Norwich City Council

SCRUTINY COMMITTEE

ITEM 6

REPORT for meeting to be held on 20.06.19

Norwich Economic Strategy 2019-2024

Summary: Successful economic development requires effective partnership working; a key focus is therefore, with public and private sector partners, to achieve a greater and more sustainable economic impact. The economic strategy recognises that the LEP and Government are key delivery partners for the strategy. By aligning with regional and national priorities the strategy aims to help the city continue its dialogue and collaboration with the LEP and Government on strategic matters and make the case for ongoing investment in the city. As the main economic driver within the LEP area it is imperative that Norwich is in a strong position and able to clearly outline its priorities and investment opportunities

Conclusions: The Norwich Economic Strategy 2019-2024 will be implemented in partnership with the private, public and third sectors. The current economic environment will present considerable challenges to its implementation. However, it is important that the strategy is adopted and work undertaken to ensure that as opportunities arise they are exploited for the benefit of Norwich.

Recommendation: To endorse the Norwich Economic Strategy 2019-2024

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Report

1. Context and background

1.1 An economic strategy for Norwich will help Norwich City Council, the business community, third sector organisations, Higher and Further Education institutions, New Anglia LEP, Norwich BID and other stakeholders by clearly outlining the key challenges and opportunities for the future and provide a prioritised action-based approach for the city to address this.

1.2 Norwich City Council's economic development team has developed an economic strategy to cover the period 2019-2024. At a time of ongoing and significant resource challenge across the public sector, there is a need for all services to achieve excellent value for money by delivering high quality and sustainable outcomes in an efficient and effective manner.

1.3. The new Norwich economic strategy has been developed to ensure that the city council's assets and resources do as much as possible to promote local economic wellbeing and provide a bottom-up, detailed view of the city's strategic economic priorities.

1.4. The New Anglia Local Enterprise Partnership's (NALEP) economic strategy was published earlier this year and includes ambitions and priorities which provide the direction and strategic case for a wide range of partners to develop their own plans and interventions that contribute to achieving shared ambitions.

1.5. Successful economic development requires effective partnership working; a key focus is therefore to, with public and private sector partners, achieve a greater and more sustainable economic impact. The economic strategy recognises that the LEP and Government are key delivery partners for the strategy. By aligning with regional and national priorities the strategy aims to help the city continue its dialogue and collaboration with the LEP and Government on strategic matters and make the case for ongoing investment in the city. As the main economic driver within the LEP area it is imperative that Norwich is in a strong position and able to demonstrate a strategic approach to investment opportunities.

1.6. There have been significant macroeconomic and political changes since the production of the previous 2013-2018 strategy. The over-arching objectives in the previous economic strategy remain valid; but need to be updated to more accurately reflect the new landscape, specific local challenges and what is needed to deliver jobs growth and economic resilience in Norwich.

1.7. Many of the challenges facing the city have become engrained and have not changed over the last decade. Failure to respond now will constrain the growth potential of the city and the benefits of growth will not be realised. In addition, Brexit continues to be the "elephant in the room", currently it is difficult to assess and plan for its impact other than in the most general manner.

1.8. The draft strategy has been developed in accordance with and to reflect the economic strand of the Norwich 2040 Vision work. The 2040 Vision and the draft economic strategy were the theme of the Leader's business reception at Norwich Castle in January 2019. Earlier feedback from business and other stakeholders was also gathered through the previous Leader's business receptions. Prior to public consultation, the draft strategy's headline objectives and priorities were confirmed through feedback from colleagues in planning, transportation etc.

1.9. A robust evidence base is in place to inform the strategy. The council's economic development team produce an annual Local Economic Assessment (see background documents). This document is a detailed analysis of the economic characteristics and performance of Norwich which acts as an evidence base to inform policy and priorities for the local economy.

1.10. The local economic assessment looks at economic performance in Norwich via business performance data, employment profile, average earnings, business sectors, inward investment, property market and vacancy rates etc. alongside demographic data such as population growth and profile, educational achievement, employment/unemployment rates etc.

1.11. This data is used to identify opportunities, threats, areas of change and, particularly, areas of economic activity where intervention may be needed or is beneficial either to stimulate better performance or to address market failure and risk. In addition to this, detailed local information and analysis is also produced on a monthly basis in the Norwich Economic Barometer.

2. Consultation

2.1. Stakeholders and the business community have been given the opportunity to input to the strategy. The draft economic strategy underwent a public consultation via an online survey during March and April this year. The survey was publicised at the Leader's business reception and by direct email to local businesses and stakeholders; it was made available via the council's own website and the Norfolk Chamber of Commerce website. Around 30 formal responses were provided by local businesses, key stakeholders and individuals.

2.2. Respondents were generally supportive of the overall objectives and priorities. Several of the priorities were re-worded as a direct result of the responses received.

2.3. The only major area of policy opposition uncovered in the consultation was the promotion of the Real Living Wage which some business respondents viewed as too difficult an action for small employers.

3. Consideration of alternative options

3.1. The evidence base makes clear that a ‘do nothing’ approach represents a risk for Norwich as it is already trailing behind many of its statistical comparators on certain key indicators such as jobs and key sector growth.

3.2. Many of the challenges facing the city have become engrained and have not changed over the last decade. Failure to respond will constrain the growth potential of the city and the benefits of growth will not be realised. A new economic strategy to reposition the city and remain competitive, particularly in the light of the UK leaving the EU and the challenges that will result.

3.3. The outcomes of the ‘do nothing’ approach are identified below:

- Norwich’s competitive position will continue to deteriorate and growth potential will be constrained.
- Inequality will persist and the city will become less balanced and diverse.
- The city will be less well positioned to adapt to and benefit from new technologies and ways of living and working.

4. Conclusion

4.1. The feedback from the business and stakeholder community on the draft economic strategy and setting aspirations for the future was generally positive.

4.2. The Norwich Economic Strategy 2019-2024 will be implemented in partnership with the private, public and third sectors. The current economic environment will present considerable challenges to its implementation. However, it is important that the strategy is adopted and work undertaken to ensure that as opportunities arise they are exploited for the benefit of Norwich.

Norwich Economic Strategy 2019 -2024

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Foreword

A key measure of the strength of the United Kingdom economy is built on the economic success of its cities. This five-year strategy gives both overview and an in-depth understanding of a Norwich economy which extends beyond its administrative boundary into a wider urban area and is one of the fastest growing cities in Britain. The strategy looks to strong local institutional partnerships with neighbouring councils and the New Anglia LEP. Norwich is also nationally networked through the Fast Growth Cities Group – an arc of five cities reaching from Norwich to Swindon – and is a leading player in the 25 strong Key Cities Group.

The report highlights the strengths and the significant potential of the Norwich economy. Equally there are challenges and deficits to be tackled: the fallout from profound uncertainties of our relationship with the European Union; the urgency to create a low carbon economy in the face of the potentially devastating impacts of climate change; substantial and rapid progress is require to ensure that the Norwich economy works for everyone. We do not build a strong and sustainable city and economy on poverty wages, insecure employment and galloping inequality.

The pace of disruptive technologies like Artificial Intelligence over the next decade means it is vital that we restructure what is taught in our schools and improve workforce skills: preparing for the jobs of the future not the jobs that are going to disappear. That also requires the right infrastructure for the city – transport networks, high quality affordable housing and workspace for new and existing businesses to grow and expand.

This is a high-level strategy document. The next stage is, in collaboration with stakeholders, to develop specific action plans for the objectives set out in the report.

As leader of the council for the past four years I have been tremendously impressed by the enthusiasm, expertise and commitment participants bring to events like the annual Leader's Business reception at the Castle Museum and the highly collaborative work we are doing together through the 'Norwich 2040 Vision'. I believe that collectively as a city we have the energy, ideas and commitment to make a success of the opportunities and challenges identified the Norwich Economic Strategy to take us forward into the next decade and beyond.

Cllr Alan Waters

Leader

Norwich City Council

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Summary

Diverse economy

The diversity of Norwich's economy is one of its greatest strengths, helping the city to remain stable during the worst of the recession. This ranges from high value knowledge-based enterprises, research and education, financial and professional services, healthcare, retail, creative and cultural industries and digital through to public sector services.

Low productivity

Although this diversity provides a solid foundation for growth, a number of significant and ongoing challenges exist around managing sustainable, inclusive economic growth. In particular poorly-paid and insecure employment in relatively low-skilled jobs in sectors which are likely to see significant contraction as technology replaces many roles.

The productivity gap between Norwich and the UK, as a whole, must also be tackled - low productivity translates into low wages and deprivation. Norwich is already trailing behind several of its statistical comparators on a number of economic indicators. It is imperative to reposition the city and remain competitive.

Shifts in the labour market

The labour market will see a significant shift as Artificial Intelligence (AI) and other technologies replace many traditional roles. New requirements, particularly those driven by a need for creative, technology-savvy employees will emerge.

Re-skilling will be particularly important as a significant proportion of those already in the labour market will still be working in 2034. The future workforce will need broad-based knowledge and a combination of interpersonal and cognitive skills in addition to the more specialised skills needed for specific occupations.

Unsurprisingly, many of the jobs likely to experience a fall in employment are low or medium-skilled in nature. However, it is unlikely that all low/medium-skilled jobs will suffer. It is possible that some jobs will be redesigned and employee skills upgraded to emphasise further product variety – already indicated by the return of artisan employment[1] in occupations like barbering, brewing and textiles. In some occupations, technology may augment human performance.

[1] NESTA The future of Skills: employment in 2030

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Technology and the need to mitigate against climate change will also generate occupations and industries which currently do not exist.

If Norwich is to seize these new opportunities it must train and upskill its current and potential workforce.

School attainment

Norwich's future labour market should provide many opportunities for our young people - to enable them to do so the need to improve educational attainment in Norwich's state-funded high schools is paramount.

Currently the city has one of the weakest GCSE performances in the country. Norwich is ranked in the worse 10 per cent of local authorities in the country for social mobility.

Lancaster University research has shown that schools with 20 per cent or more of pupils from poor backgrounds see lower attainment for all children. Poverty and low educational attainment go hand in hand.

Improving poor performance in Norwich schools will enable the young people affected to benefit from economic opportunity via participation in the labour market – it will also ensure that the benefits of economic growth are shared across the city, with local people seeing the benefits in more jobs and improved incomes.

Vibrant city centre

Technology is driving significant change in our labour market and our built environment; one of the sectors currently most visibly impacted by this retail. As digital shopping accelerates to transform the retail sector, cities worldwide will potentially see a contraction in the retail footprint with a corresponding expansion of mixed use in the city centre.

Norwich, with its historic, cultural and visitor offer should be able to prosper in this changed environment, though this will require further investment and active management to find the balance between employment, housing, retail and leisure. Strong partnerships can drive footfall with events and a wider cultural and experiential offer, providing an environment where the city's specialist and independent retailers can flourish.

Current trends and the likely context of local government funding to the end of the decade suggest that the relationship between councils and arts/cultural institutions is changing; new ways of working are needed to support local arts and culture.

Shrinking car ownership, especially in urban areas is likely to increase demand for walking and cycling routes, public transport, car clubs and sharing schemes. This may also reduce the attractiveness of out-of-town shopping destinations,

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returning the emphasis to city centres and supporting Norwich's low carbon ambitions.

Loss of employment density has been partly driven by the economic downturn but has also been significantly affected by growth in the working age population and by key employee relocations to new, modern premises outside the city centre.

The city centre has a shortage of small to medium modern, flexible office accommodation suitable for growing businesses; this is a key challenge to overall city centre vitality.

Innovation

Innovation is not just about technology. It is also about adopting new approaches and committing to innovation which is the best way to build on the city's strengths, to tackle the growth challenges and for new ways of meeting social challenges.

In practice this means harnessing the innovative talents of the city through the creation of new partnerships, approaches, spaces and ways of doing business to support new behaviours in the city – an example is the Sharing City initiative.

Ongoing austerity cuts have dramatically changed the landscape in terms of the availability of the level of public funding available. New solutions and partnerships are required to deliver quality new development opportunities for jobs, homes and skills.

Investing in infrastructure, unlocking growth; developing new homes, amenities and modern business accommodation will play a significant role in stimulating local labour markets and tackling worklessness.

Social enterprises and community organisations can play a key role in addressing the social and environmental challenges which Norwich faces. This could involve helping to address financial exclusion; food and fuel poverty; unmet housing need; providing social care and childcare; developing community transport: enhancing health and well-being and improving employability.

Climate change

As a city located in a low-lying area, Norwich is particularly vulnerable to the effects of climate change. However, with globally acknowledged expertise in environmental science at UEA and Norwich Research Park, Norwich has substantial scope to grow the low carbon sector, developing and facilitating investment in environmental industries.

A low carbon economy can deliver opportunities across a wide range of business sectors, not just to those seen as being in the 'traditionally'

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environmental technologies sector. Businesses can benefit from the low carbon economy in two ways: by diversifying into new low carbon products and by becoming more efficient in their current processes.

Brexit

Continuing uncertainty around the UK's exit from the European Union will undoubtedly deliver its own economic challenges not least that EU funding will shortly be replaced by the government's Shared Prosperity Fund.

Alongside this, a decade of recession and low growth has created significant pressures on government and correspondingly, local government budgets. At a local level, there are reduced resources available to support growth and fund infrastructure; delivering sustainable economic growth demands new financial models and effective working across the public sector and between the public and private sectors.

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Strategic context

The 2019-2024 Norwich Economic Strategy provides a five-year framework for the development of the sustainable and inclusive growth of Norwich's economy.

Norwich City Council publishes its Local Economic Assessment (LEA) annually and this provides the primary evidence base for this strategy. The Norwich Economic Strategy sits within a suite of other key documents and strategies, including the Norwich 2040 Vision, the New Anglia Strategic Economic Plan and the Government's Industrial Strategy.

Just as this strategy supports economic growth at regional and national levels; key to achieving sustainable and inclusive economic growth in Norwich will be securing the investment that the city needs alongside our partners and key stakeholders.

By aligning our resources to support the 2040 Vision, our shared commitment will help to attract and leverage investment in our future from government and the private sector and will allow the city to grasp further emerging opportunities as they become available.

Norwich economic overview

The city of Norwich is home to an estimated 117,000 jobs and more than 8,000 businesses - almost one-half of jobs are based in large companies and the city is one of the largest centres of employment in greater south-east England. Norwich contributes more than £3 billion per annum to the national economy.

This strategy is based on an in-depth understanding of the Norwich economy, described in the 2018 Norwich Local Economic Assessment, supplemented by monthly Norwich Economic Barometers with additional in-depth research and analysis of the urban area, its key employment sectors and the challenges of low pay and re-skilling the labour force as technology drives change. A summary of key findings is included within this chapter.

Population change and housing

Norwich has a series of geographies that relate to its physical and economic footprint that do not neatly conform to its local authority area. Catchments for housing and labour often extend outside of cities and the Norwich local economic geography has long been recognised to expand beyond its institutional boundary. Further, these geographies change overtime as the local economy adapts, matures, and grows.

The built-up Norwich urban area extends beyond the Norwich City Council boundary, with extensive suburban areas on the western, northern and eastern sides. The population of the urban area is estimated to be 220,000; around 28 per cent of the urban population lives in Broadland and a further 7 per cent lives in South Norfolk.

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Norwich is one of the fastest growing cities in the UK; since 2006 the population has increased at a stronger rate than for the UK as a whole. Norwich has a larger than average working age population and a lower than average older population. The median age of the population is seven years younger than at the national level. Note that Norwich bucks regional and national trends insomuch as the percentage of older people has remained the same, rather than grown, since 2006. Added to this, smaller household sizes mean that the number of households (and therefore the number and types of homes required) is likely to continue to increase. The Times listed Norwich as one of the best places to live in the UK in 2018.

Population change and jobs

In 2000, the Norwich local authority area had the highest jobs density (1.24 jobs for every working age resident) of any local authority outside of five London boroughs; by 2016 it stood at 1.07. The reason for this is twofold; the working age population has increased by 12 per cent since 2000, while the number of jobs has grown by just 3 per cent.

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. Much of this has been brought about by the provision of high-quality office space in out-of-town business parks in the adjoining local authorities while the city centre lacks available grade A office space to attract employers.

In addition the relaxation of planning regulations has forced the loss of employment land for residential use.

As always, young people and disadvantaged groups are being hit hardest in the labour market with low wages and a lack of good quality employment. Creating the conditions for sustainable growth and jobs must be the council's number one economic priority.

Earnings

Earnings in Norwich are comparatively low - probably as a result of the city's relatively isolated location and large rural hinterland which means that there is less wage competition than in many other areas in the UK. Whilst it may be argued that this is a positive for employers, it should be noted that more money in workers' pockets means more spending and more economic activity overall.

The low median wage in Norwich has provided the impetus for a local Living Wage campaign – a wage that meets the real costs of essential goods and services.

Workplace earnings are higher than resident earnings in Norwich, this is probably the result of the high levels of in-commuting from the rest of Norfolk and, many high earners employed in managerial and director level occupations are likely to

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live outside of the Norwich local authority boundary. The gender pay gap is evident - female earnings are lower than male earnings across each of the reported areas.

The stagnation in real wages and its effect is noted in the deprivation section of this strategy.

Worklessness

A strong relationship exists between worklessness and social housing, not unexpectedly, given that lack of work and low incomes mean that owner occupation is virtually impossible for those who are low paid or unemployed. The Norwich local authority area has the lowest proportion of owner-occupiers in England as a whole, outside of London and Manchester and the highest proportion of social housing of any district in the region.

The local authority's relatively low level of home ownership is a cause for concern for a number of reasons. There is a large literature on the potential benefits of home ownership most of which focuses on external benefits to the wider community e.g. lower crime rates, social trust etc. A house is a valuable asset; high collateral values give better access to credit and so raise consumption. Studies[2] have shown that there is a strong positive correlation between self-employment and home ownership which can provide new business collateral. Levels of self-employment in the local authority area are indeed lower than in average and it is likely that this can, in part, be linked to low levels of home-ownership.

Worklessness in the local authority area, measured by the percentage of working age people claiming out-of-work benefits, has fallen markedly since 2010. This corresponds with the change regionally and nationally.

Most of the reduction is in the JSA claimant count group which is likely to be caused by higher levels of employment (the UK's flexible labour market mean that jobs can be found (and lost) relatively quickly) and because JSA claimants are being moved onto Universal Credit as it is rolled out. Under Universal Credit a broader span of claimants are required to look for work than under Jobseeker's Allowance. A fall has also occurred in the lone parent group of claimants - at least in part due to a change in eligibility. Lone parents are now required to seek work and claim JSA when their children are younger than was previously the case. The percentage of ESA and Employment Support claimants has hardly changed over the same period

Worklessness of all types is particularly concentrated in a number of wards, with Mancroft and Mile Cross wards having the most intense concentrations on all measures.

[2] http://www.twri.org.uk/sites/default/files/twri/twri_housing_wealth_small_business.pdf

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Deprivation

The level of multiple deprivation in the Norwich local authority area creates a complex set of problems which result in large numbers of people being excluded from, or on the margins of, economic activity. Problems of poverty, poor health and low levels of skill sit alongside and contribute to mental health problems, substance abuse and teenage pregnancy. These problems result in poor prospects for children including low attainment and relatively high numbers of children leaving school and classed as Not in Employment, Education or Training (NEET), contributing to a cycle of deprivation which is difficult to break.

The extent of deprivation in relation to education, skills and training is particularly severe, affecting more than one-third of local residents in the Norwich local authority area; placing it as the fourth worst district in England on this measure.

It should be noted that despite the sustained period of economic growth that took place before the downturn, net wages and income have stagnated, or indeed fallen, for a large proportion of the population while income inequalities have actually increased. The OECD reports that underemployment and involuntary part-time employment are far more prevalent in the UK now than before the 2008 recession. Coupled with low and falling levels of unionisation, employment growth has been at the expense of growth in real wages.

Recent research undertaken in Norwich revealed the impact of low wages and poor working practices on affected individuals and their families. Low pay has a detrimental impact on family life; parents feel they are failing their children and often have to work long hours to provide even basic necessities. Zero hour contracts are used by employers to fit with the needs of their business and suit some workers, such as students and older, semi-retired workers who like their flexibility. However, workers who require fixed incomes struggle financially. There is a strong belief that zero-hour contracts should afford some of the same employee protection as permanent contracts such as, sick pay and compassionate leave, holiday pay and training.

Qualifications and skills

Norwich is home to a number of innovative businesses that are leaders in knowledge creation. However, most businesses use technology and business ideas that originate somewhere else. Therefore, a broad and deep skills base is needed to increase the city's ability not only to create knowledge, but also to understand and spread knowledge. Consequently, the skills available in the labour market need to be the 'right' skills; if the supply of skills is not well matched to employer need there will be inefficiencies and lost opportunities for growth. From a social inclusion point of view the low or no skilled population may find it difficult to take advantage of both existing and future employment opportunities.

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Norwich is home to two universities, the University of East Anglia, one of the UK's top universities ranked 12th by The Times Good University Guide 2017 and 14th by The Complete University Guide 2019 and the Norwich University of the Arts, awarded Gold under the Teaching Excellence Framework and ranked 10th in the UK for teaching quality by The Times and The Sunday Times Good University Guide 2018. The city is also home to City College Norwich, one of the largest Further Education/Higher Education (FE/HE) institutions in the country. It has been reported that Norwich's exceptional quality of life is a significant factor in the very high graduate retention rate (consistently around 40 per cent) and in staff retention – key employers report that investment in staff and their development in Norwich is retained; by comparison a large percentage of this type of investment is lost in other metropolitan areas.

However, despite the perceived quality of life and the richness of the local HE offer, more than one-third of Norwich residents are currently affected by a paucity of education, skills and training attainment. Although forecast data suggest that this will improve over the next decade, it is unlikely to catch up with Norwich's nearest university city, Cambridge, where almost three-quarters of the local population will be educated to degree level or above compared to just one-half of the Norwich population.

Industrial structure

Clusters of interacting sectors are well recognized as drivers for city competitiveness. Clusters foster innovation, promote knowledge diffusion and have the capacity to stimulate new start-ups and spin-outs. Norwich boasts six key growth sectors employing an estimated 30,000 people and a substantial presence of knowledge intensive business services (KIBS). These **KIBS** are often innovation active and graduate intensive, and typically invest more in business research and development. In short the KIBS and growth sectors create high value, high productivity employment and the potential to accelerate the city's economic competitiveness. Knowledge-intensive firms account for a higher share of the business[3] base in Norwich than is the case in the LEP area and regionally; their share of the business base has increased over the period 2012 to 2017.

Norwich's growth sectors are **financial services** (growing in terms of GVA rather than numbers employed); **life science**; **advanced manufacturing**; **food & drink**; **digital** and **creative industries**. These have been identified[4] by GVA/Hatch research commissioned by Norwich City Council and based on statistical evidence.

[3] The definition of businesses used in the strategy pertains to and includes private sector businesses, social and co-operative businesses

[4] Using the East of England Forecasting Model industrial sectors which do not directly map to local sectors and have been used as a proxy.

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In addition, the **retail** sector is important given the number of people employed in the sector.

One of the largest sectors locally in terms of employment and share of the business base is **business and financial services**. The sector comprises a wide range of activities, including accountancy, legal, financial services and telecommunications and has been a driver of growth for the UK economy. Norwich is currently home to blue chip companies (Aviva, Handelsbanken, Marsh, Virgin Money, KPMG and Swiss Re) and a growing number of national and local companies with international reach (Validus ivc, Williams Lea, Alan Boswell Insurance, Grant Thornton, Mills and Reeve). These companies have shared service centres, contact centres and business process outsourcing centres, across a range of specialisms including sales and customer services, pensions and life administration, accountancy and finance and IT development and service support. The city has a strong legal sector, with many local firms operating at an international level.

