing of Norwich must be a priority for future growth – once people come to Norwich, our research suggests that people are likely to be pleasantly surprised.

Our suggestion is that Norwich will therefore need to go further than a simple or single marketing campaign. Instead, a sustained effort to promote the city will be needed over time, targeting a broad audience. This will also involve the promotion of ambitious redevelopment projects, for example, the conversion of Blackfriars and St. Andrews Halls into a music and concert venue with hospitality/conferencing space. Cities such as Newcastle and Gateshead, Glasgow and Manchester have transformed people's perceptions of what they are like in recent years. These cities have demonstrated to people that both the public and private sector are willing to make investments in their future. There is a need to showcase Norwich in this way, to instil confidence in investors.

## **4.2 Supporting economic diversity**

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Norwich is a strongly service sector-dominated city, where 85% of jobs are in the service industry, compared to a national average of 82%, according to Annual Business Inquiry data. The sectors in which these jobs are based are diverse and include finance, retail, health, media, education and professional services. There are some large multi-national companies based in Norwich, particularly in finance, including Norwich Union and Marsh. Our research suggests that some businesses find it difficult to see which sectors the employment growth to meet job targets will come from and that there is the danger of an over-reliance on the further expansion of large financial companies in Norwich to meet these targets. There is therefore a need to ensure that new business creation and a vibrant SME sector are supported by policy. Moreover, some businesses consulted expressed concern that employment growth in Norwich concentrates exclusively on the high value added knowledge based businesses (such as finance) and that the city needs growth stimulation in other key sectors to ensure balanced, well-spread growth.

Therefore, despite the strengths of the city's financial services industries, there is a need to develop other sector specialisms to manage the risk of changing financial services markets. This is well understood in Norwich. This is not to say that the city should not continue to invest in attracting and retaining financial services industries and workers, indeed the new Financial Services Academy will enable Norwich to compete in the future and therefore continued investment is vital. In terms of other sectors to promote, many businesses think that growth is likely to be incremental in existing areas, rather than any radical departures. Key sectors to focus on identified by businesses in the consultation exercise include the following:

- Professional & Business Services
- Health and Life Sciences
- Tourism
- Creative Industries
- Engineering and manufacturing
- Retailing

- Construction

These sectors are also identified in the Regional Economic Strategy, Shaping Norfolk's Future's plans and in emerging economic development thinking within the Greater Norwich Development Partnership, so have strategic and political support for growth. Although specific sectors are discussed in further detail later within this report, it is pertinent that a brief pen portrait of a couple of sectors is discussed within this section, to provide the perspective of businesses and stakeholders.

#### **Creative industries**

Businesses in Norwich consider there to be great potential for this sector, but that increased growth will require structured effort and a strategic framework, as well as leadership and advocacy (this is not strong enough in Norwich at the moment in spite of some key assets). Businesses perceive creative industries to be a small, but also buoyant part of the Norwich economy, generating lots of activity that is not coherently branded or articulated to potential visitors. In term of job growth in this sector, the potential for expansion is not obvious to the business community, but many believe that there is a cultural impetus in Norwich which should be better linked to the creative industries sector.

#### **Health and Life Sciences**

The health and life sciences sector has robust prospects in Norwich, though little is understood by those businesses that exist outside of the sector due to the complexities of the industry. Many businesses feel that this sector has the most potential for high value employment - some in pure science jobs, but mainly in the scientific service companies e.g. forensic analysis, as well as increased spin-off activity from the University. Businesses see potential in the environmental sector too, including environmental consultancy, renewable energy and light engineering.

### **4.3 Cross sector working**

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The consultation exercise suggested that sectors in Norwich are 'silo-ed' and segregated and rarely work with or for each other. There is a need to encourage cross-sector working through the creation of networks across industries. Businesses commented that there are opportunities to use local markets for local materials and labour and that local procurement guidelines could be established to encourage this, suggesting that existing 'buy local' initiatives are welcome. For instance, a Norwich based public relations company may provide marketing and design advice to an accountancy firm, and in return the accountant would then provide the PR company with financial advice.

This business model will lead to a more sustainable, indigenous way of working in Norwich and help to create a vibrant business environment. Although business-to-business networking has some record of success in Norwich, a new LEGL-funded intervention will be launched in early 2008 to encourage further collaboration, where the 66 largest employers in Norwich (who employ one third of the workforce) will be encouraged to explore the potential for sourcing business more locally. This will attempt to shift local patterns of procurement and grow local markets considerably. In terms of opportunities for crossover between sectors, the consultation process for this study identified some key areas in which new interactions and cross-disciplinary working

between disciplines can help to produce cutting-edge jobs of the future. For example, the creative industries based in King Street already offer a multi-disciplinary team of animators, architects, marketing specialists and product designers to clients, in order to provide a value added response to a brief. Other potential cross-sector collaborations include the food and agriculture sector with the health and life sciences / R&D sector. There are some early examples of how initiatives such as the Farm to Food scheme are using new technologies to progress knowledge in sustainable farming techniques, which is beneficial to both the life sciences and agriculture sectors. Other potential inter-disciplinary partnerships could include the construction industry and the environmental sciences sector (mainly based at UEA), particularly in terms of sustainable building materials research.

New interactions and multi-disciplinary working can provide a cutting-edge approach for businesses in Norwich, and is also a sustainable way of working, yet must be encouraged by specific, sector focused interventions.

#### **4.4 Infrastructure and connectivity**

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Norwich suffers from its peripheral location in relation to the UK's other population centres. Connectivity, particularly with London and the Midlands, was identified as a key issue for businesses during our consultation, particularly within the financial services sector. It has been suggested that Norwich has some of the connectivity that an international city needs (particularly through air links) yet lacks the connectivity that a regional city needs.

Access to and from Norwich to other major urban centres by road was a key issue for those consulted. There are no motorway connections east of Cambridge, and although Norwich is served by the A11 and A47 bottlenecks in key sections of single carriageway were a key concern to business. The need to complete the duelling of the small remaining sections of the A11 was cited to us as an issue that has been regularly raised in past business consultations. Some interviewees noted poor perceptions when they had brought important clients to Norwich and then reached traffic jams on the A11, and suggested that this might also deter potential inward investors. Similarly, a detailed survey of business opinion in Norfolk and East Cambridgeshire on congestion on the A47 was undertaken in 2007 by the A47 Alliance. This suggested significant costs from congestion, a strong disincentive to invest locally due to higher transport costs, and a strong desire to see upgrading of different parts of the road, in particular on the Acle Straight. Expectations of greater traffic volumes after the opening of East Port further contributed to concerns about the A47.

Improved road access to Norwich is clearly important and will contribute to a more competitive business environment in general. However, it is also important to note that some businesses commented that the road connectivity issue is more a perception than a reality and that they do not feel it is a barrier to their potential growth. It was also recognised that congestion within Norwich is an issue and some consultees noted that the Northern Distributor Road is not due for completion for several years. Overall there were fewer concerns on this point than in relation to links between Norwich and the rest of the country.

Train links to London are slow, with some deterioration in travel times to London in recent years and concerns over punctuality of services. (Norwich had only the twenty-sixth fastest daytime travel to London in 2005<sup>5</sup>). This is of some

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<sup>5</sup> Parkinson, M. et al (2006) *The State of the English Cities*. ODPM: London

concern to business. For instance, Norwich Union pointed out that it spends more than £1 million on train fares annually for its staff on the Norwich – London line, yet considers the service poor in comparison to some other UK cities that it has operations in. It has also been suggested that higher frequency of trains to Cambridge would provide further links between two of the major employment and population centres in the region, and strengthen overall regional competitiveness.

Overall there is a strong argument for improving intercity road and rail links in line with the Growth Agenda. At the same time, it does need to be pointed out that some aspects of peripherality are perceived to be beneficial. It was argued for instance that this has contributed to a compelling quality of life for residents and those who work in and visit the city, as well as helping to secure Norwich's role as a regional hub.

Although national and regional connectivity is poor, there are good worldwide connections via Norwich International Airport (only 15 minutes from the city centre), which provides worldwide links via four daily flights to Amsterdam Schiphol as well as direct flights to an increasing number of domestic and overseas destinations in Europe. Many of the businesses we consulted have used the airport for travel within the UK and abroad. Direct flights to Schiphol take 35 minutes and make the complete journey time to destinations in the Benelux countries comparable, if not faster, than to central London. Given the nature of the airport and its regional location, long term growth will come from higher capacity routes operated by low cost operators such as Flybe, rather than through higher numbers of low capacity routes.

Forecasts in the current airport master plan are perhaps a little high in short to medium term – it is estimated that the airport will handle 2.9 million passengers per annum by 2030, which is certainly achievable, yet forecasts to 2015 are ambitious. There is a need to bring the key airport players (principally Norwich International Airport Ltd and Flybe), into wider partnership discussions, as step change in the airport destinations, particularly to other European cities, would be popular with businesses looking to locate in Norwich. Businesses commented that there is need to recognise that Norwich is part of wider European region and that at present, Norwich does not look at the wider context of its location and it can easily position itself to exploit these links to encourage growth. In particular, Norwich needs to be seen as a destination in those places it is connected with, so that the passenger traffic is not all one way. It is important to note that the opening of East Port in Great Yarmouth and inception of new passenger and freight services will provide new business and employment growth opportunities, for instance in tourism or manufacturing.

In terms of Internet and broadband connectivity, many businesses commented that the connection is too slow and inconsistent to rely on to be able to run a business. Although some progress has been made towards making Norwich a wireless city, there is some way to go before the technological infrastructure is in place that will cause businesses to take notice of any greatly improved connectivity.

#### **4.5 Employment sites and premises**

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Norwich is regarded as providing some good accommodation for businesses, with the Norwich Research Park and new Broadland Business Park cited as examples that provide high-specification office space for leading city companies. Our research suggests that businesses are keen for the

appropriate employment sites and premises to be preserved so that a balanced growth agenda can be delivered for greater Norwich.

#### **4.5.1 Employment land**

In Norwich, there have been shortfalls in the range and variety of industrial land and premises. Smaller firms have expressed problems with finding appropriate premises, particularly manufacturing businesses – one consultee commented, “smaller manufacturers feel persecuted - we are not a priority when it comes to employment land”. Some of those consulted commented that there is a lack of industrial estates in Norwich and that industry is being driven out by residential developments.

Indeed, several sites require substantial infrastructure investment to bring them forward, such as the Deal Ground at Trowse. In a recent review of employment land, concerns were raised over the extent to which many of the employment sites in Norwich sub-region and in Norfolk as a whole will be able to deliver the extensive development demanded by the growth agenda. Businesses expressed the need to protect key employment sites from residential and retail use – the decision to locate B&Q next to the Norwich Business Park was provided as an example of a lost opportunity to build a new office/light industrial park next to some existing popular employment space.

It is clear that businesses are supportive of the need to retain different types of employment in and around the city centre as part of the overall attraction of the city (i.e. mix of residential, retail, employment). Redevelopment of key sites in the northern city centre around Anglia Square would contribute to this, providing an important centre for new employment growth within the city centre and therefore helping to counter-act trends towards ‘hollowing out’ of the city with employment moving to the urban fringe.

#### **4.5.2 Office space**

For several years there has been an over supply of poor quality second hand space, with a lack of car parking – a major constraint for businesses. However, this is changing. A recent Savills<sup>6</sup> report described two major office schemes incorporating Grade A office space being developed at Duke’s Wharf (270,000ft<sup>2</sup> due 2009) and Whitefriars (250,000 ft<sup>2</sup> due 2010). Thus, Norwich has the capacity to cope with further growth in demand for offices, by using newly developed space as well as office conversions. However, Norwich, similar to other cities needs to address the tension of developing office space within the city and on the city fringes (such as further development of the Broadland Business Park), which may lead to a loss of employment within the city itself.

### **4.6 Recruitment and skills**

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#### **4.6.1 Recruitment of staff**

Many of the businesses consulted expressed a view that they find it difficult to recruit and retain high quality staff. Our research suggests that businesses have often had to headhunt for potential staff in London, particularly for highly skilled professionals within the professional/business services and engineering sectors. This issue is not unique to Norwich, as regional offices often have problems recruiting staff, due to the ‘pull’ of wages and job opportunities in London and the South East. Businesses commented that the limited pool of skills available locally is a constraint on achievement of the growth agenda,

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<sup>6</sup> Eastern Region Commercial Survey (Autumn 2007)



particularly in terms of supplying staff to those industries in the knowledge economy.

Although Norwich has a great working environment and an extremely high quality of life, some negative perceptions also exist among businesses. Examples of some negative comments we heard including labelling the city as a “graveyard of ambition” as well as “a small market town up the largest cul-de-sac in England”. It was also commented that “Norwich isn’t on the way to anywhere else, so people need a good reason to come here and see for themselves how good it is”.

Existing marketing materials, originally produced by Norwich City Council and Norwich Economy Round Table have been recently refreshed using LEGL funding and should help to contribute to addressing these negative external perceptions. Similarly, a number of businesses have started discussions on compiling a ‘Package for Professionals’, profiling the high quality of life and opportunities available to those wishing to re-locate to a ‘quieter life outside of London’.

As discussed above, our research suggests that a wider profile raising exercise across all sectors to will be extremely valuable, to ensure that those within highly skilled, high value professions such as accountancy, engineering and law are aware of the high quality of life in greater Norwich. This will also help to counteract the impression of Norwich as a backward, isolated city, and as somewhere to end, rather than progress or start a career.

#### **4.6.2 Skills**

The greater Norwich population has a qualification profile broadly similar to the national picture. However, our research suggests that businesses are concerned that the skills and learning profile is comparatively weak to other cities such as Cambridge, and is restricting the growth of the Norwich economy. Businesses commented that young people in Norwich often have low aspirations and that people in remote areas sometimes struggle to access learning and training opportunities required to get them into employment. Acute skill requirements are often fulfilled from outside the greater Norwich area, particularly within sectors such as engineering, construction and life sciences.

##### **Life sciences in Norwich**

Norwich includes a number of businesses in the life sciences sector in addition to academic and technical staff at UEA and other institutes. The sector, already identified as key sector for growth at County-level has significant growth potential. The sector in Norwich relies on a supply of staff from the local area. Local people are recruited, often into administration and non-skilled manual positions and are trained and ‘up skilled’ in house. Those at more senior grades tend to be recruited from elsewhere in the UK. It was commented that it is very difficult to attract highly skilled workers to Norwich unless they have either lived here before or gone to university in the city, mainly due to the negative perceptions of Norwich. There is also strong competition from Cambridge-based firms, and within those segments involved in manufacturing activities, competition for staff with the offshore sector. This makes it challenging to hire suitable highly skilled staff.

A brief review of the education and skills profile for greater Norwich provides further context for the issue flagged up in our discussion with businesses. It indicates that Norwich performs fairly badly, particularly when compared with Broadland, South Norfolk and the wider region.

Norwich is the third most educationally deprived local authority area in the East of England Region with one of its wards being in the bottom 1% in England. The city's regional ranking as the fourth most deprived area in terms of income, reflects low local pay levels as well as benefit dependency. Earnings in Norwich at residence and workplace level are lower than national and regional averages. Norwich's performance at Level 2 and below is weak compared to the East of England and Norfolk averages, with 46% of 16 year olds getting five or more GCSEs at A-C grades compared to 50% in Norfolk and 52% in East of England. There are higher paid jobs, but they tend to be taken by Broadland and South Norfolk residents.

Similarly, 12% of the greater Norwich working age population has no qualifications, and whilst this is better than the national average of 14%, compared to a city like Cambridge where only 7% of the population has no qualifications, improvements can still be made in Norwich. Around 31% of adults have basic skills needs (though due to in-commuting the picture for employers in Norwich is better than this would suggest). Therefore, although Norwich does have a vibrant tertiary education sector, the poor performance of local schools is perceived as a threat to the supply of Norwich's future labour market. Without adequate education at school level, the extent to which the indigenous population takes advantage of new jobs is threatened.

In terms of employers' skills gaps, over one-third of employers in Norwich have hard-to-fill vacancies. The majority of these hard-to-fill vacancies are in Sales occupations, Professional occupations, Craft & Related occupations and Personal & Protective occupations. Around 14% of employers in Norwich claim to have a significant gap between the skills their managers have and those needed to meet current business objectives and one in six of businesses report that a significant gap exists between the skills their non-managerial workforce has and those needed to meet current business objectives.

#### **Using local skills for growth**

Not making the links between growth sectors offering lower skilled work and local education is a real challenge for Norwich. Those workers who constructed Chapelfield shopping centre came from overseas; engineers working in Norfolk's growing renewable energy sector are more likely to be migrant workers from the Netherlands than local people. Whilst cities have always relied on migrant work, Norwich needs to consider how it can create a critical mass of people living within the local area with the skills that would help the city develop and ensure they were in employment.

Source: The Work Foundation (2006)

The situation improves at the higher end of the qualification profile, reflecting the high proportion of graduates living in Norwich. 49% of the working age population are qualified to NVQ Level 3+ compared to 44% nationally and 30% are qualified to Level 4+ (degree or equivalent and above) compared to 25% at national level. This unusual, skewed profile, together with the low wage levels is due to the high proportion of graduates who remain in Norwich as a lifestyle choice, yet become under-employed in sectors such as retail, tourism and hospitality. Businesses and stakeholders commented that a priority for growth must be to attract more graduate employers into greater Norwich so that graduates do not take up jobs in sectors such in retail and 'silt up' the lower-end jobs. It is suggested that this requires high quality office development as well as

faster/better road and rail links to London, along with promotion of quality of life benefits.

A further issue raised regarding graduate employment is the lack of correlation between undergraduate and postgraduate courses offered by higher education providers and the job vacancies and specific skills requirements of employers in Norwich. For example, UEA does not have either an engineering or architecture faculty. Thus, there is an immediate deficiency of 'ready made', locally based graduates to supply these sectors. Our research suggests that both postgraduate and undergraduate courses need to be linked more to business requirements to help foster high value sectors such as the health and life sciences, and possibly engineering. There is some evidence that this link exists already with the creative industries and environmental sciences sector.

## **4.7 Enterprise and innovation**

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### **4.7.1 Overview**

Greater Norwich faces a number of specific issues in relation to entrepreneurship, innovation and the size and nature of its SME sector which are relevant to the goal of securing a more balanced and sustainable economic development trajectory for the local economy.

Proxy indicators for entrepreneurship such as business start-up rates suggest that the propensity of the population to engage in enterprise is not evenly spread across greater Norwich. There is an identified enterprise deficit impacting on deprived communities in particular, which has been well documented in research for the City's successful bid for Local Enterprise Growth Initiative (LEGI) funding.

Low levels of entrepreneurship are much more pronounced in the city council area rather than in greater Norwich as a whole. Currently, business start-up rates in Norwich are low – the city ranks 327<sup>th</sup> out of 408 Local Authorities in England and Wales<sup>7</sup>. In addition the ratio of business start-ups to population fell by a quarter in 2003-2004. Between 1998-2004 the number of businesses<sup>8</sup> within the Norwich Local Authority area increased by just 8% while in Broadland and South Norfolk, the number of business units increased by 13.7% and 16.7% respectively. Business start-up rates are significantly below the regional and national averages - recent trends suggest this gap between Norwich and the other two authorities is getting bigger.

These faster growth rates suggest that in Broadland and South Norfolk there is a more positive story to tell about enterprise trends than in the City Council area. However, it is also notable that the pattern of business start-ups in Broadland and South Norfolk reflects that of Norfolk as a whole. The county average for the number of businesses per head and self-employment are above the national average, yet are still below the regional average, highlighting an area for improvement.

It was also pointed out in consultations with business organisations that there is often limited growth potential within businesses in the market towns and rural areas, with many of the businesses representing lifestyle choices for the owners, with business activities having more to do with job satisfaction than a desire to create substantial numbers of jobs. This places limits on indigenous growth that no amount of intervention will assist.

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<sup>7</sup> Norwich LEGI Bid (2006)

<sup>8</sup> Annual Business Inquiry uses workplace units as a proxy for businesses

#### **4.7.2 Issues to address**

The work for Norwich's LEGI bid points to an 'employee culture' rather than an entrepreneurial culture in the city's workforce, resulting from the fact that a greater proportion of the employed population work in large firms than elsewhere in the region and country as a whole. From one perspective this illustrates a strength of the local economy, in that the city's large employees are able to offer the local working population an alternative to the uncertainties and risks associated with self-employment or business start-up. For the economy as a whole however it may represent a constraint on diversification and on opportunities to earn more than offered by the relatively low wages in the greater Norwich area.

There is furthermore a need to ensure that the appropriate 'hard' and 'soft' infrastructure to promote the growth of companies. Our discussions with local businesses for this study identified a perception that there is a lack of suitable accommodation for SMEs and new start-up businesses in Norwich. This reflects the ongoing loss of employment sites to housing, which has the potential to harm growth prospects for smaller businesses.

Many businesses consulted commented that serviced workspace is expensive, and that there is a poor range of space to choose from within the city. Initiatives such as current discussions between the City Council and developers to deliver managed workspace and grow-on units at Hurricane Way at the Airport will help to address this. Overall however there is a need for a strategic and comprehensive approach to ensure suitable provision of land and premises. This is covered in more detail in the Sites & Premises study that has been commissioned to accompany this report.

A particular barrier to business start-ups identified during by research is the sheer volume of administration required during the first year or so of business – one consultee highlighted the potential for an innovation centre where administration effort and costs are shared across many new business start-ups. This intimates that a more flexible approach is required for facilities for new businesses in Norwich. It can be expected however that the new Enterprise Centre (described below) will go some way to addressing this issue.

Beyond these factors which have the potential to affect a range of businesses there is also the issue of whether the area provides appropriate infrastructure and support for those start-up firms with a high propensity to innovate and with high growth potential, in particular in those areas relating to emerging technologies and sectors.

Current interventions to address these issues and their appropriateness for the task are reviewed in the following paragraphs.

#### **4.7.3 Raising aspirations and developing an entrepreneurial culture**

Those businesses we consulted commented that there is a risk averse culture among small and medium enterprises in Norwich, which restricts their growth. Furthermore, they identified a lack of entrepreneurial culture, few local role models and low aspiration as key barriers to starting businesses. Similar messages were picked up in the research for the LEGI bid, which also identified poor access to finance and knowledge of business support mechanisms as factors contributing to a low rate of enterprise in Norwich.

The LEGI programme attempts to tackle these barriers, notably in the very deprived areas of the city. The programme includes 9 work streams. Three are profiled in here in order to illustrate its focus on a broad range of issues

including providing support not only for start-ups in the present but also addressing cultural issues with younger people in order to change attitudes to enterprise over the long term:

- The Norwich Enterprise Centre, which will open in early 2008, and provide a major facility to promote enterprise in the City. The Centre will provide joined up and improved access to enterprise services through a hub which connects main stream, LEGI and other services for new and local businesses.
- Mentoring for Aspiring Entrepreneurs, which will boost new business start-ups through BizFizz business coaches supported by panels of community activists and business volunteers. The existing West Norwich BizFizz Project has immense local support having already transformed one local Norwich community and won the East of England Region Enterprising Britain finals.
- Increased linkages with local schools helping to foster an entrepreneurial culture at an early age (which ties in with the findings of a recent Norwich LSC report which identified the need to stimulate ambition including encouraging young people to stay in learning); raising standards of learning and maximising the contribution of learning to the economy.

Overall, LEGI represents an appropriate response to the documented barriers to enterprise identified, and has considerable potential to address the lower levels of entrepreneurship in the city, in particular because of its ten year funding timescale.

It was also suggested in the consultation with businesses that there may be potential to develop further initiatives focusing specifically on bringing out the entrepreneurial potential in ethnic minority or other recent migrant communities. Anecdotal evidence suggests that this is an area of expansion recently in Norwich, particularly in the retail sector. Further research could be carried out on this issue to develop an evidence base and identify opportunities for intervention or tailoring of existing packages.

#### **4.7.4 The framework for innovation and knowledge commercialisation**

A further issue concerns the extent to which the appropriate institutions for promoting the development of new companies in emerging and high technology sectors are present in Norwich, in particular the facilities to support technology transfer and promotion of innovation among those companies with higher growth potential. This is a key issue for Norwich from the point of view of regional economic development strategies. For instance, Regional Cities East plans envisage a network of sectoral Enterprise Hubs with knowledge transfer mechanisms in each regional city, accompanied by a major expansion of university to business collaboration.

The extent to which appropriate provision is in place can be considered by reviewing those initiatives currently in place or proposed, and the extent to which they constitute an effective and appropriate system for promoting innovation.

Existing initiatives include innovation centres and technology transfer support comprising both property-based initiatives and 'soft' knowledge and skills-related support measures. These are described in more detail in sections below on Science industries, Creative Industries and Advanced Engineering. It is

however constructive to consider them together at this stage and to consider the extent to which they are appropriate to the task of boosting the innovative potential of the local economy. Current initiatives include:

- **The Norwich Bio Incubator**, located in the John Innes Centre at Norwich Research Park. The Incubator provides 20,000 square feet of floorspace divided into 12 laboratories and accompanying office space. Firms are supported by NRP Enterprises which manages the Bio Incubator and can signpost incubator companies to business, scientific, financial and legal advisors as required. Norwich Bio Incubator currently houses 17 companies, several of whom are now outgrowing their facilities and looking for expansion space. It is planned to expand the IFR 2 building at Norwich Research Park to create additional laboratory and office space starting in early 2008.
- The Bio Incubator is further supported by **Plant Biosciences Limited**, established in 1994, also manages technology transfer projects from the John Innes Centre and Sainsbury Laboratory.
- **Hethel Engineering Centre**. The Centre provides office and workshop space and access to training programmes and conferencing facilities. The centre is now full, and has attracted interest from an additional number of technology-based small firms that are interested in co-locating at the Centre. Due to the lack of an engineering department at UEA there are no links between the Centre and the University, but the centre is linked through the i-10 initiative to engineering departments in 11 universities.
- **East of England Production Innovation Centre (EPIC)** opened in 2007 having received around £2 million in funding from the East of England Development Agency to buy the former Anglia studios and install post production and improved studio facilities. EPIC offers space for production teams and companies and office accommodation for existing or new companies. Incubator facilities are also available for start up firms. The facilities link with the Norwich School of Art and Design which began degree courses in film and video in September 2007.
- **UEA has an established Research and Business Services (RBS)** division which supports research funding applications, collaborative research arrangements (including Knowledge Transfer Partnerships and student places in industry), licensing of inventions and technologies to established and spin-out companies, and the provision of consultancy services to commercial and public sector organisations. As of October 2007, RBS included 28 full time equivalent positions, including 5 staff in its Technology Transfer and Commercialisation Group. RBS as a whole has been headed by high profile staff, including a former Head of Technology Transfer at Cambridge University.

In addition, plans to develop an additional innovation centre at the UEA Triangle site offers the potential to further develop the local innovation system for promoting knowledge-based companies. The UEA plans, supported by the GNDP Economic Development Group, would focus on the commercialisation of environmental research to stimulate job growth and also contribute to a more sustainable development path in the greater Norwich area. It also holds the potential to contribute to local sustainability goals by promoting firms based on new environmental technologies.

This summary of the existing and planned innovation and knowledge commercialisation initiatives suggests that Norwich does have an appropriate institutional base for this purpose. A number of caveats should be made however.

Firstly, there is room to strengthen existing innovation support by implementing projects already under discussion. New projects, such as the proposed Innovation Centre at UEA should be supported to capitalise on existing strengths at the university, in particular in relation to environmental sciences. There is also a need to ensure that accompanying property initiatives are delivered, such as expansion of Norwich Research Park and facilities for expanding firms at Hethel to move into.

Secondly, it is worth pointing out that these initiatives are relatively new (e.g. Hethel and EPIC only opened in the last two years) or at a developmental stage and that their impact on the trajectory on local economic growth is only likely to become significant over the medium to long term. There is therefore an ongoing need to evaluate the work of these institutions and compare it to best practice at a national and international level in order to ensure that the desired impact in terms of spin-out and new company growth is achieved.

It has not been possible to carry out an evaluation of the work of existing initiatives such as UEA's Research & Business Services within the context of this study, but there is clearly an equal need to ensure that the commercialisation infrastructure at UEA is achieving its potential.

Thirdly, the specific focus of the initiatives reviewed above also indicate possible gaps in support for some sectors and sub-sectors which are both likely areas for growth and also have the potential to create higher and intermediate level jobs needed to rebalance the overall labour market.

For instance, EPIC may be expected to provide a significant boost to creative industries growth in the areas of TV, radio, film or animation. However, other areas of creative industries, such as digital media, design, advertising or marketing might also benefit from support. This need not take the form of an additional innovation centre, but might be delivered by tailoring existing or planned enterprise support to their needs through implementing Norwich School of Art & Design's suggested initiatives or the LEGI-funded Norwich Enterprise Centre. This is discussed in further detail in the creative industries section of this report.

Furthermore, the ability to promote business development in relation to sustainable construction techniques might also be promoted through the proposed new innovation centre at UEA, if that project is implemented. Even if this does not take place, there is scope for strengthening the existing links between the construction centre and academic research carried out at UEA and elsewhere. For instance, staff at UEA's CRed programme are currently involved in discussions with construction firms about the potential to promote carbon-neutral techniques. According to CRed however these relationships could be further strengthened to take them beyond the stage of information-sharing. For instance, demonstration projects might be supported where these are of interest to construction firms. This is an area that could be further developed by CRed and UEA's Research & Business Services division.

#### **4.8 Role of foreign-owned business**

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A further issue raised by businesses is the role that foreign firms play in the greater Norwich economy. There is fairly strong presence of foreign owned investment in Norwich including Marsh, ATB Lawrence Scott, Group Lotus, Swiss Re and Syfer Technology. An important 'aftercare' programme for foreign businesses is delivered primarily by East of England International and co-ordinated by SNF across Norfolk, to ensure that any business requirements were being met and to ascertain whether any extra support with issues such as recruitment was required. The work of economic development officers in the individual district and city local authorities is also important in this regard. It was highlighted that unless foreign companies feel ownership and a belonging to Norwich and are nourished, there is a real threat that these businesses could leave. Continuing the ongoing relationship management work by local authority economic development authorities with these firms is therefore clearly important for this purpose.



## **5 The Market Towns and Rural Areas**

### **5.1 Overview**

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Much of the business engagement and review of existing strategies identified issues specific to the Norwich urban area. We therefore undertook specific work to look in more detail at employment growth issues in relation to the market towns and rural areas of Broadland and South Norfolk, with the results presented in this section.

This section therefore discusses the potential role of the market towns and rural areas of Broadland and South Norfolk (outside the immediate Norwich urban area) in meeting the future employment needs of the area in the context of the growth agenda. Most of the economic growth opportunities identified in the sectors discussed below will, not surprisingly, arise within the Norwich urban area, with its strong base and agglomeration economies. The key issue is the extent to which the market towns and rural areas are in a position to participate in expansion in employment, either by offering locations suitable for accommodating part of the growth being generated in greater Norwich or attracted into the area from outside, or by generating new jobs in rural-based sectors. Development of additional employment beyond Norwich and its immediate inner ring of settlements would help meet sustainability objectives by helping to keep down the level of commuting into the city and supporting more thriving small town and rural communities.

### **5.2 Existing employment structure**

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There is limited comprehensive data on the economies of the market towns and rural areas around Norwich. Most statistics on employment and the workforce are at district level whereas substantial parts of the Norwich fringe, including key employment centres at Broadland Business Park and the Norfolk and Norwich Hospital, fall within the adjacent Broadland and South Norfolk Districts. Furthermore, while some employment data is available at ward level, limitations in the sample size and confidentiality issues make small area statistics for individual towns unreliable. However, the latest ABI ward level data, for 2005, aggregated for all the small towns for which ward level data is available, can be used to indicate the broad structure of employment within the market towns themselves. This shows, as would be expected, that local jobs are highly service based, with nearly a third (31%) in distribution, hotels and restaurants, a quarter (26%) in banking, real estate and business and a further 17% in public and private services. Only 10% were in manufacturing.

To a certain degree, new employment opportunities are required to offset recent or ongoing decline in employment in certain sectors which were formerly prominent in the rural areas. For example, any potential increase in tourism-related employment must be seen in the context of losses in employment consequent on the severe downturn in boating holidays on the Broads in recent years (from 1500 hire cruisers in 1995 to 700 in 2005 [Broads Hire Boat Federation]). Similarly, the farm diversification schemes that have been proliferating in recent years are a response to changing agricultural practice which has also resulted in continuing labour-shedding. The decline in village services, such as shops, post offices and schools, has also been reducing local job levels.

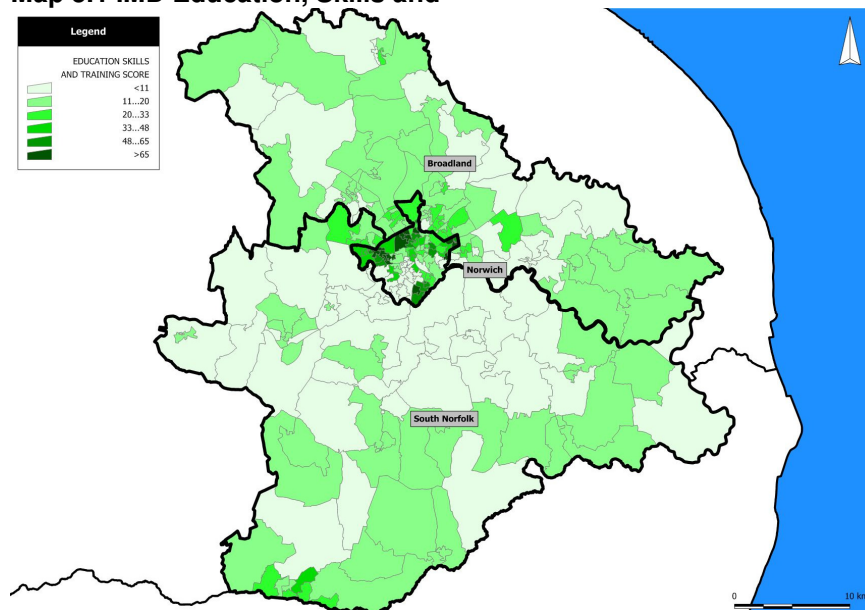
A key feature of employment in market towns and rural areas is the small scale of businesses. South Norfolk District Council's Economic Development Strategy states that some 80% of businesses in South Norfolk employ five or fewer employees. These "micro-businesses" are likely to include a significant number of people working from their homes. Nationally, a higher proportion of rural workers work from home than of their urban counterparts. According to the 2001 Census more than one in nine economically active residents of rural England (11.8%) worked mainly from home. This is likely to have increased substantially with the extension of broadband coverage across the country. Unfortunately, there is no data on the current level of internet business or homeworking in Norfolk.

### 5.3 Workforce

Various reports have pointed to the relatively low levels of qualifications in the rural labour force in Norfolk, but again it is difficult to be geographically specific in relation to the market towns and rural areas. While the percentage of adults of working age with no qualifications in Norfolk (14.8%) is higher than the regional average (13.2%), in both South Norfolk (8.7%) and Broadland (11.1%) it is substantially lower (Annual Population Survey, Office for National Statistics, 2005).

However, the education, skills and training scores for the 2004 Index of Multiple Deprivation presented below in Map 5.1 indicate clearly that these scores fall off considerably with distance from Norwich, as "deeper" rural areas are approached.

**Map 5.1 IMD Education, Skills and**



Other reports have drawn attention to a low level of aspiration, particularly among young people in rural areas. The recent "Review of Education Business Links in Norfolk" (Norfolk LSC, 2007) points to the need for students to have more exposure to jobs with high earning potential in order to raise their aspirations. Despite efforts to improve links between schools and the world of work in rural areas, this aim is hampered by difficulties of obtaining placements for students with widely dispersed small scale rural employers, a problem

exacerbated by the limited accessibility afforded by rural public transport services.

#### **5.4 Potential of market towns and rural areas**

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The greatest asset of the market towns and villages from the point of view of attracting and generating employment growth is the quality of the environment. The high quality landscape, attractive settlements, space and quiet, within relatively easy reach of essential services in the market towns and the more urban facilities of Norwich make this a particularly desirable area in which to both live and work. It is also an area where residents are clearly keen to maintain and enhance their quality of life as evidenced by the experience of successful Market Town Partnerships or equivalents, currently at Diss, Wymondham, Aylsham, Harleston and Loddon. Furthermore, two of these towns, Diss and Aylsham have recently become among the first four towns in the UK to become members of the international Cittaslow movement, which aims to improve the quality of life in member towns, and to share good ideas, experience and knowledge on how to do so.

Each of the market towns has an industrial estate or business park, and there are other employment land allocations associated with smaller settlements within the rural areas, for example at Acle and Reepham in Broadland, and Barford and Raveningham in South Norfolk. Industrial estates which are just outside the Norwich fringe but within easy reach of the city offer particular potential to pick up employment growth in businesses that might otherwise have located in Norwich itself. Particularly well located is Gateway 11 Business Park at Wymondham, which enjoys excellent communications by the A11 and rail both to Norwich and the rest of the country. A second example is Rackheath Industrial Estate in Broadland, which recently saw substantial expansion, through internal relocation, of a firm which produces technical equipment for a wide range of industries.

#### **5.5 Specialised rural sub-sectors**

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These attractions of the market towns create particularly favourable conditions for the development of locally based businesses. There are a number of specialised rural economic sub-sectors with particular potential for expansion. These include:

- Niche food production, including horticulture, honey, cheese, etc., supporting and supported by expanding outlets such as farm shops and farmers markets.
- Nature conservation and landscape management, particularly within the context of agri-environment schemes.
- Equine-related activities, including riding schools, studs, livery stables and horse sanctuaries.
- Tourism, including bed and breakfast, hotels and restaurants, as well as larger attractions.
- Craft manufacture and retailing, including potteries, furniture, art galleries, etc.

Existing initiatives should be supported or considered for expansion to support these aims. For instance, Produced in Norfolk, a producers co-operative founded with Defra funding to support rural economic development, has been

successful in attracting 120 members providing a broad range of products and services.

The ongoing development of these sectors is often closely related to the continuing drive towards farm diversification and the re-use of agricultural and other rural buildings, such as schools and chapels. A study undertaken in 2006 for Norfolk County Council looked at demand for rural business space in redundant agricultural buildings in Norfolk. The study concluded that while there was limited interest in using rural buildings for conventional office uses, there were opportunities for more innovative uses, including activities such as those listed above. A number of barn conversions in Norfolk, as at Wroxham Barns in Broadland and Raveningham in South Norfolk, group workshop and retail outlets for various crafts into a form which functions as a tourist attraction.

## **5.6 Internet-based business and home working**

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The internet is a key enabler of rural business expansion. Until recently, broadband coverage of the rural parts of Norfolk was very limited. However, in the last two years or so BT has extended its landline coverage to some 85% of the population while individual wireless based schemes have been introduced to extend a service to almost all of the remaining parts of South Norfolk and Broadland. While there are still capacity limitations which restrict some types of business communication, for example transmitting large graphics files, opportunities have suddenly opened up both for internet-based businesses and for home-working on the part of employees in conventional businesses.

A study undertaken for the Commission for Rural Communities in 2005, entitled "Under the Radar: Tracking and supporting rural home based business", summarised four main factors driving the current trend towards home working in rural areas:

- the increasing use (and lower cost) of information technology and broadband.
- work-life balance and flexibility.
- a growing preference to avoid stressful, costly and time-wasting commuting.
- the lower cost of combining workspace and home under one roof - a major factor for small businesses.

Now that broadband coverage is almost complete, in the rural parts of Broadland and South Norfolk there is likely to be a substantial increase in the numbers of people seeking the latter three benefits. This will include both internet-based new businesses and remote home working for employees of businesses based on Norwich or further afield. There are already examples of micro-businesses based on internet communication which have set up in the area, engaged in a range of activities from niche food production to business and professional services. However, information on the scale of this activity is scant and difficult to assemble without undertaking specific surveys. Also, given the recent extensive availability of internet opportunities it would in any case not be feasible to identify a trend and likely rate of future increase from such a small base and over such a short time period. However, with suitable encouragement and assistance it is likely that internet-based businesses will become an increasingly important component of the rural economy.

A similar increase may be foreseen in homeworking for employees of urban businesses in Norwich and elsewhere. As employers seek to meet the work-life balance aspirations of their staff, it is already common for employees in both public and private sector organisations, previously bound to the office on a daily basis, to work from home on a regular basis, once or twice a week. As this practice extends the conventional understanding of the location of economic activity may begin to blur, with areas housing remote workers becoming de facto locations of employment.

## **5.7 Potential growth sectors**

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Oxford Economics have undertaken projections of employees for the constituent districts in the present study up to 2017. Because of the data sources used these projections do not include the self-employed, who form an above average component of the workforce in rural areas. Furthermore, as discussed above, a substantial part of the potential to accommodate these levels of employment growth is within greater Norwich. Nevertheless, the projections provide a broad indication of the main sectors which may be expected to show significant increases in jobs in Broadland and South Norfolk over the period. Those showing a joint net increase of at least 500 jobs in the combined districts between 2005 and 2017 are:

- Construction
- Retailing
- Hotels and catering
- Business services – computer related
- Real estate and renting
- (Public administration)
- (Education)
- (Health)
- Personal services

Growth in several of these sectors, shown in brackets, is clearly likely to be concentrated in greater Norwich where the main institutions concerned (local council offices, colleges and university, and hospitals) are located. In all the other sectors, however, the market towns and rural areas are equipped to offer at least a modest element of forecast growth.

The “Norwich Sub Region: Retail and Town Centres Study” (August 2007) undertaken for the Greater Norwich Partnership assessed the potential for expansion of retail floorspace in the rural parts of Broadland and South Norfolk Districts. The Study found no potential for new convenience goods retailing floorspace in either district (after current commitment to a Tesco supermarket at Aylsham) in the foreseeable future, but potential for up to 9,000 m<sup>2</sup> of comparison goods floorspace in the long term (to 2021). There could therefore be scope for additional employment in retailing in the market towns within these areas, particularly those more distant from the draw of Norwich itself.

Because of the combination of the natural attractions of the Broads and countryside and the cultural and recreation attractions of nearby Norwich, there is notable potential in the tourism industry. As pointed out above, however, there is ground to be made up following the reduction in visitors taking boating

holidays on the Broads. As well as the hotel and catering sector, direct employment in tourism also includes running tourist attractions. There are a number of long standing commercial tourist attractions within the rural areas, including Blickling Hall, Weston Dinosaur Park, Pettitts Animal Adventure Park, Fairhaven Gardens, and Bressingham Steam Museum. These are generally operating successfully and most have plans for improvements, particularly aimed at extending their season. All are likely to benefit from the growth agenda in and around Norwich, as a substantial proportion of their patronage tends to be local day visitors.

The potential for the market towns and rural areas to attract significant levels of manufacturing employment is limited. There are a number of very specialised small scale manufacturing businesses located either in the small town industrial estates or on individual sites in the rural areas. These include, for example, firms manufacturing aircraft brake components and machine tools. These are, however, isolated instances; although they may themselves grow they are unlikely to proliferate significantly. The only grouping of associated activities which it might be hoped could develop into a cluster are the motor sports engineering activities clustered in South Norfolk, which should be supported as discussed below in the section on the Advanced Engineering sector.

## **5.8 Support to rural employment growth**

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A bewildering array of assistance is available to those wishing to start up new businesses, to expand existing ones or to bring businesses into the area. For larger businesses this is mainly aimed at helping to find sites for expansion or training in appropriate skills. A wide range of support is aimed at helping small businesses to set up and grow. Much assistance is aimed specifically at rural areas, with specialist advice and training available in such topics as farm diversification, equine activities, etc. Assistance is provided by a range of organisations at all levels: national (DEFRA, DTI, etc), regional (EEDA), county (County Council, Learning and Skills Councils), and local level (District Councils, Local Enterprise Agencies). These agencies often work in partnership with each other and others to offer, e.g. Business Link in the East. Assistance available covers:

- Business advice: - in particular, Norfolk Rural Business Advice Service (NRBAS) provides independent support for rural businesses, with a key aim of making information and support widely available and accessible. NRBAS is available to help businesses assess their current operations, identify future opportunities, access grants and prepare funding applications, find appropriate and effective training, etc.
- Provision of premises - for example, Broadland have over 30 start-up units for rent in Acle and Reepham).
- Training - for example, Broadland District Council runs Broadland Council Training Services, offering business management courses and courses for new businesses; Easton College offers full-time or part-time courses in: agriculture, animal care, countryside management, equine studies, horticulture, sport and recreation, agricultural machinery, food manufacturing, garden design, and information technology.
- Funding –for example South Norfolk and Broadland District Councils offer modest loans and grants for training, equipment purchase or accessing professional services.

## **5.9 Conclusions**

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It is unlikely that the market towns and rural areas will be in a position to attract large employers but there is substantial potential for them to enjoy a more healthy sustainable economy, benefiting from the growth agenda and the changes this will bring in its wake, including larger local markets for small town and rural businesses and their products.

A wide range of interventions are currently in operation to help stimulate business in these areas. While the types of assistance listed above will need to be continued the effectiveness of their various elements needs to be continuously monitored to determine whether they ought to be expanded or rationalised, particularly in view of the large number of agencies and programmes involved.

Internet-based businesses and home working could become integral to the rural economy but there is a shortage of information on the extent of these practices and the issues they face. There is a strong case for undertaking a wide ranging survey with regular follow-ups to track progress.

## 6 Economic Outlook and Future Growth Scenarios

### 6.1 Overview

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This Section sets out baseline projections for a range of economic indicators. The projections are based upon the Oxford Economics' East of England RES/RSS forecast model, developed for GO East, EERA and EEDA to aid consistency with the RSS and RES process and to provide a link between demographic and labour market forecasts. The model is consistent with Oxford Economics' wider suite of forecast models, including the macro and industrial UK models, as well as the Regional Model which includes the East of England Government Office Region.

The figures presented are based on an update of the original mid-2007 EEDA model and incorporate new population data, wages information and unemployment plus new regional outlooks based on much higher migration estimates. The base forecasts in this study incorporate revised official 2006-based UK population projections which are considerably higher than previous forecasts.

Forecasts are presented in the report and annex tables up to 2026. However charts include forecasts only for the next decade up to 2017, covering the current forecast period for the Oxford Economics projections. Forecasts beyond 2017 extrapolate the trends in the years immediately prior to 2017.

The forecasts presented here are baseline demand forecasts. They are not subject to any constraints either with regard to space or other infrastructure issues. It is important to note that achieving the RSS dwelling development rates will be a major challenge on the basis of past performance. Nonetheless, it is also important to set out demand forecasts independently of RSS dwelling allocations, since the latter are minima. Housing and commercial development also often finds a way of accommodating additional demand by achieving higher densities than before, or eking out further space than plans would currently suggest could be possible. In addition, the level of house building projections outlined by the Government in recent years have risen in response to rising migrant levels, and current RSS allocations cannot be regarded as the final word. The model produces estimates of employment on both a workplace and residence basis to allow assessment of infrastructure as well as space pressures.

As agreed with the EEDA Steering Group the employee data in the model has been left unrevised from the published ABI data.<sup>9</sup> In other models adjustment of known errors, scaling to UK industry totals, movements to mid year estimates are all carried out to arrive at a 'verified' dataset. This has not been done in this case – allowing employee data to be looked up in the raw data source.

Employment and population projections have been allocated to local authority districts in line with the RES/RSS forecast model, and are strongly influenced by past spatial patterns of development. Nonetheless, allocation of sites for housing and employment growth will ultimately be determined by the preferred spatial option adopted during the formulation of the Joint Core Strategy. The outcome of the strategy could ultimately change the balance of employment

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<sup>9</sup> It is also important to bear in mind that the assessment of the current and historical economic conditions is important in developing forecasts.



and population between the three districts compared to the forecasts presented in this section.

As forecasting is an inexact science (increasingly so given the vagaries of data) it is important to take as holistic a view as possible in this work. To this end we have provided a comparison with key metrics from the Cambridge Econometrics Forecast which have been purchased by the areas and provided to us in this project.

We have not included a formal comparison with the population assumptions used in EDAW's October 2007 Infrastructure Need and Funding Study. It is not possible to do an exact comparison of Oxford Economics and EDAW projections because EDAW projections are for the Greater Norwich policy area while ours cover the 3 local authority districts. However EDAW show projections for Norwich alone and these can be compared with official ONS data. It is notable that EDAW's population even in 2006 are 4,200 below the latest official estimates.

It is worth noting that the EDAW population forecasts are based on 2001-based Chelmer forecasts which are now out of date, as population growth has been much faster than predicted by Chelmer. For instance Chelmer expected a 2,900 increase in Norwich's population for 2001-6 but the latest data suggests 7,100. Of the projected 12,400 increase in Norwich's population by 2021 7,100 had already occurred by 2006. Although we expect a slowdown in migration into Norwich for 2006-21 the expected increase in population of 13,500 is higher than that cited by EDAW (+ 9,500). As a result we also expect a higher increase in dwellings at compared with the EDAW study.

In general, population growth has been much faster than predicted in the 2001-based population projections used in the EDAW study. ONS and ourselves currently expect faster future growth than assumed in the 2001-based projected.

The rest of this Section is set out as follows:

- Macro and East of England Region context
- Key forecasts – population, employment, commuting and output
- Sectoral forecasts – more detail on the sectoral outlooks
- Comparisons of forecasts – key metrics comparisons with CE forecasts
- Summary – pulling together the evidence

## **6.2 UK Macro and East of England Region context**

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### **6.2.1 UK trends**

The UK has been enjoying an extended period of economic growth with the last ten years seeing high levels of employment and GVA, record numbers of migrants arriving in the country and unemployment reaching new lows. At the time of writing, conditions are rather more finely balanced but still broadly positive, a number of the key features of the economy are set out in Table 6.1 below.

**Table 6.1 Summary of key UK economic indicators**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2017
Population	58900	59100	59300	59600	59800	60200	60600	61000	61400	61900	62300	65400
Employment	29400	29800	29900	30200	30500	30900	31300	31500	31800	32200	32500	34100
GVA	3.8	2.4	1.9	2.7	3.4	2.2	3.0	3.3	2.6	3.2	3.3	2.9
Inflation (Q4)	2.0	2.0	2.5	2.5	2.2	2.2	3.4	2.9	2.5	2.5	2.5	-
Interest rates (Q4)	6.00	4.00	4.00	3.75	4.75	4.50	5.00	5.75	5.08	5.00	4.99	-
Exchange rate (\$ per £)	1.52	1.44	1.50	1.63	1.83	1.82	1.84	2.00	2.04	1.93	1.85	-
Exchange rate (Euro per £)	1.64	1.61	1.59	1.45	1.47	1.46	1.47	1.47	1.44	1.46	1.46	-

- **Population** is rising strongly as high levels of net in-migration continue (an estimated 190,000 in 2006, down from a quarter of a million in 2005). Natural increase (births minus deaths) is also rising strongly and above previous expectations. The official (Government Actuary Department's) national population forecasts are very strong with long term net migration inflows of 190,000 projected. In recent years Oxford has consistently viewed the UK projection as overly conservative and our national projections have far outstripped the official ones. The new official projections however are much higher and indeed may even be too high. However at present we use the national projections as the basis for our regional modelling.
- **Employment** continues to expand, though at a slower rate than previously in the decade. Professional services continue to be the primary source of job creation and London remains one of the world's most competitive city economies. Job growth in retailing has also been strong and manufacturing employment, though continuing to fall, is doing so at a slower rate.
- The outlook for **public services** is a challenging one, the high levels of job creation since the Labour administration came to power will not be continued now that public finances are tighter, though frontline services of education and health are not likely to feel the most significant cuts.
- **Consumer confidence** remains robust but is coming under more significant pressure as the highly publicised credit market difficulties take effect and rising interest rates and taxes begin to bite. It is expected the next move for interest rates will be downwards but this is far from certain with inflation beginning to pick up again (oil prices have almost reached the much feared \$100 a barrel level). The longer term outlook however remains one of relatively low inflation and interest rates so the current difficulties may prove short lived.
- **Export** demand remains strong, particularly for advanced financial and business services with the strength of the oil generating economies, plus China, India and Latin America all providing demand. The extremely weak dollar has also reduced UK import prices and Chinese production costs are also keeping import prices low. The dollar has probably reached close to its nadir against the Euro and Sterling but this depends upon the Fed's capacity to reenergise growth through its aggressive rate cuts.

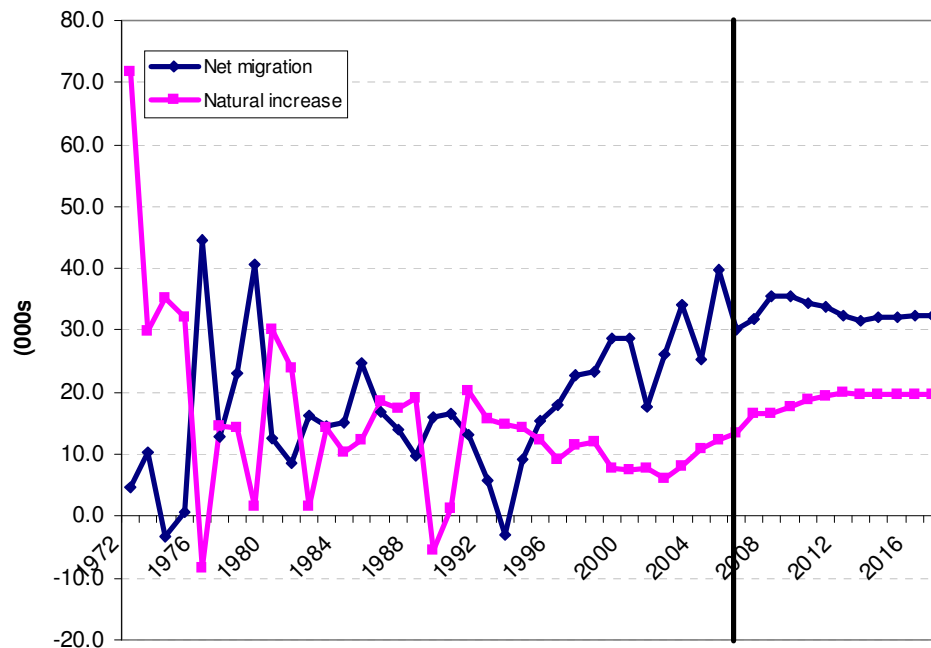
### **6.2.2 East of England region**

Turning to the East of England region, economic performance has been strong with migration rising and job growth steady. The strength of the London economy has also provided some benefits and much of the region is enjoying

full, or close to full employment levels. Perhaps the most striking feature of the region is the outlook for population and the impact for housing.

Oxford's forecast for migration and natural increase is shown below. This shows that both are expected to remain high over the forecast, providing approximately 50,000 extra people per annum over the long term. This is considerably above expectation in the last (2004 based) population projections and will have significant impacts on demand for housing. It is this high population growth picture which underpins our forecast presented in this report.

**Figure 6.1: Migration and natural increase, East of England, 1971-2017**



Source: ONS, Oxford Economics

The Oxford projections are over 200,000 higher than the original 2004-based projections for the region (Table 6.2). Though this is a significant uplift it is interesting to note that in the recent official revision to the 2004-based projections the increase was 125,000 and this did not include the strong growth data for 2005 and 2006. Although the Oxford projections may appear high it is likely that the 2006 based projections, due in mid 2008, will be higher than the revised 2004-based figures. Our base forecasts use the Oxford projections which estimate migration through an equation which depends upon a range of economic indicators.

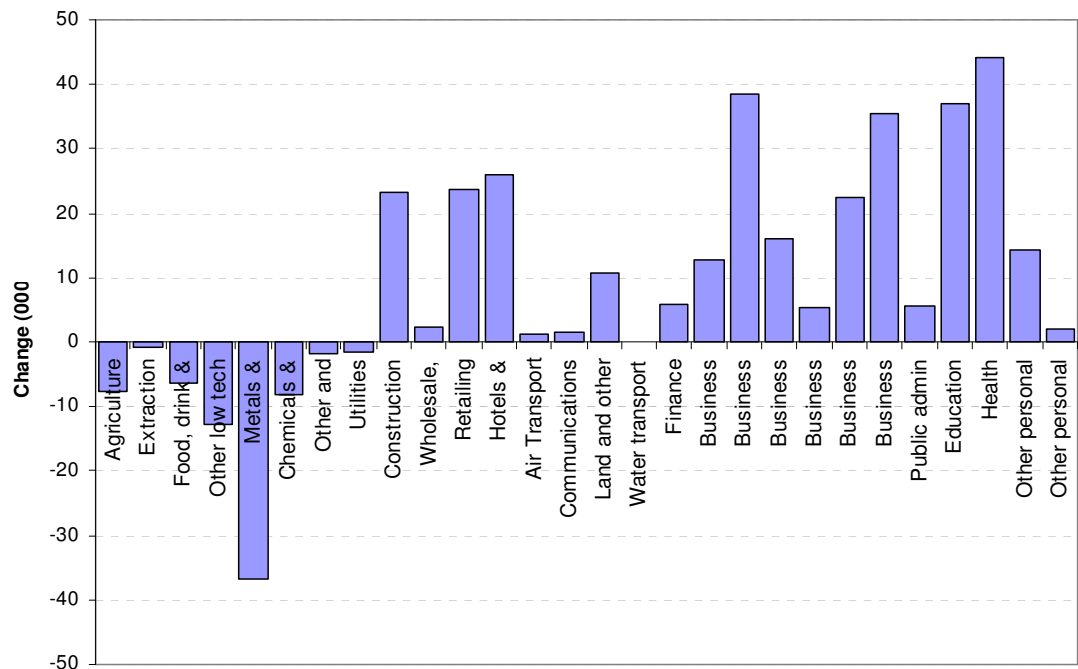
**Table 6.2: Comparison of 2004 based official population projections for the East of England region (old and revised) with Oxford population forecasts**

	2004	2005	2006	2007	2017	2026
2004 based	5491	5532	5568	5602	5932	6224
2004 revised	5511	5560	5604	5646	6056	6412
Oxford Economics	5511	5563	5607	5655	6178	6635

Source: ONS, Oxford Economics

Looking at the East of England labour market, employment is expected to grow relatively strongly over the forecast period, with the service sector continuing to

be the major source of employment. Job loss in manufacturing and agriculture is expected to continue. Public services are expected to continue to create jobs, despite pressures on government budgets, as the level of population to be serviced is likely to grow so strongly.



