

Economic Development assessment – Anglia Square

Economic overview

- 1) Norwich is a major regional service centre; the Norwich Travel to Work Area¹ (TTWA) takes in most of Norfolk (Norwich, Broadland and South Norfolk local authorities plus parts of the local authority areas of North Norfolk, Breckland and Mid-Suffolk).
- 2) Its growing population has driven economic growth. The local authority area has seen population growth² of 8% in the ten years to 2021 – a similar level of growth as seen in the region and compared to 6% nationally.
- 3) Norwich also has much higher proportions of people aged 16-24 years and 25-49 years and a higher rate of long-term international inflow³ per 1,000 resident population compared to the East of England and nationally.
- 4) The local authority area is a locus for services such as health, retail and leisure. It acts as a major employment centre, providing almost two-thirds of the TTWA's jobs⁴; financial and business services have the largest share of the business base – followed by retail (understandably given Norwich's place in the UK retail centre rankings). Around 36% of the business base is knowledge intensive firms⁵ – on a par with that seen nationally and regionally. Norwich has a smaller than the national average percentage of micro⁶ firms and higher than average proportion of large⁷ firms. The largest sector in terms of the numbers of people employed⁸ is financial and business services, followed by retail and education.
- 5) The business start-up rate saw an improvement over the past five years but has since fallen below the rate nationally⁹. At the other end of the scale, Norwich has a higher than average percentage of companies with a turnover¹⁰ greater than £10m.
- 6) GVA (Gross Value Added) per job¹¹ is lower in Norwich than at the national level. This suggests that productivity in Norwich is relatively low and is consistent with the relatively low workplace earnings and its position as a regional service centre, that is, the city acts as a locus for a large rural hinterland providing retail, health, education and leisure activities.
- 7) Norwich is home to two universities, Norwich University of the Arts (NUA) and University of East Anglia (UEA). It is estimated¹² that 40% of 16–64 year-olds hold a level 4 (degree level) qualification or higher; the slightly lower proportion than at the national level but marginally higher than is seen regionally.

¹ Standard definition Office for National Statistics

² Population estimates - local authority based by single year of age (2011 to 2021) NOMIS Crown copyright

³ Migration Indicators Suite, 2020, Office for National Statistics

⁴ Business Register and Employment Survey 2021 NOMIS Crown copyright

⁵ UK Business Counts 2022 NOMIS Crown copyright

⁶ A micro firm employs 0-9 people

⁷ A large firm employs more than 250 people

⁸ Business Register and Employment Survey 2021 NOMIS Crown copyright

⁹ Business Demography 2021 Office for National Statistics

¹⁰ Business Demography 2021 Office for National Statistics

¹¹ East of England Forecasting Model

¹² Census of Population 2021, NOMIS Crown copyright

- 8) Job density¹³ (that is the ratio of jobs to working age residents), currently stands at 1:1 - in 2007 jobs density in Norwich stood at 1:1.24. This can be partly explained by the working age population increasing at a faster rate than jobs, but in addition an ongoing trend has been a movement of jobs away from the Norwich local authority area to the urban fringe which has led to some hollowing-out of the city centre, including the Anglia Square area.
- 9) Norwich has a relatively high level of disadvantaged communities within its boundaries according to indicators such as the Indices of Deprivation¹⁴. The overall level of deprivation is the “extent measure” which ranks Norwich as the most deprived local authority in the region. Norwich is ranked the fourth worst local authority in the country for deprivation in educational attainment, skills and training.
- 10) Claimant count unemployment¹⁵ fell dramatically over the period 2013-2018 - at a much stronger rate than was seen regionally and nationally. However, in 2019 this began to creep up and is now level with the national rate (3.6%).
- 11) Median earnings in Norwich stand at around 80% of national earnings¹⁶.
- 12) House prices are well below the national average¹⁷. Rental prices have increased for all property sizes since 2010/11 and demand exceeds supply.
- 13) To summarise then, Norwich’s economic performance has been mediocre and it could be significantly improved. For the past decade Norwich has seen significant and sustained growth in its population, which is projected to continue for at least the next two decades. At the same time, the city has seen a steady reduction in jobs density because of slower employment growth. To address deprivation and to foster sustainable growth Norwich must support the growth of its business base and the increased economic participation and wellbeing of its residents. This will be achieved by increasing the number of jobs available and by delivering an appropriate modern housing offer and sufficient local amenities in vibrant city centre locations. Therefore, it must attract investment and businesses to redevelop redundant brownfield sites and buildings, revitalising the city centre and presenting an attractive and successful city in which to live, work and study.