This is a sector experiencing significant change; looking at the reasons behind this they include regulation, a shift in technology and customer expectations alongside an ageing population driving demand for retirement products for instance. FinTech companies are breaking the dominance of financial services' largest players in novel ways in areas including online lending, money transfer, and credit ratings. Changing customer needs and demographics are impacting on delivery channels, servicing, and technology. New channels are altering the way customers access financial services. The EEFM predicts that, over the coming decades, employment in financial services will decline but employment in professional services and business services will grow.

Digital is a small, albeit, growing key sector and has some overlap with the business and financial services sector. The cluster is characterised by a number of high performing home-grown businesses many of which are global players as well as micro start-ups and freelancers. The TechNation Report identifies Norwich as a fast growing and vibrant digital cluster and attributes the growth of digital tech businesses such as Proxama, Rainbird AI, Validus-IVC and Epos Now to its two leading universities and a steady supply of graduates. The sector overlaps and interlinks with the financial and insurance services and business services sector. The sector has real growth potential in its own right, but is also a driver for innovation, creativity and productivity across the broader business base. The vibrancy of the digital sector is also crucial to Norwich's creativity and cultural diversity, which, in turn, has a positive impact on the city's image and supports related industries in culture, leisure and tourism. The availability of digital infrastructure and access to superfast broadband is key to the growth and competitiveness of digital companies as is availability of a technically-specialised workforce.

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Norwich has a concentration of **creative industries** and a thriving digital creative scene with a cluster of digital arts companies. A clear overlap exists with the digital sector and business services. The top subsectors contributing to growth in the sector were in the publishing of journals and periodicals and the publishing of newspapers. The EEFM forecasts that the arts and entertainment sector will continue to increase steadily over the coming decades while publishing and broadcasting will see a slight decline in employment.

Around 3 per cent of the workforce is employed in the **advanced manufacturing** sector in the local authority area; in Norwich the share has remained static over the period 2011 to 2016, as it has regionally and nationally. In the LEP area the sector employment share has seen a slight increase over the period. The advanced engineering and manufacturing sector's share of the business base in Norwich is relatively small. However, this masks its importance as a growing industry particularly the aviation related sub-sector centred on Norwich airport.

Food and drink production also makes a notable contribution to employment in this sector; the EEFM predicts that employment in food production will remain fairly stable in the coming decades.

Industry 4.0 or the fourth industrial revolution is characterised by the increasing digitisation and interconnectivity of products, value chains and business models. In other words, the real and virtual worlds are now beginning to merge in production. This current trend of automation and data exchange in manufacturing technologies includes cyber systems, the Internet of things and cloud computing. Digitalization will result in lower costs, improved production quality, flexibility and efficiency. Over the coming decades the EEFM expects employment in the manufacturing of transport equipment to remain stable but employment in the electronics subsector will decline. In other words whilst the sector will become more efficient and productive through the fourth industrial revolution it will continue to experience modest employment decline matched with an improvement in employee productivity.

Health and life science is focussed, in the main, on Norwich Research Park, the location for world class research, educational and training institutions including the John Innes Centre, Institute of Food Research, The Genome Analysis Centre, the University of East Anglia, and Norfolk and Norwich University Hospital with their associated infrastructure and specialist facilities. Three of the Biotechnology and Biological Science Research Council's eight strategic research institutes are located on the Norwich Research Park. This is reflected in the composition of the sector locally. The EEFM predicts that research and development activities will have modest growth but the health and social care sector is predicted to grow considerably, more than twice the rate for all industries. Growth in life sciences will realistically be much higher than is being implied here because as medtech and digital health activity increases much of this activity will be captured under digital or

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advanced manufacturing. That said to some degree this may be partially offset in the medium term as a consequence of the loss of EU funding for collaborative and other projects in the HE and research sectors.

Norwich's culture is a fundamental part of its identity and an essential element of the city's national and international reputation as a **tourist** destination. The city's cultural credentials are impressive – it has a vast array of unique heritage assets, five theatres, networks of artists and creative entrepreneurs and a wide-ranging programme of local, national and international events. Norwich is also the only city in England that has been awarded UNESCO City of Literature status. The tourism sector accounts for around one-tenth of all employees. More can be done to promote the city's creative and cultural assets to ensure that Norwich is able to compete with other major cities as a cultural and creative hub. The positioning of the city as a major cultural player requires investment which would generate far greater returns to the city in terms of increased employment, independent business growth and tourism development. The Norwich Business Improvement District (BID) has committed to promote Norwich as a key visitor destination for cultural and leisure (including retail) tourism.

The **retail** sector has a large share of Norwich's business base and employment – reflecting the significance of Norwich's position as a top 20 UK retail centre and is part of the city's visitor offer. Norwich city centre is the focus for the city's retail sector. The city's somewhat isolated location means that, unlike cities in close proximity and therefore in competition with each other, it has been relatively protected from much of the effects of the current turmoil but is obviously still affected by the increase in online shopping, a global trend that will drive significant change in the sector going forwards. According to the East of England Forecasting Model, despite expected changes in the operating environment generally local employment in the sector is expected to continue to grow.

Enterprise

Norwich is ranked 20/379 for overall competitiveness on the PWC Index. The economic dynamism of the city underpins the regional economy and as such its significance as an economic driver, attractor of investment and of skilled labour must not be underestimated. Enterprise plays a key role in creating a dynamic and flexible economy; however, labour productivity in Norwich is lower than at the national level. Economic growth in Norwich has been generated mainly by existing businesses and indigenous business formation rather than as a result of large inward investment. In the form of new entrants to the market place, enterprise enhances productivity by raising competitive pressures and maintaining a healthy level of business 'churn'.

The level of enterprise can be quantified by rates of business start-ups and closures and the overall stock of businesses. Important entrepreneurial activity also occurs within existing firms, for instance the launching of new products or

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through entering new markets – however, this activity is not so easily measured. Nevertheless, a recent report by MasterCard names Norwich as one of the top three UK cities that have shown significant strides in using latest technology to drive growth and innovation. Norwich has a smaller percentage of micro firms than average and a correspondingly bigger proportion of small, medium and large firms.

Business start-ups, closures and survival rates

Although Norwich's business start-up[5] rate has increased over the five-year period (2011-2016) growth has been considerably weaker than that seen regionally and nationally although it is comparable to growth in the New Anglia LEP area. The Norwich rate peaked in 2013 when it increased above the regional rate but it has gradually fallen since then.

In 2016 the rate of business "deaths" or closures in Norwich was also higher than average. Indeed, the number of business closures was greater than the number of start-ups, meaning that the number of businesses operating in Norwich has fallen. The business closure rate has increased markedly since 2014, more so than has taken place across the LEP area, regionally and nationally.

Business five-year survival rates in Norwich are roughly in line with the national average. It can be suggested that these turnover rates show the speed with which outdated business ideas are replaced by new ideas; they may also reflect a response to current economic conditions such as how the credit market is changing and how the demand for goods and services is changing i.e. the growth and decline of specific sectors.

Businesses in particular industries have a higher propensity to survive than others; businesses in the hotel & catering and in the retail sectors are much more likely to have ceased trading at the 5-year point than businesses in the health sector or the financial services sector, for example.

Turnover

Norwich has a much higher percentage of companies with a turnover greater than £10 million than is seen across the LEP, regionally and nationally. This corroborates the earlier findings which show that Norwich has higher levels of larger firms and a correspondingly lower level of smaller firms.

Premises/employment land

Norwich has been referred to by government as an example of "best practice" for planning for town centres and has the highest percentage of retailing in its centre

[5] Business registrations or "births" are a proxy measure for business start-ups The full definition of the measure is new businesses registering for VAT and PAYE and some smaller businesses reaching the VAT threshold (£85,000) or running a PAYE scheme for the first time.

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of any major city in the country. This is the result of the long-term policy approach of promoting a vibrant city centre, investment in pedestrianisation and public realm and restricting out-of-town development.

However, there are a significant number of offices in the Norwich local authority area and in particular, the city centre, that are out-of-date and of poor quality – many of these are currently being converted to residential, predominantly to student housing. Improving the quality of existing office stock would also counter less sustainable patterns of extensive office development on the urban fringe and would ensure that the city centre commercial offer matches the exemplary public realm in the area. Much of the outdated office stock requires substantial refurbishment to bring it up to A grade standard.

The loss of employment land to other uses such as housing is an important consideration. Some small and medium sized firms, particularly those experiencing rapid growth in the digital sector, report difficulties in finding the right workspace. Small businesses, in particular, may be squeezed out of an area by housing due to the higher values it attracts. The Joint Core strategy (JCS) therefore sets a target of 100,000 square metres of additional high quality office space in the city centre, to mainly be provided in mixed use developments with housing and other uses to make best house of valuable and accessible city centre sites. The city centre remains the most sustainable employment centre in the county and this has been supported by improvements to the public realm as part of an overall package of public transport, walking and cycling improvements

The finite amount of employment land in the urban area (especially in the local authority area) needs to be protected – the mix of employment and residents has to be balanced if Norwich is to function as a modern urban centre. Recent monitoring has shown that there has been very little office development in the city centre whilst there has been an increase in general B1 office use on the urban fringe, mainly in Broadland. In view of the large stock of unimplemented B1 office consents at Broadland Business Park it is important that the market for further office development in the city, particularly in the city centre, is not further undermined by yet further supply of unconstrained B1 office floorspace in outer areas, such as north of the airport and at Rackheath.

The threat to the vibrancy of the city centre is further exacerbated by national policy - recent amendments to the General Permitted Development Order further complicate the situation - the permitted development to change the use of an office to residential uses. The stated aim in the JCS of increasing office development in the city centre is further threatened due to this amendment as there is little control over the loss of offices.

The growth of Norwich Research Park, which provides only for research-related uses, does not constitute a threat to the city centre as it provides for specialist office accommodation for research which will support the local economy

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Land and premises are also required for other service related uses, such as leisure and tourism. Employment land is protected through planning policies covering industrial estates and that there is a strategy in place in the JCS to ensure that there is an effective mix of uses in the city centre.

Infrastructure and environment

The city's infrastructure and environment is an integral part of the conditions for sustainable economic growth in Norwich - this includes transport, housing, communications and digital infrastructure, energy supply and resilience to issues arising as a result of climate change.

Capacity issues on the **road networks** in and around Norwich are well known. Commuting plays a highly significant role in the economy; more than half of Norwich's workforce commutes in from outside the city boundary every day. The majority of these in-commuters come from other parts of the Norfolk. Balancing public and private transport and peak commuting flows into the city requires an increasingly sophisticated approach to deliver the best outcome for workers and residents; car parking policy alongside **Park & Ride** services have been successful in managing the significant inflow of workers and visitors and keeping the city "open" as a visitor destination.

Greater Norwich has an integrated transportation strategy and ambitious funded plans for investment in transport infrastructure and services. The Transport for Norwich (TfN) strategy comprises of a package of multi modal policies and projects that seek to facilitate everyday travel for a growing city.

The overall aim is to support economic growth and development with targeted measures that enable travel by car whilst encouraging travel by bus, walking and cycling.

Building on the success of the Broadland Northway (formerly known as the Norwich Distributor Road NDR) the completion of the missing Western Norwich link across the Wensum river valley is being actively pursued. These new roads will help ensure faster and more reliable journey times by car to all parts of Greater Norwich, in particular Norwich Airport and key growth locations on the urban fringe at the University of East Anglia, Norwich Research Park, the Food Enterprise Zone, Norwich Airport and Broadland Business Park. Combined with the completion of the A11 dualling and the Norwich to London rail services taking 90mins will help to establish better national travel connections to Norwich.

Norwich's winning entry to the government's 2018 Transforming Cities fund seeks to give the city the transport network it needs for the 21st Century. The bid seeks to enhance the established Park and Ride bus services with a network of express buses extending across the Greater Norwich area connecting the city centre with the city growth locations. This will be implemented by 2023, using high quality

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buses that use clean energy to support cleaner air and encourage commuters to switch from the car and open up employment locations to all citizens.

An increasingly important feature of transport in the city is its accessibility for pedestrians and cyclists. This is critical to the functioning of the city centre and the quality of attraction for businesses and tourists. Since the Department for Transport awarded Norwich cycle ambition status in 2013 there has been significant investment in walking and cycling alongside major improvements to the public realm. Building on the success of the Pedalway cycle network that has seen levels of cycling double on most sections of the improved cycle routes implemented so far; as part of the Transforming Cities project a Walking and Cycling network for Greater Norwich will enable travel on foot and cycle along key urban growth corridors improving the liveability of Norwich's city neighbourhoods.

The funded plan for investment in transport will see a better connected Norwich, unlocking key development sites for investment and ensuring future growth is sustainable.

In autumn 2016, a new £1.4billion franchise was awarded to Abellio to run **train services** which operate out of Norwich. The Department for Transport has awarded the company a nine-year contract to deliver transformational change for the region's train users, including:

- More than 1,040 state of the art carriages by 2020
- Journey times cut by 10 per cent
- At least four 90-minute services between London and Norwich each weekday
- 32,000 more seats by 2021 and free Wi-Fi for all passengers
- £1 billion contract for UK train manufacturer Bombardier to supply new trains

Ensuring that infrastructure enables growth whilst protecting quality of place and keeping pace with changes to the way we live and work driven by technology work enable growth is a real challenge, especially in an environment of very limited public sector funding.

Continuing to deliver the infrastructure necessary for sustainable economic growth will require new financial models and partnerships a wide range of stakeholders and private sector investors.

Opportunities and Challenges

While the strategy is focused on challenges and actions within Norwich it also recognises that the economy operates across different spatial levels. As such, the approaches described in the strategy include partnership work required with neighbouring districts, the county and across the LEP area as well as with partner

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cities in the Key Cities and Fast Growth Cities groups. Realising the city's economic potential in a sustainable, fair way will require concerted efforts from a wide partnership of stakeholders. Specifically, there is a need to:

- support the continued growth of the knowledge economy, particularly low carbon innovations;
- improve productivity and ensure that new and existing companies can establish, develop and expand in Norwich;
- Maximise the growth opportunities arising from the low carbon, circular economy;
- improve educational attainment, raise workforce skills and address in-work poverty and insecure employment;
- connect people in local communities to economic opportunity;
- respond to the challenge of improving infrastructure and development of modern, high quality workspace within a much-loved historic city;
- raise the profile of the city nationally and internationally and challenging local stereotypes that that are holding back growth;
- improve the quality of life and opportunities for all sections of the community, to reduce inequalities, and ensure that talented, ambitious people can stay in Norwich to achieve their aspirations.

Diverse economy

The diversity of Norwich's economy is one of its greatest strengths, helping the city to remain stable during the worst of the recession. This diversity includes high value knowledge-based enterprises, research and education, financial and professional services, healthcare, retail, creative and cultural industries, digital and public sector services.

Low productivity

Although this diversity provides a solid foundation for growth, there are still a number of significant and ongoing challenges around managing sustainable, inclusive economic growth. In particular poorly-paid and insecure employment in relatively low-skilled jobs in sectors which are likely to see significant contraction as technology replaces many roles. The productivity gap between Norwich and the UK, as a whole, must also be tackled - low productivity translates into low wages and deprivation. Norwich is already trailing behind several of its statistical neighbours. It is imperative to reposition the city and remain competitive.

Shifts in the labour market

The labour market will see a significant shift as Artificial Intelligence (AI) and other technologies replace many traditional roles. New requirements, particularly those driven by a need for creative, technology-savvy employees will emerge. Re-

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skilling will be particularly important as a significant proportion of those already in the labour market will still be working in 2034. The future workforce will need broad-based knowledge and a combination of interpersonal and cognitive skills in addition to the more specialised skills needed for specific occupations.

Unsurprisingly, many of the jobs likely to experience a fall in employment are low or medium-skilled in nature. However, it is unlikely that all low/medium-skilled jobs will suffer. It is possible that some jobs will be redesigned and employee skills upgraded to emphasise further product variety – already indicated by the return of artisan employment[6] in occupations like barbering, brewing and textiles. In some occupations, technology may augment human performance. Technology and the need to mitigate against climate change will also generate occupations and industries which currently do not exist. If Norwich is to seize these new opportunities it must train and upskill its current and potential workforce.

School attainment

Norwich's future labour market should provide many opportunities for our young people - to enable them to do so the need to improve educational attainment in Norwich's state-funded high schools is paramount. Currently the city has one of the weakest GCSE performances in the country. Norwich is ranked in the worse 10 per cent of local authorities in the country for social mobility. Lancaster University research has shown that schools with 20 per cent or more of pupils from poor backgrounds see lower attainment for all children. Poverty and low educational attainment go hand in hand. Improving poor performance in Norwich schools will enable the young people affected to benefit from economic opportunity via participation in the labour market – it will also ensure that the benefits of economic growth are shared across the city, with local people seeing the benefits in more jobs and improved incomes.

Vibrant city centre

Technology is driving significant change in our labour market and our built environment; one of the sectors currently most visibly impacted by this retail. As digital shopping accelerates to transform the retail sector, cities worldwide will potentially see a contraction in the retail footprint with a corresponding expansion of mixed use in the city centre. Norwich, with its historic, cultural and visitor offer should be able to prosper in this changed environment, though this will require further investment and active management to find the balance between employment, housing, retail and leisure. Strong partnerships can drive footfall with events and a wider cultural and experiential offer, providing an environment where the city's specialist and independent retailers can flourish.

[6] NESTA The future of Skills: employment in 2030

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Current trends and the likely context of local government funding to the end of the decade suggest that the relationship between councils and arts/cultural institutions is changing; new ways of working are needed to support local arts and culture.

Shrinking car ownership, especially in urban areas is likely to increase demand for walking and cycling routes, public transport, car clubs and sharing schemes. This may also reduce the attractiveness of out-of-town shopping destinations, returning the emphasis to city centres and supporting Norwich's low carbon ambitions.

Employment density fell dramatically during the recession and by 2010 it stood at 1:01 (resident working age population to job ratio). Since then, the ratio has increased to 1:07. However, in 2007, before the recession impacted, the jobs ratio was 1:24. This loss of density has been partly driven by the economic downturn but has also been significantly affected by growth in the working age population and by key employee relocations to new, modern premises outside the city centre. The city centre has a shortage of small to medium modern, flexible office accommodation suitable for growing businesses; this is a key challenge to overall city centre vitality.

Innovation

Innovation is not just about technology. It is also about adopting new approaches and committing to innovation which is the best way to build on the city's strengths, to tackle the growth challenges and for new ways of meeting social challenges. In practice this means harnessing the innovative talents of the city through the creation of new partnerships, approaches, spaces and ways of doing business to support new behaviours in the city – an example is the Sharing City initiative.

Ongoing austerity cuts have dramatically changed the landscape in terms of the availability of the level of public funding available. New solutions and partnerships are required to deliver quality new development opportunities for jobs, homes and skills. Investing in infrastructure, unlocking growth; developing new homes, amenities and modern business accommodation will play a significant role in stimulating local labour markets and tackling worklessness. Social enterprises and community organisations can play a key role in addressing the social and environmental challenges which Norwich faces. This could involve helping to address financial exclusion; food and fuel poverty; unmet housing need; providing social care and childcare; developing community transport: enhancing health and well-being and improving employability.

Climate change

As a city located in a low-lying area, Norwich is particularly vulnerable to the effects of climate change. However, with globally acknowledged expertise in environmental science at UEA and Norwich Research Park, Norwich has substantial scope to grow the low carbon sector, developing and facilitating

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investment in environmental industries. A low carbon economy can deliver opportunities across a wide range of business sectors, not just to those seen as being in the 'traditionally' environmental technologies sector. Businesses can benefit from the low carbon economy in two ways: by diversifying into new low carbon products and by becoming more efficient in their current processes.

Brexit

Continuing uncertainty around the UK's exit from the European Union will undoubtedly deliver its own economic challenges not least that EU funding will shortly be replaced by the government's Shared Prosperity Fund. Alongside this, a decade of recession and low growth has created significant pressures on government and correspondingly, local government budgets. At a local level, there are reduced resources available to support growth and fund infrastructure; delivering sustainable economic growth demands new financial models and effective working across the public sector and between the public and private sectors.

The responsibilities for promoting and managing economic growth are shared across a wide range of partnerships and organisations and this places an emphasis on leadership, a shared vision and effective joint working.

Strategic objectives and priorities for Norwich

Sustainable and inclusive economic growth is key to the future of Norwich and the wellbeing of all those who live and work in the city. Through strong leadership and using its role in procurement, as an employer and landholder good growth sits at the heart of Norwich City Council's vision, its policy, its interventions and partnership activities.

Objective 1: Productivity and competitiveness

To lead, invest resources and leverage partnerships and external funding to drive the competitiveness of the city's economy and create the environment to increase productivity and growth.

Priorities:

1. Generate and sustain jobs by retaining and growing the existing business base.
2. Stimulate jobs growth by increasing the pipeline of new businesses.
3. Support initiatives to generate growth in knowledge intensive sectors and commercialisation of research and innovation.

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4. Collaborate with partners to ensure that policies support economic development and employment growth.
5. Engage in place-shaping and use property and land assets to proactively support a dynamic business environment for incubation, growth and cluster development.

Example Activities:

- Norwich City Council commissioned research in 2018 to map the incidence, size and location of digital companies in the city; to understand their growth ambitions and assess their current and future accommodation requirements with a view to developing space for the digital sector.
- The New Anglia Growth Hub Scale-up programme aims to engage with potential high growth businesses and to create an exclusive community of like-minded peers and industry and topic experts.

Objective 2: Skills and employment

To ensure that local people have the skills and ambition to capture the opportunities of growth and to participate fully in the economic and cultural life of the city

Priorities:

1. Lobby for affordable and accessible skills provision that will match the existing and future skills needs of the local economy.
2. Support lifelong learning and skills provision that enables people to progress in the labour market and access new opportunities.
3. Build strong relationships with and between education and businesses to stimulate aspiration and performance.
4. Work with partners to ensure that highly skilled people are retained in the local economy.
5. Promote the adoption, by all local employers, of a real living wage to provide people with sufficient resources to manage financially whilst training or developing new skills.

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Example Activities:

- New Anglia Enterprise Adviser Network is a national programme being delivered at a local level recruiting senior business leaders to work voluntarily with secondary schools and colleges as 'Enterprise Advisers'. Enterprise Advisers work strategically with senior leaders in schools and colleges, to improve the quality and consistency of careers, work related & enterprise education delivered to students and to broker activities with businesses and enterprise providers.
- Norwich City Council commissioned research covering individuals and employers to consider the impact of employment practices, such as zero-hour contracts and minimum wages. This research is being used to inform evidence-based policy to support sustainable employment practices and workforce investment.
- New Anglia Careers Hub, one of 20 around England, is currently under development and will comprise 32 schools and colleges in Ipswich, Norwich and along the A140 corridor, working with universities, training providers and employers to improve careers education for young people.

Objective 3: Infrastructure for business

To develop the necessary physical infrastructure to unlock economic growth whilst maintaining and improving quality of life.