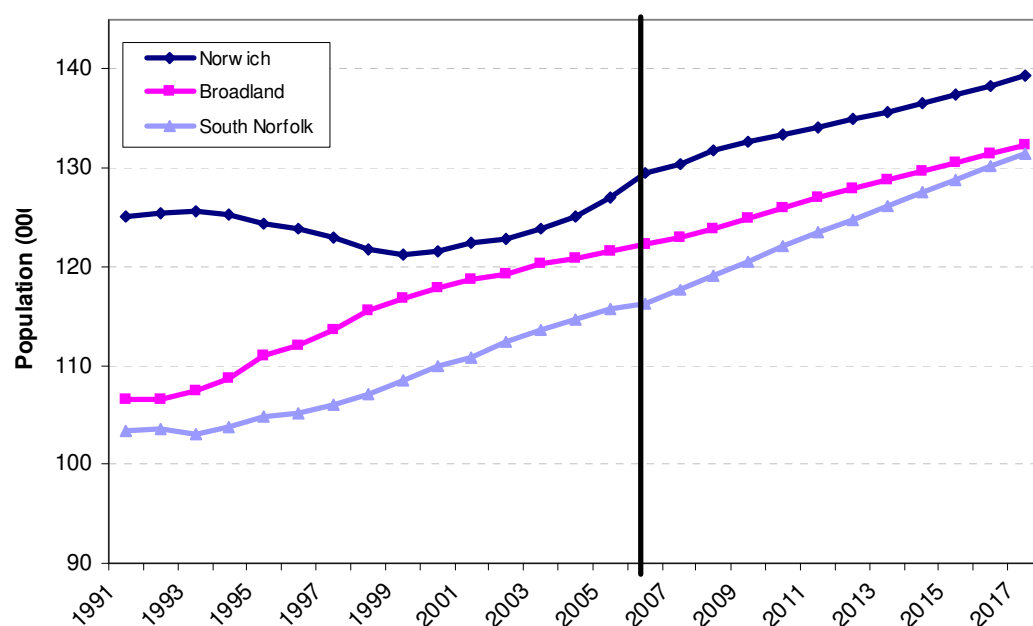
Source: ONS, Oxford Economics

### 6.3 Key forecasts for greater Norwich

#### 6.3.1 Population

As discussed previously population has begun to grow more rapidly in recent years as in-migration has increased. Figure 6.2 shows the continuation of recent growth through the medium term. For Greater Norwich as a whole the forecasts suggest that population will rise by a further 48,000 between 2006 and 2021, an increase of 3,200 per annum. This compares with an average of 2,700 over the ten years up to 2006, but we should note that the recorded increase for the latest three years was higher than this at 3,300 a year. It should be noted however that population growth at this continued rate can be expected to require a doubling of the average rate of house building achieved between 2001 and 2006. There is some scepticism within the area that this could be sustained, and if this rate of construction does indeed prove difficult then the base forecast is unlikely to be realised. What would happen in our view, is that high demand and restricted supply would raise house prices and this would deter some migrants from moving into greater Norwich.

**Figure 6.2: Total population, 1991-2017**



Source: ONS, Oxford Economics

The distribution of population growth within greater Norwich will depend on future planning decisions. The distribution projected in the base forecast reflects the likely location of employment growth. In particular the likelihood of significant jobs growth connected with the new hospital leads us to project faster population growth in South Norfolk, but in practice more of this growth could occur within Norwich. Norwich is expected to slow modestly from its rapid growth of the last two years.

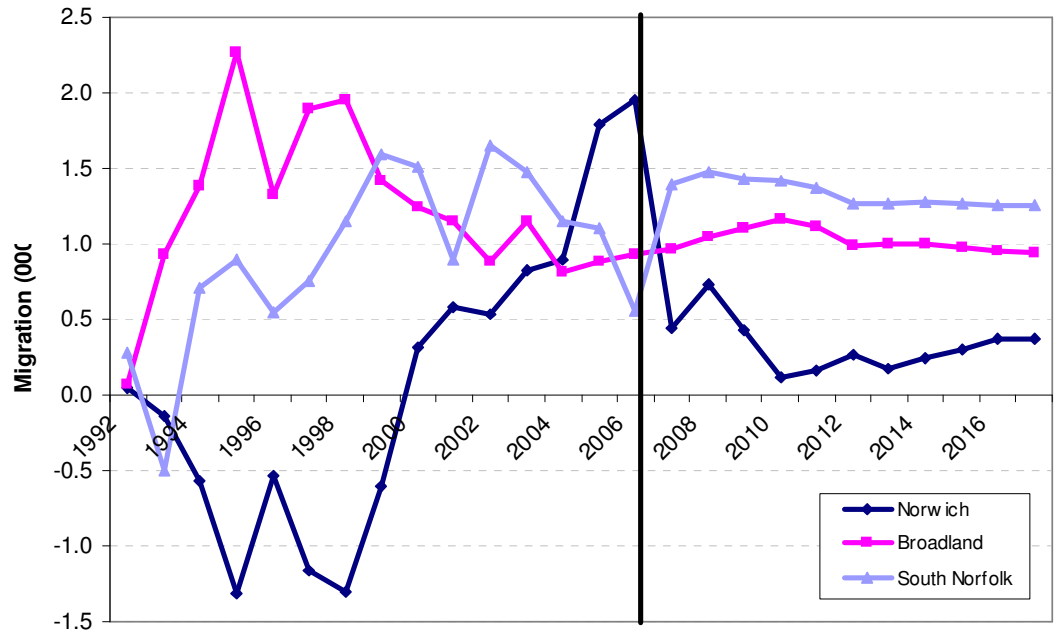
Forecasting migration is difficult and depends heavily on the national and regional outlook for international migration, which is high over the medium term. Figure 6.3 shows our baseline migration outlook for the three areas.

- Norwich's recent level of in-migration at a net in-flow of over 1,500 in 2005 and 2006 is unlikely to remain in the longer run and we expect a more modest level from next year eventually falling towards zero migration but recovering a little in later years. We have assumed that the high level of international migration in 2005 and 2006 will not continue as other EU destinations become available for eastern European migrants. The projected rate of migration is consistent with the employment forecasts. Higher migration than assumed in the base forecast would lead to declining employment rates and higher unemployment.
- For both Broadland and South Norfolk our forecast is for migration flows to broadly match the levels of recent years. We project migration level off at around 1,000 per annum in each area. Since the suburbs of Norwich spill over into both of these areas, the balance of migration between all three areas will in reality depend greatly on the precise location of new house building.

The projections that Norwich's migration flows fall back from recent high levels, and the rural areas pick up are heavily dependent upon the level of space available for development and other planning issues. The land released by industrial job loss will be crucial in providing additional capacity. We would have

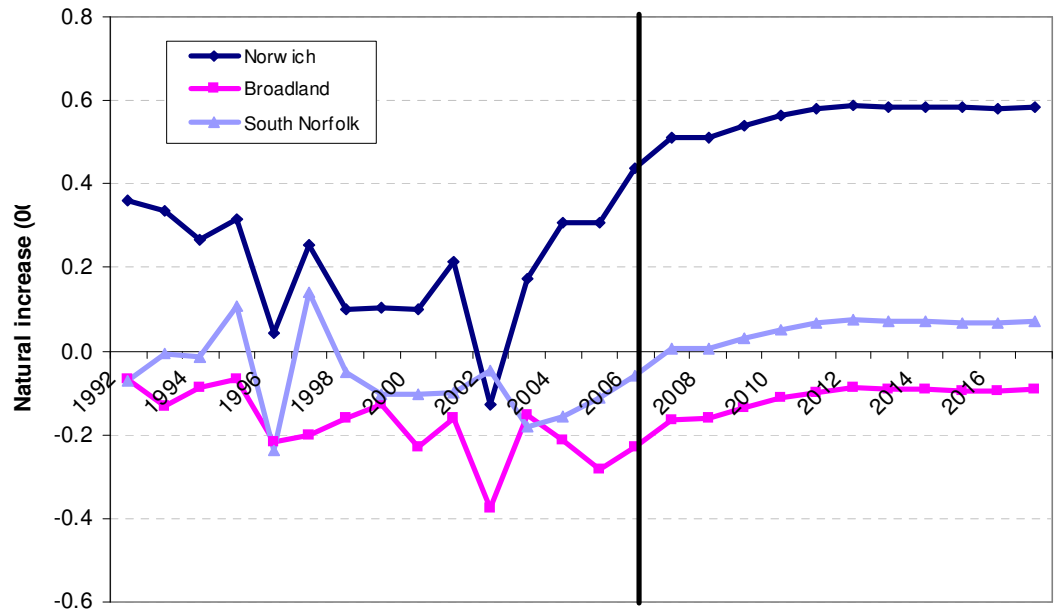
more confidence in the aggregate for the three areas than in the level for any one area.

**Figure 6.3: Total migration, 1992-2017**



Source: ONS, Oxford Economics

**Figure 6.4: Natural increase, 1992-2017**



Source: ONS, Oxford Economics

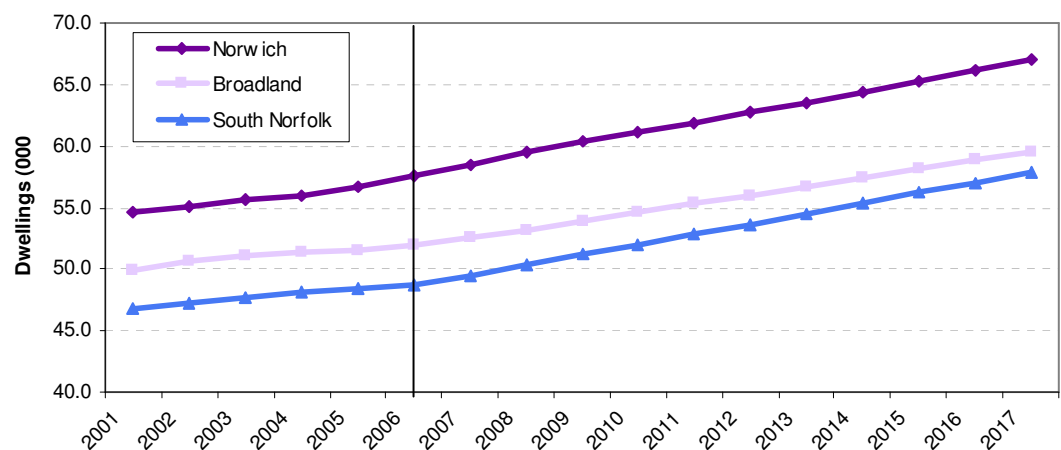
Natural increase (births minus deaths) is expected to add to population growth over the medium term. Traditionally this made little contribution to growth as births and deaths were broadly in balance, indeed a slight negative balance

was recorded in the rural areas. Over the forecast this is not expected to continue as natural increase begins to rise (it has already been doing so in Norwich). This is important as the reduction in death rates and increased births have a range of implications for public services.

### 6.3.2 Dwellings

The implications of the population projections are that forecasts of demand for dwellings outstrip currently planned RSS provision (Table 6.3) as outlined above.

**Figure 6.5: Dwellings, 2001-2017**



Source: DCLG, Oxford Economics

**Table 7.3: Stock of Dwellings: Comparison of Base Forecasts with RSS, 2021**

	Oxford Economics 2021	RSS 2021	Difference (000's)	Difference (%)
Norwich	73.4	70.5	2.9	3.9
Broadland	64.1	63.9	0.2	0.4
South Norfolk	63.7	59.5	4.2	6.5
Greater Norwich	201.2	193.9	7.3	3.6
East	2965.1	2820.6	144.5	4.9

Source: Oxford Economics, Secretary of State revisions to Draft RSS

The housing allocations for 2021 are taken from the Secretary of State's 2007 revisions to the Draft RSS and reflect current planning allocations. The projections are for expected total demand for dwellings. The projection is for demand for dwellings in 2021 to be 7,300 dwellings (3.6%) higher than the RSS proposed stock of dwellings. The projected 'shortfall' in the RSS stock is most pronounced in South Norfolk with 6.5% shortfall and least in Broadland. Much however depends on future levels of international migration into the UK, and on future planning land allocations and on preferences for inner city as against suburban or ex-urban living among those who work in Norwich.

As stated above these base forecasts will not be realised if the implied rate of house building cannot be sustained. The implications for the economy of a

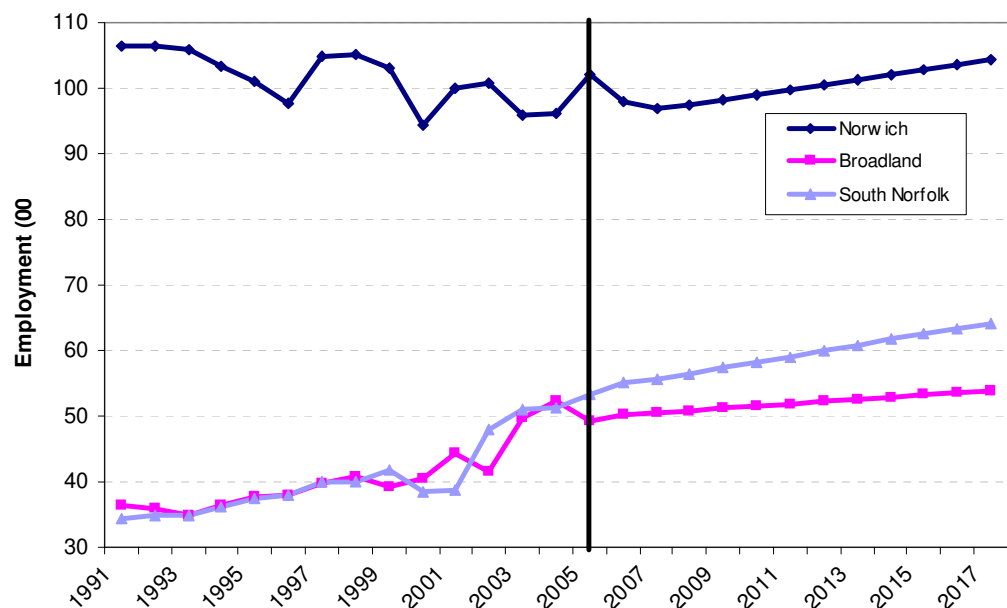
constraint on housing capacity (and hence implicitly higher relative house prices) are explored in the RSS dwellings scenario below.

### 6.3.3 Employment

The outlook for employment growth in greater Norwich is for steady, if unspectacular, expansion. The total projected increase is for an additional 30,000 jobs between 2006 and 2026 and 45,000 between 2001 and 2021. In both cases these totals include the self-employed. This is well above the RSS expectation of 35,000 additional jobs between 2001 and 2021. These forecasts are based on extrapolations of recent trends in the greater Norwich share of UK jobs in individual sectors. We regard the UK projections as attainable and currently see no reason why greater Norwich should not continue the established trends in its share of these jobs. The projected increase of 1,500 additional jobs each year, is below the 3,000 average annual increase over the last ten years. We expect lower jobs growth in future partly because of a much slower rate of increase in public expenditure. The allocations of employment to districts set out below has been influenced by past trends. Nonetheless, the precise distribution of employment growth between the three districts will be influenced by the allocation of employment land under Preferred Option in the forthcoming Joint Core Strategy. As this Option is at the time of writing this report is unknown, it has not been possible to take this allocation of land into account in the forecasting process.

- Growth is most impressive in South Norfolk which has expanded strongly in recent years (in no small part due to the opening of the hospital which is expected to continue expanding).
- For Norwich future growth is forecast as in recent years once major relocations and data errors are allowed for.
- Broadland's recent step up in jobs is not expected to be repeated and growth is projected upon a steady expansion similar in rate to the long term trend in the area. However future relocations from Norwich would change this expectation.

**Figure 6.6: Total employment, 1991-2017**





Source: ABI, Oxford Economics

Forecasts for individual sectors are set out in Table 6.4 below.

**Table 6.4: Sectoral change, Employees in Employment 2006-2026 (000'S)**

	Norwich	Broadland	South Norfolk
Production	-0.1	-0.7	-1.3
Manufacturing	-2.7	-2.2	-2.2
Construction	2.5	1.5	2.1
Wholesale of motor vehicles	0.6	-0.3	0.6
Retail	1.1	0.1	1.1
Hotels & catering	1.2	0.7	1.3
Transport & comms	-0.2	-0.2	0.3
Finance	-0.5	0.6	0.1
Business services	6.0	2.1	4.3
Public admin	-0.1	0.5	0.9
Education	1.2	0.9	2.3
Health	0.9	1.3	5.2
Other personal services	0.5	0.4	0.9
<b>Total</b>	<b>10.5</b>	<b>4.6</b>	<b>15.5</b>

Source: Oxford Economics

The largest increases over the 20 years to 2026 are projected for the business services sector (including 1,700 in employment agencies and hence employees who actually work in other sectors). Even with slower growth in public spending around half of the jobs are expected to be created within public sector services. Manufacturing is expected to shed a further 6,700.

- For **Norwich** business services are the primary source of employee growth with no net further expansion in financial services projected. The continued decline of manufacturing provides a drag on overall employee growth over the decade ahead.
- **Broadland's** outlook is steady across most sectors with the manufacturing decline more modest than in the other areas, but equally business service growth is more modest.
- **South Norfolk** is projected to have strong growth in both business services and health as the rising population in the areas is likely to require further employment growth at the hospital trust. Construction and education are also forecast to expand by over 2,000 jobs in the decade ahead making for a very positive employment outlook despite the job shedding in manufacturing.

#### 6.3.4 Occupations

**Table 6.5: Residence based occupations, greater Norwich**

	2007	2007-17	
		000s	%
Managers and senior officials	25.1	3.2	12.8
Professional	25.2	4.1	16.4
Associate professional and technical	26.4	3.1	11.6
Administrative and secretarial	22.8	1.3	5.7
Skilled trades	21.5	-0.4	-1.8
Personal service	12.1	1.8	15.1
Sales and customer service	16.4	1.4	8.6
Process, plant and machine	12.1	-1.0	-7.9

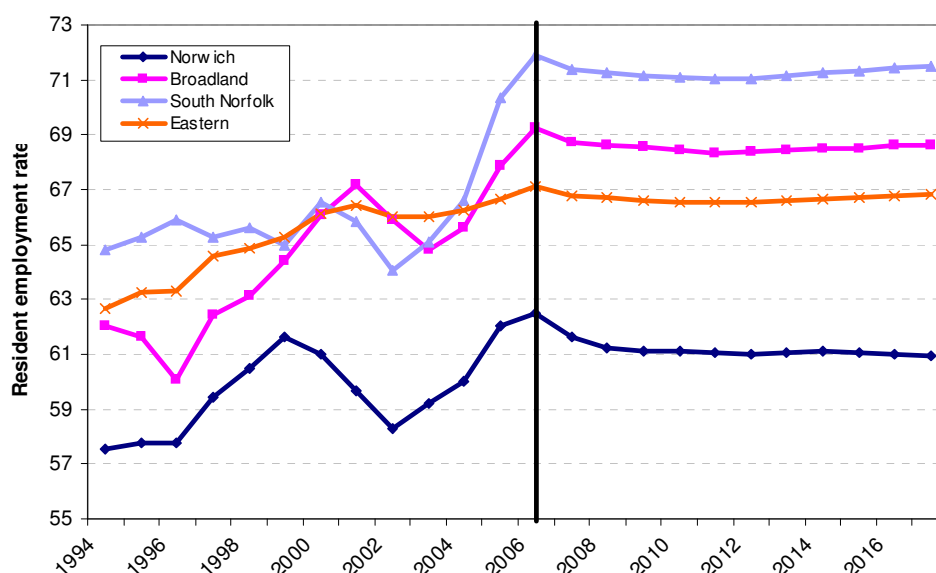
Elementary	21.2	1.3	6.3
<b>Total</b>	<b>182.8</b>	<b>14.9</b>	<b>8.2</b>

Source: Oxford Economics

### 6.3.5 Resident employment

Resident employment (as distinct from workplace employment) has seen some improvement in the rural economies, most notably in Broadland, and a less obvious improvement in Norwich where employment rates have remained close to 60% for most of this decade due to the large student population. The higher employment rates in the rural areas are a familiar pattern experienced across much of the UK and partly reflect social structure with high levels of commuting into Norwich. Over the forecast period existing differentials remain relatively unchanged and Norwich's employment rate remains close to 60% implicitly assuming some further expansion in student numbers. No major change in numbers of people on capacity benefit is assumed.

**Figure 6.7: Residence employment rate, 1991-2017**



Source: APS, Oxford Economics

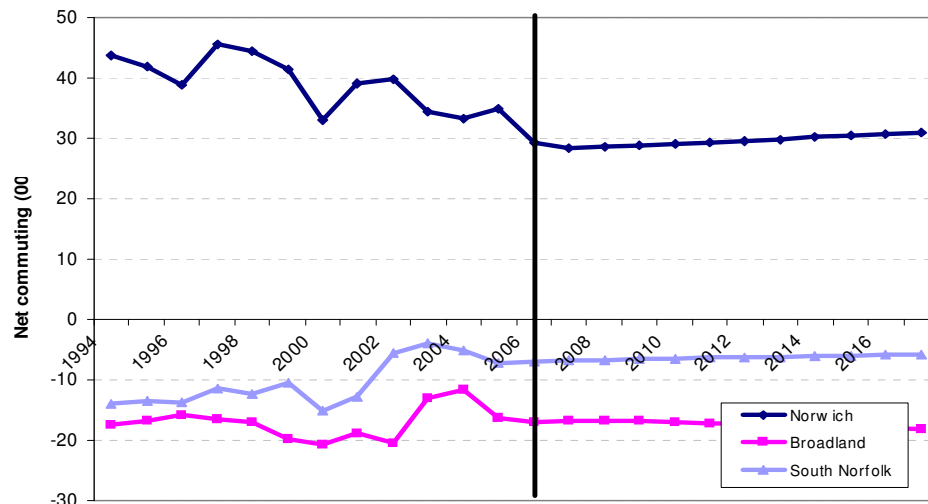
### 6.3.6 Commuting

Net commuting levels are calculated as the difference between workplace and residence employment. They are benchmarked to the 2001 Census. Data on workplace and residence based employment suggests that the level of commuting into Norwich has fallen in the years since (we estimate it to be closer to a 30,000 net inflow rather than the 40,000 recorded at the Census) although gross flows may have increased. The scale of flows provides one illustration of the level of commuting traffic within Norwich that needs to be managed within the existing transport system, and therefore of the importance of sustainability goals in planning for future employment growth.

Movement of the hospital and relocation of finance jobs from Norwich to Broadland will have contributed to this pattern. The data shown earlier depicting a growth in resident and workplace jobs in the rural areas will have had the effect of reducing net commuting flows. Over the forecast period the basic assumption in the model is of similar proportions of workplace jobs being taken by commuters in the future as was recorded at the census time. Under this 'baseline' assumption, the improvement in job growth in Norwich and continued

in-commuting from the growing population in the rural areas will keep net commuting levels almost unchanged. Risks to this projection clearly exist, if jobs grow faster in the rural areas commuting levels would be affected as they would if Norwich does not enjoy the steady job growth in our base forecasts.

**Figure 6.8: Net commuting flows, 1994-2017: Source: Census, Oxford Economics**



### 6.3.7 Gross Value Added

As mentioned in the previous Section GVA estimates at local authority level are not particularly reliable and should be treated with caution. Projected changes are predominantly driven by the sectoral employment trends. Projected growth is fastest in South Norfolk, as would be expected given its strong employment forecasts. Although Norwich's employment forecasts are faster than Broadland's, GVA growth is broadly similar as the industrial sectors in Broadland provide higher per employee GVA than many of the administrative and retailing jobs in Norwich.

**Table 6.6: GVA change 2007-2017**

	GVA % per annum		GVA per employee job (UK=100)	
	2007-2017	2017-2026	2007	2026
Norwich	2.7	2.4	85.1	83.3
Broadland	2.7	2.5	97.4	97.2
South Norfolk	3.4	3.4	86.1	84.7
Greater Norwich	2.9	2.7	88.4	87.0
Eastern	3.0	2.8	97.1	95.5

Source: Regional Accounts, Oxford Economics

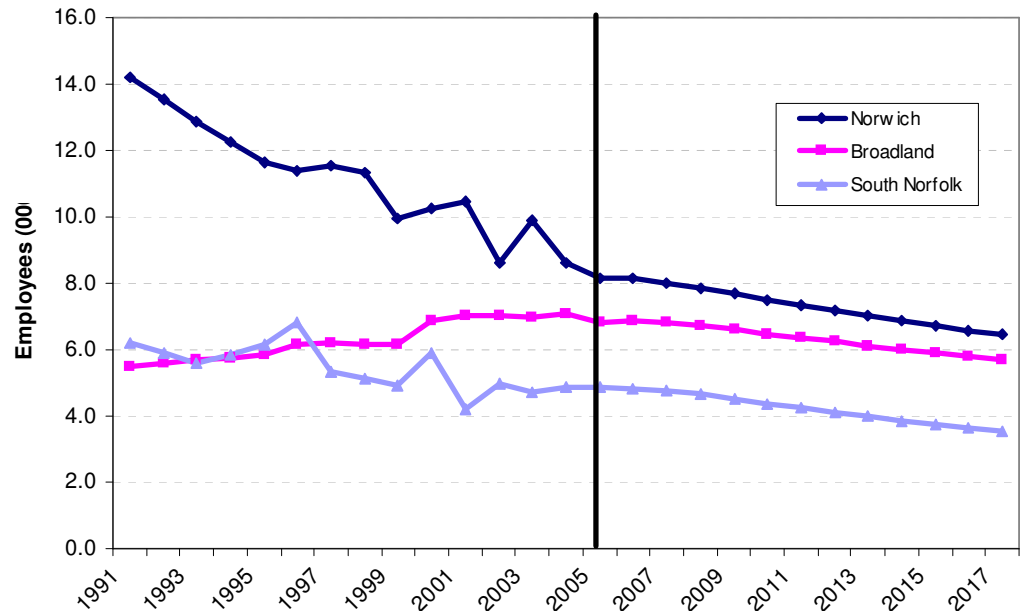
The growth rates are not sufficiently divergent to make much difference to the relative productivities with South Norfolk weakening slightly and the other areas staying almost unchanged relative to the UK. This is a relatively positive outlook as the East of England regional average is for a slight decline in relative productivity.

## 6.4 Sectoral forecasts

Annex 2 provides a complete set of sectoral base forecasts for the three areas but by way of summary a number of the key sectors are covered in more detail below.

### Manufacturing

Figure 6.9: Employees in manufacturing, 1991-2017 (000's)

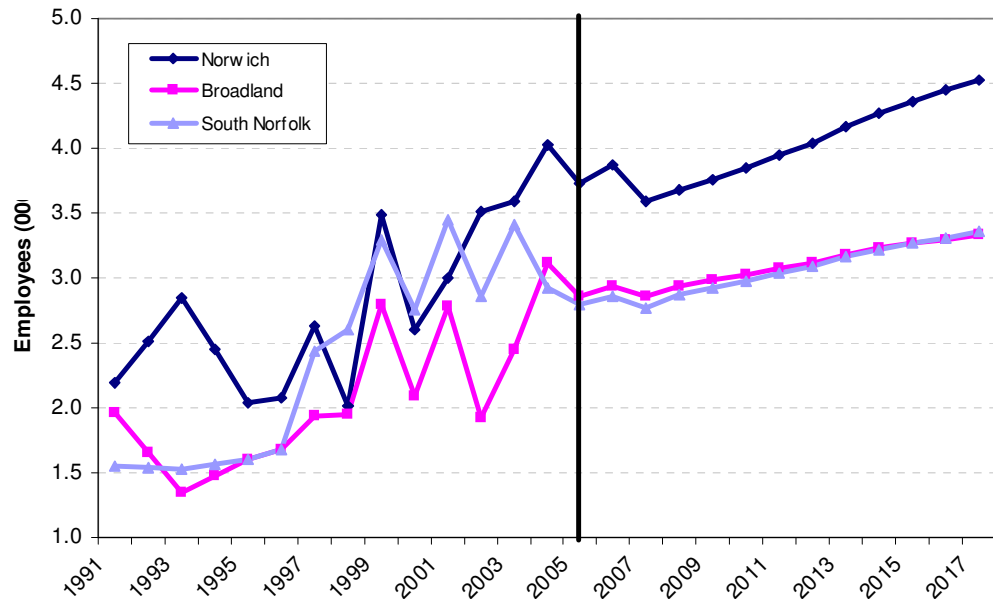


Source: ABI, Oxford Economics

The employment decline in manufacturing has been more pronounced in Norwich than in South Norfolk and Broadland's performance is particularly noteworthy given the difficulties experienced in the sector from international competition. Over the forecast all three areas are expected to suffer some job loss though the rate of decline in Broadland is much slower than in the other two areas, indeed by 2018 Broadland is projected to have a larger industrial sector than Norwich. Just a decade ago it was half the size of Norwich. Continued shifting of production to industrial parks outside of the urban core and pressure to release urban land for residential and commercial/retail development will contribute to the continued decline in Norwich's industrial base.

### Construction

Figure 6.10: Employees in construction, 1991-2017 (000's)



Source: ABI, Oxford Economics

Construction is a notoriously difficult sector to measure accurately with distinction between employees and self employed and part time/temporary and unofficial work all factors in its miss measurement. Nevertheless employment levels are significantly higher in all three areas than they were a decade ago and we forecast strong medium term growth. This reflects the growth in the wider economy in both house building and in commercial development / infrastructure improvements. Broadland forecasts may prove overly optimistic but it does not reach record levels until past 2010. Pressures from the Olympics development may make demand for construction skills acute and though we expect migration to fill most gaps it is not impossible that some squeeze on construction work may occur as prices rise in response to skills pressures.

#### **Distribution: wholesale and retailing**

The retailing sector has been a strong source of growth across much of the UK and in towns and cities particularly. It is not surprising growth has been fastest in Norwich and we expect a continuation over the medium term, though the growth is far from spectacular. Difficulties in some elements of the wholesale trade from difficulties in the industrial sector provide some downward pressure on the sector as do the currently high oil prices.

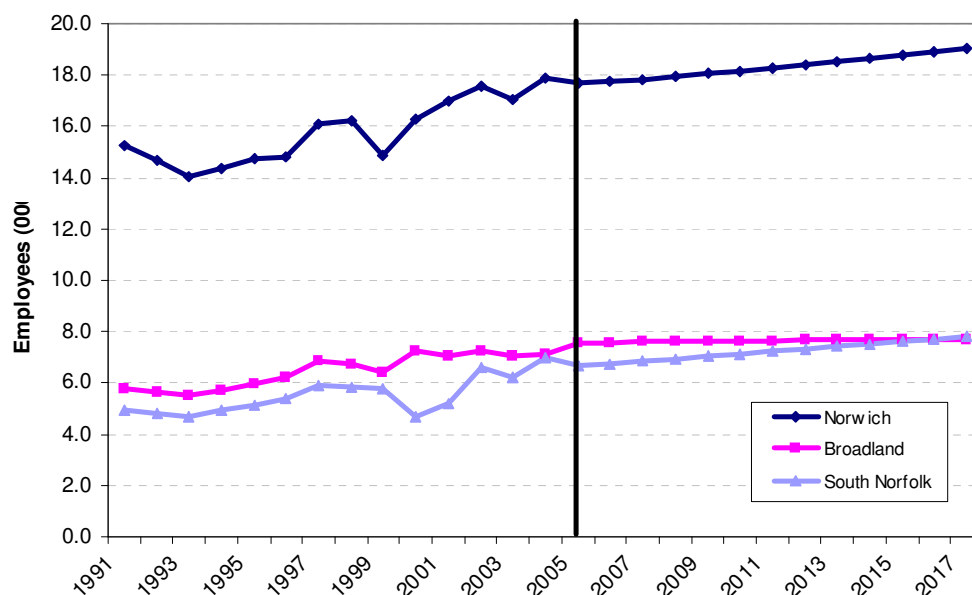
The retailing employment level depends crucially upon the population levels, spending power and tourism levels. All three elements will provide some extra demand though the retailing sector is already large in Norwich in relative terms. As Table 6.7 depicts, compared to other cities in the region it has the largest employment in distribution in line with its status as one of the region's largest cities with an urban area population of close to 200,000. The sector in Norwich is almost exactly the same size as it is in Peterborough, a smaller city of 163,000 people, but one with a large warehouse sector reflecting its good road access.

**Table 6.7: Distribution and retailing across 6 cities, 2007 & 2017 (000's)**

	2007	2017	Change 07-17
Ipswich	13.3	13.6	0.3
Cambridge	11.7	13.8	2.0
Peterborough	17.6	20.2	2.6
Norwich	17.8	19.0	1.2
Luton	15.7	17.0	1.3
Watford	12.9	12.4	-0.5
<b>East</b>	<b>467.1</b>	<b>493.0</b>	<b>25.9</b>

Source: Oxford Economics

**Figure 6.11: Employees in distribution and retailing, 1991-2017 (000's)**



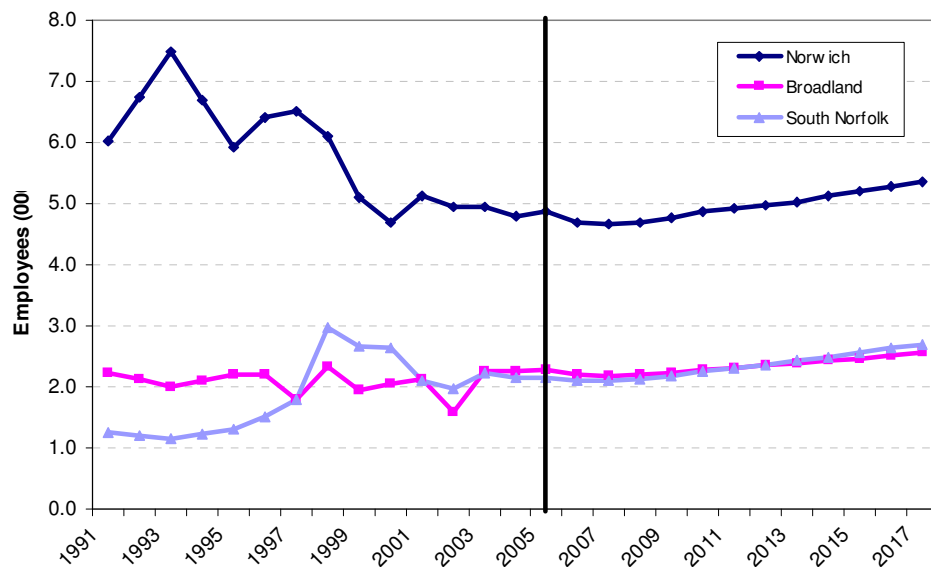
Source: ABI, Oxford Economics

### Hotels and catering

In many ways this sector is perhaps the most surprising as there has been virtually no growth in the rural areas and a marked and steady decline in the Norwich area. This is unusual and not what we might have expected. It is often a reasonable proxy for the tourist sector which may have lost employment through cheaper foreign travel, foot and mouth disease and poor weather. It is notable however that the ABI data for 2006 indicate stronger growth in this sector in all three districts.

We forecast steady, if unspectacular, growth in the sector. Clearly capacity for much faster growth exists as our long term projections for both Norwich and South Norfolk do not return employment in the sector to above its levels at the end of the last decade.

**Figure 6.12: Employees in hotels and catering, 1991-2017 (000's)**

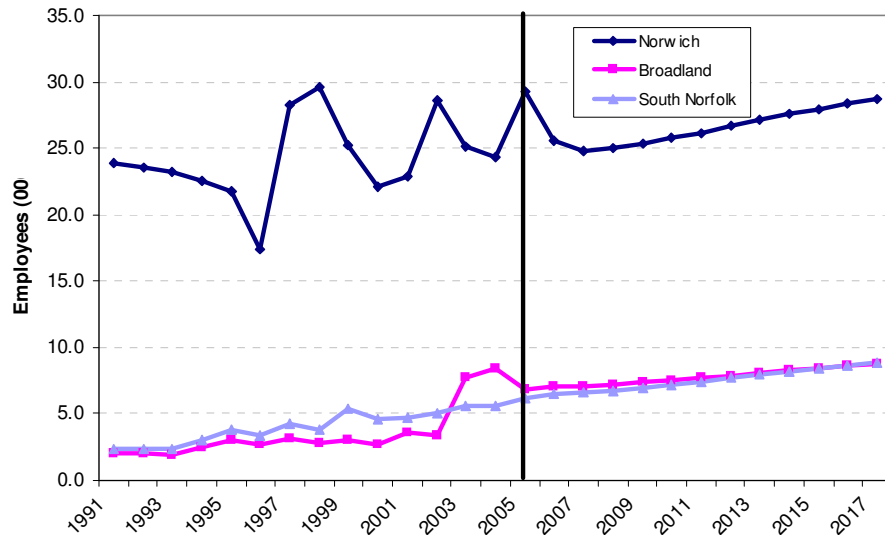


Source: ABI, Oxford Economics

**Financial and business services**

The key growth sector in the UK finance and business has expanded across the three areas. Norwich's path has been a volatile one with job losses in some of the insurance industry and decline in sectors such as industrial cleaning adversely affecting overall performance in the sector. The rural areas have shown steady growth, albeit from an incredibly low base and we expect Norwich to continue to employ around three fifths of the areas workers in this sector. The sharp fall in the first forecast year for Norwich is due to our suspicion that the 5,000 job growth in the real estate sector in the area is not genuine. It may be the classification of all employs at a single site, which is a common ABI mistake, or it could be a miss-classification which may see the jobs replaced when we see the 2006 data. Even with steady growth the sector does not reach its record historical employment level by the end of the forecast period, something of a disappointment for a city. The rural areas will reach record levels but remain, in terms of scale, relatively small.

**Figure 6.13: Employees in financial and business services, 1991-2017 (000's)**



Source: ABI, Oxford Economics

In city terms Norwich's business and financial services sector is well developed and larger than any of the other regions sectors (Table 6.8). Despite the challenges faced from off-shoring and from the recent credit crunch and mortgage lending problems this is a strength for the Norwich economy as the long term outlook in these sectors remains positive. We do project more rapid growth however in both Luton and Peterborough. This is based on the past performance of these cities and is influenced by a number of factors. Key among these however is the proximity of these major settlements to London and their transport connections with the capital and other destinations.

**Table 6.8: Financial & business services across 6 cities, 2007 & 2017 (000's)**

	2007	2017	Change 07-17
Ipswich	14.1	16.8	2.7
Cambridge	20.0	30.1	10.2
Peterborough	22.7	30.6	7.9
Norwich	24.8	28.7	3.9
Luton	22.6	27.2	4.7
Watford	13.7	15.2	1.4
<b>East</b>	<b>489.5</b>	<b>626.2</b>	<b>136.8</b>

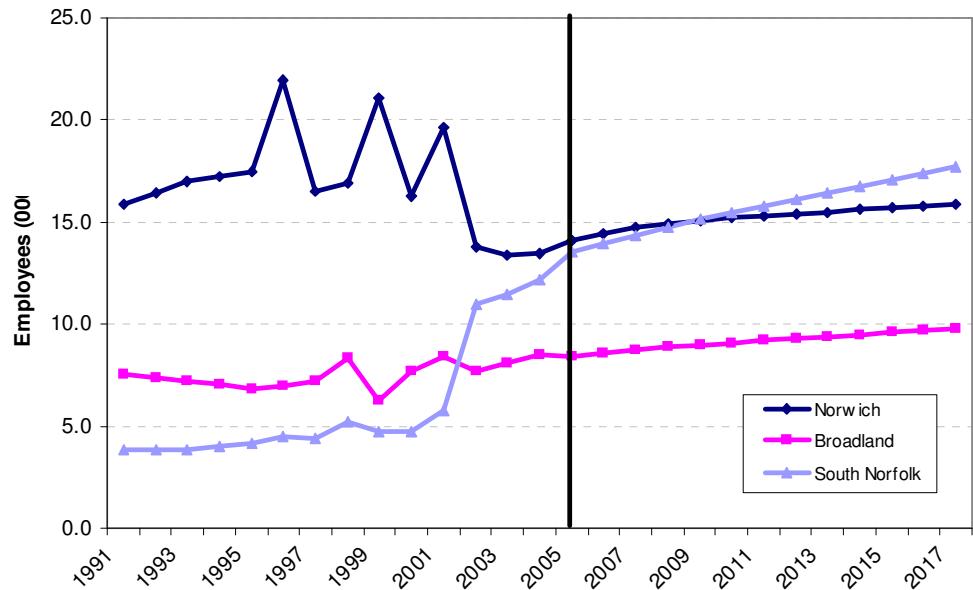
Source: Oxford Economics

### Education and health

The major employers of health and education will continue to provide additional employment throughout the forecast period with South Norfolk's growth most significant. The continued expansion of the teaching hospital and the expectation of extra population in the areas drive this forecast. Having lost the hospital we expect Norwich to slowly expand employment in the front line public services, but at the end of the forecast period the sector is a smaller employer than in the South Norfolk Authority.

**Figure 6.14: Employees in education and health, 1991-2017 (000's)**





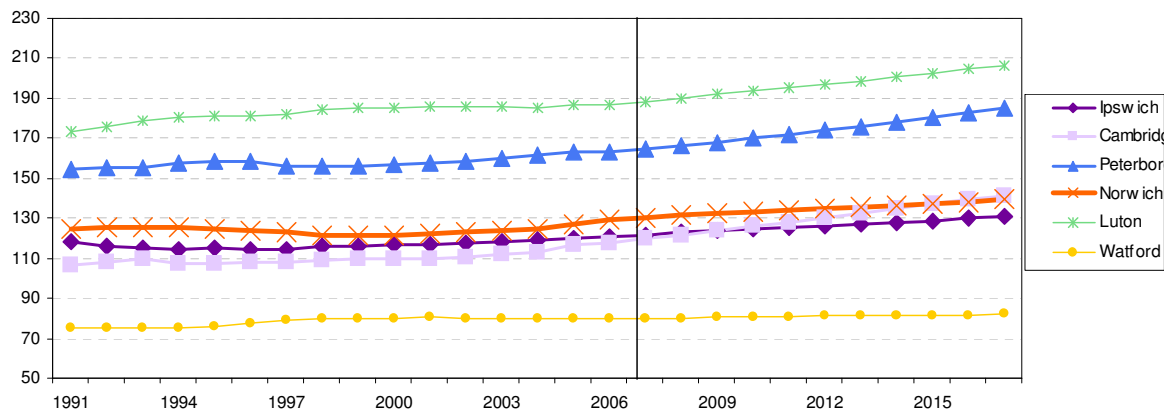
Source: ABI, Oxford Economics

### 6.5 City comparisons

This section compares recent and forecast trends in the region's main cities to set the forecasts for Norwich in a wider context. The comparator cities are Ipswich, Cambridge, Peterborough, Luton and Watford. Some

Population all of the cities has grown in the last 15 years with the exception of Ipswich where population is almost identical in 2006 to the level in 1991. Growth has been strongest in Peterborough, and in Luton where the importance of the airport is likely to grow over time. Norwich continues to remain just above Cambridge and Ipswich in overall population size.

Figure 6.15: Total population, selected cities, 1991-2031 (000's)

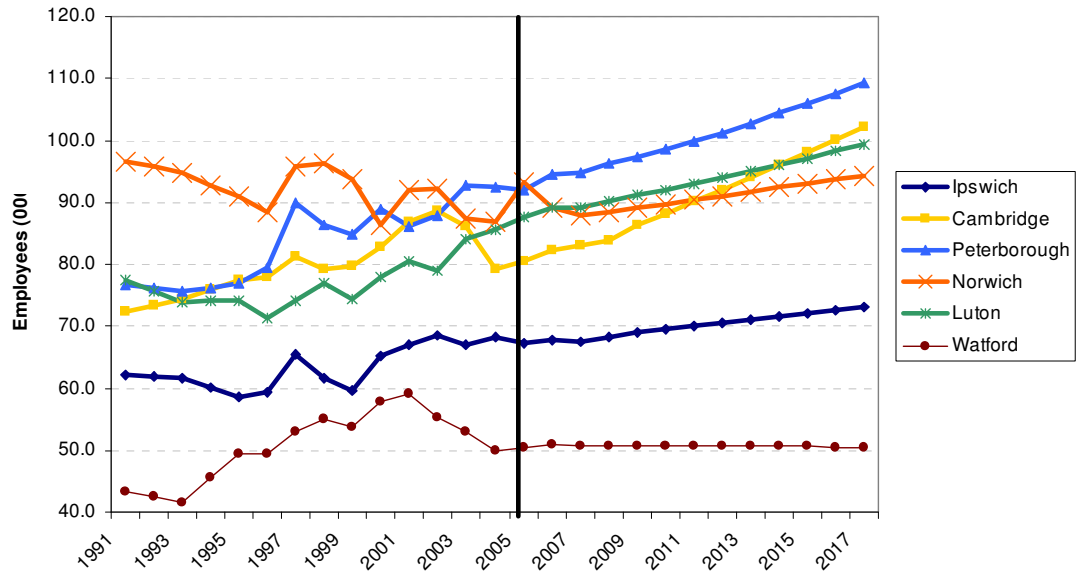


Source: Nomis, Oxford Economics

In employment, Norwich has had the slowest growth among the six cities. We project that Peterborough will have a larger employment total when the 2006 data is published and our forecasts are for strong growth in this city. Norwich is also projected to fall slightly behind Luton and Cambridge in employment numbers (as the airport and surrounding area expands in Luton). Watford is

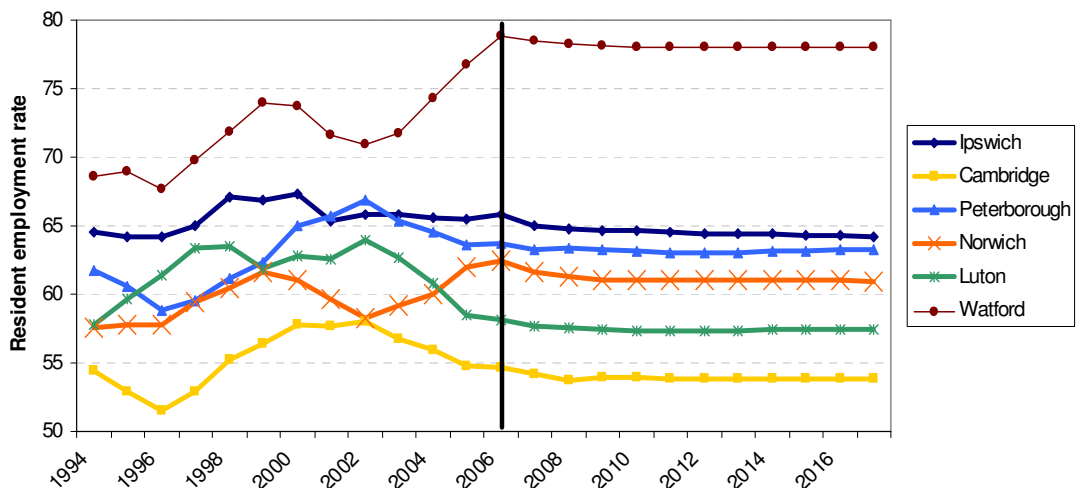
expected to experience the least improvement in job numbers, and remain below its peak levels at the turn of the century as it continues to experience significant out-commuting. Most of these cities except Peterborough have relatively 'tight' boundaries with little space for expansion within the boundary. However, Norwich has perhaps the most constraining boundary of all of the cities.

**Figure 6.16: Total employment, selected cities, 1991-2031 (000's)**



Source: ABI, Oxford Economics

**Figure 6.17: Resident employment rate**



Source: APS, Oxford Economics

Employment rates in cities are usually lower than in rural areas and this is reflected in the long term trends of employment rate (Figure 6.17). Watford enjoys a much higher employment rate than the other areas as it has such a

high level of out-commuting. Cambridge has the lowest rate, on account of the large numbers of students in the city and Luton's level is also low reflecting industrial closures in the area and a large Muslim population with low levels of female participation. Norwich has converged to close to the Peterborough level though we do not forecast it to overtake Peterborough's level during the medium term.

## **6.6 Comparison of forecasts**

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Comparing projections from different forecasting companies can be difficult as methods and data definitions vary as do dates of release of forecasts. We have looked at the Cambridge Econometrics projections produced in July 2007 compared to our Autumn 2007 forecasts for the three greater Norwich districts in the tables below.

Employment data is reasonably similar in 1997 for greater Norwich although CE have more jobs in Norwich and fewer in the other two areas. Estimates for employees in employment are less than 1,000 jobs apart in 1997 and 2005, although in 2007, the first forecast year CE, have employment at 8,400 higher than Oxford. The difference for Norwich alone is however larger by 14,400. Part of the reason for this gap is Oxford's assumption that the ABI data contains an error overestimating employment by 5,000. The projected gap between the two sets of forecasts for employment in greater Norwich narrows a little to 5,900 by 2017 and continues to narrow after that. The gap for Norwich alone remains large however. We also have CE's forecast for Norwich generated in 2006. In this case the projected employment gap between the two sets of forecasts is close to 5,000 in both 2007 and 2017 and hence likely to reflect only the assumed data error. CE increased their forecast employment for Norwich between their 2006 and 2007 sets of forecasts by around 7,000 each year for reasons we do not know.

**Table 6.9: Comparison of Oxford Economics and Cambridge Econometrics forecasts for Norwich, selected years**

	1997		2007		2017	
	Oxford Economics	Cambridge Econometrics	Oxford Economics	Cambridge Econometrics	Oxford Economics	Cambridge Econometrics
GVA (£m 2003)	2628.5	3239.4	2862.8	4268.1	3750.6	5613.4
<b>Total employment</b>						
Agriculture	0.0	0.1	0.0	0.1	0.0	0.1
Extraction	0.0	0.0	0.1	0.2	0.1	0.1
Manufacturing	12.3	12.5	8.5	9.3	6.9	8.6
Utilities	0.3	0.2	0.0	0.0	0.0	0.0
Construction	4.0	5.3	5.4	7.6	6.8	8.7
Distribution & hotels	24.5	25.9	23.9	24.9	25.7	27.4
Transport & communications	5.4	5.1	5.1	5.7	5.1	5.6
Financial & business services	30.4	30.1	27.0	33.8	31.4	39.0
Public admin	5.0	6.1	4.9	7.5	4.9	7.4
Health & Education	17.8	19.3	15.6	15.2	16.8	16.5
Other Personal services	5.3	5.7	6.2	7.0	6.4	7.3
Total	105.0	110.3	96.9	111.3	104.2	120.7
Population	122.9	123.0	130.4	124.7	139.3	128.8

Source: Oxford Economics Autumn 2007, Cambridge Econometrics July 2007 (2006 for population) Note: Cambridge Econometrics GVA based to 2003 prices.

**Table 6.10: Comparison of Oxford Economics and Cambridge Econometrics forecasts for Broadland, selected years**

	1997		2007		2017	
	Oxford Economics	Cambridge Econometrics	Oxford Economics	Cambridge Econometrics	Oxford Economics	Cambridge Econometrics
GVA (£m 2003)	963.4	1312.1	1707.6	1924.8	2230.8	2422.9
<b>Total employment</b>						
Agriculture	2.4	2.1	1.4	0.9	1.0	0.6
Extraction	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing	6.8	6.1	7.5	7.5	6.3	6.9
Utilities	0.1	0.1	0.0	0.0	0.0	0.0
Construction	4.1	3.8	5.9	5.8	6.8	6.6
Distribution & hotels	10.2	9.9	11.1	10.8	11.4	11.8
Transport & communications	1.0	1.0	2.2	2.1	2.1	2.1
Financial & business services	3.9	3.3	8.5	7.7	10.5	9.2
Public admin	0.7	0.9	1.5	1.8	1.8	1.8
Health & Education	8.4	8.4	9.8	9.3	11.0	10.2
Other Personal services	2.2	1.9	2.5	2.3	2.8	2.4
Total	39.7	37.5	50.5	48.3	53.8	51.6
Population	113.7	-	123.0	-	132.2	-

Source: Oxford Economics Autumn 2007, Cambridge Econometrics July 2007 (2006 for population). Note: Cambridge Econometrics GVA based to 2003 prices

Although differences exist between CE and Oxford in the estimates of employment for individual areas the gap for greater Norwich is not large and the annual growth rate is similar at 0.8% for CE and 0.9% for Oxford.

Sectorally, CE's manufacturing, construction and distribution forecast for 2007 is a little higher than Oxford's but the largest gap is in financial and business services followed by public administration is more optimistic and Oxford are much more optimistic on financial and business services and public administration and defence. Differences in data on public administration and defence may reflect variations in the treatment of armed forces including US military personnel.

CE have a much higher estimate than Oxford for historic GVA in Norwich and lower estimates for the other areas. These differences are probably due to differences in methods of estimating local level GVA. Growth rates for projected GVA are once again reasonably similar for greater Norwich. CE have an annual growth rate of 2.8% while Oxford have 3.0% (Table 6.13).

**Table 6.11: Comparison of Oxford Economics and Cambridge Econometrics forecasts for South Norfolk, selected years**

	1997		2007		2017	
	Oxford Economics	Cambridge Econometrics	Oxford Economics	Cambridge Econometrics	Oxford Economics	Cambridge Econometrics
GVA (£m 2003)	1030.0	1251.2	1663.0	2119.6	2327.2	2767.2
<b>Total employment</b>						
Agriculture	4.6	3.0	2.2	1.2	1.4	0.7
Extraction	0.1	0.1	0.1	0.0	0.1	0.0
Manufacturing	5.9	5.6	5.4	5.7	4.1	5.0
Utilities	0.2	0.1	0.1	0.1	0.1	0.1
Construction	5.4	4.9	6.0	5.6	7.2	6.4
Distribution & hotels	9.2	8.8	10.2	9.8	11.8	10.6
Transport & communications	1.3	1.2	1.8	1.7	2.0	1.7
Financial & business services	5.5	4.7	8.4	7.7	11.2	9.4
Public admin	0.7	0.8	1.7	2.2	2.2	2.1
Health & Education	5.2	5.2	16.4	15.0	20.3	16.7
Other Personal services	2.0	1.6	3.3	2.8	3.8	3.0
Total	39.9	36.1	55.7	51.9	64.2	55.8
Population	106.0	-	117.6	-	131.5	-

Source: Oxford Economics Autumn 2007, Cambridge Econometrics July 2007 (2006 for population) Note: Cambridge Econometrics GVA based to 2003 prices

Population figures are only available from CE's 2006-based forecast and only for Norwich. Although the 1997 figures are very similar, Oxford's 2007 projection is higher by over 5,000 no doubt reflecting the availability of revised and higher OND data. Oxford also have higher population growth at 0.7% per annum compared with CE's less optimistic 0.3% (Table 6.13).

For the regional economy there are only slight historic data differences for employment and no difference in 2007. CE once again has higher numbers in manufacturing, construction and public administration and defence employee estimates. Health and education is much higher in the Oxford model. The Oxford forecasts are more optimistic for population, employment and GVA but the differences are not large.

**Table 6.12: Comparison of Oxford Economics and Cambridge Econometrics forecasts for East, selected years**

	1997		2007		2017	
	Oxford Economics	Cambridge Econometrics	Oxford Economics	Cambridge Econometrics	Oxford Economics	Cambridge Econometrics
GVA (£m 2003)	70526.3	81109.5	95686.5	109961.5	128925.8	144356.3
<b>Total employment</b>						
Agriculture	75.2	60.8	45.1	44.0	33.7	28.8
Extraction	4.4	4.6	2.2	2.0	1.3	1.7
Manufacturing	386.9	373.6	291.5	303.2	221.5	280.5
Utilities	12.4	10.8	7.2	7.3	5.5	6.6
Construction	177.3	183.0	227.4	247.3	270.0	281.1
Distribution & hotels	614.3	616.1	655.9	651.1	706.7	710.2
Transport & communications	159.0	155.0	182.5	176.7	197.8	191.8
Financial & business services	459.3	425.6	577.6	562.0	738.2	659.9
Public admin	94.9	112.7	102.5	131.8	108.2	128.4
Health & Education	397.3	416.7	552.0	519.7	639.8	564.6
Other Personal services	145.8	136.4	177.7	176.3	200.6	185.0
Total	2526.9	2495.2	2821.6	2821.4	3123.3	3038.7
Population	5267.0	5266.9	5654.8	5611.3	6177.7	5920.5

Source: Oxford Economics Autumn 2007, Cambridge Econometrics July 2007 (2006 for population) Note: Cambridge Econometrics GVA based to 2003 prices

**Table 6.13: Average growth rates, 2007-2017**

	Greater Norwich average % growth 07-17		East average % growth 07-17	
	Oxford Economics	Cambridge Econometrics	Oxford Economics	Cambridge Econometrics
GVA (£m 2003)	2.9	2.7	3.0	2.8
<b>Total employment</b>				
Agriculture	-3.6	-5.0	-2.9	-4.2
Extraction	-5.0	-1.3	-5.5	-1.6
Manufacturing	-2.1	-0.9	-2.7	-0.8
Utilities	-6.3	-1.3	-2.7	-1.1
Construction	1.9	1.3	1.7	1.3
Distribution & hotels	0.8	0.9	0.7	0.9
Transport & communications	0.1	0.0	0.8	0.8
Financial & business services	1.9	1.6	2.5	1.6
Public admin	0.8	-0.1	0.5	-0.3
Health & Education	1.4	0.9	1.5	0.8
Other Personal services	0.8	0.4	1.2	0.5
Total	0.9	0.8	1.0	0.7
Population	-	-	0.9	0.5

Source: Oxford Economics Autumn 2007, Cambridge Econometrics July 2007 (2006 for population) Note: Cambridge Econometrics GVA based to 2003 prices

In summary, the CE and Oxford forecasts both expect steady growth in greater Norwich, and the differences in expected rates of growth are not large. There are differences in measurement of employment and especially GVA particularly at the level of individual local authority areas. These are likely to reflect different approaches to estimating self-employment and GVA, and the treatment of armed forces. Oxford are more optimistic in general and particularly for population. This partly reflects the availability of revised and higher data for population.

