Norfolk County Council

Business and Property Committee

Date:	**Thursday, 18 January 2018**
Time:	**14:00**
Venue:	**Edwards Room, County Hall, Martineau Lane, Norwich, Norfolk, NR1 2DH**

Persons attending the meeting are requested to turn off mobile phones.

Membership

Mr K Kiddie (Chairman)

Mr S Aquarone	Mr A Jamieson
Ms C Bowes	Mr M Kiddle-Morris
Mr R Brame	Mr C Smith
Mr D Douglas	Mr J Timewell
Mr F Eagle	Mrs K Vincent
Mr B Iles (Vice-Chairman)	Mrs C Walker

For further details and general enquiries about this Agenda please contact the Committee Officer:

Hollie Adams on 01603 223029
or email committees@norfolk.gov.uk

Under the Council's protocol on the use of media equipment at meetings held in public, this meeting may be filmed, recorded or photographed. Anyone who wishes to do so must inform the Chairman and ensure that it is done in a manner clearly visible to anyone present. The wishes of any individual not to be recorded or filmed must be appropriately respected.

A g e n d a

1. To receive apologies and details of any substitute members attending

2. Minutes **Page 6**

To agree the minutes of the meeting held on the 20 November 2017 and reconvened on the 11 December 2017.

3. Declarations of Interest

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter.

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is not on your Register of Interests you must declare that interest at the meeting and not speak or vote on the matter

In either case you may remain in the room where the meeting is taking place. If you consider that it would be inappropriate in the circumstances to remain in the room, you may leave the room while the matter is dealt with.

If you do not have a Disclosable Pecuniary Interest you may nevertheless have an **Other Interest** in a matter to be discussed if it affects

- your well being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a greater extent than others in your ward.

If that is the case then you must declare such an interest but can speak and vote on the matter.

4. Any items of business the Chairman decides should be considered as a matter of urgency

5. Public Question Time

Fifteen minutes for questions from members of the public of which due notice has been given.

Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk) by **5pm Monday 15 January 2018.** For guidance on submitting public question, please view visit www.norfolk.gov.uk/what-we-do-and-how-we-work/councillors-meetings-decisions-and-elections/committees-agendas-and-recent-decisions/ask-a-question-to-a-committee

Or view the Constitution at www.norfolk.gov.uk.

6. Local Member Issues/ Member Questions

Fifteen minutes for local member to raise issues of concern of which due notice has been given.

Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk) by **5pm on Monday 15 January 2018.**

7. Update from Members of the Committee regarding any internal and external bodies that they sit on.

8. Agri-Tech (Eastern) Programme Board – Appointment of Council Representative **Page**

This Committee appoints the Council's representative on the above body. The Agri-Tech (Eastern) Programme Board makes decisions on which projects to fund from this Regional Growth Funded scheme. Councillor Claire Bowes, the current representative has indicated that she wishes to step down.

The Committee is **recommended** to appoint a Member to represent the Council on the Programme Board.

9. Forward Plan and Delegated Decisions **Page 11**

A report by the Executive Director of Finance and Commercial Services

10. Economic Development Update **Page 22**

A report by the Executive Director of Community and Environmental Services

11. Key Economic Sector - Developments in Norfolk Update **Page 50**

A report by the Executive Director of Community and Environmental Services

12. Scottow Enterprise Park - Vision for future development **Page 70**

A report by the Executive Director of Community and Environmental Services

13. Disposal and Acquisition and Exploitation of Properties **Page 78**

A report by the Executive Director of Finance and Commercial Services

The committee is asked to consider excluding the public from the meeting under section 100A of the Local Government Act 1972 for consideration of the items below on the grounds that they involve the likely disclosure of exempt information as defined by Paragraphs 1, 3 and 3.5 of Part 1 of Schedule 12A to the Act, and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The committee will be presented with the conclusions of the public interest test carried out by the report author and is recommended to confirm the exclusions.

To agree the exempt minutes from the 20 November 2017 and reconvened portion of that meeting held on the 11 December 2017.

Group Meetings

Conservative	9:00am	Leader's Office, Ground Floor
Labour	9:00am	Labour Group Room, Ground Floor
Liberal Democrats	9:00am	Liberal Democrats Group Room, Ground Floor

Chris Walton
Head of Democratic Services
County Hall
Martineau Lane
Norwich
NR1 2DH

Date Agenda Published: 10 January 2018

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Norfolk County Council

Business and Property Committee

Minutes of the Meeting held on Monday, 20 November 2017 at 10:00am in the Edwards Room, County Hall

Present:

Mr K Kiddie (Chairman)	
Mr S Aquarone	Mr M Kiddle-Morris
Mr R Brame	Mr C Smith
Mr D Douglas	Mr J Timewell
Mr F Eagle	Mrs K Vincent
Mr B Iles (Vice-Chairman)	Mrs C Walker
Mr A Jamieson	

A. Minutes of the first part of the Meeting, held on Monday, 20 November 2017 at 10:00am in the Edwards Room, County Hall.

1. Deferral of Agenda Item 13

1.1 Discussion was held over receipt of the confidential agenda. Members had not read this until the day of the meeting due to issues accessing emails. Because of this, some Members were unhappy to take the item "Repton Property Developments Ltd – Outline business case"; they felt they could not read it in enough detail in the suggested half an hour for an informed decision and discussion.

1.2 The Executive Director of Finance and Commercial Services was happy for discussion of this report to be deferred. The Committee **AGREED** to defer this item to a later date; see paragraph 17.

2. Apologies and Substitutions

2.1 Apologies were received from Ms C Bowes.

3. Minutes

3.1 The minutes of the meeting held on 18 October 2017 were agreed as an accurate record and signed by the Chairman, subject to a change to amend paragraph 18.2 to read "concerns were raised over road access for local housing, regarding using existing infrastructure for housing and the impact this would have on local residents"

3.2 **Matters arising from the Minutes:**

- Mrs Walker updated the Committee that the Great Yarmouth Town Centre Management Board had not yet set a date to meet;
- The Assistant Director of Planning and Economy reported that a Great Yarmouth Area Board meeting was scheduled for December 2017;
- Mr Jamieson queried whether the disposals recommended by the Committee had been brought forward. The Head of Property **agreed** to bring a report to the next meeting detailing progress on disposals.

4. Members to Declare any Interests

4.1
- The Executive Director of Finance and Commercial Services declared an interest as an Executive director of Equinox Enterprises at Great Yarmouth;
- Mr Jamieson declared an interest as a Non-Executive Director of Norse;
- Mrs Vincent declared an interest as a Norse Shareholder Representative;
- Mr Timewell declared an interest as a Norse Shareholder Representative and as he had a family member with holdings on Scottow Enterprise Park.

5. Urgent Business

5.1 No urgent business was discussed.

6. Public Questions

6.1 No public questions were received.

7. Member Questions

7.1 No member questions were received.

8. Verbal update/feedback from Members of the Committee regarding Member Working Groups or bodies that they sit on.

8.1 The Chairman updated the Committee on:
- Meetings with representatives of Britvic, Colman's, Norfolk County Council, Norwich City Council and New Anglia Local Enterprise Partnership (LEP):
  - Britvic and Colman's were consulting with workers and interested parties and would report by the end of November;
  - the Executive Director of Community and Environmental Services reported that meetings had been held with Colman's and Unilever to look at possible alternative business sites.
- The Royal Norfolk Agricultural Society meeting where direction for the next County Show was discussed in light of lower attendance in 2017;
- The Annual County Farms Tenants Meeting held at County Hall; the Chairman thanked Members who attended and Officers involved in organising the event;
- An interview he gave to radio Norfolk about County Farms, aired on Radio 4.

8.2 Mr Brame reported that the Greater Thetford Development Board had met and agreed to make changes to their terms of reference which they would now consider.

9. Appointment to outside organisation

9.1 The Committee considered an invitation for them to appoint a member to the Rural Strategy Steering Group.

9.2 Cllr Garrod had expressed an interest for this role. Mrs Walker seconded by Mr Douglas, proposed Cllr Garrod for member representative on the Group.

9.3 The Committee **DULY AGREED** to appoint Cllr Garrod as member representative on the Rural Strategy Steering Group.

10. Forward plan and delegated decisions

10.1 The Committee reviewed the forward plan and delegated decisions by Officers.

10.2.1 Members **requested** a report on the Economic Development department, looking into how actively it was bringing new business and employment to Norfolk. The Assistant Director of Planning and Economy **agreed** to add this to the forward plan for the January 2018 meeting.

10.2.2 The Chairman **requested** information on developments related to the Market Towns Initiative in the Economic Development report.

10.2.3 Information on the Norwich Business Improvement District was **requested** in the Economic Development report

10.3.1 A report on the wind farm development project in Great Yarmouth was requested, regarding potential prospects for employment in the area. The Assistant Director of Planning and Economy **agreed** to bring a report on large economic projects across the County to a future meeting, including wind farm development.

10.3.2 It was suggested that scoping the three large wind energy projects across Norfolk would be useful when looking at development of jobs and what would be brought to the National Grid.

10.4 Mr Douglas **requested** a list of properties acquired under development of the Norwich Distributor Road (NDR) and queried further acquisitions. The Assistant Director of Planning and Economy **agreed** to provide Mr Douglas with a copy of the NDR property acquisitions and confirmed there were ongoing negotiations on land acquisitions which would be discussed at Policy and Resources Committee the following week; any purchases made under delegated authority related to the NDR would be reported to Policy and Resources Committee. Acquisitions had so far come in at £1.5m above the initial budget.

11. Finance monitoring

11.1 The Committee received the report providing information on the budget position for services reporting to Business and Property Committee for 2017-18.

11.2.1 Reduction of the property management budget and addition of £60,000 to the budget from reserves was queried. The Executive Director of Finance and Commercial Services discussed that disposal of properties would support budget reduction; where a service remained in a property for part of a financial year after disposal, reserves would be used to cover costs.

11.2.2 The Chairman noted the £1.297m forecast for Hethel Engineering Centre shown in the report. The Executive Director of Finance and Commercial Services confirmed this was a reasonable return for the business.

11.2.3 The Chairman reported that Scottow Enterprise Park had been shortlisted for a Local Government award.

11.2.4 The use of 50% of reserves in the 2017-18 financial year was noted; the Executive Director of Finance and Commercial Services confirmed that reserves were being used for the intended purpose.

11.3 The Committee **NOTED**:

a) The forecast out-turn position for the Business and Property Committee;
b) The capital programme for this Committee;
c) The current planned use of the reserves and the forecast balance of reserves as at the end of March 2018.

12. Exclusion of the public

12.1 The Committee **AGREED** to Exclude the Public for discussion of "County Farms Update", "Repton Property Developments Ltd – Outline business case" and "Exempt Minutes".

13. County farms update

13.1 The Committee received the report by the Executive Director of Finance and Commercial Services

13.2 The Committee **AGREED** the recommendations in the report.

14a. Repton Property Developments Ltd – Outline business case

14.1 This item was deferred to discussion at a later date; see paragraphs 1.1, 1.2 and 17.

14.2 Please refer to section B of the minutes for the reconvened part of the meeting.

15. Exempt minutes

15.1 The Exempt minutes from the meeting of the 18 September 2017 were **AGREED** as an accurate record and signed by the Chairman.

16. Any Other Business

16.1 Mr Jamieson reported that:

- the Aviation Academy were seeking £150,000 for a feasibility study for a training programme in Marham; he queried whether New Anglia Local Enterprise Partnership (LEP) could support;
- CITB (the Construction Industry Training Board) were consulting over their site in Bircham Newton, and he queried Norfolk County Council's proposals to support the business. The Assistant Director of Planning and Economy reported that Norfolk County Council staff, LEP and staff from West Norfolk Council had met to discuss how they could support. Mr Jamieson queried whether Norse may take on the contract to run CITB; the Assistant Director of Planning and Economy **agreed** to raise this with Norse.

17. The Committee **AGREED** to adjourn the meeting and reconvene at 8am on 11 December 2017 to discuss the remaining business, Exempt item "Repton Property Developments Ltd – Outline business case". (See paragraphs 1.1 and 1.2)

The Meeting adjourned at 10.50am

B. Minutes of the reconvened part of the Meeting, held on Monday, 11 December 2017 at 8:00am in the Cranworth Room, County Hall.

18. Apologies and substitutions

18.1 No apologies were received.

19. Declarations of Interest

19.1
- The Chairman declared an interest as a member of the Board of Directors of Repton Property Developments Ltd
- The Vice Chairman declared an interest as a member of the Board of Directors of Repton Property Developments Ltd
- The Executive Director of Finance and Commercial Services declared an interest as an Executive director of Equinox Enterprises at Great Yarmouth;
- Mr Jamieson declared an interest as a Non-Executive Director of Norse;
- Mrs Vincent declared an interest as a Norse Shareholder Representative;

20. Exclusion of the Public

20.1 The Committee **AGREED** to exclude the public for discussion of the item “Repton Property Development LTD – Outline business case”.

14b. Repton Property Developments Ltd – Outline business case

14b.1 The Committee received the report by the Executive Director of Finance and Commercial Services

14b.2 The Committee **AGREED** the recommendations in the report with some amendments.

The meeting finished at 08:55am

Mr Keith Kiddie, Chairman,
Business and Property Committee

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Business and Property Committee

Item No……

Report title:	**Forward Plan and decisions taken under delegated authority**
Date of meeting:	**18 January 2018**
Responsible Chief Officer:	**Executive Director of Finance and Commercial Services**

Strategic impact
Providing regular information about key service issues and activities supports the Council's transparency agenda and enables Members to keep updated on services within their remit. It is important that there is transparency in decision making processes to enable Members and the public to hold the Council to account.

Executive summary

This report sets out the Forward Plan for the Business and Property Committee. The Forward Plan is a key document for this committee to use to shape future meeting agendas and items for consideration, in relation to delivering business and property issues in Norfolk. Each of the Council's committees has its own Forward Plan, and these are published monthly on the County Council's website. The Forward Plan for this Committee is included at **Appendix A**.

This report is also used to update the Committee on relevant decisions taken under delegated powers by the relevant Executive Director (or their team), within the scheme of delegation.

Recommendations:
Business and Property (B&P) Committee are asked:

1. **To review the Forward Plan at Appendix A and identify any additions, deletions or changes to reflect key issues and priorities the Committee wishes to consider.**
2. **To note the delegated decisions.**

1.0 Introduction

1.1 **Forward Plan**

1.1.1. The Forward Plan is a key document for this committee in terms of considering and programming its future business, in relation to business and property issues in Norfolk.

1.1.2. The current version of the Forward Plan is attached at **Appendix A**.

1.1.3 The Forward Plan is published monthly on the County Council's website to enable service users and stakeholders to understand the planning business for this Committee. As this is a key document in terms of planning for this Committee, a live working copy is also maintained to capture any changes/additions/amendments identified outside the monthly publishing schedule. Therefore, the Forward Plan attached at **Appendix A** may differ slightly from the version published on the website. If any further changes are made to the programme in advance of this meeting they will be reported verbally to the Committee.

1.2 **Delegated decisions**

1.2.1 The report is also used to update on any delegated decisions within the Terms of Reference of this Committee that are reported by the Executive Directors as being of public interest, financially material or contentious.

Subject:	**Property transactions (including sale, lease and acquisitions)**
Decision:	Various, as listed at **Appendix B**.
Taken by:	Relevant officers, as set out in the scheme of delegation.
Taken on:	Various, as listed at **Appendix B**.
Contact for further information:	Simon Hughes, Head of Property Email: simon.hughes@norfolk.gov.uk Phone: 01603 222043

2.0 Evidence

2.1 As set out in the report and appendices.

3.0 Financial Implications

3.1 There are no direct financial implications flowing directly from members noting this report. However the delegated decisions themselves often have significant financial implications, for example capital receipts from the sale of land/property.

4.0 Issues, risks and innovation

4.1 There are no other relevant implications to be considered by Members.

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

If you have any questions about matters contained in this paper please get in touch with:

Officer Name:	**Tel No:**	**Email address**:
Simon Hughes	01603 222043	simon.hughes@norfolk.gov.uk

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\\Norfolk.gov.uk\nccdfs1\CorporateProperty\Team Admin\Meetings\Committees\Business and Property Committee\2017-2018\18.01.18\Final report\18.01.18 B&P report Forward Plan and Delegated Decisions (rfiwb) FINAL 1.0.doc

Appendix A

Forward Plan for Business and Property Committee

Issue/decision	Implications for other service committees?	Requested committee action (if known)	Lead officer
Meeting: 14 March 2018			
Member briefings and site visits	No	To update members and view property assets.	Executive Director of Finance and Commercial Services (Simon George)
Forward Plan and delegated decisions	No	To review the Committee's forward plan and agree any amendments/additions.	Executive Director of Finance and Commercial Services (Simon George)
Finance Monitoring report	No	To review the service's financial position in relation to the revenue budget, capital programme and level of reserves.	Finance Business Partner (Andrew Skiggs)
Performance management	No	Comment on performance and consider areas for further scrutiny.	Business Intelligence and Performance Analyst (Austin Goreham)
Risk management	No	Review and comment on the risk information and consider any areas of risk that require a more in-depth analysis	Chief Internal Auditor (Adrian Thompson), Risk Management Officer (Thomas Osborne)
Norwich Airport Industrial Estate	No	To consider proposed developers brief.	Head of Property (Simon Hughes)
Repton Property Developments Ltd Articles of Association etc.	No	To adopt proposed Articles of Association	Head of Property (Simon Hughes)
Disposal, acquisition and exploitation of Properties	No	To consider proposals to dispose of and/or acquire properties	Head of Property (Simon Hughes)

Issue/decision	Implications for other service committees?	Requested committee action (if known)	Lead officer
County Farms update	No	To comment on performance and note any changing circumstances, consider and take action as required.	Head of Property (Simon Hughes)
Meeting: 15 May 2018			
Member briefings and site visits	No	To update members and view property assets.	Executive Director of Finance and Commercial Services (Simon George)
Forward Plan and delegated decisions	No	To review the Committee's forward plan and agree any amendments/additions.	Executive Director of Finance and Commercial Services (Simon George)
Finance Monitoring report	No	To review the service's financial position in relation to the revenue budget, capital programme and level of reserves.	Finance Business Partner (Andrew Skiggs)
Appointments to internal and external Bodies	No	To agree appointments to internal and external bodies.	Head of Democratic Services (Chris Walton)
Disposal, acquisition and exploitation of Properties	No	To consider proposals to dispose of and/or acquire properties	Head of Property (Simon Hughes)
County Farms update	No	To comment on performance and note any changing circumstances, consider and take action as required.	Head of Property (Simon Hughes)
Meeting: 3 July 2018			
Member briefings and site visits	No	To update members and view property assets.	Executive Director of Finance and Commercial Services (Simon George)
Forward Plan and delegated	No	To review the Committee's	Executive Director of Finance and

Issue/decision	Implications for other service committees?	Requested committee action (if known)	Lead officer
decisions		forward plan and agree any amendments/additions.	Commercial Services (Simon George)
Finance Monitoring report	No	To review the service's financial position in relation to the revenue budget, capital programme and level of reserves.	Finance Business Partner (Andrew Skiggs)
Performance management	No	Comment on performance and consider areas for further scrutiny.	Business Intelligence and Performance Analyst (Austin Goreham)
Risk management	No	Review and comment on the risk information and consider any areas of risk that require a more in-depth analysis	Chief Internal Auditor (Adrian Thompson), Risk Management Officer (Thomas Osborne)
Disposal, acquisition and exploitation of Properties	No	To consider proposals to dispose of and/or acquire properties	Head of Property (Simon Hughes)
County Farms update	No	To comment on performance and note any changing circumstances, consider and take action as required.	Head of Property (Simon Hughes)
Meeting: 4 September 2018			
Member briefings and site visits	No	To update members and view property assets.	Executive Director of Finance and Commercial Services (Simon George)
Forward Plan and delegated decisions	No	To review the Committee's forward plan and agree any amendments/additions.	Executive Director of Finance and Commercial Services (Simon George)
Finance Monitoring report	No	To review the service's financial position in relation to the	Finance Business Partner (Andrew Skiggs)

Issue/decision	Implications for other service committees?	Requested committee action (if known)	Lead officer
		revenue budget, capital programme and level of reserves.	
Strategic and Financial Planning	No – all service committees will receive a report	To consider full budget savings proposals.	Executive Director of Finance and Commercial Services (Simon George)
Disposal, acquisition and exploitation of Properties	No	To consider proposals to dispose of and/or acquire properties	Head of Property (Simon Hughes)
County Farms update	No	To comment on performance and note any changing circumstances, consider and take action as required.	Head of Property (Simon Hughes)
Meeting: 9 October 2018			
Member briefings and site visits	No	To update members and view property assets.	Executive Director of Finance and Commercial Services (Simon George)
Forward Plan and delegated decisions	No	To review the Committee's forward plan and agree any amendments/additions.	Executive Director of Finance and Commercial Services (Simon George)
Finance Monitoring report	No	To review the service's financial position in relation to the revenue budget, capital programme and level of reserves.	Finance Business Partner (Andrew Skiggs)
Strategic and Financial Planning	No – all service committees will receive a report	To consider full budget savings proposals.	Executive Director of Finance and Commercial Services (Simon George)
Performance management	No	Comment on performance and consider areas for further	Business Intelligence and Performance Analyst (Austin

Issue/decision	Implications for other service committees?	Requested committee action (if known)	Lead officer
		scrutiny.	Goreham)
Risk management	No	Review and comment on the risk information and consider any areas of risk that require a more in-depth analysis	Chief Internal Auditor (Adrian Thompson), Risk Management Officer (Thomas Osborne)
Disposal, acquisition and exploitation of Properties	No	To consider proposals to dispose of and/or acquire properties	Head of Property (Simon Hughes)
County Farms update	No	To comment on performance and note any changing circumstances, consider and take action as required.	Head of Property (Simon Hughes)
Meeting: 6 November 2018			
Member briefings and site visits	No	To update members and view property assets.	Executive Director of Finance and Commercial Services (Simon George)
Forward Plan and delegated decisions	No	To review the Committee's forward plan and agree any amendments/additions.	Executive Director of Finance and Commercial Services (Simon George)
Finance Monitoring report	No	To review the service's financial position in relation to the revenue budget, capital programme and level of reserves.	Finance Business Partner (Andrew Skiggs)
Strategic and Financial Planning	No – all service committees will receive a report	To consider full budget savings proposals.	Executive Director of Finance and Commercial Services (Simon George)
Disposal, acquisition and exploitation of Properties	No	To consider proposals to dispose of and/or acquire properties	Head of Property (Simon Hughes)

Issue/decision	Implications for other service committees?	Requested committee action (if known)	Lead officer
County Farms update	No	To comment on performance and note any changing circumstances, consider and take action as required.	Head of Property (Simon Hughes)
Meeting: 15 January 2019			
Member briefings and site visits	No	To update members and view property assets.	Executive Director of Finance and Commercial Services (Simon George)
Forward Plan and delegated decisions	No	To review the Committee's forward plan and agree any amendments/additions.	Executive Director of Finance and Commercial Services (Simon George)
Finance Monitoring report	No	To review the service's financial position in relation to the revenue budget, capital programme and level of reserves.	Finance Business Partner (Andrew Skiggs)
Performance management	No	Comment on performance and consider areas for further scrutiny.	Business Intelligence and Performance Analyst (Austin Goreham)
Strategic and Financial Planning 2019-20 to 202-23 and revenue budget 2019-20	No – all service committees will receive a report	To consider full budget savings proposals.	Executive Director of Finance and Commercial Services (Simon George)
Risk management	No	Review and comment on the risk information and consider any areas of risk that require a more in-depth analysis	Chief Internal Auditor (Adrian Thompson), Risk Management Officer (Thomas Osborne)
Disposal, acquisition and exploitation of Properties	No	To consider proposals to dispose of and/or acquire properties	Head of Property (Simon Hughes)
County Farms update	No	To comment on performance	Head of Property (Simon Hughes)

Issue/decision	Implications for other service committees?	Requested committee action (if known)	Lead officer
		and note any changing circumstances, consider and take action as required.	
Meeting: 5 March 2019			
Member briefings and site visits	No	To update members and view property assets.	Executive Director of Finance and Commercial Services (Simon George)
Forward Plan and delegated decisions	No	To review the Committee's forward plan and agree any amendments/additions.	Executive Director of Finance and Commercial Services (Simon George)
Finance Monitoring report	No	To review the service's financial position in relation to the revenue budget, capital programme and level of reserves.	Finance Business Partner (Andrew Skiggs)
Performance management	No	Comment on performance and consider areas for further scrutiny.	Business Intelligence and Performance Analyst (Austin Goreham)
Risk management	No	Review and comment on the risk information and consider any areas of risk that require a more in-depth analysis	Chief Internal Auditor (Adrian Thompson), Risk Management Officer (Thomas Osborne)
Disposal, acquisition and exploitation of Properties	No	To consider proposals to dispose of and/or acquire properties	Head of Property (Simon Hughes)
County Farms update	No	To comment on performance and note any changing circumstances, consider and take action as required.	Head of Property (Simon Hughes)

Appendix B

Property decisions taken under delegated authority

Property	Transaction	Cost	Benefit	Date of decision
Diss Denny Centre	Hairdresser lease renewal		£3,200/year	04/10/2016
Acle Windle Barn	Sale of additional land		£8,000	17/05/2017
Emneth Popenhoe Farm	Release of overage clause		£5,000	11/07/2017
Wells next the sea Primary School	Academy lease		n/a	18/07/2017
Great Hockham Primary School	Academy lease		n/a	04/09/2017
Attleborough Junior School	Rent review for Reserve Forces Cadet Association		£50.67/year increase	27/10/2017

Business & Property Committee

Item No.

Report title:	**Economic Development update**
Date of meeting:	**18 January 2018**
Responsible Chief Officer:	**Tom McCabe – Executive Director, Community and Environmental Services**
Strategic impact Economic Development contributes directly to the delivery of the new Norfolk and Suffolk Economic Strategy, as well as the County Council's corporate objectives.	

Executive summary

This report provides an overview of the work of the Economic Development (ED) team for the committee. Although not a statutory service, ED plays a key role in local economic growth.

Economic development, when done well, provides the environment for jobs and the economy to flourish and removes the barriers to inclusive economic growth. This report gives an overview of the national policy context for economic development - including the Autumn Statement, Industrial Strategy and Brexit. It also considers local policy (the Norfolk and Suffolk Economic Strategy, adopted in October) and initiatives to drive growth. These local initiatives are mapped to the themes of the Strategy in the report (with case studies in the Appendices) and include:

- Business support and inward investment activity
- The management of significant EU funding programmes and influencing activity to ensure that successor funding programmes deliver a good deal for Norfolk
- Plans to develop a Norfolk Investment Plan, outlining to Government the contribution that Norfolk can make to national growth
- Exploiting grant funding opportunities, funding infrastructure to unlock growth
- Initiatives to build Norfolk's skilled workforce, such as a trial Apprenticeship Training Agency project and the Integrated Health & Employment Service

Recommendations:

Members are requested to:

i. **Note the ongoing work of the Economic Development team and identify any areas for further consideration**

1. Summary

1.1 The Chairman of the Business and Property Committee requested an overview of the work of the Economic Development team (ED) for committee. This is split into two reports on the agenda for this meeting:

- An update on the work of ED (this report)
- An update on inward investment and sector development activity (elsewhere on this agenda)

This is timely, as the Norfolk and Suffolk Economic Strategy (NSES), the overarching strategy for the two counties, has just been adopted by the New Anglia Local Enterprise Partnership (NALEP) and local authority partners. The themes of the strategy will shape ED's work, going forward, and are reflected in some of the section headings of this report.

2. Evidence - National Policy and implications for Economic Development

2.1 **'No Stone Unturned'**

As a reminder of the economic context, local government was seen as a key agent in promoting economic growth in Michael Heseltine's '*No Stone Unturned'* paper. This acknowledged that local government was one of the few parts of the public sector actively promoting local growth, in two ways:

- Providing an environment in which jobs and inclusive economic growth can flourish
- Removing barriers to economic growth.

2.2 **Autumn Statement, 22 November 2017**

The following key points are relevant to ED:

2.2.1 **Business**

a) Investment of £21m over the next four years to expand **Tech City UK's** reach – to become '**Tech Nation'** – and support regional tech companies and start-ups. Regional hubs will include Cambridge and the thriving clusters in both Norwich and Ipswich are already recognised in the 2017 Tech City report.

b) An expansion of the 100% business rates retention pilot in London, which is now planned to cover all the London boroughs as well as the Greater London Authority. The County Council was unsuccessful in its own bid to become a business rates retention pilot.

c) £500m to be invested in a range of initiatives including Artificial Intelligence (AI), 5G and Broadband. In our response to the consultation earlier in the year we made a case for Norfolk to pilot 5G, and that remains a key aspiration of the County Council.

2.2.2 **Employment**

a) **Changes to Universal Credit** – removing the seven day wait, so that entitlement starts on the day of application; increasing the amount that can be advanced before payment begins; and ensuring those already on Housing Benefit continue to receive their award for the first two weeks of their Universal Credit claim.

b) To support these changes the Government will roll out Universal Credit more gradually between February 2018 and April 2018, and roll-out to all jobcentres will be complete in December 2018. These changes have implications for **Norfolk's Integrated Health and Employment Service**, covered in the Skills and Employment section of this report.

2.2.3 **Strategic sites and housing**

a) A new **Land Assembly Fund** will receive £220m in 2019/20 and £355m in 2020/21. The new fund will enable Homes England to work alongside private developers to develop strategic sites. With a number of very large strategic allocations in Norfolk, this fund could play an important role in speeding up delivery.

b) An average of £210m per year will be spent between 2018/19 and 2020/21 to accelerate the building of homes on small, stalled sites, by funding on-site infrastructure and bringing brownfield sites back to use. Similarly, this could help speed up delivery particularly if it is available for very small sites to support the

SME sector.

c) The **Housing Infrastructure Fund (HIF)** will be increased by £215m in 2019/20 and £710m in 2020/21. As mentioned in 4.3.1, the County Council and district councils are awaiting the outcome (expected by end January) of submissions to the current HIF bidding round.

2.3 **Industrial Strategy, launched 27 November 2017**

2.3.1 The Strategy follows on from the Green Paper earlier in the year and outlines plans to boost UK productivity, bolster businesses and encourage private investment in key growth sectors. Its high level aims are:

- Achieving growth across Britain and its regions
- To take account of Brexit in driving forward the economy
- Addressing **four** '**Grand Challenges**' - global trends that will shape our rapidly changing future and which the UK must embrace to ensure we harness all the opportunities they bring:
    - artificial intelligence – putting the UK at the forefront of the artificial intelligence and data revolution
    - clean growth – maximising the advantages for UK industry from the global shift to clean growth
    - ageing society – harnessing the power of innovation to help meet the needs of an ageing society
    - the future of mobility – becoming a world leader in the way people, goods and services move around.

Each Grand Challenge represents an open invitation to business, academia and the voluntary and community sector to work with Government to innovate, develop new technologies and ensure the UK seizes these global opportunities.

- Improving productivity by focusing on **five 'foundations of productivity'**: **ideas, people, infrastructure, business environment** and **places.**
- The elements of the Plan are outlined below, while the contribution Norfolk can make to deliver the Industrial Strategy, via the Norfolk Investment Plan, is covered in 3.2.

2.3.2 Ideas – to create the world's most innovative economy, by:

- Increasing R&D investment by 2.4% by 2027
- Increasing the rate of R&D tax credit to 12%
- Investing £725m in the Industrial Strategy Challenge Fund, to capture the value of innovation.

2.3.3 People - to create good jobs and greater earning power for all, by:

- establishing a technical education system that rivals the best in the world and to stand alongside our world-class higher education system
- Invest an additional £406m in maths, digital and technical education, helping to address the shortage of science, technology, engineering and maths (STEM) skills.
- Create a new National Retraining Scheme that supports people to re-skill, beginning with a £64m investment for digital and construction training.

2.3.4 Infrastructure – a major upgrade to the UK's infrastructure

- Increase the National Productivity Investment Fund to £31bn, supporting investments in transport, housing and digital infrastructure.
- Support electric vehicles through £400m charging infrastructure investment and an extra £100m to extend the plug-in car grant.
- Boost digital infrastructure, including £176m for 5G and £200m for local areas

to encourage roll out of full-fibre networks. The County Council is keen for Norfolk to become a pilot area for 5G, not least because this will help address the 5% of households that won't be covered by the Better Broadband for Norfolk Superfast rollout programme.

2.3.5 Business environment - the best place to start and grow a business

- Launch and roll out sector deals, – partnerships between government and industry aiming to increase sector productivity. The first deals are in life sciences, construction, artificial intelligence and the automotive sector.
- £20bn investment in innovative and high potential businesses, including through a new £2.5bn investment fund (run by the British Business Bank). This will be important, to replace access to the European Investment Bank, which has loaned funding to the likes of Anglian Water and Abellio over recent years (mentioned below in Implications of Brexit for Norfolk).
- Review actions that could be effective in improving the productivity of SMEs

2.3.6 Places – prosperous communities across the UK

- Agree local industrial strategies that build on local strengths and deliver on economic opportunities – led by combined authority mayors where they exist across England, LEPs elsewhere. Ministers want to agree the first local industrial plans by 2019.
- The Norfolk and Suffolk Economic Strategy has only just been developed and adopted (by Norfolk County Council on 16 October), so should readily lend itself to adaptation as a Local Industrial Strategy.
- Create a new Transforming Cities Fund, providing £1.7bn for intra-city transport; this will fund projects that drive productivity by improving connections within city regions. We will seek to work with Greater Norwich Partnership colleagues to understand the implications of and opportunities for this funding for Norwich.
- Provide £42m to pilot a Teacher Development Premium, for professional development for teachers working in areas that have fallen behind. The DfE have made contact to begin a conversation early in the New Year on the impact for Norfolk.

2.4 **Implications of Brexit for Norfolk**

2.4.1 The negotiators of the European Union and the United Kingdom Government have put out a joint statement that confirms that both parties have reached agreement in principle across the following three areas under consideration in the first phase of negotiations:

- Protecting the rights of Union citizens in the UK and UK citizens in the Union
- The framework for addressing the unique circumstances in Northern Ireland
- The financial settlement.

