

Business and Property Committee

Item No.

Report title:	Economic Development - strategic context for Norfolk
Date of meeting:	15 May 2018
Responsible Chief Officer:	Tom McCabe, Executive Director, Community and Environmental Services
Strategic impact The Council is a key partner in the New Anglia Local Enterprise Partnership (NALEP) and has worked with the partnership to shape its new economic strategy for Norfolk and Suffolk. The Strategy seeks to ensure the area's growth ambitions and investment priorities are realised and clearly articulated to Government and other stakeholders.	

Executive summary

The Norfolk and Suffolk Economic Strategy (NSES) was developed last year by New Anglia Local Enterprise Partnership, whose partners include all Norfolk and Suffolk local authorities, as well as the business community. It was approved by Council on 16 October 2017.

The strategy included targets to 2036, the end of the plan period. This report includes the shorter term, five year, performance targets, to inform delivery plans. Mechanisms for monitoring delivery of the targets are also outlined in the report.

The Strategy focuses on eight 'priority places' (where the evidence shows there are the greatest opportunities and commitment for continued growth). For Norfolk these priority places are

- The Norfolk and Suffolk 'Energy Coast' (Great Yarmouth / Bacton / Lowestoft and Sizewell)
- The Cambridge – Norwich Tech Corridor
- Norwich and Greater Norwich
- The A47 (from Great Yarmouth to King's Lynn)
- King's Lynn and the A10 and rail corridor to Cambridge

This report sets out Norfolk's contribution to delivery of the NSES, including proposals for spending Economic Development's 2018-19 funding.

Recommendations:

Members are requested to:

- Provide feedback on the proposals outlined in the report.**

1. The New Anglia Economic Strategy

- 1.1 The New Anglia Local Enterprise Partnership, of which the County Council is a member, undertook to produce a new Norfolk and Suffolk Economic Strategy (NSES) during 2017.
- 1.2 The initial output was an economic evidence report for the two counties and, following a number of engagement events with local authorities and business, the final strategy document was endorsed by Policy and Resources Committee on 25 September 2017 and adopted by Full Council on 16 October.
- 1.3 This report outlines the ambitions, themes and performance targets of the Strategy, together with emerging thinking on a Norfolk-wide delivery plan, focussed on investment in particular employment and housing sites, as well as 'inclusive growth' – meaning that the benefits of growth are felt throughout the county.

2. Overview of the strategy

2.1 Ambitions, themes and priority places

The Strategy comprises a number of investment ambitions, addressing major themes in a number of priority places*:

Ambitions, with investment focussed on...	Major Themes...	Priority Places
<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Our offer to the world• Driving business growth and productivity• Driving inclusion and skills• Collaborating to grow• Competitive clusters, close to global centres	<ul style="list-style-type: none">• Greater Norwich• Ipswich and its surrounding area• The Norfolk and Suffolk Energy Coast (including Bacton, Gt Yarmouth, Lowestoft and Sizewell)• The Norwich – Cambridge corridor, connecting two global centres of research• East-West corridors (A47, Gt Yarmouth to King's Lynn and A14, Felixstowe to Cambridge)• King's Lynn - and the A10 and rail corridor to Cambridge

* Priority Places: locations where the evidence shows there are the greatest opportunities and commitment for continued growth.

The next section outlines the performance targets for the Strategy, over the next five years.

2.2 Delivering the Strategy – short term performance targets

Members have previously been made aware of the targets to 2036, when the Strategy was approved. There are now five-year targets, from the 2016 baseline to 2021, to inform delivery plans:

Indicator	2016 baseline	Result by 2021
GVA (grow the value of our economy in real terms)	£35.5bn	£40.3bn

Productivity (GVA per hour)	£30.20	£32.60
Net new jobs	786,592	814,392
Successful new businesses	61,015	70,509
New homes	753,840	798,900
Inclusive Growth: Median Full-Time Weekly Wages	£503.80	£529.60
Inclusive Growth: Employment rate (A higher proportion of people engaged in the labour market than across the UK)	76.9%	78.3%
Inclusive Growth: Skills (no. of people qualified to NVQ3+)	50.2%	54.2%

2.3 Delivering the Strategy – how performance will be measured

A number of mechanisms will ensure that the Strategy is delivered:

- Short term delivery plans (to 2021), aligned to the above targets.
- A common investment prioritisation framework, to assess projects and actions.
- A shared ‘inclusive growth’ toolkit, to provide assurance that projects are also judged consistently by their capacity to deliver positive impacts for residents.
- Ongoing monitoring of the above targets, coupled with an annual stocktake of progress by New Anglia partners, to review where changes are needed to reflect new economic or policy circumstances.

3. Norfolk Delivery Plan – initial priorities

3.1 Investment in priority places

Norfolk Leaders are currently working up proposals to accelerate delivery of jobs and homes in key sites across the county – a Norfolk Growth Strategy, to underpin the NSES in Norfolk. Work on these proposals will be reflected in Economic Development’s work programme in due course.

3.2 Successful Housing Infrastructure Fund bids

The £5bn [Housing Infrastructure Fund](#) is a government capital grant programme to help unlock new homes in areas with the greatest housing demand and enable the Government to fulfil its commitment to building 300,000 homes a year nationally by the mid-2020s. Funding is awarded to local authorities on a highly competitive basis.

The fund is divided into 2 streams:

- A Marginal Viability Fund – available to all single and lower tier local authorities in England – to provide a piece of infrastructure funding to get additional sites allocated or existing sites unblocked quickly. Bids can be up to £10m.
- A Forward Fund – available to the uppermost tier of local authorities in England – for a small number of strategic and high-impact infrastructure projects. Bids can be up to £250m.