## 6.7 Summary

In summary, we expect steady growth for greater Norwich over the decade. Based on the allocation of employment to local authority districts assumed in the RES/RSS forecast model, we would expect South Norfolk to have the fastest growth. The population forecasts are above previous expectations and demand for dwellings is expected to be above current RSS projections in South Norfolk and in Norwich despite fall-off in Norwich's net migration. Over 62,000 extra people are projected by 2026 and over 30,000 extra jobs net. The combined area is expected to produce over £4.5 billion pounds of extra GVA in 2003 prices terms. This growth is strong and will place challenges on the planning and development systems, but it is neither unrealistic nor out of keeping with growth expected in other similar sized areas within the region.

**Table 6.14: Key metrics changes in the East of England region, 2007-2026**

	Population change (07-26) 000's	Employment change (07-26) 000's	GVA change (07-26) % per annum
Norwich	16.3	10.5	2.6
Broadland	17.0	4.6	2.6
South Norfolk	26.0	15.5	3.4
Total	59.3	30.6	2.8

Source: Oxford Economics

An attractive and uncongested location, desirable standard of living, a proven track record in employment in financial and business services and competitive costs are all factors likely to support growth in the area over the coming decade. Challenges from off-shoring to its financial employment are potential risks to growth. In addition growth will need to be facilitated through the availability of land for employment and dwellings and through improvements to transport to at least keep pace with improvements elsewhere in the UK. There should however not be any need for special measures out of keeping with previous policy. Any policy measures that have been employed to generate observed levels of growth over recent years should however be continued. There is also scope to tailor interventions to e.g. achieve a more balanced labour market or to address issues of social deprivation, as discussed in the recommendations section of this report.

## **6.8 A lower economic growth scenario**

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In this Section we examine the consequences of a more pessimistic economic scenario. This is not to say that we believe a more pessimistic scenario is likely to occur. Rather, in the spirit of prudence and caution it is worth investigating what a more pessimistic scenario might look like. The assumptions used to generate this scenario are necessarily arbitrary. We present these as illustrations of what might go wrong, but do not express any belief that the specific assumptions point to sectors where problems are most likely to arise.

The key assumptions are:

### **Norwich:**

- One third of expected jobs in the 'export' oriented parts of the finance sector are lost due e.g. to growth in off-shoring between 2008 and 2021, or to current conditions in financial markets disproportionately affecting Norwich.

### **Broadland:**

- Jobs in manufacturing are lost more rapidly than in the base forecasts either due to loss of competitiveness or to more rapid increases in labour productivity.
- Jobs in computing services and other tradable business services are lost due to additional decline in other local sectors.
- Fewer jobs are created in public administration than envisaged in the base forecasts.

### **South Norfolk:**

- Jobs in manufacturing are lost more rapidly than in the base forecasts either due to loss of competitiveness or to more rapid increases in labour productivity.
- Jobs in computing services and other tradable business services are lost due to additional decline in other local sectors.
- Fewer jobs are created in public administration than envisaged in the base forecasts.
- Additional build-up of jobs in the teaching hospital fails to materialise.

**Table 6.15: Employment: differences from base forecasts, 2007-2026 (000's)**

	<b>Norwich</b>	<b>Broadland</b>	<b>South Norfolk</b>
Production	0.0	-0.2	-0.5
Manufacturing	-0.1	-1.3	-1.0
Construction	0.3	-0.2	-1.9
Wholesale of motor vehicles	-0.5	-0.6	-0.9
Retail	-0.7	-0.3	-0.3
Hotels & catering	-0.2	-0.1	-0.1
Transport & comms	-0.3	-0.2	-0.3
Finance	-3.9	-0.8	-0.2
Business services	-0.7	-1.3	-3.0
Public admin	0.0	-0.5	-0.8
Education	-0.2	-0.1	-1.3
Health	-0.2	-1.3	-2.1
Other personal services	-0.1	0.0	-1.0
<b>Total</b>	<b>-6.6</b>	<b>-6.8</b>	<b>-13.4</b>

Source: Oxford Economics

As a result of these job losses unemployment and inactivity rise to higher levels than in the base forecast and net migration is lower. Additional job losses thus occur in sectors dependent on local demand in both the public and private sectors. The main differences between this low growth scenario and the base forecasts are summarised in Table 6.15 above. Employment is over 16,700 lower by 2017, and 26,800 lower by 2026, than in the base forecasts. Full details of the scenario are given in Annex 5. The main result is that there is now little increase in employment over the period to 2026 (Table 6.16 and Figure 6.18).

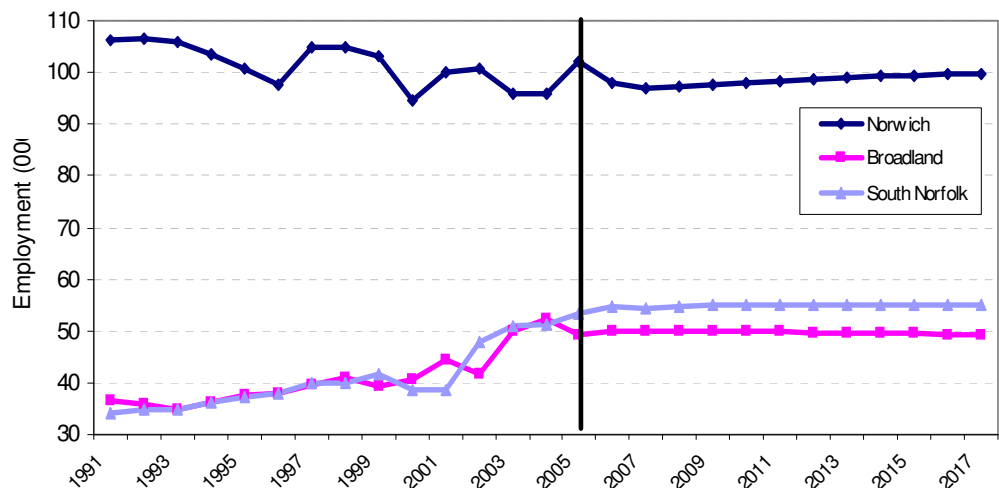
**Table 6.16: Employment Change, 2007-2026 (000's)**

	<b>Norwich</b>	<b>Broadland</b>	<b>South Norfolk</b>
Production	-0.1	-0.7	-1.3
Manufacturing	-2.7	-3.4	-3.1
Construction	1.9	0.5	-1.0
Wholesale of motor vehicles	0.2	-0.8	-0.2
Retail	0.6	-0.1	0.8
Hotels & catering	1.0	0.6	1.1
Transport & comms	-0.4	-0.3	-0.1
Finance	-4.4	-0.2	-0.1
Business services	4.7	0.4	0.4
Public admin	-0.1	0.0	0.0
Education	0.9	0.7	0.7
Health	0.7	-0.1	2.5
Other personal services	0.3	0.3	-0.5
<b>Total</b>	<b>2.7</b>	<b>-3.1</b>	<b>-0.7</b>

Source: Oxford Economics



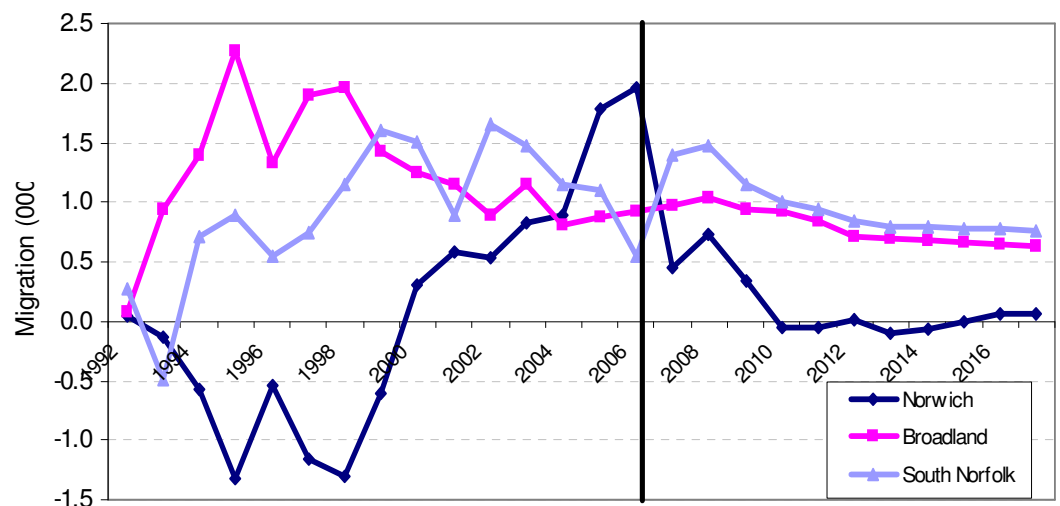
**Figure 6.18: Total employment, 1991-2017 (000's)**



Source: ABI, Oxford Economics

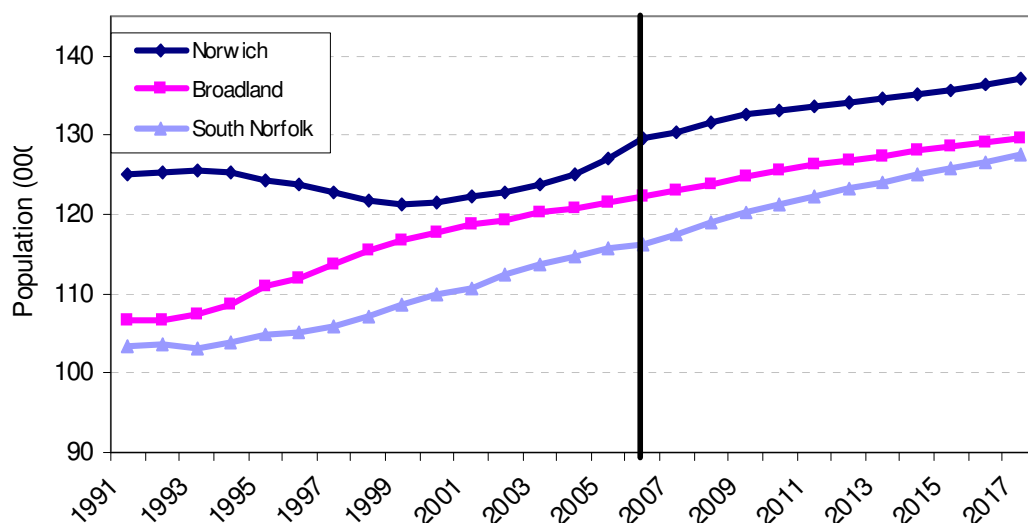
One result of the reduction in job creation is a lower level of net migration into Greater Norwich (Figure 6.19). Net in-migration would be expected to cease for Norwich by 2010 and net in-migration into Broadland and South Norfolk would be projected to fall to around half the levels of recent years. Population numbers would still be expected to rise although by little in Norwich after 2021 (Figure 6.20). As a result demand for dwellings would be lower than in the base forecasts. In Norwich and South Norfolk demand would be projected to be only a little above that in the current RSS allocations, but in Broadland the extra job losses would be large enough to drive housing demand down to levels below the current RSS allocations (Table 6.17). For greater Norwich as a whole the projected stock of dwellings would be only slightly above the current RSS target in 2021.

**Figure 6.19: Total migration, 1991-2017 (000's)**



Source: ONS, Oxford Economics

**Figure 6.21: Total population, 1991-2017 (000's)**



Source: Nomis, Oxford Economics

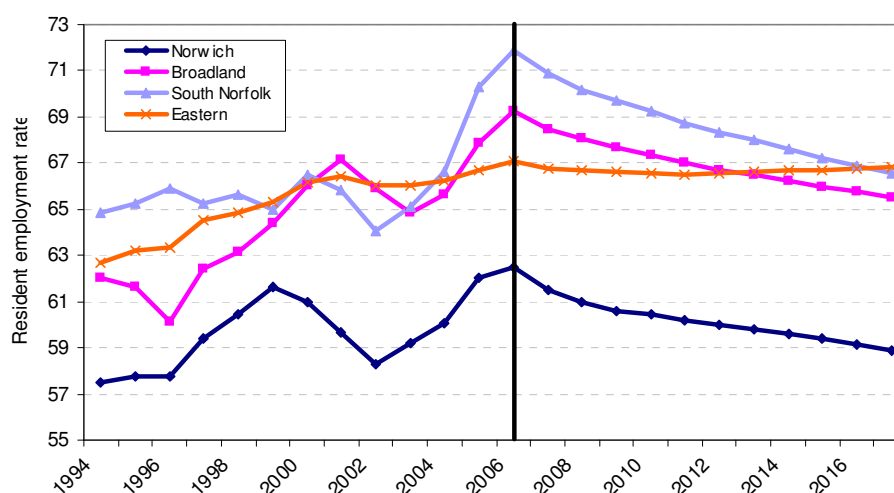
**Table 6.17: Stock of dwellings 2021 (000's)**

	Oxford Economics 2021	RSS 2021	Difference (000's)	Difference (%)
Norwich	71.5	70.5	1.0	1.5
Broadland	62.5	63.9	-1.4	-2.2
South Norfolk	61.1	59.5	1.6	2.7
Greater Norwich	195.2	193.9	1.3	0.6
East	2964.7	2820.6	144.1	4.9

Source: Oxford Economics, Secretary of State's 2007 revisions to Draft RSS

The less favourable economic growth would lead to small rises in the numbers unemployed in each area, but the main labour market impact can be expected to be in a rise in numbers of inactive working-age people. Some of the latter would be on incapacity benefit. The projected decline in employment rates are shown in Figure 7.22. In each area the job losses would cancel out the gains of the last five years as employment rates fell back to the levels experienced in the early years of the current decade. By 2017 only South Norfolk would have an employment rate at or above the average for the east of England.

**Figure 6.22: Resident employment rate, 1991-2017**



Source: APS, Oxford Economics

In the base forecasts GVA was expected to increase by 2.7% per annum between 2007 and 2026 (see Figure 7.16 above). In this slower growth scenario that growth rate slows to only 1.7-2.1% per annum and is much slower than expected growth in the region or in the UK as a whole (Table 7.18). As a result productivity (GVA per employee) would be projected to fall further behind the UK average and it is likely that average wages would do likewise.

**Table 6.18: GVA change 2007-2026**

	GVA % per annum		GVA per employee job (UK=100)	
	2007-2017	2017-2026	2007	2026
Norwich	2.0	2.0	85.1	80.7
Broadland	1.9	1.7	97.3	96.9
South Norfolk	2.1	2.1	86.1	86.9
Eastern	3.0	2.8	97.1	95.5
<b>UK</b>	<b>2.9</b>	<b>2.9</b>	<b>100.0</b>	<b>100.0</b>

## 6.9 Conclusion

Although it is not our view that this slow growth scenario is likely to materialise, economic shocks are always possible. If they were to occur in only one of the three areas, the impact would be shared across the areas and consequently muted in any one area. By assuming simultaneous adverse shocks in all three areas the unfavourable impact is of course maximised. While we cannot say that this is the worst that could happen (since international economic conditions could be distinctly worse than those underlying both the base and slow growth projections), this scenario is significantly pessimistic and is much worse than past trends especially in Broadland and South Norfolk. There is probably little that can be directly done to support individual companies but prudence suggests that strategies be followed that would help to generate or attract new jobs and new organisations in case the base forecasts prove too optimistic.

This scenario does have the property that the projected number of dwellings is close to the RSS target by 2021. Since there is a view in the sub-region that it may prove difficult to exceed current RSS targets, this scenario demonstrates one way in which demand for housing might be kept down to a level broadly

consistent with current RSS targets. This is not however a particularly favourable means of achieving this aim, since employment rates would fall back from their current levels. A better way might be through the working of the housing market. In this case a restriction on building capacity would raise house prices and restrict in-migration. This possibility is explored in the next section.

## 6.10 RSS dwellings scenario

This second scenario examines the consequences of not being able to build as many dwellings as required for the base forecasts. In the base forecast, the number of dwellings required by 2021 was 7,300 (3.6%) above the level currently envisaged in the RSS. Under the current RSS 37,500 additional dwellings will be constructed between 2001 and 2021. The base forecast is optimistic about the future of the greater Norwich economy. It also incorporates the latest 2006-based UK population projections which assume a higher level of migration into the UK than in previous projections. The base forecast would require 45,700 dwellings to have been constructed between 2001 and 2021. This in turn would require a doubling of the annual rate of construction achieved between 2001 and 2006.

There is some pessimism within greater Norwich that such a large number of dwellings could be constructed. It is felt that infrastructural and other local capacity will lead to difficulties in meeting the RSS and certainly in constructing a higher number of dwellings. This pessimism is no doubt based on a failure to meet RSS target since 2001, especially in Broadland and South Norfolk. The scenario described in this section assumes that the RSS targets are met in each area, but that no further dwellings can be constructed. This would lead to a lower level of migration into the area than projected in the base forecast. One mechanism deterring migrants is likely to be a higher level of local house prices than implied in the base forecasts.

**Table 6.19: Employment: differences from base forecasts, 2026 (000's)**

	Norwich	Broadland	South Norfolk
Production	0.0	-0.2	-0.5
Manufacturing	-0.2	-0.1	-0.1
Construction	0.6	0.7	0.6
Wholesale of motor vehicles	-0.2	-0.1	-0.2
Retail	-0.7	-0.1	-0.5
Hotels & catering	-0.3	0.0	-0.2
Transport & comms	-0.1	-0.1	-0.1
Finance	-0.1	0.0	0.0
Business services	0.1	0.4	0.4
Public admin	-0.1	0.0	-0.2
Education	-0.4	0.0	-0.3
Health	-0.3	0.1	-0.5
Other personal services	-0.2	0.1	0.0
<b>Total</b>	<b>-1.8</b>	<b>0.8</b>	<b>-1.7</b>

Source: Oxford Economics

Table 6.19 shows the employment difference between the RSS and the base forecast that we believe would result from a restricted supply of houses. Employment in greater Norwich as a whole would be expected to be 2,700 below the base forecast by 2026. The expected reduction would be largely in sectors serving local demand in both the public and private sectors. We have assumed that the main sectors serving non-local demand, including

manufacturing, would not be affected. The loss of jobs relative to the base forecasts occurs mainly in South Norfolk and Norwich since this is where the restriction in housing supply would bite hardest. The actual pattern of employment differences could of course deviate from that in Table 6.19 due to changes in commuting patterns.

The level of house building assumed under the RSS would nevertheless allow a considerable amount of expansion in dwellings and hence in population and employment. The projected increases in employment are shown in Table 6.20 below. In greater Norwich as a whole over 23,100 additional jobs can be expected to be created by 2026. Half of these are projected to be created in the business services sector, with a further 1,000 jobs expected to be created in the public services.

**Table 6.20: Employment change, 2007-2026 (000's)**

	Norwich	Broadland	South Norfolk
Production	-0.1	-0.7	-1.3
Manufacturing	-2.7	-2.2	-2.2
Construction	2.3	1.4	1.6
Wholesale of motor vehicles	0.4	-0.4	0.4
Retail	0.5	0.1	0.6
Hotels & catering	1.0	0.7	1.0
Transport & comms	-0.2	-0.2	0.2
Finance	-0.5	0.6	0.1
Business services	5.5	2.0	3.7
Public admin	-0.2	0.5	0.7
Education	0.8	0.9	1.7
Health	0.6	1.2	4.1
Other personal services	0.2	0.4	0.5
<b>Total</b>	<b>7.5</b>	<b>4.5</b>	<b>11.1</b>

Source: Oxford Economics

A restriction in the growth of employment would also lead to a slower growth in GVA. The overall growth in GVA to 2026 would decline to around 2.9% per annum.

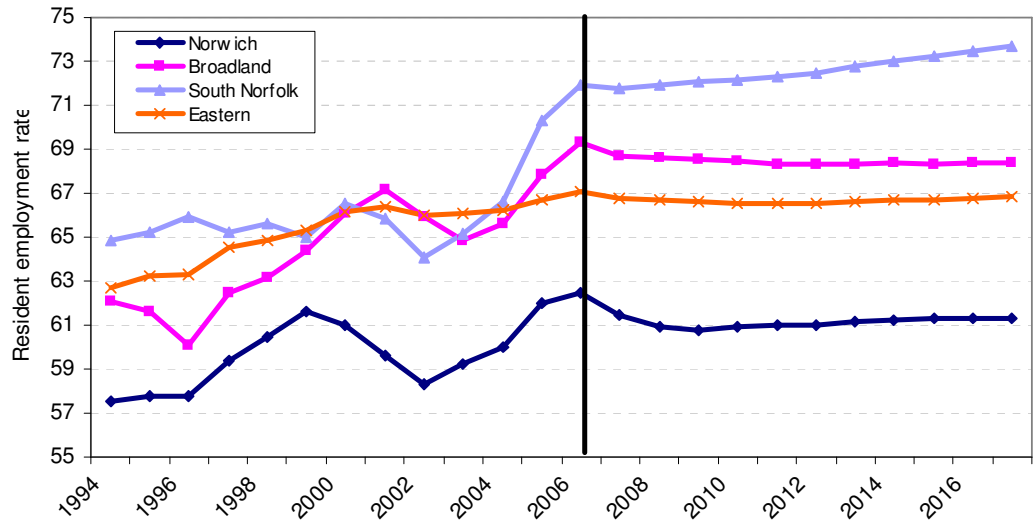
**Table 6.21: GVA change 2007-2026**

	GVA % per annum		GVA per employee job (UK=100)	
	2007-2017	2017-2026	2007	2026
Norwich	2.7	2.2	85.1	83.7
Broadland	2.7	2.5	97.4	97.2
South Norfolk	3.1	3.0	86.0	84.8
Eastern	3.0	2.8	97.1	95.5
<b>UK</b>	<b>2.9</b>	<b>2.9</b>	<b>100.0</b>	<b>100.0</b>

Source: Oxford Economics

A positive result of a restriction in house-building, and hence in migration would be a higher employment rate for residents and e.g. reduction of the number on people on incapacity benefits. Lower competition from migrants into the area would leave less competition for jobs.

**Figure 6.23: Resident employment rate, 1991-2017:** Source: APS, Oxford Economic



### Conclusion

If greater Norwich lacked the capacity to exceed current RSS dwellings targets, then growth in population, jobs and output would be restricted. Although such restriction might harm local businesses through lower levels of demand, less available labour and hence lower profits, the effect on the local labour force could be beneficial through lower levels of competition for jobs from migrants.

### 6.11 Summary of key scenario results

Table 6.22 below presents the results for greater Norwich of the three scenarios in terms of employment (including self-employment), population and housing construction for the period 2001 to 2021. A key point for the employment growth agenda is that both the baseline forecast and RSS dwellings scenario illustrate job growth in excess of the East of England plan target of 35,000 net additional jobs between 2001 and 2021.

**Table 6.22: Summary of three scenarios**

	Change 2001 - 2021		
	Employees	Population	Dwellings
Baseline Scenario	44.5	63.5	44.2
Lower Growth Scenario	18.7	50.1	38.2
RSS Dwellings Constrained Scenario	39.7	49.4	37.9

## **7 The Growth Agenda and Deprivation**

### **7.1 Overview**

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While one of the main messages of this report is that the city is in a good economic position, there are surprisingly high levels of deprivation in the city. Norwich (City) has the highest proportion of housing benefit recipients and council tax benefit recipients of all local authorities in the East of England region. There is also a strong perception that there are very small pockets of income deprivation related to low skill levels in the rural fringe which do not show up in official statistics. Over 30% of Norwich children are affected by income deprivation. Educational attainment is low in certain areas, and many people lack the basic skills required by employers. Low educational attainment is also synonymous with low aspiration and confidence. Deprivation also has a detrimental effect on health.

In practice the realisation of this opportunity also needs to take account of the multi-dimensional nature of deprivation and the forces of social exclusion that often underpin it. In reality deprived groups are likely to be excluded from one or more of the following: livelihoods, employment, earnings, property; housing, minimum consumption, education, the welfare state, citizenship, personal contacts or respect, etc, and the concept focuses on the multidimensionality of deprivation, on the fact that people are often deprived of different things at the same time. Moreover, living in a deprived area adversely affects individuals' life chances over and above what would be predicted by personal circumstances and characteristics. Nationally people living in deprived areas are less likely to be poor and have a lower life expectancy and perhaps most significantly are more likely to receive poorer education.

Addressing deprivation issues will therefore require a broad-based approach in line with wider national-level initiatives. Nonetheless, there is scope to contribute to this approach through the employment growth agenda in greater Norwich in particular by taking account of the potential leverage of education and training provision, policies to support an appropriate occupational profile in new employment growth, and consideration of the spatial location of new employment opportunities. These are reviewed in the following sections.

### **7.2 Potential for addressing deprivation through education and training**

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Greater Norwich has good further and higher education provision at the University of East Anglia (UEA), City College, Easton College and the School of Art and Design and has a large graduate skills base. Norwich has a particularly high rate of graduate retention from Norwich of approximately 40%. The picture is unfortunately less positive for schools, where, while there are many good schools, a number consistently are well below the wider Norfolk and national averages and these are associated with areas of deprivation. Five of the city's wards (Bowthorpe, Wensum, Mile Cross, Mancroft and Lakenham) rank in the most deprived 5% of wards in the country with regards to education, skills and training. This context suggests that an integrated area-based approach is appropriate.

Outside of formal education, there is a need for greater provision of informal learning, and more assistance with barriers to accessing that provision (e.g. costs, time and location of provision, child/elder care, transport, as well as attitudinal issues such as lack of self-confidence). In those communities where

education and skills rates are lowest, sustained investment is required for people of all ages in order to develop a culture of high aspirations and life-long learning needs. In reality a cultural change is required, and this requires dedicated investigation and targeted action and takes time.

### **7.3 Impact of employment growth on occupational structure**

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Relevant to this study is the issue that there is an inadequate number of intermediate level jobs, often filled by underutilised graduates. This results in a so called silting up of these jobs and is a consequence of both a lack of growth in the recent past combined with an attractive environment that encourages retention and quality of life and a resulting “graveyard” of ambition. Within this context, growth in employment should help to address this issue, by providing the opportunities for the existing large graduate population to maximise its potential in the local jobs market and creating opportunities for those in lower paid employment to move into intermediate level employment.

It is relevant in this context to consider the impact that job creation anticipated in the forecast scenarios will have on the occupational profile of employment in greater Norwich. Issues to consider include reviewing the balance between higher and lower skilled jobs under each scenario, and the implications in choosing a programme of measures to promote employment growth in specific sectors.

A first step in approaching this issue is to assess future jobs growth in different sectors against the occupational profile of employment in those sectors using Census and ABI data. For the purpose of illustrating broad trends different occupations have been grouped together using the categorisation used by the recent Work Foundation on Norwich<sup>10</sup> dividing the labour market into ‘knowledge jobs’ and other jobs.

- ‘Knowledge jobs’ include: Managers and Senior Officials; Professional Occupations; Associate Professional and Technical Occupations.
- ‘Other jobs’ include Administrative and Secretarial Occupations, and Skilled Trades Occupations, Personal Service Occupations, Sales and Customer Service Occupations, Process; Plant and Machine Operatives and Elementary Occupations.

It needs to be understood that this is a broad grouping of categories, and therefore the results provide an approximation rather than definitive picture of the impact of employment change on occupational structure.

Table 7.1 below reviews the proportion of higher and lower end jobs in greater Norwich as revealed by the 2001 Census returns for Norwich.

#### **Table 7.1 Proportion of higher and lower end jobs by sector in 2007**

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<sup>10</sup> The Work Foundation (2006) Ideopolis: Knowledge City Regions



Census sectors	Mapping against forecast sectors	'Knowledge jobs'	Other jobs
Construction	Construction	18%	82%
Mining ; Electricity; Gas and Water Supply	Extraction, utilities	46%	54%
Education	Education	63%	37%
Public Administration & Defence; Social Security	Public administration	55%	45%
Real Estate; Renting and Business Activities	Business services	53%	47%
Agriculture; Hunting; Forestry and Fishing	Agriculture	14%	86%
Manufacturing	Food, drink & tobacco, Other low tech, Metals & engineering, Chemicals & process industries, Other and recycling	31%	69%
Financial Intermediation	Finance	53%	47%
Other	Other personal services	42%	58%
Health and Social Work	Health	45%	55%
Hotels and Restaurants	Hotels & Catering	23%	77%
Wholesale and Retail; Repair of Motor Vehicles	Wholesale and distribution, retail	27%	73%
Transport Storage and Communication	Transport and communications	23%	77%
<b>ALL PEOPLE</b>		<b>38%</b>	<b>62%</b>

Source: Census, ABI, team analysis NB the 13 sectors used in Census returns have been mapped against the more defined (and larger number) of sectors used in Oxford Economics' forecasts.

The total number of jobs in the baseline forecast and RSS dwellings scenario in each of the occupational categories in 2007 is presented in Table 7.2 below. The low growth scenario has not been included in the table as it results in negligible employment growth during the period to 2026.

**Table 7.2 Total work-based employment by occupational category, 2007 - 2026**

Occupational category	Classification	2007	2026	
			Baseline	Dwellings
1. Managers and Senior Officials	Knowledge	27,727	31,174	30,225
2. Professional Occupations	Knowledge	23,393	29,274	28,231
3. Associate Professional and Technical Occupations	Knowledge	27,963	32,963	31,889
4. Administrative And Secretarial Occupations	Other	25,952	30,456	29,554
5. Skilled Trades Occupations	Other	25,016	27,416	26,638
6. Personal Service Occupations	Other	15,386	19,112	18,284
7. Sales and Customer Service Occupations	Other	17,238	18,936	18,269
8. Process; Plant and Machine Operatives	Other	14,448	14,258	13,927
9. Elementary Occupations	Other	25,921	30,033	29,000
<b>Total</b>		<b>203,042</b>	<b>233,622</b>	<b>226,017</b>

Source: Census, ABI, team analysis

The corresponding proportion of 'knowledge' and 'other' jobs in overall total jobs in 2007 and in 2026 in each scenario is presented in Table 7.3 below. The result is in fact the same for either scenario, and illustrates that the impact of employment growth under either will be to very slightly increase the overall proportion of knowledge jobs in the greater Norwich economy.

**Table 7.3 Proportion of high and low end jobs in total employment, 2007 and 2026**

Proportion of total jobs	2007	2026	
		Baseline	Dwellings
'Knowledge jobs'	39%	40%	40%
'Other jobs'	61%	60%	60%

Source: Census, ABI, team analysis

It is however instructive to consider the occupational profile not just of total jobs in 2026 but also the profile of the net new jobs created during 2007 – 2026 as illustrated in Table 7.4.

**Table 7.4 Proportion of high and low end jobs in incremental jobs growth 2007-2026**

Proportion of new jobs 2007 - 26	Baseline	Dwellings
Growth in 'knowledge jobs' as % of net jobs growth	55%	49%
Growth in other jobs as % of net jobs growth	45%	51%

Source: Census, ABI, team analysis

This illustrates that of all the new jobs created during this period, around 49%-55% can be expected in knowledge based occupations. In part this reflects strong forecast growth in sectors with greater proportions of higher skilled occupations including business services, education, public administration and construction. There may also be potential to increase this proportion by adopting sectoral promotion initiatives which support employment growth in sectors with a greater proportion of higher end jobs.

The implications suggest some key aims for economic development policy, which should promote employment growth in sectors in greater Norwich characterised by higher skill, better paid jobs. This requires the creation of both higher level and intermediate level jobs in order to increase the range of opportunities both for under-utilised graduates and those with lower levels of skills and therefore contribute to the reduction of deprivation in the area.

The occupational profile of different sectors in Norwich set out in Table 7.1 above therefore suggests the need to focus on promoting growth of:

- Public sector employment in education, public administration and health.
- Financial services.
- Business services (including a range of sub-sectors which in part contribute to the business services such as science-based industries and creative industries).

There is still a case for promoting growth of those sectors with a lower proportion of knowledge industry jobs, in particular to help create a greater proportion of intermediate level employment. This is particularly the case for those sectors with a high proportion of skilled trades jobs, including construction and advanced manufacturing.

There is also in relation to sectors such as retail or hotels and catering. However, in these instances, policy should aim to support the growth of higher earning job opportunities. This could be achieved in relation to retail for instance, by initiatives that address skills issues and therefore help retailers to focus on higher value market segments and help employees to upskill and increase their earning potential.

#### **7.4 Spatial distribution of employment opportunities in relation to deprivation**

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A final issue concerns the spatial distribution of new employment opportunities and their accessibility to deprived groups. Maintaining a balance of employment, housing, leisure with the strong retail offer of the city centre is a clear priority as this is one of the most accessible employment locations for these groups. This is particularly the case if it can be combined with better public transport access into the city centre from the north (e.g. Mile Cross) and the west (Bowthorpe) and across the city in general. However, to improve access to opportunities there is a strong case to bring forward constrained brownfield land in the northern city centre such as Anglia Square and to provide greater employment opportunities in the northern half of the city more generally. The construction of the Northern Distributor Road also holds out the potential to open up new employment areas and therefore to provide benefits to residents in deprived communities to the north of the city centre. At the same time it needs to be recognised that addressing worklessness is a complex task and that improving access to employment is only one part of a suite of wider employability measures that need to be put in place as part of a broad solution.

## 8 Financial Services

### 8.1 Introduction on key sectors reviews

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The business engagement process, review of existing strategies and discussion with the Steering Group for this study identified a number of sectors of interest in relation to future employment growth in the greater Norwich area as a whole. This and subsequent sections report the results of detailed investigations of these sectors, looking at key trends and prospects and the results of the Baseline Forecast in assessing what is expected to happen to employment in these sectors. In addition, the need to support continuing growth through various 'hard' and 'soft' policy interventions is considered in each, along with the possibility of using policy support to achieve growth beyond the projection of the Baseline Forecast.

### 8.2 Overview

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The financial services sector in Norwich has a long history in which Norwich Union has played a central role. While Norwich Union remains a core component of the sector in the city, other large companies including Marsh, Virgin and Royal Bank of Scotland have played an important role in contributing to the emergence of a number of successful medium size companies in the last ten years and the creation of a genuine financial services cluster. This cluster is notable in particular because of the numbers employed – such concentrations of financial services employment are usually found only in much larger cities in the UK.

Employment levels in this cluster in Norwich has fluctuated considerably in the last few years and can be expected to do so in future as companies respond to the opportunities and challenges presented by ongoing changes in UK and international markets.

Current initiatives to support the sector, including the effective Financial Industries Group as well as the new Financial Services Skills Academy bode well for the future. Close attention to support the sector will need to continue however, in particular because of Norwich's overall dependence on financial services employment and the relatively small number of large institutions involved.

#### **The financial services clustering effect in Norwich**

By 1997 only there were only two financial companies in the city with a large representation, Norwich Union and Marsh, but since then the number of companies has grown significantly, bringing with it a diversification of activities:

- Virgin Money was founded as a joint venture between Virgin and Norwich Union.
- Virgin established The One Account, which was subsequently acquired by Royal Bank of Scotland (RBS), which then made Norwich the HQ for its First Active mortgage business.
- Other spin-offs related to Norwich Union have included Hastings Insurance and Countrywide Legal Indemnities, with the latter being founded by former NU staff.

- Other insurance sector growth has built on Norwich Union's presence e.g. John Youngs Insurance Services, linked to construction firm RG Carter, and Homeserve.
- Other examples of companies attracted by the specialist skills available in Norwich or links to the city include Central Trust which relocated from Watford, and Freedom Finance (whose managing director lived in Norwich and had previously worked for Central Trust).

Key factors in the clustering effect were the availability of cheap premises and the existing skilled labour force. Downsizing by Norwich Union in the mid 1990's in particular vacated substantial amounts of city centre space that then provided cheap office space in which new firms could establish successful businesses.

### **8.3 Trends and prospects**

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Our Baseline Forecast anticipates a stable level of total overall employment with no significant growth in coming years. This forecast does not incorporate the potential effects of successful interventions to support the sector, or other unforeseen factors that might lead to a step-change (either up or down) in prospects for financial services in Norwich. The rest of this section therefore describes trends in more detail, and the potential to support employment growth beyond what the Baseline Forecast anticipates.

Official statistics from the Annual Business Inquiry (ABI) provide one indication of trends in the sector in terms of employment and number of organisations. The following analysis reviews these trends for the last five years for which data is available (2001 – 2005). Figures are presented for all three local authorities in combination in order to present overall trends in the urban area by masking the effect of relocations from the city centre (e.g. Norwich City) to out of town business parks (e.g. Broadland Business Park). It is instructive to review these trends at the level of individual sub-sectors within financial services and also in terms of company size, to understand the extent to which employment growth is taking place in larger and smaller firms. All analysis is subject to a margin of error as a result of the ABI's sample-based approach.

**Figure 8.1 Financial Services employment change, 2001 – 2005, by sub-sector: Norwich, South Norfolk, Broadland, employee numbers**

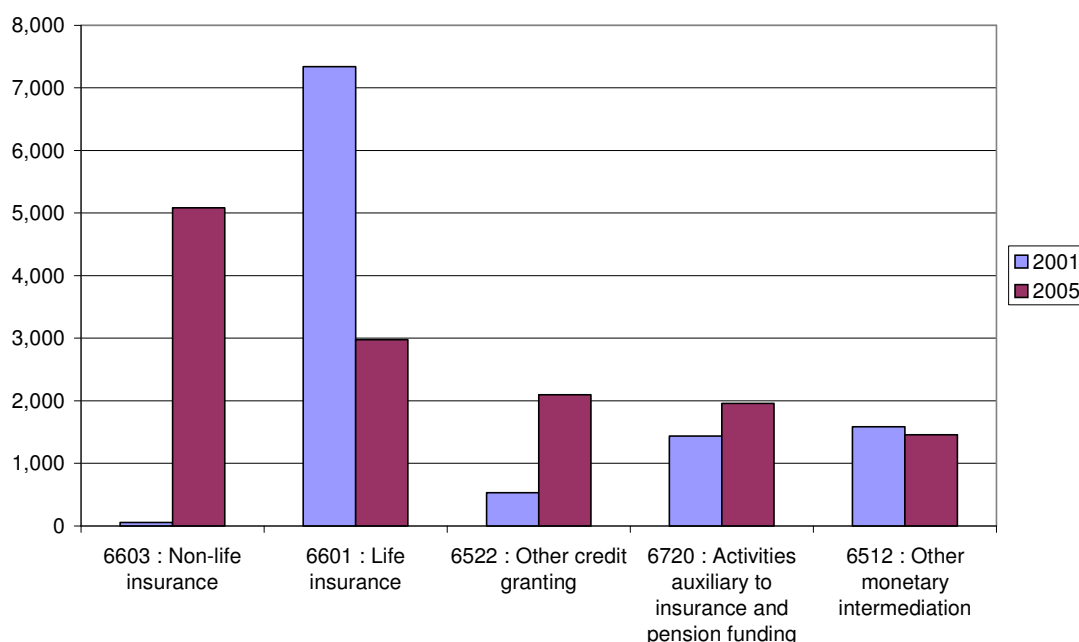


Figure 8.1 provides a clear indication of patterns of employment change in the financial services sector in Norwich. In particular it illustrates:

- Significant employment growth in the areas of Non-life insurance.
- Some employment growth in the categories of Other credit granting (e.g. loans by companies outside the banking sector) and Auxiliary activities for insurance and pensions (e.g. insurance broking).
- Major employment decline in the category of Life insurance.

Table 8.1 below uses ABI data to review substantial employment change in financial services in terms of company size (i.e. small, medium and large enterprises).

**Table 8.1 Financial services employment change 2001 – 2005 by company size, Norwich, South Norfolk & Broadland (number of employees)**

	Total	Small (1-49 employees)	Medium (50-299 employees)	Large (300+ employees)
6603: Non-life insurance	5030	222	1353	3454
6522: Other credit granting	1564	42	250	1272
6720: Activities auxiliary to insurance/pensions	519	-107	333	297
6713: Activities auxiliary to fin. intermediation	125	58	67	0
6512: Other monetary intermediation	-126	-81	-45	0
6601: Life insurance	-4363	-134	-1292	-2937
Other (SIC 6523; 6521; 6712; 6711)	40	43	0	0
<b>Total (Net Employment Change)</b>	<b>2789</b>	<b>43</b>	<b>666</b>	<b>2086</b>

The table illustrates that significant job creation and job shedding has taken place in medium size (50-299 employees) and large companies with more than

300 employees. In contrast, net employment change in small companies within Norwich has been relatively small.

While our discussions with companies did not highlight any intention to remove headquarter functions from Norwich, there is an ongoing issue of whether Norwich retains the 'headquarters' functions or becomes a more routine centre, resulting in part from the fact that financial services companies such as Norwich Union or Marsh are owned by larger companies headquartered elsewhere or by foreign firms.

Table 8.2 below provides an indication of where growth has come from in recent years as well as diversification away the city's traditional strengths in general insurance.

**Table 8.2 Diversification of the financial services cluster 1770 - 2007**

Company	Activity	Established in Norwich
Gurney's Bank	Banking	1770
Norwich Union	Insurance	1797
Norwich & Peterborough Building Society	Retail financial services	1852
Marsh	Insurance	1975
Travellers Protection Services	Travel and leisure insurance	1990
Virgin Money	Loans, credit cards etc.	1995
Clydesdale Bank	Banking	1995
The One Account (RBS)	Mortgages	1997
The Money Centre	Mortgages	1998
Moneyfacts	Financial publishing	1998
Central Trust	Loans	2000
Its4me	Motor insurance	2000
First Active (RBS)	Mortgages	2004
Handelsbanken	Banking	2004
Freedom Finance	Loans and mortgages	2004
Swiss Re	Administration of NU life and pension policies	2007

Source: press articles, company websites

#### **8.4 Key issues and challenges**

Financial services in the UK as a whole have been driven by aspects of the latest round of globalisation including the ICT revolution and long boom in the world economy. These bring their own challenges, such as restructuring and offshoring, which will continue to have an impact within Norwich as witnessed in job reductions at Norwich Union and other major employers, which are set to continue in coming years. Nonetheless, the financial services sector in Norwich retains a number of competitive advantages which are likely to promote buoyant performance in coming years. These advantages include:

- An existing cluster of firms which provides a large, highly skilled and stable workforce.
- A successful public-private partnership, the Financial Industries Group, which has proved effective in bringing different elements of the sector together in ways that have not been witnessed in several other UK financial services centres.

- A full range of financial services qualifications provided by UEA and City College. A major additional boost to workforce development has been recently provided by the establishment of the new Financial Services Academy, an example of successful public-private cooperation.
- The existence of a strong network of professional services firms able to support growth of the sector.
- Good air links, including those to other financial services centres such as Edinburgh or Manchester.

#### **Norwich Union**

Norwich remains the key UK location for the company's activities, accounting for around 6,700 employees out of a UK total of around 30,000. Norwich remains the company's HQ for its general insurance business. Long term savings (i.e. pensions and life insurance) also employ around 1,500 people. The company's activities in Norwich include a range of middle management functions, actuarial and finance functions, call centres, marketing and IT. Offshore functions include finance, IT and some administrative functions in Sri Lanka and India.

Two central questions arise about the company's long term presence in Norwich. First, what impact competitive pressures will have on its overall decision to remain in the city; secondly, what the company's future employment requirements are likely to be.

Discussions with the Norwich Union indicate that the company sees its Norwich operations as a strategic centre and has a long-term commitment to the city. The long-term retention of the Norwich Union brand remains open (London-headquartered parent Aviva PLC faces pressures to develop a powerful brand to compete globally), but even without the brand it is likely that many activities would remain in Norwich. Norwich Union has made significant recent investments of nearly £200 million in premises improvements at the Island (St. Stephens) site and at Broadland Business Park. The company is also reported to have taken on long-term leases in the recent past on a number of buildings in Norwich which would be costly to buy out.

However, while retention of important functions in Norwich looks likely, the continuing trend for Norwich Union's employment is likely to be downward in line with industry trends and ongoing improvements in efficiency. The company's peak level of 8,000 employees in 2000 has fallen by 1,300 since then, providing an indication of anticipated trends over the next few years. Expansion of financial services employment in greater Norwich as a whole is likely therefore to come from growth of other companies.

### **8.5 Existing initiatives**

Many of the challenges faced by the financial services sector that could be addressed through public-private interventions have in fact received attention. For instance, skills and workforce issues are being tackled through the Financial Services Academy, an institution to be envied by competitor cities also aiming to grow employment in this sector. Similarly, provision of a supply of suitable land and premises appropriate for the needs of the sector has been forthcoming in recent years as illustrated by the growth of out of town business parks which have been facilitated through a supportive approach by the local authorities.



A key remaining issue to be addressed is that of transport. While the city has excellent air links because of the Airport and its international and national connections, rail links remain a concern due to their importance of maintaining speedy access to central London. Norwich Union spends more than £1 million per year on the Norwich – Liverpool Street line for instance. Road connections are now viewed as less of a constraint, though there is support for improvements such as upgrading the remainder of the A11 to dual carriageway.

## **8.6 Areas for action**

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In order to maintain employment levels within the context of ongoing job shedding in line with existing trends, new jobs will need to be created in Norwich. New job growth is likely to come from a combination of facilitating the growth of those existing companies already in Norwich and taking measures to attract new companies and operations to Norwich.

Given the positive measures already taken to support the sector in Norwich and the existence of the successful Financial Industries Group (FIG), measures to support the sector are likely to include a continuation of existing work rather than any radical new initiatives. It is also important not to constrain job growth e.g. through restricting supply of the type of premises the industry requires.

The establishment of the Financial Services Academy is a major coup for the city, but it is important to note that it provides qualifications at level three and above. The financial services sector also needs better qualified entry level labour from the indigenous population. There is an identified need for a 'world of work' and financial literacy opportunities in particular to open up high quality job opportunities and career paths to local people who currently do not see financial services as an option for them. This has been identified by the LEGI programme which includes initiatives to address the issue.

There is also potential to attract further employment from relocations to Norwich. Discussions have already been held with some major London-based financial institutions about re-locating part of their operations in Norwich, and there is an opportunity to expand existing efforts through further promotion.

There is evidence that FIG has undertaken good work to promote the city and links well with national and regional institutions such as UK Trade & Investment and East of England International to promote the sector. Bringing influential figures to visit Norwich, such as Richard Lambert, former Editor of the *FT* and member of the Monetary Policy Committee, who came in 2006, is an example of this. However, further work needs to be done to make Norwich's strengths more widely known at national and international levels. For instance, Mr. Lambert was reported as saying that only after visiting financial firms in the city was he fully aware of the city's strengths<sup>11</sup>. A review this year of UK financial services centres in *Foreign Direct Investment* (the *FT*'s magazine, with an international readership of 45,000) included Manchester, Leeds, Birmingham, Bristol, Kent, Cardiff, Edinburgh, Glasgow and Belfast, but not Norwich.

Attracting substantial inward investment into Norwich remains a significant opportunity that the city should be fighting hard for. The box below illustrates recent achievements in other UK cities. While it is important to note that these are larger (though Cardiff has only 50,000 greater population), Norwich's strong past performance has been out of proportion to its size, suggesting that it is not unrealistic to compete with larger cities.

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<sup>11</sup> Eastern Daily Press *City remains one of the UK's leaders* 01 March 2006

#### **Financial Services inward investment attracted to other UK cities**

- Manchester: foreign investors include AIG, Bank of New York, Kleinwort Benson Private Bank, and State Bank of India.
- Cardiff: the Callaghan Square development aims to be the hub for the city's financial services industry, with 50,000 m2 of new high-spec office space coming on stream in January 2008, following successful lettings to ING Direct, Allied Irish Bank and Eversheds Solicitors.
- Belfast: foreign investors include The Allstate Corporation, Liberty Mutual and Danske Bank as well as Halifax (HBOS), Abbey (Banco Santander) and Bank of Ireland. In 2005 Citigroup established a technology 'Centre of Excellence', which has grown to bring its employment in the city to 600 in a two year period.

Source: *Foreign Direct Investment*, April 2007

Notwithstanding the potential for attracting inward investment, continued attention also needs to be paid to larger employers such as Norwich Union, Marsh and Royal Bank of Scotland. It is expected that these institutions will remain in the city, but departure from the city or relocation of operations elsewhere by any of these could wipe out all the collective gains from the growth of newer smaller players or inward investment attraction.

## 9 Retail

### 9.1 Overview

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The retail sector is booming in Norwich. Greater Norwich supports over 20,000 retail jobs, accounting for 11.7% of total employment across the area, a proportion which is just over the national average, according to ABI data. 12,500 of these jobs are in Norwich city alone. Norwich ranks highly in 2006 shopping surveys, including 8th best shopping destination, ahead of cities such as Liverpool and Newcastle (CACI Retail Footprint); and is the 5th best shopping destination for quality and diversity of shopping (Venturescore Research, Javelin) as well as the best city in the country for retail satisfaction (Goldfish Retail Index). Chapelfield, which opened in 2005, brought £275 million worth of investment into the city and an additional 320,000 square foot net of retail space.

There is a need to explore how Norwich can capitalise on an already successful sector – there are many independent shops already within the city centre, which are extremely popular with visitors and residents.

### 9.2 Trends and prospects

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Our Baseline Forecast for the three local authorities within the greater Norwich area show addition of 2,600 new retail jobs between 2007 and 2026. Of these, 1,300 would be expected in Norwich, 1,100 in South Norfolk and 200 in Broadland. There is however scope to expect that these totals might be increased substantially if planning policy and other measures support further expansion of retail as discussed below.

It is useful first to review recent trends in retail development. Official statistics from the ABI provide an indication of trends in the sector in terms of employment and number of organisations. The following analysis reviews these trends for the last five years for which data is available (2001 – 2005). Figures are presented for all three local authorities separately to provide an individual profile of each area, partly because Norwich city is dominant in this sector.

**Figure 9.1 Retail employment change, 2001 – 2005, Norwich, South Norfolk, Broadland**

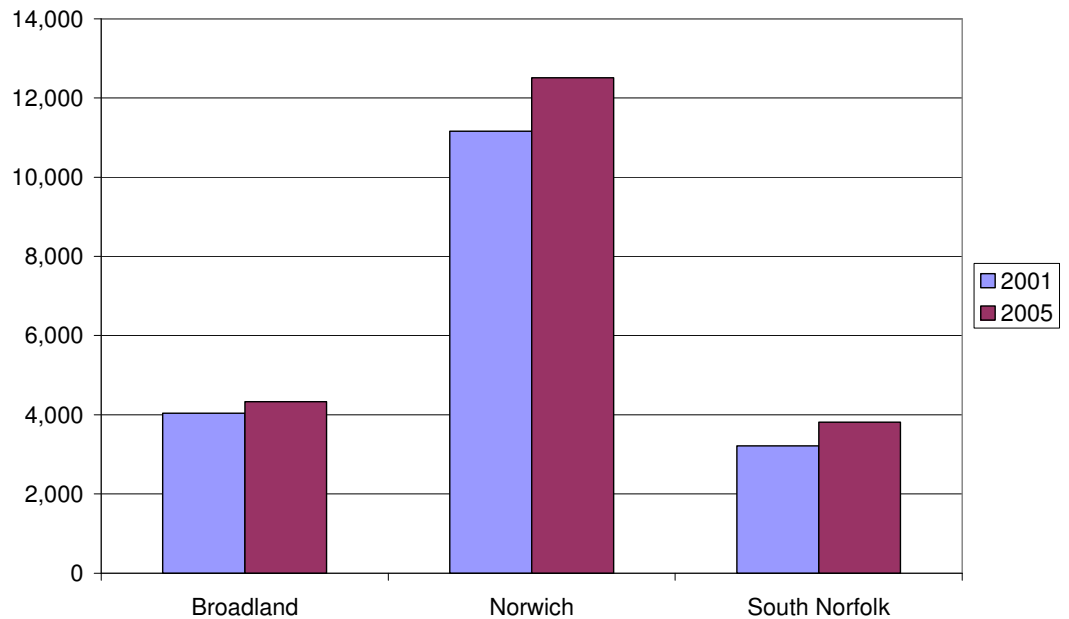


Figure 9.1 provides a clear indication of patterns of employment change in the retail sector in greater Norwich. Proportionally, South Norfolk has seen the greatest increase of employment in the retail sector.

In terms of workplace analysis, there have been healthy increases in South Norfolk and Norwich, although Broadland has seen a decrease in retail units. Broadland includes the smaller rural centres of Acle, Aylsham and Reepham, where South Norfolk includes the more affluent centres of Wymondham, Harleston, Loddon, Long Stratton and Hingham, which has possibly fuelled the demand for more shops. Diss has a particularly healthy retail sector with a vacancy rate of just 5%, well below the national average of 10.5%.

**Table 9.1 Workplace analysis, 2001- 2005, Norwich, South Norfolk, Broadland**

	2001	2005	% Change
Broadland	448	427	-4.69
Norwich	881	928	5.33
South Norfolk	397	464	16.88

According to the 2007 Retail Capacity Study<sup>12</sup> retail floor space vacancies in the City are currently at 9.8%, which is marginally below the national average. Prime Zone A retail rents stand at £2,260 per m<sup>2</sup> in 2006, and yields are 5.5%, increasing from 5% in 2002. This provides a positive indication of the relative strength of the city centre's retail offer and strong investor confidence. There is strong demand from retailers to locate to Norwich, particularly from value comparison goods, as well as higher end/specialist retailers such as Jo Malone, Lombok and Billabong. This demand pattern corresponds with the projected expenditure patterns, which are based on population forecasts. As illustrated in Figure 9.2, the estimated growth in total available comparison goods expenditure is significantly greater than for convenience goods retailing:

<sup>12</sup> GVA Grimley *Norwich Sub Region: Retail and Town Centres Study* August 2007

**Table 9.2: Expenditure Growth 2006 – 2021 in greater Norwich**

	Convenience	Comparison
2006 – 2016	+12%	+45%
2006 – 2021	+19%	+80%

The Study warned that the high demand, coupled with current low vacancy levels suggests that the units that are available to let are not suitable for these retailers, either in terms of location, configuration or size.

The same study indicates that there is considerable potential space for further retail growth in future. The potential capacity for new convenience goods floorspace in 2016 is between 3,597m<sup>2</sup> and 10,790 m<sup>2</sup> net across the greater Norwich area. The potential capacity for comparison goods is valued at 43,352 m<sup>2</sup> – 57,429 m<sup>2</sup> net by 2016. Evidently, this capacity can be translated into jobs. The projected capacity requirements for comparison retail floorspace in the main town centres within the study area to 2011, 2016 and 2021 is shown in Table 9.3, along with their translation into jobs, using accepted retail industry employment densities.

It is notable allowing retail to expand to the capacity identified in the study would lead to an expansion of retail employment considerably beyond that identified in the Baseline Forecast.

**Table 9.3 Comparison Goods Floorspace Capacity by Town Centre**

Centre	Local Authority	2011		2021	
		m <sup>2</sup>	Jobs	m <sup>2</sup>	Jobs
Norwich (inc Anglia Square)	Norwich	16,147	807	67,918	3,395
Diss	South Norfolk	982	49	4,492	224
Harleston	South Norfolk	149	7	682	34
Wymondham	South Norfolk	326	16	1478	73
Aylsham	South Norfolk	181	9	829	41

Source: Norwich Sub-Region: Retail and Town Centres Study, August 2007; Employment Densities, *English Partnerships*

### 9.3 Key issues and challenges

The Norwich Economy Strategy includes as a target being in the top five retail destinations in the UK. Gross Value Added as an approximate indicator of productivity indicates that there is a projected growth in retailing of 31% to 2010. In terms of shopping patterns, Norwich city centre draws shoppers and trade from an extensive catchment area, covering Norfolk and the wider East of England region. It is estimated that city centre is achieving a 44% market share of available comparison goods expenditure. The strength of Norwich's retail offer means that it is unlikely to lose significant market share, provided that there is continued investment and renewal of its retail offer. However, centres such as Cambridge, Bury St Edmunds and Ipswich all have proposals to increase and strengthen their retail floorspace and town centre offer, which could increase their draw from Norwich's wider sub-regional catchment.

It is therefore important for Norwich to maintain and enhance its position and role as a regional centre. However, any future town centre development and investment should protect and enhance its historic environment, tourist attractions and specialist retail offer. This is because shoppers and visitors

come to Norwich for a variety of reasons, not just shopping, and therefore the city needs to retain its unique identity and character. Norwich has a unique blend of independent stores, small specialist shops (housed in historic streets and lanes) major high street chains and the largest six-day open-air market in England. There is a real opportunity for Norwich to capitalise on its distinctiveness. There are some important linkages to explore between the retail sector in Norwich and the heritage and tourism sectors, particularly in terms of increasing local distinctiveness. The Norwich HEART Development Plan focuses on the Lanes area of the City, detailing specific interventions to blend heritage and retail to enhance visitor experience.

**The Lanes**

In 2005, city traders joined together under the umbrella of the ‘Norwich Lanes’ to give themselves an enhanced identity. The ‘Lanes’ encompasses the streets around Dove Street, Lower Goat Lane, Swan Lane, Bedford Street , Exchange Street and Pottergate. The area is characterised by cobbled streets, narrow lanes and thriving independent and specialist retailers. The area encompasses Jarrolds department store which is family run and has been anchoring the Lanes area since 1823. There is also a good range of independent boutiques stocking local and international designers and a good range of services such as hairdressers and beauty salons.

Within the HEART Development Plan, The Lanes project focuses on enhancing and improving the visitor experience for both residents and tourists and includes activities such as paving and lighting improvements, traffic management and the creation of public space for art and other cultural activities. The project also aims to encourage the private sector to increase their investment in improving retail space which will result in an increased diversity and quality of retail space in the Lanes area.

A recent cost – benefit analysis indicates that the Lanes pilot project shows a strong financial return on initial investment. For an estimated development option of £0.5m, it shows that 50 potential jobs will be created, with an annual value of £780,000 to the local economy plus leveraged investment valued at £460,000.

**9.4 Areas for action**

There is a need to explore how Norwich can capitalise on an already successful sector. There are already many independent shops within city centre which are extremely popular with visitors and residents and gives the city a distinctive edge, and one issue is the retention and support of this sector.