2.4.2 More generally, there are a number of implications of Brexit for Norfolk and Norfolk County Council, which fall into three broad areas:

a. Future of funding
b. Place-based impact (business and communities)
c. Laws affecting councils

These issues form the three main workstreams of the Local Government Brexit Sounding Board, on which the County Council is represented. Looking at each of these in turn:

a) Future of Funding

i. **General**

- The financial settlement mentioned above includes a methodology for arrangements for continued participation of the UK in the programmes of the current Multiannual Financial Framework (MFF) until their closure and foresees UK participation in Union annual budgets to 2020.
- The East of England Brussels Office estimates that Norfolk and Suffolk have accessed the following totals of EU funds since **2007:**
- EU investment bank - **£1.9bn.** Projects include Anglia Water waste water capital expenditure and rolling stock for Abellio, the rail operator.
- EU Structural & Investment Funds (ESIF) - **£143.75m** (currently worth **£72m+** to Norfolk, excluding direct payments to farmers).
- Research & Development - **£91.8m**
- TEN-T transport – **£126m**
- Grants deliver economic growth by supporting businesses, research and development, skills, innovation, low carbon and the environment.

ii. **European Structural and Investment Funds (ESIF)**

- As part of the Phase One Agreement it has been confirmed that the UK will continue its involvement with ESIF until 2020 – good news for the County Council's Corporate Bid Team.
- The UK **Shared Prosperity Fund** will replace the ESIF, in due course, and the Government's intention is for growth to be more inclusive and less South East focussed. A Green Paper is currently awaited and is driven by the Brexit negotiation timetable.
- We want to ensure Norfolk continues to receive its fair share of economic growth funding, so the principles of successor funds were agreed with Economic Development Sub-Committee in January 2017. They were also submitted to the LGA, to feed into Government negotiations.

iii. **Remaining EU funds - (for cross-border, inter-regional ['INTERREG'] or transnational activity)**

- Currently, in England the governance of INTERREG (European Territorial Cooperation) is led largely by DCLG. This means they take the lead in most decisions such as project selection, and overall Programme Strategy.
- Given that in England the LGA is currently lobbying for more local control of the replacement for EU funding, there is an opportunity for Local Authorities to have more say in;
  - How much funding is provided to Cross Border Working
  - What sectors/activities the funding will be targeted at
  - Which projects get selected
  - Conditions for taking part in the programmes
  - Shaping future EU funding streams
  - There are many areas of future potential cooperation that are beneficial to our residents and businesses, and local authorities should have the option to continue supporting transnational and cross border co-operation. We will keep the Committee updated on developments, as they occur.

b) Place-based impact – business

i. **Trade**

- Approximately **53%** of all Norfolk's **exports** are to Europe, totalling £2.1bn – compared to **50%** nationally. **Machinery & transport** is the largest element of goods exported, representing **35%** of total value
- Approximately **63%** of all our imports are from Europe, totalling £6.5bn – compared to **55%** nationally. Again, **Machinery & Transport** is the largest

element of goods imported, representing **38%** of total value

- The loss of co-ordinated VAT and Customs formalities with Europe urgently needs to be prepared for, with the head of HRMC stating it could take 5-7 years to set up a streamlined import/export system and that 130,000 businesses would be at risk when they need to deal with Customs for the first time.
- Merger regulations are also a crucial concern for the multinational organisations that are especially common in the offshore energy industry.
- It is possible that additional port capacity might be required to handle trade, should congestion occur at existing ports of entry. Great Yarmouth and King's Lynn seaports and Norwich Airport might have a bigger role in handling freight in the future – especially perishable imports.
- The UK is to have its first new major Agriculture Act since 1947, outlining how the Government intends to change agriculture after we leave the Common Agricultural Policy in 2019. The Bill is intended to provide stability to farmers as we leave the EU and protect the natural environment. We will keep the Committee informed, as these proposals come forward.

ii. **Workforce, skills shortages** *(figures from NALEP and HMRC)*

- The largest sector impacted is **manufacturing**, with EU nationals representing an average of **31%** of that sector's workforce
- **26%** of the **permanent agricultural workforce** is from the EU and anecdotal evidence indicates this would be far higher if seasonal migrants were included
- Significant elements of the offshore energy, manufacturing and research sectors are suffering skill shortages and are supplemented by higher skilled EU nationals.
- **9.7%** of the **total permanent employment** in Norfolk is made up of EU nationals
- For the past 3 years Norfolk has seen 6000+ registrations of EU nationals looking for work each year. However the net impact of this is low and employment rates of UK nationals have been constant.

c) Laws affecting councils (legal implications for the County Council)

There are implications for a range of services, including Trading Standards, Environment and Procurement. Most hinge on the fact that although much EU legislation may be lifted and transferred into UK law, much of that law refers back to EU institutions, with whom our future relationship is uncertain. Each Council service is engaged, via its own trade body – eg the British Measurement and Testing Association, for some of the work of Trading Standards – in influencing future policy for their area of work.

3. Local policy and economic growth initiatives

3.1 Norfolk and Suffolk Economic Strategy

The Norfolk and Suffolk Economic Strategy (NSES) is the framework for economic growth in both counties to 2036. This strategy will shape the work of the Economic Development team, as did the previous Norfolk and Suffolk Strategic Economic Plan. It was approved and adopted by the LEP Board and all partner councils (Norfolk County Council on 16 October).

3.1.1 NSES Priorities and Targets

The tables below shows the key ambitions, themes and priority places in Norfolk in the Strategy. Five year delivery plans, focussed on the themes and ambitions are in the process of being developed.

Table 1: Priorities

Ambitions, with investment focussed on…	Major themes…	'Priority places'* for Norfolk…
• The place where high growth businesses with aspirations choose to be • An international-facing economy with high value exports • A high performing, productive economy • A well-connected place • An inclusive economy, with a highly skilled workforce • A centre for the UK's clean energy sector • A place with a clear, ambitious offer to the world	• Our offer to the world • Driving business growth and productivity • Driving inclusion and skills • Collaborating to grow • Competitive clusters, close to global centres	• Norwich and the Greater Norwich area • The Norfolk and Suffolk Energy Coast (including Bacton and Gt Yarmouth • The Norwich – Cambridge Corridor, connecting two global centres of research • The A47 Corridor, from Great Yarmouth to King's Lynn • King's Lynn and the A10 and rail corridor to Cambridge

* places where the evidence shows there are the greatest opportunities and commitment for continued growth.

Table 2: NSES Targets

Indicator	Target growth rate	Result (all by 2036)
GVA	2% annual growth	Grow our economy by £17.5bn in real terms
Productivity	1% annual growth	GVA per hour of £39
Jobs	0.5% annual growth	88,000 net new jobs
Businesses	2% annual growth	30,000 new successful businesses
Housing	Meet the objectively assessed need	140,000 new homes
Inclusive Growth: Median Wages	1.7% annual growth	£200 more per week
Inclusive Growth: Employment rate	Consistently higher than national average	A higher proportion of people engaged in the labour market than across the UK
Inclusive Growth: Skills	Increase NVQ3+ qualifications by 1.4% average (over each 5 year period)	66% of the population with NVQ3+

The following paragraphs identify key project activity that is being undertaken by the Economic Development team, under some of the NSES priority theme headings. It should be noted that many activities could be described under more than one theme.

3.1.2 **NSES theme: Our Offer To The World**

a) A key part of the Economic Development team's activity is linked to inward investment and a separate report to this committee examines this work in more detail. However, Norfolk's "offer" is also important to encourage and enable economic growth. Several of our sectors are also our primary offers to attract investment and our decision to prioritise them could well help to support local growth and attract inward investment.

b) The following paragraphs highlight key examples of our offer. Building on this offer, Norfolk's Chief Executives and Leaders agreed to produce a **Norfolk Investment Plan**, as one of the thematic delivery plans contributing to the delivery of both the Norfolk and Suffolk Economic Strategy, but also the Industrial Strategy. The Investment Plan is covered in 3.2 and will contain elements of the offer below, as well as more specific initiatives to fit with the aims of the Industrial Strategy, such as increasing R&D spend etc.

i. **Offshore energy**. With £39bn of capital investment in Energy for the East set to take place by 2030, and Gt Yarmouth's status as one of a small number of ports that could accommodate the expanding and complex needs of the offshore renewables industry for manufacturing and operations maintenance, we are already seeking to co-invest with the Government in port infrastructure. Government has already shown its confidence in this area in the shape of the £98m commitment in the Autumn Statement to the Great Yarmouth Third River Crossing. Opportunities include:

- Expanding the space within the port estate to offer more sites with deep water access to support manufacturing, marshalling and assembly. This is in accordance with the recent BVG Associates report which looked at east coast ports capacity and recognised Gt Yarmouth's key role
- Enabling more decommissioning activity – recently started in earnest by Peterson's decommissioning of the 50m high Shell Leman topside structure.
- Developing a multi-user operations and maintenance facility
- Continuing work on the Gt Yarmouth Energy Park project to accommodate supply chain growth.
- These investments are supported by a concerted promotional campaign, in partnership with local businesses to advertise local supply chain capability, using exhibitions, printed and web media, targeted lead generation and regular dialogue with DIT. This work is supported by having Enterprise Zone Status.

ii. On the **digital economy**, Norwich has been recognised as a key digital cluster in the past 3 years' Tech Nation reports, including the most recent 2017 publication. Our key assets to attract new investment are:

- Our talent pool, produced by our two excellent universities UEA and NUA
- The city's diverse and growing ICT cluster, with high business growth optimism, and strong founder 'giving back' culture in support of new start ups
- An attractive environment with comparatively low business and housing costs compared to Cambridge, for example
- A critical issue, however is to ensure adequate provision of start-up and grow up accommodation. There are signs the market is starting to become alert to this opportunity but the City and County Councils and the LEP will be looking at what gaps exist in terms of property requirements, as well as the support networks needed in order to nurture and support high growth start-ups. Our support for the tech community locally is provided via events such as Sync the City and NorDevCon as well as through strategic support for the establishment and operation of TechEast, a major LEP wide initiative to bring together and promote the tech communities across Norfolk and Suffolk. We are also talking with partners about establishing a pilots for 5G coverage in the county.

iii. **Aviation and Aerospace –** the Council has already made a major contribution to support this sector through its support for the new Aviation Academy. Already a successful project, offering excellent degree level training on a live 737-400 aircraft, the centre is now attracting a great deal of interest from other businesses in this sector. Some will take space in the Academy, but we will be exploring the potential to attract investment onto the Airport Industrial Estate and the nearby development land to the north of the airport which will be opened up next year with the opening of the NDR.

iv. **The Norwich Research Park –** widely celebrated as one Europe's largest and most diverse centres of excellence in food, plant, health, environmental, genomic and microbial science. It has taken several steps in the past 1-2 years with the opening of Centrum, the substantial growth of the Earlham Institute, the new £80m Quadram Centre and the award of Enterprise Zone status. We have undertaken lead generation work in the USA, and have engaged closely with DIT's Life Science leads at a national level. We will be working with the NRP, South Norfolk Council and the LEP to use EZ status to provide the necessary infrastructure to enable more business growth on the park.

v. **Cambridge Norwich Tech Corridor –** seeks to exploit our proximity to, and synergies with Cambridge – which lies at the heart of a series of high tech growth corridors to the South (M11), north (to Peterborough) and West (to Oxford). We have supported a series of studies to examine the growth opportunities and what is needed to exploit them. Key interventions we are leading on:

- Demand & need study for the Hethel Technology Park extension, to be followed by a masterplanning exercise in collaboration with Lotus and their owners, Geely.
- Enabling the growth of Eastern Attachments, a highly innovative and fast growing engineering company, onto our 13 acre site in Attleborough. We will explore supply chain growth opportunities as well as the possibility of accommodating other growing engineering businesses in the immediate vicinity
- Working with Breckland Council, Motorsport Vision, other landowners and the LEP to enable development at Snetterton and especially businesses attracted to direct access to a racing circuit. A number of leads are being examined currently.

vi. **Enterprise Zones –** Norfolk has six enterprise zone sites. Some are referred to above specifically but we also work closely with the LEP to enable growth at all of these sites, as appropriate.

3.1.3 **NSES themes:**

- **Driving business growth and productivity**
- **Collaborating to Grow**
- **Competitive clusters, close to global centres**

Some of the activity described earlier under the Our Offer to the World theme also contributes to these themes. In addition, the team undertakes or supports a wide range of initiatives to support these priorities:

a) The Agri-tech Growth Fund provides grants between £10,000 and £150,000 to support product development and improve agricultural productivity. We promote the scheme, undertake assessments of projects across Norfolk and Suffolk (for which we earn income), and carry out monitoring. In 2016/17 we supported 9 projects, creating 55 jobs. Between January 2014, and April 17, 22 Norfolk companies have benefitted from the scheme, obtaining R&D grants totalling £579,000, and growth grants equating to: £658,865. The applicants anticipated creating or protecting 77 fte jobs and 132 part time jobs.

b) We play a key role in the delivery of the LEP's business support programme, including the grant programmes. We undertake promotion, advocating proposals and assessment of applications. In 2016/17 this led to 345 jobs created overall, from 37 projects.

c) We instigated a bespoke programme to support the oil and gas sector which was suffering in 2015/16 due to the significant downturn in prices. It focussed on supply chain diversification and 10 businesses were directly supported. Although there are encouraging signs of recovery, gas prices have remained flat compared to oil prices.

d) We undertake a targeted relationship management programme, in partnership with the LEP and Districts to support our key local major businesses which includes responding to opportunities and shocks. The most recent intervention is with Unilever and Britvic, also working/worked with for e.g. Bernard Matthews, Eastern Attachments, Gardline, Thurne Middleby, Baxter Healthcare and others. These are key interventions as our large and foreign owned businesses account for over half of Norfolk's jobs and a substantial amount of its exports. It is particularly important to explore funding opportunities linked to training or innovation (which is allowable under EU State Aids).

e) The County Council is seeking to develop a **market town initiative,** whereby the County Council leases or buys shops in selected market towns, to encourage start-ups and support new entrants. This is an attempt to get over the barriers new entrants face, such as high initial set up costs and the reluctance of landlords to accept those with no or little trading history. Further details will be brought to the Committee for discussion and approval.

f) Financial Industry Group – One of our most important sectors, not just in terms of employment but as a highly productive and value added sector. It is a key driver of the Norwich economy. The County Council established a sector group in 2001 and it has recently rejuvenated the project with the help of Broadland Council. It has expanded membership, deep engagement with the UEA's business school, interest from DIT – for which we have provided extensive sector/product information. We are:
   - developing an effective network of contacts in financial, technology and related professional services firms and organisations in Norwich and Norfolk
   - exploring Degree Apprenticeships, including Executive MBA for future leaders
   - Implementing a new fignorwich.org website,
   - Developing a "Trade Directory" concept for local firms –accessible through fignorwich.org and providing links to their own websites
   - Looking at a Talent Recruitment section within the website for sole use by firms registered in the Trade Directory
   - Running high level conferences and events, designed to attract delegates from outside Norfolk to hear of developments, innovation and technology in financial services.

g) Greater Norwich Manufacturing Group – established with Broadland Council it brings together the area's major manufacturers with the UEA, a range of manufacturing specialists, the colleges and Hethel Innovation Ltd.

h) Other programmes we support facilitate business health and their economic growth potential. NCC's Enterprising Libraries service for business has been shaped and promoted by the Economic Development team, and we are founder members, working via our Trading Standards team in support of Better Business for All, an initiative which helps the business community to meet their regulatory requirements, by supporting them via a 'right first time' and 'no wrong door' support programme.

i) **EU funding programmes**

The County Council manages a number of programmes that target business growth, particularly in rural areas.

i. **European Regional Development Fund (ERDF)**

- The County Council runs a small project which encourages and supports applications to the European Regional Development Fund (ERDF). ERDF funds wider business support initiatives, such as the Growth Hub support and grants programme, and the work Hethel Innovation do to support innovative tech businesses to start up and grow.
- We work in collaboration with the LEP and Suffolk County Council towards effective spend of the **£38m** available. Approved projects and projects awaiting a funding decision, now account for around **£35m** and ERDF projects have already supported hundreds of SMEs to grow. For example, Hethel's Innovation New Anglia project has supported Ansible Motion, creator of Driver-in-the-Loop simulators for the world's leading vehicle manufacturers, to develop and grow their business.
- Similarly, the Growth Hub has supported new machinery at Great Yarmouth engineering business, ASAMS Ltd, through business advice and an ERDF small grant. Norfolk County Council is a partner in a number of ERDF-funded projects, which are projected to support around 2,500 SMEs with advice and/or grants before the programme ends.

ii. **European Social Fund (ESF)**

- ESF is the skills and employment arm of the European Structural and Investment Funds available for 2014-2020.
- The allocation of ESF funds for New Anglia over the 2014-2020 funding period is **£35.7m**. Currently, **£13.5m** of this funding has been committed to projects, with a further **£9m** of projects currently in the application stages.
- This funding is managed locally by the County Council, in partnership with NALEP and Suffolk County Council. ESF also provides funding for two facilitators to assist in delivery, promote the opportunity to applicants across Norfolk and provide technical assistance to any potential applicant organisations with their applications.
- ESF will fund projects delivering against five Investment Priorities in this area. Alongside Suffolk County Council, the County Council led the work to identify the key themes and priority groups which would benefit from investment. This has led to tenders being issued aimed at individuals that colleagues in Children's Services, Adult Social Care and Public Health support, as well as giving opportunities for organisations in our voluntary and community sector to bid. The priorities ESF focuses on are:
  - Access to Employment for job-seekers and inactive people
  - Sustainable integration into the labour market of young people, in particular those not in employment, education or training
  - Active Inclusion, including with a view to promoting equal opportunities and active participation, and improving employability
  - Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competencies of the workforce
  - Improving the labour market relevance of education and training systems
  - Current projects delivering in our area include:
  - Support for emerging leaders in businesses (case study 2)
  - Support for young people at risk of becoming NEET
  - Social inclusion projects for young people and adults who are currently far away from the labour market
  - Sector skills plans for each priority sector
  - Skills support for the workforce, which supports employers to train and upskills their existing workforce

iii. **LIFT (Local Investment in Future Talent)**, is a unique **£1.1m** grant scheme supporting small-scale employability and skills projects in rural Norfolk and north Suffolk.

Supported by ESF, with match funding from NCC, South Norfolk District Council and Broadland District Council, LIFT harnesses the local knowledge of the LEADER Local Action Groups as decision makers on grant applications. We will soon be announcing the first LIFT Programme grant, and have a strong pipeline of projects working on applications. Ideas range from support with job skills for people with disabilities, to supported workplace trials for young people from disadvantaged backgrounds, to a training initiative designed to widen access to management skills within a key sector of the local economy.

iv. The **LEADER** programme contributes to improving the environment and quality of life in rural areas; strengthening the rural economy by helping micro and small businesses to create and sustain employment within the area and to improve competitiveness, particularly in the agriculture and forestry sectors.

v. **Rural Growth Programme**

NCC also works with DEFRA, the LEP and Suffolk County Council to ensure effective delivery of the Rural Growth Programme, with £13m available for rural businesses in Norfolk and North Suffolk. Contracted projects include a new packaging store for Anglia Free Range Eggs in Norfolk, and a production project for Yare Valley Oils. Other food processing, business development and tourism projects are in the pipeline.

vi. ED also supports the **Norfolk Rural Strategy Steering Group**, a private-sector led group which works in partnership to develop and support initiatives which enable rural Norfolk to thrive. The Steering Group was behind the £9m LEADER investment in Norfolk and the Digital Divide lobbying group. In November, the Group launched 'Strong Roots: New Growth, a Norfolk Rural Strategy for 2017-2020' and will be meeting shortly to consider how its recommendations can be implemented.

vii. **INTERREG France (Channel) England Programme (FCE)**

- The FCE programme has so far invested **€2.8m** into Norfolk through a number of projects that align with NCC's 'Caring for Your Economy Plan'. These include:
- **Project Go Trade**, which is helping to stop the decline of market towns by creating a unique brand of markets that will attract new visitors to the region, while supporting existing and new market traders to build sustainable businesses. Great Yarmouth will trial the new brand of markets, which will offer a diverse range of good quality products. Local traders will also be supported by introducing digital marketing techniques such as 'click and collect'. The project is expected to attract 32,000 new visitors to Great Yarmouth over 3 years.
- **Project Increase**. Involving Norwich-based housing association, Clarion Housing, Project Increase will develop a new training programme to help social housing residents across the South and East of England to set up their own micro-businesses or achieve other forms of employment. The project will help train 6,000 participants, creating up to 1,100 new businesses and helping a further 2,000 people into employment.
- The FCE programme still has over **€150m** available for new project development that could significantly support both the Norfolk and Suffolk Economic Strategy and the County Council's Investment Plan, including stimulating growth through innovation and supporting people into employment through social innovation projects.

3.1.4 **NSES theme: Driving inclusion and skills**

The County Council's Skills Team delivers a range of projects and programmes aimed at:

a) Helping people move closer to work and into through improving their skills, qualification levels and resilience – this is especially for people who are further from the labour market, who are vulnerable or those facing additional barriers to economic participation.

b) Assisting businesses to upskill their existing staff to boost productivity and growth. This includes training for In Work Progression and Apprenticeships at all levels.

c) Ensuring local training providers, colleges and businesses can access funding to pilot new training modules and qualifications in key sectors.

d) Increasing the take up of apprenticeships across diverse groups of individuals working with schools, business and the voluntary sector. NCC leads and coordinates this work via the Apprenticeships Norfolk Network – the primary objective is delivering growth in the number, level, quality and range of apprenticeships.

e) The team has had good success in securing external funding and lobbying for central government investment into these areas, which are critical for skills development. We also lead on strategic policy development across the skills and employment landscape in Norfolk and through our management of the New Anglia ESF programme we have been able to ensure that investment is targeted appropriately.

f) Importantly, the team also responds to emerging issues within the local skills and labour market to safeguard jobs, including apprenticeships, as well as the training offer available across Norfolk to ensure business can continue to grow and develop. An example of this is the response to the roll out of wide ranging Government reforms to Apprenticeships including changes to the funding mechanism and the introduction of the Apprenticeships levy.

g) These changes present challenges to SMEs and training providers, as they impact significantly both on the cost and availability of training provision, in some cases making it uneconomical to continue to deliver.

   This has encouraged larger employers, including Norfolk County Council, to focus on upskilling existing staff to higher or degree level rather than recruiting new apprentices at intermediate or advanced level, as has been the case in the past. The Apprenticeships Norfolk team have worked extensively in schools providing information and advice to young people, their parents and professionals to understand apprenticeships and the opportunities they offer.

   We are currently developing a range of new projects to refocus recruitment to 16 to 18 year olds, support more vulnerable individuals into Apprenticeships and address the recruitment issues faced in the service sectors where Apprenticeship vacancies often go unfilled. This includes supporting a trial of an Apprenticeship Training Agency (ATA).

   These changes in funding and a renewed focus on quality has also seen the county lose a number of high profile, and established, independent Apprenticeship Training Providers recently including Norfolk Training Services and Anne Clarke Associates.

   Norfolk and Suffolk County Councils are also collaborating with New Anglia LEP to work together with the existing provider base to devise a new strategy to combat these structural issues. A workshop took place in early December to identify specific issues and develop an action plan to deliver workable solutions.

h) Apprenticeships Norfolk Network, a partnership of over 100 organisations managed by the team provides support to providers through information and networking opportunities, quality improvement activities and a regular forum to discuss and share emerging developments in national policy.

i) Putting employers in the driving seat of skills provision and upskilling the existing workforce is the rationale behind skills deals. The team managed the first successful Skills Deal 'Fabric First' an innovative project focussing on Passive Haus construction techniques.

   The project was selected as the winner for the Constructing Excellence East of England Awards for Sustainability and as regional winners were nominated in the National Constructing Excellence Awards Finals.

   Continuing the theme of supporting businesses to access the skills they need both now and in the future a series of Sector Skills Plans are being developed, the team has been instrumental in supporting their development, engaging with key stakeholders and promoting and supporting employer involvement We will work to ensure alignment of private and public sector resources around clear priorities capitalising on national and local policy, for example the budget announcement on the National Retraining Scheme, committing £76 million to train adults to work in the construction and digital skills sector.

j) In responding to themes within the NSES, the team will be involved in a number of work streams aimed at developing our people and their skills and supporting business to continue to grow and thrive within the economy.

k) In focussing on skills development, particularly in our existing workforce, we are developing the New Anglia Growth Hub Skills Portal, working collaboratively with Suffolk County Council and the LEP. We recognise that employers have an essential role to play in preparing our current and future workforce for the opportunities and challenges ahead and that we need to make it easy for them to access, understand and navigate the support, information and resources available to help them do so. Employers are involved in the consultation to ensure that the portal meets their needs.

l) The need to support the development of leadership skills, a contributing factor to low productivity, is a common thread running through the completed Sector Skills Plans. Building on the current ESF Emerging Leaders project we are working with key stakeholders to develop further programmes and initiatives including Higher Education, enabling businesses to access the high level skills required.

m) Members have received a paper previously articulating our ambitious plans for tracking the impact of aligning employment and health interventions for the first time in Norfolk whilst providing a pool of talented people from which businesses can recruit.

n) We are supporting the creation of the Institute of Technology (IoT) within the region, to achieve a step-change in provision of technical education at higher levels. Linked to the national reforms of technical education it will increase the supply of technical skills that our economy needs to maximise productivity now and in the future.

o) Working with schools we are developing new ways of enabling young people to continue to have access to the information, advice and the support they need to secure an apprenticeship whilst also supporting SME's to access the benefits an apprentice can bring and reducing the bureaucracy.

p) Promoting progression through apprenticeships including higher and degree levels, ensuring sufficiency of the offer and supporting businesses to understand how they can maximise the benefits of the Apprenticeship Levy in developing their workforce will create a coherent system and provide employers with choice and flexibility in pathways

q) NCC is working collaboratively with colleges, training providers and third sector organisations to deliver the principles of the Youth Pledge through the County Provision Network. The expansion of the Norwich for Jobs initiative to phase 3, the creation of the ATA and the IHES (described above) will also drive forward these ambitions. Working with colleagues in Children's Services we will continue to support capacity building within the system whilst seeking opportunities for external funding

r) The New Anglia Youth Pledge Marque recognises organisations who are committed to supporting the future workforce, better aligning skills with enterprise and in turn growing our economy, we aim to significantly increase the number of organisations holding this award increasing opportunities for young people to access the workplace in a variety of ways.

3.1.5 **NSES theme: A well-connected place (infrastructure priorities**)

a) ED works closely with the Infrastructure Development Team to make the case for competitive grant funds for economic growth, including New Anglia's Growth Deal allocation and bids to Housing Infrastructure Fund, which was recently boosted in the 2017 Autumn Statement. This is to ensure that the county's infrastructure requirements are developed hand in hand with economic growth plans, particularly those linked to strategic employment and housing sites.

Members received an update on infrastructure projects and their contribution to economic growth, at their meeting of 8 September 2017, specifically covering the Third River Crossing and Long Stratton Bypass.

In addition, EDT Committee endorsed the Norfolk Infrastructure Delivery Plan (NIDP) at their meeting of 10 November 2017.

b) The NIDP reflects our ambitious plans to overcome our infrastructure constraints. The County Council has successfully worked with partners to take forward and develop a range of projects including:

- **Norwich Northern Distributor Road (NNDR)**. The final section of this road will open in March 2018. It has been funded by a combination of government grant and local contributions including from the LEP's growth deal and local authority funds. As well as supporting economic growth across the wider Norwich area, the NNDR more directly supports the delivery of the largest urban extension in the country with around 13,000 new homes in the Growth Triangle and up to 140ha of associated employment land. We are now taking forward feasibility work on the Norwich Western Link, which would connect the distributor road to the A47.
- **Great Yarmouth Third River Crossing**. The county council invested over £1m of its own money on early stage design and development work and has recently been successful in securing a contribution of up to £98m from government towards its delivery
- **Sustainable transport projects in our urban centres and market towns**: We are currently delivering around £15m of infrastructure improvements funded by Growth Deal, to bring forward housing and jobs growth in our urban areas and market towns. We are also rolling out Network Improvement Strategies across our market towns, and developing transport strategies in our urban areas, to identify the constraints and barriers to growth and what might be needed in the longer term to bring forward growth
- Successfully securing grant funding from government through the National Productivity Investment Fund for **Hempnall Crossroads on the A140**, which will directly release 1,800 houses at Long Stratton, and be the start of the Long Stratton Bypass.

c) **Infrastructure funding**
In addition to working with the Infrastructure Development Team to make the economic case for infrastructure improvements, for funding streams such as the LEP's **Growth Deal** allocation, a key contribution of the ED team is to manage the process for allocating funds from the **annual business rates pool.**

The aims of the pool agreement are to contribute to the delivery of the Norfolk and Suffolk Economic Strategy, unlocking barriers to jobs, housing and skills growth. ED, on behalf of Norfolk local authority chief executives and leaders, manages the process for bringing forward proposals for them to agree, and monitors the resulting delivery programme.

Funds have just been allocated for the period November 2017-November 2018, for early stage development work, detailed technical work and strategic/capital schemes. Norfolk Leaders committed **£3.74m** of funds to support a range of projects across the county and, as part of the process, the County Council successfully bid for crucial funding for:

- Developing a strategic outline business case for the Norwich Western Link Road
- Undertaking an analysis of existing and future transport issues within Great Yarmouth in order to develop a Great Yarmouth Transportation Strategy. The strategy will facilitate significant growth and is vital to support the successful delivery of the Great Yarmouth Third River Crossing
- Carrying out a review of the transport infrastructure in Dereham, as part of a wider strategy to address the sustainable growth of Norfolk's market towns. The BRP funding is being matched by traffic work Dereham Town Council are also commissioning, to address the relatively high degree of complexity of the issues to be resolved.

3.2 **Norfolk Investment Plan**

3.2.1 As mentioned earlier, an investment plan for Norfolk is being devised, to make the case to Government of the economic potential of our key growth locations and sectors and the contribution they can make to achieving the goals of the Industrial Strategy.

We have plenty of space for business to grow and a golden opportunity to put Norfolk at the top of the Government's agenda and secure vital investment to help us reach our potential. In addition to the promotion of our strong sectoral offer, mentioned above, current ideas in development, focussing on the Industrial Strategy 'foundations of productivity' include:

3.2.2 **Research & Development (R&D)**

a) Increase the take up of R&D grant spend in the county, through a project that looks at bringing research institutions, business, the public and voluntary sector together to access funds that are simpler to operate, and local management can ensure local needs and attributes are understood. The Innovate UK process is heavily weighted against the sort of high performance niche engineering we have in Norfolk - we need funds devolved to LEP level to manage our own, local, Innovation Programme.

b) The NRP Translational Fund, to which NCC contributed, achieved considerable success in spinning out start-ups from the research park. The Fund has allocated over £1.6m to 37 projects from across the Park and has already led to:

- Eight new companies (four already established and trading)
- Five additional patent filings (already in the drafting stage)
- Twelve potential licensing deals (two evaluation licences already in place)
- Four new service or consultancy offerings (one already in operation)
- Increased availability of research results to external users (two projects have already delivered this)
- Additional investment of £723,000 being raised for projects

and it has promoted cross-institutional working on the Norwich Research Park.

We would seek to request an allocation from the Challenge Fund, so that we could continue the pipeline of projects, building on the success of the previous programme, as well as add value to projects already supported.

3.2.3 **Innovative economy**

a) **Energy Innovation Centre**. In terms of innovation in the energy supply chain, there is scope in aspects such as the size of turbines. Great Yarmouth is well placed to benefit from this. We will work with partners, including Government, to develop this offer.

b) **Manufacturing**. Productivity Institute at UEA. A study is ongoing at the moment with the manufacturing sector in Norwich. There are a number of areas of focus including degree level Engineering and manufacturing skills; and leadership and management skills and training in a manufacturing context.

c) **Aviation Academy Phase 2**. The County Council has committed to supporting Phase 2, as part of a partnership, to bring new aviation and aerospace related investment to Norfolk. The offer will be different from Phase 1 and is going to be industry supply chain focussed. The study will cost around £30k. This is part of our offer to Government, although there may be an ask around the £12m building.

d) **Hethel Technology Park (HTP)**. The masterplan for HTP will be produced by Easter 2018. We need support from Government to overcome power constraints on the proposed site, and we need to engage at a high level with Geely to ensure our respective plans are complementary.

e) **Food processing**. The food processing consortium around the national centre for food processing in Lincolnshire is working very well. There is potential to develop a sister cluster in West Norfolk, which also has strong food processing credentials. There may be an ask around bringing the two sides together and servicing the dialogue. This would fit with the Government's aims to grow more, more efficiently, with less labour.

3.2.4 **Infrastructure**

a) Whilst we have been successful in securing and delivering the infrastructure schemes described in 3.1.5, we could be more effective at developing and delivering projects if we had greater certainty about making the initial investment into their feasibility: if we were more certain that there would be funding for delivery the county council and its partners would be more confident about making the initial investment into the feasibility of the projects, identifying potential solutions and getting them to a point where they are shovel-ready for delivery.

b) To do this we need **longer term planning and commitment to transport improvement**. Our evidence base supports our potential to grow – we are very well placed functionally and physically, extending the Oxford–Cambridge Arc to link with Norfolk, and strongly support the East-West rail network. It is therefore vital that Government's physical infrastructure plans recognise the role of local strategic priorities in unlocking growth and enabling companies to compete, such as key road and rail improvements:

- roads: the A47 included in the Highways England Roads Investment Strategies;
- support for the 3rd River Crossing at Great Yarmouth;
- the Norwich Western Link and the Long Stratton Bypass
- rail: improvements at Ely and Trowse

c) **We want to establish an infrastructure fund to accelerate the delivery of vital major transport and utilities infrastructure,** with a model whereby the energy company repays when power is required. This Fund would contain an element of grant funding, as well as loan funding from Government, so an element of it would be revolving.

d) To unlock the future of low cost, clean energy supply for transport we need to be able to **access grant funding for** the necessary **infrastructure**, such as **charging points for electric vehicles**, and guaranteed longer-term funding for their running and maintenance costs until the market is sufficiently mature.

e) As mentioned earlier in the report, and in our Green Paper response to Government, we will make the case to be a **pilot area for 5G**, to evidence the benefits in a large rural area, which has 'not spots' that do not have the critical mass to access Superfast broadband.

3.2.5 **People** (also see 'meeting the needs of an ageing society' – 3.2.7.a)

a) Tech skills.

It is critical for businesses to have access to highly trained employees able to use technology to improve business efficiency, innovate and compete with other areas.

Across all of Norfolk's sectors the Local Authority is supporting the creation of Sector Skills Plans to identify the key activities and interventions required to boost digital skills. The ICT and Digital sector plan will take into account the growth potential along the Tech Corridor, however it is also an underpinning sector with reach into the majority of other areas, devolution of the Adult Education Budget would create additional flexibility to address some of these skills gaps at the lower levels.

In order to ensure that local residents are able to compete for opportunities within an increasingly digitised economy it is important that colleges, employers and training providers work collaboratively to secure investment for the right courses.

Employer engagement with this agenda is critical and we would like to see public investment into a sector matched by employer investment into the skills and qualifications of its workforce providing a welcome boost to skills levels, graduate placements and apprenticeships.

b) Link academic qualifications with work experience – increasingly employers require significant work experience and report that graduates are not yet ready for the workplace despite qualifications. By increasing the number of courses which offer work placements and industry opportunities alongside more apprenticeships at advanced and higher level students are enabled to develop their in work experience alongside qualifications. Additionally, devolution of the areas Adult Education Budget would ensure that qualifications offers are better aligned to the needs of our local businesses.

c) Seek to link funding for the teacher development premium to Norfolk's key sectors.

d) We want to ensure that the skills system works for every Norfolk resident including those who have challenges moving into work, or remaining in work. To achieve this in line with the needs and expectations of our local businesses and key sector we would like the ability to commission national and local DWP employability programmes to fit our local demographics and geography – we need to continue to support our least active residents and support an ageing workforce to compete in a modern labour market.

e) In order to grasp the opportunities of technology developments, we will need to develop the skills of our residents. As mentioned earlier, we are working with the LEP to secure an **Institute of Technology** for Norfolk and Suffolk that will develop a strong network of partner colleges in both counties to support the future needs of our key sectors and our residents.

3.2.6 **Business environment**

Leadership and Management training for SMEs. Locally our business community recognised a lack of training to encourage their existing staff to move up into leadership roles. Using our local allocation of European Social Fund a consortium of colleges created a programme which allowed businesses to design bespoke training to match their needs. Moving forward we would like to scale up this offer making Norfolk businesses more aware of the opportunity and facilitating business growth in this way.

3.2.7 In terms of the Industrial Strategy's **four grand challenges**, the consortium arrangements and scale of the response required by Government means that formal responses are likely to be at LEP level. However, Norfolk can make a significant contribution to the four themes of the challenges and we will be exploring potential propositions with partners:

a) **Clean Growth**. This challenge aims to put the UK at the forefront of high efficiency agriculture, using robotics on forms, drones etc. Transforming food production will be one of the Industrial Strategy Challenge Fund Programmes and we will work with our partners in the recently refreshed Norfolk Rural Strategy to explore opportunities.

b) **Artificial intelligence and big data**. Working with partners such as UEA, we could look at trialling driverless cars.

c) **The future of mobility**. We will be examining what it really means to be a smarter county – looking at the changing nature of energy sources and how we can maximise the use and recapture of energy from intelligent road surfacing, to create more sustainable places.

d) **Meeting the needs of an ageing society**. Ageing populations create new demands for technologies, products and services and this is clearly an opportunity for a county like Norfolk, which has one of the fastest growing populations of over 65s in the country. There is a real opportunity for re-skilling older people and keeping them in work – both for their benefit and that of the local economy; also, investment in technology in care homes ('tech-driven care'), linked to training on how to work the technology. The ask is the link to the national training scheme to re-skill people.