Socio-economic aspects of the site in its present form

- 14) In planning terms, Anglia Square, St Augustine’s Street and Magdalen Street is designated as a Large District Centre; Norwich only has two such areas within its boundary. Currently employment associated with the site is predominantly in the retail and creative sectors.
- 15) The Large District Centre’s current retail offer includes Boots, Greggs, Iceland, Poundland, QD Stores, Boots and a number of independent retailers and leisure as well as several charity shops and betting shops. Anglia Square is also home to a disused cinema and nightclub.
- 16) Gildengate House, adjacent to the Square currently houses informal artist studios which provide temporary accommodation for up to 80 artists. The studios are supported by funding from the Arts Council and the National

¹³ Jobs density 2022, NOMIS Crown copyright

¹⁴ Indices of Deprivation 2019, Department of Communities and Local Government

¹⁵ Claimant count 2023 NOMIS Crown copyright

¹⁶ Annual Survey of Hours and Earnings 2022 NOMIS Crown copyright

¹⁷ HM Land Registry House Price Index 2022

Lottery¹⁸. Restrictions on eligibility for the studios preclude artists whose practice could be considered as operating as a commercial business. Several jobs are also linked to the Surrey Chapel (primarily volunteer roles) and to the business premises off Pitt Street. These buildings are occupied by a number of businesses and social enterprises including Men's Shed, Farm Share, Print to the People and a car wash.

- 17) The current decline in Anglia Square's fortunes can be demonstrated by its recent history¹⁹. In 1981 around 2,400 people worked for Her Majesty's Stationary Office (HMSO) in Sovereign House. In assessing the impact of these jobs, we should take account of the effects on suppliers of the company (indirect jobs) and the effects on the economy due to an increase in the spending power of the employees. This can be undertaken using the appropriate multipliers²⁰. The induced employment effect multiplier takes account of an expected increase in household expenditure from people who have gained employment both directly and indirectly. Assuming a Type II induced employment multiplier of 1.7 (Public Admin & Defence), those 2,400 HMSO jobs would have supported a further 1,680 jobs (2,400 x 1.7 = 4,080). Many of these jobs would have been based in the area around Anglia Square and added to the vibrancy of the local area.
- 18) By 1996²¹ the number of jobs at HMSO in Norwich had dropped to 1,105, implying an induced multiplier effect of just 774 jobs. So that fall in HMSO employment created a further loss of 904 jobs in total. In 2006 HMSO closed completely. Inevitably this was a major blow to local retailers, particularly those on Magdalen Street who had previously benefited from higher footfall and levels of direct, indirect and induced spend.
- 19) During the same period, Gildengate House was also occupied, by Cabinet Office agencies²². The job numbers are not recorded, however, this use ceased in 2003 and must have had similar impacts to the loss of employment activity at Sovereign House.
- 20) The existing commercial floorspace/ community floorspace amounts to 32,441sqm (Gross Internal Area)/34,063sqm (Gross External Area). The developer acknowledges that the proposed new development will reduce the current employment floorspace. However, this existing floorspace includes Sovereign House and Gildengate House, neither of which have been commercially let for at least twenty years because of their level of obsolescence and dilapidation, including asbestos and damage caused by water ingress and vandalism.
- 21) In addition, minimum requirements to bring sub-optimal (but structurally sound) buildings up to a lettable modern standard would include:
- 22)(a) heating/cooling, glazing and lighting to meet current EPC (Energy Performance Certificate) standards;