Retaining independent shops:

**Role of Planning Policy in the development of independent retailers - design for diversity**

Negotiation between developers and planners over details regarding the granting of planning permission through Section 106 agreements has become one of a local authority’s most important levers to engineer more balanced communities. The obligations that planners can impose include to:

- Restrict the development or use of land
- Require specific operations or activities to be carried out in relation to the

land

- Require payment of a sum or sums of money – e.g. towards future maintenance costs
- Require land to be used in a certain way

The potential with regard to retail developments is enormous. In recognition of the extra economic and social benefits that local enterprises bring to a community, planning authorities can oblige the developers of new retail units to reserve a negotiated number for truly local businesses. Section 106 powers can effectively promote the distinctiveness of an area by using obligations on retail developments to promote diversity of use. Instead of a new development containing one supermarket and five different mobile phone shops, there could be a requirement that combined guaranteed units for local enterprises along with a sustainable mix of shop types, including bakers, greengrocers, butchers, hardware shops and more. It should be noted, however, that current planning controls do not distinguish between different retail uses or between independent retailers and national chains.

Source: *Clone Town Britain (NEF: 2005)*

### **Jermyn Street**

The existence of Savile Row's tailors has recently been threatened by a 50% rise in the past ten years, fuelled by the desire of upmarket clothes stores to cash in on the street's reputation. Westminster City Council planners are acting to save Savile Row from the "curse of chain-store uniformity." Because tailoring is classified as a light industrial activity they can refuse future "change of use" applications from retail chains. The policy in effect sets out to establish a business heritage zone and mirrors steps already taken to preserve the character of Jermyn Street.

Source: *The Times*

Norwich City Council already provides significant support to safeguard the vitality of the city centre. This includes funding a managerial post for the City Centre Management Partnership which provides an effective forum for both larger retailers and independents to work together. Given the mutual interests across all retailers in maintaining a strong city offer, this creates the scope for larger retailers to provide advice and support to smaller independents, which is an area for possible future work. The City Council has also provided significant levels of funding for HEART and Visit Norwich to support ongoing development of the city centre's offer.

Further interventions to support this sector might include further direct support to retailers promoting local produce, design or craft. Support under the LEGI programme for the local purchasing initiative will help to support the independent sector over time. In terms of department stores and national chains, there are issues in terms of the scope to upscale or refurbish existing provision to match the retail experiences offered by other major regional retail centres, including Cambridge. This is potentially possible given the scope for redevelopment of areas such as St. Stephens/Westlegate and perhaps acquisition of neighbouring property.

## 9.5 Skills issues

Skills issues are particularly prevalent in the retail sector. Research at a national level by Skillsmart and the Learning & Skills Council<sup>13</sup> has shown that retail compares poorly with other sectors in relation to qualifications held and training activities undertaken, often due to the fact that, unlike some sectors, it can be a challenge for retailers to find the time and resource to release employees so they can develop their skills. Interestingly, customer handling abilities were identified as a particular skill shortage.

A number of recent reports including the evidence base for Norwich's successful LEG1 bid have pointed out that the structure of the labour market is somewhat out of balance: there are too many low paid/low skilled jobs and very few intermediate level jobs. The number of high wage jobs is reasonable but there is a danger of low paid service sector jobs dominating new jobs created. Furthermore, the UEA has the second highest graduate retention rate in the country with over 40% of graduates living and working in the city. High level of graduate retention leads to graduates being under employed, in sectors such as retail, and silt up intermediate jobs stifling aspirations/opportunities for indigenous population.

Although Further Education providers in Norwich already provide formal qualification courses such as the BTEC National Award in Retail and a Retail Advanced Apprenticeship, there is a lack of bespoke training provision for those working in retail in the greater Norwich Area. The recent growth in Retail Academies around England has highlighted the potential for, among other things:

- Raising the skill of the local workforce for the purpose for the retail sector
- Raising awareness of career opportunities within the retail sector
- Providing a focal point for retail training for several large retailers
- Allowing major retailers to create bespoke courses to suit their needs

### **Retail Academies**

The retail and hospitality sectors are vitally important to the UK economy. Retail is the largest private sector employer, employing three million people with a turn over of £260 billion a year. Nevertheless, employers are increasingly concerned about the skill level of their employees while many people are unaware of the career opportunities that retail and hospitality offer.

This situation is worrying; retail is the largest growing sector in the UK yet there is increasing global competition in the retail and hospitality sectors in addition to recent growth in internet shopping. If retailers are to remain competitive it is imperative that they develop an appropriately skilled workforce and thus promote the diverse range of career options retail offers.

Retail Academies provide a solution to these growing concerns. They are sector-driven, offering bespoke training and have the potential to up-skill the local workforce. Retail Academies are experiencing an increase in interest across England, providing vocational training part publicly and part privately funded.

Retail Academies provide an opportunity for the retail business community to

<sup>13</sup> Skillsmart Retail (2007) Assessment of Current and Future Skills Needs  
[http://www.skillsmartretail.com/pdfs/stage\\_one\\_report\\_skills\\_needs\\_assessment\\_final1.pdf](http://www.skillsmartretail.com/pdfs/stage_one_report_skills_needs_assessment_final1.pdf)



influence the design of training courses to suit their skills and training needs. This will help companies stay profitable and competitive by providing better trained and skilled staff – one of the biggest challenges facing employers in the 21st century is to recruit enough highly skilled and motivated people.

Retail Academies are also valuable to the location they are in. They can act as a centre for local training, provide other services (e.g. conference suites) and up-skill the local workforce. Providing retail training raises the awareness of the career opportunities available in retail while also generating a more qualified and higher skilled local workforce. This can lead to an improvement in the wider retail offer of an area.

Establishment of a Retail Academy would provide further support for the sector which could benefit both national chains and local independents.

## 10 Science Industries

### 10.1 Overview

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Science-based industries including health, life sciences or environmental sector companies are a major growth area for the UK economy as a whole, and as a consequence, a number of cities and regions across the country are seeking to promote development of the sector. The potential rewards are significant, with some UK clusters such as Edinburgh's life sciences industry witnessing growth rates of 7% – 8 % per year, up to four times rate of national GVA growth<sup>14</sup>. Norwich is therefore facing competition to boost its presence in this field on a national as well as international level, but nonetheless has very significant assets in the local specialisms in the health, life and environmental sciences field, from plant and microbial science through to health and food research.

### 10.2 Trends and prospects

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On the narrow definition of the health and life sciences sector used by Shaping Norfolk's future (SIC codes 24.4 and 73.1, covering pharmaceuticals and related product manufacture and R&D in the natural sciences and engineering), around 1,600 people are employed in Norfolk. Just over half of these are employed in the greater Norwich area with other significant concentrations elsewhere in the county e.g. at Thetford and King's Lynn. A broader definition, including e.g. health sector research staff and staff at educational institutions, would however increase this figure very substantially.

The most significant area of current employment and future growth is centred on the health, food and environmental sciences at Norwich Research Park (NRP). These include the Norfolk & Norwich University Hospital, the University of East Anglia, the John Innes Centre and the Institute of Food Research. The Norfolk & Norwich University Hospital currently treats around 600,000 people per year and also provides a key role in training health professionals through UEA's medical school which opened in 2002.

Counting employment at these separate institutions together, overall NRP has 9,500 employees including 3,000 scientists and 1,000 PhD students with the remainder being support staff. According to NRP Enterprises this is one of the largest single on-site concentration of scientists in the UK and one of the largest in Europe. The Research Park houses more than 100,000 m<sup>2</sup> of laboratory space with 8,000 m<sup>2</sup> of conventional and containment glasshouses and additional controlled environment suites and has seen significant investment in the institutions it houses in the last five years.

The Research Park therefore has provided a location for a broad range of research and related scientific institutions for a number of years, but until fairly recently the potential to derive wider economic benefits from linking research with commercial activities has been relatively limited.

Plant Bioscience Ltd (PBL) was originally founded in 1994 to manage technology transfer projects from the John Innes Centre and attached Sainsbury Laboratory. More recently NRP Enterprises was founded to undertake a facilitating role in promoting commercial development on the park and to manage the John Innes Centre Bio-Incubator, with 20,000 square feet of floorspace divided into 12 separate laboratories with accompanying office space, backed by expert support and advice. A number of other 'soft' initiatives

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<sup>14</sup> Financial Times *Life sciences: A fertile environment for culture to develop* 20 September 2007

to promote commercialisation are already in place, such as knowledge-community initiatives linking the Institute for Food Research with companies developing processes to upgrade food-processing waste into higher value products.

The existence of agencies to promote commercialisation of research and spin-out into job-creating companies appears now to be making a significant contribution to business development on NRP. This is illustrated in the rapid growth in the number of companies located on the Research Park, which has grown from a handful five years ago to a current total of 32. Out of this total, 17 firms are currently located in the Bio-Incubator, and several of these are now outgrowing their current premises and in need of expansion space.

#### **Bayer Crop Science**

There are other science industry assets in the greater Norwich area beyond those at NRP. These include Bayer Crop Sciences, which employs around 300 full time staff 100 additional contractors at its Sweet Briar Road where it manufactures pesticides and herbicides. BCS's function within Bayer is to provide a manufacturing branch plant, so while it has close links to Bayer's R&D facilities in Germany there are no links to crop research activities at Norwich Research Park. According to Bayer, the company expects to retain the Norwich plant for at least the next ten years and could remain in the city for longer. However, the location of manufacturing activities of this type in the UK is set to become increasingly rare in coming years, as witnessed by the recent relocation of other UK Bayer activities to India, so the long term future of the plant into the 2020's is less certain.

The wider trend in science-based industries at both national and international level is for strong underlying growth prospects for the foreseeable future. A number of developments suggest that a relatively fast rate of growth of new SMEs is likely to be sustained in Norwich based around the Research Park. These include a more 'joined-up approach' among institutions responsible for promoting spin-out, illustrated by plans to amalgamate NRP Enterprises with a pre-existing company, NRP Sciences undertaking similar activities, and the doubling of NRP Enterprises' funding by EEDA in recognition of its regionally significant role.

There is also emergence of common thinking around future development plans by the different NRP partners, including expansion plans for the Research Park as a whole over the next five years including:

- Refurbishment of the existing IFR 2 building to create additional bio-incubator laboratory and office space, with conversion due to start in early 2008.
- Earmarking of the nearby Triangle Site for development of a new innovation centre that it is hoped by NRP Enterprises will be able to open by 2011.
- Potential development of an additional 55 hectares of land for expansion of the Research Park. This is subject to various development constraints including transport access issues and the SSSI in the Yare River valley that divides UEA from the rest of the Research Park. However, it is considered that these issues are resolvable, and that the expansion of the park will

provide not only opportunities for companies moving out of the Bio-Incubator but also the potential to attract inward investment in the form of a multinational company research facility.

Some developments at UEA also suggest that Norwich may emerge as a centre for environmental management businesses including some manufacturing activities. The existence of new programmes associated with UEA, notably C-Red with its associated funding to develop low carbon innovations (the £5m Carbon Connections project) also suggest potential for a higher future growth rate in employment in the area of science-based industries.

### **10.3 Key issues and challenges**

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On current trends it is anticipated on the basis of discussions with NRP Enterprises that job creation from the establishment of new companies and expansion of existing ones on the Research Park will lead to the creation of 50 to 100 jobs per year.

Some of these would be expected to be jobs in research science, but it is expected that greater job creation potential would come from scientific service companies (Forensic DNA Services Ltd, set up to provide DNA forensics for the police and for defence work, is an example), as well as from environment-related firms (e.g. consultancy and possibly some light engineering activities). Healthcare activities also have the potential to be major occupier of space. It is less likely that a large scale manufacturing plant would be attracted to the Research Park. However, there is however potential for increasing commercial activity from IP with some spin-off benefits.

If large scale corporate research and development facilities could be attracted through inward investment efforts this would also provide a major boost to employment growth. This kind of initiative could be expected to add hundreds of jobs and provide a significant boost to organic growth. This is feasible in the context of expansion space on the park becoming available and increased promotional efforts (e.g. to market NRP not as a cheaper version of Cambridge science parks, as has sometimes been the case in the past, but as an R&D with its own specific associated scientific assets). This would require efforts to create expansion space on NRP to be stepped up, and development constraints addressed.

#### **Attracting inward investment to Norwich**

Norwich could do more to attract HQ and R&D activities. Recent locations in other areas of life sciences shows what is possible. However, Norwich will need to focus carefully on those areas where it has specific institutional assets in health, food and environmental fields to have the greatest chance of success.

- German biotechnology company MorphoSys, established its new UK HQ in Kidlington near Oxford in January 2007. The facility acts as the HQ for the MorphoSys Group of companies in the UK.
- California-based biotechnology company Amgen opened its new European Development Centre in Uxbridge near London in 2006. Together with expanded facilities in Cambridge, UK, the centre will support Amgen's largest-ever international clinical trial programme.
- The Acta Group EU, an affiliate of Washington, DC-based consulting firm

Acta Group, opened a centre in December 2006 in Cheshire, UK, with a team of specialists in product registration, regulatory issues and toxicology as a 'centre of expertise' for industry.

Source: *Foreign Direct Investment*, various issues

Some expansion at the Norfolk & Norwich University Hospital can also be expected to increase the size of the research community at NRP at the same time as creating further opportunities for additional commercialisation and corresponding employment growth. This process is already happening at the Hospital, where senior researchers have been attracted to work (e.g. in the fields of osteoporosis research, rheumatology, cartilage enzymes etc.) and have then been successful in obtaining research grants allowing further researchers to be employed.

A combination of both new start-ups based on commercialisation of research undertaken at the park, growth of existing companies, growth in research staff at the Hospital, and attraction of corporate R&D facilities might therefore be expected to lead to creation of around 2,000 jobs over the next ten years, and 4,000 over the Core Strategy period to 2026. Achieving this would depend on bringing forward land for development to expand the Research Park as soon as possible, and combining this successful investment attraction activities.

#### **10.4 Existing initiatives**

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A central point in relation to expansion of the health and life sciences sector in Norwich is that much of the hard and soft infrastructure to support this expansion is already in place. This includes:

- The existing enterprise hub in the John Innes Centre with an appropriate range of technology transfer, professional services and enterprise support services.
- Other technology transfer agencies including PBL, UEA Research and Business Services exist in the local area.
- Health Enterprise East also exists as an entity with the specialised skills to undertake the same in the health sector, although not actually located in Norwich.
- Professionals in Innovation (bringing together HSBC as bankers, Mills & Reeve as solicitors and Lovewell Blake as accountants) exists as a loose grouping able to provide expert advice to science and technology businesses.
- Appropriate access to the finance community. This includes the Icen Fund established in 2002 as a seed-corn investment fund with £4 million. NRP Enterprises is also able to link with the wider venture capital community in Cambridge and London for funding opportunities.
- Commitment from EEDA or introduction of private sector partners to secure future development of premises.

It is however important that the full potential employment and wealth creation benefits from Norwich's science base are achieved. There is therefore an ongoing need to evaluate the activities of knowledge transfer and commercialise initiatives, benchmark against best practice on a national and international basis and implement any necessary changes to ensure this.

## 10.5 Areas for action

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Key areas for action are therefore the following:

- Ongoing promotion efforts to get to a 'tipping point' at which Norwich is better established at national and international levels as a major location for scientific industries. This would require a stronger push from East of England International and UK Trade & Investment, underlining the message that Norwich has different but complementary strengths in comparison to Cambridge.
- Identification of larger-scale initiatives that can be used as levers to attract major international investment. The 'translational medicine' collaboration between Wyeth and Scottish Enterprise (see box below) would provide an example of this kind of initiative.
- Extension of skills provision to support further development of Norwich's science offer and its global profile. This include the GNDP Economic Development group proposal to establish an engineering school at UEA, which is also supported by a number of engineering firms in the Norwich area.
- It has been suggested that the existence of the Hethel Engineering Centre and firms linked to it has the potential to contribute to further development and spin-out of environmental sector innovations, e.g. by creating the basis for product development and manufacturing. It is likely that the Hethel initiative may contribute in this way, and in particular, provide opportunities for on-the-job learning (and therefore the exchange of 'tacit knowledge' important for cluster development). It is unlikely however that it will be able to substitute for the in-depth, academic training of engineers or research programmes that a UEA department would provide.

### **Possible lessons for Norwich from Edinburgh**

#### **1. Engagement with the property community speed up growth**

In an effort to boost Edinburgh's appeal to the biotechnology and pharmaceuticals industries, Scottish Enterprise has recently announced a partnership with Alexandria Real Estate Equities, a US property company specialising in life sciences developments. The deal will rebrand the Centre for Biomedical Research, which includes the centre for regenerative medicine, as Edinburgh Bio Quarter. The goal is to build life sciences centre with a reputation to rival San Francisco's Mission Bay, Singapore's Biopolis and Stockholm's Novum Biocity. Alexandria has won the exclusive rights to develop Edinburgh Bio Quarter in collaboration with Edinburgh University, the National Health Service and Scottish Enterprise. The partners aim eventually to generate £250m of investment and create 6,500 jobs on the 100-acre Little France site.

#### **2. Use of research programmes to attract inward investors**

Co-operation between Scottish universities and the NHS has also been used to attract major inward investment by a transnational corporation, with the Dundee, Edinburgh, Aberdeen and Glasgow Universities coming together with NHS Scotland to develop a 'translational medicine' collaboration with US

pharmaceutical group Wyeth. The agreement will allow drug-testing research on a range of drugs to tackle illnesses such as heart disease, cancer and osteoporosis. Under the agreement Wyeth will invest £33m over five years, with an option to extend for a further 5 years. Scottish Enterprise is investing up to £18m, but is hoping for significant returns from the establishment of spin-off diagnostics companies. It is reported that Wyeth was attracted in particular by the Generation Scotland programme which seeks to recruit up to 50,000 volunteers for a study on the way genetics and lifestyle factors affect disease.

This level of public sector support will not be available in Norwich. There are however opportunities to build on existing research programmes in Norfolk or to tailor forthcoming programmes to tie in more closely with the interests of major potential inward investors.

Source: *Financial Times*, September 20 2007

# 11 Business Services

## 11.1 Overview

Business services is a broad category including a variety of services provided to businesses including banking, insurance, accountancy, legal, consultancy, marketing, commercial property, equipment and plant hire, recruitment, cleaning services etc. There are some overlaps with the financial services sector, as well as with creative industries, which includes advertising and architectural services, which is analysed as a separate sector below due to its particular potential in Norwich. According to official statistics, business and professional services employ more than 25,000 in the greater Norwich area and currently account for around 15% of GVA.

Business services are a significant growth sector of the economy with output and employment both growing strongly at national and regional level in recent years and expected to continue to do so in the future. Many of the jobs within the sector are highly skilled and relatively high wage. In view of its size, Norwich is well placed to continue to act as a service centre for Norfolk and for parts of the rest of the East of England region. Demand will come from the local economy and from markets elsewhere in the sub-region and region that lack Norwich's critical mass to have their own substantial business service sector.

## 11.2 Trends and prospects

According to our Baseline Forecast, business services will be the largest growth sector of the economy for the forecasting period, with around 10,000 new jobs created between 2007 and 2026. It is estimated on the basis of previous trends that Norwich will account for around half of these, South Norfolk a third and the remainder in Broadland.

**Figure 11.1 Business Services Growth in Norwich, Broadland and South Norfolk, 2001 - 2005**

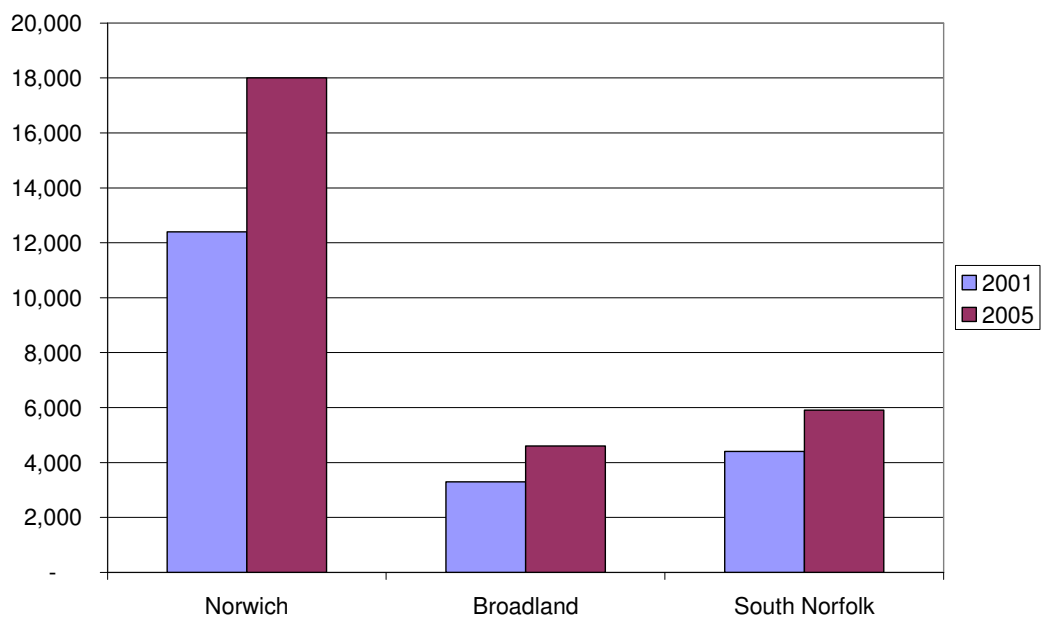


Figure 11.1 illustrates the rapid growth in employment in the sector in the last five years, with around 8,000 net new jobs, with the majority of these being



created in Norwich, which still accounts for nearly two thirds of employment in business services jobs. Future prospects remain good, with further growth in GVA and employment forecast regionally and nationally over the next few years. Locally, most of the businesses we consulted expected continued growth.

### **11.3 Key issues and challenges**

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The fortunes of the sector depend to a large extent on the development of the economy as a whole, as revenues are gained from supplying services to other businesses. Addressing transport issues is also seen as significant, both in developing Norwich's role as a service centre and in encouraging growth in the economy more generally. Though there is not a general skills shortage, firms have reported difficulties in finding staff with more specialist legal, secretarial, accountancy and financial consultancy skills.

#### **Property and Surveying**

The majority of property and surveying businesses have remained in Norwich city centre. Our research suggests that the nature of competition amongst property and surveying businesses has altered over the past decade – notably, there has been the loss of nation-wide firms such as Drivers Jonas and Chesterton. Savills are now the only nation-wide firm still remaining in Norwich. This is partly due to the success of firms such as Bidwells, who are focused at a regional and sub-regional level.

Property and surveying businesses are mainly concentrated on Upper King Street and most of these businesses are committed to retaining a city centre presence. This is mainly a response to customer demand; vendors like their properties to be sold from a prime and prestigious Upper King Street location. The advantages of remaining in Upper King Street are that businesses share the benefits of agglomeration, including healthy competition, the sharing of knowledge and opportunities for networking. In some of the other professional service sectors, businesses have moved out to Broadland or Hall Road Business Park. However, it is suggested that this movement is dependent on whether their business activities are mainly focused outside of Norwich, so a local network and knowledge agglomeration is not perhaps as important as to other firms.

The property and surveying sector in Norwich, much like other professional service businesses, find it extremely difficult to recruit and retain high quality staff. Our research suggests that businesses have often had to 'headhunt' potential staff in London and try to attract them to Norwich. This issue is not unique to Norwich, as regional offices can often have problems recruiting staff, due to the 'pull' of London wages.

Discussion with local companies suggests that there is demand for high quality Grade A office space amongst those in professional and business services, particularly in the city centre. Developments such as Whitefriars and Dukes Court are going some way to meet this demand, yet there are opportunities for the refurbishment of older buildings to avoid the long process of building new offices. At present, many of the premises for professional services in Norwich have cellular offices, and need to be changed into open plan arrangements. Bidwells office on Upper King Street have successfully converted and refurbished their office into open plan, high quality space. Refurbishment options should be explored more for professional firms wanting new space e.g.

Elliot House to ensure that businesses remain in the city centre. Other recent moves have seen a shift in commercial activities towards the northern city centre, with the new law courts starting to move in that direction.

Business services comprise a variety of individual activities and local firms do not generally see themselves as belonging to the same sector. Although there is some informal networking between businesses, there are few relevant cross cutting local initiatives which link the business and professional services sector to each other and to other sectors in Norwich. Business service firms are served by individual professional organisations, which do not necessarily encourage cross-sector working. The most significant cross cutting organisation is Norwich Chamber of Commerce, which organises a range of training, networking and business support activities, which most of the businesses we consulted have found useful. An initiative to support the sector was also previously considered by the City Council with various firms in the city and is now being developed, illustrating a commitment to support one of the major growth sectors in the city.

Like all sectors in Norwich, businesses within the professional and business services sector highlighted the low profile of the city on a national (and international) scale. In terms of opportunities for growth within this sector, those consulted consider profile raising essential for attracting new business (and employees) to Norwich.

#### **11.4 Areas for action**

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The future is bright for the professional and business services sector in greater Norwich. Demand for the sector will come from the local economy and from markets elsewhere in the sub-region and region that lack Norwich's critical mass to have their own substantial business service sector. Some key priorities for ensuring the burgeoning growth of sector include:

- Development of Norwich as a service centre, identifying opportunities to increase the proportion of local demand met by local firms. This can be achieved by addressing supply chains, procurement policies and aiming to enhance the skills and capabilities of local firms.
- Taking measures to attract new companies and operations to Norwich. New job growth is likely to come from a combination of facilitating the growth of those existing companies already in Norwich and new businesses.
- Improving and upgrading office quality ensure that businesses remain in the city centre, although the agglomeration benefits of a city centre presence including proximity to competition, networking and knowledge sharing is a high priority for some businesses and will be reason enough to stay.
- There are also a number of measures that could be undertaken within the context of a Norwich professional services initiative. This could include:
- A profiling raising exercise, across all professional and business services to ensure that those within highly skilled professions such as accountancy and law are aware of the high quality of life in Norwich.
- Building on the work already undertaken to compile a 'Package for Professionals' – to change the perception that Norwich can be a place to start or progress a career, rather than just to end it.

## 12 Creative industries

### 12.1 Overview

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The creative industries are those industries that are based on individual creativity, skill and talent, including publishing, game design, creative writing, film, fine art, graphic design, architecture, product design, advertising, animation, public relations and marketing. The creative industries sector is booming within Norwich – it has the largest cluster of creative industries in the East of England region.

Companies within the creative industries sector based in the City include ITV Anglia, BBC East, Radio Broadland, Radio Norfolk, Archant (the leading independent regional media group in the country) EC1, Imago, Eye Film and Television, Wavelength and Townhouse (the largest independent producer of broadcast programming in the area). There is also an abundance of smaller businesses across the study area such as Creative Sponge, GraphicsOne and ArtArchitecture. There is evidence to suggest that firms are clustering for access to a common labour pool and to integrate supply chain and knowledge processes.

Creative industries are already prominent within the greater Norwich economy and have been championed at county level by Shaping Norfolk's Future for several years. The increasing digitisation of the creative services industry is creating new opportunities in a number of areas. There is also a good strategic fit with the with emphasis on cultural development in Norwich's Economic Strategy and with the Regional Economic Strategy which identifies creative industries as an emerging priority sector.

### 12.2 Trends and prospects

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The composition of the creative industries sector has evolved with a noticeable shift in recent years away from more traditional forms of the creative and media industry such as broadcasting and publishing, towards a more digital and computer based focus. This shift is transforming the growth trajectory of the sector, and consequently the types of jobs which Norwich should look to support. For example, employment in the print production of newspapers has declined, yet the proportion of those involved in the web-based aspect has increased significantly.

Norwich has particular strengths in promoting creative industry employment growth, in particular because of the educational institutions and cultural facilities and events that the city offers. Norwich has regionally significant cultural infrastructure including theatres, museums, music venues and art centres, as well as a strong 'sympathetic community' of residents living in Norwich and Norfolk. Cinema City, the Garage, the Playhouse and the Theatre Royal are all popular cultural resources and are well attended by the local and (regional) population.

The Norwich School of Art and Design offers a wide variety of courses across the creative industry spectrum at a range of qualification levels, including Foundation Degrees in subjects such as film and video. This particular degree course is based at the East of England Production Innovation Centre (EPIC) to ensure that students receive practical, hands on, specialised tuition, and are working alongside established film and video businesses. NSAD also offers undergraduate courses specialising in subjects such as illustration, animation,

photography and games art as well as postgraduate courses in motion graphics and the management of creative enterprises. Currently, the School has 1,300 undergraduate and postgraduate students, with a projected increase to 2,000 students in total by 2013. NSAD also houses the Norwich Gallery, where events such as East International are held to draw attention to the city as a creative node within the region and the UK.

#### **East International**

**EAST***international* is one of England's biggest biennial exhibitions of contemporary art and is held in Norwich, at the Norwich Gallery (NSAD) The exhibition showcases work by artists from all over the world. EAST has been selected by a number of distinguished curators and artists including Eva Rothschild, Lawrence Weiner and Konrad Fischer. Of the 12,000 visitors, approximately half visit from Norwich and Norfolk and the remainder travel from London, elsewhere in the UK and overseas.

UEA was also one of the first British universities to develop the study of cinema and television, and courses are now well-established in the School of English and American Studies. The East Anglian Film archive is owned and operated by UEA and was the first regional film archive in the UK. It provides a variety of services for the East of England's film and television industry including cataloguing, footage editing, DVD publishing and technical sound editing.

Regular festivals in Norwich provide further opportunities for sector promotion. These include the Norfolk and Norwich Festival (the oldest city arts festival in Britain), its associated fringe and an International Literature Festival. The world renowned Norwich Aurora animation festival is an annual, uniquely art-focused event fusing artist retrospectives and thematic film programmes with debate, live performance and installations, alongside new work from across the world. Based at the NSAD year-round, the festival takes place annually in October, and attracts a diverse crowd of film-makers, artists, students, academics and industry professionals to the city for four days of screenings, special events and parties.

### **12.3 Key issues and challenges**

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Our research suggests that the Shaping Norfolk's Future Creative Industries Group provides an effective co-ordinating body for developing a strategic approach for the sector. Although this is a county-wide body, Norwich's position as Norfolk's major urban centre means that the city provides the main focus for much of the Group's work in promoting the sector.

However, it was suggested that there are few visible champions promoting and representing the sector at a regional and national level. There is also a lack of profile in a strongly competitive UK regional context. There is a need for "good news stories" about the sector in Norwich and greater promotion of the sector's profile both within Norwich, the region and more widely within the UK. Cities such as Bristol and Chester are beginning to edge ahead Norwich in the creative industries, in the view of some local firms. Further initiatives in this area are needed in addition to the valuable work already being done.

Norwich already has some key assets on which to build with the Norwich School of Art and the long tradition of creative writing and creative culture at UEA. However, it was highlighted by NSAD that there are a lack of opportunities for creative industry graduates in Norwich and that retention of NSAD graduates is extremely challenging. The majority of NSAD's alumni

move to London, and some to Cambridge. The School wishes to retain a higher proportion of their graduates, but can only do so through the championing of the opportunities Norwich can offer, particularly in comparison to London. The School is currently developing a brief for a jointly funded feasibility study (with the County Council and EEDA) into the need for more incubation space in Norwich to help address this issue.

The recent Ideopolis research on Norwich by the Work Foundation noted that growth prospects are threatened by a possible lack of aspiration amongst those who live there. Although not the only sector affected by this issue, the growth areas of the creative industries are often characterised by smaller businesses formed by aspiring and ambitious people. There is a corresponding need to foster and encourage entrepreneurial aspiration within this sector (as well as other sectors) possibly by connecting with children at school level, but certainly at the undergraduate and graduate level.

Some valuable initiatives have been undertaken recently to address this issue and similar projects should be supported in future. For instance, a creative industries convention was held last year at EPIC in order to foster relations between undergraduates at NSAD and local businesses. A 'Creative Industry Schools Conference' was also held at the John Innes Centre in early 2007, with the explicit objective of raising aspirations of young people who may be interested in a career in the creative sector. There is also a need to support the growth of the kinds of cutting edge businesses that will encourage graduates to stay in the city or come back to it after starting their working career elsewhere. This reinforces the need to ensure appropriate support for business start-up and growth.

Whilst the strength of indigenous creativity and entrepreneurship means that only ten per cent of the East of England's creative industries are foreign owned, (and possibly less in Norwich), it does suggest greater scope to attract inward investment, especially into high-growth sectors, such as software and digital media, using strengths such as the Norwich School of Art & Design and the existing creative industry hub as key attractors.

Many of those working in the creative industries in Norwich are freelancers and are home workers and there is need to provide incentives for these businesses to develop into small businesses. Barriers to this include cost of start-up accommodation, lack of tailored business support for creative industries, lack of promotion of opportunities for growth, although EPIC will provide 'hot desk' facilities for creative industry start-ups.

#### **12.4 Existing initiatives**

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The East of England Production Innovation Centre opened in October 2007. The building was bought from ITV by Norfolk County Council and is funded by both EEDA and Norfolk County Council. The building is intended as a creative media hub, including an 8,000 square feet studio, two smaller presentation and discussion studios, one of them a virtual studio, media training facilities for Norwich colleges, and advanced sound-and-vision post-production facilities. The purpose of the centre is to ensure that those in the 'moving image' media industry in Norwich have a shared platform to access facilities. EPIC also provides education training, office space, incubation and conferences. The Centre places great emphasis on collaboration between industry and education and hopes to develop a new base for digital media within the region. EPIC is involved in further initiatives, including the digital content market place project

with agreed funding from EEDA, and the European EMBC project – a transnational initiative to create a network of European broadband and media centres, of which EPIC would be the UK representative.

Creative Norfolk.com is a networking resource specific to the creative sector and provides a showcase for creative businesses across the county. The website contains news alerts, training, information on networking and social events, directory listings and jobs. The Creative East Awards are associated with Creative Norfolk.com and are held every year to showcase the East of England as a major creative hub that is growing rapidly. The awards focus on showcasing potential clients in both the public and private sectors the high standard of creative work available. The awards bring together all areas of the creative sector, including film, television, animation, advertising, web design, architecture, graphic design and photography.

#### **12.4.1 Good practice examples**

##### **King Street, Norwich**

At Netherconesford, King Street, a derelict building was renovated in the 1990s to house a cluster of small creative businesses, supported in part by SRB funding for won for Norwich by the city council. Initially housing an architecture and fine art firm, the dynamic soon grew to attract creative writers, graphic designers and artists and now houses approximately 40 people and eight businesses.

This agglomeration of industries has highly benefited the business offer for firms located there. Businesses are able to offer a collaborative, 'layered' approach to clients, drawing in specialist services from other businesses located under one roof. For example, the architecture practice ArtArchitecture often collaborates with the animation and product design firms located across the courtyard, to offer a value added approach for their clients. This collaboration is invaluable and offers a cutting edge approach to client briefs. The businesses within this multi-disciplinary environment are able to respond to constantly evolving trends with innovative, cross-sector thinking.

##### **Screen East**

Screen East is the screen agency for the East of England. The agency is dedicated to developing, supporting and promoting the film and media industries and culture in the East of England. Screen East:

- Promotes the East of England as the ideal location for film and television production and attracts inward investment by marketing the locations, facilities, skills and expertise available in the region.
- Develops the talent, skills and innovation of the region's new and existing workforce.
- Invests in the development of film, television and digital media businesses based in the East of England.
- Creates opportunities for audiences in the East of England to enjoy and experience moving image culture and heritage.
- Celebrates the diversity of the people who live and work in the region in order to break down barriers to working in the media industries.

Screen East also works closely with The Norwich Producers' Group, which includes some thirty or so production entities, ranging from one man operations to large production companies. A recent collaboration between Screen East, The Norwich Producers' Group and EPIC is the UK's first studio pitching competition on March 13th 2008, in which producers, directors and members of the production community from across the UK are being invited to pitch ideas for light entertainment, quizzes and drama productions.

#### **The West Midlands film and video cluster**

Public support and investment has made a significant contribution to the growth of the audio-visual sector. The launch of Screen West Midlands' regional location and crew service, Film Birmingham and the Locations West Midlands and Birmingham service has boosted production in the region. Direct investment in major film productions by Screen West Midlands (SWM) also brought filmmakers to the West Midlands. In 2004/05, SWM invested in four feature films (more than any other regional screen agency): The Road to Guantanamo, Confetti, Straightheads and Almost Adult.

The West Midlands Producers Forum promotes networking and collaboration between production companies in the region, helping them to identify and develop new opportunities, content and services.

The region's audio-visual sectors are also actively working to develop new and emerging talent, and contributing to the education and skills of young people. First Light Movies runs an acclaimed, national short filmmaking programme with young people (including many from disadvantaged backgrounds), and is based in Birmingham. Channel 4's 4Talent programme in the West Midlands works with regional companies to provide a range of hands-on creative opportunities for young people, including filmmakers.

### **12.5 Areas for action**

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There is great potential for growth within this sector and for Norwich-based businesses to be on the cutting edge of the sector nationally. However, there are a number of areas in which growth can be further encouraged.

Hard infrastructure issues are important to creative businesses in order to streamline the communication and connectivity between companies. Potential for the establishment of a reliable, fast broadband backbone between creative businesses in Norwich should be encouraged. This could be modelled on the 'Soho Net' network in the Soho area of London, which provides a fast connection between film production businesses across London's Soho to cities such as Los Angeles, Tokyo and Sydney.

#### **Soho Net**

Sohonet was founded over ten years ago by a group of post houses in London, due mainly to their frustrations with the telecommunications operators, who were unable to provide the services they required.

Sohonet provides direct access to a private High Speed Network that has been specifically designed and built to radically improve the production and post production workflow. This connection allows businesses to bypass the public Internet and the associated problems (such as piracy, viruses, unreliability and unpredictability) associated with it. For example a normal 100Mbit/s connection

in LA is only likely to achieve transfers to London of 2-3Mbit/s. Sohonet can achieve transfers of 90-100Mbit/s around the globe with no additional hardware costs.

Our research suggests that the businesses in Norwich which benefit already from working within a multi-disciplinary environment are able to respond to constantly evolving trends with innovative, cross-sector thinking. Network activity is currently uneven across the cluster – there are active and effective networks in some sectors, though often informal, emerging/embryonic networks in others. By improving communication and networking opportunities between artists, arts organisations and arts professionals, each will have greater awareness of what each is doing, or trying to do, to the advantage of all.

Creative Norfolk.com already provides a link across creative businesses in the county – this resource is well utilised and fosters some effective working partnerships. However, this resource could be marketed to businesses within other sectors across Norwich to foster cross-disciplinary relationships. Strong, well-used networks will raise visibility of cluster within the region and nationally.

Greater encouragement for 'spin off' activity from EPIC, particularly around the Magdalen Street area is required, as there is an opportunity for some agglomeration and clustering of businesses as identified in the city council's longstanding aspirations. Our consultation with businesses suggested that this area is ripe for the development of start-up premises and that EPIC's 'creative energy' could be harnessed to regenerate this particular area. Magdalen Street is part of one of the two main regeneration areas identified by the city council, and this should ultimately lead to major investment and development of the area. Masterplanning for the area is currently at a consultation stage, and includes provision for further premises for creative businesses.

There is also a need to consider how further business development and spin-out from Norwich's education institutions can be promoted in creative industry areas outside broadcast and production. Other areas such as digital media, design, advertising or marketing might also benefit from support. This need not take the form of an additional innovation centre, but might be delivered by tailoring existing or planned enterprise support to their needs through implementing Norwich School of Art & Design's suggested initiatives or the LEGI-funded Norwich Enterprise Centre.

In terms of raising Norwich's profile, mechanisms such as the Cultural Cities Network, the Creative City Partnership, HEART, Network Now, Visit Norwich Ltd and Local Government Arts Forum are already carrying out work which could greatly benefit from more joined-up thinking.

There is also the opportunity to expand Norwich's sphere of influence to European markets. NSAD have recently applied to validate postgraduate work at an art and design school in the Netherlands. This creates an exciting link to creative businesses in Europe that the School hopes will create new opportunities for creative businesses in Norwich, including the sharing of best practice. The development of the European EMBC project is also an exciting prospect for the creative sector in Norwich. Future initiatives to champion the creative industries sector outside of Norwich and the region should be encouraged in order to extend creative businesses' sphere of influence and range of networks.

As with all sectors in this study, there is a need to encourage 'ambassadors' for the city, and provide visible creative sector champions. Initiatives such as



promotional platforms and external marketing, including showcasing Norwich's artists, events, conferences and campaigns to promote companies should be encouraged. Initiatives already undertaking this should be continued, for example, the attendance of Creative Norfolk at the recent Broadcast Exhibition at Earl's Court. There must be a greater emphasis on branding and internal marketing, as well as coordinated efforts by providers in Norwich to market, develop and deliver support services to present a coherent 'offer' to companies and practitioners in the sector.

## 13 Tourism

### 13.1 Overview

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Tourism is a broad sector including employment from tourist spending on a range of different activities from leisure visitors (people on day trips or longer holidays) and business visitors. The sector has been significant in both the Norwich urban area and rural districts for a long time, and has recently been recognised as a sector for support in specific strategies in both Norwich City and South Norfolk. There is limited scope in this report to cover all aspects of the tourism sector in depth; the subsequent sections therefore focus on employment trends and the potential for further expansion of employment. This has been achieved by reviewing some broad trends and strategic issues, rather than a comprehensive review which would require a separate study or update of existing strategies.

Direct employment in tourism is largely manifested in hotels and restaurants, in part of overall retail employment, and in employment in a smaller number of other sub-sectors including jobs at museums and visitor attractions or those in businesses such as boat-hire and related businesses on the Broads. The tourist industry represents a section of the broader tourist economy, which may also include e.g. football supporters, people visiting relatives, night-clubbers etc.

Recent surveys of tourism businesses, including the 2007 Tourism in Norfolk Business Survey suggest that conditions in the sector are reasonably buoyant, with a small majority of businesses reporting growing revenue, and guarded optimism for the next 12 months. Our longer term forecasts also anticipate a positive future for the sector, with employment growth over the next 20 years passing previous historic peaks.

Nonetheless, while Norwich and the surrounding area have particularly strong tourism assets both in the historic city centre and the range of activities associated with the Broads and rural areas, there is potential to strengthen the performance of the sector by supporting its adaptation to changing market trends and by continuing to promote both the city's and the rural areas' tourism product. Tourism-related jobs may be particularly important in contributing to employment in some rural areas where other opportunities may be scarce. Nonetheless, it is important to bear in mind that tourism has traditionally been dominated by lower skilled, and worse paid jobs which can limit their contribution to wider regeneration goals.

### 13.2 Trends and prospects

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Because of the broadness of the sector it is not straightforward to assess employment trends. However, employment in Hotels & Catering provides an indication. Our Baseline Forecast anticipates steady growth in Hotels & Catering from a current total of around 9,000 employees to 12,000 by 2026, with around half of this employment in Norwich City and the rest split between Broadland and South Norfolk.

This would increase employment in these categories beyond the historic peak achieved in the early 1990s when total employment in all three districts in Hotels & Catering accounted for around 10,500 employees. However, even in 2026, Norwich City itself would still employ a considerably lower level of employment in this sector (6,000 employees) than was the case at the sector's

peak in 1993 when there were 7,500 employees according to Annual Business Inquiry data.

This presents some contrast with recent trends, as illustrated in Table 13.1.

**Table 13.1 Employment in Hotels & Restaurants, Norwich, Broadland and South Norfolk, 2001 - 2005**

	2001	2005	Change	Growth
Norwich	5,100	4,900	-200	-4%
Broadland	2,100	2,300	200	10%
South Norfolk	2,100	2,200	100	5%
<b>Total</b>	<b>9,300</b>	<b>9,400</b>	<b>100</b>	<b>1%</b>

Source: ABI

As the table illustrates, employment in Hotels & Restaurants as a whole has been stable over the last five years for which data is available. However, this overall stability masks change at the level of individual sub-sectors. Due to changes in data collection methods, data for employment change in the category of hotels is not available for 2001. However, taking the shorter period 2003 to 2005 for which information on hotel employment is available, it can be seen that employment fell by nearly 600 jobs in all three districts, equivalent to a quarter of total employment in this category in 2003. This tallies with anecdotal reports that the B&B sector in the city and surrounding area has been hard hit in recent years. Evidence of a more buoyant longer term trend within Norwich may be found in the opening of new budget hotels in the city, and the opening of the new 150 room Holiday Inn beside the Norwich City ground. The recent expansion of hotels in the city is now beginning to show in official data, with the ABI registering an increase in hotel employment of 264 between 2005 and 2006.

Fluctuating trends in hotel employment have been compensated for by rapid job growth in bars and restaurants, where total employment increased in all three districts by around 600 jobs between 2003 and 2005, with most of these being in Norwich. The most recent data for 2006 illustrates a continuation of this growth trend.

### **13.3 Key issues and challenges**

Because of the nature of Norwich's urban boundary, comparing tourism employment with that of other cities is not straightforward. Norwich is included in rankings of tourism economy measures conducted by Destination Performance UK, which includes various other historic cities. Table 13.2 below provides data on the volume and value of tourism across these cities. The data in the table may not be exactly comparable across cities due to the different sources (and therefore the possibility that different methodologies were used in collecting the data). It is also important to note the difference between the measure of tourism employment reflected in Hotels and Catering jobs and the broader measure of total tourism employment reported in the table. Nonetheless, the data do provide an approximation of relative economic gains from tourism in different cities.

**Table 13.2 Comparative Volume and Value of tourism across benchmarked cities**

Local authority	Total Visitor Expend (£)	Total FTE Jobs supported	Source of data	Year of study
<b>Norwich area</b>	<b>564,947</b>	<b>9,931</b>	<b>Cambridge</b>	<b>2004</b>
York	311,000	9,561	Other	2005
Greenwich	415,680	7,264	Steam	2003
Cambridge	355,413	6,778	Other	2004
Chester	372,630	6,576	Steam	2004
Brighton & Hove	400,130	6,313	Steam	2005
Oxford	271,301	6,000	Other	2005
Windsor & Maidenhead	241,547	5,302	Cambridge	2005
Canterbury	257,534	5,139	Cambridge	2003
Salisbury	146,247	4,339	Cambridge	2003
<b>Norwich</b>	<b>280,219</b>	<b>3,555</b>	<b>Cambridge</b>	<b>2004</b>
Chichester	147,410	2,914	Steam	2004
Durham	88,870	1,177	Steam	2004

Source: Destination Performance UK

The data in the table suggests that if the broad Norwich area (including South Norfolk and Broadland) is included, then Norwich performs strongly compared to other historic cities. However, it is important to take into account that the rural areas include significant tourist attractions in their own right (most notably the Broads National Park), for which there is no equivalent for many of the other cities listed in the table. This suggests that it may be more appropriate to compare the data for Norwich with the other cities, which suggests that other locations gain more in terms of tourism jobs than Norwich does.

Further analysis of some of the characteristics of tourism employment and associated issues in both Norwich and the surrounding rural areas and market towns provides an indication of how additional benefit might be obtained from promoting the sector.

Norwich has a very strong visitor product with a number of monuments and museums in addition to the general attractiveness of the city centre. Indeed, there is a strong basis for proposals by HEART and other stakeholders to put Norwich forward for World Heritage Site listing, if this bid can be put forward in a way which combines the historic and cultural heritage of the city centre with the natural and historic environment of the Broads. Indeed achieving this would address the reasons for the Norfolk Broads on their own not achieving world heritage status previously, where it was suggested that natural heritage would need to be complemented by cultural heritage for a successful bid. It would also provide a means in which the broader growth and cultural and historical preservation agendas could be brought together.

#### **World Heritage Site Status**

Achieving the status of being a World Heritage Site has proved a powerful promotional tool for other sites around the UK and should be an aspiration for Norwich. The UK currently has 27 listed sites, and DCMS is currently consulting on new sites to be put forward for consideration to UNESCO, and is expecting applications from early in 2008. Given that there are a number competing locations in the UK and the fact that only one site per year can be put forward for consideration, this should be a medium-long term aspiration for Norwich, but an achievable one nonetheless given the concentration of

historic buildings in the historic city centre combined with the distinctive natural and historical heritage of the nearby Broads.

**Tentative List of sites in England for World Heritage Status**

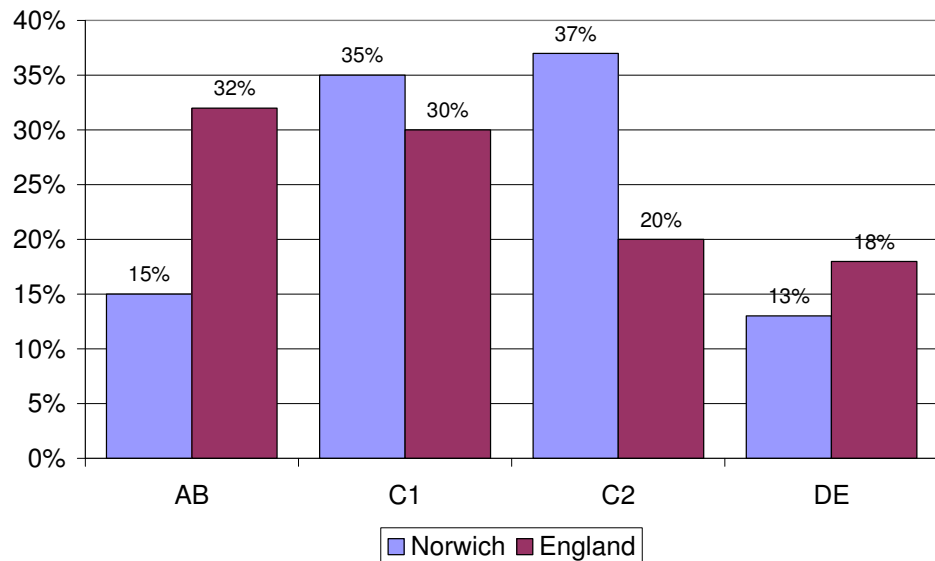
- Chatham Naval Dockyard
- Darwin's Home and Workplace
- Lake District
- Manchester, Trafford and Salford
- Monkwearmouth / Jarrow
- The New Forest
- Great Western Railway
- Shakespeare's Stratford
- Wash and North Norfolk Coast

Norwich's strong retail offer has been a major draw for tourists, with the 2006 Norwich Visitor Survey indicating that around half of the visitors to the city come on a shopping trip. The origin of visitors in the same survey, with 74% of visitors coming from elsewhere in the region, also suggests the city's prominence in attracting people from relatively nearby, and a corresponding weakness in attracting visitors from elsewhere in the UK or abroad.

The large majority of visitors to Norwich come for reasons of leisure rather than business, which indicates an important area for potential employment growth. According to a recent review of Conference Bureau activity by Visit Britain, the average balance of visitors to the county as a whole is 8%, compared to 28% for the UK as a whole. This reflects the fact that the city has no significant conference venue; the lack of higher value hotels in the city centre has probably also been a contributing factor.

The 2006 Visitor Survey indicates some areas of opportunity in which Norwich could improve its appeal to visitors and derive income earning and job creation benefits. In particular, a comparison of the socio-economic profile of visitors with the national profile of UK visitors indicates that the city's visitors tend to be older and less affluent, and that the city does not yet have a significant profile among younger and middle-aged 'city-break' visitors.

**Figure 13.1 Socio-economic profile of visitors to Norwich**

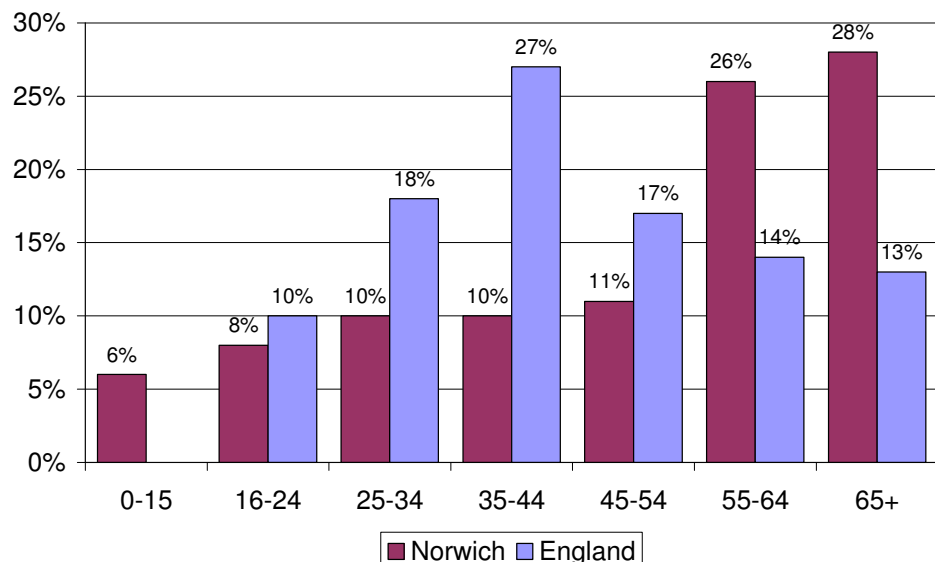


Source: UK Tourism Survey 2006; Norwich Visitor Survey 2006

The chart illustrates, for instance, that Norwich receives only half the proportion of higher spending visitors from socio-economic classes A and B when compared to the national average, and nearly twice as many visitors from the C2 group.

Similarly, as illustrated in Figure 13.2, the average age of visitors to Norwich is significantly older than the national average.

**Figure 13.2 Age profile of visitors to Norwich<sup>15</sup>**



Source: UK Tourism Survey 2006; Norwich Visitor Survey 2006

National research shows that older visitors tend to spend more, so there are some advantages to having this visitor profile. However, the fact that nearly two

<sup>15</sup> National level figures do not account for visits between the ages of 0-16, so there is a small difference in the way the figures are estimated; the difference is unlikely however to change the overall contrast between national and Norwich-level age profiles of visitors.

thirds of surveyed visitors are over 45 years old does illustrate that Norwich is missing out in attracting visitors from the younger/middle age groups, who have constituted an important segment of short-term visitor markets elsewhere in the country.

Recent investment activity and proposed projects suggest that these visit patterns may change in future. For instance, Norwich has experienced considerable recent investment in the hotel sector recently, with investment in budget hotel category with new hotels being opened by Travel Lodge, Travel Inn and Holiday Inn. Similarly, the St. Andrew's Hall project (discussed below) to create a medium-size conference facility in the city highlights the potential to attract more visitors, e.g. from UK trade association events which comprises a significant proportion of the business visitor market. The potential to increase flights from elsewhere in the UK and Europe and the opening of East Port also provide further opportunities for growth as discussed below.

The tourism sector in rural areas is more fragmented than in Norwich. The rural areas include a range of longstanding commercial tourist attractions as well as the natural attractions of the Broads and the countryside. Broads tourism has been in decline for a number of years in the context of changing tourism patterns and greater propensity for foreign holidays. Most of the visitor attractions in rural areas have been operating successfully in recent years and have plans for further investment, though it is unlikely that any additional employment by them will change overall patterns.

There is scope for increasing employment in tourism rural areas in line with general growth in population as well as increasing visitor numbers to the city. If successfully implemented, existing strategies to help attract visitors in the higher spending weekend and second holiday market to rural areas will help to achieve this. There is also scope for ongoing links between promotion of tourism in the rural areas and market towns of Broadland and South Norfolk with increased visitor numbers in Norwich.

It will be important to consider the impact of increasing passenger numbers through both Norwich Airport and East Port in promoting tourism in both the city and rural areas. Norwich Airport currently provides scheduled flights to Dublin, Edinburgh, Glasgow, Guernsey, Jersey, Manchester and Exeter within the UK and to Amsterdam, Chambéry, Geneva, and Paris. In addition package flights provide connections with holiday destinations in the Mediterranean, Canary Islands, Turkey etc. Air links are therefore predominantly focused on UK cities or holiday destinations for UK passengers, rather than foreign tourists. Nonetheless there is potential for promotion and profile raising to tourists flying from France and Holland, along with additional destinations that may be added.

According to the economic impact assessment of the East Port proposals carried out in 2004 by Amion Consulting the development is expected to attract a core market of ferry passengers from Holland, Belgium and Germany. Information on passenger volumes from the Continent to the UK is not available, but it is clear that the opening of a new cross-channel ferry route will provide opportunities for attracting increased numbers of European visitors to both Norwich and the rural areas of Broadland and South Norfolk. It should be pointed out that the relatively low numbers of visitors to Kent from continental ferry passengers passing through Dover illustrates that this should not be taken for granted and that co-ordinated promotion efforts are likely to be required.

## **13.4 Existing initiatives**

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### **13.4.1 Visit Norwich Ltd**

Visit Norwich was established in 2005 as a destination management agency, with a wide developmental brief to promote tourism and help shape external perceptions encouraging visitors to come to the city, Broadland and South Norfolk. It replaced the previous Norwich Area Tourism Agency which had a significantly smaller budget. The agency will have revenue of around £400,000 from both public and private contributions, but will face a reduced budget in 2008 to 2009.

Visit Norwich has undertaken a number of activities that suggest the addition of value to the tourism sector overall. This included:

- Organising a recent visit by American travel agencies, in order to 'beef up' the city's tourist marketing and shape external perceptions of Norwich so that the city can compete better on a national stage.
- Producing marketing materials aimed at linking tourism activities in Norwich and the rural areas and the Broads in order to draw attention to the sub-region's diverse attractions.
- Working actively with the press and transport operators including FlyBe airline (based at the Airport) and One Anglia Railways to promote the city and surrounding area.

### **13.4.2 The Forum Trust**

The Forum complex is managed by The Forum Trust, an independent and self-financing charitable trust. The Trust is significant to the extent to which it can provide organisational capacity for wider promotional efforts, including for instance working with Visit Norwich to create the annual Food Festival. Other events managed by the Forum Trust include the range of events held at the Forum including open-air concerts or the winter ice rink.