3.2.8 We will develop our Norfolk Investment Plan proposals in conjunction with key stakeholders and bring them to Business & Property Committee for review on 14 March, then Policy & Resources Committee on 26 March, ready for the new financial year.

4. Financial Implications and options

4.1 For 2018/19, just under £0.175m is available for economic project activity, of which £75,000 is ring-fenced for the County Council contribution towards the New Anglia LEP. This is being supplemented by reserves of £147k per year, which run out at the end of 19/20 and enable the Council to support inward investment, sector development activity and a small number of projects such as the production of the Rural Strategy.

4.2 There are a range of initiatives that NCC could support if core funding or joint funding becomes available.

4.3 While ED has relatively little discretionary funding at its disposal to create impact, the team explores all options to secure external funding. As mentioned in 3.1.5.c, ED works closely with the Infrastructure Development Team to devise bids for competitive infrastructure funds, such as the **annual business rates pool** and **Growth Deal**, to contribute to the delivery of the Norfolk and Suffolk Economic Strategy. The paragraphs below cover a range of funding to enable the County Council to forward fund infrastructure that should lead to business growth:

4.3.1 **National funds for infrastructure**

- **Growth Deal** - Norfolk has secured over £64m since 2015 from the Local Growth Fund and Local Transport Body funding allocations, funding projects such as the Aviation Academy, College of West Anglia what, Norwich Area what, Great Yarmouth and Thetford Transport Strategy packages of measures, as well as Better Broadband for Norfolk.
- **Housing Infrastructure Fund** - the County Council, in conjunction with Broadland District Council led on a bid to the Housing Infrastructure Fund for the Norfolk East Growth Triangle. The **£70m 'Forward Funding' bid** is for **8,000 homes** and forms part of the largest urban extension in the country (13,500 homes). District councils also submitted seven 'Marginal Viability bids, totalling £59.8m, seeking to unlock 13,200 homes. If all schemes received funding, this would unlock 21,200 homes in total and would increase Norfolk's build-out rate from 3,500 dwellings per year to 6,500 – a rate we need to achieve over the next 10 years, in order to meet local plan targets. The results of the bids should be known by the end of January.

4.3.2 **Use of Enterprise Zone business rates to fund infrastructure**

- This is a major area of work. The fundamental attribute of Enterprise Zones (EZ) is the ability for the local partnership to retain 100% of the business rates collected or payable in relation to development undertaken on the site for a period of 25 years.
- There are six sites in Norfolk (two in Gt Yarmouth (comprising part of the Space to Grow EZ) and four elsewhere in Norfolk (comprising part of the Space to Innovate EZ)). The four Space to Innovate sites are the Norwich Research Park, the Nar Ouse site in King's Lynn, Egmere and Scottow.
- Part of the rates income (the proportion varies for each site) is allocated to unlock the site, or to enhance or accelerate development. As this investment is required prior to development actually taking place it is necessary to borrow against future income. The County Council has already undertaken some investment in Gt Yarmouth, with more planned there as part of the Norfolk Investment Plan. Investment is also underway at Scottow and plans are under discussion at the NRP.
- Careful analysis of current and future rates income is undertaken in order to ensure any investment will be repaid. Investments will be made in stages, built up as development occurs and income grows.
- All investments are undertaken in accordance with the approved Development Plan for each site, of which we are signatories. Expenditure, and repayment plans are subject to Memorandum of Understanding between the LEP, the relevant district and the County Council.

5. Issues, risks and innovation

5.1 This report provides an overview of the work of the Economic Development team, and it is looking to support the Norfolk and Suffolk Economic Strategy, going forward. A local delivery plan will be developed across the themes of the Strategy, in preparation for our 2018/19 planned objectives.

5.2 In light of budget reductions, and to maximise opportunities, ED will continue to focus on innovative and creative ways to work with partners to secure external funding to ensure sustainable growth across the county.

6. Background

Norfolk & Suffolk Economic Strategy

Update to B&P Committee on Major Infrastructure Improvements, 8 September 2017 (p31)

Norfolk Infrastructure Delivery Plan paper to EDT Committee, 10 November 2017 (p126)

Skills papers considered by the Committee, 18 October 2017: Apprenticeships Update (p24), Trial Apprenticeship Training Agency Project (p35), Integrated Health & Employment Service (p39)

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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IN TRAN communication for all

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Appendix A: Case Studies

A1. East of England Energy Zone Stand at Offshore Wind 2017

A group exhibition stand under the 'East of England Energy Zone (EEEZ)' branding was organised by Norfolk County Council, Great Yarmouth Borough Council and Waveney District Council for the Offshore Wind Energy 2017 exhibition.

The biannual exhibition organised by Wind Europe - the European trade association for wind energy was hosted in London for the first time and combined with RenewableUK's Annual Offshore Wind Exhibition & Conference.

The event attracted 420 exhibitors and 6,500 visitors from 50 countries.

The 48sqm custom-build stand supported ten local companies and partner organisations to exhibit, including the following organisations from Great Yarmouth: Clarkson Port Services; East of England Energy Group; Gibb Tools & Supplies; Peel Ports; Rhenus Logistics (Lowestoft & Great Yarmouth); SSCS, Venko Offshore Limited (Great Yarmouth)

Although the EEEZ sponsoring authorities have organised group stands at international oil & gas exhibitions for several decades, this was the first custom-build group stand to be organised at an international offshore wind exhibition.

Outcomes

- From the responding exhibitors, the following outputs were recorded:
- **91** enquiries taken
- **196** new contacts made
- **£2.2m** estimated value of contracts
- **9** jobs created
- **60** jobs sustained
- **6** new companies enrolled with SCORE (grant applications to follow)
- The EEEZ team promoted opportunities in the area for investment and relocation and the supply chain and took **24** enquiries, including from a large multinational interested in opening a prototyping manufacturing facility in the area (a visit to the region has since been hosted).

A2. Dutch Ambassador Visit to Norfolk, 19 and 20 October

His Excellency the Ambassador of the Kingdom of the Netherlands to the United Kingdom of Great Britain and Northern Ireland, Mr Simon Smits, based in London, visited Norfolk on 19 and 20 October. Norwich and the Netherlands have an extensive trading history and the trip celebrated trade and investment links between them.

This autumn saw the official opening of Norwich's £12m International Aviation Academy – the first academy of its kind in the world, with over 100 students beginning their training this year in the state-of-the-art facility. Dutch company KLM UK Engineering is a key partner in the academy, alongside Norfolk County Council, New Anglia Local Enterprise Partnership, City College Norwich and the University of East Anglia.

The Dutch Ambassador's visit helped to promote positive messages and celebrate trade and investment links between Norfolk and the Netherlands, particularly in light of uncertain times in a post-Brexit environment.

The visit included:

- A tour of Great Yarmouth port
- Visits to Dutch firms based in Great Yarmouth, including Petersons.
- The formal presentation, by the Ambassador, of a bequest of more than €300,000, from Dutch musician Dick van der Ven, to the University of East Anglia's Music Centre and unveiling of a plaque for at practice rooms, named after the musician
- the Sainsbury Centre for Visual Arts
- Saxon Air, ONE, the Aviation Academy and KLM Engineering, at the airport
- A business lunch for Dutch companies, organised by the Netherlands British Chamber of Commerce (NBCC).
- A private viewing of the Castle Museum's Rembrandt exhibition, which the Ambassador opened.

Following the visit, there is an appetite and an invitation for a return trade mission to the Netherlands. This would also link well with the 'Doing Business in the Netherlands' event Norfolk Chamber are holding in March 2018. The County Council will therefore seek support to arrange such a trade mission, bringing together Norfolk and Suffolk Chambers of Commerce, DIT, EEEgr, local authorities across Norfolk and Suffolk and the LEP, to agree the format. The Netherlands Chamber of Commerce and Dutch and British embassies have also offered their support to help with arrangements, particularly hosting and organising b2b events at The Hague.

A3. – Department of International Trade Tour of Great Yarmouth/Lowestoft Energy Sector

In December, the Department of International Trade's (DIT) EEI (Environment, Energy and Infrastructure) sector specialist team visited Great Yarmouth and Lowestoft. DIT is responsible for ensuring inward investment delivery across the UK as well as trade and export activity and effective account management of existing FDI (foreign direct investment) companies in the UK, supporting them to grow.

Norfolk County Council led on the agenda, which aimed to help central government better understand the opportunities for FDI in Great Yarmouth and Lowestoft. This was timely, with the announcements of a proposal to for a £30m investment in Great Yarmouth port, as well as commitment from Government for funding towards Great Yarmouth's 3rd River Crossing, which will help alleviate industrial traffic and also make the port area a more attractive location to invest. This is in line with the funding arrangement for Lowestoft's third crossing over Lake Lothing.

The tour included:

- An overview meeting at Orbis Energy
- Presentations on the energy sector: oil & gas, decommissioning, offshore wind, biomass, solar, nuclear); EEEgr and the Special Interest Groups; key infrastructure projects impacting the energy sector in Norfolk and Suffolk.
- Site visits, to hear about investment and growth plans, as well as opportunities for investment. This included Peel Ports Great Yarmouth, Petersons' decomissioning facility, Seajacks, Proserv, East Coast College and Sebmarine SLP.

DIT feedback was that they were very impressed. Key messages they took away:

- We have a strong diverse offer
- There is fantastic support for inward investment and a great sense of co-operation between key partners
- Oil and Gas
  - Trend is to move from expansion of existing business to smaller business, supporting cost reduction through innovation; companies want to be located close to HQ sites as they feel it allows better marketing opportunities and access to redundant assets
  - Marketing that emphasises the growth of local opportunities and markets will net greatest return
  - Due to market downturn in Aberdeen, Great Yarmouth and Lowestoft may not be offering as much of a competitive cost base offer as currently thought
- Offshore wind:
  - The O&M (operations & maintenance) opportunity is clear for Great Yarmouth, and crucial this is secured in the next few years

- Demonstrating port and quay side capacity can really help swing the balance. DIT will work with NCC on further information on the local capacity.

DIT would like to do a feature article on their visit to Great Yarmouth and Lowestoft for their next departmental bulletin, which goes out to all DIT staff (HQ Whitehall, sector posts across UK and overseas posts).

We will be working with DIT EEI team to increase the pipeline of projects for the energy sector in Norfolk and Suffolk.

A4. Science in the City – 'Genome 10k' - Norfolk County Council enhances an inward investment opportunity

Hundreds of the world's top researchers and academics came to Norwich at the end of August for the biannual Genome 10K conference and the annual Genome Science meeting. This was a prestigious event in the international genomics calendar and the first time the joint conference has been held in the UK - hosted by the Earlham Institute on the Norwich Research Park (NRP). **380** delegates attended, from **44** different nationalities. Most came from the USA, but there were delegates from as far afield as Australia.

Norfolk County Council, along with the rest of the Greater Norwich Partnership and the NRP, worked with event organisers to showcase research capabilities, the substantial knowledge base and the many assets and investment opportunities that Norwich has to offer. Our team provided networking facilities throughout the conference using specialist software to ensure all participants could make new contacts and network effectively.

In particular, the Greater Norwich partners hosted a reception at Norwich Castle, providing delegates with a VIP tour of the Nelson exhibition; and separately, a dinner at The Halls, which included a talk by Peter Wilson, MBE and former CEO for Norwich Theatre Royal. Economic Development will monitor post event feedback and outcomes, but delegates have already commented on this 'unique welcome', which provided a sense of the wider location, its assets, context and liveability.

Norwich Research Park Stand, led by NCC Economic Development:

A5 Sync the City

Cllr Keith Kiddie, speaking at Sync the City 2017 in November 2017

Growing Norfolk's Digital Sector

Sync the City was an initiative led by the UEA and Sync Norwich, a local digital tech business community. They came to us as the first supporters of the project and to seed fund the first year, in partnership with HP who were providing us services. This seed funding was crucial as it demonstrated the effectiveness of the concept and allowed private sector sponsorship to come in and support the years that followed. Norfolk County Council has maintained funding at a reduced rate for the years that have followed and it has been crucial in supporting other initiatives such as inclusion in the Tech Nation reports and sector visits from DIT.

Sync the City is a 54 Hour event that brings together budding entrepreneurs with experienced business mentors and technology expertise, during which groups of entrepreneurs, developers, business managers, marketing gurus, graphic artists pitch ideas for new startup companies.

Candidates form teams around those ideas and develop a working prototype and demo, and present to a panel of judges.

This is more than a Hackathon. It's a three day frenzy of start-up building that could win those competing up to £4,000 in cash prizes (£3,000 judges' winner and £1,000 people's choice), as well as sales training from Sandler Training and one year associate membership of Norfolk Network.

The winning idea for 2017 was a lone working App, called '**Lonesafe'**. Lonesafe was voted by the judges to have the most viable business and technically impressive software. The winning pitch can be viewed here:
https://www.youtube.com/watch?v=8aNbRnYIffE

In addition, the Cab app, **'Viacab'**, received a lot of praise from the panel. It is worth watching their presentation, as it truly shows how large the black cab interest is in Norwich and it does look like something that is going to come forward in the next few months through the support of the cabbies:
https://www.youtube.com/watch?v=OTApQXfNYow

The community choice went to '**Unwind'**, the stress based app for those that need reassurance to overcome stressful situations.

There were some fantastic and interesting ideas that came forward, all the pitches can be viewed here: https://www.youtube.com/watch?v=BC94mDCbEEk. Presentations:

1. **Social Pocket** – an AI-driven assistant to tag images according to popular terms, driving clients towards businesses.

2. **Lonesafe** – The lone working app that reduces the management & reporting of lone workers and makes lone working safer for everyone.

3. **Kinder** – Matching businesses to vetted local charities to better distribute corporate social responsibility efforts.

4. **Markit** – Online clothing filter service, ensuring only clothes that fit are shown to you and experimental augmented reality software to see how they fit at that size

5. **Fallback** – A device that is discrete and would alert people is someone has a fall

6. **Joili Good** – A social platform designed to bring people together to tackle loneliness

7. **Menjo** – a digital memory book for people with dementia, using video, sound, pictures and text to help trigger positive memories for those afflicted.

8. **Homeless app** – Partnership with shops to provide frequent business rewards to homeless people rather than the customer

9. **Footprint** – A online platform to do a deep search of the web to flag potential things or issues that could cause contention or you would want removed.

10. **Unwind** – the stress app for those that need help keeping motivated

11. Pup crawlr – a pub crawl app that helps design the best pub crawl based on your drinking and venue preferences

12. **ViaCab** – The black cab uber system that allows someone to hail a cab from anywhere in the city, seeing how far away the cab is and the cost before you buy

A6: Developing Skills in Health and Social Care

This project has been born out of the barriers and issues which were identified as part of the Health and Social Care Sector Skills Plan delivered earlier in 2017. NCC chairs this group and was in a strong position to shape and influence the shape of future ESF tenders. The issues identified were all issues NCC faces in delivery its Health and Social Care agenda including:

- The recruitment and retention of younger staff
- The recruitment and retention of qualified nurses
- The lack of leadership and management at a senior level.

All of these factors led to high levels of staff turnover and an inability to successfully recruit to vacancies. This project addresses all three of these barriers directly through the training of current staff in leadership and management of healthcare businesses creating more effective and influential leaders within the sector, and also through guiding participants to establish a plan that they can use to further their skills development and career.

Indirectly, identifying a visible career pathway for the sector will encourage more people to see the sector as one of opportunity and progression rather than one of low paid, low skilled and stagnant jobs. This should in turn increase the number of people choosing to start careers in health and social care.

The project is currently at the first stage of applications, with a decision to be made by the DWP in January 2018 as to whether it progresses to a full, second stage application. If both stage applications are successful, the project will start delivery in June 2018 and run until April 2021. During this time it will have engaged with over 5000 employees within the sector.

Once the ESF tender was released the facilitators in Economic Development supported the colleagues in ASC to design a project spanning Norfolk and Suffolk matched to investment from both Local Authorities in order to draw down several million of additional funding. Training providers, Norfolk colleges, and health organisations were also involved. A decision on the Stage 1 application in expected in January 2018.

A7: Skills Support for Emerging Leaders

Skills Support for Emerging Leaders is an ESF project in New Anglia which has been co-financed 50% by the Skills Funding Agency. It is managed by The College of West Anglia, who are working in partnership with the six other general FE colleges in the New Anglia LEP area. The seven colleges have come together to form the New Anglia Colleges Group and will be delivering the project as a partnership across Norfolk and Suffolk.

The project provides SME organisations with a training needs analysis carried out by an experienced assessor in discussion with the employer, which is free of charge, to identify business skills needs and ensure they meet the aspirations and vision of the business. This process should then identify skills gaps for employees who are showing potential to progress to team leader, supervisor or management positions.

The project will then assist the employees in to training, which can be in the form of accredited units from technical or management qualifications, or can be a bespoke programme designed with the help of the employer. Employees will be offered the opportunity to develop their skills including leadership and management, supervision, information management, marketing and customer service.

The support provided by this project is available to employed people aged 19 and over, working in SMEs registered in New Anglia. The project has a value of £250k, and is set to run until 31 March 2018. By this time it will have enabled the dedicated support of up to 140 young emerging leaders across the New Anglia LEP area.

Business & Property Committee

Item No.

Report title:	**Key economic sector developments in Norfolk – Inward Investment Activity**
Date of meeting:	**18 January 2018**
Responsible Chief Officer:	**Tom McCabe – Executive Director, Community and Environmental Services**
Strategic impact Economic Development contributes directly to the delivery of the Norfolk and Suffolk Economic Strategy, and the County Council's corporate objectives.	

Executive summary

This report gives an overview to members of this Council's approach to attracting and retaining investment. It shows the county's performance in attracting Foreign Direct Investment, how we are organised, with whom we work and proposed changes in the future, as a result of our European Regional Development Fund project, expected to start in April 2018.

There is a specific focus, in the Appendix, on our approach to attracting investment linked to offshore energy, particularly renewables, as well as some other key sectors.

Recommendations:

- Members are requested to note the contents of the report and identify any areas for further consideration.

1 Proposal

1.1 The Chairman of the Business and Property Committee requested an overview of the work of the Economic Development Service (EDS) for the committee. This is split into two reports on the agenda for this meeting:

- An update on the work of the Economic Development Service (previous item on agenda)
- An update on inward investment and sector development activity (this report), in light of the adoption of the new Norfolk and Suffolk Economic Strategy (NSES), which has inward investment priorities at its heart:

2 Evidence

2.1 **Scope of Inward Investment**

a. The Department of International Trade (DIT), formerly UK Trade and Investment, is responsible for inward investment, international trade and the attraction of international capital into real estate, regeneration and infrastructure. The following activities are included within their remit:
   - developing, coordinating and delivering a new trade and investment policy to promote UK business across the globe
   - developing and negotiating free trade agreements and market access deals with non-EU countries
   - negotiating trade deals (focused on specific sectors or products)
   - providing operational support for exports and facilitating inward and outward investment

- identifying and promoting regeneration and infrastructure opportunities

b. Whilst the remit hasn't changed since the change from UKTI to DIT, the emphasis has, with the Department focusing much more on future trade deals and responding to the major changes and challenges that Brexit will cause to the UK's exporting capability.

c. DIT have 1200 overseas posts in place and during the past year, 88 ministerial visits have taken place across 44 global markets. The national Invest in Great Britain campaign is fronted by the Invest in GREAT website which includes comprehensive information about setting up in the UK and also provides in depth information about UK industries and the regional strengths and opportunities.

d. DIT is also keen to work with local partners on developing 'sector propositions' across LEP areas, based on specific sector strengths and competitive advantages. Many of the New Anglia LEP growth sectors align with the national priority sectors. Norfolk and Suffolk County Councils, with New Anglia LEP, are also engaged with the DIT Investment Services Team, when required, to help support the needs of FDI clients in key sectors.

2.2 Past performance

a. Inward investment outcomes for 2016-17, for Foreign Direct Investment, (FDI) saw 11 projects in Suffolk and 10 in Norfolk involving a total of 855 jobs (including new and safeguarded jobs), an increase on the previous year, which is positive. Interest is particularly strong from Asia Pacific countries and the Americas.

b. This is consistent with the UK's performance as a whole in that year, which saw an increase in jobs and projects. But the recent Ernst and Young survey looking at the attractiveness of the UK as an investment location highlights some worrying trends that may severely reduce the volume and value of inward investment into the UK.

   Other parts of Europe are catching up, (our share of investment fell from 21% to 19%) and they are taking a greater share of higher value added, knowledge based investment. UK is securing only half as many projects as Germany.

   The UK also lost to Germany the leadership position it achieved for the first time last year in attracting FDI from the group of 24 target high-growth markets. The UK's share of European R&D projects also fell sharply, from 26% to 16%, meaning the UK's share was its smallest since 2011. With UK FDI projects from software also slipping slightly despite an increase in the sector across Europe, these results do raise concerns over the UK's future appeal to investors in key future growth sectors. Expectations of future success may need to be modified.

2.3 The Current Delivery Model for Inward Investment in Norfolk

a. The current service delivery model in Norfolk involves a Memorandum of Understanding (MoU) between New Anglia LEP and the County Council. The enquiry handling, systems, process and web based promotion is at a County level with District Councils engaged as required and the contact with DIT is generally via the County Council. This was established at the outset, partly due to the county council's historically having that remit even during the RDA era and partly as the LEP had limited resource available. Broadly, the roles can be described as:

   New Anglia LEP

   - Strategy (NAES) and Sector Propositions
   - Strategic Relations e.g. DIT, developers, industry etc
   - Site Development/Promotion, eg EZs
   - East Branding

County Council (ED Team)

- DIT Enquiry Handling and Liaison
- Reporting and Monitoring
- County Systems, Processes and Websites
- County Brands and Sector Brands e.g. Energy
- Sector propositions, product research and presentation
- Some business contact, especially major businesses or those central to key sectors

District Councils (EDOs/Planners etc)

- Local Business Contacts, Intelligence and Data
- Enquiry Responses
- Planning, Site Development
- City/District Area Brands (some degree of web presence)

b. Across each level of the ‘partnership’ there exists a range of specialist expertise, knowledge, relationships and contacts. This breadth of knowledge has proven to be flexible and adaptable on many occasions. Valuable knowledge, experience and perspectives to attract and retain business investment. The local intelligence, connections with local businesses and ‘on the ground’ support from Local Authority officers is particularly important.

c. New emerging and cross sectoral opportunities will increasingly span wider geographic areas and initiatives such as the Cambridge Norwich Tech Corridor should help realise some of these wider opportunities through strengthening links with the Cambridge tech cluster (and beyond). The following sections discuss the delivery model in more detail.

2.3.1 Marketing and Branding

a. The marketing and branding of locations can attract a range of views and opinions. To date there has been limited coordination of marketing effort across Norfolk – and indeed it has been modest in terms of overall expenditure. However, there are examples of a more collaborative approach – for example in the promotion of Enterprise Zone sites under the Invest East banner, and the cross county promotion of Gt Yarmouth/ Lowestoft/ Wells under the East of England Energy Zone brand.

b. A *spatial* dimension makes it easier to promote specific locations such as Greater Norwich and/or a *sectoral* dimension for specific sites e.g. life sciences at NRP or automotive engineering at Hethel. There are also examples of brands that connect multiple sites but linked to key sectors – examples include the East of England Energy Zone, Cambridge-Norwich Tech Corridor and the Space to Innovate Enterprise Zone.

c. Working with the LEP and Suffolk CC there will be a more strategic approach to branding and marketing via a ‘nested branding’ model to enable a more coordinated and enhanced ‘offer’. This is part of a proposed, more proactive approach moving forward.

d. The current inward investment approach is more reactive than proactive, largely due to limited resources. But there are examples of more proactive, sector based approaches to new lead generation as described in 2.3.3 below.

e. There has also been a more coordinated effort in promoting new site development and investment opportunities across Norfolk and Suffolk over the past 3 years with strong attendance at MIPIM UK in 2015, 2016 and 2017 from both Suffolk and Norfolk under the East branding (alongside specific city, town and County brands) and increasing promotion of the Enterprise Zones.

2.3.2 **International Strategic Relations**

a. Forging and developing international links with other regions of the world will become even more important in the future to help boost trade and inward investment. From a Norfolk perspective, there are currently a range of activities taking place at various levels to build relationship with other parts of the world. These relationships may take various forms and at a multiple levels and might have a particular social, education, research or business dimension for example. Examples of activity currently underway include:
   - Trade Mission to Netherlands, planned for spring 2018: partners include Norfolk County Council, Suffolk County Council, Norfolk and Suffolk Chambers of Commerce, New Anglia LEP, Netherlands British Chamber of Commerce, DIT, British and Dutch Embassies. This follows on from the Dutch Ambassador visit to Norfolk in October 2017.
   - International trade activity by Chambers of Commerce and other trade bodies;
   - Leveraging relationships via foreign owned companies located in the county e.g. Lotus, Baxter Healthcare, KLM,
   - Sector specific and supply chain based activity e.g. East of England Energy Zone and the Sea Ports and Airports
   - Norfolk and Suffolk's relationship with Jiangsu via Essex CC, and Norfolk's relationship with Heilongjiang as well as new China Missions led by UEA and BT

b. A focus on particular key global regions and countries including SE Asia, China, India and Brazil could present significant inward investment and trade opportunities for our companies in future. Continuing to build strong relationships with existing foreign owned companies already located here may also unlock new investment and supply chain opportunities.

c. One example is the work Norfolk CC has undertaken with Eastern Attachments, an Attleborough based engineering and manufacturing business that supplies JCB, CAT and others on a global basis. Through a property and supply chain development intervention the company will quadruple in size and bring 3-5 new businesses here. It has also opened up potential for more growth in Attleborough.

2.3.3 **Sector and Place Based Inward investment Activity**

There are several activities and campaigns underway to help profile key sectors and locations in order to attract new business investment and help build confidence with existing businesses. Three examples are included here for information:

a. **Norwich Research Park – Health/Life Sciences Target Campaign**

New Anglia LEP, NRP LLP, Norfolk County Council and South Norfolk Council have worked together to procure the services of a specialist consultant with knowledge of the health and life sciences sector and based at the New Anglia LEP office. Part of the remit is to build on earlier consultancy work which identified over 100 potential international investment leads with a strong fit with the research profile of NRP. Work is underway to target these leads working with DIT and the various Research Institutes.

However, this project highlights the challenges we have in terms of attracting investment from businesses in this sector. The leads are undoubtedly strong, and have been cross referenced with DIT. Yet leveraging the NRP's research capability to land investment is not straightforward. It takes time to develop and build relationships, in order to understand where there is a potential fit. And more complex is how to realise that linkage.

We have promoted the NRP as a location for investment for many years. DIT is well aware of its research capability and we have seen developments such as Leaf Systems and Tropic Bioscience as well as the new Quadram Institute. With Enterprise Zone status we are poised to deliver the necessary infrastructure to open up the site.

We recently supported the recent major international event, Genome 10K, which was brought to Norfolk (and the UK) for the first time by the Earlham Institute. Over 300 delegates from around the world experienced a highly successful event and went home with a suite of powerful messages consistently delivered. It also alerted more of us to the investment potential of the Earlham Institute – alongside plants, microbes, food, health and environmental research.

b. **East of England Energy Zone (EEEZ)**

We promote the EEEZ as England's leading centre of energy. Embracing oil, gas, nuclear and renewables amongst other technologies and includes the world's largest wind farm market, to be developed over the next 10 years and beyond. It is anticipated that the sector will be worth in excess of £281 billion over the next few years. It also includes a major opportunity in decommissioning oil and gas assets.

Our key assets are:

- a supply chain with 50 years' experience in the energy sector
- status as England's leader in Southern North Sea offshore energy operations
- Enterprise Zone sites
- Assisted Area Status
- Supportive partnership of local authorities and other stakeholders, including The East of England Energy Group (EEEgr) and ORBIS Energy.

The partnership is handling a number of enquiries, some substantial and we expect this to continue. Attendance at 1-2 UK and overseas events focused on offshore renewables (mainly) and other energy sectors is continuing to maintain the profile and generate enquiries. Local businesses also participate for trade purposes. This years' Global Offshore Wind event saw businesses generate over £2.2m of business.

Further work around generating more PR, supply chain development and site development is planned, funded through EZ Pot B income in line with the EZ Development Plan.

More detail of our work promoting the energy sector is shown in Appendix A.

c. **Cambridge Norwich Tech Corridor**

To effectively utilise public/ private sector partnerships to accelerate growth across the Corridor. Launched in November 2016, funding has been secured to establish a core delivery team to take forward the project.

2.4 **Development, Regeneration and Infrastructure Opportunities**

a. The UK offers an attractive and supportive environment for property and asset investment and remains a key destination for real estate investment, with by far the highest inflow of international capital of any European Nation. For the FY2015/16, international investment commitments into UK infrastructure and property development were valued at around £10.9bn.

b. This is an area of inward investment that Norfolk (and Suffolk) have not tended to focus on. The Gt Yarmouth Urban Regeneration Company 10-12 years ago demonstrated it is difficult to tempt investors, despite a concentrated effort. Low land values, relatively little brownfield land and limited assets in public ownership mean we do not have a broad range of options to pitch.

c. A Regeneration and Infrastructure Workbook has been assembled to support the past 3 years' attendance at MIPIM UK which highlights the major development opportunities in Norfolk and Suffolk. It has also been presented to the DIT overseas posts. There is also an 'investment pitch book' under development for the 'Greater South East' with 12 proposed major development/investment opportunities. It is expected to follow the format of the existing Northern Powerhouse pitch book. New Anglia LEP will be inputting into the process to ensure that some of the investment sites in the East will be included.

2.5 **Enhancing the Delivery Model**

a. The local authorities have built a strong foundation in recent years, with support from the LEP in key areas. However, this has recently changed with the LEP appointing a specialist inward investment manager. This member of staff will work closely with County and District staff, adding to our strategic capability and ensuring we can exploit LEP assets more effectively. This was partly driven by the County Council's decision to pursue a £1.8m European Funded programme that is described in **Appendix B**. Norfolk, Suffolk and the LEP together with the Adapt initiative within UEA will each contribute match funding, including staff time to draw down the grant. If the project is approved in early 2018 it will start in April 2018, running for 3 years.

b. We will be working more closely with Local Authorities and other stakeholders such as Universities/Colleges, Chambers of Commerce, Growth Hub, Business Support Agencies, DIT and business intermediaries via the sector groups and other channels. The advanced model has potential to deliver a range of enhanced outcomes (outlined below) to add value.

3 Financial Implications

There are no direct financial asks of this paper. To deliver the £1.8m ERDF project, continued funding of the NCC inward investment service will need to be maintained throughout the 3 year project

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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Email address : David.dukes@norfolk.gov.uk

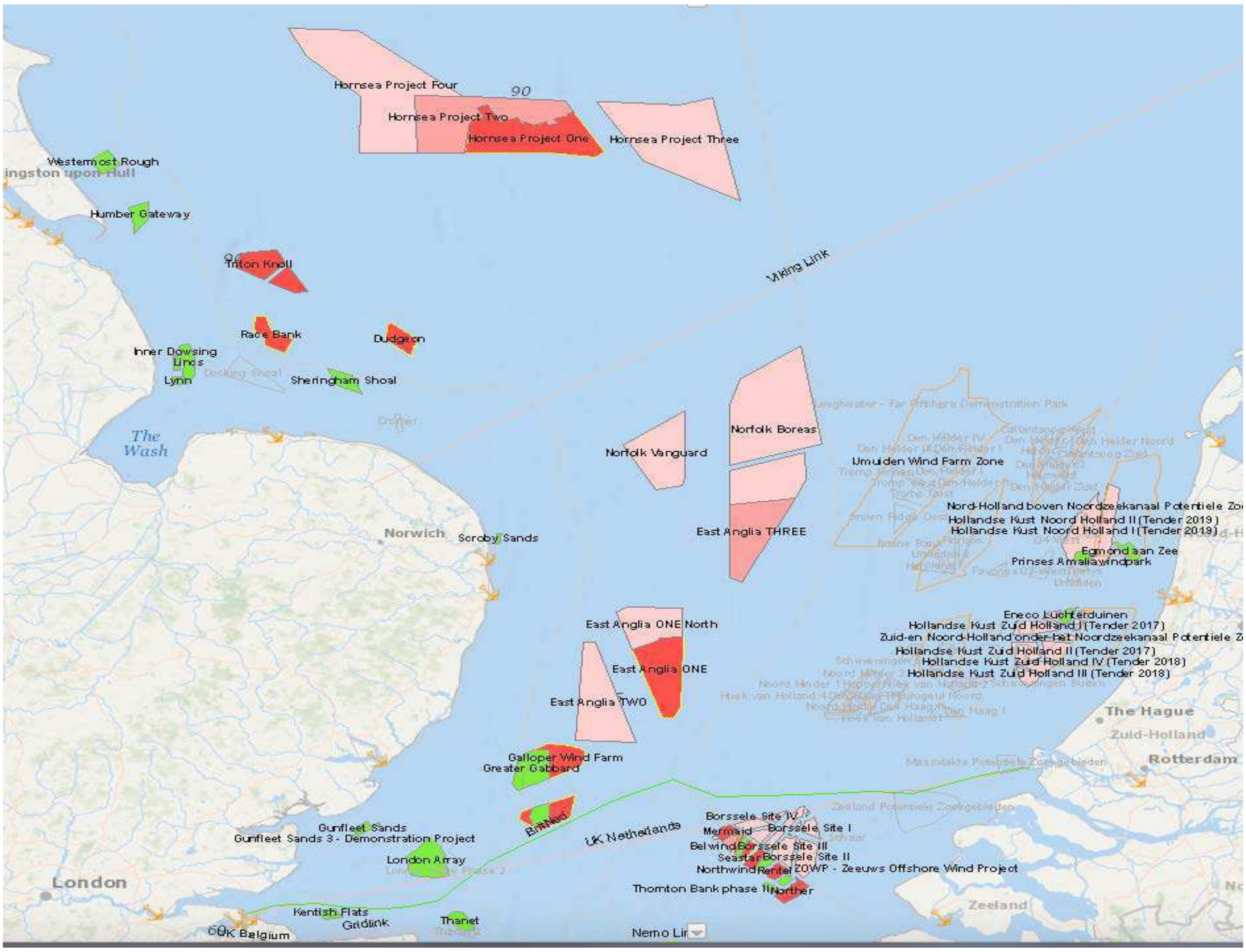
IN TRAN communication for all

If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

Appendix A – Sector Focussed Developments

This section looks in more detail at sector opportunities and what we are doing to exploit them. The main focus is on the energy sector. Other sectors are summarised and more detail can be provided at later committee meetings if required.