Priorities:

1. Pursue improvements in next-generation digital and communications infrastructure for businesses.
2. Contribute towards the development of an effective and sustainable transport infrastructure which supports planned growth.
3. Provide timely and proportionate advice on planning to encourage businesses to locate and expand in Norwich.
4. Work with developers to bring forward and maintain an attractive portfolio of employment sites and improve the supply of appropriate business premises, particularly in the city centre; ensuring that the urban core of the city continues to be a nationally significant cultural, retail, commercial and leisure destination.
5. Ensure an adequate supply of affordable low carbon housing and that the overall housing mix is appropriate to the needs of the local area. Maximise

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the impact of housing and property development on economic growth, skills and apprenticeships.

Example Activities:

- Development of key sites in City Council ownership for employment and housing. Norwich City Council established Norwich Regeneration Limited as a private limited company (wholly owned by Norwich City Council). This will allow the council to seek ways to become more financially self-sufficient, developing commercial opportunities and making it less reliant upon shrinking government funding.
- Housing Infrastructure Funding (HIF) secured to stimulate viability of re-development for key city centre sites
- Monitoring the impact of permitted development rights and the change of use from office and retail to residential
- Norwich City Council is a partner in the East West Rail Consortium which has developed the East West Rail project to establish a railway connecting East Anglia with central, southern and western England.

Objective 4: Profile and investment

To raise the profile of Norwich as a high quality city to invest and do business in, and to work, live and visit.

Priorities:

1. Promote a strong and coherent image of Norwich to a national and international audience.
2. Work closely with partners to attract new business investments to create employment opportunities in targeted growth sectors
3. Work with city centre partners to maintain and enhance the vibrancy of the city centre that is unique in its heritage and cultural tourism offer.
4. Use policy tools to optimise mixed use of the city centre with a focus on high quality office, retail and leisure development and with residential and education development playing a complementary role.

Example Activities:

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- Norwich marketing activities, including marketing material and attendance at London MIPIM exhibition to promote the city as an inward investment destination.
- Norwich City Council, local digital sector businesses and UK Tech Nation have produced a tech-focussed marketing brochure aimed at promoting Norwich to a national audience of potential tech investors and businesses.
- Norwich Business Improvement District (BID) has secured a second five-year term and expanded the area it covers enabling further city centre improvements developed by the local business community.
- Norwich has been recognised as the UK's first accredited sharing city by the Sharing Cities Alliance. This accolade has put Norwich on the map as the city embraces the rise of the collaborative economy (sometimes called the sharing economy), and joins cities across the globe including New York, Barcelona, Athens, Dallas and Singapore.

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Implementation and Monitoring Progress

The four strategic objectives each represent a coherent area of activity, but in practice are populated by multiple partners and stakeholders; many concurrent interventions and initiatives at different geographical scales. Some of the drivers of these areas of activity are well advanced with fairly sophisticated management and delivery mechanisms, while others are still developing capacity.

Every year we will produce an action plan which details new and additional activity taking place in the city to deliver jobs, homes, workspace, and infrastructure to improve economic performance. Action plans will be reviewed annually and a performance report will be published that assesses performance against targets. The Norwich Local Economic Assessment is updated on an annual basis and will enable analysis of the success of the economic strategy against the full spectrum of economic indicators.

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Glossary

Business (enterprise) – To be classed as a business in official statistics, an entity must be registered for VAT or PAYE. It includes private, public and third sector organisations, including social enterprises, unless specified otherwise.

Gross Value Added (GVA) - the value of goods and services produced in an area, industry or sector of an economy.

Jobs density – the number of jobs in an area divided by the resident population aged 16-64 in that area. For example, a job density of 1.0 would mean that there is one job for every resident aged 16-64.

Knowledge intensive business services (KIBS) - services and business operations heavily reliant on professional knowledge. They are mainly concerned with providing knowledge-intensive support for the business processes of other organisations.

Knowledge intensive sectors - High and medium tech manufacturing; high value added "knowledge intensive" market service industries such as finance and insurance and telecommunications; and business services; education and health.

Labour productivity - the amount of goods and services that a worker produces in a given amount of time, usually per hour.

Median wage - the wage in the middle of the earnings distribution. That is, one-half of workers earn below this level and one-half earn above this level. The median wage is substantially less than the average wage.

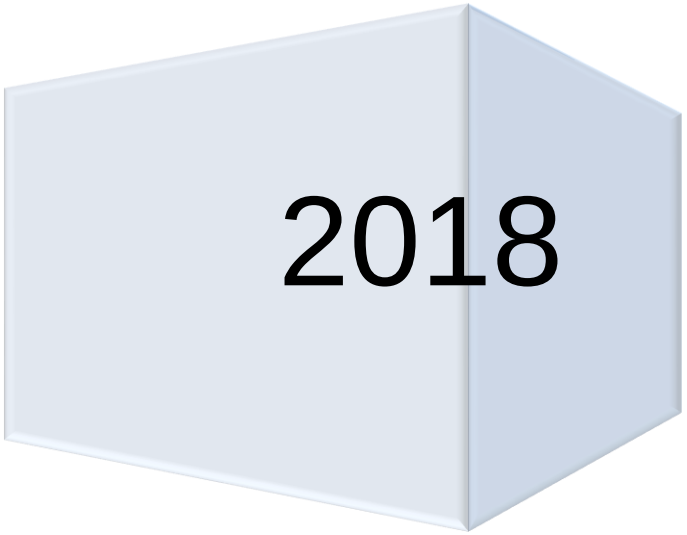
Productivity - Refers to the efficiency at which goods and services are produced by inputs (labour and capital) in the production process.

Small to Medium Enterprise (SME) – a business with fewer than 250 employees.

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Norwich

Economic Assessment



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Introduction

The Norwich economic assessment is not a strategic document; its role is to provide the economic baseline, i.e. facts, to inform Local Development Frameworks and to ultimately, direct resource allocation. This assessment incorporates the latest data from national and local sources on the city of Norwich (focussing on the local authority area) as a place to do business, work and live.

A key challenge in local economic assessment is the need to develop an understanding of the dynamic global business developments impacting on spaces that span individual local authority areas. The economic footprint of Norwich operates at different levels and within different administrative boundaries ranging from the Norwich local authority district to the built-up urban area, i.e. the city of Norwich which extends over three local authority areas (Norwich, Broadland and South Norfolk which together comprise “Greater Norwich”) to the Travel to Work Area. It is a key location for such developments which are considered a priority both in official and in advisory economic and spatial strategies from the level of the European Union down to the new Anglia LEP, and which need to be reflected in local policy frameworks.

The document is structured into nine sections:

- **Section 1: Demographics** – outlines the demographic profile of Norwich including age, gender and ethnicity.
- **Section 2: Economic Geography** – provides an outline of Norwich’s economic geography, the transport infrastructure and the economic and labour market linkages the local area has with areas beyond the administrative boundary.
- **Section 3: Business and Enterprise** – looks at the structure and competitiveness of the local economy including the sectorial profile, business density and employment.
- **Section 4: Productivity** – explores the Gross Value Added (GVA) output from Norwich and the level of exporting.
- **Section 5: Qualifications & Skills** – explores the level of qualifications, skills gaps and shortages within Norwich.
- **Section 6: Labour Market** – provides an assessment of unemployment, youth unemployment and rates of self-employment in the local labour market.
- **Section 7 Deprivation** – investigates wider social deprivation issues
- **Section 8: Housing** – Outlines Norwich’s housing stock, house building, projections, tenure and house prices.

Summary - Norwich local authority area

Major regional service centre

- Norwich is linked to Cambridge via the A11, which leads to the M11 motorway for London and the M25.
- The Norwich Travel to Work Area (TTWA) takes in Norwich, Broadland and South Norfolk local authorities plus parts of the local authority areas of North Norfolk, Breckland and Mid-Suffolk.

A growing population is a driver for economic growth

- Population growth of 11 per cent in the ten years to 2016 – compared to 7 per cent for the LEP area, 9 per cent for the region and 8 per cent nationally.
- Much higher proportions of 16-24 year olds and 25-49 years old than in the LEP area, regionally and nationally.
- A higher rate of long-term international inflow per 1,000 resident population compared to the East of England and nationally.

A diverse business base of local, national and global companies

- A regional service centre, a locus for services such as health, retail and leisure - a major employment centre, providing almost two-thirds of the TTWA's jobs
- Retail has the largest share of the business base – top UK retail centre. Next biggest sector is professional, scientific & technical.
- Around 40 per cent of the business base are knowledge intensive firms - same as nationally but higher than the LEP area and regionally.
- Smaller than average percentage of micro firms and higher than average proportion of large firms.
- Largest employment sector is business administration & support services, followed by retail and education
- The business start-up rate has improved over the past five years but is lower than the rate nationally.
- Higher than average percentage of companies with a turnover greater than £10m.
- Higher GVA per capita than LEP area, regionally and nationally - reflects Norwich's position as a centre of employment.

Vibrant labour market

- Estimated 39 per cent of 16-64 year olds hold a level 4 (degree level) qualification or higher; the same as at the national level and higher than across the LEP area and regionally.
- Job density, the ratio of jobs within an area to working age residents, stands at 1.06.
- Employment growth of 9 per cent since 2011 compared to 7 per cent LEP area; 2 per cent regionally and 9 per cent nationally
- Number of employees are forecast to grow by 9 per cent to 2030
- Home to two universities, Norwich University of the Arts (NUA) and the University of East Anglia (UEA).
- A majority (83 per cent) of Norfolk employers reported they were not affected by a skills shortage or skills gap

Disadvantaged communities

- Increased level of deprivation from 2010 to 2015 on the extent measure - the most deprived local authority in the region on this measure.
- Similar levels of 16-18 year olds classed as Not in Education, Employment or Training (NEET) as the English average.
- Claimant count has fallen dramatically over the period 2013-2018 - at a much stronger rate than in the LEP area, regionally and nationally.
- In 2012 higher level of long-term Jobseeker Allowance (JSA) claimants than the LEP, the East of England and Gt.Britain, by January 2018 the lowest proportion.
- Workplace earnings are higher than resident earnings - probably caused by high levels of incommuting from the rest of Norfolk.
- Ranked 4th worse in the country for deprivation in educational attainment, skills and training.

Housing

- House prices well below the national average.
- By 2037, the number of households is projected to grow by 21 per cent.
- Norwich city centre has seen residential population growth of 54 per cent - ranked 10th highest in UK
- Rental prices have increased for all property sizes since 2010/11 - demand exceeds supply

Section 1 Demographics

This section examines the demographic characteristics of the local population. Recent population change has seen a healthy natural population growth reinforced by in-migration.

1.1 Demography

Table 1[i]
Demographic profile

	Norwich LA		New Anglia LEP		East of England		Gt. Britain	
2006								
Total population	126,805	100%	1,532,023	100%	5,606,294	100%	59,083,954	100%
Aged 0-15	20,394	16%	275,801	18%	1,084,806	19%	11,293,804	19%
Aged 16-24	21,601	17%	157,809	10%	599,892	11%	6,926,697	12%
Aged 25-49	46,124	36%	492,729	32%	1,947,485	35%	20,869,806	35%
Aged 50-64	19,233	15%	305,498	20%	1,039,252	19%	10,577,444	18%
Aged 65+	19,453	15%	300,186	20%	934,859	17%	9,416,203	16%
2011								
Total population	132,158	100%	1,589,559	100%	5,862,418	100%	61,470,827	100%
Aged 0-15	21,716	16%	277,689	17%	1,109,488	19%	11,502,074	19%
Aged 16-24	22,344	17%	167,460	11%	641,124	11%	7,280,268	12%
Aged 25-49	48,779	37%	496,656	31%	1,983,035	34%	21,268,060	35%
Aged 50-64	19,939	15%	314,487	20%	1,094,916	19%	11,228,001	18%
Aged 65+	19,380	15%	333,267	21%	1,033,855	18%	10,192,424	17%
2016								
Total population	141,041	100%	1,638,144	100%	6,130,542	100%	63,785,917	100%
Aged 0-15	23,893	17%	285,440	17%	1,173,980	19%	12,002,096	19%
Aged 16-24	25,098	18%	161,788	10%	622,708	10%	7,104,692	11%
Aged 25-49	50,808	36%	485,550	30%	1,992,665	33%	21,273,422	33%
Aged 50-64	20,578	15%	322,597	20%	1,156,781	19%	11,889,377	19%
Aged 65+	20,664	15%	382,769	23%	1,184,408	19%	11,516,330	18%

1.1.1 The Norwich City Council area covers an area of approximately 40.55 km^2 with a population density of around 3,614 persons per km^2. This compares to an England population density of 407 persons per km^2 (falls to 353 if London is excluded from the national figure).

1.1.2 Norwich's population has increased from 126,805 in 2006 to 141,041 in 2016 – growth of 11 per cent compared to 7 per cent for the LEP area, 9 per cent for the region and 8 per cent nationally.

1.2 Age profile

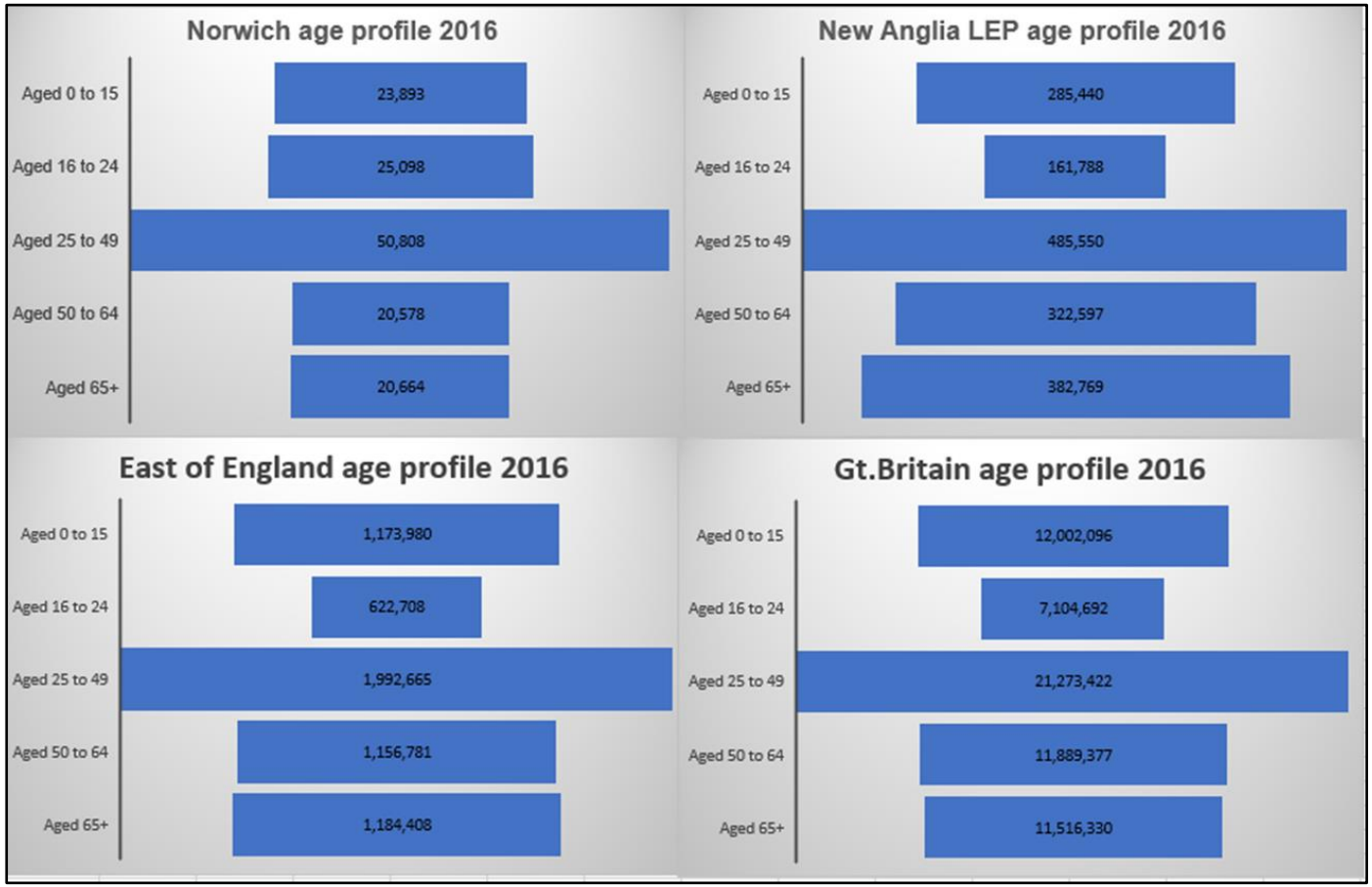
1.2.1 Table 1 summarises the demographic age profile of the Norwich City Council area on a 5-yearly basis alongside comparator areas. Note that there is a marked difference in the proportion of 16-24 year olds and 25-49 years old in the Norwich area compared to that of the LEP, regionally and nationally. This is partly accounted for by the large student population in the city and would be expected in a city with a strong HE presence; university cities such as Brighton and York have similar proportions of 16-24 year olds to Norwich - Cambridge and Oxford have even higher percentages. The same cities also have similar proportions of 25-49 year olds.

1.2.2 Consequently this means that as a proportion of the total population, Norwich has a larger than average working age population and a lower than average, older (65 years +) population. Note that Norwich bucks the trend seen across the LEP area, the region and nationally insomuch as the percentage of older people has remained the same, rather than grown, since 2006.

1.2.3 The latest data shows that since 2006 there has been a small increase in the percentage of children in Norwich. The percentage is lower in Norwich than that seen regionally and nationally but is comparable to the LEP area. However, it is noticeable that the proportion of children in all of the other areas has remained the same except for the LEP area which has seen a slight fall over the period.

1.2.4 The difference between Norwich, New Anglia LEP, the East of England and Gt Britain in terms of age profile is drawn out clearly in Figure 1.

Figure 1[ii]



1.3 Ethnicity

1.3.1 Table 2 summarises the ethnic composition of the Norwich local authority resident population compared to that of the LEP, the region and England at the time of the 2001 and the 2011 Census of Population. Some of the changes in the ethnic

make-up of the population are quite marked. For Norwich, the region and nationally the White/British share of the population has fallen by around 7 percentage points over the period - across the LEP area this change has been less noticeable.

Table 2[iii]
Ethnic profile

	Norwich		New Anglia LEP		East of England		England	
	2001	2011	2001	2011	2001	2011	2001	2011
	%			%		%	%	
White:English/Welsh/Scottish/NorthernIrish/British	93.5	84.7	95.1	91.7	91.4	85.3	87.0	79.8
White: Irish	0.7	0.7	0.6	0.5	1.1	1	1.3	1
White: Gypsy or Irish Traveller	-	0.1	-	0.1	-	0.1	-	0.1
White: Other White	2.7	5.4	2.3	3.6	2.5	4.5	2.7	4.6
Mixed/multiple ethnic groups: White/ Black Caribbean	0.3	0.5	0.3	0.5	0.4	0.6	0.5	0.8
Mixed/multiple ethnic groups: White/ Black African	0.2	0.5	0.1	0.2	0.1	0.6	0.2	0.3
Mixed/multiple ethnic groups: White /Asian	0.3	0.7	0.2	0.4	0.3	0.6	0.4	0.6
Mixed/multiple ethnic groups: Other Mixed	0.4	0.6	0.2	0.4	0.3	0.5	0.3	0.5
Asian/Asian British: Indian	0.4	1.3	0.2	0.5	0.9	1.5	2.1	2.6
Asian/Asian British: Pakistani	0.1	0.2	0.1	0.1	0.7	1.1	1.4	2.1
Asian/Asian British: Bangladeshi	0.2	0.4	0.1	0.2	0.3	0.6	0.6	0.8
Asian/Asian British: Chinese	0.4	1.3	0.2	0.3	0.4	0.6	0.4	0.7
Asian/Asian British: Other Asian	-	1.3	-	0.5	-	1	-	1.5
Black/African/Caribbean/Black British: African	0.2	1.3	0.1	0.4	0.2	1.2	0.5	1.8
Black/African/Caribbean/Black British: Caribbean	0.2	0.2	0.1	0.2	0.3	0.6	1.0	1.1
Black/African/Caribbean/Black British: Other Black	0.1	0.1	0.2	0.1	0.5	0.2	1.1	0.5
Other ethnic group: Arab	0.0	0.5	0.1	0.1	0.1	0.2	0.2	0.4
Other ethnic group: Any other ethnic group	-	0.4	-	0.2	-	0.3	-	0.6

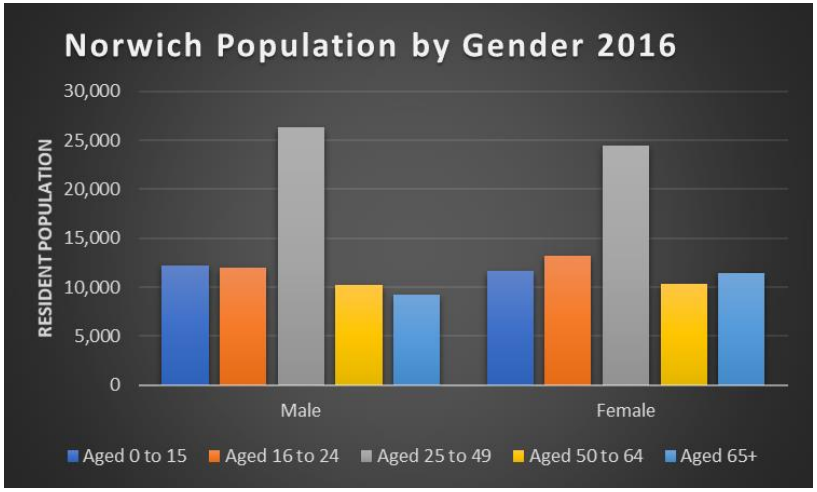
1.3.2 In Norwich the largest growth (2.7 percentage points) in ethnic groups has taken place in the White/Other category which is likely to be through immigration from Europe, most probably Eastern Europe.

1.3.3 Other ethnicities experiencing notable growth were Asian/Asian British: Indian; Black/African/Caribbean/Black British: African and Asian/Asian British: Chinese which saw their share in the population more than double from 2001 to 2011, albeit from a very small base

1.4 Gender

1.4.1 Taking the population as a whole, Norwich has an almost equal split between males and females, 49.5 per cent against 50.5 per cent. This changes slightly within different age groups: 51 per cent of children are male – 49 per cent female; 52 per cent of the 16-24 year group is female and therefore 48 per cent male. The prime working age group 25-49 years is 48 per cent is female and 52 per cent male. The 50-64 years age group is split equally. As would be expected, of the older age group (65 years and older), the ratio changes again - 45 per cent is male and 55 per cent is female.