### **13.4.3 Norwich Heritage and Economic Regeneration Trust (HEART)**

HEART was founded in 2004 to promote economic regeneration in the city through development of its heritage assets. It receives annual funding of around £750,000 from Norwich City Council, EEDA and various grant-making bodies. It currently has four areas for action, which collectively have the potential to make a significant contribution to tourism development within Norwich. These include:

- St Andrew's Halls project – with the aim of converting the hall into a 1,200 seat capacity concert/conference venue suitable for medium-size conferences suitable e.g. for national trade association meetings, alongside a smaller hall with 300 capacity and possible plans for a hotel. If implemented this will address the lack of a large concert venue in Norwich. It will also create the basis of a cultural hub in the immediate vicinity, linking the Playhouse, College of Art & Design, and arts cinema.
- Promotional programme for the 'Great and the Good' – the 12 iconic buildings including the two cathedrals, Castle, Guildhall, Assembly House, Dragon Hall etc., following an approach successfully pioneered in Philadelphia to link various American Revolution-era buildings. Around £1 million in funding has been secured for a co-ordinated conservation development and management plan, communications strategy, interpretation etc.



- Projects to reinforce local distinctiveness within the city centre and make better use of other heritage assets, including the Lanes Project discussed earlier in this report, and a project to open up and promote Norwich's 32 medieval churches.

### **13.5 Areas for action**

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Norwich and the wider area have a strong tourism sector based on significant assets. Employment forecasts for the city suggest that the sector will grow in coming years. Notwithstanding the positive picture presented by the Baseline Forecast there is a need to address long-standing sectoral challenges including the decline of some traditional tourist activities such as holidays on the Norfolk Broads, as well as to broaden Norwich's catchment market to attract a higher proportion of younger and more affluent visitors and to increase the numbers coming from outside the region.

The impact of Visit Norwich on the volume and value of tourism has yet to be assessed, as data on trends subsequent to the establishment of the agency will only become available later in 2008. Nonetheless, the need for wider promotion of the sector suggests the need to support tourism destination management activities, in particular, in ways that link both rural and city tourism themes in the greater Norwich area.

Within Norwich, Visit Norwich Ltd, the Forum Trust and HEART provide significant institutional strengths and existing focuses for ongoing work that will help to promote tourism in Norwich and the surrounding area. There is therefore a need to support the activities and projects they have championed through the medium to long-term. It is important to point out that a number of other activities in relation to tourism and city promotion are undertaken by other organisations including Visit Norfolk, Shaping Norfolk's Future, Norwich Economy Round Table, Norwich City Council and the private sector. As discussed in the recommendations section, there is an opportunity to achieve greater leverage overall through co-ordination of disparate activities.

There is also an ongoing need to promote linkages between Norwich and the wider area including market towns and rural areas of South Norfolk and Broadland, as well as other parts of Norfolk. This can be achieved by continuing with the existing work of Norfolk Tourism.

There is also a case for further co-ordination of both private and public marketing campaigns to promote a common set of messages about Norwich and the surrounding area. Chapelfield currently promotes itself through advertisements on the side of ONE trains, providing an excellent attractor to the city. The potential to link such campaigns with wider promotional efforts could be further investigated and built on.

Individual projects, such as campaigning to be put forward on the UK list of sites to be granted World Heritage Site status should be promoted, while recognising that this will need concerted effort over time.

The successful tourism promotion efforts of comparator cities both within and outside the city should be noted. The example of Ghent in Belgium was held up by one of our interviewees as an example of successful promotion of a historic city through an ongoing programme of festivals attracting visitors to the city. This is an area in which Norwich already has strengths and could be further promoted through the cooperation of a range of agencies and companies.

## 14 Construction

### 14.1 Overview

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Norwich's status as a growth point entails a substantial range of opportunities for the construction sector in the next few years in relation to housing, commercial and leisure premises and infrastructure. The existence of the National Construction College near King's Lynn provides a good opportunity, for the provision of skills in the area, though it is unfortunate that the previous Construction Academy initiative closed due to the withdrawal of LSC funding. The existence of the Build Norfolk Network also provides a further forum for linking local companies with contract opportunities. Ongoing support and expansion of these activities in line with growing demand should form part of a broader economic development programme in the greater Norwich area. Ongoing promotion of Norwich in order to attract people to the city and help ensure that the population and employment growth targets are met is also important.

The construction sector encompasses house building (public and private), infrastructure (roads, railways and utilities), non residential building in the private sector (schools, colleges, hospitals and offices), industrial building by the private sector (factories and warehouses) and commercial building by the private sector (offices, shops, leisure, health and education). The sector also covers maintenance and repair work, the renting of construction machinery and professional and design work in consultancies (engineering, architecture and surveying).

There are a broad range of occupations within the sector including designers, consultants, civil engineers, contractors, and component and product manufacturers. These help to deliver high-tech solutions to environmental, transport and building projects. According to DBERR, at a national level the UK construction industry, the second largest in the EU, contributes around 8.2% of GVA and employs around 2.1 million people in the UK.

In Norfolk, similar to the national picture, the sector is fragmented and extremely diverse being dominated by SMEs taking up small-scale projects, with a relatively small number of large companies dominating the specialist construction projects such as house building. There are a significant number of established building and civil engineering firms in the area.

Discussions with companies suggest they are located in the area for historic reasons, and more recently as a result of significant demand for residential development. There is no evidence that firms are clustering for access to a common labour pool or to integrate supply chain processes. However, firms are forming partnerships with other local firms and to work together to solve skills issues in the sector. Brief reviews of two significant local companies are included in the boxes below.

#### **May Gurney**

May Gurney is an integrated support and construction services company providing maintenance and enhancement services to the highways, rail, utilities and general infrastructure markets, primarily with public sector and regulated sector customers, across the UK. The company focuses on long-term relationships, has 3,850 employees and delivers solutions through two primary business segments - Maintenance Services and Engineering & Project Services. It employs approximately 1,000 people in Norfolk and has its

head office in Norwich.

The Maintenance Services segment is focused on the core markets of highways and utilities. The Engineering & Project Services segment serves public and regulated sector customers across a broad range of industries. Core services include the enhancement of road and rail infrastructure, waste management, flood protection, ground remediation, foundations, geotechnical engineering and building.

Dunnella Ltd is an example of a smaller firm, also located in Norwich. Dunnella has developed from infrastructure work for housing developers to a broader range of work including dock and harbour work which has been enabled through its acquisition of a firm in Deopham. The box below provides an overview of the firm.

#### **Dunnella Ltd**

Initially Dunnella was involved with the construction of roads, sewers and groundworks for housing developers, most notably Alfred McAlpine Homes East Limited. Later the firm was invited by other major players to tender for more specific civil engineering projects both as a main contractor and as a nominated subcontractor.

The company has continued to grow and expand its client base, through the acquisition of Eastern Project Management Limited during the early part of 2001. This move enabled the company to become more involved with dock and harbour work and sea defence contracts, adding another aspect of civil engineering to the company's portfolio of capabilities.

## **14.2 Trends and prospects**

According to our Baseline Forecast, construction employment in greater Norwich is set to increase considerably in coming years, with 3,200 net additional jobs expected to be created in the area from 2007 through to 2026.

Recent trends in employment in the sector provide a useful point for reviewing growth prospects. Table 14.1 below shows construction employment in terms of employee jobs recorded by the ABI over the whole greater Norwich area. It illustrates a slight increase over the years 2001 - 2005.

**Table 14.1 Construction employment change 2001-2005, Broadland, South Norfolk and Norwich**

	<b>2001</b>	<b>2005</b>	<b>% Growth</b>
Broadland	2,787	2,860	3%
South Norfolk	3,455	2,792	-19%
Norwich	2,999	3,728	24%
<b>Total</b>	<b>9,241</b>	<b>9,380</b>	<b>139</b>

This small overall increase masked substantial change between the city and two outlying districts, with a very substantial increase in Norwich and a significant contraction of employment in South Norfolk. The most significant change at sub-sector level was in the 'Building of complete construction, or parts thereof; civil engineering' sub sector, which also grew the most in the

same period. Across Norfolk, 17,379 people were employed in the construction sector in 2005 (an increase of around 5% since 2001).

Prospects for the future are positive, and the sector is expected to provide significant employment in future years. At national level the construction industry has many assets and is well placed for growth opportunities. In particular, UK contractors and consultants are recognised for project management skills, quality and experience in innovative procurement methods. In addition, British standards, codes and products are recognised and respected internationally. An area of particular UK strength that has generated interest from both overseas clients and UK practitioners is the urban regeneration of communities and the infrastructure and economies upon which they depend. Other areas of strength include offsite manufacture, intelligent buildings and sustainable design and construction.

Changes to the industry are now being accelerated through an increase in demand for housing coupled with new regulations which are intended to make the industry more energy efficient, manage waste, recycle and take LCA (life cycle analysis) into consideration.

Given the continuing strength of the sector UK wide, it is a sector that has good prospects for Norwich and Norfolk. There are also a number of well established firms in the area which have successfully grown over recent years. A number of firms in the area have won awards, including for approaches toward training of young people for the industry's future.

### **14.3 Key issues and challenges**

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Key issues for the sector include skills, image and sustainability.

A shortage of skills, particularly good quality young entrants, is a concern for the sector in Norfolk. However, this is very much a national issue rather than one specific to Norfolk. Nonetheless, it is an issue in firms' ability to grow as much as opportunities would allow. At the national level, the LSC Working Futures 2004-2014 work has identified expansion demand, replacement demand and the total requirement for 2004-2014<sup>16</sup>. Because of the dominance of Skilled Trades Occupations in total employment, the total requirement for this occupational group is large – almost one quarter of a million new recruits will be needed in this occupational class to 2014. Proportionately, recruitment amongst Managers and Senior Officials, Professionals and Associate Professional and Technical Occupations is also set to be strong to 2014.

Lower than average wages Norfolk also mean that it is more susceptible to suffer loss of workers if wages were to be bid up for the delivery of major projects elsewhere (for example, London 2012, Crossrail or Sizewell C nuclear power station if this is built). The labour market is currently tight, and some concern was evident among firms that future pressure arising from major infrastructure projects outside the region could lead to cost inflation for labour, leading to workers leaving the area.

Construction Skills, the sector skills council, has placed emphasis on the need for the construction sector in the East of England to take on more apprentices to avoid falling behind their competitors elsewhere in Europe<sup>17</sup>. However, Norfolk has had some successes which have been recognised. RG Carter, based in Drayton, near Norwich, was rated by Construction Skills as being

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<sup>16</sup> *Working Futures 2004-2014* – Sector Report, Learning and Skills Council (2004).

<sup>17</sup> It identified 300 would-be apprentices that were struggling to find employers in the East of England.

among the top five employers across the east of England in terms of taking on apprentices.

The skills shortage can be expressed as arising from three inter-related issues:

- Insufficient young people choosing to enter the construction industry;
- Inappropriately or insufficiently qualified young entrants; and
- The lack of coherent information and funding to promote career pathways in construction.

One of the causes of these problems has been identified as being the negative profile of the construction industry held by young people, their parents and teachers. This is considered a barrier to encouraging young people to enter the construction sector. There is also a concern among some firms that the quality of new trainees is not be maintained due to the pressure to turn out qualified individuals.

A key challenge is therefore to raise the profile of the sector and to support this through the education sector.

Against the backdrop of the need to deliver significant housing, the sector also faces the challenge of achieving sustainability and responding to the new agenda on moving towards carbon neutrality in construction. This is something which will require more effective sharing of best practice and commitment by all stakeholders. It will also be linked to the need to accommodate rising material supply prices and respond with innovative methods of construction.

Other important issues for the sector are the trend toward off-site construction and procurement. The trend toward off-site construction is expected to continue over coming years and there will be a need to adapt to this for some firms. However, it will be helpful in enabling the industry to deliver the expected future house building demands. Procurement, in terms of tendering process, is also an important issue. The increasing use of tendering processes issued to a large number of firms represents a pressure on firms.

#### **14.4 Existing initiatives**

There are a number of construction related initiatives in the Norwich and wider Norfolk area. Many of these are focussed upon developing partnerships and tackling the shortage of skills in the industry.

An outline of some of these initiatives is provided below.

##### **14.4.1 Build Norfolk Network**

The Build Norfolk Network is a network led by NPS Property Consultants Ltd on behalf of Norfolk County Council and supported by Moore Networking limited. Members of the network include other public sector organisations, main contractors who work for Norfolk County Council and business support organisations who offer a range of services to help firms obtain the skills and qualifications needed. Table 14.2 lists the key partners involved in the network.

**Table 14.2: Build Norfolk Network Partners**

<b>Client Partners</b>
Norfolk CC, NPS Property Consultants Ltd, Shaping Norfolk's Future, Norfolk CC Corporate Procurement Unit, Norfolk CC Children's Services, Norfolk CC Planning and Transportation Department, Norfolk County Services (NCS),

University of East Anglia Estates Division, Norfolk Constabulary and Norlife.
<b>Main contractor partners</b>
Mansell Construction Services Ltd (part of Balfour Beatty), Bluestone, Keir Eastern, May Gurney, T Gill & Son (Norwich) Ltd, RG Carter, J S Hay Ltd, and M S Oakes Ltd.
<b>Business support partners</b>
Business Link for Norfolk, Adult Education Norfolk, Britannia International Training & Safety, Chartered Institute of Building (CIOB), CITB Construction Skills, Constructing Excellence, e-club Norfolk, Education ICT Solutions, Federation of Master Builders (FMB), HM Revenue and Customs, Learning and Skills Council (LSC), National Federation of Builders (NFB), Norfolk Guidance Service (NGS), Norwich City College, Train to Gain.

The Build Norfolk Network is aimed at developing the construction supply chain in Norfolk. The objective is to help small and medium sized businesses in the construction industry to develop. This is in order to stimulate the local economy, but also to ensure the necessary skills and capacity are available to deliver future public sector construction programmes. The network brings construction clients in the public sector, main contractors and business support organisations together with small and medium sized businesses involved in construction.

The network holds Construction Marketplace and Workshop events and maintains a Website where further information is provided on future public sector construction programmes. The aim is to show businesses in the sector the work that is available and what they must do to win it. Network partners in business support organisations help these businesses so that they are in a better position to bid for work in the future. The process is supported by a database where contractors can register free of charge to seek support to develop their businesses. The Build Norfolk database enables construction purchasers to search for sub-contractors, construction businesses to meet other businesses and clients (and their supply chains) to outline the skills that they wish to purchase. By the end of 2006, over 160 small or medium construction or supply chain businesses registered on the Build Norfolk website to offer services and receive additional training and support.

Achievements of Build Norfolk over the first 18 months of operation include:

- 350 businesses registered, and winning new work totalling in excess of £20m from the NCC framework constructors.
- Over 225 small construction businesses have asked for and are receiving support to develop their businesses so they can better meet main contractors' selection criteria.
- Planning the development of an Apprentice Training Centre at Wayland High School, as well as an apprentice sharing facility.

#### **14.4.2 National Construction College**

A major asset for the construction sector in Norfolk is the National Construction College campus located at Bircham Newton near Hunstanton. The college is one of only five the Construction Industry Training Board has nationally<sup>18</sup>.

Established in 1966 the college has over 450 acres of training area, the majority of which is used for practical operative training. Approximately four acres of covered facilities allow training to be carried out all year round and lecture rooms are well equipped with modern audio visual aids. All courses are run by experienced, qualified instructors who have worked in the construction industry. The subjects covered fall into three main categories: plant (including operation and maintenance of heavy equipment); access (including scaffolding, steeplejacking and other associated disciplines); and construction (covering anything from conventional drain laying, site surveying right through to new modular building techniques and partitioning).

#### **14.4.3 Constructing Excellence**

Constructing Excellence aims to deliver improved industry performance resulting in a demonstrably better built environment. It is intended to be a bridge between industry, clients, government and the research community. It is a new single organisation governed by members with the involvement of other customers and stakeholders. Constructing Excellence delivers three major business streams: major government programmes (principally under a contract with the DBERR); membership programmes; and other commercial contracts.

Currently, Constructing Excellence in the East of England is working with CIC-East to establish three new workgroups for the region. The first of these is the i10 Collaboration, a steering group being established under the chairmanship of Saul Humphrey of RG Carter. The purpose is to increase communication between industry and academia throughout the East of England. It is hoped that this will result in an increase in industry research, more post graduates, better use of academic knowledge and more industry involvement in graduate courses.

Second, a steering group is being established under the chairmanship of Richard Tavener of RDT Design with the purpose of increasing communication with schools and colleges. It is expected that this will lead to increased numbers of students with higher academic standards entering the industry, better-prepared students for the workplace and students capable of moving the industry forward. Third, Sustainability East, a steering group with the purpose of increasing collaboration in sustainability across the industry. It is anticipated that this will result in earlier availability of accepted sustainable methods, materials and suppliers.

#### **14.4.4 EECTG**

The East of England Construction Training Group (EECTG) is a non profit making organisation and is funded by Construction Skills. It receives an annual grant to support and implement training. The Group has become a large collective which aims to influence construction training legislation and qualification. Since being formed in 2005, it has grown and developed with new and continued support from local companies. Membership of the group offers firms regular notification of forthcoming training events, reduced training fees, advice on funding and grants, quarterly meetings with relevant guest speakers,

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<sup>18</sup> CITB is the training division of Construction Skills.

logging and arranging of training needs. It also provides networking and recruitment opportunities.

#### **14.5 Areas for action**

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Tackling skills issues, supporting further partnership/sharing of best practice and sustainability are the key priorities for continued growth of the sector.

Tackling the skills shortage will require improving the image of the sector and promoting it as a genuine career choice. This will allow the sector to respond to market demand and enable its continued growth. There is also a significant opportunity to link workforce development and skills provision throughout the supply chain and from design through to completion with the emerging agenda on carbon neutrality and sustainability in construction.

Partnership is a cornerstone of the construction sector and needs to be promoted as far as possible in its future development. Partnership activities already exist, but further linking of the public sector, businesses and academia will be important. For example, there are good prospects to build on the environmental capabilities of the University of East Anglia in moving forward in terms of sustainable construction.

The sector will have to move in the direction of greater sustainability, and a concerted commitment by all stakeholders will be important in achieving this as soon as possible. The linking of the sector to the agenda of sustainable communities and the opportunities this creates will be important. This is particularly important in light of the potential to promote Norwich as an exemplar of environmentally sustainable construction in the UK, tying in with other local strengths in environmental sciences and carbon reduction.

Discussions with UEA suggest that linkages between firms and relevant academic and technical specialists currently exist, but that there is scope to develop these further to go beyond the stage of discussions. This is an area that might be developed further. One possibility would be to bring companies and other actors together on environmentally sustainable demonstration projects that have a high promotional value. This might be developed further through joint work with companies to apply for public funds for demonstration projects, supported for instance by CRed and Research & Business Services at UEA.

Finally, the initiatives profiled above illustrate that the partnerships, networks and institutions to address the main issues for the sector have been put in place. The emphasis for the future should therefore be to continue to support these. There is also a corresponding need to regularly evaluate their effectiveness, making adjustments to programmes and initiatives as required.



## 15 Food and Agriculture

### 15.1 Overview

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The role of food and agriculture in the East of England and Norfolk economies is identified by the Regional Economic Strategy as significant – the two sectors are inextricably linked and are both increasingly influenced by advances in science and R&D.

Many of the primary producers of food in Norfolk are considered high quality and this has led to a high proportion of food businesses throughout the food chain. At a regional level, the industry contributes £2.5 billion to the economy<sup>19</sup>. Our projections suggest that the agriculture and manufacturing sector will decline within the next 15 years. However, there is space for supporting specific initiatives against this trend where these provide support to those niche areas and sub-sectors where employment growth rather than decline is possible. A review of the agriculture and food sector and their potential growth path has therefore been undertaken with key findings provided below.

### 15.2 Trends and prospects

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#### *Food and drink*

There is a fairly strong food and drink sector in greater Norwich, employing just under 4,000 people in 2005 according to ABI data. Norwich City has actually seen an increase of 136 jobs over 2001-05. Broadland District accounts for almost a quarter of Norfolk's employees within this sector – mainly accounted for by Bernard Matthews, Britain's ninth-biggest food brand, in Great Witchingham. Other large employers in the greater Norwich area include Unilever (Colman's) and Kettle Foods, while Birds Eye and Linda McCartney are also located just outside of the study area. This analysis does not include hotels and restaurants, which has seen a slight decrease in employment levels 2001-05, yet still employs over 9,300 people in the greater Norwich area.

**Table 15.1: Employment in the manufacturing of food and beverages 2001-2005**

Area	2001	2005	% Change
East of England	42,880	38,271	-10.7
Norfolk	13,150	10,860	-17.4
Broadland	2,539	2,520	-0.7
Norwich	753	889	18.1
South Norfolk	942	588	-37.6

Source: ABI

Between 2001-2005, the number of larger food manufacturing businesses in greater Norwich remained fairly static. In the Norwich city area and Broadland it increased, although the numbers of smaller businesses across the area has decreased. The significance of large scale food businesses supplying customers through supermarkets and commercial food service businesses has severely limited the opportunities for small and medium scale businesses to enter markets.

*Agriculture:*

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<sup>19</sup> Bidwells (April 2006) Feasibility Study for the Norfolk Food Hub: Executive Summary, p4

Norfolk has a rich farming history. Although our projections suggest that agriculture will decline, the sector is constantly changing and rationalising and is becoming increasingly linked with advances in food science and sustainable farming R&D.

**Table 15.2: Employment in agriculture, forestry and fishing 2001-2005<sup>20</sup>**

Area	2001	2005	% change
England	194,802	182,107	-6.5
East	34,539	32,106	-7.0
Greater Norwich	2,996	2,522	-15.8

Agriculture supports the retail, food processing and distribution businesses in Norfolk as well as the tourist industry. Most of Norfolk's agricultural land is for cereal, oil-seed rape, sugar beet and vegetable crops including onions and potatoes. Advances in irrigation technology have enabled the very dry soil to be successfully cultivated. South Norfolk includes large areas taken up by pig farms and in the Broadland district there are large areas of rich grassland where cattle graze.

Changes in consumer demands and habits are creating new prospects for the food and farming industry. With increased emphasis on food miles and sustainability, healthy eating, local food and environmental, ethical and welfare concerns about food production there are clear opportunities for existing food and food manufacturing businesses to capitalise on this. 73% of customers prefer to buy local and regional food from the supermarket, according to the IGD in 2005<sup>21</sup>. Local industry stakeholders interviewed for this research suggest that customer demand for local produce is outstripping supply and that there is an opportunity to build a local, embryonic food economy, strengthening links between traders and shopkeepers in the city, and the producers and manufacturers base in the hinterland. greater Norwich is relatively isolated compared with many other UK cities. This relative isolation is to be considered an advantage in building a local food economy.

#### **Food Hub**

A recent feasibility study proposed a food hub in the greater Norwich area. The proposals are endorsed by EEDA in their Food and Drink Strategy for the East of England and have been developed with Easton College. The overall vision is to create an environment and medium to promote and develop the regional food market within Norfolk. It is hoped that the Hub could become a key focus for local logistics solutions and encourage business growth and development by providing the necessary facilities and support and facilitating interaction and communication between businesses. The Food Hub will aim to generate new business ideas, which lead to a more successful and efficient food market. The Hub will be a focus for developing the local food supply chain – encouraging the sharing of transport and distribution facilities, cross selling and accessing new customers through complementing food businesses.

In addition to this will be a business support structure, whose primary focus will be to facilitate partnership working between food businesses (both on and

<sup>20</sup> There are known errors with ABI data on agricultural employment in Norfolk. These figures should therefore be treated with circumspection.

<sup>21</sup> Institute of Grocery Distribution Retail Analysis: <http://www.igd.com/analysis/>

off site) and to develop new commercial opportunities. A key driver will be to create opportunities that develop the regional food industry, and provide public sector catering with a regional supply chain solution. An anchor tenant has been identified, who would become a catalyst for the food hub, and a business looking to establish a retail outlet on site is also very interested in the Food Hub.

The establishment costs for the Hub have been estimated at approximately £14,000,000. Depending on the structure of the Hub, the land ownership and the lease agreement structure approximately 40% of this cost will need to be found through a mixture of public sector and landowner funding

Source: Food Hub Feasibility Study, Bidwells (August 2006)

### **15.3 Key issues and challenges**

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In terms of food processing, there is limited scope for employment growth in greater Norwich; many of the jobs are low skill, low wage and are increasingly being taken by foreign workers. For example, Bernard Matthews estimates that there are over 800 Portuguese staff working at the site in Great Witchingham. Rationalisation of the industry is increasing, with many of Bernard Matthews' processes moved to Hungary. It is also unclear what the impact of the recent HN51 and Blue Tongue crisis will have on the food manufacturing and farming industry in Norfolk (10.6% of England's poultry industry is located in Norfolk<sup>22</sup>) As an example, the HN51 crisis in February saw a 50% drop in sales at Bernard Matthews, from which the company have not yet recovered. This, along with other food scares may impact on the viability of growth within this sector.

In developing the uptake of locally produced food, interviews with stakeholders suggest there are two key barriers. Firstly, the logistics infrastructure does not exist to match commercial foodservice companies or to enable large volume engagement to multiple small-scale producers. Secondly, there is some question as to whether producers/value added suppliers could at present cope with the potential demand - local producers cannot always meet volume requirements and there is an adverse cost of managing lots of new suppliers in new supply chain structures, particularly if volumes are relatively small. Our research suggests that major retailers are keen to work with regional producers but find that the structure of supply chains does not encourage local procurement.

There are major skill shortfalls in the agricultural sector, particularly at Level 3 upwards, which includes technical and operator skills. Most modern agriculture methods are unsupervised and require fairly technical, advanced skill and knowledge. The advancement of food science and sustainable farming techniques also requires qualified staff to implement new practices. Those we have spoken to suggested that the sector has major underemployment and that recruitment of suitable staff is extremely difficult. Agriculture also has an overrepresentation of older workers. At Easton College, a vocational agricultural course aimed at 14-16 year olds aims to increase participation in the agricultural labour market and plug the skill shortage gap. Course entrants have increased by 350% since 2002.

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

## **15.4 Existing initiatives**

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There are many initiatives in place across East Anglia to encourage the profile of the local food and agriculture sector.

East Anglia Food Link (EAFL) is working towards collaboration within the food chain and a more local, sustainable food chain in the region. EAFL's 3-year Sustainable Procurement in the Counties of the East (SPICE) project works to support and promote sustainable public catering across the East of England. A recent success of SPICE was the agreement of Heads of Catering from seven of the ten East of England Local Education Authorities to work together, with EAFL, on a programme of work to increase the use of sustainable and local food in their school meals in Norfolk.

Other initiatives such as 'Produced in Norfolk' and 'Eat and Drink Norfolk' are projects to provide co-ordinated support for Norfolk's local food sector, assisting retailers and caterers to source food locally, engaging producers in the local supply networks and promoting local food. A number of commercial enterprises have also been set up in recent years. Most notably the regional food group, Tastes of Anglia, set up a trading arm Tastes of Anglia Table, through which they market and distribute members' products to outlets across the region. There is an annual *Visit Norwich Food Festival* where a major theme of the Festival is the excellence of locally produced food. The Festival supports food producers and processors on a county-wide basis and is about showcasing the best of local restaurants and food.

## **15.5 Areas for action**

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Our projections suggest that employment in the agriculture and food manufacturing sector will decline within the next 15 years. However, there is space for some supporting initiatives against trend to encourage employment growth in higher value-added areas in which businesses in the greater Norwich area have a real and sustainable comparative advantage.

Tackling skills issues, supporting further partnership/sharing of best practice and sustainability are key priorities if this is to be achieved.

There is however scope to investigate other opportunities in more depth. Changes in consumer demands and habits are creating new prospects for the food and farming industry. With increased emphasis on food miles and sustainability, healthy eating, local food and environmental, ethical and welfare concerns about food production, there are clear opportunities for existing food and food manufacturing businesses to capitalise on this.

It has been pointed out by Norwich City Council that different companies and institutions involved in the food supply chain could be brought together to create business and employment development opportunities. These include R&D institutions including the Institute of Food Research and the Norfolk & Norwich Hospital, food manufacturing firms embodying a high degree of recent capital investment in their production including e.g. Britvic and Unilever, and educational institutions (e.g. the Centre of Vocational Excellence in hotel catering at City College and Easton College).

The extent to which genuine opportunities exist would need to be researched in more detail. However, it is suggested that initial work is undertaken on the feasibility of establishing a local food cluster initiative. In the first instance this could be developed out of the proposed Food Hub if this project is

implemented. Depending on the reactions of sectoral stakeholders, cluster activities could focus on a minimal set of information exchange activities, or alternatively, take a more active approach, for instance in promoting supply chain development.

However, it is also important to recognise that there are a number of constraints that mean that a degree of realism about growth prospects is necessary. These include the following:

- The agriculture sector is extremely vulnerable to world food market fluctuations and that crops such as cereals are currently subject to high price rises in Norfolk. These market forces are certain to affect the viability of a vibrant food and agriculture sector.
- Logistics infrastructure is not always sufficient to match commercial foodservice companies requirements or to enable large volume engagement to multiple small-scale producers.
- There is some question as to whether producers/value added suppliers could at present cope with the potential demand - local producers cannot always meet volume requirements and there is an adverse cost of managing lots of new suppliers in new supply chain structures, particularly if volumes are relatively small.

The overall conclusion is to suggest that targeted interventions to support skills development or the food hub should be supported in order to achieve realisable gains, taking into account the degree of constraint that exists.

## 16 Advanced Engineering

### 16.1 Overview

Engineering comprises a broad range of sectors and sub-sectors ranging from traditional fabrication to specialised manufacturing activities involving high technology products or processes, as well as other distinct engineering activities including civil engineering. There is no universally accepted definition of 'advanced engineering' activities but in general the term is used to distinguish those activities embodying advanced technologies in engineering processes or in final products, and is taken to include some mechanical, precision, electrical, electronic and communications engineering activities serving a broad range of markets.

In particular, advanced engineering can be understood as comprising those activities that are less capable of being copied and reproduced in lower cost locations because of the use of very high skill and technology inputs required. As a result, standard statistical data based on SIC codes is not particularly useful in identifying trends in the sector as it 'lumps together' both lower and higher technology activities.

Nonetheless, an initial assessment of manufacturing sector trends is useful in setting the context for a broader discussion of advanced engineering and in assessing the extent to which job creation in this area can contribute to employment growth targets or whether it should be considered for specific policy interventions. Civil engineering is discussed along with construction activities elsewhere in this report.

### 16.2 Trends and prospects

Our Baseline Forecast predicts a steady contraction of manufacturing employment across the three districts, with a net loss of around 3,500 jobs compared to current totals by the end of the plan period in 2026. This reflects ongoing trends towards contraction in manufacturing employment at national, regional and local levels, as illustrated in Table 16.1. below which shows manufacturing employment by two digit SIC sector in the three combined districts for 2001 to 2005.

**Table 16.1 Manufacturing sector employment trends in Norwich, Broadland, South Norfolk 2001 – 2005.**

Manufacturing sector	2001	2005	Change	% of 2005 total
15 : Food and beverages	4,234	3,997	-237	20%
22 : Publishing and printing	2,916	2,779	-137	14%
25 : Rubber and plastic products	2,738	2,199	-539	11%
28 : Fabricated metal products	1,648	1,841	193	9%
29 : Machinery and equipment	2,206	1,525	-681	8%
26 : Mineral products	749	1,153	404	6%
31 : Other electrical machinery	519	952	433	5%
34 : Motor vehicles etc.	1,047	943	-104	5%
36 : Furniture; other manufacturing	700	915	215	5%
35 : Transport equipment	1,151	804	-347	4%
Other manufacturing sectors	3,799	2,717	-1,082	14%
<b>Total</b>	<b>21,707</b>	<b>19,825</b>	<b>-1,882</b>	<b>100%</b>

The data shows an ongoing decline in manufacturing activities, in line with national and regional trends. This includes overall reductions in some areas where known areas of competence within the three districts exist, such as motorsport and boat-building. However, it is also true that the data records net change, therefore masking the possibility that some companies are growing in employment in specific areas.

### **16.3 Key issues and challenges**

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Advanced engineering in greater Norwich can be understood to be those innovative engineering companies creating new/improved products and processes in response to the challenging demands of customers. These firms typically have a flexible approach to solutions and separate research activity from normal product development. According to the Rural Enterprise Valley (REV) Project, approximately 4,500 jobs in Norfolk as a whole are classed as 'advanced engineering', but it is not clear whether this figure is based on ABI data or other research. According to the same analysis engineering in the county is well represented in Breckland and South Norfolk, with employment relatively concentrated in larger SMEs, with 70% of the engineering workforce working in organisations employing over 25 employees.

In Norfolk, the sector is diverse and includes the aerospace, communications, marine industries, composites, oil and gas and other precision engineering. There is no single or comprehensive source of information on advanced engineering activities within the greater Norwich area, but there are known advanced engineering strengths in the following areas:

- The known cluster of motorsport-related firms linked to Lotus in South Norfolk but including some other successful firms in other parts of the district.
- Firms related to the oil and gas sector.
- Some elements of the boat-building sector.
- Some other areas of high technology manufacturing, including electronics.

These can briefly be reviewed.

#### **16.3.1 Motorsport**

Over the last five years the advanced engineering and motorsport sectors have become an increasing focus for Norfolk and the region with the establishment of the REV Project as an example. The main recent development in this field is the opening of the Hethel Engineering Centre (HEC), and there is further potential for future investment in relation to the Snetterton race circuit and development of key sites along the A11.

Motorsport as a sector spends a relatively high proportion of its turnover (approximately 20%) in research and development, a level far in excess of the typical average of 2% in UK industry. The pressure for innovation and the required performance standards are much higher than any other industry, including pharmaceuticals and aerospace. Accordingly, it has strong links with advanced engineering activities. One example of such a link is illustrated by Racing Technology Norfolk, which uses advanced composites technologies in producing a range of vehicle racing and motorsport products.

<b>Racing Technologies Norfolk</b>
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Racing Technologies Norfolk was acquired by Express Composites Group Ltd in 2007, with the parent company having traded for over 40 years in composites and tooling activities. Racing Technology Norfolk is central to its strategy and growth objectives, providing both technology transfer benefits to customers and an ambition to establish itself as a leading player in the high performance automotive sector.

Racing Technology Norfolk leads the way in advanced composite technologies with an impressive record of accomplishment of special projects and whole vehicle solutions for a growing portfolio of customers. The newly created Group employs more than 150 staff at its existing two sites at Hingham and Loddon: these include a secure, world class technical centre dedicated to special projects, as well as consultancy, engineering and prototyping services. They also include a composites manufacturing plant for volume production and assembly.

The company has a strong record of accomplishment in the aerospace, automotive and motor sport sectors and is expanding its client base in the defence, marine and telecommunications sectors. A new facility for the expanded Group is also under construction at Ellough, near Beccles. It has also recently won a major contract for Embassy Racing to build the wind tunnel models and full size structures for Embassy's all-new race cars, two of which are set to compete in the 2008 Le Mans Series.

### **16.3.2 Oil and gas**

Specialisms relating to oil and gas also exist within the advanced engineering sector. The oil and gas sector is in the Norfolk area mainly for historic reasons to support offshore operations, with concentrations around Great Yarmouth and Lowestoft.

According to the East of England Energy Group, the majority of firms in the sector are relatively small, either satellite firms of larger organisations or SMEs with 30-50 employees. The number of firms in the wider area is in the region of 200-300. Big players in Norwich include Acteon which employs 60 people locally and 500 worldwide, with a turnover of £400m. A component of ATB Lawrence Scott's business is also comprised of motors and power transmission equipment for both exploration and production activities in the sector.

Other firms within the greater Norwich area include:

- UWG Ltd, a subsidiary of Acteon, provides bespoke engineering capabilities for oil and gas well systems.
- Seaweld Engineering Services, based in Acle, provides welding services for the oil and gas sector.
- Input Output Ltd, provides oil and gas industry supplies in Norwich.
- QTEC International based in Brundall, provides environmental, waste management and solids control engineering services for oilfields.

Oil and gas activities are very diverse, incorporating specialisms including threadforms, electronics, RFVs and steels. Key reasons for the small cluster of firms are proximity to other firms in the sector around Great Yarmouth and Lowestoft ports, and to the southern North Sea fields. Norwich Airport is also important for the industry which does a large amount of business overseas – in



particular there are large movements of people in the sector to Aberdeen and Amsterdam.

However, a significant amount of business is conducted with local firms e.g. Aquaterra Energy (see box below) has used local manufacture firms in Great Yarmouth and electrical suppliers.

**Aquaterra Energy Ltd.**

Aquaterra Energy Ltd is an offshore engineering company based in Norwich and providing services to the international offshore oil and gas industry.

Aquaterra Energy has expanded rapidly over the last two years to a current team of over 30 full time staff and has achieved sales in excess of \$20 million since its formation providing services to 25 operators in over 13 countries worldwide. It achieved ISO 9001 accreditation within months of start up and is currently developing a sustainable environmental policy. In addition, it has purchased new office premises near Norwich Airport to allow continued expansion and moved into these offices in Spring 2007.

According to interviews with companies and other industry stakeholders, lack of skilled labour is a key issue for the oil and gas industry locally. It currently struggles to attract the skilled engineers that it requires and is suffering from an ageing workforce. This is a national problem, but is made more acute in the area due to external perceptions of Norwich (in particular for being isolated). To an extent, there is a 'brain drain' of the most talented individuals to other areas. A major help to the sector would be if an engineering department were to be established at The University of East Anglia (UEA). Currently UEA does not produce any engineering graduates. It was suggested in our consultation that educating just 20-30 engineering graduates per year would benefit the sector greatly. Given the opportunities locally, it is felt that some of these graduates would get jobs and remain in the area.

**16.3.3 Boat-building**

Another prominent sector in the Norfolk economy with some relationships with advanced manufacturing is the marine sector. Boat manufacturing is a major activity in the Broadland area. Three high quality brands in the international marketplace are produced by Norfolk yards, including large ocean-going sailing yachts and motor cruisers for sea and inland waterways. Norfolk yards are the main suppliers of hire-cruisers for the on-water holiday sector operating throughout Europe. Norfolk is also strong in sub-component manufacture, especially in marine windows, and in plug and mould-making for fibreglass hulls. An initiative to develop the leisure marine sector, Marine East, is now in operation led by the British Marine Federation.

**16.3.4 Aircraft maintenance**

Norwich airport houses a number of aircraft maintenance activities, including KLM Engineering, which employs around 400 staff and Sprayvia Aviation International (soon to be renamed Air Livery after being bought by that company in November 2007), with a reported 50 employees in 2005.

KLM Engineering runs its own on-site training college with around twenty trainees at a time. This which works in conjunction with the aviation engineering department at King's College London. The company has great difficulty attracting staff as employees typically need to re-locate from other airports,

which means moving home as is too far from London to commute. KLM therefore run its own apprenticeship scheme.

Aircraft maintenance requires a specific set of highly specialised maintenance skills, which are distinct from the high tech engineering skills being used, for instance, in the motor racing cluster or new firms at Hethel. Local supply chain linkages are also limited as most spare parts need to be certified and therefore come from specialised suppliers. Nonetheless, there may be opportunities to expand employment in aircraft maintenance at the airport by attracting other firms, as discussed below.

#### **16.3.5 Other areas**

There are also other areas of high tech advanced engineering activity in and around Norwich. These include for example Syfer Technology, a specialist in multilayer ceramic capacitors based just off Norwich's Southern Bypass. Typical applications for its range of products include telecoms, power supplies, industrial, automotive, aerospace, space, inverters and backlighting circuits for liquid crystal displays. According to Norfolk Chamber of Commerce the company has revenues of around £33m, up from £10m four years ago.

### **16.4 Existing initiatives**

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Some initiatives already exist which impact on advanced engineering activities.

#### **16.4.1 Hethel Engineering Centre**

The opening of the new Hethel Engineering Centre in 2006 makes it the most important initiative to support the sector in the greater Norwich area and Norfolk as a whole. The centre supports the key clusters of motorsports, electronics and high-tech engineering. It provides a range of specialised support for businesses and start-ups in the high-tech engineering field, aimed at promoting successful practices and the longer-term sustainability of businesses. The centre features workshops and adjacent office units, meeting rooms and high quality training facilities. It provides start-up accommodation for new and existing small businesses with tenants offered 'easy in and out' terms. The intention is that these firms will later outgrow the centre, creating room for their successors.

The centre is focused on four deliverables: (i) incubation, (ii) conferencing, (iii) training and (iv) engineering services (including rapid prototyping). Virtual services are also provided through a website, and the Centre also has a small fund (£20,000 per year) to finance up to 20 prototyping projects. The Centre has links through the i-10 initiative with engineering departments in 11 universities.

After 18 months of trading, key outputs for the Centre include:

- Helping to create more than 50 jobs and 13 new businesses on site.
- Uptake of more than 80% of the centre's office space.
- Support or advice to more than 400 businesses across the county.

The centre currently has 15 start-up companies with 60 on site workers. It is the only enterprise hub in the region to focus on advanced engineering and is projected to be full by the end of 2007 (12 months ahead of forecast). Overall, the centre has helped to position Norfolk in a positive light while providing support for engineering and manufacturing companies in the local economy and beyond.

#### **New companies at Hethel**

- Scion Sprays have produced 'new generation' fuel injection systems and has grown rapidly from three employees in 2005 to a projected team of thirty by the first quarter of 2008.
- Active Technologies offers specialist engineering design services, and has grown from zero to a £3m turnover in three years.

Outline plans exist to establish a technology park in close proximity to Hethel Engineering Centre, providing a location for firms to move onto from the centre and significantly expand advanced engineering employment in the area. At present, there is no planning permission on the proposed greenfield site. However, there is considerable initial interest from companies including composites and precision engineering. Initial discussions have indicated that eight to nine companies have expressed an interest in locating on the proposed "Hethel Technology Park". These are mostly small and medium size firms looking to grow and comprise:

- Two precision engineering firms.
- Four advanced automotives firms.
- Two to three electronics firms.

The vision for the future is a full technology park, with further links being made to other innovation centres and Snetterton's race track.

#### **16.4.2 REV Project**

The Rural Enterprise Valley project (REV project) aims to establish the A11 corridor in and around Thetford as the place to do business for companies involved in the advanced engineering and motorsport industries. REV has a staff of three and offers brokerage support, advice, and premises to businesses. REV is an associate member of both the Manufacturing Technologies Association (MTA) and the Motorsport Industry Association (MIA) and also members of Norfolk Chamber and the Norfolk Network.

#### **16.4.3 C-RED and Carbon Connections**

C-RED, or the Carbon Reduction Programme is a project originally founded from and based in UEA (but now with offshoots elsewhere in the UK and internationally) engaged in a number of activities to promote reduction in carbon emissions across society. C-RED currently manages a national £5 million initiative, Carbon Connections, which supports the development and evaluation of low carbon innovations. While this programme is national, the existence of an environmental science department and sponsoring organisation holds out future potential for engagement with manufacturing companies within the greater Norwich area in the development and production of low carbon products.

#### **16.4.4 ANGLE**

ANGLE is a Shaping Norfolk's Future industry grouping representing the interests of member companies in the Advanced Engineering and Electronics Industries in Norfolk. Its objectives are (i) discussing technical, recruitment, training and legislative issues, (ii) communicating with government agencies and local council, (iii) supporting local initiatives in education and training, (iv) networking and sharing business experiences, and (v) securing funding for training and promotional events. Full members of ANGLE are involved in the

manufacturing, design, added value or technical support of advanced engineering products. In addition, several specialist providers of services and products to full member companies are associate members.

#### **16.4.5 EEEGR**

Established in April 2001, EEEGR (the East of England Energy Group) is a business led regional energy industry association with a membership from commercial businesses and organisations, public sector agencies, not-for-profit bodies and academic institutions. The EEEGR Business Plan focuses on the activities for the next three years to March 2010, and acts as a high-level document to inform and engage all stakeholders in the future role of EEEGR. It will inform decisions on the underlying funding and structure necessary for funding partners to deliver strategic and economic value through a sustainable energy industry in the region.

### **16.5 Areas for action**

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As illustrated above, advanced engineering activities are found across a number of sub-sectors with activity in motorsports, marine, electronics and the energy fields. There are a number of networking initiatives for companies in the sector at Norfolk and regional levels, and a major new property and business support initiative at Hethel.

Future prospects for the advanced engineering sector are good. Globally there is significant demand for a range of engineering products and services linked to electronics applications, and information and communications technologies. There are also new opportunities in developing and rapidly growing sectors such as the renewable energy and environmental sectors which may bring opportunities for further employment growth. Furthermore, advanced engineering activities provide the potential to deliver quality jobs growth and attract investment.

Nonetheless, there is little indication of a fully-fledged advanced engineering cluster across the three districts, with the exception of the linked cluster of motorsport firms and the small but growing cluster of firms at Hethel. It is therefore suggested that there are two key issues to focus on in promoting further development of the sector as follows:

#### **16.5.1 Supporting the early success at Hethel**

The rapid take-up of space at the Hethel Engineering Centre suggests that the initiative has been well-timed and offers positive prospects for future growth. As is the case with business incubation initiatives at Norwich Research Park, there is a need to ensure that successful companies that start up at the Centre have appropriate expansion space in order not to lose them to other parts of the country. It would probably be preferable for this space to be available next to the Centre, although it has not been possible at this stage to assess whether alternative nearby sites (e.g. in Wymondham) could be equally attractive to firms. In either case it is important that future plans make adequate provision for the expansion of firms from the Centre.

#### **16.5.2 Initiatives to tackle sector-wide skills issues**

The attraction and retaining of a workforce with the appropriate skills is a key issue for the sector. Skills shortages have remained an issue for the engineering sector in general in Norfolk and such skills shortages can develop more quickly in the advanced sector as a result of rapid technological change. One of the greatest barriers to the growing advanced engineering and

motorsport cluster in Norfolk is the recruitment of a skilled workforce locally. Finding qualified engineers from the indigenous population/workforce is challenging and the sector is likely to need to attract these individuals from outside the area.

Discussions should therefore be held with appropriate further and higher education institutions and funding bodies to investigate the possibility of expanding provision in the sub-region. This was suggested by a number of firms during the consultation phase for this study, and is also a current recommendation from the GNDP Economic Development Group to the East of England Development Agency.

### **16.5.3 Investigating scope to attract further aircraft maintenance activities to Norwich**

Aircraft maintenance is undertaken at a number of airports around the UK. With increasing numbers of flights and significant capacity constraints at the UK's major airports, there are already pressures on use of space for maintenance activities. This is an area where Norwich could potentially attract additional employment in an area requiring high skill levels. The feasibility of achieving this could be investigated further by economic development officers working in conjunction with Norwich Airport, KLM Engineering and Air Livery.

## 17 Distribution

### 17.1 Overview

Employment in distribution and logistics activities are highly significant in the East of England as whole, due to the region's ports and airports, relatively cheap premises costs, proximity to London and other parts of the South East, and good access to the national motorway network. Norfolk as a county also has a relatively high concentration of distribution-related employment, in part due to port activity at Great Yarmouth and King's Lynn.

Employment in distribution is relatively less important to the greater Norwich area. However, it has been considered that distribution activities may become more important with the construction of East Port in Great Yarmouth and possible expansion at Norwich Airport, and that the case for adopting specific interventions in relation to distribution should therefore be considered in the context of wider economic development strategies to implement growth point targets. A review of the distribution sector and its potential growth path has therefore been undertaken with key findings provided below.

Distribution-related employment has grown in the greater Norwich area in recent years, and is likely to continue to grow in line with expansion of the economy and population growth. However, the overall case for adopting distribution as a focus for economic development efforts is not particularly strong, for reasons reviewed below.

### 17.2 Trends and prospects

Our Baseline Forecast assumes a modest amount of employment growth, with around 500 additional jobs expected in greater Norwich by 2026.

A wider perspective for this forecast is provided by a brief review of employment trends as illustrated in ABI data is useful in establishing the overall importance of distribution-related employment in the greater Norwich area in recent years. Distribution is a cross-cutting sector covering a range of modes and activities. For the purposes of analysis the following 4-digit SIC codes have been included as comprising the sector:

Distribution – related SIC 2003 codes	
6024: Freight Transport by Road	6321: Other supporting land transport activities
6110: Sea and coastal water transport	6322: Other supporting water transport activities
6120: Inland water transport	6340: Other transport agencies
6311: Cargo handling	6412: Couriers.
6312: Storage and warehousing	

In 2005, employment in distribution-related industries was approximately 3,000 in the greater Norwich area, according to ABI data. Industry employment has increased by approximately 1,100 since 2000, or an average of 220 employees per year. Key trends in employment change in these sectors for the three combined local authority districts between 2001 and 2005 are included in Table 18.1, along with corresponding figures for regional and national levels for purposes of comparison.

**Table 18.1 Employment change in distribution activities, at Norwich, regional and national levels, 2001 - 2005**

	England	Region	Greater Norwich
Net employment change	72,440	12,444	1,120
% Change 01 - 05	14%	20%	62%

The table shows that distribution employment has increased substantially at national level and regional level during the last five years for which data is available. Rapid regional employment growth reflects the development of a number of large scale modern distribution centres in particular around London and the M25 corridor. It is notable that growth in the greater Norwich area has been significant, albeit from a relatively small employment base. An analysis of distribution employment growth at 4-digit SIC code level illustrates that the main areas of growth have been in Courier activities (500 net growth jobs in five years); Supporting land transport activities (350 net jobs in five years) and freight transport (150 net jobs).

ABI data also provides the opportunity to assess the relative importance of distribution employment in relation to total employment in the greater Norwich economy, as illustrated in Table 18.2 below.

**Table 18.2 Contribution of distribution to total employment at Norwich, regional and national levels, 2001 - 2005**

% of total employment	England	East of England	Greater Norwich
2001	2.4%	2.8%	1.1%
2005	2.6%	3.2%	1.6%

The table shows that the share of distribution in overall employment increased from 2001 to 2005 at local, regional and national levels. However, in terms of its absolute importance to total employment levels, distribution is significantly less important in greater Norwich, where it accounted for 1.6% of total employment in 2005, than it is at regional level where it accounted for 3.2% of all jobs.

While distribution will remain an important component of the overall sub-regional economy because of its contribution to other activities and to retail in particular, the relatively low proportion of total employment that it accounts for does not in itself suggest adopting the sector as a priority for support in the light of greater Norwich's Growth Point status.

### **17.3 Key issues and challenges**

The location of major warehouse developments in recent years has been driven by transport access, with large distribution companies wanting to locate distribution parks away from motorway junctions in order for lorries to be able to come straight off the motorway and into their depot. For the UK as a whole, the locus of development of distribution hubs has been in the Midlands and in particular the so-called 'Golden Triangle' along the M1, M6 and M69 between Leicester, Coventry and Rugby.

A key issue is Norwich's relative isolation from major transport routes, which works against the potential for major employment gains in a sector in which

close proximity to a motorway is a key driver of growth. This includes congestion on the un-dualled portion of the A11, and the fact that the only direct connection with the Midlands/North, the A47, is a single carriageway along nearly its entire length. Rail freight connections are also underdeveloped. According to the 2005 East of England Freight Scoping Study commissioned by EEDA, Norwich was served in 2005 by a total of three freight trains per day in both directions, in contrast to e.g. connections between Ipswich and London (up to 30 daily trains) and Ipswich to the Midlands (up to 25 daily trains).

The same Freight Scoping Study reviewed development of larger scale warehouses in the East of England region, identifying 25 million square feet of large scale development (more than 100,000 square feet of floorspace) in around 130 properties. It is notable that the very large majority of this development was clustered around the M25 and close to the M40, M1 or M11, with the only other sizeable regional concentration of distribution development outside this core area being at Peterborough, with ten large scale warehouse developments. In contrast, Norwich had just three, with a further three located close to Ipswich and Felixstowe.

This also helps to explain why Norwich Airport is not a significant hub for air freight. According to CAA statistics, 126 tonnes of freight currently passed through the Airport in 2006, with the airport ranking 36th in the country in terms of air freight tonnage. There has been a slight increase in freight tonnage over the last six years but overall volumes remain insignificant compared to the main regional airports (e.g. Stansted, with 224,000 tonnes in 2006, Luton with 18,000 tonnes). Southend and Cambridge carry a similar volume of freight. Discussions with the airport management do not suggest this picture is likely to change in future.

This illustrates that, under existing transport infrastructure, it is unlikely to expect distribution-related employment to be substantially transformed. However, this assessment does not take into account possible changes to that infrastructure which may be occasioned in particular by the East Port development.

#### **17.4 Potential impact of East Port**

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East Port, comprising construction of the new Outer Harbour at Great Yarmouth and associated port development is due to be completed in the first quarter of 2009. This will create a significant expansion of the port's operating capacity, providing direct deep water access and modern infrastructure. The East Port project will be able to cater for freight ferries, passenger ferries, trade car carriers and container vessels. Its competitive advantage lies in the fact that its closer proximity to the continent will allow a single vessel to make three crossings a day compared to two between Harwich or Ipswich and Holland/Belgium.

Major employment creation is expected on completion of the port development from jobs created in relation to port activities, cargo-handling, warehousing, manufacturing (e.g. wind turbine assembly) as well as associated services including freight-forwarding and tourism-related services. According to the economic appraisal of East Port plans carried out by Amion Consulting in 2004 more than net 1,000 jobs will be created as a direct result of East Port. Most of these jobs are anticipated to be created within the local area (Great Yarmouth and Lowestoft). It is further expected that that beyond the local area, a total of between 400 and 600 net new jobs will be also created at the regional level as



a result of the development, with the majority of these being in distribution-related activities.

Some employment growth may therefore be expected in the greater Norwich area in distribution-related activities. However it is unlikely that this will be on a scale that merits specific support within the context of wider economic development strategies.

According to the original MDS Transmodal feasibility study, East Port will provide infrastructure for a market in which owners and operators of trailers or containers contract with shippers or receivers to provide door-to-door services. East Port will therefore provide a gateway for freight units carried on trailers from European destinations. Individual consignment sizes are likely to be in smaller volumes than e.g. the large volume consignments originating from Far East destinations delivered to major container ports. It is more likely that the normal mode of operations will be for trailers to be driven off vessels and via the A47 and A/M11 directly onto destinations in London or the South East of England. Some transshipment (loading into port-side warehouses) from containers ships may also take place, and the East Port development includes space for this type of activity.

A disused rail line services the port area and may be brought back into use in future to allow transshipment from ships to rail wagons. It is likely that a future rail-loading facility will be located in the port area, where both containers unloaded directly from ships and road trailer freight could be loaded onto wagons. It is unlikely that this would be carried out at another location away from the port and within the greater Norwich area, as this would require containers to be unloaded from ships, then separately transported to a rail hub by road, and then re-loaded onto trains. It is therefore unlikely that the East Port development will lead to the development of a rail distribution hub in Norwich, Broadland or South Norfolk.

In summary, it is expected that distribution-related employment will continue to grow at a modest rate in greater Norwich. However, the scale of this growth is likely to be modest in comparison to other sectors of the economy. The nature freight activities at East Port suggests that a large proportion of container freight will be driven directly onto destinations elsewhere in the country. Where freight is transferred to warehouses it is likely that this will be in the facilities currently being developed in the port rather than elsewhere in the greater Norwich area.

## 18 Education Institutions

### 18.1 Overview

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There are four higher and further education institutions in Norwich, these are:

- The University of East Anglia
- City College
- The Norwich College of Art and Design
- Easton College

These institutions play an important role in the local and regional economies and have the potential to contribute to the employment growth agenda, in particular because of the planned expansion of student numbers described below. The impact of these institutions includes:

- Direct job creation through addition of new teaching and administrative staff, and subsequent indirect and induced employment effects.
- Contribution to local income through spending on goods and services provided by local suppliers.
- Spending by students based in Norwich.
- Creation of a workforce with improved academic and vocational skills, contributing to local competitiveness, as illustrated in Figure 3.9b in Section 3 above.

There are opportunities to maximise impacts through ongoing work to ensure that the city's higher and further education offer remains relevant to the growth agenda and to initiatives undertaken to support growth in specific sectors such as creative industries, environmental and life sciences and retail.

### 18.2 Trends and prospects

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A profile of each institution is outlined below with an indication of its plans for development.

#### 18.2.1 The University of East Anglia

The University of East Anglia (UEA) has grown substantially since the first 87 undergraduates entered in 1963. Inter-disciplinary study and the imperative to do things differently have been ingrained in the culture of the institution since its inception.

The profile of UEA indicates that in 2006/07 it had 14,981 students, comprising 10,950 undergraduates and 4,031 postgraduates with approximately 1,200 international students from 110 countries. UEA currently employs around 3,000 staff of which two-thirds are full-time. This includes 1,000 academic staff, 400 researchers and 200 technicians. 300 courses available for full time study and 160 evening and day courses provided through 23 schools in faculties of science, social science, humanities and health.

Student number growth has been 2.5% with 400 new students year on year, growing from 11,000 in 1998/99. This has been partly driven by 155 additional places in the school of medicine (including midwifery, physiotherapy, occupational therapy, operating department practice and medical students). Growth has also tended to be amongst international students. UEA has now

reached a steady state and does not have any major expansion or contraction planned. However, there may be some modest changes in respect of:

- Additional numbers of students from overseas of up to 300 people depending on demand and the success of INTO.
- The outcome of employer engagement bids may drive new business.
- The number of home and EU students is likely to remain stable over three to five years due to HEFCE contractual requirements that mean that numbers do not over or under achieve.

UEA provides a significant boost to different aspects of the city's economy both through the spending of its institutions, staff and students and for the significant academic profile and research assets it brings to the city. For instance:

- Analysis of demand for student housing indicated that 3,200 UEA students live in halls, 3,400 live at home with 7,400 living locally. With a density of four people per house this represents 1,850 properties which equates to 20% of the private rented market in the city. 62% of students at UEA come from outside of Norwich. Since this housing study reported the UEA campus now has capacity to house 3,500 students.
- UEA hosts a number of major facilities, including the Sainsbury Centre for Visual Arts and a multi-million pound sports park which includes a 50 metre competition swimming pool, a climbing wall, fitness centre and a human performance laboratory.
- Effective collaboration is taking place at the Norwich Research Park (NRP) which has 6,500 staff and over 900 postgraduate research science co-operating between the John Innes Centre, the Institute of Food Research, the Sainsbury Laboratory and the Norfolk and Norwich University Hospital NHS Trust. There is however a need to ensure that mechanisms to ensure transfer knowledge and ensure commercial spin-out are working well. Other initiatives at UEA, such as the C-Red carbon reduction project hold out the potential to support further economic development in emerging technology areas.
- Active links across bio-medical research involving UEA's Schools of Health, Biological Sciences and Environmental Sciences with NHS Trust and health providers. Further collaborations include environmental protection, 3-D computer visualisation and imaging, medical and pharmaceutical research and management.
- UEA has a number of partnerships outside of the region and works with INTO University of East Anglia to improve language skills to enable international students to progress to study at UEA. UEA's attraction to foreign students is an important area where the university contributes to raising Norwich's wider profile.