A1. Offshore Renewables - the Opportunity



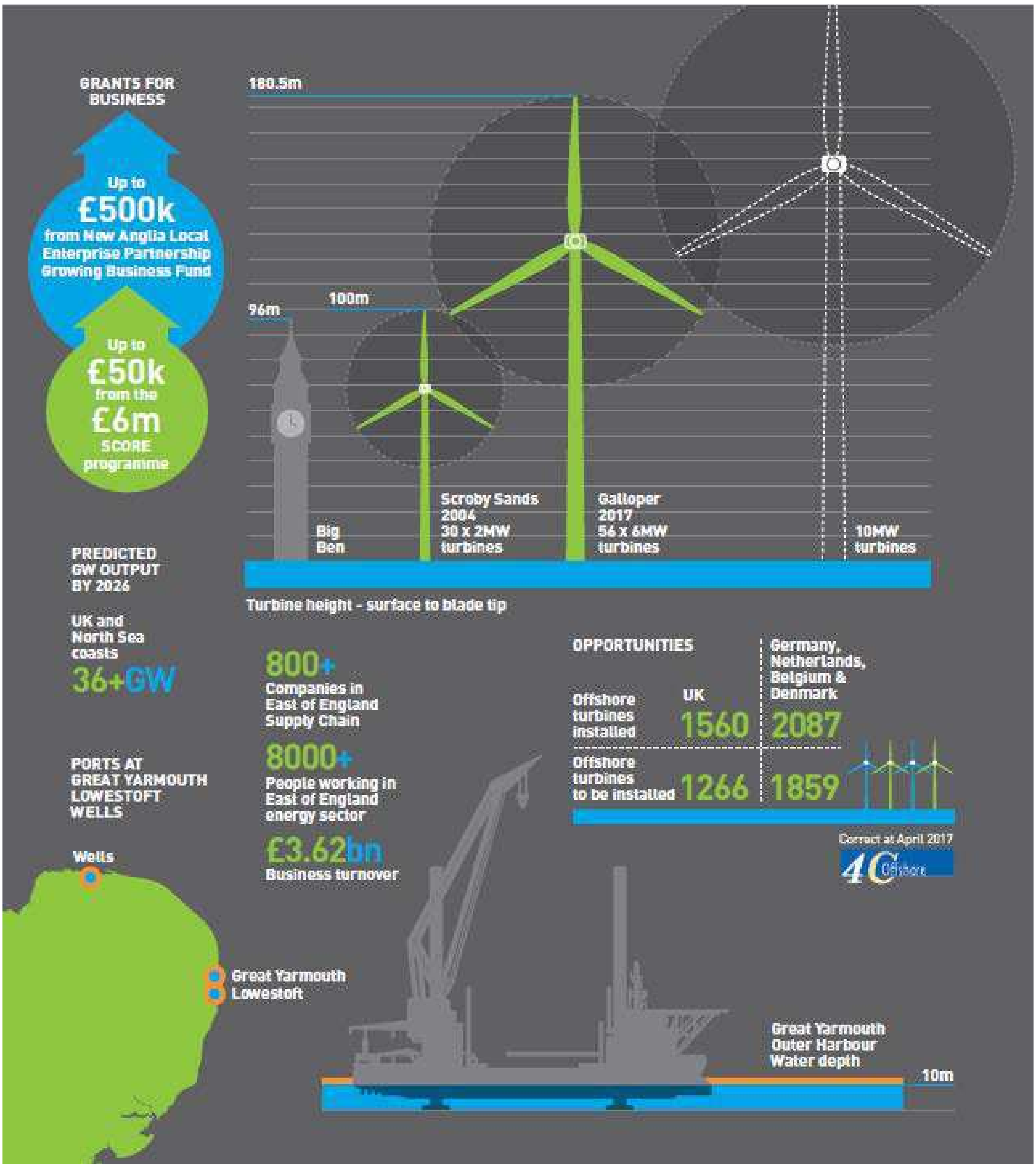
The East of England is providing the arena for the multi-billion offshore farms to keep the UK lit and heated for decades to come.

The region is supporting development through construction, pre-assembly, installation and the new growing industry of operations and maintenance (O&M).

Businesses see the attraction of being close to the largest offshore wind market in the world, with over 36GW profiled and £50 bn investment by 2020.

The supply chain has over 50 years offshore experience, with over 300 companies located in Great Yarmouth and Lowestoft.

The table below provides the key data, drawn from the latest promotional material assembled in the summer for our attendance at the Wind Europe Exhibition in London.



A2. Trends for the future

The industry has grown at a slower rate than expected partly due to political uncertainties in the past 4-5 years and partly due to developer confidence.

The key issue is subsidy levels. Considered by some to be too high and initially, offshore wind subsidies were set at £160+ per MW hour, which was well above the nuclear price of £92. However, government pressure and technological improvements saw those rates start to fall and the most recent awards in Sept 2017 confirmed a step change. Industry has made huge strides in reducing costs and Government has responded by making more cash available, plus a longer sightline to give the industry more confidence to invest.

The successful projects for CfD 2 and their respective details are listed below:

Project	Developer	Capacity	Strike Price	Delivery Year
Triton Knoll	Innogy/Statkraft	860MW	£74.75/MWh	2021/22
Hornsea 2	Dong Energy	1,386MW	£57.50/MWh	2022/23

Moray Offshore	Energias de Portugal	950MW	£57.50/MWh	2022/23

These prices were well below the target prices and are now well below Nuclear (c.£90). This auction was projected to enable 1-1.2 GW of capacity to be built, but remarkably over 3 GW has been funded. That creates a substantial market.

The prices are clearly built on where technology will be in 3-4 years' time, not where it is today. Previously bids have been broadly based on the prevailing technology (and therefore costs) at the time the bid is made. It is predicted that bidders are anticipating 10MW + turbines being available by 2022 at the latest. In turn that has to mean components, port capacity, shipping and other elements will keep pace. It is doubtful whether sufficient capacity exists across the Southern North Sea coastal ports and therefore new investment may well be required. The key issue is whether we can attract that investment to the UK – and hopefully Gt Yarmouth and other nearby ports.

A further CfD round is planned for Feb 2019 and Government has given a clear indication that further funding will be offered post 2020. This coincides with Crown Estates announcement to consult on a further round of wind farm arrays over and above the market shown on the map on Page 8.

A3. What investment can we expect

This huge industry presents a massive opportunity to the UK's economy and to those areas with deep water port access. Previous reports to this committee have presented the market opportunity in some detail. Broadly it encompasses:

- **Construction/Assembly**
- **Operations and maintenance**
- **Manufacturing investment**
- **Supply chain development**
- **Innovation**

a. **Construction and Assembly (Staging, or Marshalling)**

This is a highly visible and impressive activity. Large components are brought in bulk to the assembly port, prepared and then marshalled ready for taking out in sets to the array for installation. Usually, the foundations are all installed first as a separate event.

Gt Yarmouth has been the assembly port for the Galloper project in 2017, with Scottish Power set to use the port in 2018/19 for the first EA1 project. Triton Knoll's port will be announced in January.

Local supply chain opportunities have emerged in many aspects of installation, including cable laying. However, without UK based manufacturing local content will be modest overall.

b. **Operations and Maintenance**

This is the ongoing programme of activity to ensure the windfarm continues to generate power throughout its lifetime of 25+ years. It involves a combination of preventative and responsive maintenance, plus monitoring, power management etc.

It is usual for O&M facilities to be located nearby to the respective windfarm although the ever increasing turbine size, and decreasing number, located several hours sailing away is seeing the maintenance model evolving from a Crew Transfer Vessel (crew taken out on a daily basis) to a Service Operations Vessel (crew stays out at sea for 1-2 weeks).

Both require a shore base but it remains to be seen what later facilities will look like. The table below shows the current direct employment levels.

	Size of development	No. of O&M jobs
Sheringham Shoal (Wells/Egmere)	317MW	50
Galloper (Harwich)	336MW	90
Dudgeon (Gt Yarmouth)	402MW	70
EA One (Lowestoft)	712MW	100

Supply chain opportunities are significant, long term and local.

c. **Manufacturing**

So far, the UK has attracted limited new manufacturing investment. Siemens factory in Hull, initially planned to build turbines and blades now produces blades only. A long established Vestas factory fabricates blades in a facility on the Isle of Wight and these are finished in Northern Ireland. And the CS Wind tower plant on Machrihanish (Kintyre, Scotland). Several more were anticipated in 2013 when the Siemens plant was announced but until recently there was insufficient confidence in the longevity of the UK market

The sector has also been in a state of constant evolution making it almost impossible for existing businesses to fix an entry point. And the cost of entry is so high that new entrants will struggle to gain a foothold.

The County Council, and other partners have been in dialogue with all of the potential manufacturing investors to be aware of triggers for investment and to maintain the profile of Gt Yarmouth as a possible venue. Peel Ports are of course central to that dialogue.

d. **BVG Review Review of East Coast Port Capacity**

This major piece of work was set up by Andrea Leadsom in 2016 to examine the capabilities of East Coast ports to support the anticipated massive build out of wind farms in the North Sea. 23 ports were examined including Gt Yarmouth.

Key findings :

- Ports were assessed in terms of their ability to support Staging and/or Manufacturing

- Staging – defined as covering the storage and loading of turbine components on to vessels for delivery to the wind farm; this may also involve some on-shore assembly or commissioning ; and/or…
- Manufacturing – defined as production of large components primarily nacelles, blades, towers, foundations/monopoles, cables and offshore substations
- There was a strong preference for using ports closest to wind farms for staging as logistics costs are key
- There is ample capacity in the East Coast ports surveyed to cope with the potential staging requirements for developments in the North Sea
- Industry executives interviewed expected further announcements on supply chain development by the end of 2016 (the CS Wind investment was one of these)
- Critically they expect the further CfD rounds to stimulate investment in towers, blades and jackets which we consider good news for Gt Yarmouth.

Great Yarmouth port came out came out well in the report and presented it as accessible to most of the Southern North Sea arrays (and potentially future arrays, as well as those on the continental side.

It was assessed as capable of supporting STAGING and ONE manufacturing facility. However, this is based on what is there today, not what could be delivered. The report was unable to incorporate (then) unannounced expansion plans.

e. **Great Yarmouth Port – Expansion of Outer harbour**

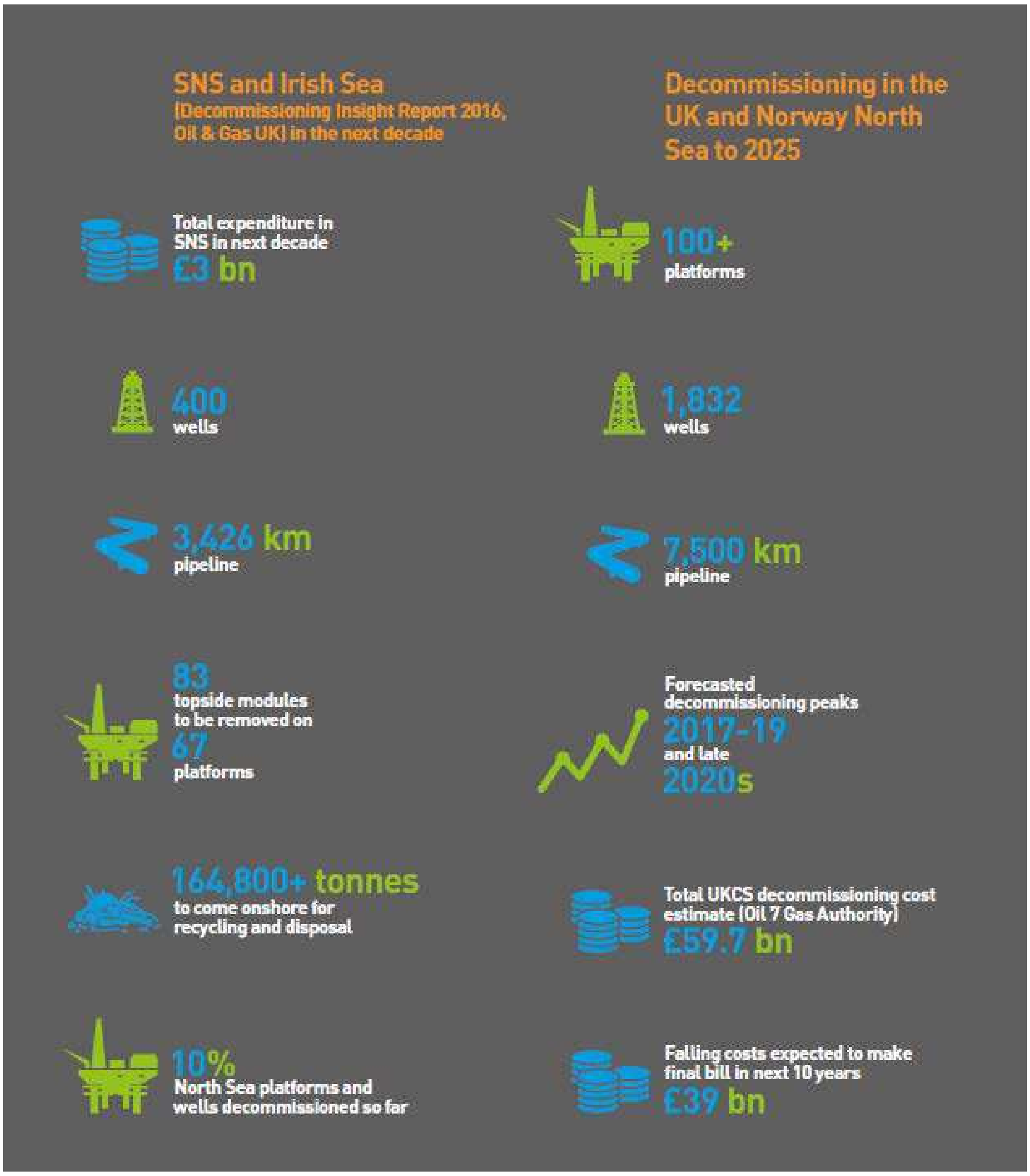
Exciting investment proposals have recently been announced by Peel Ports in the outer harbour. Already identified by the wind industry as a preferred port for marshalling and assembly, EA1 is due to start later in 2018.

In response to ongoing interest from potential investors (manufacturing and assembly), Peel Ports announced a major expansion plan as shown in the attached plan. The local authorities and the LEP will work with Peel over the next few weeks and months to try and deliver this proposal.

This will create over <u>10ha of new space, reclaimed</u> from the Outer Harbour basin, with solid berth space and potentially a second Roll on Roll Off facility to complement the one built last year on the north quay. Two assembly projects will be able to operate together.

A4. Other energy related investment

a. Decommissioning

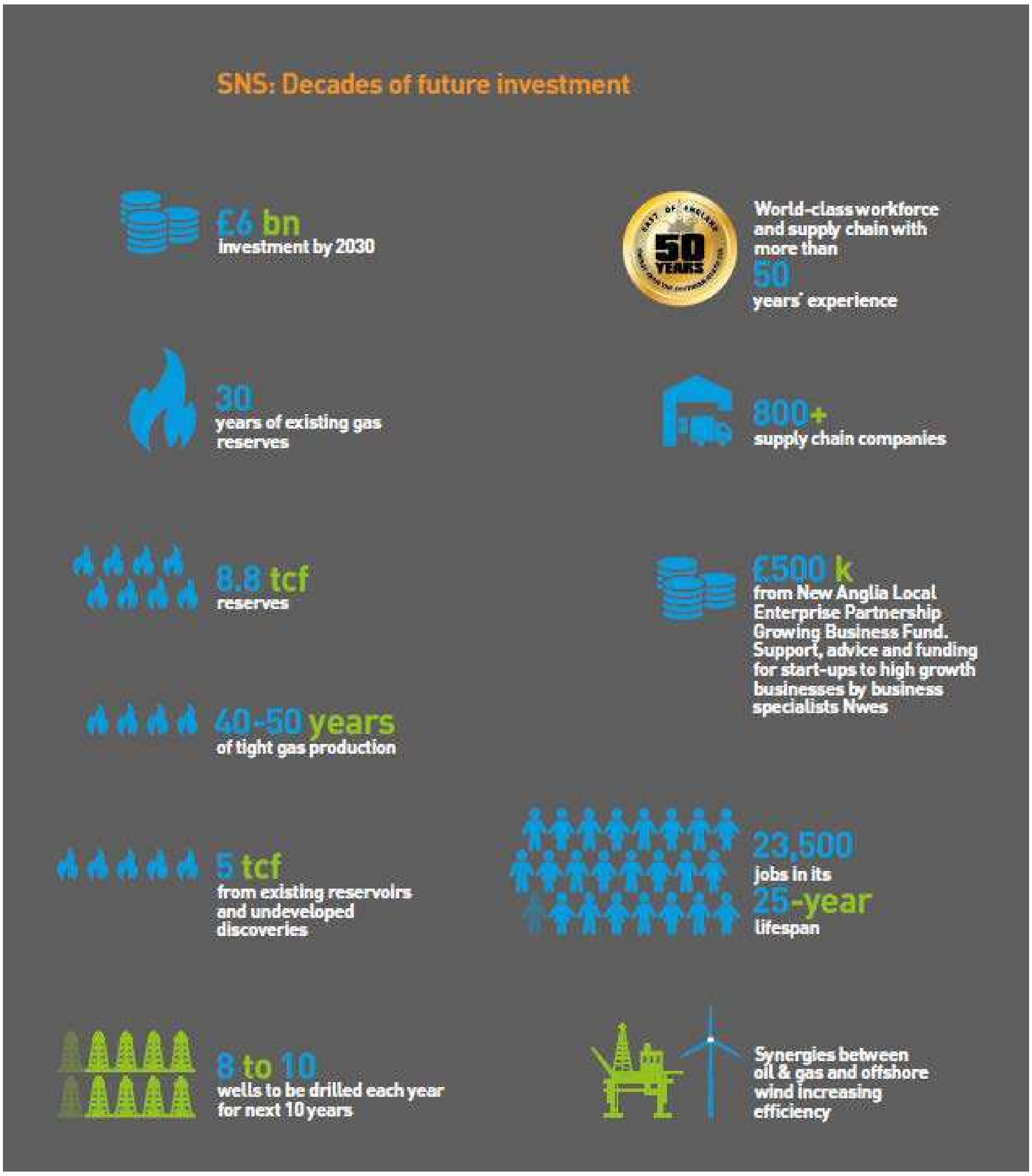


Within the Southern North Sea (SNS) there is a multi-billion decommissioning industry to remove hundreds of tonnes of aging infrastructure. Great Yarmouth port is in prime place to deliver decommissioning.

Decommissioning of existing North Sea oil and gas facilities is projected to cost £24-36bn over the next 30 years, a fruitful field for specialist companies in the region.

A decommissioning facility created by a partnership of Peterson and Veolia in Great yarmouth Outer Harbour is already handling SNS recycling projects, including a Leman topside and jacket. It is poised for the industry's peaks, predicted for the next two years and late 2020s.

b. **Oil & Gas**



The East of England coast looks out on a mature gas basin opportunity and potential in changing times.

Its supply chain and support structure is in the vanguard of this change by thinking differently, collaborative working and a competitive cost base, meeting demands for the industry to become smarter and leaner for the rise of smaller operators and the challenges of the tight (carboniferous) gas sector that promise a renaissance in SNS gas.

New discoveries - Cygnus, Tolmount, Platypus, and the recommissioning of the Thames gas pipeline bringing in new gasfrom new Blythe and Elgood fields – are bringing massive new investment to the region.

The supply chain is embracing new approaches and technologies, poised to unlock the “significant prize” of tight gas, exploring synergies with offshore renewables and the Dutch industry.

A5. Other Sectors

a. **Digital**

(*Norwich: Tech Nation Report 2017)

Norwich hosts a vibrant cluster of digital businesses, with home grown companies such as Epos Now, Foolproof, Further and Rainbird AI serving global digital technology customers. UEA and NUA's strong computing and digital creative programmes provide a ready supply of digital and creative graduate talent - and a developing Norwich based specialism in gaming. Strong university and business collaboration supports a notable range of meet up and networking platforms within Norwich, and ensures a range of annual events to inform and generate interest from the wider business community, and increasing, within schools – Step into Tech providing a shining example.

The Government's 2017 Tech Nation report recognises a vibrant digital creative sector focused on Norwich, which has seen particularly impressive growth in earnings power for digital creative positions. Norwich has benefitted from an annual average of 111 digital start-up companies between 2011 and 2015. Digital business turnover has increased by +27%. Sector specialisms include artificial intelligence; IoT; Fintech; advertising and marketing; and cyber security.

This dynamic cluster includes advertising & marketing companies such as: Proxama (worldwide platform provider of mobile contactless payment solutions), FXHome (global supplier of visual effects products), Foolproof (Europe's biggest user experience design specialist) and Further (voted the UK's no.1 agency for Digital Strategy and Content Strategy 2014). Epos Now provide till equipment and cloud-based software to the SME market.

A key driver for the growth is the strong supply of creative graduates coming out of Norwich University of the Arts (NUA) and University of East Anglia (UEA). Norwich is developing a distinctive strength in computer games. The two universities and local authorities have been strong supporters of local digital creative networks, which thrive in Norwich. Norwich has a notable "giving back" ethos within digital founder members, and they have strongly supported the networks, which include: SyncNorwich (over 1300 members), Hot Source 1100 LinkedIn members; Norfolk Developers (over 1,000 members); TechEast Ltd (created in 2016 to accelerate East Anglia's tech scene); along with other meet up groups for entrepreneurs and professions: (Norfolk Network, Norwich Hackspace/Makerspace; Digital East Anglia are good examples. Norwich TechVelocity incubator/accelerator programme was launched by the private sector in 2017. Norwich's Step into Tech provide coding clubs for kids and the #DigitalCity Trail promoted ICT to children. The Norwich Gaming Festival in 2017 attracted 40,000 visitors.

Norwich located companies benefit in other ways. According to Irwin Mitchell's quarterly tech powerhouse report Norwich had the UK's 6th fastest year on year growth rate of 2%. Norwich was one of five 'fast growth cities' identified in a 2016 report by the Centre for Cities. Quality of life is rated at 97% by digital employees; digital growth optimism is at 81%.

b. **Life Sciences**

Norwich Research Park is an international centre of excellence for life science, with strengths in plant and microbial science, genetics and genomics, food, health and the microbiome.

A co-location of four independent world-renowned research institutes the John Innes Centre, Quadram Institute, the Earlham Institute and The Sainsbury Laboratory, together with the University of East Anglia and the Norfolk and Norwich University Hospitals NHS Foundation Trust.

Quadram Institute

The Quadram Institute (QI) is a new state-of-the-art food and health research and endoscopy centre opening fully in mid-2018.

The Quadram Institute is at the forefront of a new interface between food science, gut biology and health, developing solutions to worldwide challenges in food-related disease and human health.

As a first step to realising the ambition of the Quadram Institute the Institute of Food Research (IFR) transitioned into Quadram Institute Bioscience. QI brings together research teams from Quadram Institute Bioscience, the University of East Anglia, the Norfolk and Norwich University Hospital (NNUH), as well as a new Regional Endoscopy Centre and Clinical Research Facility.

The Quadram Institute engages in fundamental and translational food and health research, alongside clinical studies and endoscopy, working together to become a leading international hub for food and health research. It is combining scientific excellence and clinical expertise to deliver better patient care and accelerate innovation. Research areas:

• Food Innovation and Health
• Gut Microbes and Health
• Microbes in the food chain
• Food, microbes and public health

NRP LLP Infrastructure Investment

Discussions are taking place with the NRP LLP, and colleagues at NALEP and South Norfolk Council over whether it is feasible for the County Council to undertake, and pay for initial infrastructure development to enable projects that are in the pipeline to take place. The County Council would recoup the costs incurred from Enterprise Zone income. The analysis is looking at the project pipeline, the works necessary and the Enterprise Zone income these projects will deliver.

c. **Agri-tech**

Agri-tech – the ability to use technology to improve agricultural production and processing yields, efficiency and profitability - has been identified by the Government as being of national importance and one of the world's fastest growing markets. Norfolk's expertise in food, plant and health science, combined with an innovative farming community, offers business extraordinary potential to contribute to that growth.

Within Norfolk and Suffolk, agriculture, food and drink generate £3.9 bn per annum, and the agritech sector employees 20,000 people. Norfolk generates over 5% of England's agricultural produce. Spend on agritech research and development in recent years has outreached London; the South East; greater Birmingham amongst others. Employment growth in science and research and development has accelerated by 50% since 2007 – compared with 19% nationally.

Norfolk has a significant number of specialist companies within the Agritech sector, including British Sugar with sites in Norwich and Downham Market; Kettle Chips in Norwich; Adnams in Southwold and poultry processors Bernard Matthews; Tulip Ltd and the 2 Sisters Group. Historical chocolate production ensures Norwich retains specialist chocolatiers with outlets in Norwich (Thorntons, Hotel Chocolat), alongside specialist craft beer, and boutique pork and poultry processing companies.

The Agritech sector has significant strengths in R&D and strong network organisations. Agri-Tech East, based in the region, is the longest established and largest regional membership organisation within the Agritech sector, and focusses on bridging academic research and agritech enterprises. Norfolk based Anglia Farmers, are the largest agricultural purchasing group in the UK with a buying power in excess of £250 million.

Innovation active companies include those in plant breeding (Floranova); agronomy services (Bayer Crop Science, G's Growers, Syngenta); and agricultural engineering (GT Bunnings, Lemkem (UK) Ltd); with entrepreneurs taking advantage of the Eastern Agritech and other grant schemes to further their R&D efforts: Agrimech Ltd; Gropod Ltd; Leaf Systems; Tropic Biosciences are recent successful applicants with a wide variety of research aims.

d. **Financial Services**

Norwich is one of the largest general insurance centres in Europe and is growing.

Norwich has been a base for the financial industries for over 200 years and boasts a financially literate, highly-skilled and stable workforce recruited from local colleges and universities. This ensures a large pool of talent which combined with the low cost base and the excellent worldwide connections makes it an ideal location to locate your new project or branch.

Norwich is also recognised by central government as one of 15 financial centres of excellence nationally. With over 50 corporate HQs in the city – Norwich is recognised as an attractive operating environment and location for investment. Employment has grown in recent years and relatively stable during recession which is testament to strength of sector, the relatively low cost location and excellent quality of life has been evidenced to shows a strong retention of the local workforce.

The collaborative financial sector is exemplified by the Financial Industries Group (FIG), which brings together the banking, insurance and finance sector to support future growth. Fig is an independent non-profit body which promotes and develops the financial industry in Norfolk and is a sector group for the county's economic development partnership between the public and private sectors. Fig acts as a catalyst and broker to meet the needs of the industry in order to keep it thriving and keep it local. Companies such as Marsh, Aviva and Swiss Re are strong supporters of FIG.

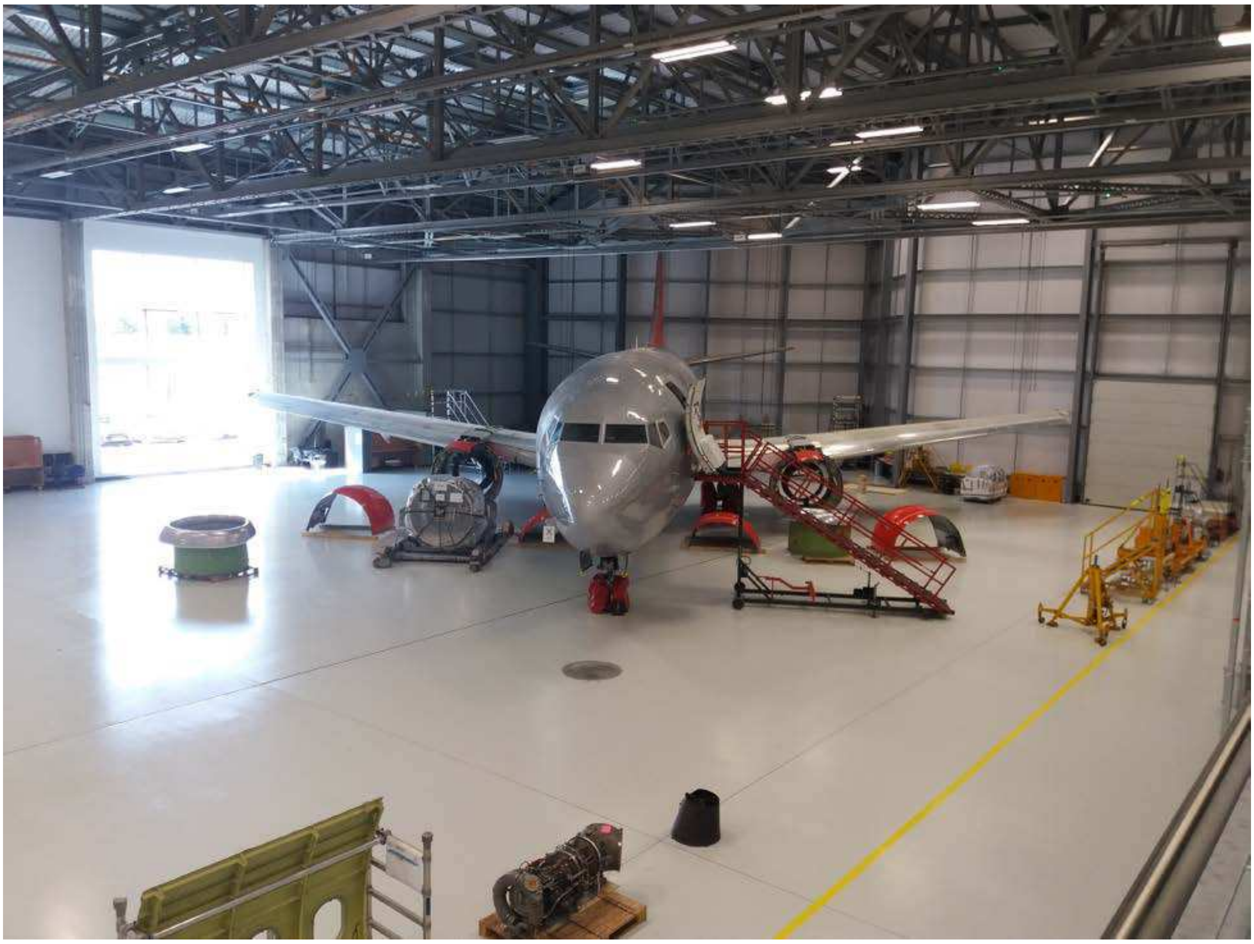
Norwich has over 11,000 highly skilled individuals employed with capabilities in insurance, investment, banking, accountancy, audit, actuarial science, statistics and business administration

Within a reasonable commute (e.g. Cambridge), there are additional substantial pools of skills. People already commute readily from these areas, or relocate as necessary. Indeed, the lower costs of living in Norwich make a move highly attractive.

- National Skills Academy for Financial Services (NSAFS) in Norwich. An educational charity working directly with employers to govern and deliver a skills training programme that is bespoke and industry led. This is increasing the number of skilled people in the sector, improving training for existing employees and making training relevant to business needs.
- University of East Anglia (UEA) in Norwich. Ranked in the top 1% of HE institutions in the world. The UEA has a top ranking Business School offering degrees in accounting, finance management and marketing. There are also MSc courses which include advanced business management, international accounting and CFA accredited financial management along with full and part time MBA courses.
- UEA School of Computing Science is one of the largest and most experienced computing schools in the UK
- UEA Actuarial Sciences incorporates multi-disciplinary teaching, combining expertise of Schools of Computing Science, Mathematics, Economics and Norwich Business School to engage with real world business issues and opportunity to be taught by professional actuaries from Aviva.

The collaborative financial sector is exemplified by the Financial Industries Group (FIG), which brings together the banking, insurance and finance sector to support future growth.

e. **Advanced Manufacturing & Engineering**



(*Norwich International Aviation Academy 2017)

From sports cars to food processing, this sector is the 3rd largest in Norfolk, employing 10.3% of the workforce and is hungry for more.

With cutting edge automotive engineering companies, a wealth of advanced materials manufacturers and diverse specialisms in aviation, maritime, energy, electronics and food machinery there is a diverse mobile skill force able to support new projects and adapt to changing technologies.

We are home to several advanced manufacturing clusters, including automotive, civil aviation, composites and pharmaceuticals. Manufacturing and engineering in Norfolk supports a number of key sectors.

The advanced manufacturing sector in Norfolk is a reflection of the area's diverse economic strengths. Advanced manufacturing strengths include civil aviation, pharmaceuticals and energy supply chains. Hethel Engineering Centre is the regional hub for innovation and technology and is expanding to meet the demand for incubation space in this growing sector.

There are several specialist advanced manufacturing companies in the area, including: Lotus, a class-leading manufacturer of sports cars; Multimatic, a specialist in vehicle dynamics; and API technologies, whose electronic products are used by global defence, industrial, and commercial customers.

The manufacturing and engineering industry is changing: with a shift away from metal to composite materials; a focus on renewables and biological substances; industrial biotechnology and plastic electronics; and new aerospace technologies. Norfolk has already established itself as a centre of excellence within these areas and with both large employers and concentrations of smaller businesses making their mark as experts and innovators.

The New Anglia Advanced Manufacturing and Engineering (NAAME) provides a business-led voice and secures income to deliver business support programmes, pilot innovation programmes and support for business start-ups. The group works with the New Anglia LEP on skills and innovation projects.

The sector is supported by world leading institutions like the Norwich International Aviation Academy, a unique 'real world' learning environment covering all facets of aviation on a full size, working aircraft, as well as the Hethel Engineering Centre, the region's advanced engineering hub, which has ambitious plans to become a Technology Park – sitting alongside the Norwich Research Park for biosciences.

Hethel Engineering Centre and the Norwich Research Park sit within a concentration of technology businesses that stretches from Norwich to Cambridge along the A11 road. Norfolk plays host to a number of key industry sectors, many of which are of national importance, including the energy hub on the east coast, advanced engineering, and manufacturing, together with world-class food, life-science and agri-tech expertise and a fast growing digital creative cluster.

These sectors present attractive investment opportunities: plenty of space for businesses to start up and grow; quality, cost-effective, commercial property compared to London and the South East; as well as lower than average operating, property and living costs. All of which is underpinned by a comprehensive business support framework, vibrant business and sector networks and a stable skills base.

There are targets to generate 57,000 more jobs, 5,300 new businesses and 73,000 more homes by 2026 supported by the City Deal with the Government which will contribute significantly to achieving these plans.

A6. Norfolk's Sector Propositions for Government

Norfolk County Council 's Economic Development team works with key stakeholders from business, local government and academia to develop 'our offer' in key sectors and raise awareness with central government.

This has been particularly effective through the East of England Energy Zone marketing and also through our Tech East brand.

Going forward, Norfolk County Council will be working closely with New Anglia LEP's Sector Groups, aligning Norfolk and the LEP's growth priorities. The aim is to produce sector and sub sector propositions, which are endorsed by both business and public sector, highlighting specific strengths for Norfolk – such as our offer in the renewables sector.

The Sector Propositions will raise awareness in government and overseas, attracting investment leads, where the Economic Development team aim to facilitate a pipeline of enquiries and achieve a higher rate of inward investment successes.

Appendix B – Invest East – ERDF programme

Para.	**Project Overview**
1.1	The Invest East programme aims to enhance the reputation and capability of investment readiness support to accelerate businesses that wish to scale up and to use the outcomes, case studies and messages from this work to enhance and provide assurance to foreign investors that there is a healthy local investment offer and that Norfolk and Suffolk demonstrate a fantastic opportunity for investment.
1.2	There are delivery 4 partners in the project, bringing in their specialism and match to support the bid, providing best value to the target market for the project. This will be further underpinned by the Growth Hub who will be the main point of contact, facilitating referrals to and from the programme. All interactions with businesses will be recorded via the LEP CRM to ensure the most effective support is provided to the businesses, linking in with local partners.
1.3	• **Investment readiness support:** Delivering investment readiness workshops, training and guidance. UEA (Adapt) will lead, they have been managing the LCIF for a number of years and have been successfully providing support to LCIF applicants. This will be enhanced and run across both counties for businesses targeting any investment fund. There will be 4 cycles of support over the 3 years with each cycle proving up to 40-50 hours of intensive support for 30 businesses, with opportunities for other businesses to receive elements of the programme as needed, referring to and from the Growth Hub network.
1.4	• **Investor Support Programme:** landing and account managing external investors, supporting and developing external promotion offers with NALEP. Norfolk and Suffolk will lead in their respective counties and have been providing investor support since EEDA was abolished in 2012, since that time the rate of enquiries landing in Norfolk and Suffolk has significantly increased and through the bid the local offer and processes will be greatly enhanced to further close the gap with other competitive regions.
1.5	• **Promotion and profile raising:** External promotion on a national and international forum to draw in investment and talent. New Anglia LEP will lead, being the entity national investment stakeholders look to understand the local offer, alongside their local sector groups which will be crucial in targeting market opportunities and developing sector offers.
1.6	The total project size is £1.8m, running April 2018 – 2021. Only supporting SME's it will deliver 150 intensive business supports, 5 additional SME investors landed, 80 jobs, 40 new products from businesses and will engage with a rage of investor stakeholders and local partners to develop/support campaigns. Support for larger business enquires will still take place but not under the ERDF bid.
1.7	The bid was submitted in August 2017 via written procedures to aim for a verdict in late January/early Feb 2018.The first question set has been resolved and there is no evidence of any issues that would prevent approval of the ERDF funding.

Business and Property Committee

Item No.

Report title:	Scottow Enterprise Park – vision for future development
Date of meeting:	18 January 2018
Responsible Chief Officer:	Tom McCabe – Executive Director, Community and Environmental Services

Strategic impact

Scottow Enterprise Park is a large and diverse space, operating as an enterprise park focused on incubating start-ups. Operations on the park directly contribute to making Norfolk a place where businesses are able to grow. It also provides a financial return to the County Council.