¹⁸ <http://www.norwichoutpost.org/studios>

¹⁹ <https://api.parliament.uk/historic-hansard/commons/1996/mar/18/hmso-privatisation>

²⁰ <https://www.gov.scot/publications/input-output-tables-multipliers>

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<https://webarchive.nationalarchives.gov.uk/ukgwa/20170207054802/https://www.nao.org.uk/pubsarchi ve/wp-content/uploads/sites/14/2018/11/Cabinet-Office-Office-of-Public-Service-The-Sale-of-The-Stationery-Office.pdf>

²² <https://publications.parliament.uk/pa/cm199394/cmhansrd/1994-01-11/Writtens-15.html>

- 23)(b) complete re-cabling/wiring to support IT/data systems, fibre optics, wireless, security, alarms and entry systems etc;
- 24)(c) modernised plumbing and water management;
- 25)(d) Disability Discrimination Act works to ensure full accessibility;
- 26)(e) cosmetic works (a cheaper option than internal redesign which would be the ideal solution to optimise income) to decoration, fixtures, fittings etc.
- 27)It can be suggested that the lack of viability of bringing these two buildings into a habitable condition is demonstrated by the fact that no one has ever suggested this course of action.
- 28)Overall therefore, although economic activity exists at Anglia Square at present, it is limited and the site does not come anywhere close to fulfilling its potential to contribute to the socio-economic life of the City.
- 29)It should be noted that the site in its present form certainly detracts from the image of the city. Anglia Square is highly visible to visitors to Norwich because of its position on the inner ring road and we are often asked what it is or what it was when hosting visits to the city.
- 30)A survey²³ commissioned by The Norwich Society in 2017 which investigated the challenges in attracting talented people to come to work in Norwich. When asked: What would you say is Norwich's most negative feature? "City upkeep" was cited by 78% of respondents and the report notes (on page 13) specifically "the visual appeal of specific sections of Norwich, notably Anglia Square".
- 31)Very few people outside the world of property development can understand why Anglia Square has not been redeveloped long ago. Investors remark about the viability challenge of demolition and rebuild on such a scale, everyone talks about what it could do for the wider area if someone invested in its redevelopment. When trying to promote the city as a business destination or an investment/development destination it is hard to justify why this site remains undeveloped; it sends out a signal that Norwich has its challenges. Surely a site so close to the rail station, city centre and airport must be an attractive place to live and work? Walking in and around the site (as opposed to driving past it) reinforces the sense of abandonment and decay. Many people ask me why no one can make this site work after so long and therefore what is wrong with Norwich? There is no doubt that the site sends the wrong message about Norwich, its residents and its workforce.
- 32)Anglia Square has also become synonymous with failure, exemplified by mocking references by comedians such as the Nimmo Twins and Alan Partridge (Steve Coogan). Steve Coogan's film "Alpha Papa" portrays Norwich as a comedic rural backwater. For those who live and work in the area this has been distinctly unhelpful at best.
- 33)To summarise, Anglia Square in its present state does not fulfil the potential of the site, and, indeed, has a negative impact on surrounding areas. It is extremely challenging to the viability of almost any business to be in an area with such low footfall and poor image. The site in its current state has a negative impact across a much wider area and the spending power of additional residents and shoppers will bring renewed vibrancy to the local area.

²³ Attracting Talented People to come to work in Norwich: The Challenge, The Norwich Society. 2017