### **18.2.2 City College Norwich**

City College Norwich traces its history back to 1891 and has been teaching people from its current campus since 1953. City College Norwich operates an inclusive and collaborative approach to deliver its vision to:

- Act as a catalyst in supporting economic development and regeneration in the region through providing excellent, relevant and industry-standard

vocational education and training to meet existing and forecasted skills needs.

- Work collaboratively with other agencies, in particular local and county-wide schools, to ensure the widest range of learning opportunities are made available to all 14-19 learners across the county.
- Provide for the basic skills needs of the local population, at the college, in the community or in the workplace.
- Provide the primary vocational further education provision for the region.

Highlights of the institutional profile include the fact that:

- Approximately one thousand courses are provided to over 16,000 students, including 1,000 14-16 year olds, 6,000 16-18 year olds and 1,500 Higher Education students.
- The offer from the college includes evening, part-time and leisure courses.
- City College Norwich is an associate College of the UEA, and is positioning itself as the provider of Access Courses, Foundation Degrees and Level 4 qualifications to work towards the government target of 40% of people holding a Level 4 (degree) qualification.
- The catchment area is from across Norfolk whilst also attracting students from Suffolk and rural Cambridgeshire. However, most of the students stay at home with just 2% moving to the area. The College has accommodation in halls for 80 students.
- City College Norwich has is a Centre of Vocational Excellence in Accountancy & Financial Services, Hospitality & Catering and Computing & Networking. It has a new National Skills Academy in Financial Services housed in St. Andrew's House.

There are a number of plans that are coming in to fruition and in the pipeline at City College Norwich, these involve:

- Plans for a £173 million pound redevelopment of its Ipswich Road campus to provide completely new facilities by 2015 with phase one commencing in 2009.
- The Sixth Form Centre and the halls of residence will be demolished and replaced with new buildings for the School of Technology, the School of Creative Arts and the School of Hair, Beauty and Leisure Industries.
- New services that will be available to the community include a theatre, restaurant, swimming pool, gym, hair salon and spa. Green technologies will be incorporated into the building design.
- Planned growth in student numbers to approximately 20,000 by 2015.

### **18.2.3 Norwich College of Art and Design.**

Norwich College of Art & Design has a history which can be traced back to 1845. Its vision is to be a centre of excellence in the region which provides opportunities for innovation in teaching and learning and through research develops knowledge and understanding of art, design and visual culture. It has an important role in relation to creative industries development, and in promoting Norwich's profile on a national level.

The institutional profile indicates that:

- The Norwich College of Art and Design has 1,300 undergraduate and postgraduate students.
- All courses are BA (Hons), 6% of courses offered are postgraduate. Admissions are buoyant and regionally focussed, with 70% of students from the Eastern region and 25% from Norwich. The remainder are from Greater London and Leicestershire.
- The College offers foundation courses, BA and Masters across the arts, particularly graphics, illustration and digital applications.
- The Creative Industries Enterprise Centre provides film and media space for business start-ups and provides facilities to build the creative industries capabilities in Norwich.

The Norwich College of Art and Design is planning to:

- Develop design courses linked to the creative industries such as fashion, interior design, and exhibition design.
- Develop a Continuing Professional Development course for those within the creative industries, partly by building on existing links with creative businesses in the city.
- Undertake a jointly funded feasibility study (with Norwich City Council and East of England Development Agency) to identify the need and demand for the development of more incubation space in Norwich. Current research implies that there is a lack of this type of space in the city and that this is impeding business start ups for creative industry graduates. The study will also investigate employer links.
- Validate postgraduate work in the Netherlands, the College hopes to be able to capitalise on this European link as part of their expansion plans.
- The growth projections to 2013 are for an extra 700 people to bring to a total of 2,000 students.

#### **18.2.4 Easton College**

The goal of Easton College is to ensure that students get the best possible results to build a solid career path. Easton College manages a rural support centre which includes farmers and business forums as part of the Norfolk Rural Business Advisory Service. The College has been on its present site for 54 years.

Easton College has the following profile:

- A focus on vocational education with provision across agriculture, horticulture, countryside management, IT, sport and art growing substantially since 2003.
- Easton College has approximately 900 full time students (with 100 following Higher Education courses and the majority studying Further Education at age 16–18). The college has also 3,000 part-time students including 400 14–16 year old school children following vocational courses.

Easton College opened a new £1.65 million development in 2003, however with student number increases of around 10% in 2006 there was a need for further development, which took place in the guise of a new £2.5 million Learning Resource Centre, new design studio, three additional computer teaching rooms, an internet cafe and five additional general classrooms. The College

has reached capacity in respect of office and teaching space and is currently utilising old buildings due to its recent growth.

Future plans for Easton College include:

- A £17 million capital bid to the Learning and Skills Council for a new 3,000 m<sup>2</sup> building to provide teaching space and recreational facilities. These include an indoor tennis centre, a full size artificial football pitch, an Olympic size indoor riding arena costing £3 million, golf training facilities, road access and halls to provide 100 additional beds. If the bid is successful the development is planned to open in April/May 2009 and become fully utilised by 2012.
- Curriculum growth is planned around land based sports and public services.
- By 2011/2012 an additional 508 FTE students are planned to achieve overall growth in capacity of 38%.

### **18.3 Key issues and challenges**

This section provides a brief analysis of the issues and challenges in respect of harnessing the potential of the education sector in Norwich and making active economic, cultural and social connections. The table below indicates the number of people currently studying in Norwich at each institution and the projected growth in students.

**Table 18.1: Latest student numbers in Norwich**

<b>Institution</b>	<b>Students</b>	<b>Future plans</b>
University of East Anglia	14,981	Steady state with slight growth
City College	16,000	Planned development of the campus with growth in students numbers to around 20,000 by 2015.
Easton College	900 FT 3,000 PT	An additional 508 FTE to 2011 /12
Norwich College of Art and Design	1,300	Growth of 700 to 2,000 by 2013.

Source: Telephone consultation and websites

There are over 32,000 students currently studying in Norwich. This provides a critical mass of activity with multiple economic impacts across the City. Growth in Norwich is expected to primarily come from the expansion of City College Norwich and growth at the Norwich College of Art and Design. The City could well be home to up to 5,000 more students by 2015. The infrastructure requirements to handle the extra capacity are planned for and are in the development pipeline and being built.

Retaining graduates is a critical driver for future, high value job creation in Norwich. However, currently there is a lack of opportunities for creative industry graduates in Norwich and the retention of graduates is challenging. The majority of Norwich College of Art and Design alumni move to London, and some to Cambridge. The college wishes to retain a higher proportion of their graduates. Ongoing implementation of creative industries initiatives coordinated

through Shaping Norfolk's Future should help to provide the basis of further expansion of the sector and the creation of opportunities which will help to retain graduates or attract them back to the city after gaining professional experience elsewhere.

There is a tension between the governments drive to widen participation and the demographics in the UK. A nationwide decrease in 18 to 24 year olds participating in higher education is forecast for 2011. Indeed, the number of 15 to 19 year olds is projected to decrease consistently from 4,012,000 in 2007 to 3,474,000 in 2018. Therefore, expansion plans for Higher Education across the UK are being adjusted to take into account half a million less young people. These projections need to be tailored locally as they do not account for the ambitious growth plans in greater Norwich which could mean that the national trend is bucked.

#### **18.4 Areas for action**

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Increasing student numbers through widening participation and offering diverse range of quality provision can result in real and lasting economic impacts in towns and cities. Graduate retention is often an integral dynamic in transforming areas, catalysing creative industries and creating real economic change. This can be measured through the levels of job and wealth creation and demonstrated in indicators such as the new earnings survey and gross value added (GVA) to the economy.

Higher education institutions and further education colleges underpin economic activity, for instance in workforce development, improving basic and higher level skills and impacts on productivity, competitiveness and the confidence of an area. There are also real economic impacts and multipliers associated with student spending power in local businesses and housing, which if harnessed properly can dramatically improve the vibrancy and vitality of areas.

Collaboration between all of the further education colleges and higher education institutions in Norwich can maximise the benefits for the area. Graduate retention, new business start up and job creation are areas for action in a number of sectors. This should be advanced through the appropriate partnerships with arts and media organisations, business support agencies, funders and the private sector.

Current work is being undertaken by the chief executive of Norwich City Council, the Vice Chancellor of UEA and Principals from the colleges on how to collaborate more effectively to promote Norwich's emergence as a Knowledge Economy centre. The feasibility work between Norwich College of Art and Design, Norwich City Council and East of England Development Agency will also be critical to achieve this.

In respect of graduate retention and job creation in science then the collaboration taking place at the Norwich Research Park is a critical area for on-going action.

The development plans of the education institutions in Norwich are a critical component within an overall growth strategy that is sustainable and based upon firm foundations.

## 19 GREATER NORWICH SITES & PREMISES STUDY

### 19.1 The overall study

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In 2006 the greater Norwich area comprising the local authority districts of Broadland, Norwich and South Norfolk District, was designated as a New Growth Point. Plans for the area within the context of Regional Spatial Strategy include an additional 37,500 new dwellings and 35,000 additional jobs between 2001 and 2021, with further growth of at least 10,000 further dwellings between 2021 and 2026. Much of this growth will be centred on Norwich, requiring a planned approach over the RSS period and consideration of how employment and population growth can be planned for and managed in a sustainable way. Ensuring appropriate provision of land and premises in line with current and future business needs and which are easily accessible for the existing and new population are therefore key issues to be addressed in the Joint Core Strategy of the three local authorities.

The current project therefore contains two core components which can be summarised as follows:

- An **Employment Growth Study** looking in detail at the growth potential of the Norwich economy at both sectoral and sub-sectoral level through to 2026, and then assessing the implications of this growth for quantity, quality and location of employment site and premises provision. Consideration of the policy interventions to secure this growth and the accompanying 'soft' and 'hard' infrastructure it will require also needs to be reviewed.
- An **Employment Sites and Premises Review** looking at current and future supply of different employment land and premises types and the suitability of provision in the light of likely future employment growth trends in Norwich.

These two components are inter-related and the findings from each part of the study need to inform an overall assessment of the relationship of employment demand to employment land and site supply through to 2026, allowing the Joint Core Strategy to make suitable provision and for accompanying planning policy to be developed. It will also need to take into account issues such as the relative role of different parts of the city, rural areas and outlying market towns; sustainability issues such as the respective location of employment and residential centres and commuting patterns; and the implications of future changes of use e.g. from employment land to mixed use or housing.

### 19.2 This Report

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This part of the study records the findings of the report of the employment sites and premises review. The GNDP brief required an employment sites and premises review using recent EEDA Guidance on employment land reviews including a risk assessment of vulnerability to change of use and the challenges in bringing forward particular sites including a review of office stock condition, an assessment of the condition of other premises/industrial estates and a hierarchy of allocations.

The brief also included an employment growth study and set 17 project outcomes for the two related aspects in combination. Of the 17 we interpreted the outcomes set out below :



- Assessment of the suitability of existing and allocated sites for employment growth and advice on any additional locations that might be needed of that are unsuitable
- Assessment of the suitability of individual sites in both existing and proposed employment use and development leading to a hierarchy of sites and allocations
- Review of existing stock condition of industrial estates and of commercial stock condition
- Assessment of the relationship between the potential supply of employment sites and premises and the likely demand for employment sites and premises including recommendations on sites for LDF and subsequent site specific Development Framework documents.
- An assessment of the suitability of individual sites in both existing and proposed employment use and development leading to a hierarchy of sites and allocations.
- An evidence base that assesses the suitability of existing and allocated sites for employment growth, advises on any additional locations that might be needed or that are unsuitable.
- A review of the existing stock condition of industrial estates and of commercial stock condition, particularly the lack of Grade A accommodation in Norwich City Centre and the major regeneration areas (Northern City Centre, East Norwich) and other major redevelopment opportunities of some city centre stock.
- A consideration of the different roles of major complementary office development locations and recommendations for policy development about a sequential approach from city centre, rest of the urban area, urban fringe, rural and first ring of market towns.
- Review existing planning policy frameworks and employment land allocations to ensure there is a robust policy framework to meet demand for employment land and premises. This will also consider impact on supply of land and premises change of use from employment sites to mixed use or non employment (such as housing).

### **19.3 CLG and EEDA Guidance**

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As noted above the study is undertaken within the scope of the guidance published by the East of England Development Agency (EEDA), the East of England Regional Assembly (EERA) and the Government Office for the East of England (Go-East) undertaken by Roger Tym and Partners and published in October 2007, which in turn is considered consistent with national guidance.

More specifically, the ELR has sought to meet the objectives in the guidance and report them below in terms of providing:

- An assessment of how much land will be needed for employment during the plan period to 2026 based on market conditions and policy objectives;
- An audit of the supply of land already identified for employment; and
- Comparisons of the requirement with supply both quantitatively and qualitatively.

Following and as a consequence the report also seeks to make recommendations about:

- the quantum and possible location of any further land that should be allocated for employment;
- any existing or committed employment sites that should be released for other uses;
- other planning policies relating to employment land as appropriate; and
- economic development and regeneration policies that bear on employment land.

We define employment land principally as the B class of the Use Class Order – comprising factories (B2) Warehouses (B8) and Offices (B1) as well as physically similar sui generis uses, such as waste disposal. Total land requirements for other uses (such as retail, housing leisure, health and education) are not normally considered in the context of an ELR, but they are relevant where they are likely to compete for employment land.

This ELR has been undertaken in parallel with an economic and employment growth study for the greater Norwich area. This growth study presents detailed forecasts for the economy in line with regional expectations and suggests wider interventions that may be used to maximise growth and maximise access to that growth for all sections of the community. This means that although this ELR should be read alongside the growth study as the intention was that as elements of an overarching report on employment growth.

#### **19.4 Area Context**

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The study area covered comprises the local authority districts of Norwich City, South Norfolk and Broadland District Council which are referred to throughout this report as “greater Norwich”, unless otherwise indicated. As Norwich City suburbs are heavily under bounded, this constitution of districts provides a very logical basis for capturing Norwich and its suburbs in terms of both the continuous built up area and functional urban area of Norwich.

The area also includes Norwich’s strongly rural hinterland which includes a ring of market towns, larger villages and many smaller villages and hamlets, which have strong, but not necessarily exclusive links to Norwich.

Few, even of the market towns are particularly large, and the extent of their self-containment in terms of employment and service provision is relatively limited. The large number of smaller settlements largely connected by local roads is challenging in terms of the provision of quality public transport, although many are attractive as residential locations.

Most existing employment land is focused in and around Norwich, although most of the market towns have existing allocations and other historic allocations in open countryside exist. Many of these latter allocations appear to have been popular with the market, especially where they also have good transport connections, e.g. Wymondham’s Gateway 11 development.

Despite the concentration of employment in Norwich the long term trend has been one of decentralisation of industry from the centre to industrial estates developed from the 1950s onwards around the outer Ring Road and some limited movements to newer locations associated with the southern bypass (A47) notably at Broadland Business Park and Longwater Business Park.

The pattern of offices has been more mixed. The city centre remains the dominant and arguably the most favoured location for many businesses. However, the 1990s witnessed some small scale redevelopment of former industrial land for office use, e.g. at the airport and on Hall Road and some larger business park developments largely at the Broadland Business Park, which have become extremely popular with businesses as an alternative to locating in the city centre.

## **19.5 Key Policy Issues**

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A full account of policy is presented in Section 2 including planning, community and economic policy. However, given the particular focus of this report on land and premises, it is worth noting at the outset that the emerging Regional Spatial Strategy directs most strategically significant growth to the region's major urban areas, including Norwich where:

- strategic networks connect and public transport accessibility is at its best, and has the most scope for improvement; and
- there is the greatest potential to build on existing concentrations of activities and physical and social infrastructure and to use growth as a means of extending and enhancing them efficiently.

Emerging RSS also sets indicative targets in policy E1 for net growth in jobs for the period 2001-2021 in the Greater Norwich area of 35,000 jobs and suggests that local development documents should provide an enabling context to achieve these targets and suggests that further growth is anticipated in subsequent periods. Providing sufficient employment land of the right type is a key element of this enabling.

Policy E 2 of the RSS, Provision of Land for Employment Suggests that local development documents should ensure that an adequate range of sites/premises (including dedicated land/sites and sites within mixed-use areas and town/district centres) is identified and then subsequently allocated, safeguarded and/or protected to meet the full range of sectoral requirements needing to be accommodated to meet the indicative job growth targets of Policy E 1 'Job Growth 2001-2021' and the needs of the local economy as revealed by up-to-date employment land review

The RSS says that sites of sufficient range, quantity and quality to cater for all relevant employment sectors should be provided at appropriate scales at urban areas, market towns and key rural centres. These should be at locations which minimise commuting and promote more sustainable communities by achieving:

- a closer relationship between jobs and homes;
- maximise potential use of public transport;
- minimise loss of, or damage to, environmental and social capital, and where necessary substitute for any losses and secure positive enhancements. This will often mean giving precedence to the re-use of previously developed land and the intensification of use within existing sites over the release of greenfield land;
- meet the needs of the region's significant sectors and clusters set out in the Regional Economic Strategy or identified through LDDs; and
- provide appropriately for identified needs for skills-training and education.

- avoid any adverse impact on sites of European or international importance for wildlife

The RSS also says that the quality of land to meet the needs of business is one of the critical factors in ensuring economic success and attracting inward investment. Thus Local Development Document(s) need to ensure that there is a high quality offer of employment land, taking account of the contribution that can be made by strategic and sub-regional employment sites and the need to provide the levels of job growth roughly in line with Policy E 1 'Job Growth 2001-2021'.

## **19.6 Research Undertaken and Report Structure**

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The assessment of how much land will be needed for employment is based largely on a combination of the RSS forecasts and the findings of the economic and employment growth study, the latter undertaken with Oxford Economics. This work both confirms the basic RSS targets and provides a sectoral breakdown of employment, necessary to enable to plan properly for office and industrial land.

An audit of the supply of land already identified for employment has been completed through a detailed review and site visits to all existing designated sites in the greater Norwich area, by the team. A local firm of Chartered Surveyors, Howards has supported this exercise and input local market knowledge.

Comparison of the land supply requirement (both quantitatively and qualitatively) takes account of the scale of provision required, and is based on a range of assumptions about occupation densities and plot ratios. It has also taken account of the likely requirements of occupiers and market trends in the provision of actual floorspace and premises, as well as what is desirable in policy terms.

Reflecting this sequence of research the remainder of the report is structured, in accordance with the guidance as follows:

- Section 20 summarises the background policy objectives that employment land provision should address;
- Section 21 summarises the forecasts of the economy in terms future economic and employment that need to be addressed in terms of land provision;
- Section 22 reviews land and property markets to inform decisions on how future needs can be met and in particular the ability of the development industry to deliver floorspace to meet occupier demands competitively;
- Section 23 reviews existing provision in terms of the existing allocated sites and the City centre; and
- Section 24 outlines future requirements.

## **20 Policy Context**

### **20.1 Introduction**

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This Section reviews the policy context with the aim of identifying the areas of higher level policy with which LDF policy on employment land will be expected to be consistent.

The majority of emphasis is given to Regional Policy comprising the Regional Economic Strategy and emerging Regional Spatial Strategy which is at an advanced stage and thus unlikely to change. The emerging RSS has also been tested in terms of National Policy.

### **20.2 National Planning Policies**

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National Planning Policies in the form of Planning Policy Statements (PPS) and, formerly, Planning Policy Guidance (PPG) Notes, provide national guidance on the level, location and type of sites that should be allocated for development. This section provides a breakdown of the issues emerging from a review of these documents in so far as they are relevant. Directly relevant national policy documents are assumed to include:

- PPS 1: Delivering Sustainable Communities (2005) because it sets out the general principles of planning policy;
- The supplement to PPS 1 on climate change;
- PPG 4, Industrial Development and Small Firms (1993) and its emerging successor in the form of draft PPS 4 Planning For Sustainable Economic Developments (2007);
- PPS 6 Town Centres (2005); and
- PPS12 Local Development Frameworks (2004).

#### **20.2.1 Planning Policy Statement 1: Delivering Sustainable Communities (2005)**

Planning Policy Statement 1 (PPS1) sets out the Government's overarching planning policies on the delivery of sustainable development through the planning system. It states that good planning ensures that the right development is provided in the right place at the right time. It also includes a statement to achieve high and sustainable levels of economic growth. This national policy guidance provides a framework for planning the effective management of development, delivering a range of opportunities, including jobs, and protecting and enhancing the environment.

The delivery of sustainable development seeks to achieve:

- Environmental, economic and social objectives together;
- Efficient use of previously developed land;
- A reduction in the need to travel by car;
- Sustainable communities that have mixed use development and inclusive communities whilst supporting existing development;
- High quality inclusive design of development layout and individual buildings;
- The creation of a safe and accessible environment where crime and disorder or fear of crime does not undermine the quality of life or community cohesion; and
- A contribution to wider global sustainability by addressing the potential impacts of climate change by taking climate change impacts into account in the location and design of future development.

PPS1 aims to facilitate a transparent, flexible, predictable, efficient and effective planning system that will produce the quality development needed to deliver sustainable development and secure sustainable communities; aspirations that will be mirrored within Norwich. The statement emphasises the plan-led system, and the certainty and predictability it aims to provide, placing it at the very centre of central to planning and integrating sustainable development objectives.

In accordance with PPS1, additional employment sites should seek to provide appropriate employment opportunities whilst at the same time encouraging environmental sustainability. PPS1 also includes a statement to emphasize the achievement of high and sustainable levels of economic growth.

#### **20.2.2 Planning Policy Guidance Note 4: Industrial, commercial development and small firms (1993)**

Planning Policy Guidance Note 4 (PPG4) stresses that one of the Government's key aims is to encourage continued economic development in a way which is compatible with its stated environmental objectives, where local authorities can use this to ensure there is sufficient land available which is readily capable of development on a variety of sites to meet differing needs. It is widely accepted that PPG4 is out of date, given that it was published 14 years ago.

#### **20.2.3 Draft PPS4: Planning for Sustainable Economic Development (2007)**

Issued for public consultation in December 2007, draft PPS4 encourages a flexible approach to the supply and use of land as well as ensuring that a good range of sites are identified by local authorities for economic development and mixed-use development. The guidance suggests that for office (B1a) development, local authorities must give preference to the identification of sites in or on the edge of town centres for larger office development and that opportunities for smaller scale office development should be promoted taking account of local circumstances and wider benefits that may arise from the proposal. Where office development is ancillary to other forms of economic development not located in the town centre there should be no requirement for such offices to be located in the town centre.

#### **20.2.4 Planning Policy Statement 6: Town Centres(2005)**

Planning Policy Statement 6 (PPS6) for town centres seeks to promote and enhance the vitality and viability by planning for the growth and development of existing centres. This focuses on city centre growth and encourages a wide range of services in a good environment which is accessible to all. PPS6 takes into account the physical capacity of the city to accommodate employment opportunities from allocations of new developments, such as new office space and how they will balance with other uses.

#### **20.2.5 Planning Policy Statement 12: Local Development Frameworks (2005)**

Planning Policy Statement 12: Local Development Frameworks (PPS12) outlines the Government's policy on the preparation of documents within Local Development Frameworks (LDFs). LDFs are intended to streamline the local planning process and promote a proactive, positive approach to managing development. The key aims of the new planning system are:

- *Flexibility*, so that local planning authorities can respond to changes in local circumstances;
- *Strengthening community and stakeholder involvement* in the development of local communities;
- *Front loading* so local planning authorities can make key decisions early in the preparation of local development documents;
- *Sustainability appraisals* to ensure that development documents are contributing towards achieving sustainable development;
- *Programme management* that results in the efficient management of programmes for preparing a range of development plan documents; and
- '*Soundness*', so that local development plans are soundly based in terms of their content and process.

LDFs should include a spatial planning element. Spatial planning should bring together and integrate policies for development and use of land with other policies and programmes which influence places and how they function.

### **20.3 Regional and Sub-Regional Planning Policy Guidance**

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At the timing of completion the most advanced version of the RSS is the version published on 23 October 2007 when the Government published Further Proposed Changes to the Draft East of England Plan. This is assumed to be close to the final version and unlikely to change in relation to its employment land provision. This assumption is based on the fact that the further proposed changes were designed to update the East of England Plan in relation to the European Habitats Directive and followed an earlier consultation, public examination and Government amendments.

The emerging Regional Spatial Strategy directs most strategically significant growth to the region's major urban areas, including Norwich where:

- strategic networks connect and public transport accessibility is at its best, and has the most scope for improvement; and
- there is the greatest potential to build on existing concentrations of activities and physical and social infrastructure and to use growth as a means of extending and enhancing them efficiently.

The Draft RES emphasizes that Norwich is an 'engine for growth' in the region and identifies that the area is the largest labour market in the East of England. The regional spatial strategy identifies 21 key centres for development and change (KCDCs) as the focus for housing and job growth. In terms of regional economic performance, a subset of the draft East of England Plan key centres for development and change – the larger urban sub-regions, cities and their hinterlands – will disproportionately drive growth given the importance of agglomeration and the concentration of assets (businesses, higher education institutes and labour pools). There is also sound evidence to suggest that strongly performing urban areas have major benefits to the economic and social well-being of their rural hinterlands and market towns. These 'engines of growth' include greater Norwich.

Emerging RSS sets indicative targets in policy E1 for net growth in jobs for the period 2001-2021 in the greater Norwich area of 35,000 jobs and suggests that local development documents should provide an enabling context to achieve these targets and suggests that further growth is anticipated in subsequent periods. Providing sufficient employment land of the right type is a key element of this enabling.

Policy E 2 of the RSS, Provision of Land for Employment Suggests that Local development documents should ensure that an adequate range of sites/premises (including dedicated land/sites and sites within mixed-use areas and town/district centres) is identified and then subsequently allocated, safeguarded and/or protected to meet the full range of sectoral requirements needing to be accommodated to meet the indicative job growth targets of Policy E 1 'Job Growth 2001-2021' and the needs of the local economy as revealed by up-to-date employment land reviews.

Where development proposals and issues cross local authority boundaries this approach should be developed and applied across the whole urban or development area. Sites of sufficient range, quantity and quality to cater for all relevant employment sectors should be provided at appropriate scales at urban areas, market towns and key rural centres. These should be at locations which minimise commuting and promote more sustainable communities by achieving:

- a closer relationship between jobs and homes;
- maximise potential use of public transport;
- minimise loss of, or damage to, environmental and social capital, and where necessary substitute for any losses and secure positive enhancements. This will often mean giving precedence to the re-use of previously developed land and the intensification of use within existing sites over the release of greenfield land;
- meet the needs of the region's significant sectors and clusters set out in the Regional Economic Strategy or identified through LDDs;
- provide appropriately for identified needs for skills-training and education; and
- avoid any adverse impact on sites of European or international importance for wildlife

The RSS notes that the quality of land to meet the needs of business is one of the critical factors in ensuring economic success and attracting inward investment. For example, the Draft RES notes that Norwich Research Park is a priority, high quality employment space that can meet the needs of businesses



within the health and life sciences sector – a sector earmarked for development and change and one which has great potential for attracting inward investment. Local development documents will ensure that there is a high quality offer of employment land, taking account of the contribution that can be made by strategic and sub-regional employment sites and the need to provide the levels of job growth roughly in line with Policy E 1 on 'Job Growth 2001-2021'.

Allocations can help to promote more sustainable communities directly by redressing an imbalance between the availability of local workers and local jobs (and hence the need to travel) or more indirectly such as through town centre office development supporting town centre shops and the leisure economy.

Surplus employment land may be released for housing (or other pressing development needs) in line with PPS3. However it will be important to base such decisions on sound evidence. Land that is likely to be needed for employment should be safeguarded against other development pressures.

Local planning authorities should consider the future information and communications technology needs of modern business occupiers. Steps that might be considered include dissemination of advice and guidance, inclusion in local planning guidance and development briefs or making provision a condition of planning permission, particularly at regionally strategic employment locations. Policy E 4 on Cluster Development states that local development documents should support the sustainable and dynamic growth of inter-regional and intra-regional sectors and business clusters, especially the regionally significant clusters including:

- a life-science regional super-cluster with concentrations in the Cambridge sub-region, Hertfordshire, Cranfield and Norwich;
- an energy cluster on the Norfolk/Suffolk coast;
- an environmental technologies cluster stretching from Essex to Cambridgeshire with a particular focus on Peterborough;
- a motor sports and advanced manufacturing cluster with a focal point at Hethel in Norfolk and linking to Cranfield;
- a multimedia cluster from London through Hertfordshire to Norfolk; and
- a strong ICT cluster in the Cambridge area.

RSS also suggests that local development documents should also support, and if necessary provide specific guidance for, locally important clusters defined by local economic partnerships in collaboration with local authorities and EEDA.

Support for clusters will be demonstrated by:

- ensuring the availability of a sufficient quantity, quality, and choice of sites including provision for incubator units, grow-on space and larger facilities for established business clusters;
- addressing accommodation needs immediately adjacent to or close to key institutions, including higher education and university facilities; and
- addressing the need for user restrictions to secure the use of premises for specific activities.

### **20.3.1 Norwich focus**

More specifically the RSS notes that Norwich exerts a powerful economic, social and cultural influence over the surrounding market towns and villages. With a population of around 200,000, the urban area is one of the largest in the East of England (and provides the most employment within the region), and the City Centre is the highest ranking retail centre in the region. Road and rail links are improving, particularly on the A11 corridor, and the city is served by a growing regional airport.

Norwich also provides a gateway to the Broads, and to much of Norfolk's attractive coast and countryside, both important to the region's tourist industry. As explained in the employment growth study it is also a major visitor destination in its own right, especially for its heritage and cultural attractions and vibrant evening economy. However, parts of the city suffer spatially concentrated high levels of deprivation and regeneration remains a priority in these areas. There are also very small pockets of deprivation within the rural area, but generally South Norfolk and Broadland have very low levels of deprivation.

The RSS suggests that area's economic strengths include a diverse economic base with specialisms in biotechnology, food processing, finance, insurance and business services, retail and leisure, media and creative industries; an important education and training base in the University of East Anglia, Norwich School of Art and Design, Easton College and Norwich City College; and a strong tourism base. These are acknowledged to be of regional significance, particular as a major regional service centre, a role which extends well beyond Norfolk. There are significant opportunities to build on these existing strengths, with Norwich and surrounding towns and villages benefiting from the city's status as a major economic driver for the region, and a visitor destination of international importance. This is recognised in its identification by the Government as a New Growth Point.

Policy NR 1 Norwich Key Centre for Development and Change, states that given its regional significance Norwich should be a major regional focus for housing, employment, retail, leisure, cultural and educational development. Particular aims, reflecting its identification as a new growth point, should be to:

- provide for 33,000 net additional dwellings in the Norwich Policy Area (NPA) in the period 2001-2021 facilitated by joint or coordinated LDDs prepared by Norwich, South Norfolk and Broadland;
- achieve a major shift in emphasis across the NPA towards travel by public transport;
- support and enhance the retail, leisure and cultural role of Norwich and its image as a "contemporary medieval city";

- promote the city as a destination for tourists and visitors and a gateway to the wider rural and coastal areas of the county and the Broads; and
- address the deprivation concentrated in parts of the urban area.

Planning for employment growth in the NPA should focus on:

- the City Centre, particularly media and creative industries, finance and insurance, and information communication technologies;
- Thorpe St Andrew and Longwater, Costessey (business park use);
- Colney/Cringleford (significant expansion of the research park reserved for research and development, higher education, and hospital/health related uses);
- Norwich Airport (uses benefiting from an airport-related location); and
- Wymondham/A11 corridor (high-tech development and rail-related uses).

New requirements for transport infrastructure arising from development in the Norwich area should be determined through a review of the Norwich Area Transportation Study (NATS), which should provide a strategy for improving access by all modes of transport.

In terms of numbers it is, with Cambridge, one of the two locations with the highest level of growth in the region. It will be the main focus for the north-east of the region, and has the potential to develop further as a major focus for long term economic development and growth. However, for Norwich to achieve its potential, and for all sectors of the community to share in success, growth will need to be coupled with a concentrated focus on addressing the marked deprivation within parts of the urban area.

Existing and emerging economic clusters/ sectors to be supported and promoted include media and creative industries, business and professional services, finance and insurance, energy (including renewable energy), advanced engineering (including high performance motor sport), environmental economy, health and life sciences including plant biotechnology, education, culture, retail and tourism. Norwich is a major and in some cases the largest single focus for retail, culture, leisure and education within the region. This is in large part due to the strength of the city centre and where possible and appropriate, growth in these sectors should be focused on the centre. In addition to the strategic sites a wide range of smaller scale employment sites, including in the market towns, will be promoted. These locations provide local opportunities and can play an important role in supporting sector/cluster development.

Norwich area transport priorities will be determined through review of the Norwich Area Transportation Strategy (NATS) and should include further development of park and ride, a rapid high quality public transport network serving key existing and proposed growth locations and guidance on parking provision. A package of transport measures required to improve the quality of life in residential areas, aid rural regeneration, enhance links to strategic employment areas, facilitate urban expansion, and improve access to Norwich International Airport, including a possible distributor road to the north of Norwich, is currently being assessed by the local authorities.

#### **20.4 Sustainable Community Strategies**

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Local development frameworks, reflecting spatial objectives, must have regard to other relevant policies and strategies at local and regional levels, particularly sustainable community strategies (SCSs). In this case the community strategies of the county and three districts are helpful in setting the wider context and challenges that need to be taken into account in relation to employment land.

The Norfolk County Council strategy Norfolk Ambition sets a vision which is to improve the Quality of Life for All of the People of Norfolk

This is interpreted as meaning that in 2023 Norfolk will be recognised as a county where all individuals have the opportunity to:

- achieve a good quality of life;
- where people enjoy healthy lifestyles and have equitable access to high standards of health and social care;
- where people in communities feel safe;
- with excellent educational attainment and opportunities for learning at all stages throughout life;
- where individuals from all backgrounds can play an active part in community life;
- where the high quality environment is respected and enhanced for everyone's enjoyment and is matched by a strong reputation for renewable energies;
- which is renowned for its culture, creativity and spirituality;
- with a distinctive economy characterised by innovative and dynamic businesses; and
- where the physical and virtual communications infrastructure meets the needs of a forward- looking county.

Although the three districts produce separate SCSs there is a significant overlap and all are of relevance (and often refer to the Greater Norwich area) reflecting functional relationships.

The SCS for Norwich City takes as its starting point the fact that the city that has two stories to tell with many strengths and challenges. On the surface it is affluent and successful with significant deprivation underneath. The vision for the Norwich Sustainable Communities Strategy is "to make Norwich a world class city in which to live, work, learn and visit".

The SCS identified particular strengths and weaknesses. Strengths include:

- a strong economy in Greater Norwich (the urban area) and home to over 50 international, national and regional headquarters;
- Greater Norwich (the urban area) provides nearly 40% of the Norfolk workforce with jobs;
- substantial growth in housing and employment projected;
- relatively stable levels of traffic: a 27% increase in bus use due to successful Park and Ride facilities and a 5% increase in cycling in the city centre (2001– 2004);

- high proportion of people with high skills levels: 33% of the working age population have qualifications of Level 4 or higher (compared to 25% nationally);
- many world-class institutions: the University of East Anglia, Sainsbury Centre for the Visual Arts, Norwich Research Park, Castle Museum & Art Gallery;
- base of the region's media – the BBC, Anglia TV and Archant Media Group;
- high levels of social housing; and the cultural centre for the region
- An international airports with 4 flights a day to the rest of the World via Schipol;
- World class heritage seeking world heritage site status;
- Leadership in the universal provision of uncharged wireless broadband - Largest wireless broadband access in the U.K.
- an international airport, with 4 flights collecting world wide daily via Schipol
- world class heritage, seeking world heritage site status

It identifies the challenges as a:

- need to ensure that growth is sustainable, particularly with regard to the environment and carbon emissions;
- high proportion of people with low and no qualifications (one-fifth of Norwich residents have no qualifications);
- high levels of mental health problems, from mild cases of anxiety and depression to more severe problems;
- high levels of deprivation – high local unemployment, levels of income support claimants, teenage pregnancy rates, etc.
- poorer health associated with areas of deprivation;
- Some Norwich schools perform consistently below Norfolk and national averages;
- insufficient funding for first-rung and informal learning to help those with low or no qualifications to gain qualifications
- insufficient affordable housing

The vision is to make Norwich a world class city in which to live, work, learn and visit and the mission is to work together to enable Norwich to be recognised as a model city of:

- economic growth and enterprise;
- environmental excellence;
- culture and creativity;
- safe and strong communities;
- health and well-being; and
- learning and personal development
- To boost aspirations of and opportunities for people of all ages

South Norfolk's SCS objectives are to:

- Improve the availability of good quality jobs and the ability of local people to get them.
- Develop the economy in the rural villages and town centres.
- Assist economic regeneration through the promotion of adult, community and vocational
- learning, to enhance the skills of the workforce in South Norfolk.

In order to make a difference the SCS includes a number of actions. These include: encouragement to the expansion of Norwich Research Park at Colney, which is a significant economic driver in South Norfolk; increasing the awareness and availability of Broadband internet access to increase business competitiveness and providing alternatives to commuting by enabling working at home. It also includes providing more accessible employment opportunities in villages by a redistribution of employment land allocations in the new South Norfolk Local Development Framework.

The Broadland SCS notes that there are over 3,500 businesses in Broadland employing more than 26,000 people. Many businesses are small with 84% employing one to five people and employing only 18% of the work force. The remaining 16% of businesses employ 21,000 people. 5% of employers have vacancies they find hard to fill and many report skills gaps, particularly in non-managerial skills and craft related occupations. In order to ensure that Broadland people are able to benefit from a thriving economy, the immediate aspirations include increasing the range and type of employment and promoting the area as the place to be for businesses looking for the right location and real growth potential.

## **20.5 Local Planning Policy**

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This section sets out the policy context at a local level and highlights the key points of relevance from the City of Norwich Replacement UDP, the Broadland District Local Plan and the South Norfolk Local Plan. Specific sites are reviewed as part of Section 5. Overall, in common with many local authorities, there is a perception that current policy, partly because of lack of support from national policy has not proved sufficiently strong, to resist changes of uses. This issue is discussed in more detail in section 5.

### **20.5.1 City of Norwich Replacement UDP**

The City of Norwich Replacement UDP was prepared by Norwich City Council and adopted in November 2004.

#### **Overall Strategy**

The vision outlined in the local plan is for Norwich to maintain and enhance its status as a European regional centre in a sustainable manner, embracing change and innovation with pride in its heritage, a good quality of life for all its citizens, a strong modern economy and a safe, healthy and clean environment.

#### **Employment Sites**

Policy EMP1 emphasises mixed use development, encouraging the development of community-based jobs in areas of the city, where these are particularly needed. The policy provides for offices and light industrial uses of up to 1,500 square metres. Policy EMP3 seeks to promote development which will cater for the needs of smaller, developing businesses.

Policy EMP4 identifies prime employment areas where development within Use Classes B1, B2 and B8 will be permitted

- Sweet Briar Road [EMP4.1]
- Bowthorpe Employment Area [EMP4.2]
- Hall Road/Bessemer Road (including Norwich Business Park and White Lodge Estate) [EMP4.3]
- Airport Industrial Estate (including Icen Office Park) [EMP4.4]

Policy EMP5 seeks to maintain specific areas as Employment Areas. The policy includes a criterion to retain B1, B2 and B8 in each area as the predominant uses. This requires that ancillary and other uses do not, between them, become dominant in an area – i.e. higher than 50% of the floorspace in the estate. These areas are

- Vulcan Road/Fifers Lane Industrial Estate [EMP5.1]
- Mason Road/Mile Cross Lane Area [EMP5.2]
- Whiffler Road Industrial Estate [EMP5.3]
- City Trading Estate [EMP5.4]
- Northumberland Street Area [EMP5.5]
- Europa Way, Bracondale [EMP5.6]
- Drayton Road/Citycare Depot Area [EMP5.7]
- Guardian Road Industrial Area [EMP5.8]

Policy EMP7 outlines specific single employer sites within Norwich and how the Local Plan will maintain and protect their position and provide for any appropriate level of expansion which is feasible within the sites.

- Carrow Works [EMP7.1]
- NJP (New Jarrold Printing), Barrack Street [EMP7.2]
- Bayer Cropscience, Sweet Briar Road [EMP7.3]
- Smurfit Sheetfeeding, Whitefriars [EMP 7.4]

The Plan maintains seven specific proposals for employment related development. All of these have been the subject of previous discussions and some are for redevelopment of existing employment uses are allocated primarily for employment development in Use Classes B1, B2 or B8. Policies EMP9 to EMP15 outline specific requirements for each of the following sites;

- Deal Ground, Trowse [EMP9 - 8.2ha]
- Livestock Market, Hall Road [EMP10.1 – 9.7ha]
- Land at former abattoir, Old Hall Road [EMP11.1 – 1.6ha]
- Two sites at Hurricane Way, Airport Industrial Estate [EMP12.1 – 0.3ha; EMP 12.2 – 2.0ha]
- Land at Guardian Road [EMP 13.1 – 2.1ha]
- Former utilities site at Cremore Lane [EMP 14.1 – 6.9ha]

- Existing Laurence Scott site [EMP 15.1 – 4.21ha]<sup>23</sup>

Policy EMP 16 allows for office development outside the Centre associated with expansion or change in existing firms for their own purposes. The policy outlines a series of criteria to be satisfied by office development as well as specific areas for major office development, over 2,000 square metres gross on the following sites:

- Botolph Street/Pitt Street [EMP16.1 – 0.6 ha]
- Greyfriars Road/Rose Lane [EMP16.2 – 0.6 ha]
- Whitefriars/Barrack Street (Part NJP) [EMP16.3 – 2.8 ha]

The policy also outlines provision for smaller scale office development (less than 2,000 square metres gross).

### **20.5.2 Broadland District Local Plan: Replacement**

The Replacement Local Plan was adopted in May 2006.

#### **Overall Strategy**

In recognition of the significance of Norwich, accessibility to the urban area will be a key determinant in the choice of location for the share of development within the Norwich Policy Area which has been apportioned to the Broadland District by the Norfolk Structure Plan.

#### **Employment Sites**

Policies EMP1 and EMP2 outline the importance of retaining an adequate supply of employment land as well as the importance of protecting employment sites of strategic importance – which are sites close to areas of population with adequate access to the transport network. Strategic sites are at Acle, Aylsham, Hellesdon, Lenwade, Rackheath, Sprowston and Thorpe St Andrew. EMP1 states that planning permission will not be given for non-employment uses on these specific sites. EMP2 outlines the mechanism for the re-allocation of (non-strategic) employment land.

A total of 94.5 ha of land is allocated for employment purposes, which is considered adequate to meet immediate requirements for employment land in Broadland. 68ha is allocated within the Norwich Policy Area and 26.5 ha in the rural area. The allocations are located at;

- Acle (3.4ha)
- Alderford (6.4ha)
- Aylsham (5.6ha)
- Foulsham (1.4ha)
- Horsford (2.1ha)
- Horsham St Faith (0.4ha)
- Morton-on-the-Hill (Lenwade) (2.3ha)
- Rackheath (1.2ha)

<sup>23</sup> It should be noted that part of this site is unused at the moment, but part is very active. Stakeholders have expressed a wish that the site be protected from housing development so that ATBLS are not forced to relocate. The viability of the remaining (unused) part of the site for employment use has not been explored, simply because the owners want to put housing on all parts of the site. Thus, the longer term viability of ATBLS may be adversely affected by an increase in nearby housing.



- Reepham (2.8ha)
- Sprowston (4.3 ha)
- Thorpe St Andrew (60 ha)

In principle B1, B2 and B8 Uses will be permitted in employment sites, subject to compatibility with surrounding uses, environmental considerations and adequate accessibility.

### **20.5.3 South Norfolk Local Plan**

The Local Plan was adopted in 2003. In November 2007 policies in the Local Plan were reviewed to keep the Plan relevant until the Local Development Framework scheme is implemented.

#### **Overall Strategy**

The strategic principles of the South Norfolk Plan include a commitment to sustainable development, a high standard of design and sufficient land supply for housing. As a major element of growth in the Norwich Policy Area is accommodated in South Norfolk, the Plan outlines how development is to be located in specific, sustainable locations and that the Borough employment offer should provide alternatives to commuting to Norwich.

The Council considers that an adequate amount of employment land is available for development, but some has been found to be owned as a long term investment by financial institutions not interested in releasing it for development in the shorter term. Other land has remained on the market at unrealistically high prices having been bought during the mid-1980s economic boom.

Policy EMP 1 outlines the District's employment land allocations, which total some 140 hectares. This land is allocated for employment in Use Classes B1, B2 and B8.

- Harleston - 4.6 hectares
- Loddon - 6.5 hectares
- Diss - 22.3 hectares
- Hingham - 2.5 hectares
- Norwich Research Park - 35 hectares
- Longwater - Costessey south of River Tud – 37 hectares
- Wymondham – 25.4 hectares
- Long Stratton - 5.0 hectares

Policy EMP2 and Policy EMP4 outlines employment development permitted for B1 Use in specific settlements with defined development limits, for example, Hetherset, Cringleford and Loddon. This policy includes "small" businesses where the units are of no more than 500 sq m each in size; and "modern growth industries" such as those contained within Use Class B1. EMP 4 emphasises that proposals for employment developments should be small in scale and sensitively designed in locations adjacent to settlements.

## 21 The Economy

### 21.1 Introduction

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This section provides a contextual overview of the current and future economy of Greater Norwich focusing especially on issues that bear on the future supply of employment land for industry and offices. A fuller account of employment growth issues is covered in the parallel employment growth study report contained in Sections 1-19 of this report. Subsequent Sections of this report also examine the spatial and planning implications of these trends.

### 21.2 Drivers of the Economy

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Greater Norwich has a robust and diverse business base. Some 26 companies have national or regional headquarters in Norwich including Aviva, Virgin, Marsh, Moneyfacts, Central Trust, KLM, Unilever, Lotus, PriceWaterhouse Coopers, Archant Media Group, Grant Thornton, Office of Government Commerce, Mills and Reeve, and May Gurney. Norwich Research Park is one of Europe's leading clusters of research and development encompassing health, food, plants, microbes, the environment and computing sciences. Organisations based at the Research Park include The Institute of Food Research, The Sainsbury Laboratory and the John Innes Centre. The Norwich Bio-Incubator provides self-contained units for biotechnology spin-outs and start-up companies and dedicated business support.

The University of East Anglia, a research-led university with a growing reputation is expanding rapidly and now is well established as one of top twenty universities in UK. The University hosts the headquarters of the world-famous Tyndall Centre for Climate Change Research, has a new Medical School and has a global profile for environmental science.

Norwich International Airport is expanding. It has world-wide links through Schiphol (4 flights daily each way, with a journey time of 50 minutes). There are regular direct flights to Edinburgh, Aberdeen and Manchester. The chartered business flights and holiday markets are also developing.

Norwich ranks in the top five shopping destinations in the UK<sup>24</sup>. The centre is distinct in containing the possibly the strongest representation of independent retailers in the UK outside London. As a major regional service centre, Norwich also has a vibrant evening economy – attracting almost 30,000 visitors on an average Saturday night.

Employment in the media industry is high. Companies based within Norwich include Anglia TV, BBC TV East, Radio Broadland, Radio Norwich, Radio Norfolk, Archant Media Group (the largest independent regional media group in the country).

Norwich is the largest financial centre in the Eastern Region. Approximately one in three of Norwich's workforce is employed in financial services. 17 financial companies have regional or national headquarters in Norwich, including of course Aviva.

Norwich has one of the largest clusters of creative and cultural industries in the Eastern Region. It is recognised for its richness of creative talent and is home to the highly regarded Norwich School of Art and Design. Creative Writing at the University of East Anglia has a world-wide reputation.

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<sup>24</sup> Source: Javelin Group's Venuescore 2007 ranking of UK shopping venues

Norwich has an expanding knowledge based and public sector employment including DEFRA, which is co-locating various operations onto Whitefriars, Office of Government Commerce and recent location of the Department of Work and Pensions.

The skilled work force, significantly enhanced by one of the highest university graduate retention rates in the UK is matched by a strong knowledge economy. But the knowledge economy needs to grow further and to expand intermediate level jobs as part of a rebalance and restructure of the economy. This is because a proportion of workers are over skilled for their current jobs and this results in a silting up of job opportunities for less skilled groups.

### **21.3 Employment Forecasts**

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The outlook for employment growth in greater Norwich is for expansion. The total projected under the Baseline Scenario in the Employment Growth Study is for employment to increase by 45,000 jobs net between 2001 and 2026, including self-employment. This is equivalent to roughly 10% of the total regional employment growth.

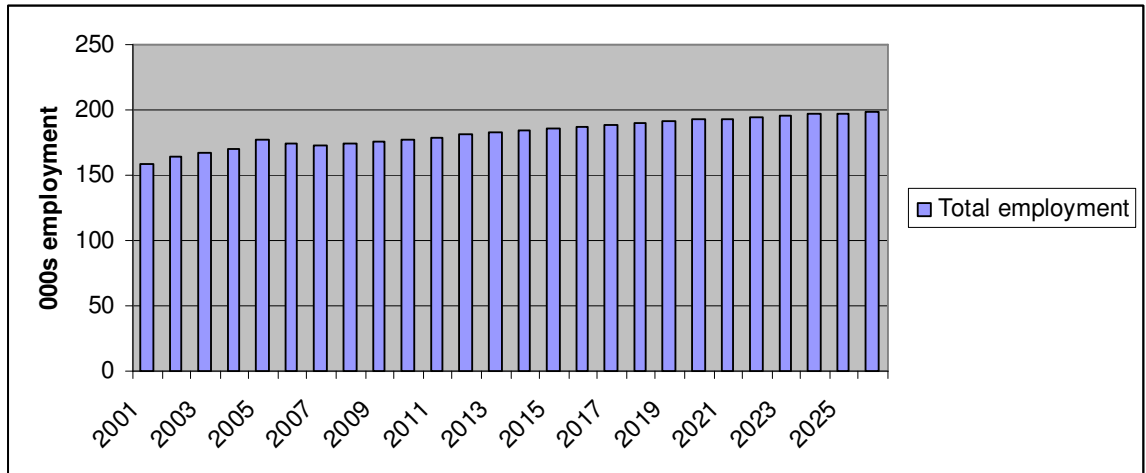
These forecasts are based on extrapolations of recent trends in the greater Norwich share of UK jobs in individual sectors. We regard the UK projections as attainable and currently see no reason why greater Norwich should not continue the established trends in its share of these jobs. The projected increase of 1,500 additional jobs each year is below the 3,000 average annual increase over the last ten years. We expect lower jobs growth in future partly because of a much slower rate of increase in public expenditure.

The graphs below summarises the total and sector breakdown of employment change for greater Norwich over the period 2001 to 2026 respectively. This is based on work by Oxford Economic Forecasting and is based on “business as usual”, the latter representing conditions in which greater Norwich continues to offer the range of sites, premises and support that it has in the recent past.

Overall aggregate growth can be summarised as follows:

- 35,000 jobs in the period 2001 – 2021 (directly compatible with the RSS);
- 45,000 in the period 2001 – 2026, 2026 being the end date of the plan period; and
- Overall growth of 25,000 jobs between 2007 and 2026 (the plan implementation period)

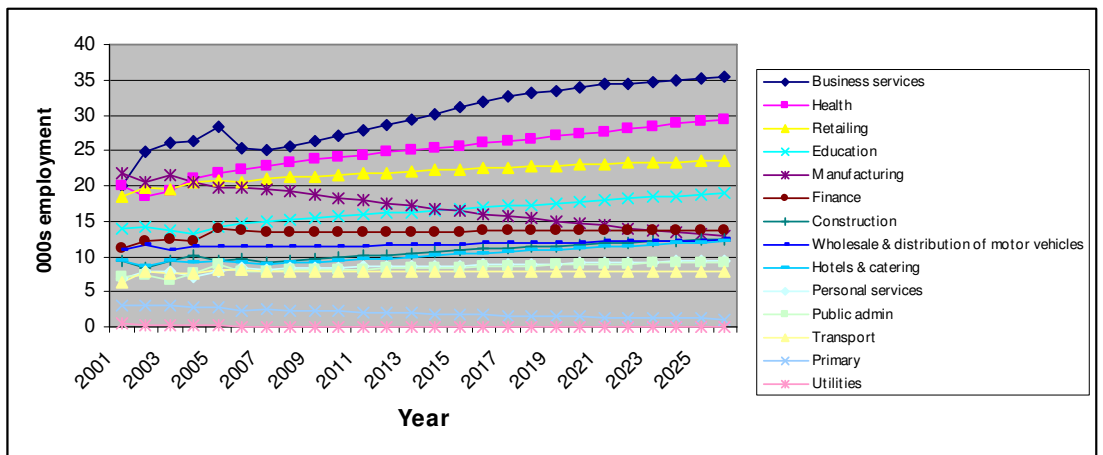
#### **Figure 21.1: Forecast Change in Total Employment for greater Norwich 2001 - 2026**



In sector terms the following changes are forecast to occur in the period 2007 – 2026 (the plan period):

- Business services employment grows by around 10,500 jobs;
- Health employment grows by 6,600 jobs;
- Education grows by 4,000 jobs;
- Retailing grows by 2,500 jobs;
- Construction grows by 3,300 jobs;
- Hotels and catering grow by 1,200 jobs;
- Wholesale and distribution grows by 1,000 jobs
- Public admin grows by 1,200 jobs
- Finance employment remains stable
- Manufacturing employment declines by 6,700 jobs

**Figure 21.2: Forecast Change in Employment by Sector 2001 – 2026 for Greater Norwich**



The largest increases over the 20 years to 2026 are projected for the business services sector (including 1,700 in employment agencies and hence employees who actually work in other sectors). Even with slower growth in public spending

around half of the jobs are expected to be created within public sector services. Manufacturing is expected to shed a further 6,700 jobs.

As part of the growth study we have also examined a lower growth scenario based on more pessimistic assumptions. This is produced out of a sense of prudence and caution is of course inconsistent with the East of England RSS. It largely reflects some stakeholder perceptions especially those who believe that recent Norwich growth has reflected the disproportionate impact of a number of specific events, such as major retail developments, the new medical school and so on, combined with a benign national economy that is likely to be followed by a period of consolidation and lower growth.

From an employment land perspective, it is probably more valid to consider sensitivities around the sectoral forecasts as these often involve relatively small numbers of jobs which will be highly sensitive to specific developments or investments. It is this worth considering broadly the sensitivities around certain specific sector forecasts. Such consideration also helps in identifying land and premises needs. From the perspective of this employment land study the most critical sectors are financial services, business services, manufacturing and public sector administration employment. Each is reviewed below and given further consideration in relation to employment land and floorspace provision in later Sections. A fuller analysis of sectors is contained within the growth study. Later discussions on the B class contribution is made later in the report.

#### **21.3.1 Financial services**

This is a historically strong sector for Norwich in which Aviva and a smaller number of other companies such as Marsh and Virgin have dominated. Our core forecasts are for employment to remain relatively stable based on business as usual. However, there are two alternative possible perspectives on the sector. The first, more optimistic, perspective might be that the sector is receiving much more intensive support in terms of initiatives such as the Financial Services Skills Academy as well as improving transport links. The second pessimistic one is that one of the existing players downsizes without any corresponding investment.

Our judgement is that the first of these scenarios is more realistic than the second. The overall implication is of a need to make employment land provision to allow for the more optimistic scenario.

#### **21.3.2 Business services**

This is the sector in which most future growth is concentrated.

Business services is a very broad category including a wide variety of "traditional" city centre located services provided to businesses including banking, insurance, accountancy, legal, consultancy, commercial property, recruitment and plant hire. In addition it also includes many of the activities located on the Norwich Research Park as well as large part of the creative industries, particular where these involve marketing, design and intellectual property. Currently the sector comprises more than 25,000 employees in greater Norwich and it is forecast to grow by over 10,000 jobs to 2026.

In practical terms growth in business services will reflect the scale of demands from the businesses being served. It is likely that this will come from trends towards greater outsourcing (e.g. Aviva no longer manages its property portfolio in house, although it is still managed by another 'arm' of Aviva elsewhere), the provision of services over a larger area (e.g. remote sourcing of software services) - a trend occurring particularly as some elements of business

services become routinised and “commoditised”. This raised a number of implications as set out below.

- Employment which might have been in sectors such as financial services occurs in business services where the activity is outsourced.
- The move away from local office provision and to wider regional, national or international markets means that that competition between places increases and functional specialisation may increase. For example, in recent years Norwich has lost the presence of all but one of the “big four” accountancy firms as they feel able to service the city from elsewhere, but has gained additional real estate, software and life science services.
- Much research into the knowledge economy suggests the importance of agglomeration of knowledge workers in key cities which are able to offer certain attributes such as environment, education, accessibility, culture and the attractiveness of the residential offer. Greater Norwich scores very well on most of these factors, but this is not always widely known to those with no previous knowledge of the city. As a result the growth study puts special emphasis on better promotion of the area and several aspects of the offer.

Our general conclusion is of the critical importance of the activities on the city centre, research park and science and technology sectors, as well as creative industries in business service growth.