Executive summary

The Committee received an update on Scottow Enterprise Park at the meeting in September 2017 which focussed on the journey so far. This report aims to seek Member's views on potential future projects, in the context of developing the future direction of the site. This includes views on:-

- The overall approach to development (as summarised at Appendix B)
- Storage and workshop space
- Hangers
- 2nd site vehicle entrance
- Buildings outside SEP boundary - Sergeant's mess, Officer's mess and Newton House

Recommendations:

1. **The Committee is asked to consider and comment on the approach and potential future projects set out in this report, in the context of understanding the Committee's views about the long-term vision for the site.**

1. Introduction

1.1. In September 2017, the Committee received an update on Scottow Enterprise Park (SEP). That report focussed on the journey so far in terms of:-

- Investment in the site
- Marketing the site
- Encouraging enterprise/sector growth
- Heritage and community activities
- Operational performance

It also reminded Members of the current agreed development vision and the contribution that the site is making to the North Norfolk economy and beyond.

1.2. This report aims to prompt discussion about the long-term future direction of the Park. Whilst there is an agreed development vision, it is important that Members continue to have the opportunity to shape the future direction of the site. This will help ensure that future project or development decisions can be made in that context.

1.3. This report does not propose a formal Master Plan for the site or ask Members to make any specific decisions at this stage. Rather, it is an opportunity to consider what the Committee would like to see the site used for in the future, so that efforts can be focussed on delivering those opportunities. In particular, it will be helpful in terms of making sure we don't make any commitments in the short-term that could be at odds with the overall future vision.

2. The site now

2.1. To help Members to understand the current position in terms of site development and the plans already in train, a short presentation will be given to Members at the Committee meeting by the Managing Director of Hethel Innovation Ltd, who have been commissioned by the County Council to operate and manage the site.

2.2. A site plan is also included at Appendix A.

3. Overall approach to future development

3.1. The Council has commissioned Hethel Innovation Ltd (HIL) to manage and operate SEP on its behalf. A separate entity (e.g. an Ltd company) has not been set up and SEP continues to be part of the County Council. However, the site is operated with business principles in mind, which is one of the reasons why HIL has been commissioned. This includes operating a profit and loss account approach – see Appendix B for details of the current and forecast profit and loss.

3.2. Overall, the key principle has been to continue to keep a well maintained set of assets to ensure that they don't fall into disrepair (or in some cases further into disrepair) so that they can be ready for us to capitalise on as opportunities arise.

3.3. The guiding principles being used for the journey of development (to support the agreed vision) is set out in the diagram at Appendix C. This includes key phases and objectives for development. There isn't a one size fits all approach to applying the principles, and in practice there will be parts of the site that a further along this development journey than others.

4. Potential future projects and developments

4.1. Below is information about some specific projects and developments that could help shape the future of the site. We are not asking Members to agree any of these specific projects, and they will all be subject to the relevant decision making, legal and planning processes. Rather, these are included for Members to comment on in the context of developing the future direction of the site.

4.2. **Storage and workshop space**

4.2.1. There is currently a storage zone on site. It consists of a number of small storage spaces that are not intended for regular activity.

4.2.2. The SEP team regularly receive enquiries and requests about the site, and will meet these wherever possible. The most common request that we are currently unable to meet relates to very small (1,000-3,000 sqft units) or small (up to 5,000 sqft units) units, either for storage or workshops.

4.2.3. As we know there is demand in the market, we are developing ways that we can meet this demand. The intention is to create a small Container Park, initially with around 10 units. This small Container Park will allow early stage and micro businesses to rent a container of 20 or 40ft in length.

4.2.4. The second proposal is to construct small workshops. These buildings will be relatively basic (outer shells with access to some basic facilities e.g. kitchens). This is a low cost option and enables maximum flexibility in terms of how the space can be used.

4.2.5. A more detailed report/business case can be brought to the next meeting for the Committee to consider, if Members feel this approach fits with the long term vision for the site.

4.2.6. Generally, storage will generate lower rental returns that more 'furnished' space like office buildings. However, the size and nature of the site means that we are able to develop storage/workshop opportunities in areas likely to be unsuitable for any other type of use.

4.3. **Hangars**

4.3.1. The hangars are the largest buildings on site (the largest has a floor area of 64,105 sqft). They have local listing status and are within the site's conservation area. Two of the hangars have been used for storing sugar for some time, but this needs to stop due to a number of planning issues and constraints. Another hanger is leased to a manufacturing business.

4.3.2. Work is underway to identify new tenants for the hangers. We are looking to attract a higher calibre of tenants who are focused in advanced engineering and high value manufacturing, as per the STEM focus of the site. This will support business growth and job creation. This type of approach should attract a higher level of rental income than using for just storage and we have a new rental strategy in place. To date, there has been some promising market interest registered for some of the hangers, from companies focussed in either advanced engineering or high value manufacturing.

4.3.3. The condition of the hangars is fair and there are no major structural issues. However, some work is needed, including to replace the original asbestos roof on two hangers. This is being progressed within the agreed capital budget for the site.

4.4. **2nd site vehicle entrance**

4.4.1. In looking at the current and expected future needs of the SEP site itself, the existing site entrance is sufficient and there is currently no business case for developing a 2nd entrance. Whilst the number of HGV movements on site is restricted (through planning conditions), the number of movements is well below the maximum level.

4.4.2. There is land surrounding the site, in private ownership, which could be suitable for future housing developments. Whilst there are no current plans in development, the area to the North West of the site would seem to be the most likely to be suitable for new housing.

4.4.3. If new housing was to come forward, or a commitment for new housing is given, then it will be useful to consider a 2nd entrance for the site, potentially in the North East corner. A new entrance would enable business/commercial and residential journeys to be separated, reducing safety risks and ultimately enabling a more attractive offer for potential residents of any new housing. It would fit in with the Council's ambition to seek to put infrastructure improvements in place in advance of developments, to encourage and help unlock the market.

4.4.4. A new site entrance could cost in the region of £1-2m.

4.5. **Buildings outside SEP boundary - Sergeant's mess, Officer's mess and Newton House**

4.5.1. The Sergeant's and Officer's mess buildings are currently outside the SEP boundary, as previously agreed by Policy and Resources Committee. This was on the basis that they may be suitable to develop into residential accommodation in some form.

4.5.2. Work has been carried out to review potential opportunities, including working with external property development experts to develop potential plans and joint ventures. This work has taken longer than originally planned, which has unfortunately meant that the buildings have continued to be unused.

4.5.3. The Sergeant's mess continues to have a number of potential commercial opportunities which could be progressed, and it would be useful to hear Members views on which of these may fit best in terms of the long-term vision for the site. The most promising are the following:

1. residential development – potentially through a joint-venture with a development or progressed through the Council's company (Repton)
2. office and/or business incubation space
3. community facilities (e.g. café, crèche) for those working on or near the site
4. a combination of 2 and 3

A detailed report will be bought to the March Committee on the proposals for the Sergeants mess.

4.5.4. There is another building outside the boundary of SEP called Newton House which could also provide opportunities to deliver 2-4 above. The building is owned by the Ministry for Justice and is not currently on the market. Officers will explore the opportunity to acquire this building and report back to subsequent committees.

4.5.5. For the Officer's mess, NCC have been working with a developer to explore various options around the site, however a number of issues have been identified. A number of options have been considered for this building, however the recommendation is for NCC to divest itself of the site, given the specialist nature of this building.

5. Financial Implications

5.1. There are no financial implications arising from this report, given that Members are not being asked to make any decisions at this stage. Any implications relating to future development of the site will be considered and included in the further report to Committee.

6. Issues, risks and innovation

6.1. As with the development of any site, there is a risk that projects may not ultimately the deliver the outcomes and income expected.

6.2. Operating SEP under business principles means that it will be impacted by market factors, not least because there is a reliance on generating sufficient income from tenants/leases. This provides both a risk and an opportunity.

7. Background

7.1. Report to Business and Property Committee dated 8 September 2017 – titled 'Scottow Enterprise Park – Update'

Report to Economic Development Sub-Committee dated 14 July 2016 – titled 'Scottow Enterprise Park – Update'

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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Email address :	tom.mccabe@norfolk.gov.uk		
Officer name :	Simon Coward – Managing Director, Hethel Innovation Ltd	**Tel No. :**	01953 859100
Email address :	info@hethelinnovation.com		

IN TRAN communication for all

If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

Appendix A

Scottow Enterprise Park – site plan

Appendix B

Scottow Enterprise Park
Current 5 Year Business Plan

Revenue	**Year 1** **16 / 17 Actual** **£ 000**	**Year 2** **17 / 18 Latest forecast** **£ 000**	**Year 3** **Business plan - 18 / 19** **£ 000**	**Year 4** **Business plan - 19 / 20** **£ 000**	**Year 5** **Business plan - 20 / 21** **£ 000**
Income - building rental, PV/solar and service charges	1,079	1,330	1,502	1,887	1,849
Total Revenue	**1,079**	**1,330**	**1,502**	**1,887**	**1,849**
OVERHEADS					
Overheads	772	802	857	930	979
Total Overheads	**772**	**802**	**857**	**930**	**979**
OPERATING PROFIT	**307**	**528**	**645**	**957**	**870**

Capital programme

Members have previously agreed a capital funding for Scottow Enterprise Park, to enable site improvements etc. There is a remaining capital allocation of £4.7m available. Capital funding is only drawn down as needed, and subject to relevant business cases. Officers will seek to generate funding from alternative sources to fund improvements and developments, for example through external funding bids, to ensure that we only call on the capital allocation when needed.

Key phases and objectives for development of Scottow Enterprise Park

SCOTTOW ENTERPRISE PARK PHASED DEVELOPMENT

	KEY PHASES	KEY OBJECTIVES		
0	BUILD THE FOUNDATIONS	REPAIR / BUILD INFRASTRUCTURE	EMBED ROBUST & EFFECTIVE SYSTEMS	RECRUIT SKILLED, FLEXIBLE & ADAPTABLE TEAM
1	MARKET THE OFFER	DEVELOP CLEAR VISION & OFFER	RUN BUSINESS OPEN DAYS / VISITS / CONSULTATION	DELIVER EFFECTIVE COMMUNICATION THROUGH NEWSLETTERS / WEB / SOCIAL MEDIA
2	INCUBATE START UPS / GROW BUSINESSES	DELIVER STARTUP MASTERCLASSES & ENTERPRISE OPEN DAYS	LAUNCH ON SITE INCUBATION SPACES	LAUNCH NORTH NORFOLK MANUFACTURING GROUP
3	ENGAGE COMMUNITIES / RESPECT HERITAGE	WITH SOCA PARTNER DELIVER HERITAGE INVESTMENT & DELIVERY PLAN	DELIVER SCHOOL / COLLEGE / UNIVERSITY ENGAGEMENT PROGRAM	OPERATE COMMUNITY & ENTERPRISE FUNDS
4	NEW BUILD EXPANSION	UNDERTAKE SITE MASTERPLAN	BUILD TO MEET DEMAND OF GROWING BUSINESSES	DEVELOP ASSOCIATED SERVICES & FACILITIES
5	BE AN ENGINE OF GROWTH	SUPPORT BUSINESSES CREATING INNOVATION & TECHNOLOGY PLATFORMS	FACILITATE COLLABORATIONS BETWEEN BUSINESSES & ACADEMIA / RESEARCH INSTITUTIONS	PILOT SCIENCE, RESEARCH & TECHNOLOGY PROJECTS

Business and Property Committee

Item No……

Report title:	**Disposal, Acquisition and Exploitation of Properties**
Date of meeting:	**18 January 2018**
Responsible Chief Officer:	**Executive Director of Finance and Commercial Services**

Strategic impact

Proposals in this report are aimed at supporting Norfolk County Council (NCC) priorities by exploiting properties surplus to operational requirements, pro-actively releasing property assets with latent value where the operational needs can be met from elsewhere and strategically acquiring property to drive economic growth and wellbeing in the County.

One of the key strategic actions within the Asset Management Plan is a sharp focus on maximising income through adoption of a more commercial approach to property.

Executive summary

As part of corporate management of property and a systematic approach to reviewing the use and future needs of property assets for service delivery there is a continued emphasis on minimising the extent of the property estate retained for operational purpose. However on occasion there will be the requirement to acquire or reuse a particular property to support a service to delivers its aims.

By adopting a "single estate" approach internally, and sharing property assets with public sector partners through the One Public Estate programme, the Council is aiming to reduce net annual property expenditure by a further £4.2 million over the next three years.

Consideration is also given to suitability of surplus property assets for use or redevelopment to meet specific service needs that could improve quality of services for users, address other policy areas and/or improve financial efficiency for the County Council, for example, facilitating the supply of assisted living accommodation and other housing solutions for people requiring care, undertaking re-development to support jobs and growth.

This means that as well as continuing with the rationalisation of the operational property estate to reduce the number of buildings used by the County Council, a more commercial approach is being adopted over the sale or redeployment of surplus property assets.

Recommendations:
Business and Property (B&P) Committee are asked to:

(i) Formally declare Abbott Farm Barns, Binham surplus to County Council requirements and instruct the Head of Property to dispose of the

property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous bid and report the fact at a subsequent B&P Committee meeting.

(ii) Endorse the amendment to the boundaries of the previously disposed land adjoining Low Farm Buildings, Postwick Lane - Brundall

(iii) Formally declare the Land at Brancaster Road, Docking surplus to County Council requirements and instruct the Head of Property to dispose of the property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous bid and report the fact at a subsequent B&P Committee meeting.

(iv) Formally declare this parcel of land rear of Rear of Church Road, Hilgay surplus to County Council requirements and instruct the Head of Property to dispose of the property to the adjoining owner. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous bid and report the fact at a subsequent B&P Committee meeting.

(v) Formally declare Oaklands Farm House, Sidegate Road, Hopton on Sea surplus to County Council requirements and instruct the Head of Property to dispose of the property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous bid and report the fact at a subsequent B&P Committee meeting.

(vi) Formally declare the Land at Martham Estate, amounting to 8.22 acres, surplus to County Council requirements and instruct the Head of Property to dispose of the property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.

(vii) Formally declare this parcel of land rear of 5/6/7 Blanks Close, Mautby surplus to County Council requirements and instruct the Head of Property to dispose of the property to the adjacent owner for £46,000.

(viii) Formally declare Part of Covert Farm (also known as Decoy Farm), Woodland Area, Mautby surplus to County Council requirements and instruct the Head of Property to dispose of the property to tenant A. In the event of a disposal receipt exceeding delegated limits the Head of

Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.

(ix) Formally declare the Land at Back Lane, Rollesby surplus to County Council requirements and instruct the Head of Property to dispose of the property to the licensee. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.

(x) To authorise the Executive Director of Finance and Commercial Services Head of Property to arrange for NCC to enter in to a lease with Swift Aircraft Ltd for hanger 2 at Scottow Enterprise park.

(xi) Formally declare Wash Farm Premises, Dexter Road, Stow Bardolph surplus to County Council requirements and instruct the Head of Property to dispose of the property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.

(xii) Note the progress of the property disposal programme.

1.0 Introduction

1.1 The Council actively manages its property portfolio in accordance with the adopted Asset Management Plan. Property is held principally to support direct service delivery, support policy objectives, held for administrative purposes or to generate income. Property is acquired or disposed of as a reaction to changing service requirements, changing council policies or to improve the efficiency of the overall portfolio.

1.2 The County Council challenges the use of its property on an ongoing basis. In the event of a property asset becoming surplus to a particular service need there are internal officer processes to ascertain whether other service areas have an unmet need that could be addressed by re-using the property asset for that service. This may lead to a change of use of individual properties, for example, an office building may be reused for operational service delivery. Any proposals for retention are only agreed if supported by a robust business case showing the benefits to the County Council and are funded from approved budgets. This assessment will also consider whether a property could be offered at best consideration to public sector or third sector partners.

1.3 The above assessments are carried out by the Corporate Property Officer (the Head of Property) in consultation with the Corporate Property Strategy Group (CPSG). Once it is confirmed there is no further County Council requirement the Business and Property Committee is asked to formally declare property assets surplus or re-designate for alternative purposes.

1.4 The Corporate Property Officer reviews options for maximising income from surplus properties usually by open market sale to obtain the best consideration possible. These will range from selling immediately on the open market (to the bidder making the best offer overall), enhancing the value prior to sale, strategic retention for a longer term benefit through to direct development of the land and buildings and selling/letting the completed assets, in the expectation of enhanced income for the Council.

1.5 For properties to be sold immediately there is sometimes a need to consider selling directly to a specific purchaser instead of going to the open market. This may be justified where the third party is in a special purchaser situation and is willing to offer more than the assessed market value. Conversely this might be to a purchaser who is in a unique position of control for the unlocking of the full latent value of the Council owned site (ransom situation). A direct sale without going to market can also be justified if there are specific service benefits or a special partnership relationship which is of strategic value with service/community benefits.

1.6 In making recommendations for direct sale without going to market, or direct property development, the Corporate Property Officer will consider risks, opportunities, service objectives, financial requirements and community benefits.

2.0 Proposals

Binham – Abbott Farm Barns

2.1 This property was acquired by NCC and is part of the County Farms Estate. The site is approximately 2,611 m² (0.64 acres/0.26 hectares) in area and comprises a number of barns and sheds, edged red on plan.

2.2 The County Farms Team have reviewed this site and determined it is no longer required for operational use.

2.3 Following a review by the Head of Property in consultation with CPSG it has been confirmed that the site is not required for NCC service use.

2.4 One of the barns (building 2000) has approval for conversion to a residential dwelling under class Q of the Town and Country Planning (General

Permitted Development) (England) Order 2015. The Corporate Property Team are currently exploring options for exploiting the remainder of the site.

2.5 B&P Committee is asked to formally declare Abbott Farm Barns, Binham surplus to County Council requirements and instruct the Head of Property to dispose of the property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.

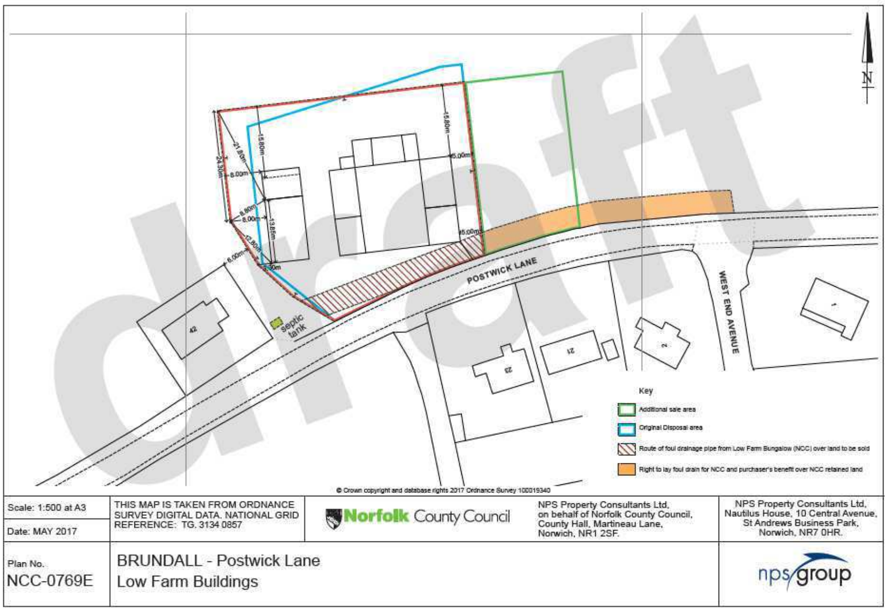
Brundall - Land Adjoining Low Farm Buildings, Postwick Lane - Brundall Estate

2.6 County Farm land at Low Farm Brundall was previously sold to Grand Old Oak Developments Limited (area edged blue on plan).

2.7 For practical reasons the developer wishes to amend the boundaries to the land as shown edged red on the attached plan.

2.8 The land involved in these transactions is let to a County Farms tenant and is aware of the proposed boundary amendment.

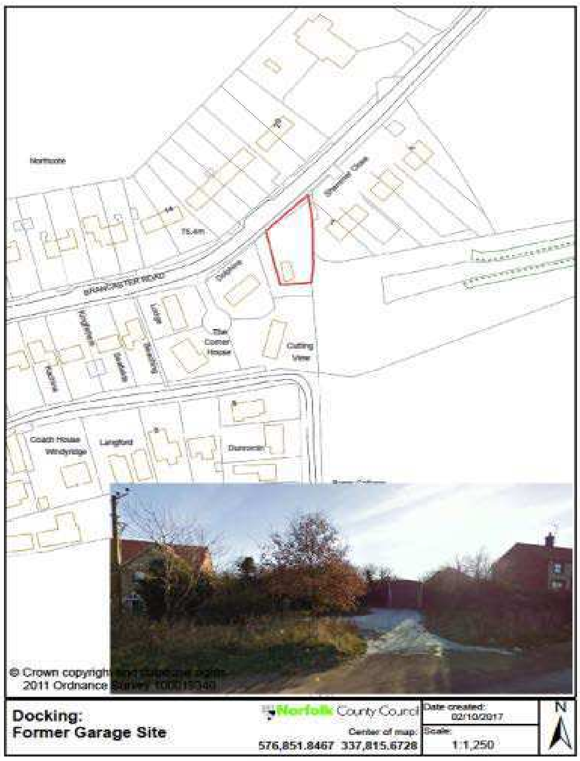
2.9 B&P Committee is asked to endorse the amendment to the boundaries of the previously disposed land adjoining Low Farm Buildings, Postwick Lane - Brundall



Docking – Land at Brancaster Road

2.10 This property, edged red on plan, was acquired by NCC and for many years was used as a highway depot before being utilised as a community bus garage. This use ceased over a year ago and the property is currently vacant.

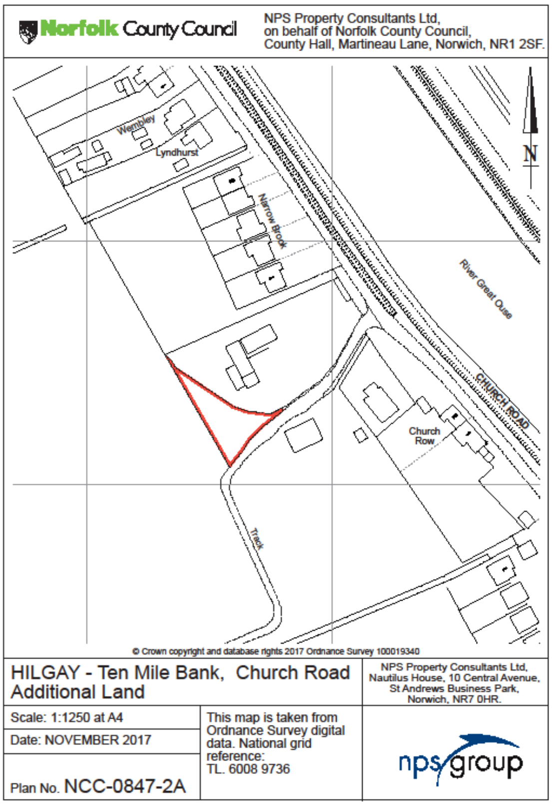
2.11 Following a review by the Head of Property in consultation with CPSG it has been confirmed that the site is not required for NCC service use.



2.12 B&P Committee is asked to formally declare the Land at Brancaster Road, Docking surplus to County Council requirements and instruct the Head of Property to dispose of the property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.

Hilgay – Land to the Rear of Church Road

2.13 This property, edged red, is owned by NCC and forms part of the County Farms estate known as Hilgay (Ten Mile Bank). The property area is approximately 0.13 acre (0.05 Hectare).



2.14 The adjoining owner has made enquiries about purchasing this land directly. They had previously purchased their site from the County Council earlier in 2017.

2.15 The land in question is let but is not used operationally by the tenant. The tenant has agreed to the surrender of this parcel of land.

2.16 The County Farms Team have reviewed this site and determined it is no longer required for operational use.

2.17 Following a review by the Head of Property in consultation with CPSG it has been confirmed that the site is not required for NCC service use.

2.18 To ensure best value the County Council has sought expert valuation advice to use as a basis for negotiation.

2.19 The purchaser will seek the necessary planning permission for change of use.

2.20 B&P Committee is asked to formally declare this parcel of land rear of Church Road, Hilgay surplus to County Council requirements and instruct the Head of Property to dispose of the property to the adjoining owner. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.

Hopton on Sea – Oaklands Farm House, Sidegate Road

2.21 This site is owned by NCC and forms part of the County Farms estate. It is 5 acres (2 hectares) in size and comprises a 3 bed house and outbuildings, edged red on plan.

2.22 The County Farms Team have reviewed this site and determined it is no longer required for operational use.

2.23 Following a review by the Head of Property in consultation with CPSG it has been confirmed that the site is not required for NCC service use.

2.24 B&P Committee is asked to formally declare Oaklands Farm House, Sidegate Road, Hopton on Sea surplus to County Council requirements and instruct the Head of Property to dispose of the property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.

Martham – Land at Martham Estate (8.22 acres Field)

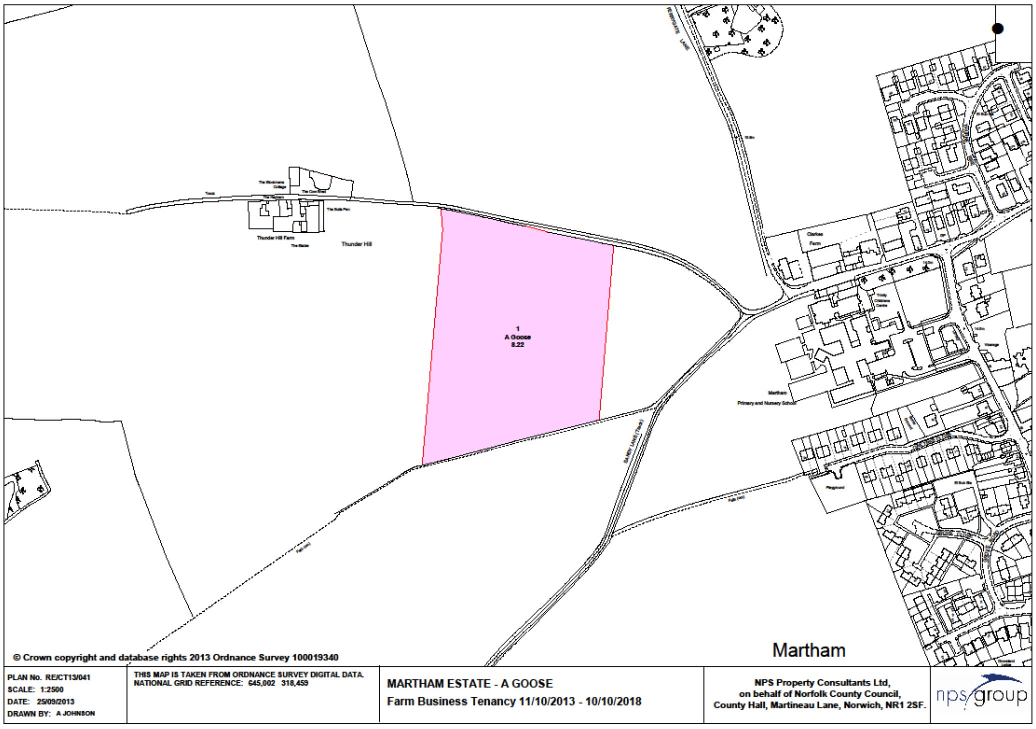
2.25 This land is owned by NCC and forms part of the County Farms estate. It is a single isolated field of 8.22 acres (3.32 hectares) in area, shaded pink on plan. It is currently let to a County Farms tenant.

2.26 The County Farms Team have reviewed this site and determined it is no longer required for operational use.

2.27 Following a review by the Head of Property in consultation with CPSG it has been confirmed that the site is not required for NCC service use.

2.28 The agreement for the sale will include provisions to restrict the use of the land to allotment/agriculture use and will include an overage clause.

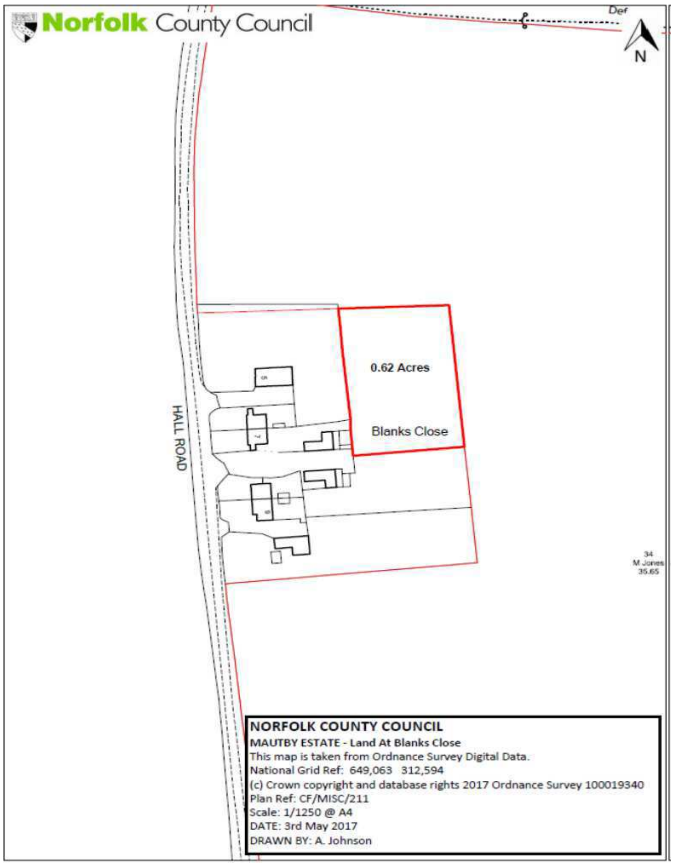
2.29 B&P Committee is asked to formally declare the Land at Martham Estate, amounting to 8.22 acres, surplus to County Council requirements and instruct the Head of Property to dispose of the property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.



Mautby – Land Rear of 5/6/7 Blanks Close (Mautby Estate)

2.30 This land is owned by NCC and forms part of the County Farms estate. It is 0.62 acres (0.25 hectares) in area, edged red on plan. It is currently let to a County Farms tenant.

2.31 The County Council received an approach from the adjacent owner of 7 Blanks Close to purchase this area of land. Bids were sought from the owners of 5,6 and 7 Blanks close with the highest offer of £46,000 being received from the owner of 7 Blanks Close. This represents a value of just over £74,000 per acre.



2.32 The County Farms Team have reviewed this site and determined it is no longer required for operational use. Furthermore it was concluded that it will make it easier for the tenant to work the adjacent field. The tenant has agreed to surrender this parcel of land.

2.33 Following a review by the Head of Property in consultation with CPSG it has been confirmed that the site is not required for NCC service use.

2.34 The Head of Property has determined that a direct sale of this site to the adjoining owner achieves best value.

2.35 The agreement for the sale will include provisions to prevent the erection of buildings immediately behind 5 and 6 Blanks Close, restrict the use of the land to grazing/garden land, include an overage clause and the purchaser will seek the necessary planning permission for change of use.

2.36 B&P Committee is asked to formally declare this parcel of land rear of 5/6/7 Blanks Close, Mautby surplus to County Council requirements and instruct the Head of Property to dispose of the property to the adjacent owner for £46,000.

Mautby – Part of Covert Farm (also known as Decoy Farm), Woodland Area (Mautby Estate)

2.37 This land is owned by NCC and forms part of the County Farms estate. It is 8.16 acres (3.3 hectares) in area, edged red on plan. 1.88 acres (0.76 Hectares) is let to a County Farms tenant (tenant B), shaded yellow on plan, 0.43 acres (0.17 hectares) is let to the Mautby and District Gun Club, shaded green on plan, and the remainder is unlet.

2.38 A proposal has been discussed with an existing County Farms Tenant (tenant A) of an adjacent holding to relocate their existing wood processing business to a site within the Mautby Estate landholding. This is in response to an ongoing estate management issue.

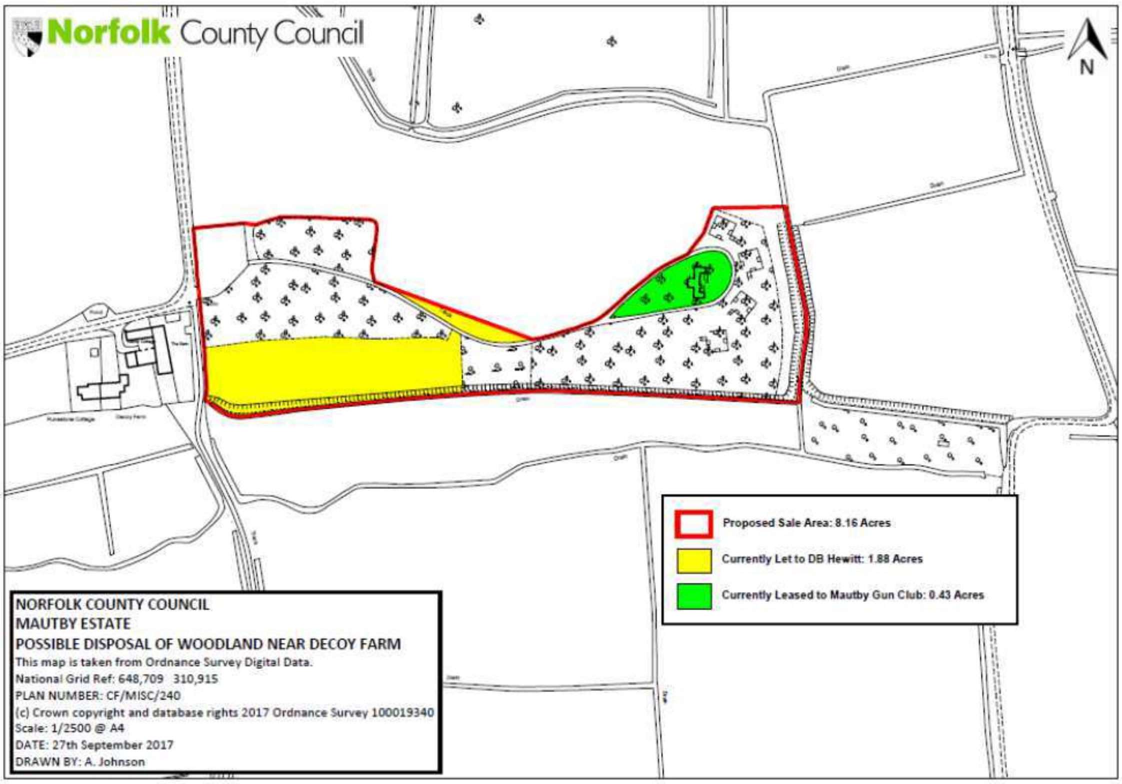
2.39 It is proposed to sell this 8.16 acre site to tenant A with the Mautby and District Gun Club and tenant B as sitting tenants. To ensure best value the County Council has sought expert valuation advice to use as a basis for negotiation. In the event of non-agreement both parties will jointly procure an expert third party to determine the value.