Relevant policy and strategy

- 34) The most relevant policies in the context of the Development Plan are given below.
- (a) JCS 5: The Economy, in accordance with the chapter 6 of the NPPF sets out a strategic vision for the local economy. The overriding objective of the policy is to support jobs and economic growth in a sustainable way, providing for a rising population and as an engine for the wider economy. The strategy includes the allocation and protection of employment, support for innovation, skills and training and recognition of the economic value of promoting tourism, leisure, environmental and cultural industries.
 - (b) JCS 9: Strategy for growth in the Norwich Policy Area, sets out the strategy for employment growth within the Norwich Policy Area. The policy recognises the role of Norwich city centre and spatial planning objective that the city 'will continue to exert a powerful economic influence over the wider area and its growth will be further so that the centre remains one of the best in the country for retail and employment'. As such, it stated that employment development at strategic locations will include the significant expansion of office (a net increase of at least 100,000m²), retail and leisure provision within Norwich City Centre.
 - (c) The 2020-2021 Annual Monitoring Report (AMR) shows that some of the JCS economic indicators are not on target - particularly the net increase in office floorspace, and city centre retail floorspace is not growing as envisaged. In 2020/21, the city has experienced an increased net loss of office space, in comparison to 2016/17. This shows a continuation in a trend that from 2008 to 2018 has seen the overall net reduction in the office floor space of around 25.8%. In relation to retail, the trend evident since April 2008 is for a continued slow reduction in retail floor space within the city centre. Recent changes in policy have allowed more flexibility of uses in the city centre to encourage the development of uses such as cafes and restaurants although a reduction in retail floor space runs counter to the aim of the policy.
 - (d) JCS 11: Norwich City Centre sets out the strategic policy for Norwich city centre and the policy context for Anglia Square until 2026, providing a framework for future development. The city centre is identified as the most sustainable location for major mixed-use development and it is stated that focusing growth here creates the potential for boosting agglomeration benefits. JCS 11 seeks an enhanced regional role for the city centre, as the main focus for retail, leisure and office development, with housing and educational development reinforcing its vibrancy. It is stated that the role of Norwich city centre will be enhanced through an integrated approach to economic, social and cultural regeneration to enable greater use of the city centre, including redevelopment of brownfield sites. (e) DM16: Supporting the needs of business, DM17: Supporting small businesses, DM19 Encouraging and promoting major office growth and DM 20 Promoting and supporting city centre shopping are all stem policies with the purpose of delivering the strategic economic objectives set out in the JCS. In particular, DM 20 seeks to support the long-term function of the city centre and Large District Centres (LDC) such as the Anglia Square and Magdalen Street LDC and DM19 seeks to provide and retain a central stock of high quality office space to support the employment function of Norwich as a regional centre.

- 35) The most relevant section of the 2022 refreshed Norwich Economic Strategy 2019-2024 is given below.
- Raising the employability, skills levels and earnings potential of local residents is an integral part of the overall Norwich economic strategy as stated in Objective 2: Skills and employment which defines the following priorities with which the creation of construction jobs fits:
 - Priority 2 – to support lifelong learning and skills provision that enables people to progress in the labour market and access new opportunities.
 - Priority 3 – to build strong relationships with and between education and businesses to stimulate aspiration and performance.

Anglia Square – Employment effects

- 36) The proposed re-development of Anglia Square represents a highly significant inward investment with construction costs estimated at £202 million. It is a statement of confidence in the city of Norwich which will boost the city's profile and its attractiveness to other inward investors.
- 37) It is also hoped that the ambitious redevelopment of a large, prominent site in the city will act as a catalyst for further investment and redevelopment of other sites in the surrounding environs and the city centre.
- 38) Based on Weston Homes' estimates²⁴, the development is expected to take place over eight years and will create 226 direct construction jobs per annum (2,211 in total) during the build period. The scale of job creation may in fact be larger than estimated as direct demolition and construction employment is likely to generate further indirect employment in the supply chain depending on the extent to which local sub-contractors and local suppliers are used in construction.
- 39) In addition, employment supported by the wage spending of construction and supply chain workers in Norwich shops, services and other businesses is estimated at 280 indirect and induced jobs per annum (a further 2,239 in total).
- 40) The development will support on-going, sustainable construction employment over four development phases which are expected to span an eight-year period. It is estimated that this will average between 250-300 people per day onsite which represents an increase of at least 9.2 per cent²⁵ in the number of construction workers in the city.
- 41) In addition, the eight-year duration of the build will enable a number of fully completed apprenticeships to be delivered. This is particularly important as it will provide the opportunity for local residents to benefit from training and career opportunities.
- 42) The long-term benefits to the local economy are added to through the additional job which will be generated by the new retail and leisure facilities being built, the site currently supports approximately 255 jobs²⁶ primarily within the retail and creative sectors. It is hoped that many of the businesses

²⁴ Environmental Statement Addendum Chapter 4: Socio-Economics, Iceni Projects on behalf of Weston Homes Plc

²⁵ Business Register and Employment Survey 2021, NOMIS Crown copyright

²⁶ Environmental Statement Addendum Chapter 4: Socio-Economics, Iceni Projects on behalf of Weston Homes Plc

which support these jobs will continue trading during the development because of the phased approach.