Norfolk district councils each submitted a Marginal Viability bid to address their highest housing priority. Of these, three have been successful:

Breckland	Thetford Northern Sustainable Urban Extension	£9,950,000
Norwich	Anglia Square	£12,226,232
South Norfolk	Land south of the A11, Cringleford	£5,500,000

The County Council, in conjunction with Broadland Council, devised a proposal for the

Forward Fund, which has been successful in getting through to the next stage. The c.£70m bid is for almost 8,000 new homes in the Broadland Growth Triangle area and forms part of the largest urban extension in the country (13,500 homes). If the bid is ultimately successful, HIF will be used to construct enabling infrastructure across three key sites in Broadland by:

- Establishing a bespoke Infrastructure Fund that would provide public sector finance for some or all of the main infrastructure requirements at Beeston Park and North Rackheath. The fund would be drawn down by delivery partners and repaid as land was developed.
- The acquisition and servicing of land south of Salhouse Road, including delivery of an important link road connection

The scheme would directly enable, or accelerate the delivery of, up to 7,720 homes, and indirectly, or directly using recycled funds, support the delivery of all 13,500 homes.

The Government will be progressing Forward Funding projects to go through to co-development in the coming weeks, with final funding announced from Autumn 2018.

Norfolk partners will work together to ensure the successful delivery of these projects, helping to secure access to the revamped Homes England products:

- Affordable homes grant / programme
- Development and infrastructure finance
- Housing Infrastructure Fund
- Local Authority accelerated construction
- Strategic acquisition
- Emerging programmes
- Brokering

3.3 To give members a flavour of Economic Development's contribution to delivering the NSES, these are some priorities for 2018-19:

- Support local authority Leaders to develop a Norfolk Growth Strategy and delivery plan – the county's key contribution to delivering the NSES
- Shape the Norfolk and Suffolk sectoral and thematic plans to 2021, eg Skills
- Support the development of Norfolk's key employment sites and sectors, eg:
 - Port infrastructure underpinning the offshore wind sector in Great Yarmouth;
 - Advanced manufacturing/engineering proposals at key sites along the A11, such as Attleborough, and master-planning the Hethel Technology Park
 - The Britvic/Colman's site redevelopments
 - Exploring the potential for a digital creative incubator in Norwich
 - Exploring the potential for a food processing consortium around the national centre in Lincolnshire, which could develop a sister cluster in West Norfolk
 - Delivering specific elements of the Sector Skills Plans for the two counties
- Align business rates pool funds to support agreed economic growth and infrastructure priorities, to maximise impact
- Enhance the impact of our inward investment and profile-raising activity, using additional, ERDF-funded, resource

- Work with partners to develop centres of excellence to boost business productivity – an Institute of Productivity, linked to UEA, a regional Institute of Technology and Lintott Academy
- Prepare the Council and our partners for the changes Brexit will bring – labour market supply, regulatory changes, trade with the EU, post-Brexit funding (eg Shared Prosperity Fund)
- Manage/promote existing funded programmes and ensure spend to profile (most run to the end of 2020), as well as develop innovative funding proposals, eg using Social Impact Bonds
- Roll out an Apprenticeship Training Agency pilot
- Develop an Integrated Health and Employment Service, following successful initial ESF and BRP applications, in order to support those furthest from the labour market back into employment.

4. Financial implications

- 4.1 The Norfolk Growth Strategy will require significant funding to deliver the actions proposed. The funding implications for each intervention will be assessed and funding sources explored – eg bids to Government funding pots, prudential borrowing, pooled business rates etc.

Economic Development's own projects budget is limited, due to the ongoing savings required to meet corporate targets.

We have reserves of around £122k per annum for the next year years which cover committed and ongoing costs:

Project	£
New Anglia LEP grant (matched by Government):	75,000
Innovation New Anglia 3 year programme (match funding for Hethel)	15,000
Visit Norfolk Tourism grant (in order to secure district contributions of c.£49k to the marketing fund and retain the Visit Norfolk Partnership)	10,000
Inward Investment ERDF project	6,666
Total	106,666

In addition, we have an annual projects budget of £173k, to contribute to the 18/19 activity outlined in 3.3.

Once our reserves are exhausted, we will need to use our annual projects budget to pay for ongoing commitments, such as the LEP grant. If we are unable to identify other monies, this will impact our ability to carry out new activity or match-fund projects that would secure additional funding.

- 4.2 Business Rates Pool (BRP). An important source of additional funding for economic development activity is pooled business rates. The County and district councils have an agreement to pool the uplift in business rates growth, which has amounted to just under £2m in recent years, but is c.£4m for this year. The exact amount in the 17/18 Pool will be known in May, once district council returns have been received.

These funds are increasingly being aligned to develop and deliver the projects in the [Norfolk Infrastructure Delivery Plan](#) (agreed with Environment, Transport and Development Committee in November 2017, to help unlock jobs and housing growth), as well as targeted skills interventions. As BRP projects require 50% match-funding, Economic Development will be limited in the scope of the projects it can take forward if it

does not have the funds to match the BRP amount.

- 4.3 External funds. As mentioned above, the Economic Programmes Team seeks to boost funding for the Council's and the county's economic priorities by managing existing funding programmes and helping partners with bids for new projects.

5. Background papers

[Policy & Resources Committee paper on the Norfolk and Suffolk Economic Strategy, 25 September 2017 \(pages 99-114\)](#)

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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