2.40 The County Farms Team have reviewed this site and determined it is no longer required for operational use.

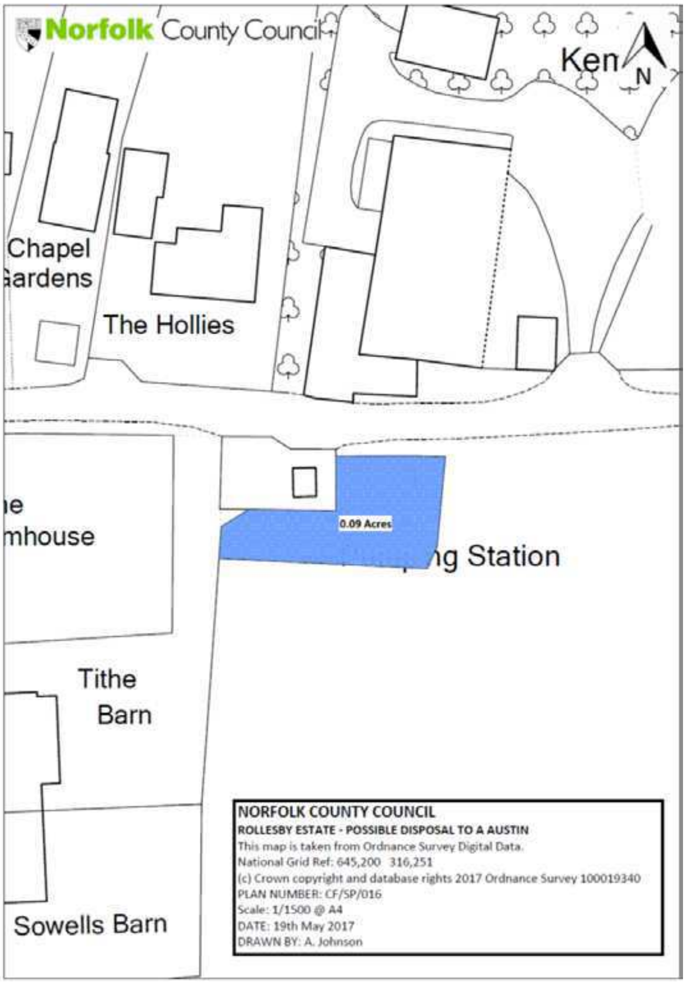
2.41 Following a review by the Head of Property in consultation with CPSG it has been confirmed that the site is not required for NCC service use.

2.42 The agreement for the sale will include restriction of the use of the land to wood processing and agriculture and an overage clause. The County Council will seek the necessary planning permission for change of use.

2.43 B&P Committee is asked to formally declare Part of Covert Farm (also known as Decoy Farm), Woodland Area, Mautby surplus to County Council requirements and instruct the Head of Property to dispose of the property to tenant A. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.



Rollesby – Land at Back Lane
Rollesby – 0.09 acres



2.44 NCC let a small area of County Farms land under a garden licence (shaded blue on plan). The site area is 0.09 acres (0.036 Hectares).

2.45 It is proposed to sell this small site to the licensee to achieve a capital receipt.

2.46 The County Farms Team have reviewed this site and determined it is not required for operational use.

2.47 Following a review by the Head of Property in consultation with CPSG it has been confirmed that the site is not required for NCC service use.

2.48 B&P Committee is asked to formally declare the Land at Back Lane, Rollesby surplus to County Council requirements and instruct the Head of Property to dispose of the property to the licensee. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.

Scottow Enterprise Park

2.49 Scottow Enterprise Park is owned freehold by the County Council. It is a large and diverse space, operating as an enterprise park providing a place where businesses are able to grow. It also provides a financial return to the County Council.

2.50 Hethel Innovation Ltd (a company wholly owned by Norfolk County Council) manages the Scottow Enterprise Park on behalf of the County Council. There is in place a formal agreement between Hethel Innovation Ltd and the County Council. The agreement authorises Hethel Innovation Ltd to negotiate tenancy agreements subject to final approval by the County Council.

2.51 For granting of leases business cases are to be submitted by Hethel Innovation Ltd to the Executive Director of Finance and Head of Property. If the business case is satisfactory the proposed tenancy agreement will be put forward to the Council's Business and Property Committee for a decision. Should the Committee accept the recommendation, the tenancy shall then be approved by the Council's Executive Director of Finance and Commercial Services and Head of Property.

2.52 Authorisation is being sought to grant a lease for Hanger 2 to Swift Aircraft Ltd. This company was formed in 2007 to design and manufacture a brand new certified aircraft, the first to be certified in Great Britain in over 20 years. Swift Aircraft Ltd require larger manufacturing facilities to manufacture up to 8 aircraft per month. The company anticipates the need to employ an additional 90-100 employees over the next two years.

2.53 Hethel Innovation Ltd have advised that Swift Aircraft Ltd have a credible business plan and are a viable company.

2.54 The lease will be at an initial rent of £118,358 pa on a 7 year lease (break option after year 2) plus a contribution to site running costs at 10% of the annual rental figure. The first year will include a 9 month rent free period whilst Swift Aircraft Ltd makes additions and alterations to the building to make it fit for their use.

2.55 Hethel Innovation Ltd sought external expert advice on rental levels which were assessed at £3.00 per ft^2, however due to the state of the building, limited utilities and general poor site services a soft start rent of £2.00 per ft^2 has been agreed for years 1 and 2, rising to £2.50 per ft^2 for year 3 and £3.00 per ft^2 thereafter up to the market value.

2.56 In respect of the hanger 2 proposal the Executive Director of Finance and Commercial Services and Head of Property have reviewed the business case and valuation advice and are satisfied to recommend Business and Property Committee agree to the leasing of the building to Swift Aircraft Ltd.

2.57 B&P Committee is asked to authorise the Executive Director of Finance and Commercial Services Head of Property to arrange for NCC to enter in to a lease with Swift Aircraft Ltd for hanger 2 at Scottow Enterprise Park.

Stow Bardolph – Wash Farm Premises, Dexter Road

2.58 This property forms part of the County Farms Stow & Marshland Estate. The site area is 0.34 acres (0.14 hectares), shaded red on plan and is currently unlet.

2.59 The buildings are in a poor state of repair and the County Farms Team have reviewed this site and determined it is not required for operational use.

2.60 Following a review by the Head of Property in consultation with CPSG it has been confirmed that the site is not required for NCC service use.

2.61 B&P Committee is asked to formally declare Wash Farm Premises, Dexter Road, Stow Bardolph surplus to County Council requirements and instruct the Head of Property to dispose of the property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.

3.0 Property disposal programme update

3.1 The County Council publishes a capital receipts forecast in the budget book. Receipts generated through the sale of assets are used to reduce the borrowing requirement for the Council's capital programme in that year, held to offset against future capital borrowing requirements or used to repay existing borrowing.

3.2 The property disposal schedule estimates published in the budget book are:

Sales estimates	2017-18	2018-19	2019-20+	Total
	£m	£m	£m	£m
Forward Sales Summary excluding farms	2.465	1.750	0.250	4.465
Farms Sales forecast	6.675	2.530	2.000	11.205
Total projected sales	**9.140**	**4.280**	**2.250**	**15.670**

3.3 The figures included in the schedule were the best estimates at the time of compilation for the budget book of the value of properties available for disposal, pending formal valuations, planning decisions, timing of sales and delivery options, particularly in relation to housing schemes. More detailed valuations will become available as the properties are prepared for market. The schedule is also only an indication of the phasing of disposals. Some sales will take place later than forecast, for example when planning or legal issues arise, whereas others may be accelerated as alternative sales and development opportunities are identified.

3.4 The disposal programme is managed by the Corporate Property Team (CPT) supported by NPS who undertake the professional services. In broad terms the process starts with a service declaring a property surplus to their service delivery needs. CPT undertake a review with the Corporate Property Strategy Group to ascertain whether another Council service area has a requirement. If no service use is identified Business and Property Committee are asked to confirm the property is surplus to County Council use.

3.5 Planning and valuation advice is provided by NPS who will also provide a view as to the method of disposal. CPT will then conclude how and when a property is disposed of or retained whilst the property is exploited either through enhancing the value by a change of use or self-development. Suitable properties may also be used to contribute to a One Public Estate programme project or transferred to Repton Property Developments Ltd to be developed out for housing.

3.6 NPS also provide agency services to undertake the actual disposal of a property and on behalf of CPT instruct NPLaw to provide the legal support.

3.7 To date the capital receipts achieved in 2017/18, and monies received amount to £1,213,000. There are currently 26 cases that will potentially realise a further £2.28million in 2017/18. For 2018/19 there are 42 cases identified amounting to £8.1m and a further 19 cases in 2019/20 with an estimated total valuation of £5.5m. In all a total £15.8m capital receipts are programmed for the three year period over what has already been achieved this year.

3.8 In **Appendix 1** is a list of 47 cases where the Council has declared these properties surplus and noting the current stage they are at.

3.9 The properties in the remaining 40 cases are currently being assessed as to how the Council will achieve best value and each will be brought to future Business and Property Committee meetings with a recommendation to formally declare surplus to County Council use.

3.10 B&P Committee is asked to note the progress of the property disposal programme.

4.0 Financial Implications

4.1 Decisions in this report will ultimately result in sale proceeds which will support funding of the Capital Programme or the repayment of debt. Other financial implications include:

- Reduction in property expenditure and financial efficiency through reduction in the number of sites and buildings retained.
- Generating revenue income/capital receipts from the exploitation of surplus property assets.
- Disposal and development costs to fund planning and assessment work. The cost of these will be funded from future receipts.

5.0 Issues, risks and innovation

5.1 For disposals and acquisitions in the usual way the legal implications are around the parties agreeing to the terms of the agreement for each acquisition and disposal and entering a contract.

6.0 Background

6.1 There are several strands forming the strategic background to these proposals, namely:

- The overall Council's current priorities of **Excellence in Education**, **Real Jobs**, **Good Infrastructure** and **Supporting Vulnerable People**.
- Norfolk County Council Asset Management Plan 2016-19.
- The adoption of an updated property savings plan, that calls for £4.2m of savings for the next three years.
- The Norfolk One Public Estate Programme that is supporting the joint strategic exploitation of the combined public sector property estate.
- The medium term financial strategy includes commercialisation of NCC property assets as a priority to help diversify the Council's funding.

6.2 Strategic asset management is focussed on:

- Releasing properties that are costly, not delivering services efficiently or in the wrong location.
- Exploiting the latent value of the property estate with an emphasis on using the retained estate more intensively or identifying opportunities to generate revenue income or increasing the capital value.
- Reducing future maintenance liabilities and reducing the overall carbon footprint.
- Directing spend on "core" property assets that are to be retained over the long term.

6.3 There are several key targets in the prioritised work plan in the Asset Management Plan that support these proposals:

- Ongoing implementation of the property savings plan.
- Continued focus on property rationalisation.
- Ongoing implementation of a 5-year disposals programme, allied with seeking opportunities for development.
- Surplus Highways land – implement disposals of packages of land parcels no longer required for road schemes.
- Develop options for "top 5" sites with development potential.
- Deliver strategy to promote surplus/fringe sites for housing.

Officer Contact

If you have any questions about matters contained in this paper please get in touch with:

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Simon Hughes	01603 222043	simon.hughes@norfolk.gov.uk

IN TRAN communication for all

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\\Norfolk.gov.uk\nccdfs1\CorporateProperty\Team Admin\Meetings\Committees\Business and Property Committee\2017-2018\18.01.18\Final report\18.01.18 B&P committee disposal, acquisition and exploitation of properties report (rfiwb) FINAL 1.0.doc

Appendix 1

Sites declared surplus to County Council use

Case name/property	Date Declared surplus to Council use	NPS (or other agent) instructed	Marketed	NPLaw instructed	Comment
Farms estate					
Acle - land north of Norwich Road	01/06/2015	Yes	n/a	No	Applying to extend planning permission – prior to proposed transfer to Repton
Attleborough - Eastern attachments	31/05/2016	Yes	Yes	Yes	Sold subject to contract
Binham - Old Westgate Farm Barn	08/02/2016	Yes	No	No	Will be marketed Spring 2018
Fincham - Marham Road	30/11/2015	Yes	No	No	Seeking updated infrastructure costs prior to formal marketing exercise to minimise risk
Haddiscoe - Tin Barn, Hall Road, Toft Monks	08/09/2017	Yes	No	No	Updating planning permission, prior to formal marketing exercise to maximise value
Hindringham - Row Hill Barn	30/11/2015	Yes	Yes	No	Will be marketed Spring 2018
Hopton on Sea - (2.3 acres at Links Road)	08/09/2017	Yes	No	No	NPS are currently reviewing the planning position, prior to bringing forward a more detailed options appraisal – which will guide the disposal process
North Elmham - Vicarage Farm Barn	30/11/2015	Yes	Yes	No	Will be marketed January 2018
Welney - Croft Farm, Wisbech Road	08/09/2017	No	No	No	Will be marketed Spring 2018
Welney - Old Croft Farm, Tipsend	08/09/2017	No	No	No	Will be marketed January 2018
Non Farms estate					
Acle - Herondale	08/09/2017	Yes	No	No	Options appraisal underway, prior to

					formal marketing to establish best planning use for the site
Attleborough - London Rd adjacent new primary school	08/09/2017	Yes	No	No	Will be marketed Spring 2018
Beetley - former highway land	18/11/2016	Yes	No	Yes	Preparing for sale by auction in Spring 2018
Bircham - school and playing field	08/09/2017	Yes	No	No	Title review underway to establish constraints, prior to formal marketing
Brockdish - Playing Field	08/09/2017	Yes	No	No	Title review underway to establish constraints, prior to formal marketing
Caister - John Grant Playing Field	31/05/2016	Yes	No	No	Title review underway to establish constraints, prior to formal marketing
Carrow House	31/05/2016	No	No	No	Occupied by NCC staff until 2020
Cranwich - former highway land	28/11/2016	Yes	No	No	Preparing for sale by auction in Spring 2018
Deopham - Land at Vicarage Road	18/10/2017	No	No	No	Title review underway to establish constraints, prior to formal marketing
Ditchingham - former highway land	26/09/2016	Yes	Yes	Yes	Sale agreed/awaiting completion
Elm - depot	31/05/2016	Yes	No	Yes	Preparing for sale by auction
Emneth - canal SE section	31/05/2016	Yes	No	No	Preparing for sale by auction in Spring 2018
Fakenham - Claypits - former highway land	27/03/2017	Yes	No	Yes	Preparing for sale by auction in Spring 2018
Felmingham - former station ticket office	31/05/2016	Yes	No	No	Title review underway to establish constraints, prior to formal marketing
Gt Yarmouth - Land at Crittens Road	31/05/2016	Yes	No	No	Reviewing valuation advice – prior to marketing
Hempton, Part A - former highway land	31/05/2016	Yes	No	Yes	Sale agreed/awaiting completion
Holt land adj railway - former highway land	27/03/2017	Yes	No	No	Preparing for sale by auction in Spring 2018
Holt, Hempstead Road - former highway land	31/05/2016	No	No	No	Title review underway to establish constraints, prior to formal marketing
Hunstanton - Former Infant School	31/05/2016	Yes	No	No	Awaiting architects sketches and proposals prior to Marketing

Kirstead woodland - former highway land	18/10/2017	Yes	No	No	Preparing for sale by auction
Lingwood - Orchard Site	08/09/2017	Yes	No	No	Will be marketed Spring 2018
Mileham - Field	08/09/2017	Yes	No	No	Will be marketed Spring 2018
Mileham - School	08/09/2017	Yes	No	No	Title review underway
Necton - Playing Field	18/10/2017	Yes	No	No	Reviewing planning position
North Elmham, Splurgeon - former highway land	31/05/2016	Yes	No	No	Preparing for sale by auction in Spring 2018
Northrepps - High Station, former highway land	31/05/2016	Yes	Yes	No	Site has been marketed, but limited interest. Now seeking to secure outline planning to guide market
Norwich - King St Stores	31/05/2016	Yes	No	No	Will be marketed Spring 2018
Norwich - 14 Chapelfield	08/09/2017	n/a	n/a	No	Seeking independent valuation advice – however the broad terms have been agreed
Quidenham - playing field	08/09/2017	Yes	No	No	Title review underway to establish constraints, prior to formal marketing
Scottow - Officers Mess	06/02/2017	Yes	No	No	Preparing for sale by auction in Spring 2018
Scottow - Sergeant's Mess	06/02/2017	No	No	No	Reviewing planning advice
Tattersett - Playing Field	08/09/2017	Yes	No	No	Title review underway
Thetford - 4 Minstergate	31/05/2016	Yes	No	No	Site has been held off market, whilst awaiting interest from an internal service for re-use
Thetford - former highway land at Canterbury Way	26/09/2016	Yes	No	Yes	Preparing for sale by auction in Spring 2018
Thorpe St Andrew - Pound Lane (lot 3)	28/11/2017	Yes	No	No	Preparing for sale by auction in Spring 2018

Business & Property Committee

Item No.

Report title:	**Finance Monitoring**
Date of meeting:	**18th January 2018**
Responsible Chief Officer:	**Tom McCabe – Executive Director, Community and Environmental Services, Simon George – Executive Director, Finance and Commercial Services**

Strategic impact

This report provides the Committee with information on the budget position for services reporting to Business & Property Committee for 2017-18. It provides information on the revenue budget including any forecast over or underspends and any identified budget risks. It also provides an update on the forecast use of reserves and details of the capital programme.

Executive summary

The services reporting to this Committee are delivered by Community & Environmental Services, and Finance & Commercial Services.

The 2017-18 net revenue budget for this Committee is £8.934m and this report reflects the risks and forecast outturn position as at period 8, November 2017-18. Details are shown in Table 1 of this report.

The total capital programme relating to this committee to 2019 – 20 is £30.458m. Details are shown in Table 2 of this report.

The balance of Business and Property reserves as of 1 April 2017 was £5.273m, and the forecast balance at 31 March 2018 is £2.546m. Details are shown in Table 3 of this report.

Recommendations:

Members are recommended to note:

a) **The forecast out-turn position for the Business and Property Committee**
b) **The capital programme for this Committee.**
c) **The current planned use of the reserves and the forecast balance of reserves as at the end of March 2018.**

1. Proposal

1.1. Members have a key role in overseeing the financial position for the services under the direction of this committee, including reviewing the revenue and capital position and reserves held by the service.

Although budgets are set and monitored on an annual basis it is important that the ongoing position is understood and the previous year's position, current and future plans and performance are considered.

1.2. This report reflects the budgets and forecast out-turn position as at the end of Period 8, November 2017.

2. Evidence

Revenue budget 2017-18

2.1. The services reporting to this Committee are delivered by Community & Environmental Services, and Finance & Commercial Services.

2.2. This report reflects the forecast outturn position for the Services that are relevant to this Committee, which are:

- Economic Development
- Economic Programmes
- Economic Strategy & Commissioning
- Employment and Skills

- Scottow Enterprise Park
- Hethel Engineering Centre – operated as Hethel Innovation Ltd

- Client Property Management

2.3. The 2017-18 net revenue budget for this committee is £8.934m, we are currently forecasting a balanced budget using reserves and returning grant funding as detailed in Section 3 of this report.

Table 1: Business & Property Committee: Net revenue budget and forecast outturn 2017 - 18				
	Budget	Actual year to date	Forecast outturn	Forecast variance
	£m	£m	£m	£m
Client Property Management				
Corporate Offices	4.630	3.686	4.976	0.346
Estates Management	0.852	0.524	0.847	(0.005)
Corporate Building Maintenance	2.007	0.960	1.993	(0.014)
County Farms	(0.476)	(0.518)	(0.701)	(0.225)
Corporate Property Team	0.916	0.543	0.814	(0.102)
	7.929	**5.195**	**7.929**	**-**
Economic Development				
Economic Programmes	(0.085)	0.019	(0.050)	0.035
Economic Strategy & Commissioning	0.809	0.527	0.789	(0.020)
Economic Development	0.118	0.100	0.100	(0.018)
Employment & Skills	0.363	0.249	0.373	0.010
Scottow Enterprise Park	(0.200)	(0.263)	(0.228)	(0.028)
	1.005	**0.632**	**0.984**	**-**
	8.934	**5.827**	**8.913**	**(0.021)**

2.4. In addition to the current forecast of a balanced revenue budget for the services that are accounted for through NCC, we are also forecasting a pre tax profit in Hethel Innovation Ltd. of £0.303m.

2.5. **Client Property Management (CPM)**

The CPM budget was reduced by £1.667m in 2017 – 18 to reflect planned savings to be met principally by reduced costs of property maintenance, including fewer properties to maintain via property disposals. The CPM planned to smooth the impact of this significant reduction by a reduced spend in 2016 – 17 allowing an increase in reserves to be released in 2017 – 18.

A balanced budget is thus achieved by the planned use of reserves as shown in Table 3 later in this report.

Economic Development

2.6. The main element of spend within Economic Development is staff related expenditure, with all spend related to planned programme activity. A number of staff are engaged in the delivery of externally funded projects where the spend profile does not always match a financial year, where this is the case project funding will be carried forward in reserves as an unspent grant.

2.7. Scottow Enterprise Park (SEP) is currently forecasting to generate £1.330m of income in 2017 – 18, compromising £0.874m buildings rental, and £0.456m of rental income from the land occupied by the solar farm on site. SEP is currently forecasting a balanced budget as any additional surplus will be returned to SEP reserves for future site development. SEP is not accounted for as a separate legal entity. A detailed SEP report is included as a separate item on this Committee's agenda.

2.8. Hethel Engineering Centre is accounted for via the separate legal entity of Hethel Innovation Limited. Revenues for 2017 – 18 are forecast to be £1.453m compromising £1.039m from buildings rental and conferencing, £0.214m from external Consultancy and the Innovation New Anglia programme, and £0.200m from other funded programmes. The company operates on a profitable basis, forecasting to achieve a pre tax profit of £0.303m to be retained for future development of the site.

2018-19 to 2021-22 Budget planning update

This Committee discussed and recommended budget saving proposals for 2018-22 in October. Policy and Resources Committee then considered the latest budget planning position for 2018-19 at its meeting on 30 October. This included the summary of all proposed savings from Service Committees, and a revised forecast of the remaining budget gap for 2018-19, which is now £7.806m. Over the four year planning period, a gap of £63.351m remains to be closed. Officers continue to work following Policy and Resources Committee to develop the 2018-19 Budget and close the gap for next year, this will include consideration of the implications of the Autumn Budget (due 22 November) and the Local Government Finance Settlement. Service Committees are not being asked to identify further savings, however in view of the remaining gap position for 2018-19, any change to planned savings or removal of proposals will require alternative savings to be identified.

Consultation has begun on £3.580m of savings for 2018-19, and the level of council tax for the year. Committees will receive feedback on the outcomes of the consultation in January to inform their budget setting decisions. In addition, Committees will need to consider the financial risks for their services that could affect the 2018-19 budget plans, and any changes in the overall planning context for the Council.

3. Capital Programme

3.1. The capital programme for the services reported to this Committee is currently profiled to be delivered as detailed below.

Table 2: Business & Property Committee: Capital Programme				
	Budget 2017 - 18 £m	**Spend to date 2017 - 18 £m**	**Budget 2018 - 19 £m**	**Budget 2019 - 20 £m**
Scottow Enterprise Park	**6.062**	**4.964**	**3.632**	**-**
Infrastructure	5.342	4.276	0.496	
Buildings refurbishment	0.720	0.688	3.136	
Client Property Management	**3.330**	**1.191**	**10.488**	**1.500**
Space 2019	0.750	0.562	8.174	
Asbestos	1.515	0.629		
Other works	1.065		2.314	1.500
County Farms	**3.768**	**3.701**	**1.678**	**-**
Purchase of Farms	3.146	3.146		
Other capital	0.622	0.555	1.678	
	13.160	**9.856**	**15.798**	**1.500**

3.2. The total available capital funding for redevelopment of SEP from NCC and Enterprise Zone funding is £9.694m, (with an additional £0.100m from the Pooled Business Rate Fund), of which £4.964m has been spent to date. The breakdown of the planned spend is as follows –

- £5.838m for essential infrastructure work to the site, £3.900m for water supply facilities, the balance principally relates to asbestos removal, security fencing, fire alarms, heating systems and utility metering to facilitate recharges back to tenants

- £3.856m is earmarked for specific buildings to be brought into a lettable condition, Hangars 1, 2 and 3 are estimated to cost

£3.200m of this sum. It should be noted that expenditure is only made against a business case from specific enquiries leading to lettings income

A bid for grant funding from the Heritage Enterprise Lottery is also in progress.

3.3. The Corporate Property capital funding is in support of further refurbishment to allow rationalisation and facilitate cost reductions within the corporate property portfolio, in addition to routine general maintenance and minor works funded via capital. The principal identifiable expenditure relates to the Space 2019 programme.

3.4. The County Farms capital funding represents the agreed refurbishment programme, including land drainage schemes, which maintains the value of the Farms estate. Additional funding of £3.146m has been added for the agreed purchase of Bank House Farm.

4. Reserves 2017-18

4.1. The Council holds both provisions and reserves.

4.2. Provisions are made for liabilities or losses that are likely or certain to be incurred, but where it is uncertain as to the amounts or the dates which they will arise. The Council complies with the definition of provisions contained within CIPFA’s Accounting Code of Practice.

4.3. Reserves (or Earmarked Reserves) are held in one of three main categories:

4.4. Reserves for special purposes or to fund expenditure that has been delayed, and in many cases relate to external Grants and Contributions - reserves can be held for a specific purpose, for example where money is set aside to replace equipment or undertake repairs on a rolling cycle, which can help smooth the impact of funding.

4.5. Local Management of Schools (LMS) reserves that are held on behalf of schools – the LMS reserve is only for schools and reflects balances held by individual schools. The balances are not available to support other County Council expenditure.

4.6. General Balances – reserves that are not earmarked for a specific purpose. The General Balances reserve is held to enable the County Council to manage unplanned or unforeseen events. The Executive Director of Finance is required to form a judgement on the level of the reserve and to advise Policy and Resources Committee accordingly.

4.7. The reserves falling under this Committee would fall into the first category. Additionally, balances may relate specific grant income where we have receive the income but are yet to incur the expenditure, or the grant was planned to be used over a period of time, not related to a specific financial year.

4.8. We will continue to review the reserve balances to ensure that their original objectives are still valid and would identify any reserves that could be considered available for re-allocation.

4.9. The committees' unspent grants, reserves and provisions as at 1st Apri 2017 stood at £5.273m.

4.10. The table below shows balance of reserves and the current planned usage for 2017-18.

Table 3: Business & Property Committee: Reserves & Provisions			
Reserves & Provisions 2017-18	**Balance at 1 April 2017**	**Forecast Balance at 31 March 2018**	**Planned Change**
	£m	**£m**	**£m**
Corporate Property Management	2.633	1.231	1.402
Economic Development (including Scottow Enterprise Park)	2.640	1.315	1.325
Committee Total	**5.273**	**2.546**	**2.727**

The planned use of CPM reserves is to smooth the effect of a reduced property maintenance budget, £0.631m. An additional release of £0.600m of CPM reserves was agreed in support of the 2017 – 18 Corporate budget planning process.

The balance of Economic Development reserves relates to a number of projects and specific grant funding, and includes Scottow Enterprise Park. The forecast use of reserves reflects the funding required to deliver those projects, with underspends being returned to support future project spend.

5. Financial Implications

5.1. There are no decisions arising from this report. The financial position for Communities Committee services is set out within the paper and appendices.

6. Issues, risks and innovation

6.1. This report provides financial performance information on a wide range of services responsible to the committee.

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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Business and Property Committee

Item No……

Report title:	**Performance management**
Date of meeting:	**18 January 2018**
Responsible Chief Officers:	**Simon George - Executive Director of Finance and Commercial Services, and Tom McCabe - Executive Director, Community and Environmental Services**

Strategic impact

Robust performance management is key to ensuring that the organisation works both efficiently and effectively to develop and deliver services that represent good value for money and which meet identified need.

Executive summary

This is the third performance management report to this committee and is based upon the revised Performance Management System, which was implemented as of 1 April 2016. There are currently 5 vital signs indicators under the remit of this committee. Work continues to see what other data may be available to report to committee on a more frequent basis and these will in turn be considered for inclusion as vital signs indicators.

Performance is reported on an exception basis using a report card format, meaning that only those vital signs that are performing poorly or where performance is deteriorating are presented to committee. To enable Members to have oversight of performance across all vital signs, all report cards (which is where more detailed information about performance is recorded) will be made available to view upon request.

The 5 vital signs indicators that fall within the remit of this committee are:

- Monitoring the job creation outputs of the projects and programmes that Norfolk County Council manages or Leads (Oct-Sep) and (Apr-Mar)
- Delivery against New Anglia Local Enterprise Partnership (NALEP) and Hethel Engineering Centre (HEC) business start-up targets (Oct-Sep) and (Apr-Mar)
- Number of apprenticeship starts
- Median full time weekly pay – comparison between Norfolk and the national average
- Reducing the % gap with rate of ESA only claimants for more than 1 year against national level

Of the 5 vital signs indicators that fall within the remit of this committee, only one has met the exception criteria based on new data since the last report and so will be discussed in depth as part of the presentation of this report:

- Number of apprenticeship starts

Recommendations:

1. Review and comment on the performance data, information and analysis presented in the vital sign report cards and determine whether the recommended actions identified are appropriate or whether another course of action is required (refer to list of possible actions in Appendix 1).

In support of this, Appendix 1 provides:

- A set of prompts for performance discussions
- Suggested options for further actions where the committee requires additional information or work to be undertaken

2. To consider whether there is any other performance data/information relating to the Committee's remit, in addition to the 5 vital signs set out in this report, which the Committee would wish to review on a regular basis.

1. Introduction

1.1. This is the third performance management report to this committee and is based upon the revised Performance Management System, which was implemented as of 1 April 2016.

1.2. There are currently 5 vital signs performance indicators that relate to the Economic Development Service in the CES Department.

Work continues to explore what data is available on a more regular basis to report to this committee, including reviewing measures reported by other councils and comparing with those currently reported in Norfolk.

1.3. There are currently no specific performance measures relating to property and asset management to report to this committee.

2. Performance dashboard

2.1. The performance dashboard provides a quick overview of Red/Amber/Green rated performance across all 5 vital signs. This then complements the exception reporting process and enables committee members to check that key performance issues are not being missed.

2.2. The vital signs indicators are monitored during the year and are subject to review when processes are amended to improve performance, to ensure that the indicator correctly captures future performance. A list of all vital signs indicators currently under the remit of the Business and Property committee is available in Appendix 2.

2.3. Targets have been set for 2017/18 and it is against these targets that performance will be evaluated. As the full performance data is only available on an annual basis with some significant lags, we will not be able to report on final performance until mid-2018. The performance dashboard for the Business and Property Committee is:

Business and Property Committee - Vital Signs Dashboard

NOTES:
In most cases the RAG colours are set as: Green being equal to or better than the target; Amber being within 5% (not percentage points) worse than the target; Red being more than 5% worse than target.
'White' spaces denote that data will become available; 'grey' spaces denote that no data is currently expected, typically because the indicator is being finalised.
The target value is that which relates to the latest measure period result in order to allow comparison against the RAG colours. A target may also exist for the current and/or future periods.

Monthly	Bigger or Smaller is better	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Target
{PE} Monitoring the job creation outputs of the projects and programmes that NCC manages or leads (Oct-Sep)	Bigger	72.0	72.0	72.0	97.0	140.0	140.0	144.0	168.0	168.0	168.0	168.0	0.0		
{PE} Monitoring the job creation outputs of the projects and programmes that NCC manages or leads (Apr-Mar)	Bigger	562.8	606.1	623.6	658.1	1,094.6	44.1	78.4	122.0	150.7	195.7	285.7	358.4		
{PE} Delivery against NALEP and HEC business start-up targets (Oct-Sep)	Bigger	0	0	1	1	2	2	2	3	5	10	12	1		
{PE} Delivery against NALEP and HEC business start-up targets (Apr-Mar)	Bigger	30	40	40	40	140	13	20	25	41	50	60	83		
Quarterly / Termly	**Bigger or Smaller is better**	**Dec 14**	**Mar 15**	**Jun 15**	**Sep 15**	**Dec 15**	**Mar 16**	**Jun 16**	**Sep 16**	**Dec 16**	**Mar 17**	**Jun 17**	**Sep 17**	**Dec 17**	**Target**
{PE} Number of apprenticeship starts	Bigger				7,290				7,670	2,440	3,830	6,120	6,580		7,917
Annual (calendar)	**Bigger or Smaller is better**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Target**
{PE} Median full time weekly pay – comparison between Norfolk and the national average	Bigger										91.0%	89.0%	89.0%	90.0% 488.7 / 540.2	90.25%
{PE} Reducing the % gap with rate of ESA only claimants for more than 1 year against national level	Smaller										65.0%	62.0%	71.0% 0.71 / 0.68	78.0% 0.78 / 0.75	77%

3. Report cards

3.1. A report card has been produced for each vital sign. It provides a succinct overview of performance and outlines what actions are being taken to maintain or improvement performance. The report card follows a standard format that is common to all committees and it is updated on a monthly basis.

3.2. Vital signs are reported to committee on an exceptions basis. The exception reporting criteria are as follows:

- Performance is off-target (Red RAG rating or variance of 5% or more)
- Performance has deteriorated for three consecutive months/quarters/years
- Performance is adversely affecting the council's ability to achieve its budget
- Performance is adversely affecting one of the council's corporate risks.

3.3. The 5 vital signs indicators that fall within the remit of this committee are:

1. Monitoring the job creation outputs of the projects and programmes that Norfolk County Council manages or Leads
   (a) Oct-Sep *(Actual to-date is 0 against a target for the period of 26) Oct 16 to Sep 17 Actual ended with 168 against a target of 26.*
   (b) Apr-Mar *(Actual to-date is 358.38 against a target for the period of 543.5)*
2. Delivery against New Anglia Local Enterprise Partnership (NALEP) and Hethel Engineering Centre (HEC) business start-up targets
   (a) Oct-Sep *(Actual to-date is 1 against a target for the period of 7) Oct 16 to Sep 17 Actual ended with 12 against a target of 7.*
   (b) Apr-Mar *(Actual to-date is 83 against a target for the period of 162.5)*
3. Number of apprenticeship starts *(Q4 Sep 2017 is 6,580 against a target for the year ending Q4 Sept 17 of 7,917)*
4. Median full time weekly pay – comparison between Norfolk and the national average *(Actual for 2016 is 90% against a target of 90.25%)*
5. Reducing the % gap with rate of ESA only claimants for more than 1 year against national level *(Actual for 2016 was 78% against a target of 77%)*

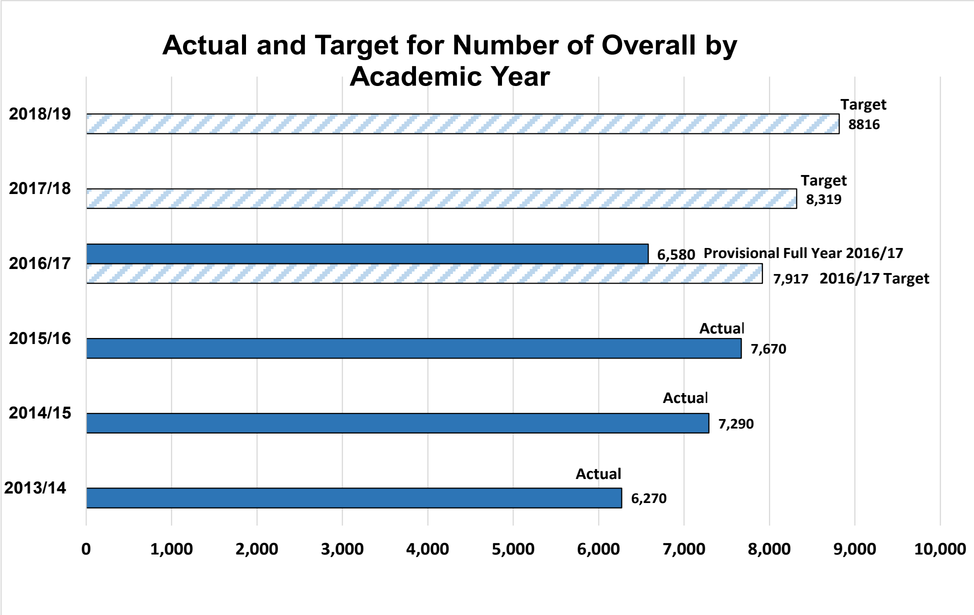
Only the report card for the vital sign indicator that has met the exception criteria has been included below:

Vital sign: Number of Apprenticeship starts

Why is this important?

Better qualified staff are a key first rung on the ladder to our twin goals of higher value jobs and a reduction in the gap between Norfolk's and England's average earnings (weekly gross pay). In turn, better paid jobs enable more people to get onto the housing ladder and have a better quality of life more generally. The New Anglia Local Enterprise Partnership Strategic Economic Plan (SEP) highlights the need to increase the number, level, range and quality of Apprenticeship delivery and generate 5000 additional Apprenticeships across Norfolk and Suffolk by 2019.