- 43) Existing occupiers that are displaced during the construction will be signposted to alternative premises wherever possible. Weston Homes has agreed to pay for business support to be made available to these businesses to enable them to deal with likely temporary, adverse short-term effects and to take advantage of the long-term opportunities generated by the development.
- 44) Using employment densities to estimate the job numbers this will generate, in gross terms, it is estimated that 288 full time equivalent (FTE) jobs could be supported (both part-time and full-time roles). Under the same assumptions the site currently supports an estimated 255 jobs which equates to 184 FTE jobs. On this basis, the net employment impact will amount to an uplift of 104 FTE jobs (+ 57%). This could be expected to make a positive impact on local employment opportunities for Norwich residents.
- 45) As well as increasing the level of employment the proposed new development will allow for a more diverse mix of uses including the potential for retail, cafes, restaurants and bars, office, leisure and community uses which will broaden the range of employment opportunities available to the local populations. The employment impact is particularly important given that employment levels in the Norwich local authority area have fallen by almost 5,000 jobs in the five years to 2021 – across the urban area as a whole a fall of around 9,000 jobs was recorded²⁷.
- 46) The proposed development is expected to provide employment, training and education opportunities for local residents and to establish links with local businesses to offer training and employment opportunities;
- 47) In addition, the developer will encourage procurement opportunities for local businesses to source products and services locally where possible.
- 48) Weston Homes propose that a Training, Skills and Local Labour Strategy will be secured as part of the planning application process.

Economic Benefit of New Homes and Residents

- 49) It can be supposed that the investment and redevelopment of this site will stimulate further investment and regeneration of the wider area. The development is expected to cater for an average household size of 2.11 per dwelling. The significant number of new homes on the site will see the addition of new residents who will bring additional income into the area, some of which will be spent in the local economy thus increasing the viability of other businesses in the surrounding area by potentially increasing footfall and spend in the retail units on Magdalen Street and St Augustines.
- 50) The proposed business units are likely to attract a diverse range of businesses to the area and will allow some existing businesses to relocate within the site.
- 51) In addition to the employment potential of the site, expenditure by residents should also be taken into account. It is estimated that the households of the 1,100 new residential units within the development could generate total gross spend of £21.9m to £36.4m each year²⁸. This will include expenditure on

²⁷ Environmental Statement Chapter 4: Socio-Economics, Icen Projects on behalf of Weston Homes Plc

²⁸ Business Register and Employment Survey 2021, NOMIS Crown copyright

convenience (food and drink), comparison goods (clothing and footwear and household goods), services (hairdressers, beauticians etc) as well as recreation and cultural activities. A significant proportion of this spending is likely to be retained in the Anglia Square, Magdalen Street and St Augustines Street Large District Centre and within Norwich city centre. On this basis it is predicted that this expenditure has the scope to have a long term moderate beneficial impact on the local economy. It should be noted that that Magdalen Street Area and Anglia Square Traders (MATA) have highlighted the importance of Anglia Square in drawing people to the area.