Figure 2[iv]



1.5 Migration

1.5.1. Annual long-term international migration inflow measures persons arriving/returning from abroad to take up residence in a country for a period of at least 12 months. Figure 3 shows that the Norwich local authority area has the highest rate of long-

term international inflow per 1,000 resident population compared to the region and nationally. In 2016 this stood at 19.1 long-term international migrants per 1,000 residents compared to 11.8 regionally and 10.5 nationally

Figure 3[v]

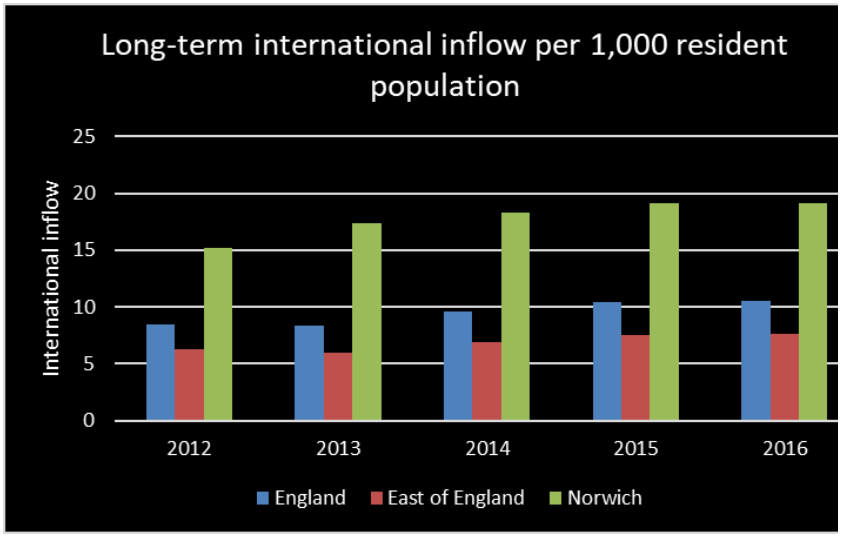


Table 3[vi]
Migrant GP Registrations per 1,000 resident population

	2012	2013	2014	2015	2016
Norwich	22.9	23.6	26.2	26.5	26.4
East	9.4	9.3	9.8	10.7	11.0
England	10.8	10.9	11.7	12.6	12.9

1.5.2. Table 3 summarises the number of migrant GP registrations per 1,000 resident population. It endorses the findings of the previous dataset, showing that Norwich has a higher number of migrant registrations than have taken place at the regional and the national level.

Section 2: Functional Economic Geography

This section focuses on the pattern of economic flows which will vary depending upon which particular market is being analysed - identifying economic areas can help define potential markets which in turn influence priorities for spatial and development planning.

2.1 Transport

2.1.1. It has long been accepted that a link exists between transport and economic growth. An efficient transport network is seen as a critical enabling component to long-term economic growth. Conversely a poor transport system constrains economic activity. For businesses, connectivity to main roads and train lines in necessary in order to reach their customers, to connect with their suppliers and to draw from a wider pool of labour. As such, it is a key factor in a business' location decision.

2.1.2. Norwich sits north of the A47 (bypassed to the south of the city). The A47 is the main east west connection in northern East Anglia which connects Norwich with Great Yarmouth to the east and to Kings Lynn to the west, which ultimately connects to Peterborough. The A47 is in the planning stages of upgrades. Norwich is linked to Cambridge via the A11, which leads to the M11 motorway for London and the M25. It is linked to Ipswich (to the south) by the A140 and to Lowestoft (to the south-east) by the A146.

2.1.2. Norwich railway station is situated in the city centre. It forms the northern terminus of the Great Eastern Main Line with half hourly services to London Liverpool Street with a journey time of just under two hours. It is also linked to the Midlands with hourly services to Liverpool Lime Street, via Peterborough, Nottingham and Manchester Piccadilly. Additional hourly regional services run to Cambridge and out of Norwich as far as Ely. Further to this, hourly local services connect to Great Yarmouth, Lowestoft and Sheringham. Norwich is also the site of Norwich Crown Point Traction Maintenance Depot.

2.1.3. Norwich International Airport is 4 miles, a 15 minute drive, from the city centre. Around 1.5 million people live within a 90 minute drive of Norwich International Airport. Domestic services provide a link to Norwich from Aberdeen, Edinburgh, Guernsey, Jersey and Manchester whilst over 1000 worldwide destinations are reached by connecting services at Schiphol, Amsterdam. The next closest airport to Norwich is London Stansted which is 86 miles away

2.2 Economic linkages

2.2.1. To assess Norwich's economic linkages requires a functional definition of the economic and the social 'reach' of the city - to identify the boundaries of those areas in which a majority of the population see Norwich as 'their' place in which they may work; shop for certain types of goods; visit for entertainment and leisure pursuits; obtain education and health services and with which they identify. The degree of self-containment is also likely to vary depending on the kind of activity. People live, work and spend their leisure time between different local areas and businesses often make location decisions based on a wider city offer which does not conform to a single local authority's boundary.

2.2.2 Figure 4 shows the **Norwich Policy Area** (NPA) which is a long standing spatial definition, since the mid-1970s, in the Norfolk Structure Plan specifically designed to deal with growth relating to Norwich with the key objective of achieving a better local balance between homes and jobs so as to reduce the need to travel and to keep Norwich-related growth as close to the city as possible. Figure 2 also displays the built-up urban area the area which is what most people would describe as the "City of Norwich"

2.2.3 Figure 5 shows the local authority district areas of Broadland, Norwich and South Norfolk form what is known as the **Greater Norwich** area which is a construct of the now defunct Regional Spatial Strategy for the East of England which identified the area as an engine of growth, it is now the Norwich City Deal area and the Greater Norwich Growth Board area. The Joint Core Strategy for Broadland, Norwich and South Norfolk is the key planning policy document for the Greater Norwich area and forms part of the Local Plans for the districts of Broadland, Norwich and South Norfolk.

2.2.4 The **Norwich Primary Urban Area** (PUA) is a fairly arbitrary definition of the urban area of Norwich which takes in Norwich and Broadland local authorities. PUAs were originally established by the Department for Communities and Local Government and ONS. A paper by University College London's Centre for Advanced Spatial Analysis (CASA) Urban growth in Britain[vii] notes "a *comparison of Cambridge and Norwich (East Anglian towns of equivalent population) shows a much more restrictive zone for the former, despite it having lots of high-tech research industry in the surrounding rural area, whereas Norwich's 'urban' zone extends to include much of The Broads*".

2.25 The **NUTS3** (Nomenclatura d'unitats territorials estadístiques) UKH15 region **Norwich and East Norfolk** takes in the local authority areas of Norwich, Broadland and Great Yarmouth.

Figure 4 Norwich Policy Area[viii]

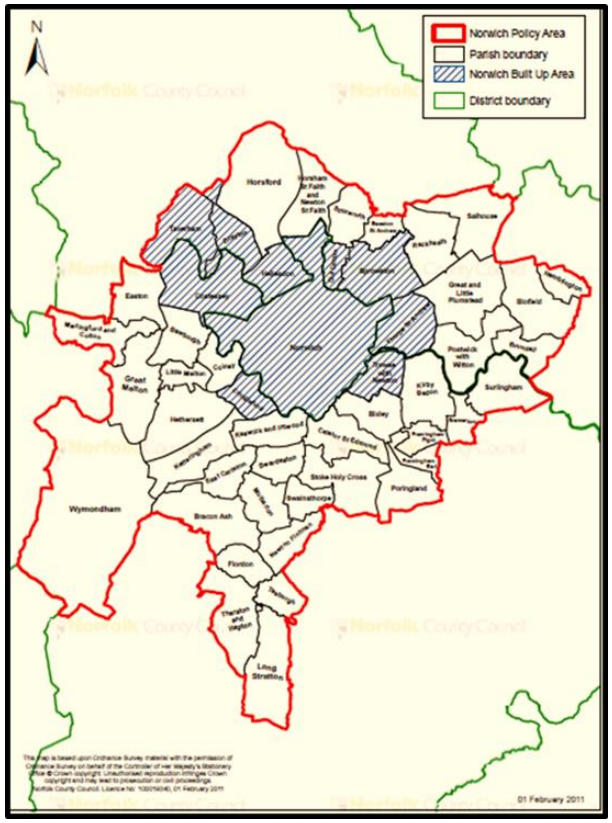
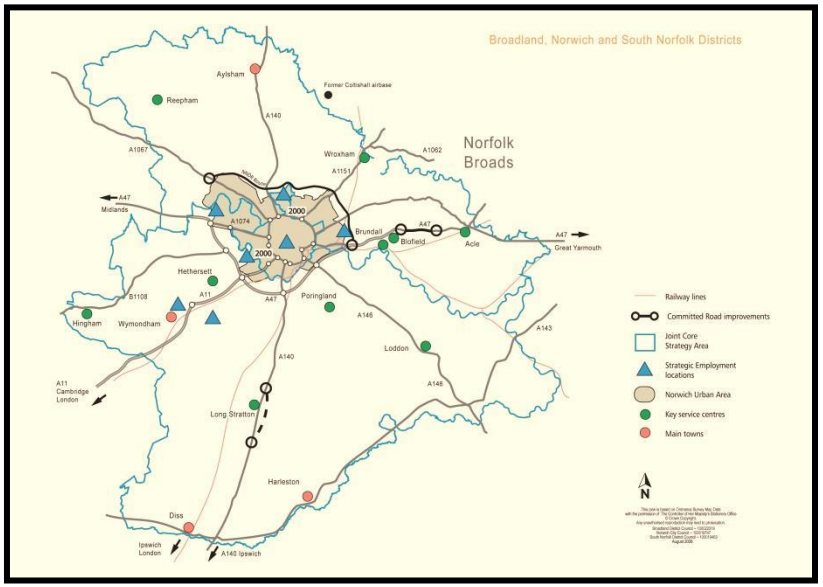
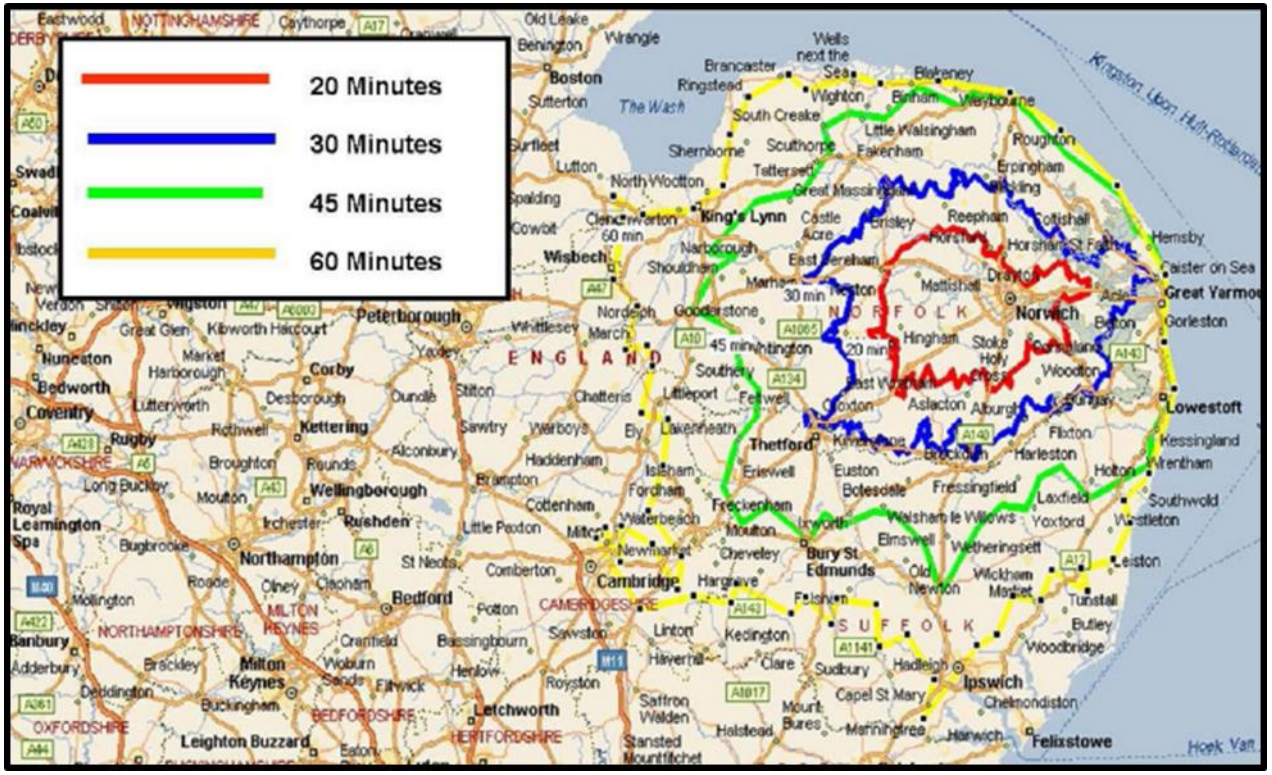


Figure 5 Greater Norwich[ix]



2.2.2. Figure 6 shows the approximate radius drive times from Norwich city centre.

Figure 6 Drive-time map from central Norwich[x]



2.2.3. A **Travel to Work Area** (TTWA) is a statistical tool designed by the Office of National Statistics to help with labour market analysis. A city's TTWA is defined as the area within which at least 75 per cent of its resident population also work. The geography of TTWAs is identified by exploring the patterns of commuting. TTWAs were updated in 2015 on the basis of the 2011 Census. As shown in Figure 7 the Norwich TTWA roughly takes in Norwich Local Authority and all of Broadland and South Norfolk local authorities plus parts of the local authority areas of North Norfolk, Breckland and Mid-Suffolk. The Norwich TTWA is much larger than the Norwich Policy Area (NPA) and reflects the

increased range of commuting brought about by greater car ownership and higher employment mobility which has widened the functional economic area and the real functional reach of the city.

Figure 7 Norwich Travel to Work Area (TTWA)[xi]

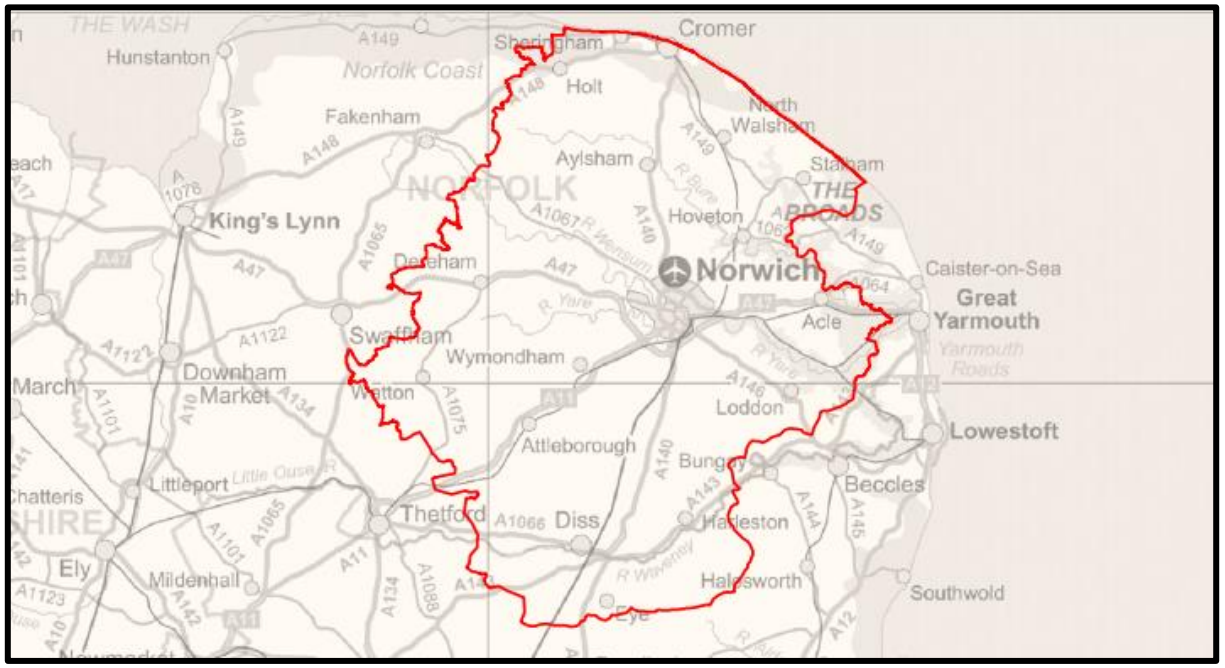


2.2.4. Norwich TTWA has 234,986 economically active residents and 220,540 residents in work - 191,408 of whom work in the TTWA – the TTWA is home to 221,571 jobs. Around 87 per cent of employed residents work within the TTWA and 86 per cent of jobs in the TTWA are held by TTWA residents.

2.2.5. **Norwich's economic footprint**, that is the degree to which firms and households are integrated into the local, regional and national economy in terms of their purchases and sales, is difficult to determine and even more difficult

to quantify. Without doubt the urban area of Norwich acts as a regional service centre, a locus for services such as health, retail and leisure. It is a major employment centre, providing almost two-thirds of the TTWA's jobs. Much of the Norwich TTWA is rural with very low population densities; so although parts of the North Norfolk and Mid Suffolk local authority areas fall within the Norwich TTWA the actual numbers of people involved are very small.

Figure 8 Central Norfolk and Norwich Broad Rental Market Area (BRMA)[xii]



2.2.6. Figure 8 shows the BRMA area for Central Norfolk and Norwich which has a reasonable degree of fit with the Norwich TTWA. The Broad Rental Market Area (BRMA) is the geographical area used by the Valuation Office Agency (VOA) to determine the Local Housing Allowance rate (LHA), the allowance paid to Housing Benefit applicants living in the private rented sector. The BRMA area is based on an area where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping. When determining BRMAs the Rent Officer takes account of the distance of travel, by public and

private transport, to and from these facilities and services. In addition, the latest Strategic Housing Market Assessment undertaken for the Norwich area suggests a further mapping of the housing market area which can be found in Section 8, Figure 24.

2.2.7. Economic linkages, examined in terms of market links and supply links of firms are essentially spatially very diverse, varying by sector, size of firm and the location of markets. For example, tthe city of Norwich has a strong business and professional services sector which is likely to have strong economic linkages across the TTWA because these firms undertake much of their business activity on a face-to-face basis and it is unlikely that other urban centres within the TTWA are large enough to have the critical mass of business and professional service firms that is concentrated in Norwich. Conversely it may be suggested that manufacturing firms are likely to have far fewer local economic linkages through their supply chains and will tend to source their inputs nationally or internationally, whilst also operating in national and international markets.

2.2.8. Overall, larger firms tend to have increasingly strong international rather than local and regional links. The degree of local/regional networks between businesses is equally dependant on the industry concerned. Norwich is the location of some national head quarters and many other businesses which operate on a global and a national scale through their customer and supply chains, although unfortunately these cannot be quantified.

2.2.9. Exporting data is not readily available at local authority level; regional data, which shows the main trading partners, is available in Section 4: Productivity, 4.2.

Section 3: Business and Enterprise

This section examines the business base including the sectoral mix, company size and numbers employed. Strong, innovative and competitive businesses are essential for the economy to grow.

Table 4[xiii]
Business sector share %

SIC 2007 Broad Industrial Groups	Norwich local authority		Norwich Urban Area		New Anglia LEP		East of England		Gt. Britain	
	2017	2012	2017	2012	2017	2012	2017	2012	2017	2012
	%	%	%	%	%	%	%	%	%	%
Agriculture, forestry & fishing[1]	1	<1	1	<1	8	9	4	5	4	5
Mining, quarrying & utilities	<1	<1	<1	<1	1	1	1	1	1	1
Manufacturing	4	4	4	5	5	6	5	6	5	5
Construction	7	7	10	10	12	12	13	13	11	10
Motor trades	4	4	4	4	4	4	3	3	3	3
Wholesale	4	5	4	5	4	5	4	5	4	5
Retail	15	17	14	16	10	11	8	10	9	11
Transport & storage (including postal)	3	2	3	2	5	4	5	4	4	3
Accommodation & food services	9	9	8	8	6	6	5	6	6	6
Information & communication	6	6	6	6	4	4	7	7	7	7
Financial & insurance	3	3	3	3	2	2	2	2	2	3
Property	4	4	4	3	3	3	3	3	3	4
Professional, scientific & technical	14	13	14	13	12	11	16	14	16	14
Business admin & support services	8	7	8	7	8	6	10	7	9	7
Public administration & defence	1	1	1	1	1	1	1	1	1	1
Education	3	2	3	3	2	2	2	3	2	3
Health	8	7	7	7	6	6	5	5	6	6
Arts, entertainment, recreation, other serv	7	7	7	7	7	7	6	7	6	7
Total business count	**6,200**	**5,350**	**7,990**	**6,925**	**74,580**	**66,545**	**310,685**	**255,130**	**3,043,775**	**2,527,640**

[1] * These figures exclude farm agriculture (SIC subclass 01000).

3.1 Count of businesses

3.1.1. Table 4 on the previous page gives the number of businesses[2] based in the Norwich local authority area and the change in the number from 2012 to 2017; the number has grown by 850 businesses during the 5-year period, growth of 16 per cent compared to 15 per cent in the Norwich urban area, 12 per cent across the LEP area, 22 per cent regionally and 20 per cent nationally.

3.1.2. The industrial profile of the business base given in the Tables is based on the standard 2007 SIC (Standard Industrial classification) Broad Industrial Grouping. Although SIC codes have been periodically updated, they fail to provide classifications for services and new industries in the 21st century. Moreover, SIC codes are product based, as opposed to process-based - their focus is limited to the products and services delivered by a firm. As a result, SIC codes do not consider markets and methods of marketing products and services. Nonetheless, they are a mainstay methodology for segmenting firms by industry and provide a useful tool to compare the industrial profile of Norwich over time and against other areas.

3.1.3. The largest share of Norwich's business base is taken by **retail** businesses - although this share has fallen slightly since 2012 the *actual* number of retail businesses grew by 20 businesses - it is at least 5 percentage points higher than the proportion seen across the LEP, the region and nationally and reflects the significance of Norwich's position as a top 20 UK retail centre. Norwich city centre is the focus for the city's retail sector and it houses several hundred independent shops, national chains, two indoor shopping centres and a large 6-day open air market.

3.1.4. The **professional, scientific & technical** sector has the next largest share of the business base in Norwich, over the period 2012 to 2017 the sector has grown by 190 businesses - growth of 28 per cent. Enterprises providing professional, scientific and technical services are often small and include legal and accounting activities; combined with the activity of head offices and of management consultancy activities and architectural, engineering, technical testing and analysis activities. The sector in Norwich accounts for a similar proportion as in the urban area of Norwich and a bigger share of the business base than across the LEP area as a whole. However, it commands a smaller share

[2] Businesses = local units, an individual site (for example a factory or shop) associated with an enterprise. It can also be referred to as a *workplace*.

than that seen regionally and nationally. The professional, scientific & technical sector has seen growth in its share of the business base across each of the areas reported in the Table.

3.1.5. **Accommodation and food services** is the third largest sector in Norwich in terms of number of businesses. Over the 5-year period it has increased by 75 businesses; growth of 16 per cent. The sector is slightly larger in Norwich than across the other areas reported and has seen stronger growth than the other areas where the sector share was static.

3.1.6. The **financial & insurance** sector accounts for around one-third more of the share of businesses than across the other reported areas. Other sectors are roughly in line with the regional and national averages or in line with what would be expected in an urban area i.e. the share of agricultural businesses is very low in Norwich whilst Health has a higher than average share, as would be expected. The **transport and storage** share of businesses in both Norwich areas is lower than across the other areas - not unexpected given the city's location.