### **21.3.3 Manufacturing**

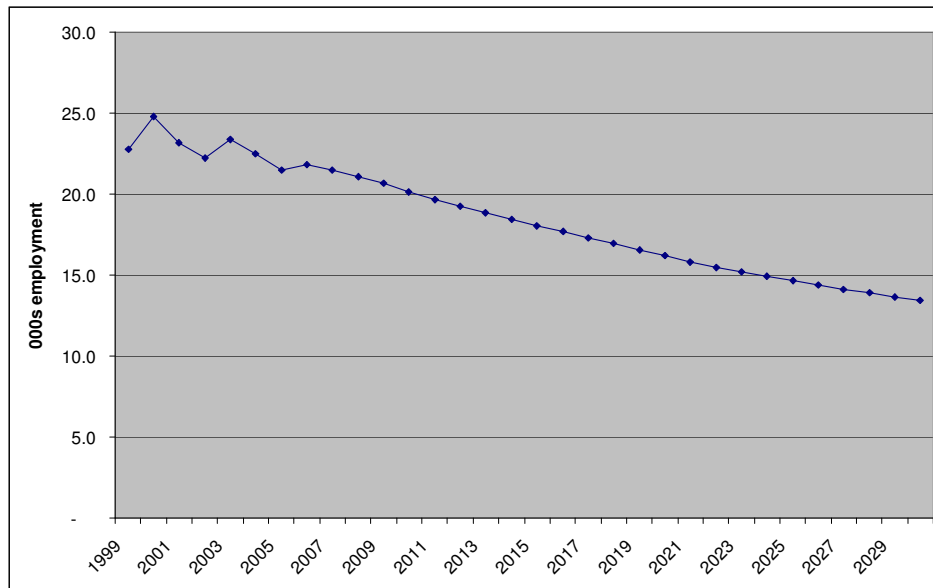
With almost 20,000 employees manufacturing remains a significant component of Greater Norwich employment. Overall it is a sector which on our core business as usual forecast is predicted to decline further in employment, mirroring and reflecting long term and well-established trends. Figure 3.3 summarises the employment position from 2001 to 2026 for greater Norwich. Within this forecast a number of fairly basic factors need to be taken into consideration in interpreting this overall forecast.

- Manufacturing is generally becoming a more capital, space and land intensive activity. This reflects increasing mechanisation and the use of new technologies and the obvious trend towards single storey premises usually with much better vehicle access and vehicle turning circles than was achieved in the past.<sup>25</sup> This means overall output and demand for premises and sites may be growing even though employment may be declining. There may also be important linkage and agglomeration effects with the rest of the economy.
- Manufacturing is a wide category and not all sub sectors within it are following the overall trend.

### **Figure 21.3: Trends in and Forecasts of Manufacturing Employment in Greater Norwich 2001 - 2026**

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<sup>25</sup> This trend refers to general industry space, not strategic warehousing (e.g. purpose-built high-bay warehousing of around 10,000 m<sup>2</sup> or more).



Within Greater Norwich advanced engineering associated with motorsport (especially at Hethel), oil and gas, boat building and electronics and high technology manufacturing such as food (Unilever, Britvic, Kettle Foods, etc) that are seen as the major growth prospects. It should be highlighted that growth in the advanced engineering sector is as much an *opportunity* for growth as it is a *prospect*. Greater Norwich has a locational, cluster advantage. With the right approaches and interventions, the sector could grow considerably, possibly in defiance of national trends. An additional activity with prospects is serving and maintenance within the aviation sector based at the airport. Many of these involve specific sites which are picked up in later sections.

## 21.4 Commuting and Labour Market Balance

Sustainability considerations and the obvious objective of providing employment as close as possible to home means that it is important to consider commuting patterns. It is also desirable to organise home-work spatial relationships in forms which promote the use of public transport. This also means that decisions on spatial options for new housing growth need to be considered alongside locations for new employment.

Commuting data is difficult to gather accurately and the Census remains the most reliable source of data. The major commuting flows for 2001 are shown in the table below derived from the Census. Most importantly to this study greater Norwich is shown to be a relatively self-contained area, with a net inflow of only 7,000 people. This makes greater Norwich an effective functional area in which to plan.

The flows within the sub-region, into and out of Norwich were of course much larger, but at the same time it is perhaps artificial given that given the extent of under bounding of even the urban area some many may be very short distance flows such as from suburb to city centre. Available information on the flows between areas are summarised in Figure 21.4.

**Table 21.1: Top 5 in and out commuting areas, 2001**

South Norfolk commuting		
	Number	%
<b>Total in:</b>	<b>13,882</b>	
From:		
Norwich	3760	27.1
Breckland	2654	19.1
Broadland	2525	18.2
Waveney	1362	9.8
Mid Suffolk	1260	9.1
<b>Total out:</b>	<b>26,603</b>	
From:		
Norwich	14453	54.3
Broadland	2324	8.7
Breckland	2273	8.5
Waveney	2151	8.1
Mid Suffolk	1566	5.9

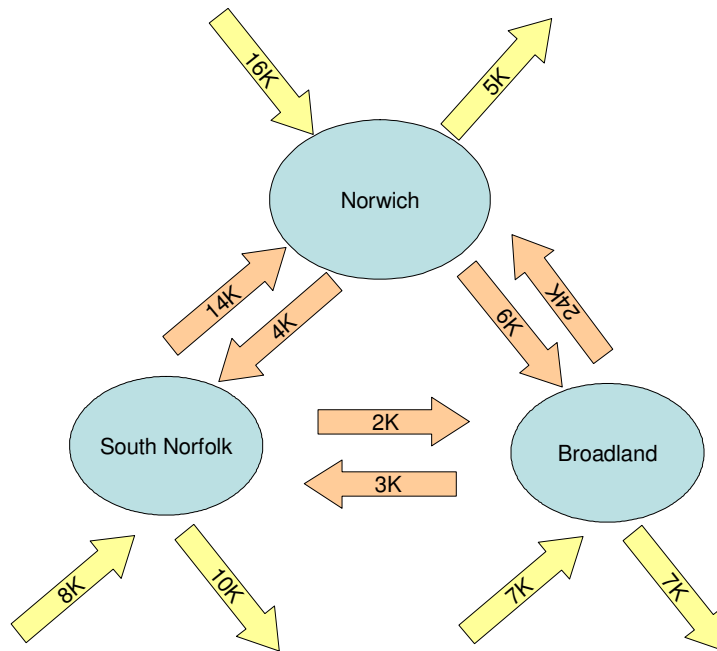
Source: Census

In 2001 **Norwich City** had over 50,000 in-commuters, something approaching half of Norwich's employment at that time. Broadland and South Norfolk make up over 70% of commuters and 85% of commuters are covered by the top 5 areas. Out commuting has a similar geographical pattern but a much lower scale with just fewer than 15,000 out commuters. Broadland is the major location though the relocation of the hospital and the growth of Broadland business park is likely to have increased out commuting to South Norfolk and Broadland considerably.

**Figure 3.4: Commuting flows across the three Authorities in 2001**

Norwich commuting		
	Number	%
<b>Total in:</b>	<b>53,754</b>	
From:		
Broadland	23600	43.9
South Norfolk	14453	26.9
Breckland	4571	8.5
North Norfolk	3995	7.4
Great Yarmouth	2115	3.9
<b>Total out:</b>	<b>14,785</b>	
From:		
Broadland	5962	40.3
South Norfolk	3760	25.4
Breckland	926	6.3
North Norfolk	923	6.2
Great Yarmouth	565	3.8





**Table 3.2: Estimated Net Commuting 2004-06**

Source: Oxford Economics calculations based on difference between estimated people employed in area and estimated employed resident population.

The table above sets out estimates of net commuting flows for more recent years derived from calculations of the difference between the numbers of employed and resident employed people in each area. As expected the calculated flows for individual areas are lower than the net commuting figures from the census for 2001. One influence is the movement of hospital jobs into the district in which many of its staff are likely to live. This will simultaneously reduce net commuting out of South Norfolk and net commuting into Norwich. Similarly Broadland business park has attracted employment out of Norwich to Broadland. These are however differences between two estimates and hence subject to significant fluctuations as with the estimated net flow into the sub-region as a whole. Net migration into the sub-region in 2001 was 7,000 per day. The average estimate for 2004-6 was around 10,000, this larger figure reflecting general growth trends and not really any significant growth in the proportionate significance of Greater Norwich.

In general it is suggested that the commuting patterns shown with Greater Norwich by the available data, aside from suggesting the continuous and obvious significance of the city centre can be largely discounted because of the inappropriate nature of existing district boundaries from an economic perspective. Our judgement is that the more significant trend concerns the distribution of employment opportunities within Greater Norwich and particular the overall distribution of new employment opportunities within the sub region relative to areas of employment need and deprivation and the implications that this may have for access to employment opportunities

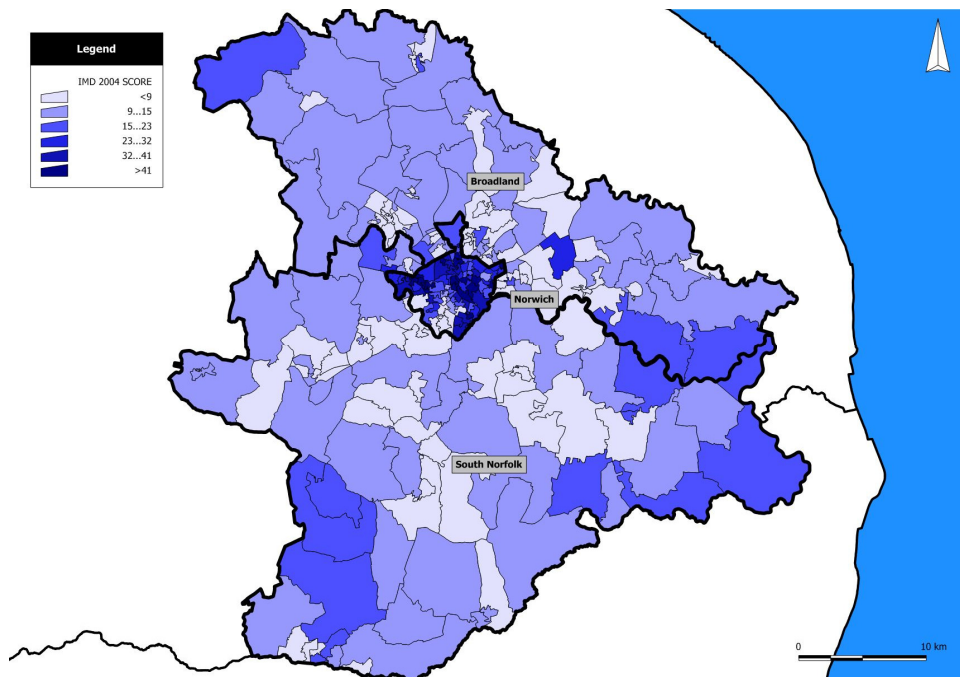
## 21.5 Deprivation and Access to Employment

The recently released 2007 indices of deprivation once more show that Norwich has a surprisingly high level of deprivation for a cathedral city located in southern England. Its rank on the average score for multiple deprivation was 62 out of the 354 local districts in England, and 36% of its population (as determined by the city council local authority boundary) lived in highly deprived areas. Taking into consideration the fact that around 40% of the urban population lives in Broadland and South Norfolk, the extent of deprivation in the urban area as a whole is considerably lower than this figure of 36% would suggest. Nonetheless, the deprivation scores which were very similar to the situation in the previous 2004 indices do illustrate significant concentrations of deprivation.

The map below shows the distribution of multiple deprivation scores across greater Norwich. These are scores from the 2004 Index in which the geography was similar to that in 2007.

Deprivation scores vary widely across the three areas with the most deprived areas located throughout Norwich except in the south west of the city. Although a number of areas of relatively high deprivation exist in the more rural districts none of these were in the highest category of deprivation. Lower deprivation areas are scattered throughout the rural areas with much of the commuter belt to the south and east of the city having particularly low scores.

**Figure 21.4: Multiple index of deprivation scores, 2004**



As outlined in subsequent Sections of this report, without intervention, there is a risk that new employment opportunities will be concentrated on the southern side of Norwich reflecting the improved accessibility offered by the southern bypass. This trend is likely to result in an imbalanced labour market spatially in which residents to the north are increasingly denied local employment opportunities and are faced with long and complex journeys to work across the city. The requirement is thus for a more balanced distribution of employment opportunities across the area and for the importance of the city centre as the focus of existing access, particularly by public transport. Moreover, some

businesses consulted expressed concern that employment growth in Norwich concentrates exclusively on the high value added knowledge based businesses (such as finance) and that the city needs growth stimulation in other key sectors to ensure balanced, well-spread growth.

## **21.6 Unemployment**

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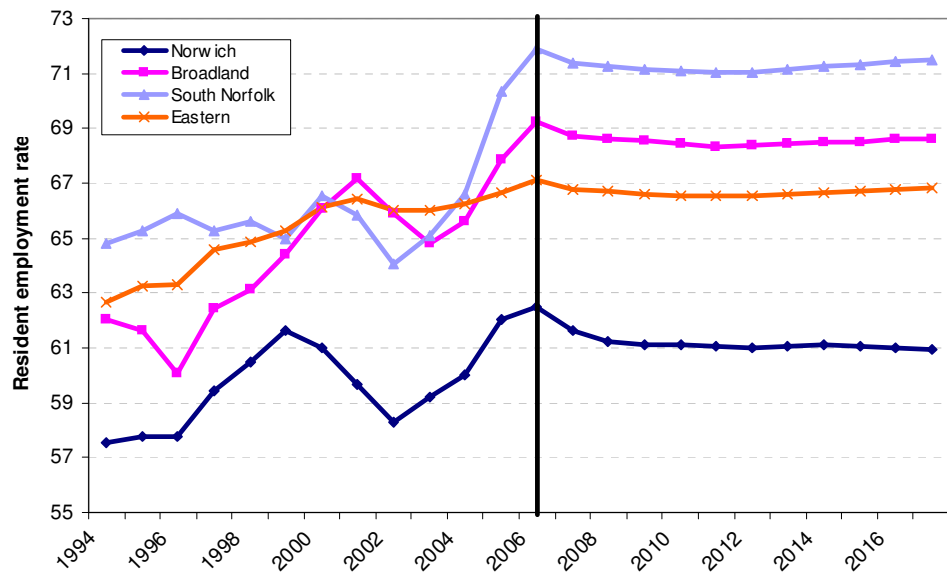
Unemployment is at historically low levels and is often disregarded in economic analysis due to the assumption that many parts of the UK are close to full employment. Whilst this is true it remains an important measure of short term labour market fluctuations as the claimant count is a measure of people seeking work and it is both an accurate and a timely measure. (The broader ILO definition is harder to accurately measure at local level, based as it is on the LFS / APS sample survey). Our research suggests that unemployment is an important influence on migration levels to most areas.

The unemployment pattern is very similar across the greater Norwich and component three authority areas with steady falls experienced from 1995-2000. Since 2000 unemployment has remained very low but climbed up very slightly in each of the areas, though 2007 does appear on provisional data to be lower than 2006. Increases in claimant unemployment between 2004 and 2006 may be due to high in-migration particularly from Eastern Europe. The ILO measure, which is more volatile and subject to survey error, continues to fall in Norwich but has spiked up sharply in the two more rural areas. Noticeably the gap between the two measures is greater in the rural areas than in the city.

Resident employment (as distinct from workplace employment) has seen some improvement in the rural economies, most notably in Broadland, and a less obvious improvement in Norwich where employment rates have remained close to 60% for most of this decade due to the large student population. The higher employment rates in the rural areas are a familiar pattern experienced across much of the UK and partly reflect social structure with high levels of commuting into Norwich. Over the forecast period existing differentials remain relatively unchanged.

As acknowledged earlier in the report, there is a need to rebalance the economy to create more intermediate level and knowledge economy level jobs. This will also address the issue of under-employment of graduates and the silting up of lower level jobs which depresses the opportunities for less well skilled local people. Restructuring of the labour market is therefore a key intervention in tackling deprivation and economic exclusion. i.e. to increase the availability of jobs as well as supply side interventions to tackle low skills and worklessness in deprived communities.

Figure 21.7: Residence employment rate, 1991-2017



Source: APS, Oxford Economics

## **22 Land and Property Markets**

### **22.1 Introduction**

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This section provides an overview of the industrial and commercial property markets in greater Norwich. It is based on information gleaned from site visits, informal discussions with property professionals familiar with the area and from desk research using (inter alia):

- The RICS Commercial Property Survey for Quarter 3 2007.
- Valuation Office Agency reports.
- Reports from the trade press.
- Eastern Region Commercial Survey, Autumn 2007, Savills
- Information on available property publicly available from agents that are active in Norwich, e.g. Howards, Bidwells

The following issues are covered in the rest of this section: current property stock, how floorspace is provided trends in office and industrial markets, including the picture at national, regional and local levels, the balance of supply and demand, and prospects for future requirements as revealed by existing market conditions.

### **22.2 Overview of The Stock of Floorspace and Occupiers**

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Table 22.1 sets out the floorspace and number of units of the main B employment uses as recorded in the CLG (former ODPM) floorspace statistics. Overall, office floorspace has grown by 18% between 2001 and 2006, while the number of office units grew by 9%, and the number of commercial office units grew by 11%. This implies an increase in the average size of units.

The most rapid growth has occurred in the 'other' office sector, which has grown by 20% between 2001 and 2006. However the quantity of 'other office' units has actually decreased by 1%, implying a strong trend to larger office units within this category.

Factory floorspace in greater Norwich has decreased by 2%. However, warehouse space has increased significantly, particularly in terms of floorspace (15%). The number of warehouse units has increased by only 5%, which implies a strong trend to larger units.

**Table 22.1: Greater Norwich Property Stock**

	2001	2002	2003	2004	2005	2006	% Change 2001- 2006
<b>Units</b>							
All Bulk Classes	8,808	8,877	8,868	8,877	9,136	9,475	8%
Total Offices (1)	1,912	1,973	1,967	2,016	1,996	2,085	9%
Commercial							
Offices (2)	1,577	1,620	1,609	1,649	1,669	1,754	11%
Other Offices (3)	335	353	358	367	331	331	-1%
Factories	2,011	2,010	2,017	1,998	1,964	1,995	-0.8%
Warehouses	1,570	1,589	1,586	1,595	1,616	1,656	5%
<b>Floorspace m2 (thousands)</b>							
All Bulk Classes	3,588	3,651	3,632	3,681	3,788	3,821	6%
Total Offices (1)	543	570	578	604	620	640	18%
Commercial							
Offices (2)	418	439	446	463	491	491	17%
Other Offices (3)	125	131	133	140	148	150	20%
Factories	1,497	1,497	1,456	1,459	1,494	1,463	-2%
Warehouses	748	768	780	800	860	860	15%

**Source:** ODPM/CLG Industrial and Commercial Floorspace Statistics

**Notes:**

(1) These include purpose-built office buildings, offices over shops, light storage and light industrial activities. Larger banks, building societies and post offices containing substantial office space may be in this class rather than the retail class.

(2) The 'commercial offices' group comprises mainly of purpose built office buildings and various types of non-domestic buildings converted to offices, offices over shops and computer centres. The commercial office category also includes central government offices but not local government.

(3) The 'non-commercial office' class comprises mainly local government offices, surgeries and clinics, and police stations. Increased VOA activity over the last year has seen the amount of coverage increase in this class as more survey data is captured to facilitate the issue of summary valuations.

Table 4.2 sets out the available vacancy statistics, which are for combined bulk categories of industrial and commercial uses. These show a fairly consistent level of vacancy rates overall since 1998/9 for the Greater Norwich area of between 6% - 7.3%, which is close to or below the regional average. Notably, vacancy rates in the last 4 years have been lower than the national and regional averages. Broadland has had a consistently low vacancy rate for industrial and commercial space.

**Table 22.2: Greater Norwich Floorspace Vacancy**

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
<b>England</b>	7%	7%	7%	8%	9%	9%	9%
<b>East of England</b>	8%	8%	7%	7%	8%	8%	8%
<b>Broadland</b>	5%	5%	4%	6%	5%	4%	3%
<b>Norwich</b>	11%	11%	10%	7%	9%	7%	8%
<b>South Norfolk</b>	6%	6%	7%	8%	8%	8%	7%
<b>Greater Norwich (Average)</b>	7.3%	7.3%	7%	7%	7.3%	6.3%	6%

**Source:** ODPM/CLG Industrial and Commercial Property Estimated Vacancy Statistics: England 2004/5

**Notes:** Commercial and Industrial Property includes retail premises, offices, factories and warehouses (bulk classes).

### **22.3 How the floorspace is provided**

Although owner occupation and provision of floorspace is still relatively common in greater Norwich, particularly for smaller local firms, the more dominant trend is towards provision by specialist developers. These developers grant leases to occupiers in return for payment – typically annual rents.

Developers may be local or national and are dependent on investors providing finance. The lead time for new developments from inception to completion can be quite long, typically 2 – 5 years, so the existence of new supply at any point in time is dependent upon decisions that will have been taken a few years previously. These decisions depend on the confidence that the investor has in the strength of the future market in terms of occupier demand. The key variables for the developer and investor will be the achieved rents and their confidence in maintaining the value of rents in time, the costs of construction, and the likelihood of early take up of space (to minimise periods in which no income is received).

Space may be provided either **speculatively** or to meet specific **bespoke** requirements, although development often is a mix of provision. Speculative development refers to the position where developers build offices in advance of knowledge of a specific occupier need, whereas bespoke means that it has been provided for a specific occupier that has been prepared to commit in advance. Speculative development is characteristic of strong markets because the risk to the occupier is obviously greater than where occupiers are known to prospective developers and investors. Many schemes include both speculative and committed elements the latter often referred to as **pre-lets**. It is not uncommon for developers to conceive and market potential space and wait for a number of pre-lets before starting on site, particularly where rents are on the low side. Curiously, despite the competitive advantages seemingly offered by low rents, higher rent levels are often more desirable – to encourage more speculative development, better quality space and an ability to respond to more difficult sites. From an occupier perspective premises costs are a low promotion of total costs and better quality space is often occupied at higher densities and used more efficiently.

Developers will also be influenced by the standing of potential occupiers and recent experience in the market. Occupiers of good standing will be regarded as less risky, as will those that are willing to sign up to longer leases, often with commitments to upward rent reviews. Developers are also strongly influenced by past behaviour and experiences in particular markets – a situation supported by the provision of monitoring information on rents and yields and on the overall performance of property as an investment. In reality where such information does not exist, developers may be reluctant to invest and such areas are sometimes referred to as having ‘no market’. The assessment of occupiers will also be influenced by the nature of development. Developers often prefer standard forms of provision because it is felt to be more marketable in the longer term. Reference is often made to Grade A office space which is not subject (to our knowledge) to any formal definition but is normally the best space on the market, usually unrestricted and flexible open plan, with good floor to ceiling heights, in accessible and prestige locations, mostly air conditioned and generally the best available by national standards. Industrial space also is provided to certain standards, e.g. single storey, good height clearance, adequate turning circles.

The decision to invest is a critical one and one which is influenced by factors such as construction and land costs, the availability and cost of alternative space in the market, and the overall state of both property and wider markets. As is well known property markets are frequently cyclical in nature, partly because developers tend to respond to similar property signals. In reality it is the major office locations nationally such as central London that lead such cycles with the more provincial markets catching up only slowly. This means that for locations such as Norwich and many similar centres the peak period in which most decisions to develop are taken – can be very short. As a reflection of this, developers often seek developments which are straightforward and can be brought to market quickly – while the market is still strong. Developers also feed off each others’ successes so a few successful developments will act as a catalyst for further development.

Outside London in recent years business parks have been popular locations for developers because typically they combine high levels of accessibility with easy to develop sites in a certain land use planning context. City centres, by comparison, have however held their own where they can offer similar accessible unconstrained sites. City centres have also proved popular with many occupiers and employees, particularly in creative sectors with a continuing need for face to face contact and those seeking the “buzz” of central locations.

#### **22.4 Overview of provision in Norwich**

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Overall trends particularly in office development in greater Norwich can be considered in a broader context. Much of the larger city centre stock was either developed directly by occupiers (e.g. Aviva or the public sector) in the days when this was common or the decision to develop dates from the early 1970s or late 1980s booms. The 1980s saw some small moves out of town, such as the Norwich Business Park at Whiting Road. In the most recent boom (since about 1998) Grade A space has been largely concentrated on the Broadland business parks. However, the evidence is that the city centre is holding its own with proposals at Duke Street and Whitefriars, largely because these are excellent sites. However, the emphasis overall has been on pre-let rather than speculative development, a factor which lies behind the very low level of built



and ready to occupy Grade A space (about 12,000 m<sup>2</sup> out of a stock of 4,000,000m<sup>2</sup>). This in turn reflects a number of factors including market values and viability, the dominant mode of provision and the ability so far to be able to respond to demand relatively quickly.

Industrial trends have been straightforward, because as on the business parks, developers have been able to respond quickly on designated sites with certain and favourable planning contexts. The basic quality of land provision in terms of access and context is also good or has met more specific needs (see Section 21).

The remainder of this section considers market characteristics in more detail before section 23 provides a more detailed review of sites.

## **22.5 Office markets**

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### **22.5.1 National Context**

Occupier demand for office space has been relatively subdued in most parts of the country throughout most of the past decade. In the south it sank with the bursting of the ICT bubble at the turn of decade but has picked up sharply in past three years. In recent months while the returns from the property market generally have been easing, the strongest performance has come from private sector office development. (Source: Jones Lang LaSalle UK Property Index Q1 2007). The foci of improvement have been:

- London, which history suggests tends to lead markets elsewhere.
- Increased output from the business and financial services sector.

This recent increase in occupier demand has led to the amount of available office space declining during the past three years even though completions of new buildings have increased. The RICS Commercial Property Survey is particularly valuable because it describes existing market conditions but also polls surveyors for their views on current enquiry levels and trends. This provides a useful short / medium term lead indicator.

#### **Performance of UK Office Property Market: Third Quarter (2007)**

Tenant demand for office space continued to rise in Q3 although at the slowest pace in 4 years as credit market turmoil instilled greater caution amongst business and financial companies. Rising demand was reported across Central London although at the slowest pace since 2003 with declines in tenant demand reported across most other regions.

Business surveys covering the service sector remained generally upbeat in the third quarter although intentions to hire new staff have been pared back as an air of uncertainty has enveloped financial markets. As such, a cyclical peak may have been passed in the office market with a slower rate of tenant activity expected into 2008. Near term indicators still point to some growth in activity however across Central London and the South East in particular as occupier enquiries remained strong. Available floorspace continued to decline in Q3, however, the pace of decline fell back to the slowest rate in close to 2 years as demand conditions have tempered.

The easing in tenant demand over the quarter has weighed down on sentiment with surveyors now expecting stable levels of activity at a national level and slight declines across London into Q4. The waning of demand will temper the pace of rental growth in the sector with surveyors the least bullish on rents in

over 1 ½ years. Investment demand towards the office sector has been hardest hit by the credit turmoil. A third more surveyors reported that investment demand had fallen over the quarter with an upward shift in yields prompting capital value declines which were the most prominent of all the sectors.

Source: *RICS Commercial Market Survey*

It is noticeable that investors are now paying historically high multiples of potential rental income to buy office buildings in anticipation of rising rents, particularly in parts of the wider South East region. The market for lower quality or 'secondary' investments is seen as particularly vulnerable.<sup>26</sup>

### **22.5.2 Regional Context**

The regional picture is mixed. The commercial property investment market is finally cooling off following the record inflow of funds which first started following 9/11 and the subsequent equity downturn. The East of England has seen a decrease in development starts and a modest decrease in available stock, yet an increase in surveyor confidence in the short term strength of the market is offset by an apparent fall in the number of occupier enquiries<sup>27</sup>. The office market is certainly still the most buoyant sector in the region, with total returns and capital growth significantly outperforming all property on the IPD standing investments benchmark.

Correspondingly, confidence in future returns has started to grow, although not across the board and there is a view amongst investors and lenders that there are still sound opportunities to be found in the prime markets. However, the Eastern Region Commercial Survey (Savills: Autumn 2007) warns that selectivity is the order of the day and that the market is becoming less open to investors without deep pockets and a good relationship with their banks.

Table 4.3 summarises rents and yields for East of England centres. Rent gives a basic indication of viability as in basic terms it determines the viability of development. Initial yield is defined as the initial ratio of rent to capital value. It is widely used, alongside rent as an indicator of development viability to give an indication of the market's confidence in long term rental growth. Put simply, if an investor does not have long term confidence in rental growth at the outset, they will tend to seek a quicker return reflected in a higher yield. A low yield thus suggests long term confidence in the viability of the market. High rents and low yields thus represent the most favourable situation.

As may be observed from Table 4.3 (where centres are listed alphabetically) Norwich typically sits mid table for many variables below Cambridge and Chelmsford and generally above Peterborough, although another observation is that for a number of centres conditions are broadly similar. Chelmsford office markets are very strong with significant speculative activity influenced by the proximity of London and the benefits of fast rail connections. Higher values in Cambridge reflect basic economic strengths, although the retail values are also influenced by capacity constraints in the centre and a resulting lack of supply.

### **Table 22.3: Comparison of rents and yields for East of England centres**

<sup>26</sup> Schrodgers: 'Where to Find Value in the UK Property Market' July 2006).

<sup>27</sup> RICS Commercial Property Survey: Quarter 3 (2007)

	Office (Prime central)		Industrial (Prime)		Retail (Zone A)	
	Rent £ sq. ft	Initial Yield	Rent £ sq. ft	Initial Yield	Rent £ sq. ft	Initial Yield
Cambridge	23.00	5.75	7.00 – 8.00	6.00	280.00	4.15
Chelmsford	25.00	6.00	8.00	6.50	173.00	4.25
Ipswich	15.50	6.25	7.50	6.25	150.00	4.25
Norwich	15.50 (business park no central prime figure available)	6.00	6.25	6.25	220.00	4.25
Peterborough	13.00	6.50	6.00 – 7.50	6.50	220.00	5.00

No data is available on prime central rates for Greater Norwich because of a lack of development activity in the past 10 years, but local agents generally judge that it could command a premium over business park of £1- 2 sq ft, because of occupier demand. Yield for offices is on a par with Chelmsford suggesting similar market confidence, albeit rents are lower.

## **22.6 Trends and Take up of Office Floorspace**

### **22.6.1 Demand**

The local office market in Norwich comprises around 4 million sq ft of stock. As noted above, the market for Grade A space is currently concentrated on business parks such as Broadland Business Park on the city outskirts and Gateway 11, in Wymondham.

In the city centre there are clusters of offices such as around Upper King Street, Prince of Wales Road, and St Stephens where much of the stock is over twenty years old but appears to be in reasonable condition through good maintenance. The vacancy rate appears to be higher in the town centre than in the business parks. There is also a large stock of vacant office space in the northern city centre including the former HMSO buildings at Anglia Square.

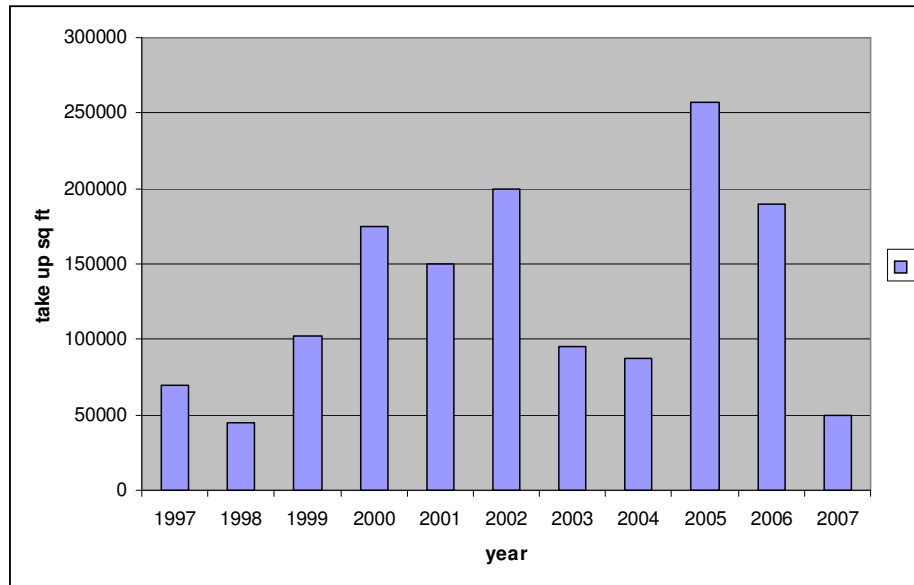
The offices market has traditionally been dominated by occupiers with regional and national market such as Aviva together with the public sector (e.g. HMSO historically) and to a lesser extent local and sub regional occupiers serving local and regional markets. Both Aviva and public sector have tended to provide a large proportion of their own space, resulting in a much smaller commercial and speculative market. However, trends most recently are towards the larger uses seeking space on a commercial basis, while owner-occupation remains popular for many local users. This position puts greater emphasis on the role of developers in providing a supply of premises than in the past and on the viability of developments, which is influenced by rental levels and the confidence in long term rental streams.

Office rents remained relatively steady in 2007 with £15.50 per sq ft being achieved for the best new out of centre space and £13 per sq ft for the best second hand space in the city centre. Rents could rise higher, but are likely to stabilise, given the healthy pipeline supply. As might be expected lettings and achieved rentals are very sensitive to location.

Many local firms have occupied converted, historic or second hand space, much of which is in prestigious city centre locations. However, consolidation, the demands of IT and rising and changing expectations means that many have been relocating to newer stock, including business park space. Although historic space still provides prestige and accessible and generally high quality space that is popular with users, this is sometimes undervalued by head office decision makers that prefer more standardised, open plan, higher density and space with a more “cutting edge” image. In reality few of these arguments, while influential, can be sustained. Nevertheless, and more seriously the low cost of some space has also encouraged rather low density (and inefficient) occupation, a factor that actually serves to hold down market values. It is also believed that a large number of leases for such space will come up in the next few years, perhaps encouraging relocation. The challenge is either to encourage adaption and retention or appropriate relocation and release of premises for other uses.

Take up in 2007 has been around 5,000m<sup>2</sup> lower than in previous years and suggests that the pipeline space is substantial (see Figure 22.3). However, this is thought by commentators to reflect two factors: a number of major requirements having been satisfied and a shortage of good space. Based on anticipated lease expiries and changing occupiers it thought that there is significant latent demand for city centre space.

**Figure 22.3: Take up of office space in Norwich 1997 - 2007**



Much of the existing city centre stock dates from the 1960s, 1970s and 1980s which is often now unattractive, particular to new investors. Unusually much of this stock has been refurbished, reflecting the continuing commitment of Aviva to Norwich. However, long term competitiveness of the central area depends on its ability to offer a continuing supply of space. In this respect proposed developments at Duke Street and Whitefriars are a good sign and will meet much of the city centre office requirements over the medium term. Whitefriars is current ahead of Duke Street in terms of pre-let activities and the scale of Duke Street. This would tend to suggest that Duke Street will be developed and let over a long period. But many stakeholders, particularly at the future gazing workshops have suggested to us that there is significant latent demand for prestigious modern office space in the city centre particularly in a context where there has been limited supply. Duke Street is also a more central site with better access to the core city centre and offers a more “edgy” feel that appeals to creative sectors and offers a clearer contrast to the business parks. However, there may be some doubt over the viability of the Dukes Wharf planning application. The projection of 85,000m<sup>2</sup> will contribute space for at least 4,000 - 8,000 jobs seems high particularly given the high level of pre-letting at Whitefriars for existing DEFRA activity.

Over the longer term, further office development might be possible in other parts of the city, including potentially Ber Street, Rouen Road and Rose Lane or St Stephens (perhaps as part of mixed use redevelopments). These could be tested as part of LDF preparation and are reviewed in later sections.

### **22.6.2 Supply Demand Balance and development viability**

The best test of viability is whether or not there is any development taking place. The Autumn 2007 new office pipeline was approximately 85,000m<sup>2</sup>, comprising mostly out of centre development in the immediate future and significant new city centre space after 2009/10. This reflects that in the recent past development has been concentrated out of centre, particularly in and around the Broadland Business Park and to some extent Gateway 11. This will continue to be the case until the two planned city centre schemes at Whitefriars (27,000m<sup>2</sup> and due in 2009) and Duke’s Wharf (25,000 due in 2010) come on stream. Until then the choice of city space is relatively poor, with about

40,000m<sup>2</sup> available of which about 12,000m<sup>2</sup> is high quality “Grade A” space. The pipeline of 85,000m<sup>2</sup> will contribute space for at least 4000 – 8,000 jobs, depending on floorspace densities. Given expected employment growth and other opportunities on business parks and around the market towns, it seems likely that take up will include relocations of existing city centre occupiers seeking more modern space. From our perspective, the key issue is that these relocations mean that employment will be contained and safeguarded competitively within the city centre, although there is the issue of vacated existing premises – which is picked up in later sections.

Once built, city centre space is very competitive with out of centre office space, as many firms prefer the vibrancy and accessibility offered by the city centre. However, city centre sites are typically more complex to develop and build costs are higher relative to typical business park type space. This means that schemes tend to emerge only at stronger points in the property market/cycle. City centre office schemes should be strongly supported because they add to city centre vitality, are more likely to support public transport access and are in line with National policy.

Out of town is still inevitably likely to have a continuing role to provide a choice of premises, not least because of the continuing desirability and complementarity of city centre provision, the strength of others sectors such as retailing and the relief of city centre congestion. Out of town it is likely that wider Broadland business park for both B1 (and some other B classes) will continue to be popular and it is understood that the land availability and the existing layout would allow further expansion based on new land releases, if permitted.

### **22.6.3 Future Market Context for Offices**

The property press and agents all provide forecasts of changes expected in the property market in the short to medium term.

It needs to be stressed that unlike residential markets, the main macro economic characteristic of commercial property markets is that in most places there is no fundamental shortage of development opportunities and the consequential mismatch of supply and demand that might drive up rents and land prices. Rather, land values are prone to pronounced cyclical fluctuations in both demand and value, driven by macro economic factors, although local patterns are heavily influenced specific factors such as transport improvements.

Competition from other uses is a further issue that needs to be considered. In the city centre retail and housing values are greater meaning that they are increasingly the preferred use for commercial developers. Out of town, competition has been largely from retail and leisure developments and as discussed in the next Section many of the ring road industrial estates have had retail development. The issue in both cases is the extent to policy support that can be used to resist development and sustain refusals of planning permission where necessary. Policy against out of centre retail development has been strong since the late 1990s with the issue of PPG 6 and subsequently PPS 6, and in some respects the greater challenge now is in the city centre. This is because national and local policy generally designates town centres for “mixed uses” and there is also strong encouragement for housing in city centres in both PPSs 6 and 3. The solution to this is a rather stronger and more detailed planning framework and the effective use of statutory plans such as Area Action Plans, although these can take time to prepare. This issue is given further consideration in the next Section.

The lack of a readily available composite 'product' is a key issue for Norwich given for example the constraints on the Deal/Utilities sites, obsolete office stock at Anglia Square, and strong pressure to redesignate employment land for other uses.

Thus, in order to maximise accessibility to labour catchments it is desirable to develop alternative provision. In particular Longwater, potentially the western counterpart to Broadland, has not so far taken off as a business park, probably because of Broadland's success and reportedly because of its poorer environment than Broadland. Although it must be noted that Longwater has a B2 use class that sets it apart from Broadland. Longwater also suffers from major road infrastructure and power constraints. Gateway 11 at Wymondham is another possibility, if further land releases are possible, as the existing site is largely developed out. However, it seems likely that this will change over the medium term, depending on alternative provision. Elsewhere, there is scope for some small scale developments, e.g. at Hall Road and the balance of the adjacent Livestock market site. Some smaller scale developments may be possible in the market towns, but largely to meet very local service requirements.

There is potentially strong potential to expand the Norwich Research Park at Colney and possible land options have already been identified. The current development model assumes a significant role for the public sector in its expansion, particularly from the East of England Development Agency (EEDA). This is perhaps realistic given that similar developments in comparable cities elsewhere (Bristol and Exeter) suggest that the range of uses, lease arrangements and rent levels tend to mean that public subsidy of some kind is required for viability. This is particularly the case if the park is going to remain strictly for leading edge science and research sectors and not for more traditional office users, although it must be noted that the NRP Development Brief does allow for ancillary uses. Moreover, current growth would seem to make it a good prospect for funding as one of EEDA's economic successes outside the Cambridge sub region or as part of the Greater South East.

There may be scope for other prestigious office users locating at the NRP, e.g. national relocations. The location is out of town and inappropriate for retail or leisure development unless ancillary to the research park.

There are however other constraints, including a suggested reluctance on the part of the current landowner to develop the site in accordance with the current planning framework – a situation believed to reflect hope value for other uses but now thought to be resolved. If necessary this could be resolved by ensuring clarity in planning policy through the LDF and the use of CPOs.

## **22.7 Industrial and Warehouse Markets**

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### **22.7.1 National Context**

The demand for industrial and distribution space has not followed the decline in the office markets during the past decade and has tended to remain active and steady, underpinned by demand for larger and taller warehouses. The market for pure industrial space tends to follow trends in industrial output which have fluctuated around a long term declining trend. At present demand from manufacturers is rising helped by a cyclical increase in exports to the EU but

the general outlook is clouded by the combined effect of rising interest and exchange rates.

#### **Performance of UK Industrial Property Market: Third Quarter (2007)**

Occupier demand in the industrial property market stabilised in Q3 having risen moderately for over a year. Growth in demand continued to rise across the South East, Yorkshire and the North West although fell back across most other regions. Export order levels fell back in Q3 as a strong pound and rising input costs started to weigh on industrial production. Surveyor confidence in the outlook for industrial property was more muted and turned neutral for the first time since Q2 2005.

The downturn in confidence could be expected following the belated impact of several interest rate increases combined with the additional monetary tightening which has been brought about by the global credit squeeze. Official data showed that the manufacturing sector and industrial output fell in September with demand for distribution and logistics premises likely to moderate alongside a slowing in retail activity.

Surveyors were less bullish on rental growth with demand expected to ease back as industrialists adopt a more cautious stance in the face of external pressures. The amount of available industrial space for occupation fell back a fraction although is largely in the balance following the strength of demand activity seen over the last year.

Development completions were stable in Q3 and new development starts declined for the first time in a year. Developers have been quick to respond to changing sentiment which may add some support to rents should demand soften. In the investment market the re-pricing of risk has had a less prominent impact on capital values for industrial properties than for the other two sectors. Investor demand was down across all three sectors however at a similar pace.

Source: *RICS Commercial Market Survey*

#### **22.7.2 Regional Context**

The RICS Commercial Property Survey reported that confidence and activity in the Eastern Region was comparatively high. The Report quotes Barker Storey Matthews view that "demand for freehold industrial and office properties remain buoyant with a number of good quality enquiries in the market place". This market has also benefited from improvements in investor demand and the rent multiples paid for good quality warehouse investments are at an historic high.

In terms of occupier preferences there has been consistent demand in recent years for units at the smallest end of the size range which the market struggles to deliver at prevailing rental levels, and also the large and tall warehouse units that can provide the most efficient response to current logistical requirements. In their Report 'UK Property Predictions 2007 – Industrial Agents King Sturge, who are sector specialists, point to a continuation of the latter trend and the popularity of freehold units at the lower end of the size range.

#### **22.7.3 The Local Market**

Generally, the industrial market is thought to be quite strong. It is reported that demand is especially strong for smaller units, even those of poorer quality such as at Weston Road (Fletcher Way) and the Europa Way Estates. Typical industrial rents are between £4 and £6.25 sq ft. The higher figure has been achieved recently. With the current levels of demand in the market and the lack of readily available product, this recent rental increase is unsurprising and



further growth could be likely into 2008. Larger older units will often see rents discounted as tenants negotiate lower rentals, typically in the region of £3 to £3.25 sq ft.

## **22.8 Trends and Take up of Industrial and Warehousing Space**

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### **22.8.1 Demand**

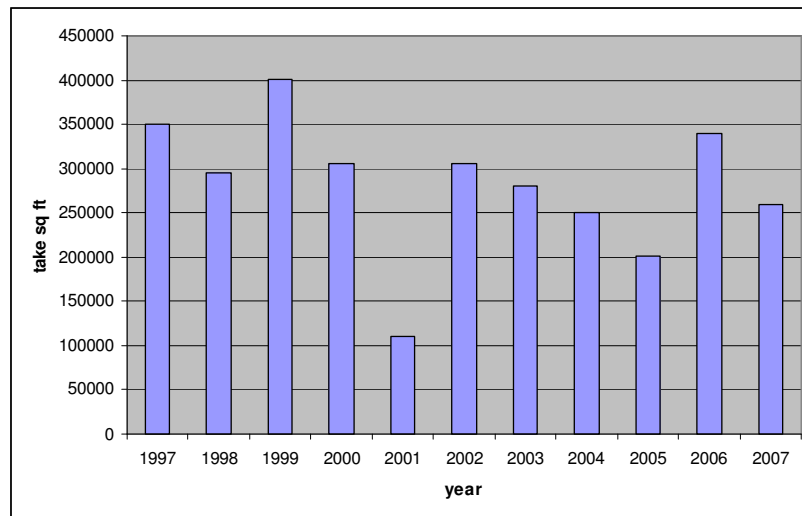
The last thirty years has largely witnessed the disappearance of industry from the central area, especially around the station and Port of Norwich<sup>28</sup>. Industrial uses are therefore largely situated on sites developed from the 1950s and associated with the outer ring road. Many of the junctions on the inner ring road are now at capacity with limited scope for improvement. Moreover, while many of the sites are still highly successful location, but have seen limited updating or development, except for alternative uses such as retail warehousing and limited infill with a variety of service functions. The challenges over the next 15 – 20 years are likely to be to maintain the viability and quality of these sites, to enable redevelopment for modern premises. Alongside this is the need to offer a steady supply of modern attractive premises that are competitively accessible by road for goods movement, and by public transport for employees.

Despite the fact that take up in Norwich has been high during recent years, (Figure 22.4) it has not been enough to encourage developers to build speculatively. Of a total 11.8 million sq ft, the average take-up over 10 years is 280,000 sq ft p.a. (2.5% p.a.). However, it must be noted that employment does not necessarily determine floorspace requirements as there is an increasing trend towards lower densities. There has also been considerable churn within the existing stock as occupiers have been seeking more modern or more efficient space.

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<sup>28</sup> The River Wensum continues to carry some cargo even today. Fuel for Cantley sugar beet factory is delivered by the coaster 'Blackheath' and until the late 1980s grain was delivered to Read Woodrow's mill in Norwich. However today the river is largely used by holiday makers.

**Figure 22.4: Take up of industrial space in Norwich 1997 - 2007**



### **22.8.2 Supply Demand Balance and development viability**

Recent market commentaries suggest availability of just 5% of the existing stock, a situation which has been confirmed by consultees in this study who have consistently suggested that there is a shortage of industrial space. An Autumn 2007 market commentary by Savills suggested that in Autumn 2007 there was overall availability of 64,000m<sup>2</sup> with just 5,000m<sup>2</sup> of this being speculative new build. However, the supply of space pre-let has been stronger. In essence existing shortages reflects a lack of speculative development.

The larger established estates to the north of the City such as Airport estates vary significantly with regards to the take up of space. Generally the larger, poorer quality units take a considerable time to re-let. Overall there is a shortage of available freehold land available for development, although a number of the larger estates (e.g. Vulcan Road) offer redevelopment potential where there are large areas of purpose built units, where there could be infill opportunities. Further to this, Hethel Engineering Centre is almost at capacity and there is demand from at least 12 engineering businesses to relocate to the Centre.

In relation to current development opportunities most are at locations such as Broadland and Longwater. Longer term options include the airport where there is opportunity for the development of industrial space, possibly associated with operations carried out at the airport such as aircraft maintenance.

### **22.8.3 Smaller units**

Generally there is thought to be strong demand for smaller units. This is being addressed by proposals for managed workspace and growing on units at Hurricane Way on the airport industrial estate and by managed workspace being developed in the West of the City as part of the north Earlham New Deal for Communities programme. However, the situation needs to be monitored carefully. This is especially as a result of smaller sites being lost to housing in the city centre, e.g. at King Street and evidence from the redevelopment of the livestock market where it was necessary to relocate small businesses is that businesses find it difficult to find premises in the urban area and that some of the demand is being met in the wider rural area. The demand for smaller units and how this might be met is an issue considered in the next Section.

#### **22.8.4 Future Market Context for Industrial and Warehousing**

Nationally, the medium term picture in the industrial and distribution market is less benign than that for offices. There is no obvious reason why rents should increase at a significant rate but once again the pressure on building costs will effect all construction in the greater South East over the next five years or so and additionally industrial and warehouse sites are most likely to be affected by the cost of meeting higher environmental and site remediation costs.

#### **22.8.5 Conclusion**

The industrial market has remained strong in Norwich, with capital growth and total returns hitting their highest levels in over a decade. While the market is cooling off from the high volume of transactions recorded in 2006, there is still some activity left in the current cycle. Prime yields have softened during 2007 from 6% to 6.25%.

There is a shortage of available freehold land available for development, as well as a lack of speculative development of industrial space.

The apparent strength of demand for industrial premises can be considered in the context of the forecasts in Section 3 suggesting recent and future long term decline in industrial Manufacturing is generally becoming a more capital, space and land intensive activity. As noted in Section 3, this reflects increasing mechanisation and the use of new technologies and the obvious trend towards single storey premises usually with much better vehicle access and vehicle turning circles than was achieved in the past.. This means overall output and demand for premises and sites may be growing even though employment may be declining. The obvious recommendation is that the provision of industrial premises should be based more on take up rates and less on employment trends. This is considered further in later sections.

## **23 Review of Existing Employment Sites**

### **23.1 Introduction**

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This section reviews existing premises provision with the objective of informing the future role of these sites and premises in future planning policy taking account of market, access, stock condition and wider sustainability goals as well as the potential supply of Grade A space. It is complemented by detailed appendices giving schedules of sites, site areas, quality assessments and possible employment capacity.

The first subsection of the section seeks to give an overview of development trends in relation to the employment sites and to set these in a broader context

This is followed by section reviews each of the existing sites in more detail with sites categorised sequentially of their location relative to Norwich City Centre, in terms of city centre, ring road, southern bypass, market towns and rural sites.

### **23.2 Overview of existing provision and relationship to the broader plan**

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The diverse nature of the greater Norwich Area economy is already reflected in a wide range of existing sites, accommodating a broad mix of multiple and single user sites in a wide range of locations. Relative to many other places they are characterised in general by modern buildings with a good standard of landscaping and suitable access provision for modern industry, with complementary uses. There is also a substantial base of smaller business, especially service businesses, which have been key users of many of the smaller, historic buildings, particularly in the most prestigious central locations. However, there is a shortage of managed workspaces for small and new businesses.

Beyond the urban area, one of the main strengths of the market towns has been their ability to provide accommodation for small and start up businesses, including a significant number of people working from home as well as numerous smaller scale premises. As part of this study many stakeholders have suggested that these more rural locations have provided a better environment for entrepreneurship than the urban area, because managed workspace has been in short supply in this location – a situation that should be addressed by providing more managed workspaces within the city. There are proposals for such space to be created in Hurricane Way.

The quality and distribution of employment sites within the urban area is a reflection of good planning in the post war period, which has generally sought to provide a balance of employment with broad mix of housing and service facilities across the urban area. As mentioned previously, much of the post war provision of industrial has been on estates linked to the ring road and radial routes and often is both close to large housing areas and accessible by public transport along the radial routes. The same good planning has maintained the city centre as an employment location alongside other city centre uses such as retailing and more recently housing. Indeed until the 1990s and later than many comparable cities, virtually all new office development was accommodated in the city centre.

The past decade or two has witnessed some significant restructuring of industry and employment sites in Norwich. This includes the actual or proposed redevelopment of a number of formerly important inner industrial sites for

residential retail, leisure, offices and mixed uses. This includes many central sites such as the historic central cattle market site adjacent to the castle (now Castle Mall), Riverside (now housing and a strategic retail and leisure park), Macintosh/Nestle (now Chapelfield) Jarrold printing sites (now proposed for mixed use including offices) and Duke Street (now proposed for mixed uses including offices). These have largely provided opportunities for the expansion of city centre uses, particularly for larger scale retail and leisure uses which might otherwise have gone out of town.

City centre office occupation has remained strong, supported by the presence of the financial and business service sector and by a proactive stance to transport policy without compromising sustainability, especially the significant and successful expansion of park and ride provision. At the same time the strong retail and cultural offer of the centre has made it a popular place to work (and live). Nevertheless, other factors have been the substantial and fortunate level of historic investment and reinvestment and owner occupation by key employers such as Aviva. However, although Aviva has substantially refurbished and redeveloped its space, there has been only limited provision of high quality Grade A stock. This has largely been because rental levels have limited viability, although the difficulties of development in a historic city and the availability of more straightforward business park options have also been factors. Nevertheless, there are still some significant and prestigious opportunities on the edge of centre, where development could be achieved, as part of mixed use schemes.

Out of centre development pressures have however been expressed on the post war industrial estates, reflecting a number of factors including weaker planning controls and the attractiveness of many of these sites, often with road frontages for retail uses. More positively there is limited evidence that much industry has been displaced by such uses, (although ring road congestion has probably made them less attractive) and it can be argued that these uses have helped in maintaining local employment opportunities and services and in improving environmental quality.

By the mid 1990s many of the existing industrial sites were largely full. Many of the larger brownfield sites then available in the centre were subject to proposals typically for retail or housing which were capable of generating higher values than offices. Combined with the changed pattern of accessibility associated with the southern bypass and recognition of a need to provide highly competitive sites, there has been the relatively large scale designation of new land. This was at the east and western ends of the bypass (at Broadland Business Park and Longwater) and also on a smaller scale on the A11 at Wymondham (Gateway 11 business park), as well as the planned expansion of the Norwich Research Park at Colney which was originally established in the 1970s linked to the adjacent University. This has also been mirrored by the relocation of other major employers including the Norfolk and Norwich Hospital from the city centre to Colney and the County police headquarters to Wymondham from County Hall.

Both the Broadland and Wymondham sites have enjoyed significant measures of success, with large scale development particularly at the former. The Research Park has not so far expanded onto its new land allocation, largely because of timing and ownership issues (examined in more detail below), but as detailed in the parallel growth study is clearly a cluster of scientific activity of national and global significance.

### **23.3 Existing Sites**

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A brief description of the existing sites and premises across greater Norwich is appended. This is organised in terms of the City Centre and separate site by site reviews organised in terms of the three districts. A summary of the sites in terms of size and approximate floorspace is also provided in Table 23.1 below.

As is apparent from the floorspace figure, excepting a few small rural allocations all of the sites are developed and occupancy levels are consistently high. Virtually all have evidence of recent development or occupation, suggesting that all are also viable and attractive to the market. Whilst usually employment land studies in other similar locations identify significant areas of designated but undeveloped land, this is not the case in Greater Norwich, indeed levels of vacancy and undeveloped land seem largely to be at a level associated with normal market churn and there is little evidence of long term vacancy or undevelopment on any site. It is also clear that many of the sites have been under pressure for redevelopment for other uses, notably housing (especially in the city centre) and also retailing, car showrooms, leisure and hotel uses).

Table 23.1 also provides our assessment of the combined market appeal and policy contribution in accordance with the EEDA Guidance on Employment Land Reviews in the East of England<sup>29</sup>. Based on the EEDA definition marketability is concerned with the extent to which if there are or were vacancies on the site the extent to which it is likely to be taken up in a reasonable timeframe. Policy contribution relates to the merits of the site with regard to strategic and local policy objectives. A site will rate highly on these criteria because it is in a sustainable location, in a built up area (or settlement envelope) and well served by public transport. A site may also score highly because it is the only employment area in a small town or village. The basic scoring is as follows.

- 5 Excellent
- 4 Good
- 3 Average
- 2 Poor
- 1 Very Poor

Sites rated 4-5 may be assumed to be taken up during the plan period. Sites rated 3 may or may not be taken up depending on market conditions and the availability of competing sites. Sites rated 1-2 are considered generally unsuitable for continued employment use.

As may be observed in our judgement all site score higher than 3 so none are considered unsuitable for employment use on this basis.

Overall given the scale of current supply and the quality of the existing sites we would recommend rather stronger policy protection against non B1 uses on many of the sites. There follows a review of various groups of sites below identifying where this policy strengthening may be relevant.