- 52) The development would enhance the quality and quantity of housing choice in Norwich and the estimated 110 affordable dwellings will boost the supply of social rented accommodation in an area of the city where there is significant identified need. This is particularly important given the positive impact that having the appropriate housing mix can have on attracting new workers to take up jobs and residence in the city.
- 53) In addition to the benefits of the scheme described above, there are likely also to be wider effects. New jobs and leisure facilities, increased footfall and the investment in place would transform Anglia Square from its current shabby and neglected state into a vibrant place to live, work and play which is attractive to both existing residents and to a wider population. The impact upon people's aspirations, health and general sense of being valued which takes place when investment transforms an area is well recognised. This is particularly pertinent given that the Lower Super Output Area (LSOA) in which Anglia Square is situated falls within the 10% most deprived²⁹ neighbourhoods in the country signifying that many of local residents face multiple deprivations.
- 54) The redevelopment of this site on such a scale will be very high profile - the scale of the investment will put Norwich on the "investment map" and will likely act as a catalyst attracting further new investment into the city which could transform the myriad of stalled brownfield city sites which currently await redevelopment. This is particularly important given that the city does not have large swathes of development land other than brownfield. Norwich is eager for new businesses to relocate here and bring graduate level employment which will help retain graduates³⁰ from Norwich's two universities and will also serve to attract highly skilled people from outside the area.
- 55) Successful cities around the world have demonstrated that being able to attract talent is also dependent on offering a good quality of life, a distinctive cultural offer and high-quality neighbourhoods with good levels of amenity. Crucially however in the knowledge economy proximity and critical mass are important. Those cities which can drive higher densities of knowledge firms in a vibrant city centre core underpinned by a distinctive food and drink plus leisure offer are able to generate higher levels of talent and investment over the long-term. Mixed use redevelopment and regeneration can support regions in retaining and attracting graduates rather than losing them to London. Mixed use, housing or leisure led schemes can become the nucleus of start-up clusters and provide opportunities for skilled workers and students.

²⁹ Indices of Deprivation 2019, IBID

³⁰ The Great British Brain Drain – Norwich; Centre for Cities. April 2018

56) To summarise, the effect of the scheme - essentially the redevelopment of this large, urban mixed-use brownfield site will be good news for residents, visitors and local businesses. It has the potential to put Norwich on the map as an investment location which will attract further investment, knowledge businesses and high-skilled jobs. Well-paid workers in city centres increase footfall and customer spending power. This creates a market for retailers, bars and restaurants to sell to – which leads to a stronger retail, hospitality and leisure offer and a virtuous circle of job creation. This can impact positively on the career aspirations and life choices of Norwich’s young people, who currently face one of the lowest levels of social mobility in the country. Also, in the long run the redevelopment could result in increased levels of economic participation for the local population which would bolster inclusive economic growth.

Consequences of the scheme not proceeding

57) Put simply, if the proposed redevelopment of Anglia Square does not take place for a second time it will signal to potential investors that Norwich is not “open for business”; indeed, it is likely to signal a level of difficulty towards modern redevelopment projects which is likely to deter investors. Under these circumstances Norwich would be viewed as outdated and opposed to change rather than a modern, contemporary city which successfully fuses the old and the new. Anglia Square will be cited as a high-profile failure which sends a negative message about the city to owners/developers of other sites and to prospective purchasers. Semi-derelict, empty buildings and undeveloped brownfield sites send a message of neglect, underinvestment and deprivation; they do not demonstrate a vibrant, successful city with a great lifestyle offer that will attract new businesses and talented workers. Progression of the proposed development will send the right signal to the investor market that Norwich is open for business, this is especially important given the number of brownfield sites currently awaiting redevelopment in the city. The proposed redevelopment of Anglia Square could supply a much-needed stimulus to rejuvenate other neglected or derelict sites.

Conclusion

58) In conclusion, the economic rationale for the redevelopment of Anglia Square has been made clear.

59) The one area in which there appears to be almost universal agreement is that Anglia Square in its current form is a blight upon the beautiful city of Norwich.

60) The proposed scheme will create much-needed local employment for Norwich residents including construction jobs with apprenticeship opportunities and skills training in the eight-year building development stage.

61) Norwich must attract new business relocations to increase graduate level employment to retain graduates from the city’s two universities and to draw in highly skilled people from outside the area.

62) Progression of the proposed development will signal to the investor market that Norwich is open for business. This is especially important given the number of brownfield sites currently awaiting redevelopment in the city. Not only will the proposed redevelopment of Anglia Square regenerate the application site and surrounding area; also, it could supply a much-needed stimulus to rejuvenate other neglected or derelict sites.