Table 5[xiv]
Business share key sectors

SIC 2007 Bespoke sectors	Norwich local authority		Norwich Urban Area		New Anglia LEP		East of England		Gt. Britain	
	2017	2012	2017	2012	2017	2012	2017	2012	2017	2012
	%	%	%	%	%	%	%	%	%	%
Advanced engineering/manufacturing	4	4	3	3	5	5	5	5	5	5
Care	2	2	2	1	2	2	1	1	1	2
Creative digital	4	4	4	3	3	3	6	5	6	5
Health & Life Science	<1	1	<1	<1	<1	<1	1	<1	1	<1
Tourism	11	11	11	8	9	9	7	8	8	9
Business and financial services	29	27	28	26	25	23	31	27	31	27
Knowledge intensive	40	38	40	29	33	32	38	37	40	38

3.1.7. As already stated, SIC codes are problematic when trying to describe and analyse economic performance. The standard groupings are useful but some sectors are considered to be key to the local economy (by the LEP or by

Norwich City Council) and are not sufficiently defined by standard SIC groupings, therefore bespoke sets of SIC codes at 3 and 4 digit level have been designed to segment these “key sectors” more adequately. The business base share of key sectors are given in Table 5

3.1.8. In terms of the number of businesses, **business and financial services** has the largest share of the business base of any key sector across all of the areas reported in the Table. Norwich’s business and financial services sector has a higher share of the business base than is the case for the Norwich urban area and the LEP area as a whole; it has a slightly lower share than is seen regionally and nationally. The sector has seen growth in the share of the business base across each of the areas, but Norwich has seen slightly weaker growth over the period at 25 per cent (+360 businesses) compared to 34 per cent nationally.

3.1.9. The **tourism sector** is the next largest key sector in Norwich and it accounts for a significantly bigger share of the business base than in the other reported areas; the share has remained roughly the same over the period (+95 businesses) but has seen a marginal fall in the other areas except for Norwich urban area where the share has increased.

3.110. **Creative digital** is a growing key sector and has some overlap with the business and financial services sector. Its share of the business base has remained the same (+50 businesses) compared to growth in the urban area, regionally and nationally. The sector in the local authority area has the same share of the business base than as the Norwich urban area; a larger share than in the LEP area but a smaller share than regionally and nationally.

3.1.11. The **advanced engineering and manufacturing** sector’s share of the business base in Norwich is fairly small compared to the other reported areas. However, this masks its importance as a growing industry particularly the aviation related sub-sector centred on Norwich airport. The share of the business base in each reported area remained unchanged over the period 2012 to 2017. However, the sector saw a small increase of 65 businesses in Norwich over the period.

3.1.12. Given the aging population, particularly in Norfolk and the areas surrounding Norwich, the **care** sector is becoming increasingly important. The sector’s share of the business base in Norwich is similar to the proportion across each of

the other reported areas; the share has remained fairly static over the period except in the Norwich urban area which saw an increase and nationally where the share of the business base fell over the period.

3.1.13. **Health & life science** is another sector that is small in its share of the business base but important to the local area because of the high value jobs it supports. The share is similar across each of the reported areas and has remained fairly static over the period.

3.1.14. A **knowledge-intensive** industry is one where the workers need a high level of education, skills and experience in order to work effectively, the definition used in this document was devised by EUROSTAT. Knowledge-intensive firms account for a higher share of the business base in the Norwich local authority area, the Norwich urban area and nationally than is the case in the LEP area and regionally. The share of the business base has increased over the period 2012 to 2017 across each of the reported areas; the strongest growth occurred in the Norwich urban area.

3.2 Company size

3.2.1. Table 6 demonstrates that the Norwich local authority area and the Norwich urban area have a smaller percentage of micro firms than is seen in the other areas; it has correspondingly bigger proportions of small, medium and large firms.

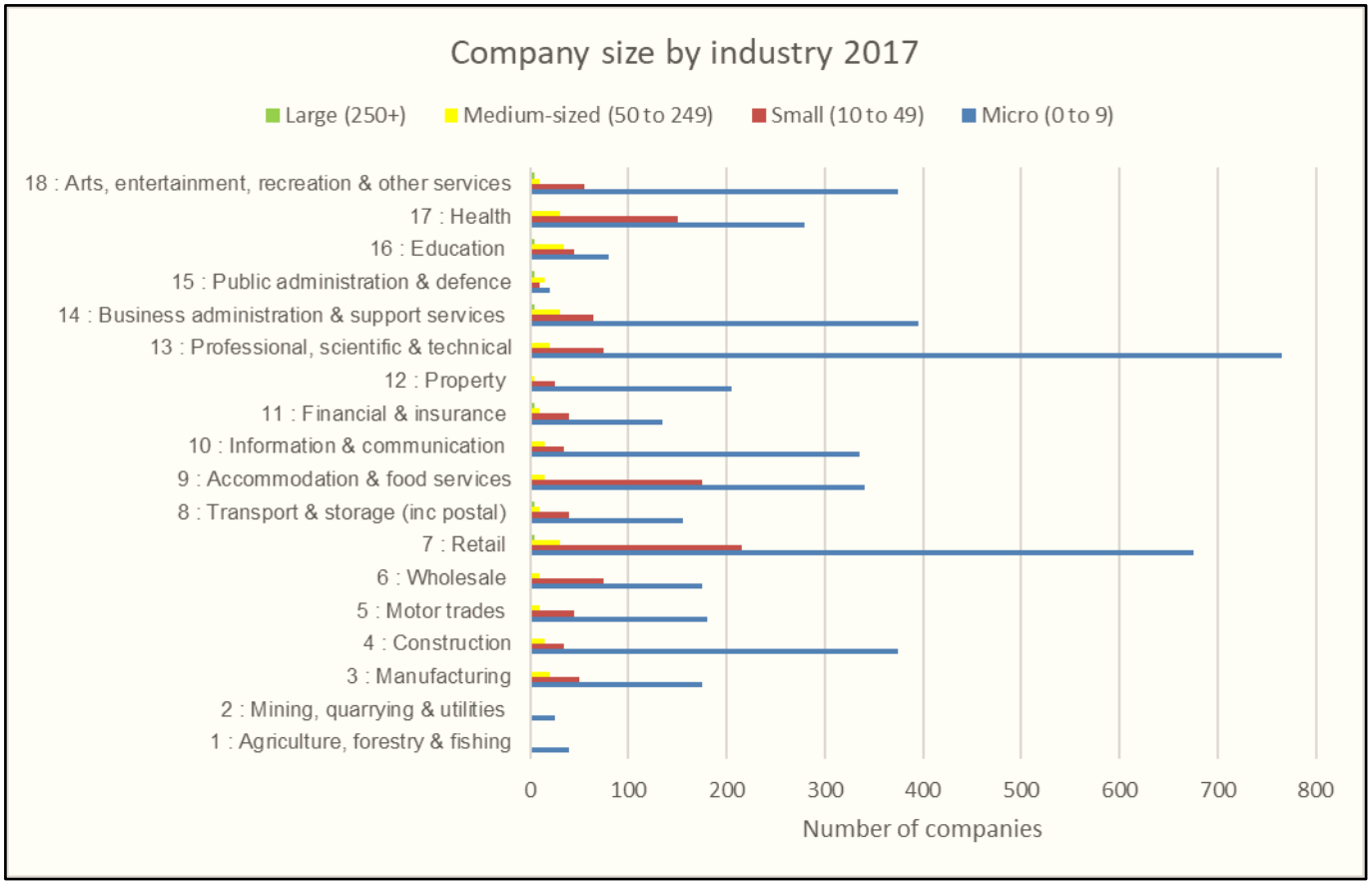
Table 6[xv]
Breakdown of company size

	Norwich local authority	Norwich urban area	New Anglia LEP	East of England	Gt. Britain
	%	%	%	%	%
Micro (0 to 9)	76.5	77.5	83.4	85.7	84.5
Small (10 to 49)	18.5	17.6	13.7	11.6	12.5
Medium (50 to 249)	4.5	4.3	2.6	2.4	2.6
Large (250+)	0.6	0.5	0.3	0.3	0.4

3.2.2. Figure 9 summarises the **size breakdown of Norwich businesses** by SIC 2007 Broad Industrial Group. Large firms employing more than 250 people are based in the retail, transport & storage, financial & insurance, business admin & support services, public admin & defence, education and arts, entertainment, recreation & other services. The same

sectors are more likely to comprise medium-sized firms employing 50 to 249 workers, as are the professional, scientific & technical, accommodation & food services, information & communication and health sectors.

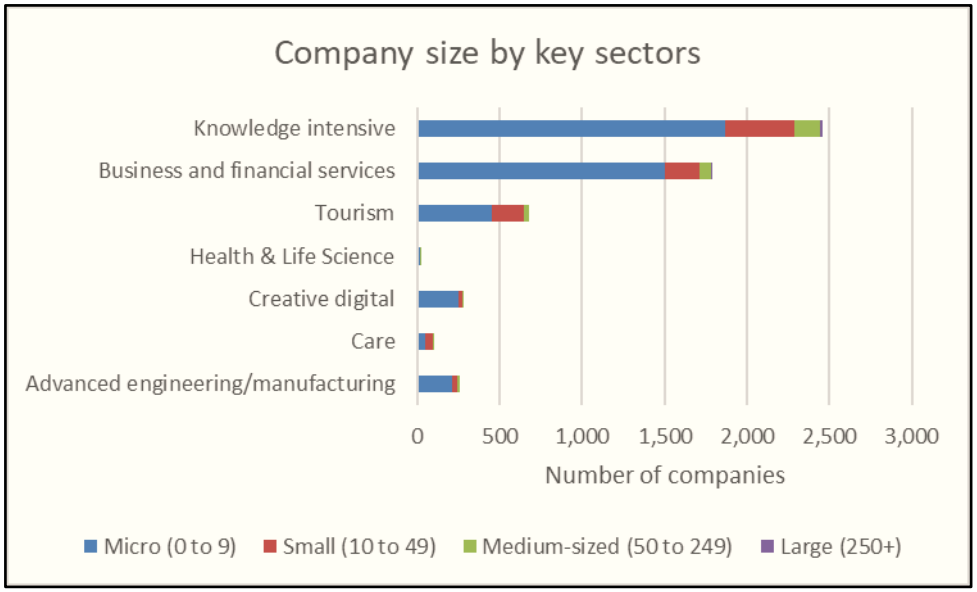
Figure 9[xvi]



3.2.3. However, the majority of firms in each sector are micro businesses employing fewer than 9 people with the exception of the following (predominantly public sector) industries where less than two-thirds of firms are classed as micro: public admin & defence; education; health.

3.2.4. More than one-quarter of firms in the manufacturing, wholesale, food & accommodation services, public admin & defence, education and health sectors employ 10-49 people (small).

Figure 10[xvii]



3.2.5. Figure 10 summarises the company size profile of Norwich's key sectors. As with the Broad industrial Grouping sectors, Norwich's key sectors comprise a majority of micro-businesses; more than ninety per cent of businesses in the creative digital sector employ fewer than 9 people (micro). Conversely, just one-half of firms in the care sector are classed as micro businesses.

3.2.6. Small firms employing 10 to 49 people are more prevelant in the care and tourism sectors accounting for around one-third of total firms in those sectors.

3.2.7. The only key sectors with more than 10 per cent of firms classed as medium-sized (employing 50 to 249 people) is the health & life science sectors.

3.2.8. Of the local key sectors, only business and financial services firms employ more than 250 people.

3.3 Employment by sector

It should be noted that employment share data is extracted from the Business Register and Employment Survey : open access which does not include employment in companies registered for PAYE only. It is likely then to undercount companies with a turnover which falls below the VAT threshold.

3.3.1. The employee shares given in Table 7 are based on the standard 2007 SIC Broad Industrial Grouping. The largest sector in Norwich in employment terms is **Business administration & support services** with 13 per cent of the workforce. The sector is significant in the other areas but the share of employment is at least 2 percentage points lower than in the Norwich local authority area. Business administration & support services share of employment remained unchanged over the period in the local authority area; business administration & support services saw a small increase across the other areas.

3.3.2 **Retail** and **Education** are the next largest employment sectors in Norwich, accounting for 12 per cent of the workforce. Again, these sectors are also significant in the other reported areas with retail accounting for the third largest share of employees after the health sector. The share has fallen by one percentage point across each of the areas over the period 2011 to 2016; except for Gt. Britain as a whole where it remained unchanged. Employment in the education sector accounts for a much larger share of the total in Norwich than in the other areas and the share has increased slightly over the five-year period. Education sector employment share saw a marginal fall across the LEP area and regionally but remained unchanged at the national level.

3.3.3. The **health** sector has a 9 per cent share of employment in Norwich; a much smaller share than seen across the other areas. This is mostly the result of the siting of the Norfolk and Norwich University Hospital in the neighbouring district of South Norfolk. The employment share of the health sector increases to 10 per cent in the urban area. Health's share of employment stands at 14 per cent in the LEP area, 12 per cent regionally and 13 per cent nationally.

Table 7[xviii]
Employment by sector

SIC 2007 Broad Industrial Groups	Norwich local authority		Norwich urban area		New Anglia LEP		East of England		Gt. Britain	
	2016 %	2011 %	2016 %	2011 %	2016 %	2011 %	2016 %	2011 %	2016 %	2011 %
Agriculture, forestry & fishing	<1	0	<1	-	<1	1	2	2	2	2
Mining, quarrying & utilities	<1	1	<1	-	1	1	1	1	1	1
Manufacturing	5	6	5	-	10	11	8	9	8	9
Construction	3	3	4	-	6	6	6	6	5	5
Motor trades	3	2	3	-	3	2	3	2	2	2
Wholesale	3	4	3	-	4	5	4	5	4	4
Retail	12	13	12	-	11	12	10	12	10	10
Transport & storage inc. postal	4	4	4	-	5	5	5	5	5	5
Accommodation & food services	7	7	7	-	8	7	7	6	7	7
Information & communication	4	3	3	-	2	2	4	3	4	4
Financial & insurance	5	5	9	-	3	3	2	3	4	4
Property	2	2	2	-	1	2	2	2	2	2
Professional, scientific & technical	5	6	6	-	6	5	9	7	9	8
Business admin & support services	13	13	12	-	9	7	11	9	9	8
Public administration & defence	5	7	6	-	4	5	3	4	4	5
Education	12	11	10	-	8	9	9	10	9	9
Health	9	8	10	-	14	13	12	11	13	13
Arts, entertainment, recreation & other services	7	6	6	-	5	5	5	5	5	5

3.3.4 Table 8 summarises the share of employees by key sector. By some margin,the largest sector in terms of employee share across each of the reported areas is **business and financial services.** The share is similar, at around one-quarter, across the reported areas except the LEP area where it stands at about one-fifth. The sector has grown its share of employment across each of the areas ecept Norwich where it remained unchanged.

3.3.5. The **tourism** sector accounts for around one-tenth of all employees across each of the reported areas. Over the period 2011 to 2016 the LEP area and the region saw marginal growth; the share remained unchanged over the period in Norwich and nationally .

3.3.6. Around 3 per cent of the workforce is employed in the **advanced engineering/manufacture** sector in the local authority area and the urban area; in Norwich the share has remained static over the period 2011 to 2016, as it has regionally and nationally (6 per cent and 5 per cent respectively). In the LEP area the sector employment share stands at 6 per cent and has seen a slight increase over the period.

Table 8[xix]
Employment by key sector

SIC 2007 bespoke sectors	Norwich local authority		Norwich urban area		New Anglia LEP		East of England		Gt. Britain	
	2016 %	2011 %	2016 %	2011 %	2016 %	2011 %	2016 %	2011 %	2016 %	2011 %
Advanced engineering/manufacture	3	3	3	-	6	5	6	6	5	5
Business and financial services	25	25	27	-	20	17	24	20	23	21
Care (excluding health)	2	2	3	-	4	4	3	3	3	3
Creative digital	1	1	1	-	1	1	2	2	3	2
Health & life science	2	2	3	-	6	5	5	5	6	5
Tourism	11	11	10	-	12	10	10	9	10	10
Knowledge intensive	53	51	55	-	47	46	50	48	52	52

3.3.7. Across each of the reported areas, the **care** sector is small in terms of the share of employees. In the Norwich local authority area it accounts for just 2 per cent of employees. Of the reported areas, the LEP has the highest share of employment in the care sector, probably reflectiing the aging population in the area. Over the period 2011-2016 the share was unchanged across each of the reported areas.

3.3.8. The **health & life science** sector comprises just 2 per cent of employees in the local authority area and 3 per cent in the urban area. At the national level and across the LEP area the sector has seen a marginal increase in its share of employment over the period 2011 to 2016. Regionally the employment share stands at 5 per cent and remained static over the period.

3.3.9. **Creative digital** is another small sector in terms of its employment share and its share of employment remained the same in each of the reported areas from 2011 to 2016 except for nationally where a small increase took place.

3.3.10 Norwich local authority area and the urban area have the highest share of employees working in **knowledge-intensive** businesses than the other reported areas. The share has increased over the period 2011 to 2016 in the Norwich areas, across the LEP area and regioanlly but remained unchanged nationally.

3.4 Business start-ups, closures and survival rates

3.4.1 Business registrations or "births" are a proxy measure for business start-ups The full definition of the measure is new businesses registering for VAT and PAYE and some smaller businesses reaching the VAT threshold (£85,000) or running a PAYE scheme for the first time. The business birth rate is the proportion of active businesses that began trading in the reporting year.

Table 9[xx]
Business start-up rates 2011-2016

	2011	2012	2013	2014	2015	2016
	%	%	%	%	%	%
Gt. Britain	11.3	11.5	14.3	13.9	14.4	14.7
East of England	10.5	10.6	13.3	12.8	13.4	15.8
New Anglia LEP	9.1	8.9	11.4	10.8	10.8	11.6
Norwich local authority area	10.7	10.5	13.6	12.9	12.1	11.8

3.4.2. Table 9 shows that the business start-up rate in Norwich has improved against the 2011 rate and the most recent (2016) rate stands at 11.8 per cent of the total number of businesses (the business base); marginally above the LEP

average of 11.6 per cent but significantly lower than the rate of 15.8 per cent seen at the regional level and 14.7 per cent at the national level. Although Norwich's business start-up rate has increased over the five-year period (2011-2016) growth has been considerably weaker than that seen regionally and nationally although it is comparable to growth at the LEP.The Norwich rate peaked in 2013 when it increased above the regional rate but has gradually fallen since then.

3.4.3 The business death rate is the proportion of active businesses that ceased trading in the reporting year. Table 10 demonstrates that in 2016 the rate of business "deaths" or closures in Norwich was also higher than average. Indeed, the number of business closures was greater than the number of start-ups, meaning that the number of businesses operating in Norwich has fallen. The business closure rate has increased markedly since 2014, more so than in the other reported areas.

Table 10[xxi]
Business closure rates 2009-2013

	2011	2012	2013	2014	2015	2016
	%	%	%	%	%	%
Gt. Britain	9.8	10.7	9.7	9.7	10.6	11.6
East of England	9.6	10.3	9.5	9.4	10.1	10.4
New Anglia LEP	9.6	9.7	8.7	8.7	9.3	9.8
Norwich local authority area	9.4	9.6	10.3	9.9	12.2	13.9

3.4.4. Business 5-year survival rates in Norwich are roughly in line with the national average (44 per cent of businesses that began trading in 2011 were still trading in 2016). It can be suggested that these turnover rates show the speed with which outdated business ideas are replaced by new ideas; they may also reflect a response to current economic conditions such as how the credit market is changing and how the demand for goods and services is changing i.e. the growth and decline of specific sectors. Businesses in particular industries have a higher propensity to survive than others; businesses in the hotel & catering and in the retail sectors are much more likely to have ceased trading at the 5-year point than businesses in the health sector or the financial services sector, for example.

3.5 Turnover

3.5.1 Table 11 summarises the proportion of businesses generating turnover levels by particular sizebands. Of note is the lower level of companies generating turnover below £99,000 in both Norwich areas; at least 40 per cent of firms fall into this range in the other three areas compared to 36 per cent in Norwich.

3.5.2 Conversely, at the other end of the scale, Norwich has a higher percentage of companies with a turnover greater than £10,000,000. This corroborates the earlier findings which show that Norwich has higher levels of larger firms and a correspondingly lower level of smaller firms.

Table 11[xxii] **Company Turnover Sizeband**	**Norwich**	**Norwich urban area**	**New Anglia LEP**	**East of England**	**Great Britain**
	%	%	%	%	%
0 to £49 (000s)	15	15	17	16	17
£50 to £99 (000s)	21	22	23	25	24
£100 to £199 (000s)	31	31	30	31	31
£200 to £499 (000s)	13	13	13	12	12
£500 to £999 (000s)	9	8	7	7	7
£1000 to £1999 (000s)	5	4	4	4	4
£2000 to £4999 (000s)	3	3	3	3	3
£5000 to £9999 (000s)	1	1	1	1	1
£10000 to £49999 (000s)	2	1	1	1	1
£50000+ (000s)	<1	<1	<1	<1	<1

Section 4: Productivity

This section examines economic productivity which is a measure of the efficiency with which capital and labour are combined to produce more with the same level of factor inputs. Growth in an economy can be driven by increases or improvements in either land, labour or capital.

4.1 Measures of productivity

4.1.1 Productivity is an important determinant of living standards – it quantifies how an economy uses the resources it has available, by relating the value of inputs to output. "*Productivity isn't everything, but in the long run it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise output per worker*" (Paul Krugman, OECD, 2006). Productivity estimates tend to use one of three different measures of output:

1. Gross Value Added (GVA)
2. Gross Domestic Product (GDP) - only available at the national economy level
3. Total Output

4.1.2 GVA is the value of output less the value of intermediate consumption; it measures the contribution to the national economy of each individual producer, industry or sector. In 2015 total GVA[3] for the Norwich local authority area was estimated to be £3,097m. Norwich has seen growth of 17 per cent over the period 2011-2016. However, total GVA is not a measure that enables comparison at across different levels of geography. GVA per capita (or head of population) is a measure of productivity which allows comparison, though it also reflects the levels of unemployment and the relative numbers of economically inactive, such as students and pensioners. Figure 11 shows that Norwich local authority area has the highest GVA per capita or head of population of all the reported areas. However, this measure is somewhat misleading as the Norwich local authority area is a centre for employment for the surrounding

[3] 2015 £m, current prices - (income approach). Note: this indicator should be treated with caution. GVA is essentially the sum of profits and wages - it is difficult to allocate GVA on a resident basis. Local authority level GVA is constructed based on employee data and regional GVA.

area rather than a self-contained labour market; many people who work in the local authority area are in-commuters rather than residents. This is borne out by Norwich local authority's position in the labour productivity measure given in Figure 12.