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<sup>29</sup> Employment Land Reviews Guidance Manual, October 2007 EEDA

**Table 23.1: Existing employment sites in Greater Norwich by district, site size, policy contribution and assessed marketability**

Name of site/area	Site Size (Hectares)	Estimated Existing Floorspace (square metres)	Accessibility by Road	Accessibility by Public Transport	External Environment	Internal Environment	Market Evidence	Overall Assessed Score
City Centre		320,000	4	4	4	3	3	4
Whitefriars		27,000	4	4	4	4	4	4
Duke Street		25,000	3	4	4	4	3	4
Smurfit Sheetfeeding	1.30	8,200	2	3	3	3	3	3
Sweetbriar Road	52.00	44,000	3	3	3	3	3	3
Bowthorpe Employment Area	85.00	68,000	3	3	3	3	3	3
Hall Road	68.00	64,000	4	3	4	4	3	4
Norwich Airport Industrial Estate	48.00	120,000	3	4	3	3	3	3
Norwich Livestock Market	16.00	6,000	4	4	3	4	4	4
Old Hall Road	1.70	7,300	4	3	4	4	3	4
Vulcan Road/Fifers Lane	93.00	155,000	3	3	3	3	3	3
Mason Road/Mile Cross Area	32.00	32,000	3	4	3	4	3	3
Whiffler Road	59.00	64,000	4	3	3	3	3	3
City Trading Estate	46.00	66,000	4	4	4	4	3	4
Northumberland Street/Waterworks Road	4.20	6,600	2	3	3	2	3	3
Europa Way	3.90	3,105	4	3	4	4	4	4
Drayton Road/City Care	5.90	20,000	3	3	3	3	3	3
Guardian Road inc Bowthorpe School	2.82	10,952	4	3	3	3	3	3
Bayer Crop Science	24.00	27,000	3	3	4	4	3	3
Deal Ground	8.20	0	1	1	3	3	2	2
Utilities site	6.90	0	1	1	2	2	2	2
Kerrison Road/Hardy Road	4.21	2,500	2	3	2	2	4	3
Carrow Works	5.00	0	4	3	3	3	3	3
County Hall	5.00	0	4	3	4	4	3	4
<i>Sub Total Norwich City</i>	<i>572.13</i>	<i>696,457</i>						
St Andrews Business Park	6.60	19,000	5	3	4	3	4	4
Broadland Business Park	68.00	69,000	5	3	4	3	4	4
Meridian Business Park	4.85	4,000	5	3	4	3	4	4
Damgate Lane Acle	0.45	170	3	2	2	3	3	3
ACL 2 Acle	2.40	400	3	2	3	3	2	3
ACL 3 Acle	1.00	200	3	2	3	3	2	3
Alderford	9.00	20,450	2	1	3	3	3	3
Aylsham	55.00	8,100	3	2	3	3	3	3
Powleys Park, Foulsham	1.60	2,382	3	1	3	3	3	3
Horsford	1.50	4,576	3	3	3	3	3	3
Abbey Farm, Horsham St Faith	3.00	8,490	4	1	4	4	4	4
Station Road, Lenwade	22.61	33,500	4	1	3	2	3	3
Rackheath	58.60	66,000	4	2	3	3	3	3
Collers Way, Reepham	2.40	2,100	2	1	3	3	3	3
Sprowston	51.26	61,000	4	4	3	3	3	3
<i>Sub Total Broadland</i>	<i>288.27</i>	<i>299,368</i>						
Longwater, Costessey	37.00	30,000	5	4	4	4	3	4
Vinces Road, Diss	12.00	24,000	3	3	3	3	3	3
Mission Road/Sandy Lane Diss	8.00	10,000	3	3	3	3	3	3
Sandy Lane Sawmills Farm, Diss	15.20	0	3	3	3	3	2	3
Border Valley Estate, Harleston	8.90	45,000	3	2	3	3	3	3
Hethel	19.50	43,500	3	1	3	4	5	4
Hingham	4.40	14,400	2	2	3	3	3	3
Loddon Industrial Estate	48.69	19,000	3	2	3	3	3	3
Loddon East of Low Road	6.50	0	3	2	3	3	1	3
Jn of Beccles Road and Loddon Bypass	1.00	0	5	3	3	3	2	3
Broadhill and Tharston, Long Stratton	11.50	11,500	4	2	3	2	2	3
Ipswich Road, Long Stratton	5.00	100	4	3	3	3	3	3
Norwich Research Park	21.80	108,200	5	4	4	4	4	4
Ayton Road, Wymondham	13.00	29,000	2	3	3	3	3	3
Gateway 11 Wymondham	19.50	40,000	5	3	4	4	4	4
Cemetery Lane Wymondham	1.21	0	3	1	3	3	2	3
Ivygreen Villa Wymondham	8.90	7,500	3	2	3	3	2	3
Stanleys Lane, Wymondham	0.70	5,000	3	2	3	3	2	3
Bridge Industrial Estate Wymondham	1.30	0	3	2	3	3	2	3
<i>Sub Total South Norfolk</i>	<i>244.10</i>	<i>387,200</i>						
<b>TOTAL</b>	<b>1104.50</b>	<b>1,383,025</b>						



## **23.4 City Centre and wider central area**

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### **23.4.1 Existing position**

This comprises sites wholly within Norwich City as designated in the existing City of Norwich local plan. Our defined area comprises the city centre and areas adjacent to the Inner Ring Road and includes the riverside and station area.

The area is the most widely accessible and in national policy (e.g. PPS6 and PPG13) and sustainability terms, is the preferred, prime location for a range of mixed uses including offices. Our judgement, based on consultation with stakeholders is that the vibrancy of the City Centre, the continuing popularity of the location (particularly in terms of staff recruitment and staff preferences) and the existence of a realistic and proactive approach to transport and access make this area competitive for future office development and that the potential capacity is substantial. This view is also confirmed by the experiences of out of town provision and current proposals and the continuing market even for some of poor quality central office accommodation.

The city centre represents a challenging planning environment because of the combination of development pressures particularly from housing, the constraints of heritage – which is of course also a major asset, the compact nature of the centre and the overall small scale of buildings, blocks and streets. Moreover, while the potential compactness of the city encourages walking, there are also issues of permeability and local access. Most of the recent development has met this challenge well, although much of the 1960s and 1970s developments are less successful.

The City Centre and the wider central area is by definition a mixed use area, but it is possible to identify a number of key current and future office locations, each with specific issues. These include:

- **St Stephens/Surrey Street** including the historic headquarters of Aviva. Consultations suggest that Aviva is consolidating on the site “island site” bounded by Surrey Street, Westlegate, All Saints Green and Surrey Street. This leaves opportunities for redevelopment/refurbishment of surplus space, as part of wider mixed used development. St Stephens/Surrey Street can also be seen as part of a wider area for future office development extending from **Rose Lane in the north to Queens Road** in the south, including the offices of Aviva, Marsh, Archant Media Group and Anglia TV and as such as the main office employment centre of Norwich. The main change area is likely to be those in and around Ber Street, including the old Norwich Brewery site. As such it can be seen as the next major central development area and deserves a comprehensive approach. The scale of opportunity means that the area might benefit from a specific Area Action Plan or SPD distinguishing sites and expected uses and anticipating change in existing occupiers. The area also feels rather remote from the centre and needs both services and clear activity hubs which could be identified through such an exercise including hotels, secondary and local retailing, leisure and housing use. There is perhaps also scope to link the site into the Riverside, which offers scope for intensification of existing uses and/or redevelopment in the longer term.
- **Upper King Street, Cathedral Close, Prince of Wales Road and Whitefriars.** This area largely in an around the cathedral close remains a prime area for smaller scale offices especially for traditional business

services including solicitors, accountants and property consultants that require client access and face to face contact. Much of the existing property are conversions of historic or small scale infill, although there is some larger scale (>2,000m<sup>2</sup>) existing offices dating from the 1960s and 1970s and still well occupied between St Faith's Lane and Prince of Wales Road which are still well occupied and maintained. Although some areas are distant from the core city centre, access is supported by both private car parking, parking in the cathedral close and public parks. Although, it has regularly been suggested that the area is under threat as leases expire, it remains remarkably resilient (even in the face of the youth-orientated evening economy) probably due to the quality of the environment and the past and future growth prospects and the possibility of living and working in the area. Nevertheless there have been some relocations, notably out of town, but it is not clear that these have been very successful. The area would generally benefit from stronger identity and branding as the professional services quarter, and provision for better quality restaurants and hotels, as well as some broadening of uses perhaps to include professional education, private health clubs, etc. Whitefriars provides capacity for expansion of this area, particularly given the proposed new pedestrian bridge. This side of the close has also benefited from the relocation of the courts (from the Guildhall and Shirehall) in the 1990s and a major firm of solicitors (Mills and Reeve) has relocated here from St Andrew's Hill/Upper King Street. The development of this area in particular encourages realisation of the unrivalled tranquil and historic environment of the cathedral close and has helped to secure the economic use of numerous listed buildings.

- **Northern City Centre**, This includes Anglia Square area currently reflects the consequences of incomplete and rather monolithic redevelopment in the 1970s associated with the inner ring road. The overall development consists of office buildings, a district centre and various leisure and commercial and studio uses. Although the overall environment is now rather dated and poorly maintained, the local service functions are well used major market issue concerns the high levels of vacant office space. Strictly there are thus two future options, one involving comprehensive redevelopment (perhaps even with the removal of the Magdalen Street flyover) and another would involve more piecemeal redevelopment but ideally based on a comprehensive framework. The latter is probably more realistic, but the existing active uses detract from development opportunities. In theory the scale of potential employment that could be accommodated is substantial, but given competing opportunities in the city centre such as Whitefriars or Duke Street, it is difficult to see large amounts of floorspace being taken up in this location in the short or medium term. Some change of use, e.g. to residential is thus probably appropriate together with an interim use strategy – both of which could improve vibrancy and image. Interim uses could include much needed small business space, perhaps linked to media and the former Anglia TV studios known as EPIC. The area plays a major role in providing essential employment on the north side of the city. Recent proposals have emerged to redevelop the area predominantly for housing and retail uses with the possibility of offices in later phases. Our judgement is that while the scheme represents a proficient response to the challenges of the site, reflecting the strategic importance of the site a rather stronger commitment to offices and employment is desirable, even if it is in later phases. The

area would benefit from better connectivity with the city centre, which to some extent is in hand through environmental and pedestrian improvements in St Georges.

Other short term major opportunity sites which are at proposals stage include:

- Whitefriars/Barrack Street, Riverside. Based on the current proposals, this site offers an important opportunity for an office development in the City Centre, which is well related to the Inner Ring Road for access and to the Law Courts and Probation Service for legal services and related office firms. The site has enjoyed success in terms of per-lets and occupiers and a further phase of development is anticipated.
- Duke Street Wharf, comprising the former eastern electricity site and areas fronting Duke Street opposite the Andrews car park and Charing Cross/St Benedicts. This site enjoys good links to the City Centre.

There are, of course also a number of smaller scale windfall infill sites covered in the more detailed analysis of the city centre in the proformas.

The Norwich sub region retail and town centres study, completed in August 2007 by GVA Grimley LLP suggests that comparison good floorspace capacity is forecast to increase significantly by 14,125m<sup>2</sup> by 2011 and 43,325m<sup>2</sup> by 2016 and 77,484m<sup>2</sup> by 2021. This will place pressure for new retail developments on city centre sites. As retail generates higher values than offices, there is therefore the possibility that retail developments could displace offices. This needs careful planning and expectations of future land use need to be enshrined in LDF policy. This is given further consideration in Section 7.

#### **23.4.2 Future policy and opportunities**

The City Centre contains a wider variety of existing older office buildings many of which appear not to meet modern user requirements, although some are of reasonable quality or have undergone refurbishment. Given the over supply occupiers appear to be consolidating into fewer buildings, although the choice of buildings depends on a range of factors including landlord behaviour and scope for redevelopment and it is difficult to predict which will be retained.

The recent past has however witnessed a resurgence in the attractiveness of the city centre as an office location, with new development and proposals at Whitefriars, Duke Street and Palace Street.

Our judgement is that the future of office employment in the city centre rests on the further provision of modern space in attractive locations, together with the retention of the best of the rest of existing provision. Under a market-led scenario, the following are now the primary office locations:

- The southern office quarter including St Stephens, Surrey Street, Queen's Road including the offices of Aviva, Marsh, etc.
- The Cathedral Quarter
- The northern office area in and around and enclosed Whitefriars, Palace Street, Duke Street and St Crispins

Dependent on the decision on the current Anglia "Calvert" Square proposals the Pitt Street/Botolph Street can be seen as part of the northern area.

The city centre is, of course, very mixed use in character and as suggested by the review there are a large number of areas where office development is

appropriate. This includes especially Rose Lane, Prince of Wales Road, Rouen Road, Ber Street and upper King Street.

We also see a continuing role for smaller scale workshops, offices and incubator space throughout the centre, but especially in the former “industrial” locations such as King Street, Colegate, Ber Street as well as some of the former office areas such Rose Lane and Mountergate. The recent proposals for the Hurricane Way managed workspace are an indication that the requirement for smaller units and tailored flexible leases is being recognised by the City and County Councils.

## **23.5 Ring Road and Radial Road Sites**

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### **23.5.1 Existing sites**

These sites comprise the main locations of industrial employment as noted above are located around the ring road or on major radial roads. The sites are within the City of Norwich unless indicated. Existing policy in the 2004 Norwich Local Plan defines these as:

- **Large scale sites**, e.g. Sweet Briar Road; Bowthorpe Employment Area; Hall Road / Bessemer Road (including Norwich Business Park and White Lodge Estate); Airport Industrial Estate (including Icen Office Park); Kerrison Road/Hardy Road etc.
- **General Mixed Use Employment Areas**. e.g. Vulcan Road/Fifers Lane Industrial Estate Mason Road/Mile Cross Lane; Whiffler Road; City Trading Estate; Northumberland Street; Europa Way; Drayton Road; Old Hall Road; Bracondale; Guardian Road; Sprowston (Broadland), etc.
- **Single use sites**, e.g. Bayer Crop Science, Carrow works and ATB Lawrence Scott.

The **large scale sites** are characterised in general by relatively modern buildings and or significant investment, often with a good standard of landscaping and adequate access provision for typical and traditional industrial uses. As such they remain competitive and the market in recent years has been strong – indeed our survey of the sites suggests that turnover is rapid, excepting poorer quality premises where redevelopment is required. Update of smaller units is especially good with some of the larger single user within these sites have taken time to redevelop, partially because they typically go through some interim use phase often taking 5 to 10 years. Unsurprisingly, vacancy levels are low. Sites at the Airport and Hall Road (including the former livestock market) offer the most significant opportunities for further development, although these comprise less than 5 hectares of undeveloped land.

In the 1980s there were also significant redevelopment of some of these sites for retail warehouse and car showroom uses, especially on main road frontages, e.g. Hall Road. However, with changes in national policy such as PPS 6 which allows such changes of use to be resisted, and other provision for such uses, these changes have been better resisted and most of the sites have significant areas of B class uses.

There has also been some redevelopment into B1 uses notably at the airport and hall road estates, some of which is now occupied by call centres, including Virgin Money. These sites appear to have been attractive to operations involving early, late or 24 hour working where car access has been important

for staff access. In the future, it is anticipated that as employment restructures further development of this kind may occur, particularly at Hall Road given its good accessibility to the south.

The **general mixed use sites** provide a wide mix of uses, but with B-class uses comprising much of the estimated space. Indeed it is now quite difficult to distinguish these sites from the large scale sites and it is not clear why size justifies a different policy approach. As for larger scale sites the scope for additional retail uses has largely been removed by national policy and the sequential tests and both large and smaller sites are providing trade counter uses which would not be appropriate in the City centre as well as car maintenance, local storage and distribution associated with local retailers.

Rising levels of congestion, particularly on the northern section of the ring road does not seem to have badly affected the marketability of these sites, but remains a potential longer term issue until completion of the northern distributor road.

Most sites are well served by radial public transport by Norwich standards, with longer trips involving city centre changes. Linkages with adjacent housing areas are still judged to be strong.

Our general conclusion is that all such sites will and should continue to play a significant role in future employment, with some evolving to more B1 rather than B8 uses. Certainly there is no reason to believe that the sites do not have a competitive future and should thus continue to be protected for B-class uses. We would not anticipate significant areas of long term vacancy on these sites over the next ten years. The main issue is the extent to which their piecemeal redevelopment will provide sufficient capacity for industrial employment, particularly given the overall context of long term possible decline in manufacturing employment.

At the current time the main weakness of the current provision is the limited availability of ready to use sites, particular for occupiers seeking bespoke or larger premises. There is also a general lack of availability of smaller units for smaller businesses. Larger industrial occupiers are more likely to be satisfied by a limited number of sites such as Longwater or Broadland on the southern ring road (see below). The general environment of most of the estates, while typical, does not present an attractive environment for new inward investors.

The **single user sites**, Bayer crop science and Colmans at Carrow, both accommodate significant levels of employment and as such should be protected. As there is no reason to doubt the future of existing occupiers and are generally of reasonable quality and access, they are assumed not to provide redevelopment opportunities.

### **23.5.2 Future policy and expansion opportunities**

Although not currently designated as our employment site in the Norwich Local Plan, based on our consultations we would identify **Norwich Airport** as a major opportunity site for employment directly linked to aviation activity. The airport site itself already contains a range of employment uses related to aircraft maintenance, transport and training for businesses supporting exploration and/or extraction of gas in the Southern North Sea, as well as those entering into the renewable energy sector. Growth at the airport could also originate from indigenous companies and may well come as a result of constraint elsewhere in the Greater South East, but the rate and level of growth at Stansted Airport will be a driver for growth in aviation related activities.

Given the shortage of runway capacity in south east England and rising demand for aviation services and development land around airports it is not unreasonable to expect that some of the maintenance and engineering activity currently undertaken at other sites could relocate to Norwich. Given the large site size of the airport, there is also probably scope for a new aviation-related business park linked to the Northern Distributor Road, currently scheduled for completion in 2017/8. This could be up to 50 hectares. Such development would also help in retaining a significant employment area on the northern side of Norwich as well as realising the opportunities offered by the airport.

The other main future opportunity in this category of sites is the **Deal Ground and Utilities Site**. This site on the eastern side of Norwich comprises 20 hectares of vacant, underused brownfield land. The Deal Ground is allocated in the Local Plan for a mix of employment use and housing, and potentially a marina. The Utilities Site is opposite the Deal Ground on the north bank of the River Wensum and next to the railway. Norwich Power Station once stood on this site and part is still in use for gas and supply services. The site straddles the Local Plan areas of both Norwich City council and The Broads Authority. An Initial Options Assessment (October 2007) sets out a preferred development option for the site (having examined four in total), which is mixed-use development with or without a biomass plant on the Utilities site. However, the Assessment identifies a number of key areas around which there is considerable uncertainty – including flood risk, contamination, access and financial viability – that could impact on the delivery of the proposed options. The assessment recommends that further studies are required to give greater certainty around these key constraints and to inform, test, and refine viability. A dedicated project manager has been employed to manage these further studies in order to support and guide the completion of the evidence base for a robust, deliverable and viable supplementary planning document (SPD), to be delivered by late 2008.

The preferred option (the 'Final Hybrid Option') for the site is for a fairly dense, mixed-use community with 800,000 sq ft of office and professional services employment space. This is based on PWC economic analysis that suggested the site could accommodate a maximum of 800,000 sq ft of employment related development if phased over a 10 year period. The option also outlines where employment uses should be located – at the rear of the site, as a buffer, with industrial uses behind. Retail uses to the maximum of 20,494 sq ft are included within this option and the proposed access option is for a bridge over the River Wensum.

Viability analysis, measured in terms of direct financial costs and in terms of 'jobs created' as a result of the development, was carried out for each of the four initial options. This process revealed that site development costs were very similar, regardless of the type of scheme and that viability will be dependent on achieving a relatively large total of floorspace development. Furthermore, the analysis showed that residential uses would be more viable than office use, yet the proportion of affordable housing (30%) on the site means that residential is only slightly more viable than office space. Further viability analysis also highlighted 'subsidy gaps', where public money would be required to make the scheme viable. Three particular factors stood out as particularly limiting:

- The capacity of the site to take development is unusually limited by flood, transport and environmental restrictions

- The greater site constraints impose high fixed costs – particularly for decontamination and access provision.
- Norwich City Council's desire to remain within existing planning policy places strict limits to which the mix of uses can be varied to enhance the values/ return on development.

The requirement for public subsidy is therefore substantial and that despite the potential case it may not be possible to raise such a high amount. It is not considered acceptable by the City Council that there be any increase to the proposed amount of developed floorspace on the site, yet the scheme could be modified in a number of ways; for example, an increase in commercial space may help increase values, yet this is highly dependent on market demand, accessibility and a change in local plan policy. In conclusion, until these constraints are overcome, development of the Deal Ground and Utilities Site remains an aspiration.

## **23.6 Southern Bypass Sites**

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These are the more strategic sites just outside the urban area Norwich and essentially competing or complementing provision within the urban area. They comprise Broadland Business Park(s) within Broadland and the Norwich Research Park (NRP), Wymondham Gateway 11 and Longwater area within South Norfolk. Each is worthy of separate consideration.

### **23.6.1 Norwich Research Park**

Norwich Research Park provides an international presence for Norwich as a centre of excellence in providing World class research, particularly in biological, chemical and environmental sciences and as such serves the diverse needs of, a wide range of indigenous companies and inward investment opportunities. This reflects the existing and potential quality of the site, equal in many respects to the quality of other major parks in the UK. The realisation of NRP potential is vital to the economy of Norwich and the wider area and especially in meeting RSS and Regional Economic Strategy targets for growth and thus should be retained for health and life sciences uses. Critical to its future success is the realisation of land already designated in the South Norfolk local plan, the realisation of a masterplan which ties together rather piecemeal development to date, resolution of some access issues and potentially some “pump priming” funding from public sources or “enabling” associated development.

The South Norfolk local plan (adopted 2003) allocated 35 hectares of land for expansion, comprising 20 hectares of land adjacent to the existing site, 15 hectares in a discrete parcel at Colney Hall. In addition there is a further 14 hectares “contingency reserve”. This allocation has yet to be realised, largely because of difficulties with encouraging all landowners to sign up to the Development Brief and to agree a mechanism by which the necessary upfront funding for land purchase and basic infrastructure can be generated. The site is also subject to a well formed planning brief from South Norfolk which provides a coherent and illustrative masterplan, which also promotes sustainable access.

However, it should be noted that our experience of working up research park schemes in Bristol and Exeter suggests that these schemes may not be fully viable in the short term, if they are to accommodate start up businesses and be genuinely restricted to science park uses.

If funding is not available through agencies such as the East of England in the short to medium term (because of budget constraints and priorities elsewhere), then we suggest that consideration could be given to allowing “enabling” commercial development for B1 business park or residential uses. This would be dependent on early completion of transport improvements, particularly a new access of the B1108 Earlham Road. As B1 space the site offers a comparable alternative to further expansion of Broadland Business Park and could be more attractive. Yet, ideally, NRP should be retained for health and life sciences use, due to its strategic importance.

### **23.6.2 Longwater**

The South Norfolk Local Plan allocated some 37 hectares of land and estimated that in the longer term there could be some 89 hectares of land available for employment development. This land comprises partially semi-derelict land and mineral workings. Due to these constraints, not all of the land potential at Longwater was allocated for the life of the Local Plan. However, it is important to acknowledge the redevelopment potential of the expansive land available at Longwater. Further land was also allocated for retail. It is located adjacent to the western end of the A47 southern bypass and in many respects is comparable to Broadland Business Park. The land originally (and to some extent still does) comprises partially semi-derelict land and various mineral workings. Since allocation however there has been limited employment development. Based on consultation and agent’s advice this seems to reflect a number of factors, including timing (particularly as sites at Broadland have been available), ongoing mineral extraction and a resulting industrial character, an initial emphasis on retail and car showroom developments, and the lack of any pioneer office or industrial developments to establish the location. The wider site was also identified as a potential site for a waste to energy plant. Our judgement is that Longwater is potentially a good site and should be retained. It offers potential employment opportunities on the western side of the city. However, there is a case for clearer development framework for the site that resolves relationships with the ongoing mineral extraction and determines intended use. It might for instance be resolved that the site could provide land for industrial development, particularly for larger users that are unlikely to find larger ready to use sites on the city industrial estates.

### **23.6.3 Broadland Business Park**

The Broadland District Local Plan (adopted 2006) allocates approximately 78 hectares at the eastern end of the A47 southern bypass adjacent to the Postwick interchange and with possible links to the Norwich to Cromer rail line that runs through the western side of the site. The intention was for a high quality business park for B1, B2 and B8 uses. Approximately 60 hectares was intended for business use, the remainder for infrastructure and landscaping. In practice at the time of the plan adoption development and occupation was well underway and the site now also includes a health club, nursery, bar, hotel and limited conference facilities. The overall site is of good quality and has developed quickly now comprising almost 100,000m<sup>2</sup> of floorspace based on the combined totals of the component Broadland, Meridian and St Andrews business parks and probably accommodating up to 5000 jobs. The site has been the most popular location for office occupiers who cannot find space or reject the city centre. The original allocation also included as yet unused expansion space of 24 hectares.

As an established location Broadland now adds to the range of space and development options now available in Norwich and offers space that is



competitive and comparable with the rest of the region for occupiers that prefer business park space. Although a small range of former city centre occupiers have been attracted to the park, particularly in a context where quality city centre space has not been available, occupiers have reported to us concerns from staff about the sites isolation from amenities and that staff have missed the vibrancy of the city centre. Combined with the emphasis on car access this has also made recruitment of some staff more difficult relative to the city centre, although the site is also more popular for some groups living outside the city. Given the lease terms, the site is also more suited to established firms, rather than new starts ups.

In city competitiveness terms there is a case for the site allocation to be maintained and expanded to the full allocation possible. However, with increasing critical mass there is also scope for greater emphasis on promoting public transport through green travel plans and changes in parking provision.

#### **23.6.4 Wymondham Gateway 11**

Gateway 11 is located adjacent to the A11 north of Wymondham and about 8 miles south of Norwich and has a site area of 20 hectares. It has been developed over the past 10 years and consists of around one third offices and two thirds light industry/distribution uses. It is of good quality. Two of the larger occupiers are the Norfolk Police headquarters and East Anglian Motor Auctions.

### **23.7 Market Towns and other Rural sites**

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#### **23.7.1 Existing position**

These comprise range of sites, mostly around the market towns in South Norfolk and Broadland. Generally, but not exclusively, speaking these sites are less linked functionally to Norwich and play a role in providing important local employment opportunities and in supporting the broader rural economy. As Section 3 has suggested within the Greater Norwich area there has been significant levels of in-commuting from Broadland and South Norfolk and these sites provide a counter-balance to these trends. Moreover, overall the general conclusion is that these sites are viable and attractive with a diverse mix of uses. More strategically within Greater Norwich they also provide much valued space for small businesses by providing options for more flexible and owner-occupied space. They are also attractive for more creative and innovative industries that value their attractive, rural contexts and that are not well catered for within the urban area. Creative industries are also one of the sectors that benefit from clustering. Although, as the recent *Ideopolis* (The Work Foundation) research demonstrates, it is the critical mass of knowledge workers, found in urban areas, that is required to stimulate innovation. The importance of social capital e.g. opportunities to network are acknowledged as particularly important in knowledge economies for innovation and creative industries. This therefore leads to a conclusion that this type of activity should be focused more in the City Centre, a creative quarter or potentially around a university campus/science park. Thus, although Greater Norwich should not rely on rural and sporadic provision of space for creative industries, the role of rural areas should certainly not be overlooked.

Within South Norfolk specific allocations exist at:

- Long Stratton;
- Harleston;

- Loddon;
- Diss;
- Hingham; and
- Hethel

In addition there are a number of sites in active employment use which are not currently identified in the South Norfolk local plan, but are included in Appendix .

In Broadland, the position is similar to South Norfolk with sites in the following locations:

- Acle;
- Alderford;
- Aylsham;
- Foulsham;
- Horsford;
- Horsham St Faith;
- Lenwade;
- Rackheath;
- Reepham;

Some of these allocations are large, notably at Aylsham (55 ha) and Loddon (49 ha). All are actively occupied and appear viable.

Some of these allocations, e.g. Harleston and Diss are, of course, geographically quite remote from Norwich

Hethel includes a developing cluster of advanced engineering businesses including the long established Lotus plant and the Hethel Engineering Centre was built as a regional hub for advanced engineering and motorsports. Lotus's location reflects its historic requirements to have a test track which was possible using the infrastructure of a former airfield. The HEC was established to take advantage of proximity to the single largest engineering facility in Norfolk. Whilst accepting its rural location does not make it an ideal employment site, particularly in view of the scope for public transport access, its value is in its established cluster and as such it is an important element of the economy. If the ambitions to double the size of the employment base there are realised it could enable a more sustainable transport solution to be developed for the whole site

### **23.7.2 Future policy and opportunities**

Overall typically these sites necessarily represent a compromise between providing good sites with good access and avoiding significant development incursion into open countryside. Some appear to go through different periods of success or vacancy. This seems in part to reflect accessibility with sites being less successful where access to strategic roads is poor. Some are rather dated with ageing and increasingly deteriorating units. Nevertheless all have active uses with relatively low levels of vacancy and recent redevelopment. There is thus a good case for their continued protection, albeit the scope for further allocations in the rural area is more limited. Any new allocations should probably be associated with future housing allocations.

## **23.8 Conclusions and Gaps in Current Supply**

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To date the greater Norwich Area has been able to provide a wide range of employment sites to meet the needs both of a diverse economy and the needs of local populations to access employment. As such past strategies have been well formed and competitive.

There is no case for the wholesale de-designation of any of the existing employment sites for other (non B group) uses. This is because all sites are in active use and excepting the most recent allocations largely occupied, with low vacancy levels mostly associated with natural churn rather than lack of demand. This suggests to us that sites deserve strong policy protection, especially to the ring road sites and newer larger allocations. In some cases such as Longwater, there is a case for clearer definition of the employment site, as opposed to land that is available for retail or housing development.

Compared to the other locations where we have completed similar reviews, we are surprised at the relative lack of a range of available ready to use sites, with the main current opportunities of this kind only at the Broadland Business Park. Nevertheless the loyalty of office occupiers to the city centre and the existence of a sizeable office development pipeline is impressive and reflects the success of the wider planning strategy.

It is also notable that the city centre still contains significant long term capacity, particularly at Whitefriars, Duke Street and in the longer standing office areas as identified. However this will depend on the protection of some sites for offices against competing retail and housing uses. The wider central area also some highly complex development sites notably at Anglia Square that will require intensive support if they are to include office or other B-class uses. Many of these areas should be subject to masterplanning exercises in order to identify future office sites – and avoid piecemeal development for other uses.

The Norwich Research park is one of the greatest areas of potential and of significant on a regional and national scale. It therefore deserves higher priority in terms of achieving the assembly of land and realisation of infrastructure.

Strategically, the improved accessibility offered by the southern bypass, compared with the lack of road capacity to the north of Norwich has tended to make the southern part of greater Norwich a more attractive location for business than the north. In this respect the designation of sites at the eastern and western ends of the bypass has provided a sensible approach, especially given the scale of population and the employment needs of the residents of the northern side, as a consequence there is case for developing a new north city employment hub. In our judgement this should seek to realise the economic potential of the airport and in the longer term benefit from the proposed northern distributor road.

Creative industries are one of the sectors that particularly benefit from clustering. A recent study by the Work Foundation demonstrates the importance of a critical mass of knowledge workers to stimulate innovation. The basis of the success of certain knowledge economies is the extent to which certain cities can provide the conditions to allow for an agglomeration which leads to transfers of ideas, collaborative working etc. e.g. the Nether Conesford model in King Street. The importance of social capital, e.g. opportunities to network in local cafes, bars, etc. are particularly important in knowledge economies for innovation and creative industries. This therefore leads to a conclusion that this type of activity needs to be focused in a City Centre, a

creative quarter or potentially around a university campus/science park. It is dangerous therefore to rely on rural and sporadic provision as this will not achieve the conditions which a significant body of research say are necessary to underpin creative and innovative industries. There are other issues too about access to public transport, and locating within and near to deprived communities.

## 24 Future Requirements

### 24.1 Overview

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Future requirements for employment land have been estimated using the methodology presented below. The assumptions underlying the calculations have been set out at each stage and it is recognised that there is scope for further interpretation of local circumstances in deciding the appropriateness of these assumptions in adopting policy recommendations. It should always be borne in mind that estimates of future land requirements of this kind are subject to significant uncertainties, due to inadequate or sometimes inaccurate base data, the weaknesses inherent in the standard methods used, and the uncertainties of long term forecasting. The results are therefore no more than a broad guide.

### 24.2 Method for translating employment forecasts into floorspace and land use requirements

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The following steps were taken to translate sector employment forecasts into land use requirements within different use classes.

Oxford Economics produced a set of forecasts for the Greater Norwich area through to 2026 at sector level, with the sectors used corresponding broadly to SIC 2 digit level codes. Three scenarios were produced for the accompanying Employment Growth Study as follows:

- A Baseline Forecast, unconstrained by rates of housing construction or infrastructure development.
- RSS Dwellings scenario, with population growth constrained by dwellings completion rates set to equal the RSS target of 37,500 new dwellings by 2020.
- A Low Growth scenario, looking at the potential implications of a significant slow-down in various sectors of the economy, and major loss of jobs in the financial services industry due e.g. to offshoring.

Employment projections for the Low Growth scenario have not been assessed in this employment land review, as we think it unlikely that this scenario will occur. The main reason for this is that the net result of the scenario is a small fall in total employment in the 3 districts during the period 2007 – 2026, and an increase of only 19,000 during the period 2001 – 2021, which is well below the RSS employment target of 35,000 net new jobs on which employment land allocations in the Joint Core Strategy must be based.

Employment floorspace and land requirements under the Baseline Forecast and RSS Dwellings scenario have been assessed through a process of converting employment forecasts to land use types, applying employment densities and plot ratios, and comparing the results with known information on trends in the property market to draw overall conclusions. This process and the assumptions used at each stage are set out in the following sections.

### 24.3 Summary of scenario results: employment change

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Results of the scenarios are presented below in terms of employment, total increase in floorspace and gross land required between 2007 and 2026 in the tables below. Employment projections used in the calculations below refer to total jobs in greater Norwich i.e. total employee jobs + self-employment.

**Table 24.1: Total employment increase 2007 – 2026: Baseline Forecast**

	2007	2012	2017	2022	2026
Agriculture	3,628	3,033	2,506	2,046	1,739
Extraction	203	158	121	92	75
Food, drink & tobacco	4,308	4,138	3,960	3,710	3,558
Other low tech	4,723	4,061	3,523	3,026	2,750
Metals & engineering	7,324	6,073	5,010	4,187	3,674
Chemicals & process industries	3,938	3,763	3,578	3,282	3,130
Other and recycling	1,196	1,225	1,228	1,293	1,286
Utilities	123	88	64	45	35
Construction	17,263	19,136	20,924	22,211	23,256
Wholesale & distribution	12,572	12,770	12,985	13,183	13,447
Retailing	22,969	23,732	24,547	24,985	25,357
Hotels & catering	9,689	10,486	11,484	12,268	12,929
Land and other transport	5,234	5,363	5,615	5,777	5,888
Communications	3,899	3,786	3,579	3,321	3,152
Finance	14,134	14,233	14,386	14,397	14,374
Business services	20,967	24,176	27,800	29,825	31,073
Business services: recruitment, s	8,848	10,011	10,927	11,137	11,106
Public admin	8,143	8,494	8,834	9,187	9,479
Education	16,097	17,343	18,464	19,596	20,446
Health	25,780	27,858	29,653	31,603	33,180
Other personal services	12,004	12,569	12,974	13,372	13,688
<b>Total</b>	<b>203,042</b>	<b>212,497</b>	<b>222,164</b>	<b>228,543</b>	<b>233,622</b>

Source: Oxford Economics

**Table 24.2: Total employment increase 2007 – 2026: RSS Dwelling Scenario**

	2007	2012	2017	2022	2026
Agriculture	3,628	3,033	2,506	2,046	1,739
Extraction	203	158	121	92	75
Food, drink & tobacco	4,308	4,138	3,960	3,710	3,558
Other low tech	4,723	4,061	3,523	3,026	2,750
Metals & engineering	7,324	6,073	5,010	4,187	3,674
Chemicals & process industries	3,938	3,763	3,578	3,282	3,130
Other and recycling	1,196	1,225	1,228	1,293	1,286
Utilities	123	88	64	45	35
Construction	17,263	19,077	20,679	21,734	22,561
Wholesale & distribution	12,572	12,740	12,841	12,903	13,042
Retailing	22,969	23,544	24,029	24,124	24,198
Hotels & catering	9,689	10,395	11,232	11,834	12,326
Land and other transport	5,234	5,353	5,553	5,655	5,711
Communications	3,899	3,786	3,579	3,321	3,152
Finance	14,134	14,231	14,351	14,322	14,263
Business services	20,967	24,130	27,555	29,325	30,332
Business services: recruitment, s	8,848	10,009	10,833	10,934	10,809
Public admin	8,143	8,449	8,696	8,944	9,140
Education	16,097	17,241	18,089	18,911	19,470
Health	25,780	27,718	29,099	30,573	31,692
Other personal services	12,004	12,501	12,729	12,935	13,075
<b>Total</b>	<b>203,042</b>	<b>211,714</b>	<b>219,256</b>	<b>223,199</b>	<b>226,017</b>

Source: Oxford Economics

Employment totals for each of these sectors were then allocated to a Land Use Class as described in the table below.

**Table 24.3: Correspondence of employment sectors to land use classes**

Sector	Use class				
	B1	B2	B8	Other	Total
Agriculture	0%	0%	0%	100%	100%
Extraction	0%	0%	0%	100%	100%
Chemicals & process industries	0%	100%	0%	0%	100%
Other low tech	0%	100%	0%	0%	100%
Metals & engineering	0%	100%	0%	0%	100%
Other and recycling	0%	100%	0%	0%	100%
Food, drink & tobacco	0%	100%	0%	0%	100%
Utilities	15%	0%	0%	85%	100%
Construction	0%	50%	0%	50%	100%
Wholesale & distribution	0%	0%	100%	0%	100%
Retailing	0%	0%	0%	100%	100%
Hotels & catering	0%	0%	0%	100%	100%
Land and other transport	0%	0%	65%	35%	100%
Communications	45%	0%	55%	0%	100%
Finance	100%	0%	0%	0%	100%
Business services	100%	0%	0%	0%	100%
Business services: (recruitment, security, cleaning etc.)	31%	10%	18%	41%	100%
Public admin	100%	0%	0%	0%	100%
Education	5%	0%	0%	95%	100%
Health	5%	0%	0%	95%	100%
Other personal services	0%	50%	0%	50%	100%

Source: Arup

**Note:** Following the Guidance Manual, those elements of business services relating to recruitment, security, cleaning etc. have been distributed across use classes in proportion to the share of each use class in total employment, in recognition that agency workers are employed across the whole economy

This follows the approach set out in the East of England Employment Land Reviews Guidance Manual. The SIC sectors been reconciled to the 30 sectors used by Oxford Economics and the resulting percentage allocation of employment in each sector to B1, B2 and B8 derived. The actual percentages used are informed by the Guidance Manual and the experience of the consultant team from similar projects undertaken elsewhere in the East of England region and the country as a whole.

In undertaking this conversion from sectors it is important to note that not all employment takes place on employment land which is predominantly for the B use classes, and a few sui generis uses. Many or most of the jobs in some sectors are on other kinds of land, e.g. shops, hospitals and clinics, schools, leisure and entertainment facilities etc. This is accounted for in the table by the "Other" column with the implication that the remaining employment takes place on land classified within a non-B land use class.

The next step applied employment densities to the overall totals in order to assess gross floorspace requirements for each Use Class. In terms of office and industrial space, the employment densities are equal to the recommended densities in the Guidance Manual, with an average 18m<sup>2</sup> per employee for offices and 32 m<sup>2</sup> for general industrial buildings. The Guidance Manual recommends a default assumption of 90 m<sup>2</sup> for strategic warehousing (e.g. purpose-built high-bay warehousing of around 10,000 m<sup>2</sup> or more). We have however adopted a lower average density of 50 m<sup>2</sup> in reflection of the fact that

Norwich has relatively small amounts of this type of strategic high-bay warehousing and, according to the review of the distribution sector in the Employment Growth Study, is unlikely to attract substantial amounts of this kind of development in future.

**Table 24.4: Employment Densities**

Land Use Class	Employment Density
B1 Office	18 square metres per worker (gross internal floorspace)
B2 General Industry	32 square metres per worker (gross internal floorspace)
B8 Warehousing	50 square metres (gross internal floorspace)

Source: East of England Employment Land Guidance, Arup

#### **24.4 Floorspace requirements implied by employment forecasts**

Estimates of floorspace from employment change for the two scenarios are presented in the tables below. These figures represent net demand for employment land.

**Table 24.5: Baseline Forecast - translation of net employment change to floorspace requirements 2007 – 2026, m2**

TOTAL	2007	2012	2017	2022	2026
B1	897,356	971,692	1,051,819	1,096,613	1,124,514
B2 / B8	2,169,799	2,162,668	2,159,428	2,139,380	2,137,762
<b>Total</b>	<b>3,067,155</b>	<b>3,134,360</b>	<b>3,211,247</b>	<b>3,235,993</b>	<b>3,262,276</b>
<b>CHANGE from 2007</b>					
B1	-	74,335	154,462	199,257	227,158
B2 / B8	-	(7,131)	(10,371)	(30,419)	(32,037)
<b>Total</b>	<b>-</b>	<b>67,205</b>	<b>144,091</b>	<b>168,838</b>	<b>195,121</b>

**Table 24.6: RSS Dwellings scenario - translation of net employment change to floorspace requirements 2007 – 2026, m2**

TOTAL	2007	2012	2017	2022	2026
B1	897,356	969,786	1,042,915	1,079,212	1,099,202
B2 / B8	2,169,799	2,158,810	2,141,218	2,104,355	2,087,184
<b>Total</b>	<b>3,067,155</b>	<b>3,128,596</b>	<b>3,184,133</b>	<b>3,183,566</b>	<b>3,186,386</b>
<b>CHANGE from 2007</b>					
B1	-	72,430	145,558	181,855	201,846
B2 / B8	-	(10,989)	(28,580)	(65,444)	(82,615)
<b>Total</b>	<b>-</b>	<b>61,441</b>	<b>116,978</b>	<b>116,411</b>	<b>119,231</b>

Following the recommendations of the Guidance, no adjustment is made to these floorspace totals to account for increasing office densities over time or for home-working.

#### **24.5 Comparison of forecast floorspace requirements with past take-up rates**

Forecast totals have been compared to past take-up rates as a test of their general validity.



Annual take-up rates of office space for the period 2001-2006 averaged approximately 17,000 m<sup>2</sup> per year. An increase in take-up is registered every time an occupier moves into a new office, and this rate therefore includes a certain amount of 'churn' i.e. demand for floorspace from occupiers already present in the local market and changing premises, as well as the demand for space from job creation.

The requirement for increase to stock for B1 space projected under the Baseline Forecast for the period 2007 – 2017 average 15,500 m<sup>2</sup> per year. This is a slightly lower total, but represents demand for office space from job creation, and does not take account of churn. In principle there also needs to be allowance for space that is in the process of development or letting.

There are no robust guidelines as to what figure should be allowed for churn allowance. Employment Land Reviews elsewhere in the UK have typically made allowance for an additional 20% – 30% of total floorspace. In relation to office space there is some evidence from the review of the local property market review and discussions with agents that lack of choice has limited occupier's options in the past and we would therefore suggest the higher figure of 30% as a prudent margin. This figure is ultimately an issue for policy judgement and also for future monitoring within the context of a plan, monitor and manage approach that allows for further allocation of land at a later date.

The average annual increase in floorspace indicated by the employment forecasts under the Baseline Forecast is approximately 12,000 m<sup>2</sup>, with a 30% addition therefore adding around 3,600 m<sup>2</sup> of B1 floorspace per year.

Annual take-up rates of industrial land comprising both B2 and B8 use classes for the period 2001-2006 averaged approximately 16,900 m<sup>2</sup> per year. The review of the local property market similarly confirms that the industrial market has been quite strong in the recent past.

This contrasts significantly with the projection of floorspace requirements for B2/B8 based on forecast employment, which shows a decline of between 30,000 m<sup>2</sup> and 80,000 m<sup>2</sup> during the period 2007 – 2026. This is a common issue with employment projection-based floorspace forecasts in employment land reviews, and our experience elsewhere leads us to recommend using the actual information on historic take-up rates as the basis for forecasting future requirements rather than estimates made solely on the basis of employment totals. Typically, an increase in floorspace and land requirements for industrial uses is consistent with declining employment overall, as firms adopt lean manufacturing, capital intensive or outsourcing practices which achieve overall productivity gains and competitive trading positions with a reduced workforce. Our recommendation is therefore to take an estimated annual increase of 17,000 m<sup>2</sup> for B2 / B8 floorspace as the basis of future floorspace projections.

Floorspace requirements through to 2026 based on these assumptions are presented in the tables below.

## 24.6 Summary of scenario results: change in floorspace requirements

**Table 24.7 Baseline scenario - translation of employment to floorspace requirements 2007 – 2026, m2**

<b>GROSS FLOORSPACE INCLUDING PROVISION FOR CHURN</b>					
<b>TOTALS</b>	<b>2007</b>	<b>2012</b>	<b>2017</b>	<b>2022</b>	<b>2026</b>
B1	900,956	993,292	1,091,419	1,154,213	1,196,514
B2 / B8	2,186,799	2,264,668	2,346,428	2,411,380	2,477,762
<b>Total</b>	<b>3,087,755</b>	<b>3,257,960</b>	<b>3,437,847</b>	<b>3,565,593</b>	<b>3,674,276</b>
<b>CHANGE from 2007</b>	<b>2007</b>	<b>2012</b>	<b>2017</b>	<b>2022</b>	<b>2026</b>
B1	-	92,335	119,489	182,284	295,558
B2 / B8	-	77,869	81,760	64,952	81,647
<b>Total</b>	<b>-</b>	<b>170,205</b>	<b>201,249</b>	<b>247,236</b>	<b>377,205</b>

Under the Baseline Forecast, it is estimated that approximately 377,000 m2 of additional floorspace will be required by 2026, with office uses comprising just under 300,000 m2 and 80,000 m2 for industrial uses.

**Table 24.8 RSS Dwellings scenario - translation of employment to floorspace requirements 2007 – 2026, m2**

<b>GROSS FLOORSPACE INCLUDING PROVISION FOR CHURN</b>					
<b>TOTALS</b>	<b>2007</b>	<b>2012</b>	<b>2017</b>	<b>2022</b>	<b>2026</b>
B1	900,956	991,386	1,082,515	1,136,812	1,171,202
B2 / B8	2,186,799	2,260,810	2,328,218	2,376,355	2,427,184
<b>Total</b>	<b>3,087,755</b>	<b>3,252,196</b>	<b>3,410,733</b>	<b>3,513,166</b>	<b>3,598,386</b>
<b>CHANGE from 2007</b>	<b>2007</b>	<b>2012</b>	<b>2017</b>	<b>2022</b>	<b>2026</b>
B1	-	90,430	111,566	165,863	270,246
B2 / B8	-	74,011	67,408	48,136	62,577
<b>Total</b>	<b>-</b>	<b>164,441</b>	<b>178,975</b>	<b>214,000</b>	<b>332,823</b>

Under the RSS Dwellings Scenario, it is estimated that approximately 356,000 m2 of additional floorspace will be required by 2026, with office uses comprising around 290,000 m2 and 60,000 m2 for industrial uses.

## 24.7 Conversion of floorspace to land requirements

The Guidance recommends that translating floorspace into site areas is an optional step because of the variation in plot ratios between different development areas, e.g. city centre development compared to out of town business parks like Broadland Business Park or Gateway 11.

We have however undertaken an assessment of land requirements following on from the preceding estimates of floorspace requirements. This has been estimated by applying the following standard plot ratios to the floorspace totals:

**Table 24.9: Plot Ratios**

Land Use Class	Plot ratio
B1 Office	0.25 (i.e. total floorspace is equal to 25% of total site area)
B2 General Industry	0.4
B8 Warehousing	0.15

Source: Arup

We have assumed that the difference between gross internal and gross external floorspace is included within these plot ratios.

Plot ratios may vary in practice according to the spatial distribution of employment and the context of areas of development. Some options may involve higher plot ratios for offices in particular in the city centre. For B1 office space, an average plot ratio of 0.31 has been made, reflecting our assumption that three quarters of office development would take place in out of town business park locations, which typically have lower plot ratios.

**Table 24.10: Assumption on office space locations and resulting plot ratios**

	% of office floorspace	Plot ratio	m2 land	% land
Business park	75%	0.25	3.00	92%
Town centre	25%	1	0.25	8%
Average	100%	0.31	3.25	100%

Plot ratios assumed then translate floorspace to net land requirements. The equivalent gross land requirements, which include an allowance of internal roads, footpaths and cycle paths, open space, and miscellaneous space such as sub-stations and ancillary facilities that form part of the relevant developments, are estimated assuming net land areas are 75% of gross land areas.

It is important that occupiers should have available a choice of sites especially if the aim is to attract inward investors who will be looking at competing sites in other areas. However the East of England Employment Land Review and Guidance advises that there is no need to allow additional land for this purpose as at any one time there will be some five to ten years supply of land available (with further additions if necessary in further iterations of this exercise) which should provide sufficient choice.

The Guidance also stresses the need for allowance needs to be made for the impact of future losses of employment land.

Table 24.11 below presents details of land losses as recorded in Annual Monitoring Reports from the three local authorities, showing an annual average of 4.3 hectares of land lost during 2004 – 2007. In the absence of more detailed information on losses it is assumed that 37% of land losses are from B1 uses 63% from B2/B8 uses, reflecting estimates made from Savills' research on the relative balance of office/industrial land uses in Norwich.

**Table 24.11: Losses of employment land to other uses 2004 – 2007**

	2004/2005	2005/06	2006/2007
Norwich	0.6	1.4	6.72
South Norfolk	Not available	1.16	3
Broadland	0	0	0
<b>Total</b>	<b>0.6</b>	<b>2.56</b>	<b>9.72</b>
Average over period	4.3		

Source: Annual Monitoring Reports; Savills Eastern Region Commercial Survey 2007; Arup

Annual employment land losses are therefore estimated to be:

Estimated annual land loss to B1	1.6
Estimated annual land loss to B2/B8	2.7
B1 loss 2007 - 2026	30
B2 / B8 loss 2007 - 2026	51

These totals have been added to the total requirement for land.

The translation of floorspace to land requirements taking account of land loss under each scenario can now be presented.

## **24.8 Summary of scenario results: land requirements**

### **24.12: Baseline Forecast: land demand (Hectares gross) - total change 2007 – 2026**

<b>GROSS LAND INCLUDING PROVISION FOR CHURN AND LAND LOSS</b>					
<b>TOTALS</b>	<b>2007</b>	<b>2012</b>	<b>2017</b>	<b>2022</b>	<b>2026</b>
B1	293	331	371	399	419
B2 / B8	547	580	614	643	671
<b>Total</b>	<b>840</b>	<b>910</b>	<b>984</b>	<b>1,042</b>	<b>1,090</b>
<b>CHANGE from 2007</b>	<b>2007</b>	<b>2012</b>	<b>2017</b>	<b>2022</b>	<b>2026</b>
B1	-	38	48	77	126
B2 / B8	-	33	41	71	124
<b>Total</b>	<b>-</b>	<b>71</b>	<b>89</b>	<b>147</b>	<b>250</b>

Table 24.12 implies that under the Baseline Forecast an additional 250 hectares of employment land will be required by 2026, comprising 126 hectares of B1 allocation for office space, and 124 hectares for B2 and B8 industrial uses.

### **Table 24.13: RSS Dwellings Forecast: land demand (Hectares gross) - total change 2007 – 2026**

<b>GROSS LAND INCLUDING PROVISION FOR CHURN AND LAND LOSS</b>					
<b>TOTALS</b>	<b>2007</b>	<b>2012</b>	<b>2017</b>	<b>2022</b>	<b>2026</b>
B1	293	330	368	393	411
B2 / B8	547	579	609	635	658
<b>Total</b>	<b>840</b>	<b>909</b>	<b>977</b>	<b>1,028</b>	<b>1,069</b>
<b>CHANGE from 2007</b>	<b>2007</b>	<b>2012</b>	<b>2017</b>	<b>2022</b>	<b>2026</b>
B1	-	37	46	71	118
B2 / B8	-	32	37	62	111
<b>Total</b>	<b>-</b>	<b>69</b>	<b>82</b>	<b>134</b>	<b>229</b>

Table 24.13 implies that under the RSS Dwellings forecast, an additional 229 hectares of employment land will be required by 2026, comprising 118 hectares

of B1 allocation for office space, and 111 hectares for B2 and B8 industrial uses.

The difference in results between the two scenarios are not substantially different – the total requirement for land of the RSS Dwellings Forecast is 92% of that of the Baseline Forecast. We recommend that to allow some scope for margin for error that the higher Baseline Forecast is adopted as the basis for allocation of employment land in the Joint Core Strategy.

## 25 Conclusions and Recommendations

### 25.1 Introduction

This section summarises our conclusions and recommendations.

The overall context for these conclusions is the requirements identified in Section 6 as well as considerations of policy, existing provision and the issues raised by our appraisal of sites.

### 25.2 Existing provision

Based on our estimates the greater Norwich area has existing developed sites for offices and industry comprising the following site areas and floorspace:

**Figure 25.1 Site Area and Floorspace schedule for Greater Norwich**

	Norwich City	South Norfolk	Broadland	Total
Designated Employment Land (excludes city centre)	596 ha	187 ha	273 ha	1056 ha
Office Floorspace	320,000 m <sup>2</sup>	87,000 m <sup>2</sup>	103,000 m <sup>2</sup>	510,200 m <sup>2</sup>
Industrial Floorspace	671,000 m <sup>2</sup>	216,000 m <sup>2</sup>	300,000 m <sup>2</sup>	1,187,000m <sup>2</sup>

In addition to the above, we have also identified potential strategic undeveloped land as follows:

- Norwich Research Park up to 55 hectares
- Broadland Business Park up to 24 hectares
- Longwater up to 50 hectares
- Norwich Airport up to 50 hectares
- Sites in the market towns and rural area up to 50 hectares including Hethel and Wymondham
- City Centre approximately 100 000 sq m

These assumptions are based on the following:

- Available land at Norwich Research Park is based on the South Norfolk Local Plan and includes the contingency reserve of 14ha.
- Broadland is based on the Broadland District Council Local Plan
- Longwater is based on the South Norfolk Local Plan comments but may be lower as a consequence of other developments or more detailed investigation.
- Norwich Airport is not allocated but assumes that the land in the north west corner of the airfield is made available.
- Norwich City Centre is based on a broad assumption that approximately 20,000 sq m of office development could be achieved at Whitefriars, Duke

Street, Anglia Square, Ber Street/Rouen Road and the Deal Ground respectively (or other windfall sites such as at Riverside, King Street etc). It has been assumed that there would be no addition to existing floorspace at St Stephens even if it is redeveloped. We have also assumed no losses of existing occupied floorspace in this estimate, which could be 20-30%.

### **25.3 Options for future provision**

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Overall we have identified the soundness of existing allocations and the absence of any better alternatives. We therefore consider that the primary option should involve existing allocations.

There are issues in terms of the split between industrial and office uses on many of the above sites. This is particularly the case because many of the existing sites have included both offices and industry and thus few have a dominant industrial or office use. Our recommendation is that this should be clarified as the competitiveness of the sites may be put at risk by the overall mix of uses. This might be resolved by more detailed frameworks produced in partnership with site owners. However there is also a sense that in some cases the distinctions between B uses are becoming more blurred.

Our assumption is that the primary industrial sites will remain the existing ring road estates together with sites such as Longwater, the Airport and most of the more rural sites, including Wymondham. We discount remaining land at the Broadland Business Park as a significant industrial site because of the dominance and high values of office space in relation to industry. If this assumption is accepted this means that the Greater Norwich area still offers sufficient land in these existing allocations, together with the Airport to meet future demands which are estimated to be in the region of only 85 hectares if all new take up was on new sites. In reality, existing trends suggest that there is scope for reuse and redevelopment of existing provision, albeit some of the sites are characterised by functional but aging premises and redevelopment of specific plots may take 5-10 years to achieve based on past experience.

In relation to offices the overall floorspace requirement is estimated to be in the region of 300,000 sq m. We would recommend this be distributed most obviously as follows:

- Norwich City Centre and the wider central area 100,000 sq m
- Norwich Research Park 100,000 sq m, based on a floorspace plot ratio of about 1:4.
- Broadland Business Park 50,000 sq m

For the remaining 50,000 sq m, we suggest there are a number of options including:

- Further space in the city centre and/or
- New allocations of business parks associated with housing allocations.
- Greater use of Longwater as an office park

All these options have their merits. The city centre has a good fit with policy, but perhaps depends on competing uses, transport capacity and so on. New allocations may be acceptable if housing allocations are large and geographically focused, although it is probably desirable that such allocations follow rather than precede housing completions. This would be to avoid isolated

business parks. Longwater is a well connected site and could be competitive in the future.

Overall release of new sites needs to be carefully phased to avoid undermining existing and city centre sites. However, the approach seems to provide a balanced approach with main allocations in the city centre and the Research Park. This is the case because we consider that the city centre and the Research Park will appeal to different occupiers and thus will not compete or undermine one another.

The potential drawback is that it places considerable reliance on the Research Park. However, if this is not the case then there is a requirement for new allocations elsewhere. These new allocations might involve further extension to Broadland Business Park or new greenfield allocations. In terms of the potential impact on the city centre, this seems a less favourable option.

## **25.4 Gaps in supply**

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### **25.4.1 Small businesses**

In addition to quantitative requirements we recommend that there should be greater provision specifically targeted at smaller and start up businesses. There is considerable demand for starter and growing on units with low rent levels and flexible terms. There are proposals for managed work space and growing on units at Hurricane Way, where Norwich City and Norfolk County Councils have released land to aid development. The characteristics of this provision would include:

- Flexible ownership arrangements including opportunities for owner occupation and owner developments through to short and flexible tenancies
- Opportunities for shared services e.g. IT, reprographics, meeting rooms etc
- Access to finance
- Access to business support and professional services
- Attractive environment
- Redundant barn conversions in suitable rural locations

Our recommendation would be that these needs could be addressed by a combination of the rural sites and market towns (playing to the strengths of their environments) together with the provision of new business centre space adjacent to Norwich City Centre, possibly in locations such as Anglia Square, the City Trading Estate and Heigham Street etc. There is also a smaller new managed work space being developed in the West of the City as part of the NELM New Deals for Communities activity. There needs to be a co-location of managed work space opportunities with deprived areas in order to facilitate enterprise opportunities for those in deprived areas.

### **25.4.2 Research Park**

Although we have accepted the existing allocation and contingency area in the South Norfolk Local Plan, we would suggest that a highly proactive approach is needed to ensure its delivery. This is because the landowner appears reluctant to develop the site in accordance within the current planning framework. These issues will not be resolved without strong measures, including possible use of CPOs. In view of its national and regional significance, and the scale of potential the Park should also be a priority for public resources. In addition, as



the forecasts have suggested, growth is likely to involve substantial growth in research and development as part of the broad business services category.

#### **25.4.3 Addressing geographic needs**

Consistent themes in this report and the wider growth study have been the need to ensure that the communities of Norwich are able to engage and benefit from future employment growth. Norwich has surprisingly high levels of deprivation spread throughout the urban area, but our conclusion is that residents in the north city have been facing an increasing decline in employment opportunities. Therefore, there is a need to strongly promote the development of new opportunities in the north and we have identified the Airport as the strongest driver for this growth.