Performance



What is the story behind current performance?

Apprenticeship Starts	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Actual	Actual	Actual	Target	Target
All starts – all levels/ages	6,270	7,290	7,670	6,580	8,319	8,816

During the 2016/17 year, Norfolk had 6,580 new Apprenticeship starts. This is against a target of 7917. The number of new starts on Apprenticeships nationally fell, but the drop in Norfolk was greater.

Changes in the way some Apprenticeships are funded has resulted in less demand from employers. Further to the collapse of Norfolk Training Services we have been made aware that two more training providers with bases in Norfolk are also closing which will further impact on reaching the target. New Anglia LEP, Norfolk and Suffolk County Councils held a consultation with training providers to identify possible actions to counteract the decline.

What will success look like

Success will be measured by the overall achievement of annual target whilst maintaining quality, level and range.

Action required

Work with the LEP to continue to ensure growth in the number, level, range and quality of apprenticeships at all ages and support providers and employers with the significant changes. Continuing work with the Education and Skills Funding Agency to prevent further loss of providers locally. Work with schools to provide a more robust progression from school to Apprenticeship.

Responsible Officers	Lead: Jan Feeney	Data: Lisa Howes

4. Measures meeting exception criteria - additional information

Measure 349 “Number of apprenticeship starts”.

The following changes to Apprenticeships have all impacted on the performance of Apprenticeships across Norfolk and the rest of England:

- The introduction of the levy. Levy paying businesses are focussed upon the development of their existing staff rather than recruiting young people into their businesses.
- The change in qualification funding levels. Apprenticeships like Business Administration and Health and Social Care have had their funding reduced which has made providers less likely to offer these. In the last year, Health and Social Care and Business Administration were Norfolk’s top two Apprenticeship sectors. Conversely, STEM subject areas have seen an increase in funding.
- The change from Frameworks to Standards. Apprenticeship frameworks are being phased out between now and 2020 and the new Apprenticeship standards are delivered very differently. Standards are assessed by an organisation independent to the apprentice, provider or the employer and require the individual to pass an End Point Assessment to complete their Apprenticeship.
- The introduction of an all age, all level service, with Apprenticeships now available for level 2 to level 7. This is leading to a rush to the top with many employers who have traditionally recruited apprentices at level 2 or 3, making a conscious decision to instead recruit those with A Levels onto a level 4/5 Apprenticeship.

5. Scottow Enterprise Park – latest performance

The Committee asked for some information about operational performance at Scottow Enterprise Park to be included regularly in these performance reports. Performance as reported at December 2017 is set out below:

- Total rentable floor space available – 533,500 ft²
- Occupancy rate – 86%# with a further 4% in the pipeline (last reported was 85%, when HIL took over in 2015 was at 23%)
- Number of tenants – 99 (an increase of 4 since last reported, when HIL took over in 2015 it was 24)
- Number of jobs *(as at Sept 2017)* – 390* (an increase of 48 since last reported, when HIL took over in 2015 it was 60)
- Number of start-ups – 22* (an increase of 2 since last reported, when HIL took over in 2015 it was 3)
- Number of customer enquiries handled – 714 enquiries (last reported was 639 enquiries)

#Of total rentable floor space (currently 121 lettable units – last reported it was 115, when HIL took over in 2015 it was 70).

**Figures relate to total amount since Enterprise Park became operational.*

It should also be noted that:

- SEP is shortlisted for LGC 2018 Awards
- Enterprise Zone funding now agreed in principle of £2.9M over 25 years … and additional grant funding of £0.1M secured
- SEP Open Days for businesses continue every month
- Activate: Startup program continues offering training over 4 sessions in how to startup your own business

- Innovate: Business program started offering training over 4 sessions in how to develop new products /processes and develop new customer markets

The Committee also requested information on costs per zone:

Zone A - Buildings close to entrance

- *No update as no buildings rented*

Zone B – Buildings in Technical Area to northern end of site

- *179,549 (Ft^2), Revenue of £325,315.3 and £/ft^2 is 1.81*

Zone C – Buildings in Technical Area to southern end of site

- *222,871 (Ft^2), Revenue of £234,727.5 and £/ft^2 is 1.05*

Zone D – Bomb Storage Area

- 40,600 *(Ft^2), Revenue of* £81,176.02 *and £/ft^2 is* 2.00

Zone E – Film / Track

- *No update*

Zone F – Yards

- *25,500 (Ft^2), Revenue of £2955.5 and £/ft^2 is 0.16*

Rents are going up at SEP over a 2-3 year period as buildings are improved, soft starts for startup tenants come to an end and as site infrastructure improves so higher rents can be sought. More detailed information can be found in Appendix 8. Note that information on financial performance of the Park is included in the financial monitoring report.

6. Ash Dieback update

Strategic impact

Ash Dieback disease, caused by the fungus *Hymenoscyphus fraxineus, (*formerly known as Chalara) has the potential to kill 95% of Norfolk's ash trees over the next 20 years. As a major landowner with responsibility for the safety of the public, the County Council have set up the three year Ash Dieback Project to find out the number and condition of ash trees on, and within falling distance of Highway and all other NCC land to inform the Council's 20 year Ash Dieback Strategy. This will set out how NCC will meet its Duty of Care and ensure landscape recovery and connectivity.

An update on the first 2 years of this 3 year project was taken to the EDT Committee on 10 November, focussing on CES land. This included updates on the letter from members to Central Government and their response (See Appendix 3 and 4 below), the recruitment of an additional part time Arboricultural Officer, the communications plan and the support from FERA (Food and Environment Research Agency) with the statistical analysis of the NCC Ash Dieback survey data from 2016 and 2017.

NCC's Arboricultural and Woodland Officers are also involved in communication and management of the disease at a national level:

- We have regular meetings and share information with DEFRA, Tree Council, Woodland Trust, Forestry Commission, Suffolk, Kent and Hertfordshire County Councils.
- Our survey methodology has been publicised nationally by the Tree Council and has already been adopted by other councils such as Devon County Council. We have given survey training to Hertfordshire County Council staff.
- We have updated 15 other County Councils and cities across the UK about our work as part of an update to members of the London Tree Officers Association.

- We have made contact with regional groups including the RSPB, Natural England and Norfolk NFU and so far have given presentations to Norfolk CLA, the Environment Agency, Easton College and the Norfolk Wildlife Trust
- We have contributed to studies assessing the economic impact of Ash Dieback being carried out by Oxford University.

This performance report sets out the survey work to date on the remaining parts of the NCC estate.

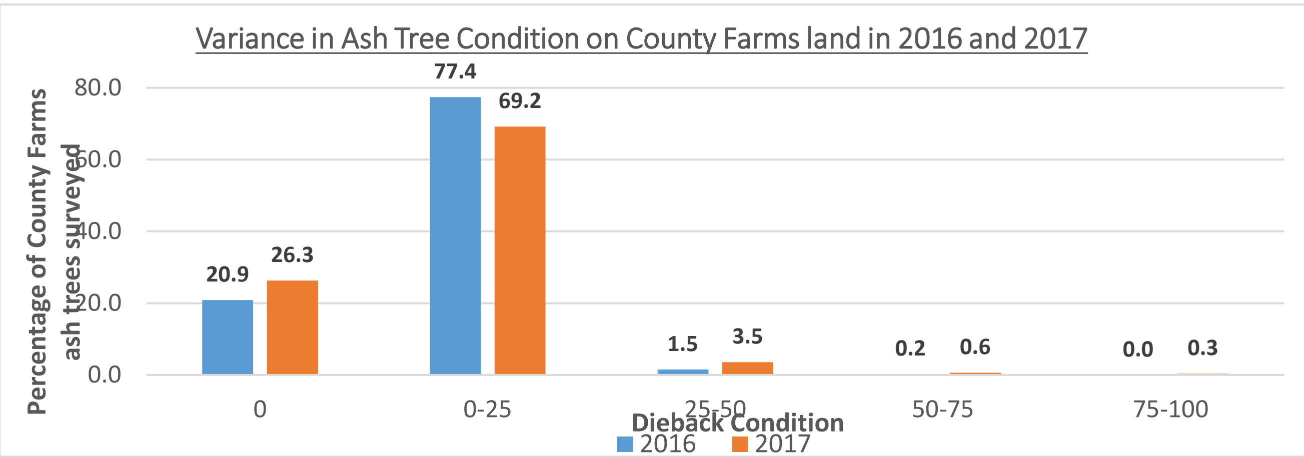
Norfolk Schools

All schools, including academies were sent a Management Information Sheet about Ash Dieback in June 2017. Guidance notes on the disease were provided on the Tree Information page on the schools website and Council managed schools were asked to fill in a brief questionnaire about ash trees in their school grounds (see Appendices 5 and 6). Only 15 schools replied to the survey, 9 of which had ash trees in their grounds. The possible reasons for the low response could have been the timing that the information was sent, combined with the fact that the time that ash are in full leaf (June to September) unfortunately coincides with a large part of school summer holidays.

Some schools pay private consultants to carry out tree hazard assessments for them through the Norse Grounds Service. The consultants have confirmed that a further 156 schools have ash trees in their grounds and have given us the details. Next year we will relaunch the survey and make direct contact with NCC managed schools, particularly the ones where we know ash trees are present, to ensure we are aware of and can inspect any trees that have more than 50% dieback. This percentage dieback is likely to be the nationally accepted stage of decline where action will need to be taken by trained arboriculturists.

County Farms

All County Farm trees that are adjacent to A and B roads have been surveyed as part of the 2016 and 2017 highways surveys. However it should be noted that the majority of County Farm roadside trees will be adjacent to minor roads, rather than the main A and B roads. In 2017, NCC's Arboricultural and Woodland Officers surveyed 31 miles of roads bordered by County Farms land. In addition, all roads within the Burlingham and Lingwood Estates were surveyed in their entirety. These estates were prioritised because their use is actively promoted by the County Council and they are well used by the public. The results of the 2016 and 2017 surveys on County Farms land are shown below. (Please see appendix 7 for photos demonstrating the different percentages of Ash Dieback).



532 trees surveyed in 2016 (1 Fell)
620 trees surveyed in 2017 (3 Fell, 3 Re-Inspect)

In 2016 the majority of the 532 county farms trees surveyed were in the mature woodlands of the Burlingham Estate, whereas in 2017 the 620 trees surveyed were predominantly along roadsides.

It is interesting to note that at this stage, the majority of mature ash trees within the woodlands at Burlingham have low levels of infection. However we have actively felled a number of poorer ash specimens in the woodlands in the last 10 years as part of our ongoing tree inspection policy. These trees' decline has been caused by honey fungus and other stress related factors and may have reduced the number of weaker trees that would otherwise have been predisposed to infection by Ash Dieback.

The graph above shows that for both years, the majority of trees surveyed were in the 0-25% dieback category hence showing initial signs of Ash Dieback. This pattern is similar to that of the overall ash tree condition of Norfolk shown in the EDT Committee report. The graph also indicates a slight increase in the higher dieback conditions in 2017 as the 25-50% dieback and above have increased, if only marginally. The surveys identified one tree for felling in 2016 and three in 2017.Three further trees have been flagged up for a re-inspection in 2018.

To date our survey data has confirmed that the risk currently posed by trees on County Farms is low and the number of trees requiring removal remains small.

Holt Hall

27 ash trees were surveyed and plotted at Holt hall. The majority had only minor signs of dieback (0-25%) and therefore require no action.

Adult Social Services

The majority of these sites have been surveyed. There are 2 Community Hubs left to check.

Other NCC sites to survey in 2018

We have identified 65 other sites that need surveying for Ash Dieback in 2018. These cover over one square mile of land and include further county farms, highways depots, corporate properties and other sites with public access.

Supporting scientific research into resistant ash trees

NCC have supported Forest Research in large scale national screening trials of ash trees to identify resistant trees. The trials at the two NCC owned sites at Dell Corner Lane (County Farms) and Strumpshaw (Closed Landfill) have been so successful that the 5 year trials are being extended.

The John Innes Centre (JIC) are also carrying out research to identify trees with resistant traits and have studied trees on the Marriott's Way (NCC owned trail). Cuttings from NCC owned trees have been taken and propagated as part of a wider study. The JIC will plant propagated material at the Dell Corner and Strumpshaw sites this winter to study response to Ash Dieback outside of laboratory conditions. The JIC are also looking at the susceptibility of resilient trees to other pests and diseases such as ash emerald borer which is forecast to be an issue in the future should it continue to spread across Europe.

Risks and Innovation

Our surveys to date have shown that the risk at present from ash trees on Corporate Property land is low. However, based on experience in Europe, we know that it is likely that only 2-5% of ash trees will ultimately survive. The majority of infected trees in the 0-25% dieback category will decline and need removal. We will keep members and officers informed on the condition of trees and rates of decline so that this evidence base can be factored into future budget forecasts.

In addition to the risks that Ash Dieback represents to NCC there are other tree pests and diseases that are predicted to impact Norfolk in the medium term. This is part of a global pattern that is thought to be caused by an increase in international trade of plants and climate change. NCC has the opportunity to create a more resilient tree network in the recovery phase of managing Ash Dieback. This may lessen the impact of future diseases that affect other tree species.

To address this we are actively working with national partners on funding opportunities to enable us to carry out replanting for landscape recovery. We have recently submitted an expression of interest with Suffolk County Council through the Woodland Trust to achieve a demonstration community based planting project using emerging technology and volunteers. It is anticipated that the methodology used could then be rolled out on a national scale.

7. Recommendations

Review and comment on the performance data, information and analysis presented in the vital sign report card (“Number of apprenticeship starts”) and determine whether the recommended actions identified are appropriate or whether another course of action is required (refer to list of possible actions in Appendix 1).

In support of this, Appendix 1 provides:

- A set of prompts for performance discussions
- Suggested options for further actions where the committee requires additional information or work to be undertaken

To consider whether there is any other performance data/information relating to the Committee’s remit, in addition to the 5 vital signs set out in this report, which the Committee would wish to review on a regular basis.

8. Financial Implications

There are no significant financial implications arising from the performance management report.

9. Issues, risks and innovation

There are no significant issues, risks and innovations arising from the development of the revised performance management system or the performance management report.

Officer Contact
If you have any questions about matters contained in this paper or want to see copies of any assessments, e.g. equality impact assessment, please get in touch with:

Performance: **Officer name :** Austin Goreham **Tel No. :** 01603 223138
Email address : austin.goreham@norfolk.gov.uk

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Appendix 1 - Performance discussions and actions

Reflecting good performance management practice, there are some helpful prompts that can help scrutinise performance, and guide future actions. These are set out below.

Suggested prompts for performance improvement discussion

In reviewing the vital signs that have met the exception reporting criteria and so included in this report, there are a number of performance improvement questions that can be worked through to aid the performance discussion, as below:

1. Why are we not meeting our target?
2. What is the impact of not meeting our target?
3. What performance is predicted?
4. How can performance be improved?
5. When will performance be back on track?
6. What can we learn for the future?

In doing so, committee members are asked to consider the actions that have been identified by the vital sign lead officer.

Performance improvement – suggested actions

A standard list of suggested actions have been developed. This provides members with options for next steps where reported performance levels require follow-up and additional work.

All actions, whether from this list or not, will be followed up and reported back to the committee.

Suggested follow-up actions

The suggested 'follow up actions' have been amended, following on from discussions at the Communities Committee meeting on 11 May 2016, to better reflect the roles and responsibilities in the Committee System of governance.

	Action	Description
1	Approve actions	Approve actions identified in the report card and set a date for reporting back to the committee
2	Identify alternative/additional actions	Identify alternative/additional actions to those in the report card and set a date for reporting back to the committee
3	Refer to Departmental Management Team	DMT to work through the performance issues identified at the committee meeting and develop an action plan for improvement and report back to committee
4	Refer to committee task and finish group	Member-led task and finish group to work through the performance issues identified at the committee meeting and develop an action plan for improvement and report back to committee
5	Refer to County Leadership Team	Identify key actions for performance improvement and refer to CLT for action
6	Refer to Policy and Resources Committee	Identify key actions for performance improvement that have 'whole Council' performance implications and refer them to the Policy and Resources committee for action.

Appendix 2 – Business and Property Committee Vital Signs indicators

A vital sign is a key indicator from one of the Council's services which provides members, officers and the public with a clear measure to assure that the service is performing as it should and contributing to the Council's priorities. It is, therefore, focused on the results experienced by the community. It is important to choose enough vital signs to enable a good picture of performance to be deduced, but not so many that strategic discussions are distracted by detail.

There are currently 5 vital signs performance indicators that relate to the Business and Property Committee.

Of these vital signs indicators, the two in bold are considered to be corporately significant. As such, they will also be reported to the Policy and Resources Committee.

Service	Vital Signs Indicators	What it measures	Why it is important	Data
Planning & Economy (CES)	Job creation in Norfolk	Monitoring the job creation outputs of the projects and programmes that NCC manages or leads	SEP has a target to deliver 73,000 more jobs by 2026. This measure looks at those jobs the EDS service has had a hand in bringing forward	Partly monthly
Planning & Economy (CES)	New Anglia Growth Hub delivery – business start up	Delivery of New Anglia Growth Hub's business start-up targets	All programmes should deliver outputs that benefit the Norfolk economy	Partly monthly
Planning & Economy (CES)	Apprenticeships Norfolk Network Success Measures	Number of Apprenticeship Starts	By the end of 2019 we will create an additional 2500 apprentices in Norfolk (baseline 6270 in 2013/14)	Quarterly (subject to data release)
Planning & Economy (CES)	**Norfolk median weekly earnings**	**Median full time weekly pay – comparison between Norfolk and the national average**	A skilled workforce is essential to growing existing, and attracting new businesses to Norfolk and to the overall prosperity of Norfolk communities	Annual
Planning & Economy (CES)	**People on benefits can find work quickly**	**Reducing the % gap with rate of ESA only claimants for more than 1 year against national level**	Residents claiming ESA have a higher likelihood of receiving support from NCC services.	Annual

Appendix 3 - Letter from Members to Central Government

Norfolk County Council

Cllr Cliff Jordan
Leader
Norfolk County Council
County Hall
Martineau Lane
Norwich
NR1 2DH

Tel: 01603 223201

CJ/MW/MBC

12 April 2017

Clare Moriarty
Defra
Nobel House
17 Smith Square
London
SW1P 3JR

Dear Ms Moriarty

We are currently assessing the likely impact of Ash Dieback Disease (Chalara) to Norfolk County Council. Ash is Norfolk's second commonest hedgerow tree and survey work conducted last summer indicates **there are over 200,000 ash trees adjacent to public highways and many more on Council land**.

Norfolk County Council are actively working with other Councils, NGOs, landowning organisations and academia to develop an efficient and effective approach to ash dieback. We have developed a survey methodology that is being highlighted as best practice by the Tree Council to other local authorities which will enable us to formulate an evidence based ash dieback management strategy for Norfolk County Council. We have identified that financial support from Central Government will be key for implementing this strategy in both maintaining Norfolk's trees in a reasonably safe condition and investing in the recovery and resilience of our landscape.

We have grave concerns over the financial impact of dealing with ash dieback for Norfolk County Council and other Local Authorities, and to other tree owners who are affected. We are grateful that management information is being produced by the Tree Council on Defra's behalf however **Central Government support is required to deal with this national issue**. This will allow the Local Authority and its partners, including other Councils, NGOs, landowning organisations and academic groups, to formulate and implement a strategy to manage the disease over the coming years.

Given the significant number of ash trees in Norfolk, and across the whole Country, **there is a major issue building in ensuring the felling or other management of ash is carried out** to maintain them in a safe condition. Suffolk and Kent County Councils have recognised a similar order of magnitude to the problem, indicating management costs of £7 million and £16 million respectively to make infected roadside trees safe. In parts of Europe as many as 95% of ash trees have been infected by the ash dieback fungus, which kills mature trees over a period of several years, and during which time it is common for limbs to shed.

It is essential that a replanting programme is established both to regain ecological connectivity and maintain the treed character of this part of the United Kingdom. Norfolk County Council will be writing a 20 year strategy to enable us to manage the effects of ash dieback which will include recommendations on suitable species to replace ash in Norfolk. We advocate planting a wide range of species and genera to ensure long term landscape resilience to pests, diseases and climate change. Once resistant ash trees or varieties of ash are commercially available, these will be included in replanting specifications where site conditions are suitable.

We are working with the Woodland Trust to explore funding options for replanting, but ultimately the response will depend of the degree of support from central Government. We believe there is a timely opportunity to consider how **post-Brexit agri-environment support could address the issues exposed by ash dieback**. These include the restoration of hedgerows and replanting of lost roadside trees within wide buffer strips, which would help deliver important ecosystem services including mitigation of soil erosion and surface water flooding.

Ash dieback will result in a loss of trees not experienced since Dutch Elm Disease hit the country in the 1970's with the loss of at least 25 million trees. **Without increased support for the management of diseased trees and their replacement there is a real risk that the loss will be permanent.**

In summary we ask that you provide for Norfolk County Council and other landowners:

- **Financial support to deal with ash trees that require felling or pruning**
- **Financial support for landscape recovery**

Yours sincerely

M. J. Wilby

Cllr Cliff Jordan
Leader of the Council

Cllr. Martin Wilby
Chair Environment,
Development & Transport Committee

 CJ-05/17/055

Department
for Environment
Food & Rural Affairs

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Smith Square
London SW1P 3JR

T 03459 335577
Defra.helpline@defra.gsi.gov.uk

Mr Cliff Jordan
County Hall
Martineau Lane
Norwich
NR1 2DH

Our ref: DWO427856/JP

18 May 2017

Dear Mr Jordan,

Thank you for your letter of 12 April to the Permanent Secretary about ash dieback disease. I have been asked to reply.

Defra has been managing ash dieback based on science, international best practice and the advice of the UK Chief Plant Health Officer. We have invested over £37 million into tree health research and have been conducting screening trials to identify a disease-tolerant strain of ash trees. Where there is a limited risk to safety of the general public, we do not advocate the immediate removal of infected ash trees, as they continue to provide recreational and biodiversity benefits for some time as well as playing a vital role in protecting our environment for example, through providing habitats for our native wildlife.

Support is available for some landowners for the replacement of infected ash trees with alternative species in woodland situations under the Countryside Stewardship scheme, subject to grant conditions being met. JNCC has published advice on which tree species landowners could select when restocking, in order to maintain the same level of environmental benefits. Other organisations such, as the Woodland Trust, are offering free 'disease recovery packs' of native trees for this purpose. Alongside this we have funded research to develop tolerant strains of ash trees.

In response to health and safety issues in non-woodland situations, we convened an ash dieback taskforce with a number of key stakeholders and local authorities to develop action plans for local authorities to aid planning and preparedness. We would particularly like to thank Norfolk County Council for its input and support as an active member of the taskforce.

Yours sincerely,

JPayne

Joseph Payne
Defra - Ministerial Contact Unit

Appendix 5 - Management Information Sheet Schools

Ash Dieback Survey 2017

Ash dieback was identified in the county in 2012. Last year we began surveying roadside trees to help us establish its distribution and the health of the trees.

As part of our research we would like your help to find out how many ash trees we have at our schools and how healthy they are. Finding trees that are either showing symptoms of ill health or those that are showing signs of possible resistance are both very important to us to help identify how the disease is impacting the trees.

If you have trees in your school grounds it's important that you identify if you have any ash trees.

If your school is owned or managed by Norfolk County Council:

Between mid-June and mid-September we need you to carry out a simple survey of your ash trees, take photos of them now, file them and photograph from the same places next year to determine how the crown has changed. This is a good way to assess whether a trees health is in decline.

The best time to assess an ash trees health is mid-June to mid-September when they are in full leaf. Without their leaves, dieback can be more difficult to spot, especially in mature trees.

You will need to complete a short questionnaire and return it to ashdieback@norfolk.gov.uk.

To help you assess the dieback level we have produced a guide.

The questionnaire and how to guides are available on the school website.

If your school is not owned or managed by Norfolk County Council:

You will need to monitor any ash trees in your grounds. The guide on the school website will help you to assess dieback, you can also keep photographic records to monitor dieback.

If you have any questions or require further information please email ashdieback@norfolk.gov.uk

Appendix 6 - School Ash Dieback Questionnaire

<table>
<tr><td>School Name:</td><td colspan="3"></td></tr>
<tr><td>Address:</td><td colspan="3"></td></tr>
<tr><td>Do you have any Ash trees in your grounds?</td><td colspan="2">Yes:
Please complete all sections below</td><td>No:
No action required</td></tr>
<tr><td>If so, how many are over 5m high?</td><td colspan="3"></td></tr>
<tr><td>Are there any signs of Ash dieback?</td><td colspan="2">Yes:
Please complete the appropriate sections below</td><td>No:
No action required / Take photos and monitor</td></tr>
<tr><td rowspan="4">Percentage of dieback/number of trees</td><td>0% = healthy tree</td><td colspan="2"></td></tr>
<tr><td>25- 50%</td><td colspan="2"></td></tr>
<tr><td>50-75%</td><td colspan="2"></td></tr>
<tr><td>75-100%</td><td colspan="2"></td></tr>
<tr><td>Have any photos taken?</td><td colspan="2">Yes:
Keep on file</td><td>No:</td></tr>
<tr><td colspan="4">Notes</td></tr>
<tr><td colspan="4">Please email your completed form or any queries/requests for further information to: ashdieback@norfolk.gov.uk</td></tr>
</table>

Photos of dieback of ash trees

0% Dieback - Healthy Crown

25% Dieback

50% Dieback

75% Dieback

Appendix 8 – Scottow Additional Information

Breakdown on occupied and registered revenue £/SQFT

OCCUPIED + FORECAST REVENUE BREAKDOWN 2017/2018				
Rev of Occupied	***Buildings (Zone A, B and C)***	***Storage (zone D)***	***Yards (Zone F)***	***Total***
Rental Rev (£k)	£573,667.00	£79,228.00	£2,000.00	£654,895.00
SQFT	423979	39885	12000	475864
Average Rents (£/sqft)	**£1.35**	**£1.99**	**£0.20**	**£1.38**

OCCUPIED + FORECAST REVENUE BREAKDOWN 2018/2019				
Rev of Occupied	***Buildings (Zone A, B and C)***	***Storage (zone D)***	***Yards (Zone F)***	***Total***
Rental Rev (£k)	£812,028.00	£87,939.00	£6,649.00	£906,616.00
SQFT	414583	39885	25700	480168
Average Rents (£/sqft)	**£1.96**	**£2.20**	**£0.26**	**£1.89**

OCCUPIED + FORECAST REVENUE BREAKDOWN 2019/2020				
Rev of Occupied	***Buildings (Zone A, B and C)***	***Storage (zone D)***	***Yards (Zone F)***	***Total***
Rental Rev (£k)	£1,010,538.00	£87,939.00	£8,995.00	£1,107,472.00
SQFT	419629	39885	25700	485214
Average Rents (£/sqft)	**£2.41**	**£2.20**	**£0.35**	**£2.28**

Rents are going up at SEP over 2-3 year period as buildings are improved, soft starts for startup tenants come to an end, as site infrastructure improves so higher rents can be sought.

Business & Property Committee

Item No……

Report title:	**Strategic and Financial Planning 2018-19 to 2021-22 and Revenue Budget 2018-19**
Date of meeting:	**18th January 2018**
Responsible Chief Officer:	**Tom McCabe – Executive Director, Community and Environmental Services, Simon George – Executive Director, Finance and Commercial Services**

Strategic impact

The proposals in this report will inform Norfolk County Council's decisions on council tax and contribute towards the Council setting a legal budget for 2018-19 which sees its total resources targeted at meeting the needs of residents.

The information in this report is intended to enable the Committee to take a considered view of all the relevant factors to agree budget proposals for 2018-19 and the Medium Term Financial Strategy to 2021-22, and make recommendations on these to the Policy and Resources Committee. Policy and Resources will then consider how the proposals from Service Committees contribute to delivering an overall balanced budget position on 29 January 2018 before the Full Council meets 12 February to agree the final budget and level of council tax for 2018-19.

Executive summary

This report sets out details of the County Council's strategy which will set out the future direction, vision and objectives for the Council across all its services. It also provides an overview of the financial issues for the Council, including the latest details of the Autumn Budget 2017 and the Local Government Finance Settlement for 2018-19. It then summarises this Committee's saving proposals for 2018-19, identified budget pressures and funding changes, and sets out the proposed cash-limited revenue budget as a result of these. The report also provides details of the proposed capital programme.

Details of the outcomes of rural and equality impact assessments in respect of the 2018-19 Budget proposals are set out in the paper, alongside the findings of public consultation around specific savings proposals, where relevant to the Committee.

Policy and Resources Committee works with Service Committees to coordinate the budget-setting process, advising on the overall planning context for the Council. Service Committees review and advise on the budget proposals for their individual service areas. The report therefore provides an update on the Service Committee's detailed planning to feed into the Council's budget process for 2018-19. The County Council is due to agree its budget for 2018-19, and Medium Term Financial Strategy to 2021-22 on 12 February 2018.

Business & Property Committee is recommended to:

1) **Note the new corporate priorities – Norfolk Futures – to focus on demand management, prevention and early help, and a locality focus to service provision as set out in section 2 of this report.**

2) **Consider and agree the service-specific budgeting issues for 2018-19 as set out in section 5 of this report.**

3) **Consider and comment on the Committee's specific budget proposals for 2018-19 to 2021-22, noting the findings of public consultation in respect of the budget proposals set out in section 8 of this report.**

4) **Consider the findings of equality and rural impact assessments detailed in section 9 of this report and in doing so, note the Council's duty under the Equality Act 2010 to have due regard to the need to:**

   - **Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;**
   - **Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;**
   - **Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.**

5) **Consider and agree any mitigating actions proposed in the equality and rural impact assessments;**

6) **Consider the recommendations of the Executive Director of Finance and Commercial Services, and:**

   a. **Recommend to Policy and Resources Committee that the Council's budget includes an inflationary increase of 2.99% in council tax in 2018-19, within the council tax referendum limit of 3.0% for 2018-19;**
   b. **Note that the Council's budget planning includes an increase in council tax of 3.0% for the Adult Social Care precept in 2018-19, meaning that no increase in the Adult Social Care precept would be levied in 2019-20.**

7) **Agree and recommend to Policy and Resources Committee the draft Committee Revenue Budget as set out in Appendix 4:**

   a. **including all of the savings for 2018-19 to 2021-22 as set out. *Or***
   b. **removing any savings unacceptable to the Committee and replacing them with alternative savings proposals within the Committee's remit.**

   For consideration by Policy and Resources Committee on 29 January 2018, to enable Policy and Resources Committee to recommend a sound, whole-Council budget to Full Council on 12 February 2018.

8) **Agree and recommend the Capital Programmes and schemes relevant to this Committee as set out in Appendix 5 to Policy and Resources Committee for consideration on 29 January 2018, to enable Policy and Resources Committee to recommend a Capital Programme to Full Council on 12 February 2018.**

1. Introduction

1.1. The Council's approach to medium term service and financial planning includes a rolling medium term financial strategy, with an annual budget agreed each year. The County Council agreed the 2017-18 Budget and Medium Term Financial Strategy (MTFS) to 2019-20 at its meeting 20 February 2017. At this point, the MTFS identified a gap for budget planning purposes of £35.015m.

1.2. The MTFS position is updated through the year to provide Members with the latest available financial forecasts to inform wider budget setting work across the organisation. As previously reported to Committees, Policy and Resources Committee considered a report "Strategic and Financial Planning 2018-19 to 2021-22" on 3 July 2017, which set out a forecast gap of £100.000m for the period to 2021-22.

1.3. This year, the budget-setting process is closely aligned with development of the new Council Plan and associated corporate strategy work. Further details of this were set out in the report "Caring for your County" and in the Strategic and Financial Planning reports considered by Policy and Resources Committee.

1.4. Norfolk County Council is due to agree its new Budget and Medium Term Financial Strategy for 2018-19 to 2021-22 on 12 February 2018. This paper sets out the latest information on the Local Government Finance Settlement and the financial and planning context for the County Council for 2018-19 to 2021-22. It summarises the Committee's pressures, changes and savings proposals for 2018-19, the proposed cash limit revenue budget based on all current proposals and identified pressures, and the proposed capital programme.

2. County Council Strategy and Norfolk Futures

2.1. The County Council Strategy will set out the future direction, vision and objectives for the Council across all its services.

2.2. A key plank of the new strategy will be Norfolk Futures. This comprises a number of initiatives focused on demand management, prevention and early help, and a locality focus to service provision, as referenced in the Strategic and Financial Planning 2018-19 to 2021-22 report presented at Policy and Resources 30 October 2017.

2.3. Norfolk Futures will focus on delivering the administration's manifesto priorities over the Medium Term Financial Strategy period and include:

Local Service strategy:

- We want to proactively target our services in the places where they are most needed in our market towns, Norwich, Great Yarmouth and King's Lynn.
- Joining up different areas of the council's work under one roof will enable the closure of little-used buildings and remodelled services.

- Refocusing our investment, based on the evidence we have of service usage will mean we can create services that meet the need of the residents in that place, rather than a one size fits all offer.

A new deal for families in crisis:

- We want to keep families together when life gets tough, and reduce the number of children entering the care system.
- To achieve this will we focus on early intervention to keep children safely at home.
- When we have to help and offer care we will use foster care and adoption where appropriate, which we know deliver better outcomes for our children.
- We will reduce our use of residential care and invest in specialist support alternatives.
- Care leavers will be better supported through high quality post 16 provision.

Promoting independence for vulnerable adults:

- We want to give people the skills and confidence to live independently and safely, in their own homes, for as long as possible.
- To do this we will focus on those most likely to need our formal services at some point to help them to stay independent for longer.
- This will involve supporting people to overcome problems and find renewed levels of independence.
- Helping people with learning difficulties to do the things we all want to do in life.
- Strengthen social work so that it prevents, reduces and delays need.

Smarter information and advice:

- We want to make it easier for people to find trusted, reliable information to make decisions that improve their independence and well being.
- Direct and connect people to services in their local community.
- This will help people to take control of their lives and their futures and to reduce reliance on health and local authority services.

Towards a Housing Strategy:

We care about the large number of people who are not able to afford a home of their own. As a county council we can help by accelerating the delivery of new housing, in all forms, throughout Norfolk by:

- Using county council landholdings to undertake direct development via Repton Property Developments Ltd, NCC's development company.
- Providing up-front finance for infrastructure development.
- Acquiring strategic landholdings with a view to development.
- Working in partnership with housing authorities, the HCA, and the LEP to secure additional investment.
- Highlight gaps in the type and location of accommodation to meet the needs of the people of Norfolk today and in the future.

Digital Norfolk:

Driving the creation of a sustainable technology infrastructure for better broadband and mobile services.

- Norfolk will be a place where all appropriate local government services are available online and are used safely and effectively by people to live, work, learn and play.
- We want to use technological solutions, to provide smarter ways of working and reduce costs within the council and in frontline services.
- Support provision of smarter information and advice by providing quicker, reliable access.
- This could include more online transactions, which are more convenient for many people and are more cost effective.

Commercialisation:

- Sweating our assets to maximise return on investment to invest in frontline services. Making the most of our under-utilised buildings and land by selling or leasing it to generate rent income.
- Running traded services profitably to make a return for the County Council to invest in frontline services.
- Seeking out new commercial opportunities.
- Managing the council's services in the most efficient way.
- Make sure the £700m we spend through contracted out services is managed and reviewed to ensure value for money.

3. Strategic financial context

3.1. Through the submission of an Efficiency Plan in 2016[1], the Council has gained access to confirmed funding allocations for the four years 2016-17 to 2019-20. As a result, the Council's main funding settlement in the period to 2019-20 is not expected to change substantially, although allocations are confirmed annually in the Local Government Finance Settlement.

3.2. The Autumn Budget, announced by the Chancellor of the Exchequer, Philip Hammond, on Wednesday 22 November 2017 contained relatively few announcements with implications for the County Council. The Chancellor characterised it as a "balanced approach" being adopted in the Budget, including preparing for the exit from the EU, maintaining fiscal responsibility, investing in skills and infrastructure, supporting housebuilding and home ownership and helping families with the rising cost of living.