Figure 11[xxiii]

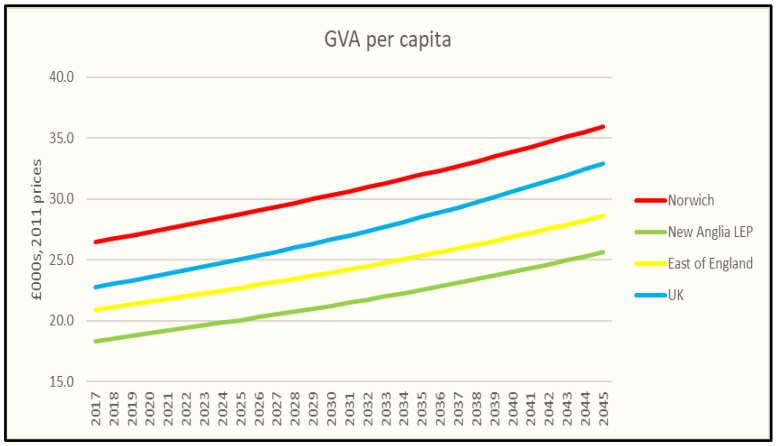
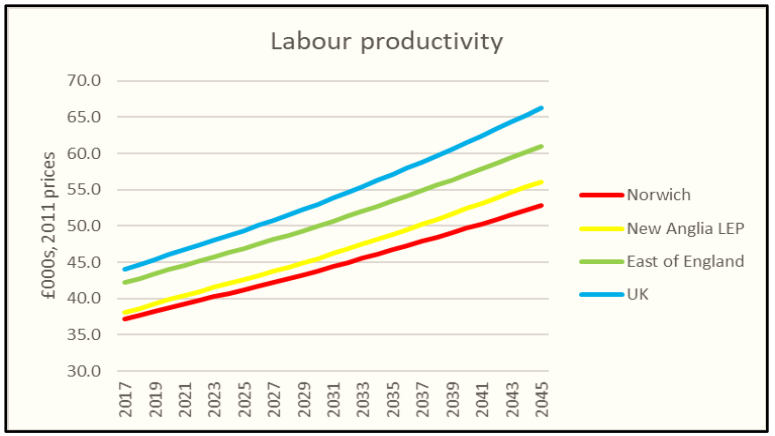


Figure 12[xxiv]



4.1.3 Figure 12 summarises the output per job measure - the Norwich local authority area ranks lower than any of the reported areas. The average productivity of the Norwich local authority's workforce (measured as output per job) reflects its profile as a regional service economy, one which, despite the presence of some higher value activities, is heavily geared towards servicing the needs of its residents and visitors. The industrial structure and occupational profile of jobs and the higher than average incidence of part-time working in the local authority area also has repercussions on resident and workplace earnings which are significantly below the national average. Norwich's relatively isolated location is also likely to be a factor in its relatively low levels of productivity – the ONS Subregional Productivity report[xxv] states that the lowest productivity levels are typically found in relatively rural or remote areas of the UK. Norwich's location infers a level of geographical immobility which creates a weak competition in the market for wages, especially for low skill workers. For these workers in particular, work is often chosen on grounds of geographical proximity or other non-wage factor (rather than wage rates). Therefore, even if higher paid work may be

available elsewhere, it is not worth the extra commute. This means that employers are able to pay lower wages than in less geographically remote areas where market conditions are more competitive.

4.2 International trade

4.2.1. International trade data (HMRC Regional Trade in Goods Statistics Fourth Quarter 2017) is given at the regional level - it is not available at local authority level. The number of exporters in the East of England increased by 2.2 per cent in 2017 (compared to 2016) from 14,838 exporters to 15,167 exporters. In the year to December 2017, annual export values in the East rose from £26.7bn to £28.9bn. In total, cities accounted for 62 per cent of Britain's total exports in 2014. The average value of exports per exporter is £1.9m. According to Centre for Cities[xxvi], the value of exports per job for Norwich PUA is £8,450 (2014) which is below average for a UK city.

4.2.2 Overall, the EU is the East of England's largest trading partner accounting for 53 per cent of all exports. The East of England has the highest share of goods imports coming from the EU of any UK region. The USA; Germany; Belgium; Netherlands and France are the countries which are the East of England's largest export trading partners.

4.2.3 The East of England's largest import trading partners are Germany; Netherlands; Belgium; China and USA. The top five commodities by value of import for the year ending December 2017 are Machinery & transport equipment; Chemicals & related products; Miscellaneous manufactured articles; Food & live animals and Manufactured goods classified chiefly by material.

Section 5: Qualifications and Skills

This section examines the qualification attainment levels of the working age population, evidence of job-related training to up-skill the work force and trends in the incidence of young people not in education, employment or training (NEETs) as an indicator of future employment vulnerability and risk.

5.1 Market for skills

5.1.1. The Norwich area is home to a number of innovative businesses that are leaders in knowledge creation However, the majority of businesses use technology and business ideas that originate somewhere else. Therefore, a broad and deep skills base is needed to increase the city's ability not only to create knowledge, but also to understand and spread knowledge. Consequently, the skills available in the labour market need to be the 'right' skills; if the supply of skills is not well matched to employer need there will be inefficiencies and lost opportunities for growth. From a social inclusion point of view the low or no skilled population may find it difficult to take advantage of both existing and future employment opportunities.

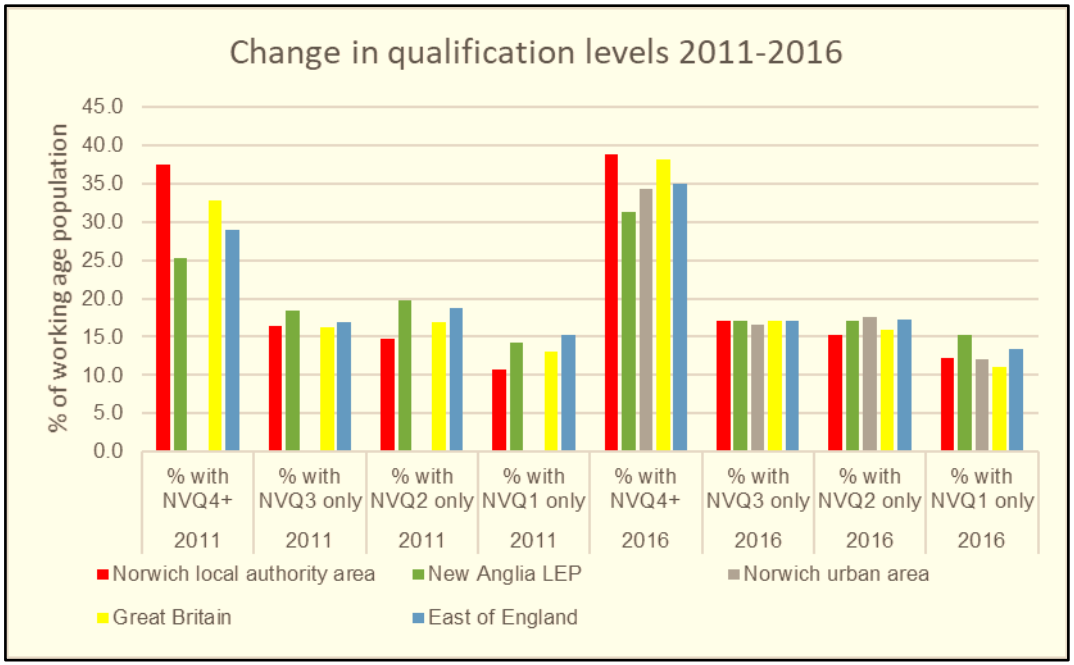
5.1.2 Qualifications or educational attainment are used as a proxy for skill because it is very difficult to measure or monitor skills per se. The qualification profile of the Norwich local authority area working age population is summarised in Figure 12 Just over one-third (39 per cent) of the working age population is qualified to level 4 (degree level) or higher; the same proportion as at the national level. This is marginally higher than the percentage in Norwich urban area (34 per cent), in the region (35 per cent) and nationally (38 per cent). Of the reported areas the LEP area has the lowest level with just 31 per cent holding a level 4 and above qualification.

5.1.3 Of the reported areas, the proportion of the working age population whose highest qualification is at level 3 (A level) or above is the same across each of the reported areas at 17 per cent of the working age population.

5.1.4 Roughly 15 per cent of the working age population in Norwich holds a level 2 as their highest qualification. Nationally 16 per cent hold their highest qualification at level 2; around 17 per cent of the working age population in the other three areas report that their highest level of qualification is at level 2.

5.1.5 Around 12 per cent of the working age population in both Norwich areas report that the highest qualification they hold is level 1; the corresponding proportion in the LEP area is 15 per cent, regionally 13 per cent and nationally 11 per cent.

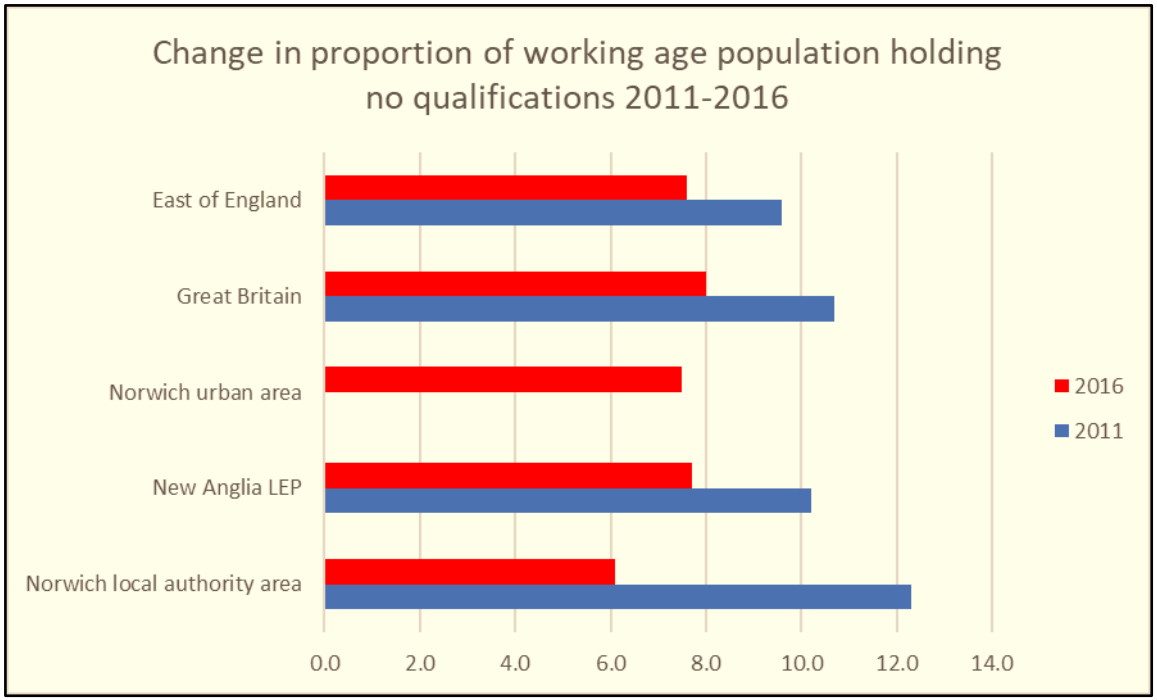
Figure 13[xxvii]



5.1.5. Figure 14 summarises the change in highest qualifications held over the period 2011 to 2016. Note that data is not available for the urban area for 2011. Over the five-year period, the proportion of the working age population holding a level 4 qualification or above increased by a similar percentage across each of the reported areas except for Norwich where the increase was smaller albeit from a high base position. The share of the working age population holding a level 3 as their highest qualification or above increased by one percentage point across each of the reported areas except for the LEP area which saw a fall of one percentage point. The change in those holding a level 2 as their

highest qualification fell across each of the areas except for Norwich which saw a small increase. A similar pattern was evident for those holding a level 1 as their highest level of qualification.

Figure 14[xxviii]



5.1.6 Figure 14 shows that the proportion of the working age population without any formal educational qualifications has fallen dramatically over the last decade. This is partly accounted for because older adults, where the proportion without a qualification is high, have been reaching pensionable age.

5.2 Job-related training

5.2.1 One source of up-skilling workers is for employers to offer job related training. Training the workforce is tremendously important for firms - it is widely accepted that there is a positive link between training and labour productivity. It should

be noted however, that the Leitch Review of Skills in 2006 found that the UK's relatively poor skills base accounts for only 20 per cent of the productivity gap with European countries; with the remainder caused by lack of investment "in physical capital, R&D and infrastructure*. Job related training is a combination of work and preparing for work. It includes on the job training, training away from the job and pre-employment training.

5.2.2. The Annual Population Survey showed a fall in the proportion of people in employment receiving job-related training in the last four weeks over the period 2012 to 2017 across each of the reported areas, summarised in Table 12. Although the fall in the Norwich local authority area may be down to sampling error[4]. The trend is disquieting and is likely to have a negative impact on labour productivity and in turn on the efficiency of individual firms and consequently, on economic growth.

Table 12[xxix]
% of employees and self-employed who received job related training in last 4 weeks

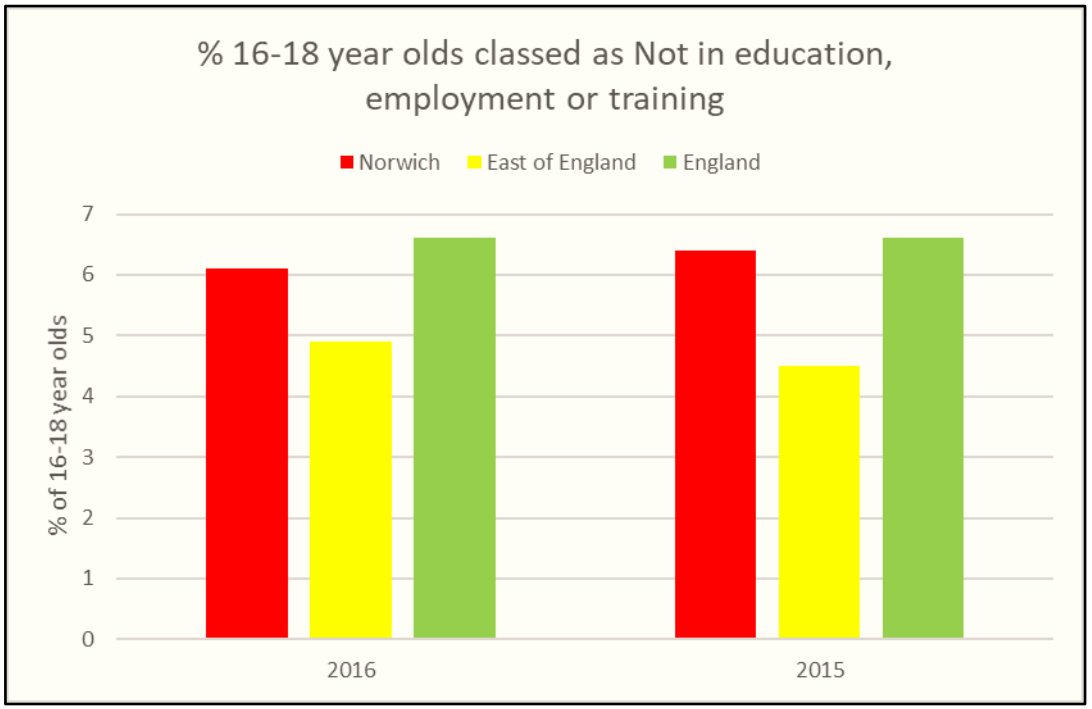
	Norwich local authority area	Norwich urban area	New Anglia LEP	East of England	Gt. Britain
	%	%	%	%	%
2012	14.6	-	11.5	12.1	13.7
2017	10.2	9.1	10.9	11.0	12.7

5.3 Young people not in education, employment or training (NEET)

5.3.1 Without doubt there is a strong correlation between adult skills attainment and children's school performance. The Leitch Review (2006) found that this relationship perpetuates intergenerational poverty and impeded social mobility. Being NEET as a young person is an indicator of future employment vulnerability. Not only is it an indicator of likely later unemployment and low income, but also mental health (depression) problems and possible involvement in crime. The main contributory factors identified for NEET young people are: family disadvantage, poverty, educational under-achievement.

[4] Annual Population Survey estimate and confidence limit of 95% +/- 5.1% for both years

Figure 15[xxx]



5.3.2 Figure 15 shows that the Norwich local authority area has similar levels of its young people classed as NEET than the England but much higher than seen regionally. The percentage of NEETs in Norwich from 2015 to 2016 remained fairly static. The pervasiveness of the proportion of NEET young people has negative, long-lasting implications for the individuals themselves and for the local economy as a whole.

5.4 GCSE performance

5.4.1. Norwich school performance is very weak compared to performance at the national level. In 2016 just 56.3 per cent of pupils attained 5+ A*-C GCSEs in English and Mathematics compared to 63 per cent at the national level. Attainment 8 measures the achievement of pupils across 8 subjects including maths (double weighted) and English (double weighted), 3 further qualifications that count in the English Baccalaureate (EBacc) measure and 3 further

qualifications that can be GCSE qualifications (including EBacc subjects). In Norwich just 45.9 per cent of pupils achieved this level of attainment against 49.9 per cent nationally.

5.5 Higher Education (HE) and Further Education (FE) Institutions

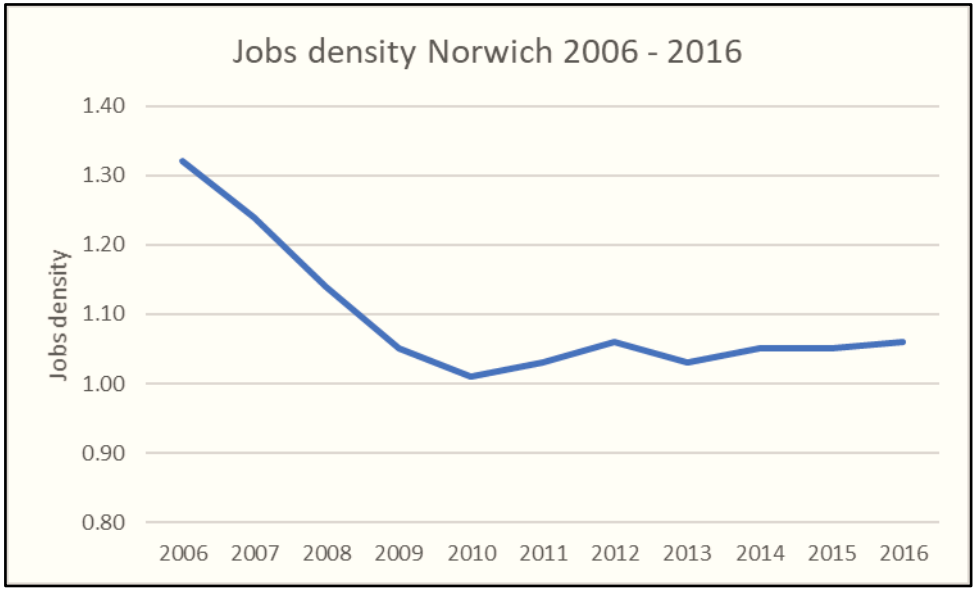
5.5.1 The Norwich local authority area is home to two universities, Norwich University of the Arts (NUA) and the University of East Anglia; City College Norwich also has HE/FE provision including vocational qualifications. The University Technical College Norfolk provides technical courses for 14-18 year olds with a particular focus on the advanced engineering and energy sectors. The Norwich International Aviation Academy is now operating and with its delivery partners is providing education across a broad spectrum of aviation-related skills.

Section 6: Labour Market

Section 6 examines some of the details of the local labour market including employment, unemployment, occupational profile and earnings differentials.

6.1 Jobs density

Figure 16[xxxi]



6.1.1 The job density ratio of jobs within an area to working age residents can be explained broadly as an indicator of how much of a central city compared to a suburb the area is. If the job density ratio is greater than one (as it is for the Norwich local authority area), then even if every Norwich resident of working age had a job in Norwich, then there would still be jobs to be filled by in-commuters. Figure 16 demonstrates that at the beginning of the decade Norwich local authority area's job density stood at a ratio of 1:1.32, by the end of the decade it stood at 1:1.06. The reason for

this is twofold; the working age population has increased by 12 per cent over the period, while the number of jobs has fallen by 11 per cent.

6.2 Economic activity

6.2.1 Data in this section at the Norwich local authority area should be treated with some caution, it is extracted from the Annual Population Survey and is subject to a sizeable margin of error. Table 13 summarises rates of economic activity[5] for the working age population for 2012 and 2017. Little appears to have changed over the period; compared to 2012, the rate in 2017 is marginally lower for both Norwich areas and the LEP area. The rate increased slightly regionally and nationally.

Table 13[xxxii]
Economic activity rate working age population

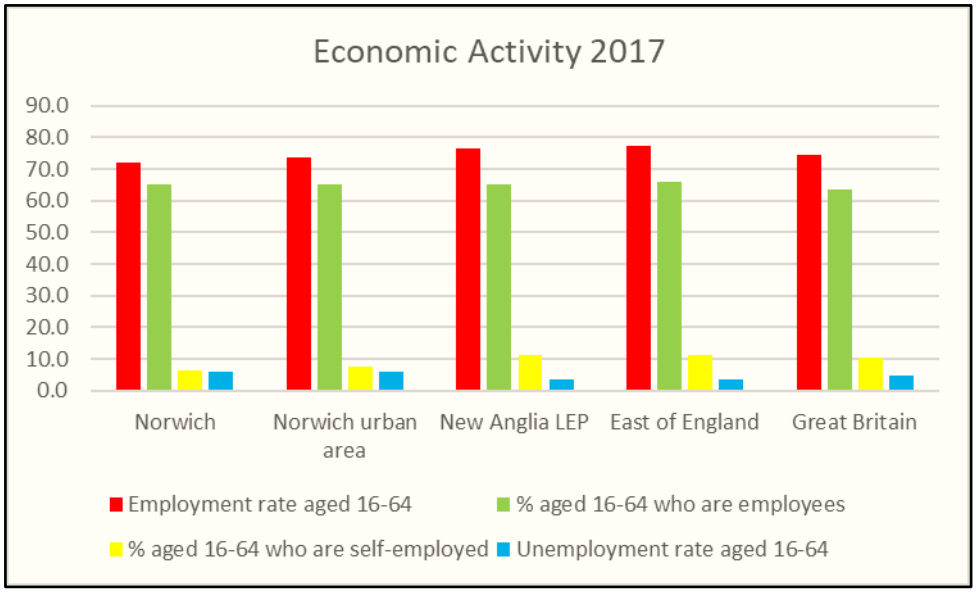
	2017	2012
	%	%
Norwich local authority	76.7	78.3
Norwich urban area	78.2	-
New Anglia LEP	79.6	81.3
East of England	80.2	79.8
Gt. Britain	78.1	76.6

6.2.2 Economic activity can be split into two strands, those in employment and those who are unemployed, the data is summarised in Figure 16. Norwich local authority area has lower levels of employment than across the other reported areas, with an employment rate of around 72 per cent. Across the Norwich urban area and at the national level the rate is around 74 per cent; the LEP area and the region have employment rates of about 77 per cent of the working

[5] Economically active people are those aged over 16 who are either in employment or International Labour Organisation (ILO) unemployed . This group of people are those active in the labour force

age population. Both Norwich areas have the highest ILO unemployment rate[6] at 6 per cent; the LEP area and the region have a rate of 4 per cent and nationally the rate is 5 per cent.

Figure 17[xxxiii]



6.2.3 Employment can be further broken down into the proportion who are employees and those who are self-employed. Figure 17 shows that Norwich local authority has a lower than average proportion of working age people who are classed as self-employed and this appears to have fallen slightly since 2012. This may not be a statistically significant fall and is likely to be down to a sampling error in the Annual Population Survey - using the Business Register Employment Survey to look at total employment minus the employees gives the Norwich local authority area a similar percentage of self-employment to the other reported areas. Each of the reported areas has a similar proportion of working age people who are employees.

[6] The ILO definition of unemployment covers people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or out of work and have accepted a job that they are waiting to start in the next fortnight.

6.2.4 The East of England Forecasting Model (EEFM) predicts that employee numbers in Norwich will increase to 98,000 by 2030, forecast growth of around 9 per cent from 2017.

6.3 Employee status

6.3.1. Table 14 summarises the employment (employees plus self-employed) status of the employment base – in 2016 the Norwich local authority area had employment of 92,000 - growth of 9 per cent since 2011 compared to 7 per cent in the LEP area; 2 per cent regionally and 9 per cent nationally.

Table 14[xxxiv]

Employment status

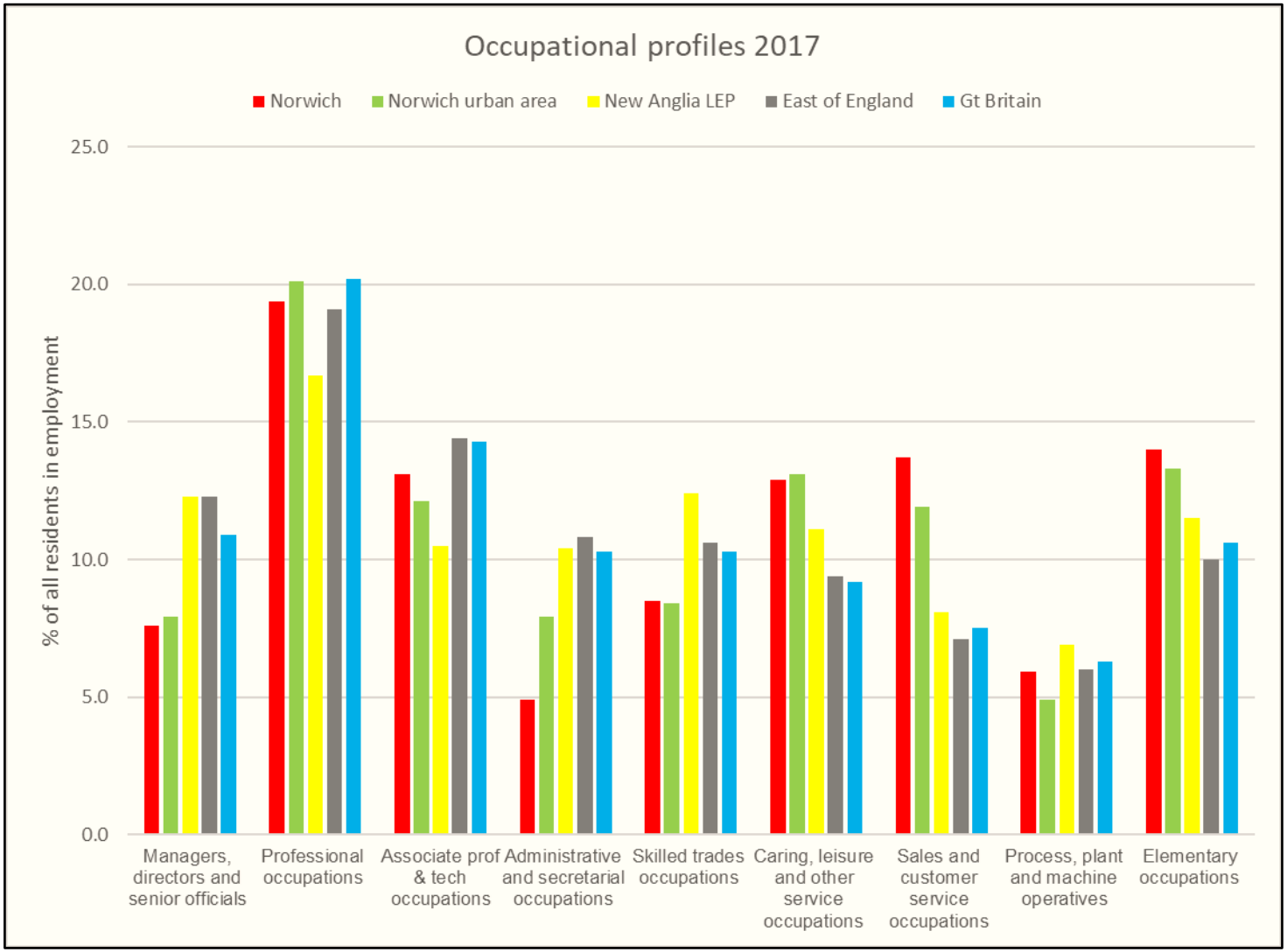
	Employment	Employees	Full-time employees %	Part-time employees %
Norwich local authority area	92,000	90,000	62	38
Norwich urban area	117,000	114,000	63	37
New Anglia LEP	695,000	671,000	64	36
East of England	2,815,000	2,715,000	65	35
Gt. Britain	30,305,000	29,268,000	68	32

6.3.2. Strong growth has taken place in the number of employees over the period 2011 to 2016, with the Norwich local authority area seeing an increase of 10 per cent reflecting the picture at the national level, compared to 9 per cent in the LEP area and 13 per cent regionally.

6.3.3. The split between full-time and part-time employees is broadly similar across each of the areas, with a ratio of around two-thirds full-time against one-third part-time employees.

6.4 Occupational profile

Figure 18[xxxv]



6.4.1. Data in this section at the Norwich local authority area should be treated with some caution, it is extracted from the Annual Population Survey and is subject to a sizeable margin of error. Figure 18 shows that both Norwich areas have a lower percentage (8 per cent) of employed residents working in managers, directors and senior than in the other areas (LEP and the region 12 per cent, nationally 11 per cent) . This is likely to be the result of the high levels of in-commuting to Norwich from the rest of Norfolk Around one-fifth of residents in employment work in professional occupations and this is similar across all of the reported areas except the LEP area where it is slightly lower. Around 13 per cent of Norwich local authority residents are employed in associate professional & technical occupations compared to 12 per cent in the urban area; 10 per cent across the LEP area and 14 per cent regionally and nationally..

6.4.2 The Norwich local authority area has the lowest percentage (5 per cent) of residents employed in administrative and secretarial occupations of all the reported areas, followed by the urban area at 8 per cent. Around 10 per cent of residents in the other three areas are employed in these occupations. conversely, the local authority and the LEP area have the highest (10 per cent). The Norwich areas have the lowest share of skilled trades occupations (8 per cent), reflecting the relatively low percentage of construction firms based within the urban area; the LEP area has the highest share of skilled trades occupations at 12 per cent compared to 11 per cent regionally and 10 per cent nationally.

6.4.3. Employment in caring, leisure and other service occupations is more prevalent in the Norwich areas (13 per cent) compared to the other reported areas (LEP 11 per cent, regionally and nationally 9 per cent. A much higher percentage of Norwich local authority area residents are employed in sales and customer service occupations (14 per cent) compared to the other reported areas (Norwich urban area 12 per cent, LEP 8 per cent, regionally and nationally 7 per cent).

6.4.4 The Norwich local authority area has the highest employment share (20 per cent) of lower level occupations (process, plant and machine operatives and elementary occupations), closely followed by the Norwich urban area and the LEP area (18 per cent); at the regional level the share is 16 per cent and at the national level 16 per cent.

6.5 Skills shortages and skills gaps

6.5.1 A skills shortage means that employers are unable to recruit new staff with the necessary skills to do the job; a skills gap affects workers, already employed by a firm, who do not have the skills necessary to do a particular job. According to the UKCES 2015 Employer Skills Survey, a majority (83 per cent) of Norfolk employers report that they were not affected by a skills shortage or skills gap. Where they exist, skills shortages in Norfolk are most prevalent in skilled trade occupations (reported by 41 per cent of employers with skill shortage vacancies); elementary staff (11 per cent) and sales and customer services staff (10 per cent).

6.5.2. The reasons that Norfolk employers (4 per cent reported having a skills shortage vacancy) with hard to fill vacancies reported for having such vacancies are the low number of applicants with the required skills (37 per cent) and low number of applicants generally (19 per cent).

6.5.3 Norfolk employers reported that administrative/clerical staff and elementary staff were the most likely to be affected by skills gaps.

6.6 Earnings

Table 15[xxxvi]
Median hourly earnings (excluding overtime)

	Workplace	Resident	Workplace	Resident
	male	**male**	**female**	**female**
Norwich	£12.70	£12.68	£10.30	£10.10
New Anglia LEP	£12.17	£12.65	£9.82	£9.99
East of England	£13.57	£14.49	£10.71	£11.22
Great Britain	£13.80	£13.80	£11.21	£11.21

6.6.1 Table 15 demonstrates that both resident and workplace median hourly earnings in Norwich are lower than those seen regionally and nationally but higher than earnings for the LEP area as a whole. Workplace earnings are higher than resident earnings in Norwich. This is probably the result of the high levels of in-commuting from the rest of

Norfolk and, as discussed in the previous occupational profile section, high earners employed in managerial and director level occupations are likely to live outside of the local authority boundaries.

6.6.2 Female earnings are lower than male earnings across each of the reported areas. In Norwich the differential is 19 per cent for workplace earnings and 20 per cent for residential earnings. Across the LEP area the differential is 19 per cent for workplace earnings and 21 per cent for residential earnings; regionally the differential is 21 per cent for workplace earnings and 22 per cent for residential earnings; nationally the differential stands at 19 per cent for both workplace and residential earnings.

Section 7: Deprivation

This section investigates deprivation - an important issue to consider as part of an economic assessment because social exclusion can impact on the economy in two ways: by generating public costs for example through benefits payments, high levels of crime etc and as wasted potential, that is, people who could work and contribute to the economy but who are not.

7.1 The English Indices of Deprivation 2015 – LA Summary

Table 16[xxxvii]
The English Indices of Deprivation 2010 to 2015 LA summaries - Norwich

	Rank of Average Score	Average Rank	Rank of Average Rank	Local Concentration	Rank of Local Concentration	Extent	Rank of Extent	Rank of Income Scale	Rank of Employment Scale
2010	70	19,591	73	29,868	109	0.29	61	98	96
2015	47	21,107	47	31,251	73	0.39	32	99	100

7.1.1 Most of the datasets used to compile the English Indices of Deprivation 2015, the combined Index of Multiple Deprivation 2015 (IMD 2015) and the local authority deprivation summary measures for the 326 local authorities within England relate to the 2012/13 financial year. Patterns of deprivation across larger areas can be complex, which give rise to different rankings for each individual measure, so there is no single local authority summary measure that can be described as the 'best' measure. Comparison of the different local authority summary measures is required to

provide a more complete picture of deprivation within authority areas. The indices provide relative measurements; therefore rankings cannot be compared across different levels of geography[7].

7.1.2. Table 16 gives various indicators from the LA summaries for 2010 and for 2015. It should be noted that nationally, deprived neighbourhoods have become more dispersed since 2004: the proportion of local authorities containing at least one neighbourhood in the most deprived decile has increased with successive updates of the Indices of Deprivation.

7.1.3. On the **Extent Measure**, 39 per cent of the Norwich local authority area's population lives in the most deprived LSOA[8]s in the country compared to 29 per cent in 2010. On the **Rank of Extent Measure** Norwich is ranked 32 out of the 326 Local Authority Districts (with 1 being the most deprived) compared to 61 out of 326 from ID 2010. Therefore, the Norwich local authority area, relative to other local authorities, has an increased level of deprivation having moved from the worse 20 per cent to the worse 10 per cent of local authorities. It is the most deprived local authority in the Eastern region on this measure.

7.1.4. The **Local Concentration** measure is a useful way of identifying local authority 'hot spots' i.e. the population weighted average of the ranks of a district's most deprived LSOAs that contain exactly 10 per cent of the district's population. It shows that relative to other local authorities, Norwich has an increased level of deprivation having moved from the worse 40 per cent to the worse 30 per cent of local authorities with 31,251 residents living in the most deprived LSOAs, up from 29,868 residents in 2010. In the Eastern region the local authority districts of Southend-on-Sea, Tendring and Great Yarmouth are more deprived on this measure than Norwich.

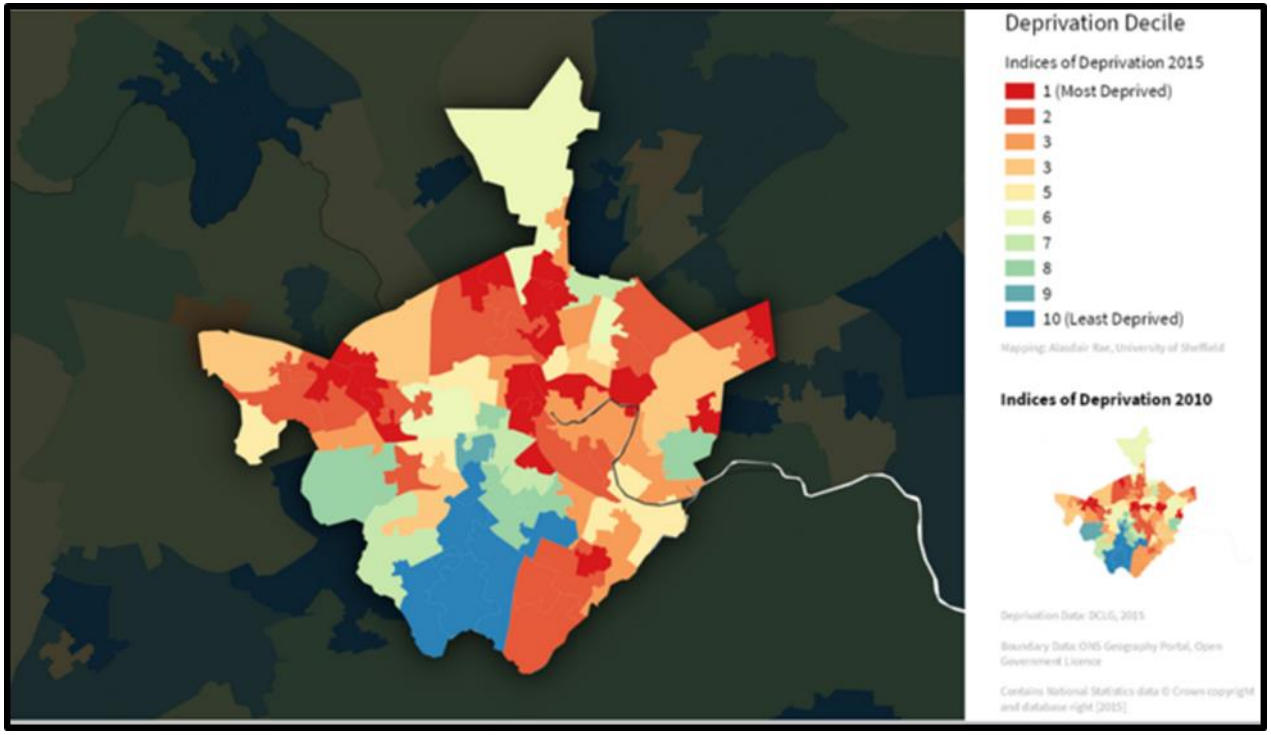
7.1.5. The **Average Rank** and **Average Score** summaries identify the average level of deprivation in the local authority area, taking into account all LSOAs in the area. The main difference is that more deprived Lower-layer Super Output Areas tend to have more 'extreme' scores than ranks. So highly deprived areas will not tend to average out to the

[7] The indices of deprivation are designed primarily to measure relative deprivation at the small-area LSOA level. Nevertheless, summary measures have been produced to help users understand deprivation patterns across a set of higher geographies, namely, local district authorities, upper tier local authorities (counties), local enterprise partnerships and clinical commissioning groups

[8] A Lower Layer Super Output Area (**LSOA**) is a geographic area designed to improve small area statistical reporting, there are 34,753 **LSOAs** in England and Wales.

same extent as when using ranks; highly polarised areas will therefore tend to score higher on the average score measure than on the average rank. On both of these measures, relative to other local authorities, Norwich has an increased level of deprivation compared to its position in the 2010 indices. Great Yarmouth is the only local authority district in the region that is more deprived than Norwich on the **Rank of the Average Score** measure.

Figure 19[xxxviii] Norwich IMD 2015



7.1.6. Figure 19 maps the Norwich's LSOAs according to the decile of deprivation they fall into. For the **Overall Proportion of LSOAs in Most Deprived 10 Per Cent** nationally Norwich is ranked 39th with one-fifth of LSOAs falling into this category; only Great Yarmouth is more deprived on this measure within the region. On the **Rank of Income Scale**

Norwich's position has remained relatively static from 2010 to 2015, falling into the worse 40% of districts in the country on this measure. The position was the same for the **Rank of Employment Scale.**

7.1.7 The **Education, Skills and Training Deprivation** domain measures deprivation in educational attainment, skills and training for children, young people and the working age population in a local area. The Norwich local authority area is ranked 4th worse in the country with 36 per cent of LSOAs in the most deprived 10 per cent nationally. The wards that the LSOAs are based in and the number of LSOAs in each are as follows: Bowthorpe (3), Catton Grove (3), Crome (4), Lakenham (4), Mancroft (1), Mile Cross (6), Sewell (1), University (2) and (Wensum (4).

7.1.8 The **Health Deprivation and Disability Deprivation** domain measure shows that relative to other areas, Norwich ranks 51st worse in the country with 18% of LSOAs falling within England's most deprived 10 per cent based on this domain. On the **Crime** domain the Norwich local authority area is ranked 94th worse in the country with almost one in tent LSOAs in the most deprived 10 per cent nationally. This is similar to the **Living Environment** domain where Norwich is ranked 90th with 11 per cent of LSOAs in the most deprived 10 per cent in England. The Norwich local authority is relatively less deprived on the **Barriers to Housing** domain, with just 1 per cent of its LSOAs in the most deprived 10 per cent in England and ranked at 244th.

7.1.9 The **Income Deprivation Affecting Children Index (IDACI)** is a ranking based on the percentage of children aged 0 - 15 in each LSOA living in families that are income deprived - i.e. in receipt of income support, income based jobseeker's allowance or pension credit, or those not in receipt of these benefits but in receipt of Child Tax Credit with an equivalised income (excluding housing benefits) below 60 per cent of the national median before housing costs. Norwich is ranked 46th out of 326 local authorities with 17 per cent of LSOAs in the most deprived in England. Norwich ranks 58th out of 326 local authorities on the Income Deprivation Affecting Older People Index (IDAOPI) with 13 per cent of LSOAs in the most deprived nationally.

7.2 The English Indices of Deprivation 2015 – LSOAs

7.2.1. The overall **Index of Multiple Deprivation 2015** describes each Lower-layer Super Output Area by combining information from all seven domains: Income Deprivation, Employment Deprivation, Health Deprivation and Disability, Education Skills and Training Deprivation, Barriers to Housing and Services, Living Environment Deprivation, and

Crime. Norwich has 17 LSOAs which fall into the most deprived decile of LSOAs in the country, the wards which the LSOAs are based in and the number of LSOAs affected are as follows: Mancroft (3), Mile Cross (3), Catton Grove (2), Crome (2), Thorpe Hamlet (2), Wensum (2), Bowthorpe (1), Lakenham (1) and Town Close (1).

7.2.2. Norwich has eight LSOAs in the most deprived 10 per cent of LSOAs in England on the rank of **Income** score. The wards which the LSOAs are based in and the number of LSOAs affected are as follows: Bowthorpe (1), Crome (1), Mancroft (2), Mile Cross (1), Thorpe Hamlet (1) and Wensum (2). On the rank of **Employment** scale ten LSOAs in Norwich fall into the most deprived 10 per cent of LSOAs nationally. The wards that these LSOAs are based in and the number of LSOAs affected are as follows: Catton Grove (1), Crome (1), Mancroft (4), Mile Cross (1), Thorpe Hamlet (1), Town Close (1) and Wensum (1).

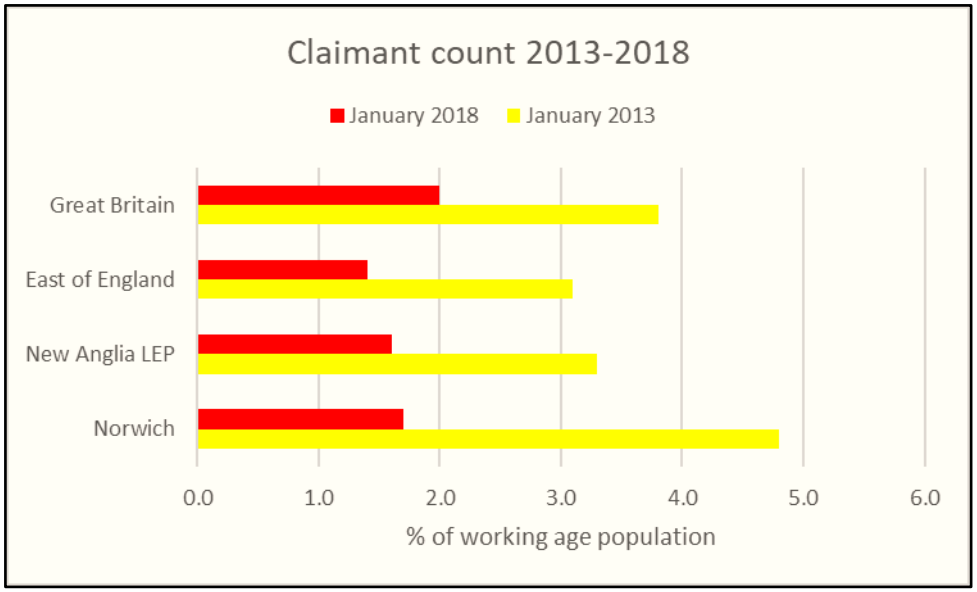
7.3 Claimant count

7.3.1 The Claimant Count is a measure of the number of people claiming benefits for unemployment related purposes taken from DWP administrative sources. Currently the Claimant Count is a composite of the number of people claiming Jobseeker's Allowance (JSA) and those claiming Universal Credit (UC) who are required to seek work to qualify for their benefits. Combining these two identifies all the people claiming benefit principally for the reason of being unemployed. Many users' interest in the Claimant Count specifically relates to its tracking of the claimants of benefits for this purpose. However, due to the large correlation between those claiming benefits for unemployment-related purposes and people who are unemployed, the Claimant Count is also often used as a proxy for unemployment. This is particularly the case for smaller domains such as local geographic areas and for specific age. Due to sampling variability, the estimates of unemployment available from other sources, such as the Labour Force Survey (LFS) and Annual Population Survey (APS), will have high volatility for these smaller domains, which is not the case with an administrative dataset. The Claimant Count does not measure unemployment and there are a number of ways in which the two differ with regard to who is covered by the two measures. The effect of this is that the Claimant Count tends to be much lower than the unemployment level. However, despite its differences from unemployment, the Claimant Count does still have value as a proxy.

7.3.2 Figure 20 shows that the claimant count in the Norwich local authority area has fallen dramatically over the period January 2013-2018 and at a much stronger rate (by 3.1 percentage points) than in the other reported areas (the LEP

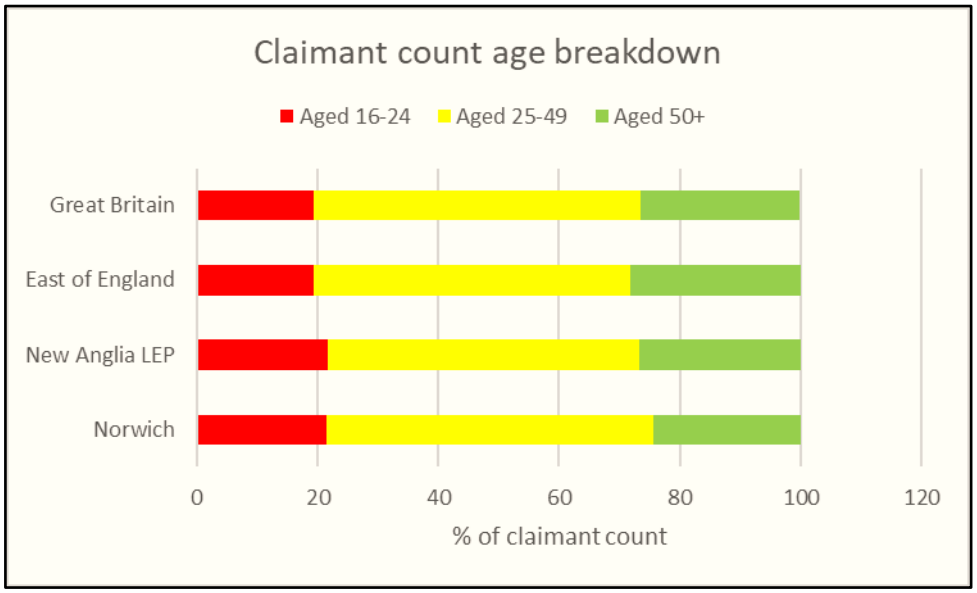
area 1.7 percentage points; region 1.9 percentage points; national 1.8 percentage points. In January 2013 the rate stood at 4.8 per cent – by 2018 this had fallen to 3.1 per cent below the national rate.