[1] https://www.norfolk.gov.uk/what-we-do-and-how-we-work/our-budget-and-council-tax/our-budget/our-budget

3.3. The provisional Local Government Finance Settlement for 2018-19 was announced on 19 December 2017. The 2018-19 Settlement represents the third year of the four year certainty offer which began in 2016-17, and was described by the Government as providing a path to a new system which will build on the current 50% retention scheme and will see councils retain an increased proportion of locally collected business rates. The Department for Communities and Local Government plans to implement the latest phase of the Business Rates Retention Scheme (BRRS) in 2020-21, which will see 75% of business rates retained by local government. This is to be achieved by rolling in existing grants including Public Health Grant and Revenue Support Grant. Local Government will also retain a 75% share of growth from the 2020-21 reset onwards. 100% Business Rates pilots are continuing with a number of new pilots announced for 2018-19. Norfolk was not one of the 2018-19 pilots, although there may be a further opportunity to apply to participate in 2019-20.

3.4. In recognition of the pressures facing local government, the settlement includes plans for the core council tax referendum limit of 2% to be increased by 1% to **allow a maximum increase of 3%** before a local referendum is required (in line with inflation) in both 2018-19 and 2019-20. The implications of this are discussed in the section on the latest 2018-19 budget position below.

3.5. The Settlement acknowledged concerns about planned reductions to Rural Services Delivery Grant (RSDG) and as a result this is to be increased by £15m in 2018-19 – so that RSDG will remain at £65m throughout the settlement period (i.e. to 2019-20). There has been no change to the distribution methodology, which means an additional (one-off) £0.737m for the County Council in 2018-19.

3.6. The Government set out plans to look at options for dealing with the negative Revenue Support Grant (RSG) allocations within the settlement which appear in 2019-20, and intends to consult in the spring to inform planning for the 2019-20 settlement. It should be noted that Norfolk is not in a negative RSG position during the four year settlement. The Government has also published a formal consultation on the review of relative needs and resources, intended to deliver an updated and more responsive distribution methodology for funding to be implemented from 2020-21.

3.7. No new funding has been announced for social care. However the Government has recognised that a long term solution to adequately funding social care services is required, and confirmed that a green paper on future challenges within adult social care is due to be published in summer 2018. There was no mention in the Settlement of any funding for the recently announced local government pay offer for 2018-19 and 2019-20 of 2% in each year, with higher increases for those earning less that £19,430. There was also no extension of the Transitional Grant provided in 2016-17 and 2017-18, which has ceased in 2018-19.

3.8. The latest estimate of the Council's overall budget position for 2018-19 as a result of the above, and any other issues, will be reported to Policy and Resources Committee in January.

4. 2018-19 Budget planning

2017-20 Medium Term Financial Strategy

4.1. County Council approved the 2017-18 Budget and the Medium Term Financial Strategy for the period 2017-18 to 2019-20 on 20 February 2017. The Medium Term Financial Strategy to 2019-20 set out a balanced budget for 2017-18, but a deficit remained of £16.125m in 2018-19, and £18.890m in 2019-20. The Medium Term Financial Strategy for 2017-20 therefore set out a forecast gap for the years 2018-19 and 2019-20 of **£35.015m** and included planned net savings of **£72.737m**.

2017-18 budget position

4.2. The latest details of the Committee's 2017-18 budget position are set out in the budget monitoring report elsewhere on the agenda. The Council's overarching budget planning for 2018-19 continues to assume that the 2017-18 Budget will be fully delivered (i.e. that all savings are achieved as planned and there are no significant overspends).

The budget planning process for 2018-19

4.3. As reported to Service Committees in September, since the preparation of the Medium Term Financial Strategy, further pressures on the budget were identified, resulting in changes to the Council's budget planning position. At that point, the estimate of the budget gap for the four year planning period up to 2021-22 was **£100.000m**, and in September Service Committees were informed of the allocation of savings targets to aid in closing this projected gap.

4.4. In October, Service Committees then reported to Policy and Resources on the savings proposals identified to assist in closing the forecast gap for 2018-19. The total **gross** savings proposed were £41.593m. Policy and Resources Committee also considered a number of further changes to the Council's budget planning including the reversal and delay of a number of savings agreed as part of the 2017-18 Budget that had been identified as no longer deliverable in 2018-19. After new savings had been included, against the target **a budget gap of £7.806m remained for 2018-19 and £63.351m for the MTFS planning period 2018-22**. Policy and Resources Committee launched consultation on £3.580m of savings for 2018-19, and the level of council tax for the year, in order for Service Committees to consider the outcomes of consultation in January to inform their budget setting decisions.

4.5. In November Service Committees were updated on the position reported to Policy and Resources Committee but were not asked to identify further savings. In view of the remaining gap position for 2018-19, Committees were advised that **any change to planned savings or removal of proposals would require alternative savings to be identified**.

4.6. The budget position and the associated assumptions are kept under continuous review. The latest financial planning position will be presented to Policy and Resources Committee in January prior to budget-setting by County Council in February. The outline budget-setting timetable for 2018-19 is set out for information in Appendix 1 to this report.

Latest 2018-19 Budget position

4.7. The council's budget planning was originally based on an increase in council tax of 4.9%, and the general approach set out in the council's Medium Term Financial Strategy has been to raise general council tax in line with inflation, reflecting the Government's assumptions within the local government financial settlement.

4.8. The Government has now provided the discretion to raise general council tax by an additional 1% without the need for a local referendum in both 2018-19 and 2019-20, recognising the higher forecast rate of inflation. This means council tax can be raised by 3% for general council tax and 3% for the adult social care precept, a total of 5.99% in 2018-19. The Government's core spending power figures now assume the council will raise council tax by the maximum amount available of 5.99%.

4.9. Since the last budget report to Policy and Resources Committee in October 2017, a number of pressures have emerged which require funding in 2018-19. These include:

- Additional on-going funding to support Children's Services;
- Funding for the £12m investment in Children's Services;
- The national pay award offer of 2% plus higher increases for those earning less than £19,430;
- Changes to planned savings; and
- Continuing higher inflation rates.

4.10. **An additional 1.09% increase in council tax, to raise council tax by the maximum amount of 5.99% without requiring a local referendum would be worth approximately £3.9m in 2018-19 based on current tax base estimates. This would contribute to funding the above pressures, closing the gap in 2018-19, and reducing the 2019-20 forecast budget gap. <u>A council tax increase of 5.99% would therefore enable a substantially more robust budget for 2018-19 and significantly reduce the risks for the council over the Medium Term Financial Strategy period.</u>**

4.11. In setting the annual budget, Section 25 of the Local Government Finance Act 2003 requires the Executive Director of Finance (Section 151 Officer) to report to members on the robustness of budget estimates and the adequacy of proposed financial reserves. This informs the development of a robust and deliverable budget for 2018-19.

Budget planning assumptions 2018-19

4.12. Key assumptions within the Council's current budget model include:

- **<u>A CPI (1.9%) increase in council tax</u>** above the 3% Adult Social Care precept, based on the assumptions used by the Government at the time of the 2016-17 local government settlement. Any reduction in this increase will require additional savings to be found. It should be noted that currently CPI is running at 3.0%[2] and the Council awaits guidance from the Government on the council tax referendum threshold for 2018-19. The assumed council tax increases are subject to Full Council's decisions on the levels of Council Tax, which will be made before the start of each financial year. In addition to an annual increase in the level of Council Tax (but with no increase in council tax in 2021-22), the budget assumes modest annual tax base increases of 0.5%;

- **That Revenue Support Grant will substantially disappear in 2020-21. This equates to a pressure of around £36m, but significant uncertainty is attached to this and clearly the level of savings required in year three could be materially lower should this loss of funding not take place;**
- 2017-18 Budget and savings delivered in line with current plans (no overspend);
- Use of additional Adult Social Care funding during 2017-18 and future years as agreed by Adult Social Care Committee 10 July 2017, with no changes to the overall funding allocations in 2018-19
- 2017-18 growth in Children's Services is included as an ongoing pressure and additional investment is included within Children's Services budgets to reflect 2017-18 pressures
- Ongoing annual pressures will exist in waste budgets; and
- That undeliverable savings have been removed as set out elsewhere in this report, and that all the remaining savings proposed and included for 2018-19 can be successfully achieved.

4.13. The Executive Director of Finance and Commercial Services' judgement on the robustness of the 2018-19 Budget is substantially based upon these assumptions.

5. Service Budget, Strategy and Priorities 2018-19

5.1. The Council's property portfolio must be managed so it acts as a catalyst for service improvement and community prosperity, whilst also ensuring value for money.

5.2. The Property Service approach will consist of –

- Identify which assets can support multi-agency use and what mix of assets are required at different settlements across the county.
- Invest to save' to release the value of property or directing spend on assets which are considered 'core' assets which will be retained over the long term.
- Review existing properties to dispose of those that are costly and targeting discretional elements of property spend, such as energy, to lower overall costs
- Create multi-use 'hub' properties which can support public service delivery through a single point; where possible using existing facilities that are well positioned and able to support more flexible use.
- Identify sites which are under-utilised and with development potential & bringing forward options for alternative use and / or development.

[2] UK consumer price inflation: October 2017, published by the Office for National Statistics: https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/october2017

- Release buildings which are poorly performing in terms of CO_2 emissions or which are expensive to maintain unless they are critical to service delivery and retro-fitting buildings to improve their sustainability.
- Adopt a more corporate approach to property with the centralisation of property budgets and establishing appropriate governance arrangements so that the portfolio is managed on a more strategic basis.

5.3. Proposed Property Service outcomes –
- Fewer larger buildings
- Newer buildings – well maintained
- Buildings intensively used, supporting multiple uses
- Flexible buildings to adapt to future needs
- Energy efficient / sustainable
- Located to optimise access and regeneration

5.4. The budget proposals contained in this report relating to Property have remained unchanged from the previous report for 2018-19, savings have been reprofiled to reduce by £0.500m for 2019-20, savings have been increased by £1.000m and £0.500m for 2020-21 and 2021-22 respectively. Overall this results in a savings increase of £1.000m for the planning period. The savings included in respect of property development returns from Repton Property Development Ltd are £2.000m.

5.5. The budget proposals contained in this report relating to Economic Development are unchanged from previous reports, the existing service strategy will continue to be implemented.

6. Revenue Budget

6.1. The tables in Appendix 4 set out in detail the Committee's proposed cash limited budget for 2018-19, and the medium term financial plans for 2019-20 to 2021-22. These are based on the identified pressures and proposed budget savings reported to this Committee in October, which have been updated in this report to reflect any changes to assumptions. The changes applicable to the Property service are shown in paragraph 5.4 above. Cost neutral adjustments for each Committee will be reflected within the Policy and Resources Revenue Budget 2018-19 to 2021-21 paper which will be presented on the 29 January 2018.

6.2. The Revenue Budget proposals set out in Appendix 4 form a suite of proposals which will enable the County Council to set a balanced Budget for 2018-19. **As such recommendations to add growth items, amend or remove proposed savings, or otherwise change the budget proposals will require the Committee to identify offsetting saving proposals or equivalent reductions in planned expenditure.**

6.3. The Executive Director of Finance and Commercial Services is required to comment on the robustness of budget proposals, and the estimates upon which the budget is based, as part of the annual budget-setting process. This assessment will be reported to Policy and Resources Committee and County Council.

7. Capital Programme 2018-19

7.1. A summary of the Capital Programme and schemes relevant to this Committee can be found in Appendix 3.

8. Public Consultation

8.1. Under Section 3(2) of the Local Government Act 1999, authorities are under a duty to consult representatives of a wide range of local people when making decisions relating to local services. This includes council tax payers, those who use or are likely to use services provided by the authority and other stakeholders or interested parties. There is also a common law duty of fairness which requires that consultation should take place at a time when proposals are at a formative stage; should be based on sufficient information to allow those consulted to give intelligent consideration of options; should give adequate time for consideration and response and that consultation responses should be conscientiously taken into account in the final decision.

8.2. Saving proposals to bridge the shortfall for 2018-19 were put forward by committees, the majority of which did not require consultation because they could be achieved without affecting service users.

8.3. Where individual savings for 2018-19 required consultation:

- The public consultations ran from the 6 November 2017 to 2 January 2018.
- Those consultations were published and consulted on via the Council's consultation hub Citizen Space at: https://norfolk.citizenspace.com/consultation/budget2018/
- We promoted the consultation through Your Norfolk residents' magazine, online publications, social media and our website.
- People were able to respond online and in writing. We also received responses by email to HaveYourSay@norfolk.gov.uk and accepted responses in other format, for example, petitions.
- Consultation documents were available in hard copy, large print and easy read as standard and other formats on request.
- Every response has been read in detail and analysed to identify the range of people's opinions, any repeated or consistently expressed views, and the anticipated impact of proposals on people's lives.

None of the savings proposals for this Committee detailed in the Strategic & Financial Planning 2018 – 19 to 2021 – 22 report taken to October Committees were considered to require consultation.

9. Equality and rural impact assessment – findings and suggested mitigation

9.1. There is no evidence to suggest that Business & Property Committee's budget proposals for 2018 / 19 will have any detrimental or disproportionate impact on people with protected characteristics in rural areas. This is because there is no change to service standards, quality or delivery.

With regards to the proposal relating to 'Property – reducing facilities management costs', there is no risk that a reduction in the number of premises will have a detrimental impact on disabled people in any way, eg by increasing pressure on disabled parking spaces, or by limiting the physical space available in offices, which could cause difficulties for people who need more room to move around, eg users of large electric wheelchairs. As part of ongoing work to review property, consideration will continue to be given to enhancing accessibility for disabled people.

10. Financial implications

10.1. Financial implications for the Committee's Budget are set out throughout this report.

11. Issues, risks and innovation

11.1. Significant risks or implications have been set out throughout the report. Specific financial risks in this area are also identified in the Corporate Risk Register, including the risk of failing to manage significant reductions in local and national income streams (RM002) and the risk of failure to effectively plan how the Council will deliver services (RM006).

11.2. Decisions about significant savings proposals with an impact on levels of service delivery will require public consultation. As in previous years, saving proposals, and the Council's Budget as a whole, will be subject to equality and rural impact assessments later in the budget-setting process.

12. Background Papers

12.1. Background papers relevant to the preparation of this report are set out below.

Norfolk County Council Revenue and Capital Budget 2017-20, County Council, 20 February 2017, Item 4:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/444/Committee/2/SelectedTab/Documents/Default.aspx

Norfolk County Council Budget Book 2017-20, May 2017:
https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/the-2017-2020-budget-book.pdf?la=en

Caring for your County, Policy and Resources Committee, 3 July 2017, Item 7:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1359/Committee/21/Default.aspx

Strategic and Financial Planning 2018-19 to 2021-22, Policy and Resources Committee, 30 October 2017, Item 7:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/638/Committee/21/SelectedTab/Documents/Default.aspx

Officer Contact

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List of Appendices

1. Budget Timetable
2. Findings of Public Consultation
3. Summary of Rural and Equalities Impact Assessments
4. 2018-19 to 2021-22 Proposed Committee Revenue Budget
5. 2018-19 to 2021-22 Capital Budget Proposals

APPENDIX 1

2018-19 Budget Timetable

Activity/Milestone	Time frame
County Council agree recommendations for 2017-20 including that further plans to meet the shortfall for 2018-19 to 2019-20 are brought back to Members during 2017-18	20 February 2017
Spring Budget 2017 announced	8 March 2017
Consider implications of service and financial guidance and context, and review / develop service planning options for 2018-20	March – June 2017
Executive Director of Finance and Commercial Services to commission review of 2016-17 outturn and 2017-18 Period 2 monitoring to identify funding from earmarked reserves to support Children's Services budget.	June 2017
Member review of the latest financial position on the financial planning for 2018-20 (Policy and Resources Committee)	July 2017
Member review of budget planning position including early savings proposals	September – October 2017
Consultation on new planning proposals and Council Tax 2018-21	October to December 2017 / January 2018
Service reporting to Members of service and budget planning – review of progress against three year plan and planning options	November 2017
Chancellor's Autumn Budget 2017	TBC November / December 2017
Provisional Local Government Finance Settlement	TBC December 2017
Service reporting to Members of service and financial planning and consultation feedback	January 2018
Committees agree revenue budget and capital programme recommendations to Policy and Resources Committee	Late January 2018
Policy and Resources Committee agree revenue budget and capital programme recommendations to County Council	29 January 2018
Confirmation from Districts of council tax base and Business Rate forecasts	31 January 2018
Final Local Government Finance Settlement	TBC February 2018
County Council agree Medium Term Financial Strategy 2018-19 to 2020-21, revenue budget, capital programme and level of Council Tax for 2018-19	12 February 2018

APPENDIX 2

Findings of Public Consultation

Not applicable to this Committee

APPENDIX 3

Summary of Rural and Equalities Impact Assessments

Not applicable to this Committee

2018-19 to 2021-22 Proposed Committee Revenue Budget

Reference	Budget change forecasts for 2018-22 Business and Property	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m
	OPENING BUDGET	**9.039**	**8.172**	**6.093**	**4.036**
	ADDITIONAL COSTS				
	Inflationary				
	Basic Inflation - Pay (2% for 18-22)	0.043	0.041	0.108	0.108
	Basic Inflation - Prices	0.042	-0.045	-0.115	-0.115
	Legislative Requirements				
	Carbon Reduction Commitment increased price per tonne	0.045			
	Business rates revaluation	-0.084			
		0.046	**-0.004**	**-0.007**	**-0.007**
	SAVINGS				
EDT020	Economic development match funding - cease providing match funding to Hethel Innovation for European funding bids and seek alternative match funding opportunities	-0.051			
P&R027 /P&R058 /P&R060	Property savings	-0.400	-1.000	-0.650	-0.650
B&P001	Return from property development company – Repton Property Developments Ltd		-0.500	-1.000	-0.500
B&P002	Property further centralisation of existing property budgets in services will allow maximisation of savings opportunities – savings estimated at 5% of current budget each year	-0.400	-0.400	-0.400	
B&P003	Property seeking opportunities to reduce fees paid to NPS	-0.100	-0.100		
B&P004	Property reducing facilities management costs	-0.075	-0.075		
B&P005	Economic Development - closer/joint working with New Anglia Local Enterprise Partnership	-0.025			
		-1.051	**-2.075**	**-2.050**	**-1.150**
	COST NEUTRAL ADJUSTMENTS				
	Transfer to EDT Committee	-0.358			
	Print recharge	0.000			
	Depreciation transfer	0.295			
	Debt management transfer	0.000			
	REFCUS transfer	0.200			
		0.137	**0.000**	**0.000**	**0.000**
	NET BUDGET	**8.172**	**6.093**	**4.036**	**2.879**

2018-19 to 2021-22 Capital Budget Proposals

Title	2018-19	2019-20	2020-21
	£m	£m	£m
Property			
Contribution towards new hospice at Framingham Pigot – "Nook" appeal – helping young people and their families face end-of-life situations closer to home	0.500		
Hethersett Fire Station site remodelling including Whitegates relocation – allowing buildings to be exploited / vacated	0.550		
County Hall North Wing Car Park – creation of 112 – 125 additional spaces – North Wing / Annexe	0.410		
County Hall Heating/Cooling systems – review in advance of remedial works	0.095		
County Hall Forecourt – to address leaking / flooding	1.300		
Overhang works, First Floor, County Hall – works to improve energy efficiency	0.450		
County Hall Refurbishment Phase 2 – refurbishment of basement and lower ground floors, enabling release of off site office space		6.323	
Vauxhall Centre Underground Car Park – potential to generate up to £0.100m of car park space income	0.230		
Accommodation Rationalisation	0.025	0.025	0.025
Intelligent Transport System relocation	0.705		
Fire Property – maintenance	1.053	0.493	0.493
Jubilee Centre Norwich – refurbishment	0.200		
Total Property	**5.518**	**6.841**	**0.518**

Business and Property Committee

Item No.

Report title:	**Risk Management**
Date of meeting:	**18th January 2018**
Responsible Chief Officer:	**Simon George, Executive Director of Finance and Commercial Services**

Strategic impact

One of the Business and Property Committee's roles is to consider the management of risks relating to Norfolk County Council's commercial property. Assurance on the effectiveness of risk management helps the Committee undertake some of its key responsibilities. Risk management contributes to achieving departmental objectives, and is a key part of the performance management framework.

Executive summary

This report provides the Committee with the latest departmental level property risks as at January 2018, following the latest review conducted in December 2017. The reporting of risk is aligned with, and compliments, the performance and financial reporting to the Committee.

Recommendations:

Members are asked to consider:

a) **the risk reported by exception (in paragraph 2.2 and Appendix A), and the other departmental risks relating to Property (in Appendix D);**

b) **whether the recommended mitigating actions identified in Appendix A are appropriate, or whether another course of action is required (as per Appendix B);**

1. Proposal

1.1. The Finance and Commercial Services and Environment, Development, and Transport Departmental Management Teams (DMTs) have been engaged in the preparation of the corporate and departmental level property risks.

The risk presented in **Appendix A** is the risk that is reported by exception, as detailed in paragraph 2.2.

A note of the criteria used to determine which risks sit at which level can be located as per the background information at **Appendix C** of this report. **Appendix D** shows a summary of all of the current corporate and departmental level risks relating to this Committee. It is proposed that these current risks continue to be reported to Committee via appendices until mitigated to the point where they pose minimal risk to this Committee's objectives.

2. Evidence

2.1. The Property risk data detailed in this report reflects those key business risks that are managed by the Departmental Management Teams of the Finance and Commercial Services, and Environment, Development, and Transport departments, and Senior Management Team of the Corporate Property Team.

Key business risks materialising could potentially result in the departments failing to achieve one or more of their key objectives and/or suffer a financial loss or reputational damage. The current risks are those identified against departmental objectives for 2017/18.

2.2. The Exceptions Report, in **Appendix A,** focuses on any risks that have a current risk score of 12 and above with prospects of meeting the target score by the target date of amber or red. There is currently one risk that meets this criteria, as seen in this appendix.

1) RM14200 - Failure to meet NCC carbon reduction target

There are three different elements to this risk (street lighting, corporate car scheme, and energy utilisation), with three different contributing areas of the Council to their management. These are set out in the risk in Appendix A.

2.3. There are no significant changes to risks reported at the October 2017 Committee.

2.4. To assist Members with considering whether the recommended actions identified in this report are appropriate, or whether another course of action is required, a list of such possible actions, suggested prompts and challenges are presented for information and convenience in **Appendix C**.

2.5. The Finance and Commercial Services departmental risk register contains one departmental level risk (RM14200) and one corporate level risk (RM14282) relevant to this Committee, with the EDT risk register containing the other risk (RM14250). **Appendix D** provides the Committee members with a summary of these risks. There are currently two corporate level risks for this Committee to consider.

2.6. All three risks reported to this Committee currently have an overall amber prospects score of meeting the target score by the target date. Please see Note 1 below for details of prospects scoring.

3. Financial Implications

3.1. At the October 2017 Business and Property Committee, it was noted that the loan to Repton Property Developments was included in a general risk line, and it would be included in future reports to the Committee for information. The loan provided to Repton Property Developments is in line with other loans to wholly owned NCC companies, and strong controls are in place to ensure that the loan is managed appropriately.

4. Issues, risks and innovation

4.1. There are no other significant issues, risks and innovations arising from this Risk Management report.

5. Background

5.1. Background information regarding risk scoring, and definitions can be found in **Appendix C.**

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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Note 1:

The prospects of meeting target scores by the target dates are a reflection of how well the risk owners consider that the mitigation tasks are controlling the risk. It is an early indication that additional resources and tasks or escalation may be required to ensure that the risk can meet the target score by the target date. The position is visually displayed for ease in the “Prospects of meeting the target score by the target date” column as follows:

• Green – the mitigation tasks are on schedule and the risk owner considers that the target score is achievable by the target date.

• Amber – one or more of the mitigation tasks are falling behind and there are some concerns that the target score may not be achievable by the target date unless the shortcomings are addressed.

• Red – significant mitigation tasks are falling behind and there are serious concerns that the target score will not be achieved by the target date and the shortcomings must be addressed and/or new tasks introduced.

Appendix A

Risk Number	RM14200	**Date of update**	20 December 2017
Risk Name	Failure to meet NCC carbon reduction target		
Risk Owner	Jeannine de Sousa	**Date entered on risk register**	01 April 2016

Risk Description

There is a risk of a failure to address energy efficiency as part of operational practice, leading to increased energy and tax costs, against a background of a flexible buildings portfolio. The risks reside around the principal impacts associated with the use of buildings, transport and street lighting in support of service delivery. Reporting responsibility resides with the Corporate Property Team who oversee the delivery of statutory reporting; impact is organisation-wide.

Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	**12**	3	4	**12**	2	3	**6**	Mar-20	**Amber**

Tasks to mitigate the risk

1) To reach a 50% reduction by 2020 requires an added focus on transport and street lighting impacts, given that the corporate building estate is well within reach of meeting its own contribution, as indicated in the end of year 2014-15 figures. Corporate target agreed by Members. Project management delivered through interface with existing programmes, such as through the work of the Corporate Property Team. Delivery of the programme has transferred to CPT.
2) Develop a corporate car scheme and pilot before rolling out if successful and viable.
3) Identify opportunities for further managing energy utilisation and reducing the Council's carbon footprint.

Progress update

1) A large proportion of the target was building related and targets were achieved through the County Hall project and investment through the CERF funding for the wider corporate building estate, i.e. with improvements in fire stations of insulation. Going forward we are developing an energy policy / strategy to determine minimum and maximum changes / alterations to buildings where we do refurb works. We are also reviewing how we monitor water, gas and electricity with the Head of procurement, as well as energy procurement.Further work is required to ascertain street lighting reduction performance. Development/growth of residential areas will likely impact on performance figures.
2) A corporate pool car scheme has been developed and piloted. The success of the scheme will depend on registration and uptake and the development of Human Resources policy on the use of pool cars.
3) An Energy Projects Officer has been appointed to identify further opportunities for carbon reduction and to manage energy utilisation across the Council. They are responsible for producing and maintaining an energy policy for the Council. The appointed officer is in post for 6 months from 01.10.17.
We are reviewing bundles of properties and utilisation on site with a plan to suggest changes that can be made with a prioritised list. This is an ongoing process with the 1st bundle currently being the Independence Matters properties, and this element of the risk is green in terms of progress.

Appendix B

Risk management discussions and actions

Reflecting good risk management practice, there are some helpful prompts that can help scrutinise risk, and guide future actions. These are set out below.

Suggested prompts for risk management improvement discussion

In reviewing the risks that have met the exception reporting criteria and so included in this report, there are a number of risk management improvement questions that can be worked through to aid the discussion, as below:

1. Why are we not meeting our target risk score?
2. What is the impact of not meeting our target risk score?
3. What progress with risk mitigation is predicted?
4. How can progress with risk mitigation be improved?
5. When will progress be back on track?
6. What can we learn for the future?

In doing so, committee members are asked to consider the actions that have been identified by the risk owner and reviewer.

Risk Management improvement – suggested actions

A standard list of suggested actions have been developed. This provides members with options for next steps where reported risk management scores or progress require follow-up and additional work.

All actions, whether from this list or not, will be followed up and reported back to the committee.

Suggested follow-up actions

	Action	Description
1	Approve actions	Approve recommended actions identified in the exception reporting and set a date for reporting back to the committee
2	Identify alternative/additional actions	Identify alternative/additional actions to those recommended in the exception reporting and set a date for reporting back to the committee
3	Refer to Departmental Management Team	DMT to work through the risk management issues identified at the committee meeting and develop an action plan for improvement and report back to committee
4	Refer to committee task and finish group	Member-led task and finish group to work through the risk management issues identified at the committee meeting and develop an action plan for improvement and report back to committee
5	Refer to County Leadership Team	Identify key actions for risk management improvement and refer to CLT for action
6	Refer to Policy and Resources Committee	Identify key actions for risk management improvement that have whole Council 'Corporate risk' implications and refer them to the Policy and Resources committee for action.

Appendix C – Background Information

A **corporate risk** is one that requires:
- strong management at a corporate level, thus the County Leadership Team should direct any action to be taken.
- input or responsibility from more than one Executive Director for mitigating tasks; and if not managed appropriately, it could potentially result in the County Council failing to achieve one or more of its key objectives and/or suffer a significant financial loss or reputational damage.

A **departmental risk** is one that requires:
- strong management at a departmental level thus the Departmental Management Team should direct any action to be taken.
- appropriate management. If not managed appropriately, it could potentially result in the County Council failing to achieve one or more of its key departmental objectives and/or suffer a significant financial loss or reputational damage.

A **Service Risk** is one that requires:
- strong management at a service level, thus the Head of the Service should direct any action to be taken.
- input or responsibility from the Head of Service for mitigating tasks; if not managed appropriately, it could potentially result in the County Council failing to achieve one or more of its key service objectives and/or suffer a significant financial loss or reputational damage.

Each risk score is expressed as a multiple of the impact and the likelihood of the event occurring.

- Original risk score – the level of risk exposure before any action is taken to reduce the risk
- Current risk score – the level of risk exposure at the time the risk is reviewed by the risk owner, taking into consideration the progress of the mitigation tasks
- Target risk score – the level of risk exposure that we are prepared to tolerate following completion of all the mitigation tasks. This can be seen as the risk appetite.

Risk Appetite

Risk Appetite is strategic and directly related to the achievement of the Council's objectives, including the allocation of resources. The risk appetite set by each Committee explicitly articulates the attitudes to and boundaries of risk that the Committee expects Executive Directors to take.

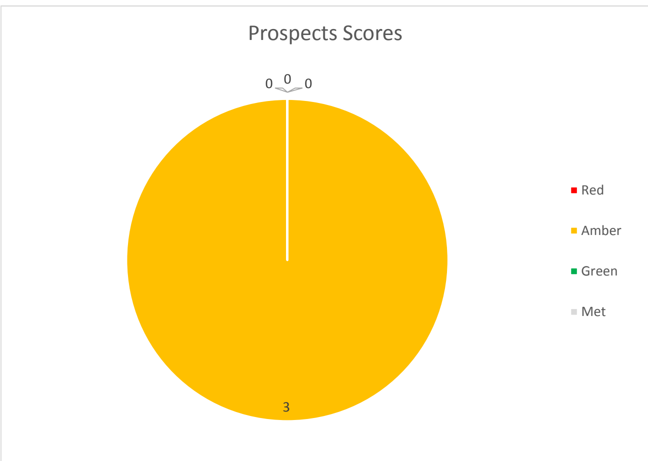
Risk Tolerance

Risk Tolerance is the tactical and operational boundaries and values which enable the Council to control its risk appetite in line with the organisational strategic objectives.

Appendix D, Business and Property Committee Risk Summary, December 2017

Summary Name	**Business and Property Committee Risk Summary**	**Red**	**Worsening**
Prepared by	**Thomas Osborne**	**Amber**	**Static**
Date updated	**December 2017**	**Green**	**Improving**
Next update due	**March 2018**	**Met**	

Area	Corp. / Dept.	Risk Number	Risk Name	Risk Description	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Prospects of meeting Target Risk Score by Target Date	Direction of travel from previous review	Risk Owner
Environment, Development and Transport - Strategic Infrastructure	C	RM14250	Infrastructure is not delivered at the required rate to support existing needs and the planned growth of Norfolk	1) Not securing sufficient funding to deliver all the required infrastructure for existing needs and planned growth leading to: • congestion, delay and unreliable journey times on the transport network • a lack of the essential facilities that create sustainable communities e.g. good public transport, walking and cycling routes, open space and green infrastructure. 2) Not meeting the funding profiles (e.g. Local Growth Fund) and losing the funding.	3	3	9	3	2	6	Amber	⇔	Tom McCabe
Finance and Commercial Services - Corporate Property	C	RM14282	Failure of Estate Management	There is a risk that the Council does not have a clear policy around estate management, is not acting in line with the expectations of a landlord, and does not have sound tenancy agreements in place.	3	2	6	2	2	4	Amber	⇔	Simon George
Finance and Commercial Services - Corporate Property	D	RM14200	Failure to meet Norfolk County Council carbon reduction target	There is a risk of a failure to address energy efficiency as part of operational practice, leading to increased energy and tax costs, against a background of a flexible buildings portfolio. The risks reside around the principal impacts associated with the use of buildings, transport and street lighting in support of service delivery. Reporting responsibility resides with the new the new Corporate Property Team who oversee the delivery of statutory reporting; impact is organisation-wide.	3	4	12	2	2	4	Amber	⇔	Jeannine de Sousa



Business and Property Committee

Item No.

Report title:	**Land acquisition process – Norwich Northern Distributor Route**
Date of meeting:	**18 January 2018**
Responsible Chief Officer:	**Tom McCabe – Executive Director, Community and Environmental Services** **Simon George – Executive Director, Finance and Commercial Services**

Strategic impact

It is important to ensure that there is transparency in the Council's decision making processes, not least to enable Members and the public to hold the Council to account

Executive summary

Policy and Resources Committee approved a decision making process for land purchases for the Northern Distribution Route (NDR) in February 2016. As there have been some changes since that time, including the establishment of the new Business and Property Committee, it is useful to review and clarify the process for any remaining purchases.

Recommendations:

1. **To agree to delegate responsibility for all land acquisition decisions for the NDR scheme to the Executive Director of Community and Environmental Services, in consultation with the Head of Property, Executive Director of Finance and Commercial Services, Chair of Business and Property Committee and Chair of EDT Committee.**

1. Background

1.1. In February 2016, Policy and Resources Committee approved a decision making process for land purchases for the Norwich Northern Distributor Route (NDR), within the agreed budget. This was for all land acquisitions related to the NDR scheme to be delegated to the Executive Director CES, in consultation with the Corporate Property Officer, Executive Director of Finance and Commercial Service, County Council Leader (as Chair of Policy and Resources Committee) and Chair of EDT Committee.

1.2. Since that time, responsibility for land purchases has transferred to the new Business and Property Committee. In addition, Full Council has agreed a revised budget for the NDR scheme.

1.3. Given these changes, and to ensure clarity, it is useful for Members to re-consider the decision making process.

2. Decision making process

2.1. The responsibility and authorisation for the acquisition of assets is set out in Part 7.7. of the Council Constitution – the relevant section is as follows:-

Property		Other assets	
Acquisition value £m	**Responsibility and authorisation**	**Acquisition value £m**	**Responsibility and authorisation**
Above £0.250m	Business and Property Committee	Above £0.250m	Business and Property Committee
£0.025m up to and including £0.250m	Corporate Property Officer in consultation with the Executive Director of Finance and Commercial Services and Chair of Business and Property Committee	Below £0.250m	Executive Director
Below £0.025m	Corporate Property Officer		

2.2. For the NDR scheme, it is recommended that the Committee agree to delegate decision making for all land purchases relating to the NDR scheme to the Executive Director of CES, in consultation with the following:-

- Head of Property (the Corporate Property Officer)
- Executive Director of Finance and Commercial Services
- Chair of Business and Property Committee (as Chair of the Committee with responsibility for land purchases)
- Chair of EDT Committee (as Chair of the Committee with responsibility for delivery of the NDR scheme)

2.3. For purchases up to £0.250m, the above recommended approach is more rigorous than that set out in the Constitution in that the process involves more officers and Members in the process.

2.4. For purchases above £0.250m, it means that decisions would be made through this delegation rather than being brought to the Committee for a decision. This is to ensure that decisions can be made in a timely way. The total number of purchase transactions expected to exceed £0.250m is estimated to be around 13 of a total number of around 100 remaining acquisitions for the project.

2.5. If Members agree the recommended delegation for the NDR scheme:-

- Land purchases would continue to be discussed at the NDR Board where necessary.
- All completed purchases would continue to be reported to Business and Property Committee, as part of the regular update on delegated decisions.
- Reports for each purchase will be produced for the Executive Director to support the decision making process. These will be based upon valuation assessments and recommendations made by NPS Property Consultations Ltd. NPS will continue to progress land acquisitions for the project in line with agreed protocols, including regular review meetings with the NCC Corporate Property Team.

3. Financial Implications

3.1. All land purchases for the NDR will be progressed within the revised budget agreed by Members at P&R Committee in November and Full Council in December 2017.

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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