Figure 20[xxxix]



7.3.1. Figure 21 summarises the age profile of the claimant count. The Norwich profile is very similar to the age profile in the other reported areas. More than one-half of claiments fall into the 25-49 year age group - both Norwich and Gt Britain have a somewhat higher percentage in this age group than in the LEP area and regionally; Norwich has a marginally higher proportion of younger claimants (aged 16-24 years) than the percentage seen regionally and nationally and a correspondingly lower percentage of older claimants (aged 50 years and older) than any of the other reported areas.

Figure 21[xl]



7.3.2 Currently the Claimant Count is a composite of the number of people claiming Jobseeker's Allowance (JSA) and those claiming Universal Credit (UC) who are required to seek work to qualify for their benefits. The claimant count measure does not give figures for the duration of benefit claims hence the use of the JSA count. Figure 22 provides a summary of the trend in JSA unemployment benefit claims of more than 12 months as a percentage of all JSA claimants from 2012 to 2018. It shows that while Norwich began the period with the highest proportion of long-term claimants, at the end of the period, in January 2018, it has the lowest proportion.

Figure 22[xli]

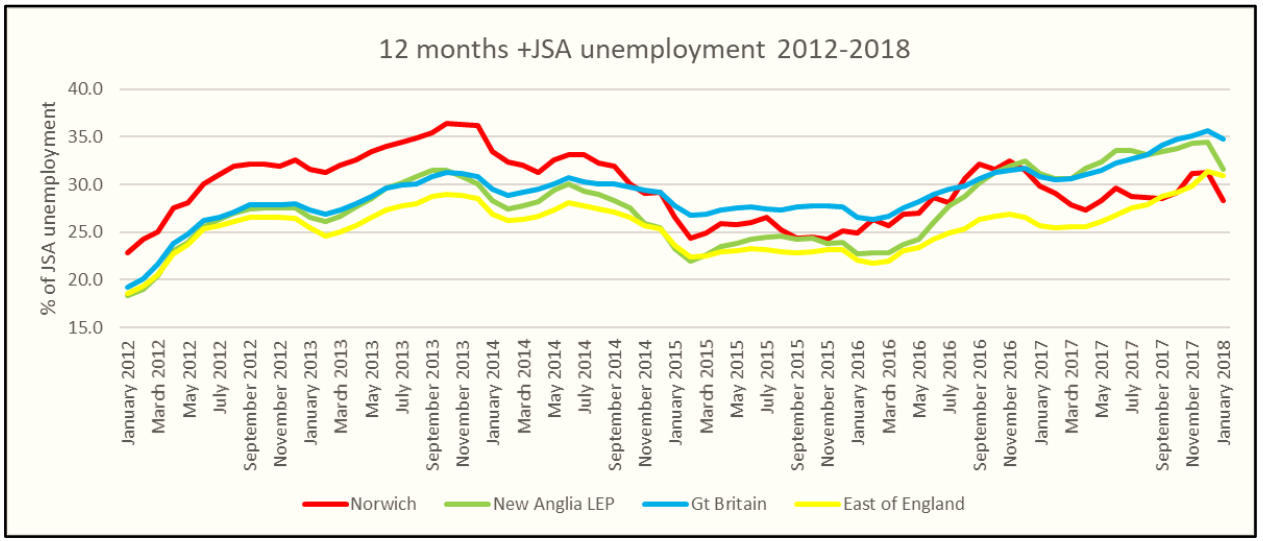
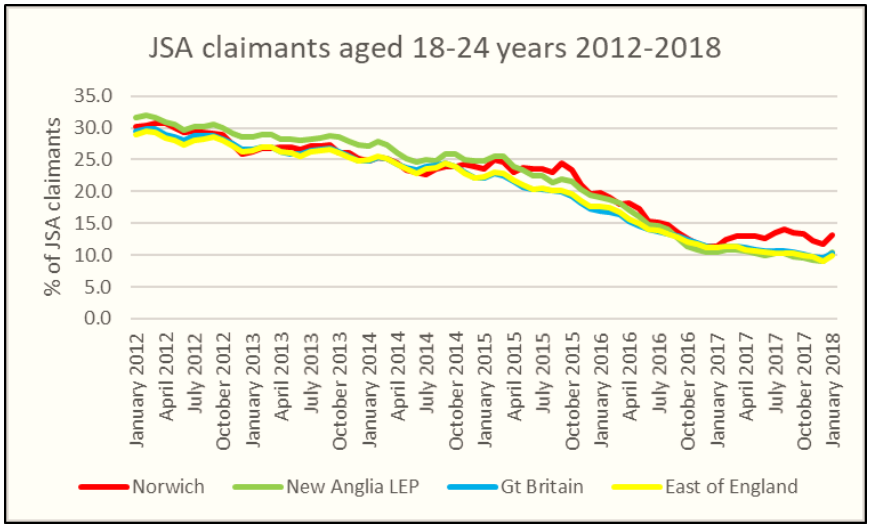


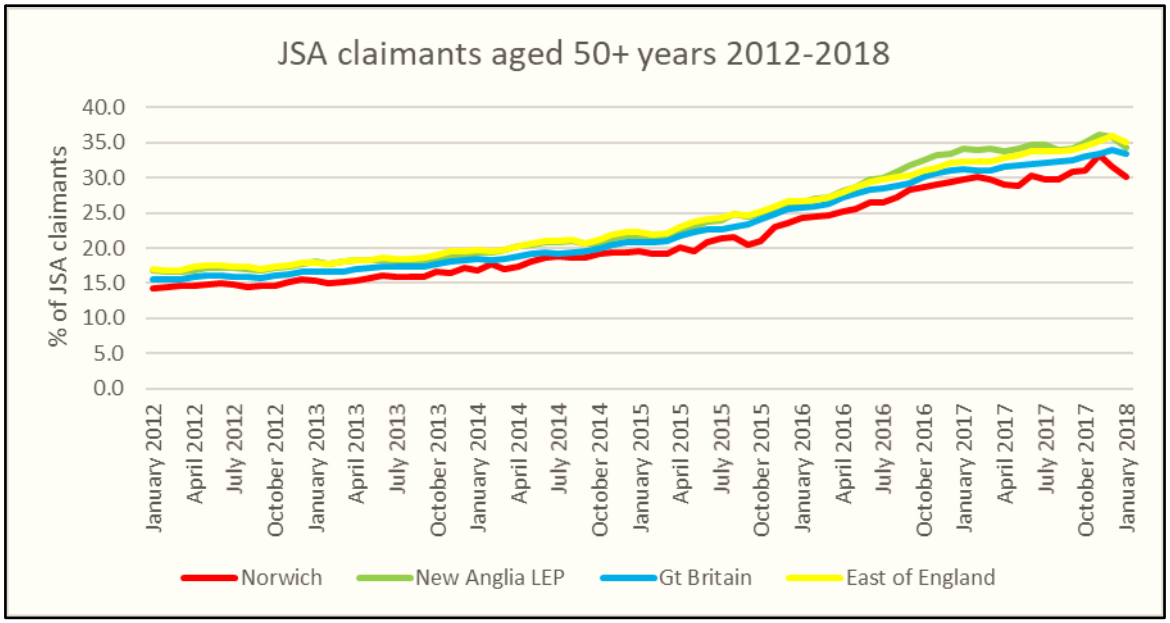
Figure 23[xlii]



7.4.3 The trend in JSA unemployment for the 18 to 24 year age group, as a proportion of all JSA claimants, is given in Figure 23. Each of the reported areas began the period with around one-third of JSA claimants aged 18-24 years. This has fallen to 13 per cent of JSA claimants in Norwich and 10 per cent across the other three areas.

7.4.4. Figure 24 summarises the trend over the last five years for the 50-64 year JSA unemployment rate (as a percentage of total JSA claimants). The Norwich local authority area began the period with around one-sixth of all JSA claimants aged over 50 years old – this was broadly similar across each of the reported areas. However, the proportion is has increased over the period and by 2018 the proportion stood at 30 per cent, marginally smaller than the proportion in the other reported areas but all are broadly similar at around one-third of all JSA claimants. The Work Programme, the Government's flagship scheme for the long-term unemployed, has not been successful for the 50+ age group. It has delivered worse job outcomes than for younger people.

Figure 24[xliii]



7.5 Measuring inequality

7.5.1 The Gini Coefficient aggregates the gaps between people's incomes into a single measure. If everyone in a group has the same income, the Gini coefficient is 0 (perfect equality) ; if all income goes to one person, it is 1 (perfect inequality). Norwich PUA's Gini coefficient currently stands at 0.40 (Centre for Cities), the UK as a whole has a Gini coefficient of 0.41. This indicates that Norwich has a similar level of inequality within its resident population as the UK overall.

7.6 Welfare spend

7.6.1 Welfare covers a number of benefits; the largest share is spent on pensions (42 per cent[xliv]). Total welfare spend per capita stands at £3,258.31 in Norwich PUA (Centre for Cities 2014), the average spend for the UK as a whole is . Welfare spend in Norwich PUA has increased by 3.38 per cent since 2010, this is likely to be caused by an increase in the pension age population in Broadland which forms part of Norwich PUA.

Section 8: Housing

This section considers the local housing market, which is an important factor in an economic assessment because the absence of high quality, affordable housing constrains an area's economic development, because it reduces inflows of high-skilled labour and also increases local inequalities and problems of cohesion.

8.1 Tenure

8.1.1. Table 17 provides a comparison of the proportion of **different types of household tenure** according to 2011 Census data. It shows that the Norwich local authority area has, by a large margin, the lowest percentage of households who own their own home of all the reported areas. Conversely, the local authority area has the highest proportion (one-third) of households who rent their home from a social landlord with one-quarter of households in the local authority area renting from Norwich City Council. Norwich also has the highest percentage of households renting their home in the private sector rental market. Since 2001, the percentage of households in the local authority area renting in the private sector has grown by almost 54 per cent - higher than any of the reported areas.

Table 17[xiv]
Household tenure 2011

	Norwich local authority	Norwich urban area	New Anglia LEP	East of England	England
	%	%	%	%	%
Owned: Total	**44**	**57**	**67**	**68**	**63**
Owned: Owned outright	21	29	37	33	31
Owned: Owned with a mortgage or loan	23	28	31	35	33
Shared ownership (part owned and part rented)	1	1	1	1	1
Social rented: Total	**33**	**24**	**15**	**16**	**18**
Social rented: Rented from council	25	16	7	8	9
Social rented: Other social rented	7	7	8	8	8
Private rented: Total	**22**	**17**	**15**	**15**	**17**
Total households	**60,319**	**100%**	**100%**	**100%**	**100%**

8.1.2. The local authority's relatively low level of **home ownership** is a cause for concern for a number of reasons. There is a large literature on the potential benefits of home ownership most of which focuses on external benefits to the wider community e.g. lower crime rates, social trust etc. A house is a valuable asset; high collateral values give better access to credit and so raise consumption. Studies[9] have shown that there is a strong positive correlation between self-employment and home ownership which can provide new business collateral. Figure 16 in the labour market section demonstrates that self-employment levels in the local authority area are indeed, lower than in urban Norwich, the LEP area, regionally and nationally. It could be suggested that this may be linked to relatively low levels of home-ownership.

8.1.3 Census data for **household size** shows that over the decade to 2011 the trend in the Norwich areas (local authority, urban area and Greater Norwich) has been toward more people in households, particularly families. The main household increase in the local authority area is for non-family multi person households indicating increasing numbers of sharers especially in Houses in Multiple Occupation (HMOs).

8.2 Housing Market Area (HMA)

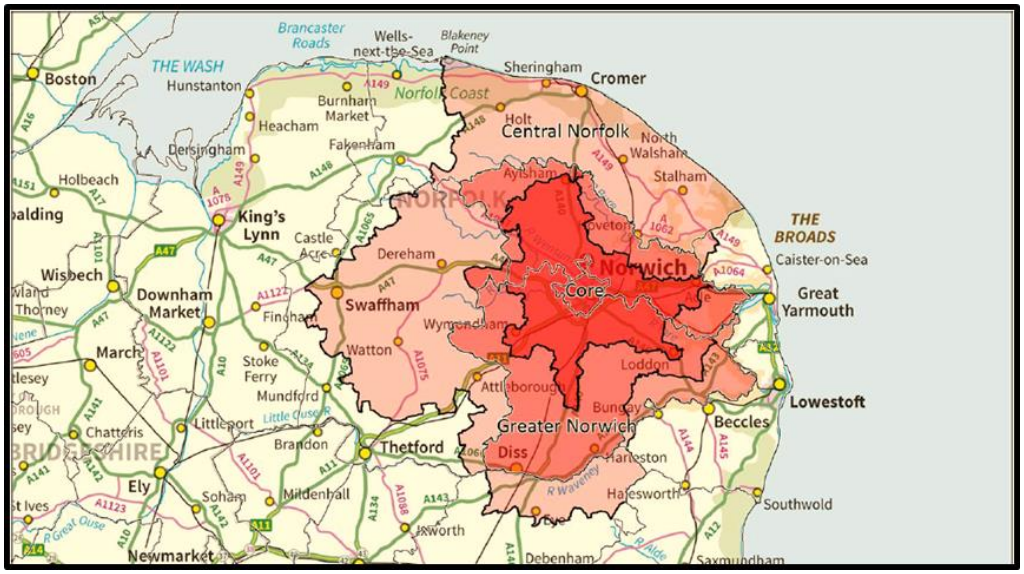
8.2.1. Figure 23 shows the **Central Norfolk HMA** identified by the Central Norfolk Strategic Housing Market Assessment 2015; the Core area of settlements with the strongest connections to the Norwich Urban Area, which is similar, but not identical, to the Norwich Policy Area, and the Greater Norwich Growth Board area of Broadland, Norwich and South Norfolk councils. The identification of Housing Market Areas (HMAs) is the key building block in the evidence base for identifying the Objectively Assessed Need (OAN) for housing. The National Planning Policy Framework requires that local planning authorities identify the OAN for housing in their areas. The OAN ascertains the future quantity of housing that is likely to be needed (both market and affordable) in the Housing Market Area over future plan periods.

8.2.2. The SHMA concludes that the OAN for the HMA should be increased indicating an OAN for 70,483 dwellings over the period 2012-36; an annual average of 2,937. This represents a 20 per cent increase above the demographic trends for the area which is largely due to the impact of the additional jobs planned as part of the City Deal for Greater Norwich. The additional dwellings will also provide more affordable housing. If the full OAN for affordable housing is to

[9] http://www.twri.org.uk/sites/default/files/twri/twri_housing_wealth_small_business.pdf

be met then 26 per cent of all housing must be affordable. However, it should be noted that local increases in housing supply have a limited effect in improving affordability because increases in housing supply tend to generate additional population inflows, offsetting any initial gains in affordability.

Figure 25[xlvi]

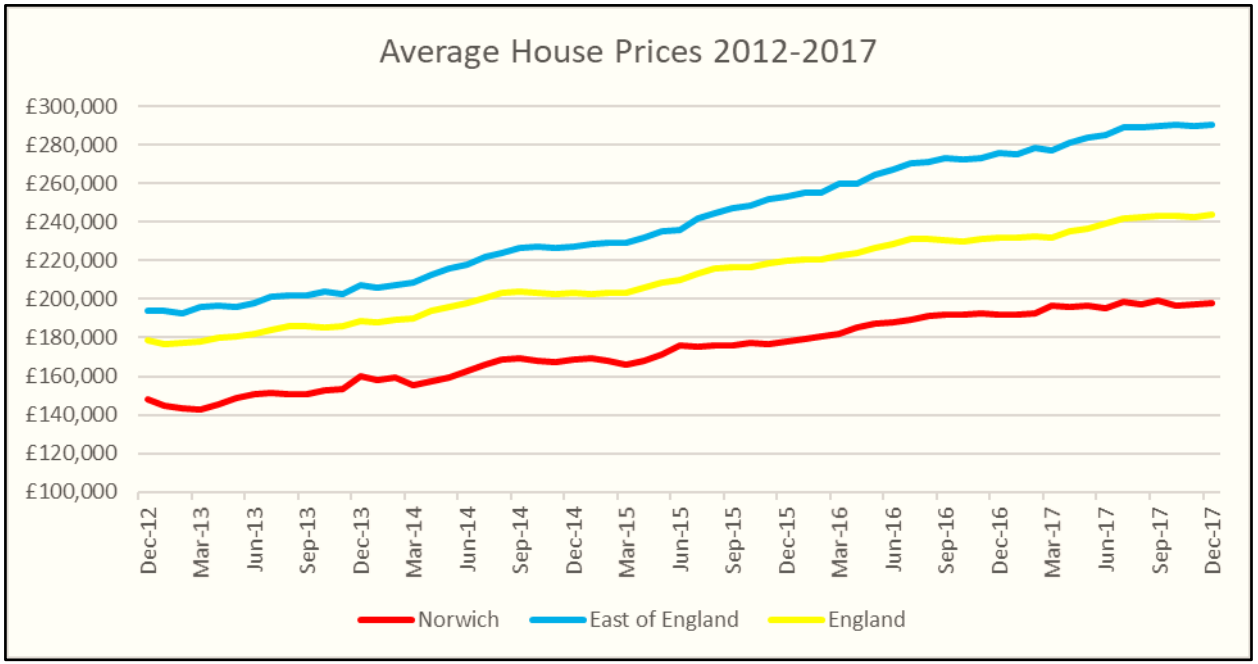


8.3 House prices and affordability

8.3.1. Figure 24 demonstrates the trend in average house prices (HM Land Registry House Price Index) for the period 2012-2017. In December 2012, average house prices stood at £148,047 in Norwich, £167,432 in the East of England and £178,476 in England. By December 2017 average house prices had risen to £197,098 in Norwich (+18 per cent), £290,341 in the East of England (+ 73 per cent) and £243,582 in England (+ 36 per cent). Norwich house prices are nearer to the England average than the region's growth in house prices is also closer to that of England than regional growth. This is likely to be the "London effect" and the "Cambridge effect" which have driven much stronger house price growth at the regional level.

8.3.2. **Affordability** measured in terms of the ratio between lower quartile house prices and lower quartile earnings is currently worse in the HMA study area than across England as a whole - 7.4 times compared to 6.5 times. In addition the national affordability ratio has improved since 2008 at a slower rate than Central Norfolk. Looking at a slightly smaller area, that of Norwich PUA, the housing affordability ratio is 9.9, making housing in that area even less affordable that at the national level.

Figure 26[xlvii]



8.3..3. **Rental prices** have increased for all property sizes since 2010/11 indicating demand exceeds supply. Median monthly rents are generally below those seen regionally and nationally except for three and four bedroom properties, for which median rents are comparable or higher.

8.4 Household Projections

8.4.1. Official figures predict that by 2039 there will be 71,000 households in the Norwich local authority area; growth of 11 per cent on the 2017 figure. This is the same level of growth as expected in the LEP area and slightly weaker growth than is predicted for England as a whole.

Table 18[xlviii]
Household projections 2017 to 2039

	2017	2039	% growth
Norwich local authority area	64,000	71,000	**+11**
ENGLAND	23,464,000	28,004,000	**+19**

8.4.2. It should be noted that projections are trend-based and cannot allow for unanticipated changes in future economic conditions. Worsening affordability because of under-supply suggests that the increase in households may actually be lower than predicted. However, this is not a reason for reducing housing supply further - it reflects the nature of market adjustment and as the data on rising household size implies, younger age groups will increasingly need to share or live with their parents for longer, instead of forming independent households.

8.5 Permitted development rights office to residential conversions

8.5.1 Permitted development rights (PDR) were introduced in May 2013 and allow the change of use of buildings from B1(a) (offices) to C3 (dwelling houses). PDR office to residential conversions, as a share of 2014 office stock over the period 2014 to 2017 represent 2.9 per cent of office stock in Norwich PUA. An estimated 7.9 per cent of houses have been delivered through the office to residential PDR, as share of total net additional houses (2015-2017). Norwich city centre has seen residential population growth of 54 per cent and is ranked 10th out of 55 cities in the UK.

Data sources

[i] Table 1 Source: mid-population estimates NOMIS
[ii] Figure 1 Source: mid-population estimates NOMIS
[iii] Table 2 Source: Census of Population NOMIS
[iv] Figure 2 Source: Mid-year population estimates NOMIS
[v] Figure 3 Source: Migration Indicators Suite, 2016, ONS
[vi] Table 3 Source: Migration Indicators Suite, 2016, ONS
[vii] http://geotheory.co.uk/
[viii] Figure 4 Source: Norfolk County Council
[ix] Figure 5 Source: Norfolk County Council
[x] Figure 6 Source: Crown copyright Valuation Office Agency
[xi] Figure 7 Source: Crown copyright Office of National Statistics
[xii] Figure 8 Source: Crown copyright Valuation Office Agency
[xiii] Table 4 Source: UK business Counts, NOMIS
[xiv] Table 5 Source: UK business Counts, NOMIS
[xv] Table 6 Source: UK business Counts, NOMIS
[xvi] Figure 9 Source: UK business Counts, NOMIS
[xvii] Figure 10 Source: BRES, NOMIS
[xviii] Table 7 Source: BRES, NOMIS
[xix] Table 8 Source: BRES, NOMIS
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[xxii] Table 11 Source: UK Business Counts NOMIS
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[xxvi] http://www.centreforcities.org/data-tool/
[xxvii] Figure 13 Source: Annual Population Survey, NOMIS
[xxviii] Figure 14 Source: Annual Population Survey, NOMIS
[xxix] Table 13 Source: Annual Population Survey, NOMIS
[xxx] Figure 15 Source: https://public.tableau.com/profile/learning.plus.uk#! , Norfolk County Council for Norwich %
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[xxxii] Table 13 Source: Annual Population Survey, NOMIS
[xxxiii] Figure 17 Source: Annual Population Survey, NOMIS
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[xxxv] Figure 18 Source: Annual Population Survey, NOMIS

[xxxvi] Table 15 Annual Survey Pay and Earnings 2017 NOMIS
[xxxvii] Table 16 Source: Department for Communities and Local Government
[xxxviii] Figure 19 Source: Oxford Consultants for Social Inclusion
[xxxix] Figure 20 Source: DWP benefits, NOMIS
[xl] Figure 21 Source: JSA claimant count, NOMIS
[xli] Figure 22 Source: JSA claimant count, NOMIS
[xlii] Figure 23 Source: JSA claimant count, NOMIS
[xliii] Figure 24 Source: JSA claimant count, NOMIS
[xliv] https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/articles/howisthewelfarebudgetspent/2016-03-16
[xlv] Table 17 Source: 2011 Census, NOMIS
[xlvi] Figure 25 Source: Central Norfolk Strategic Housing Market Assessment 2015, Opinion Research Services
[xlvii] Figure 26 Source: HM Land Registry, House Price Index, Crown copyright
[xlviii] Table 18 Source: ONS 2014-based household projections live tables