NORWICH
City Council

Cabinet

Date: Wednesday, 12 June 2019
Time: 17:30
Venue: Mancroft room, City Hall, St Peters Street, Norwich, NR2 1NH

Committee members:

Councillors:

Waters (chair)
Harris (vice chair)
Davis
Jones
Kendrick
Maguire
Packer
Stonard

For further information please contact:

Committee officer: Alex Hand
t: (01603) 212459
e: alexhand@norwich.gov.uk

Democratic services
City Hall
Norwich
NR2 1NH

www.norwich.gov.uk

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Agenda

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EXEMPT ITEMS:

(During consideration of these items the meeting is not likely to be open to the press and the public.)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part 1 of Schedule 12 A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, members are asked to decide whether, in all circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

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***16 Adjustment to the HRA capital programme - Affordable Housing Opportunities fund (para 3) - KEY DECISION**

- This report is not for publication because it would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information) as in para 3 of Schedule 12A to the Local Government Act 1972.

***17 The award of a contract for legal services (para 3) - KEY DECISION**

- This report is not for publication because it would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information) as in para 3 of Schedule 12A to the Local Government Act 1972.

***18 Managing Assets (Housing) (para 3) - KEY DECISION**

- This report is not for publication because it would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information) as in para 3 of Schedule 12A to the Local Government Act 1972.

Date of publication**: Tuesday, 04 June 2019**

NORWICH City Council

Minutes

Cabinet

17:30 to 18:30 **13 March 2019**

Present:	Councillors Waters (chair), Jones, Kendrick, Maguire, Packer and Stonard.
Apologies:	Councillors Davis and Harris (other council business)
Also present:	Councillor Carlo

1. Public Questions/Petitions

There were no public questions or petitions.

2. Declarations of interest

Councillor Stonard declared an 'other' interest in item 8 below in that he was a director of Future Projects part of the Pathways consortium which received grant funding from the council.

Councillor Stonard and Councillor Kendrick declared an 'other' interest in item 11 below in that they were the chair and board member respectively for Norwich Regeneration Ltd.

3. Minutes

RESOLVED to agree the accuracy of the minutes of the meetings held on 6 and 13 February 2019.

4. Safer neighbourhoods initiative

(Superintendent Terry Lordan attended for this item).

Councillor Maguire, cabinet member for safe city environment, presented the report. The initiative aimed to counter the challenge presented by County Lines activities. Issues of crime and fear were important to constituents; £50,000 of extra funding had been allocated to acquire four redeployable CCTV cameras. This was in addition to the new CCTV system the council were investing in.

Extra funding was one aspect of the initiative it also included additional training for front line officers, councillors and contractors. Key to its success was the sharing of data with the police. There was a planned to review of licensing policy and procedure after impending statutory guidance had been considered. The initiative represented a council commitment to keeping Norwich the safe city it was.

Superintendent Terry Lordan said data sharing with the council was critical and the initiative provided a mechanism by which to challenge County Lines activity.

Councillor Carlo asked if it would be possible for CCTV monitoring hours to be increased. Councillor Maguire said that data analysis highlighted the value of CCTV to be retrospective in the gathering of evidence to take action.

RESOLVED to commend the proposals set out in the report.

5. Quarter 3 2018-19 corporate performance

Councillor Waters, leader of the council presented the report.

Changes in methodology had impacted on the performance targets but provided more robust and accurate data. The report highlighted a number of positive performance achievements. The revenue budget was underspent and had benefited positively for revenue derived from property acquisitions.

Councillor Carlo noted a recent report stating that toxic air was killing more people than smoking and asked if it was time to add air pollution targets to the Heathy Norwich action plan. The strategy manager said that air pollution was likely to be incorporated in the future and there was recognition of the impact of key determinants such as environmental factors on health. However there was much outside the councils remit and control which impacted upon air quality in Norwich.

Councillor Maguire, cabinet member for safe city environment, said the council was looking at ways to improve air quality such as how roads were distributed around the city.

RESOLVED to note progress against the corporate plan priorities for quarter 3 of 2018-19.

6. Scrutiny committee recommendations

Councillor Waters, leader of the council presented the report. He thanked scrutiny committee for considering the employment practice research commissioned by the council. Scrutiny had considered the complex landscape of employment rights and how people could be informed of what their rights were.

RESOLVED to ask officers to identify contact points that the council has with organisations and employers and consider how these could be used to inform people of their employment rights.

7. An overview of external relationships, contracts and grants

(Councillor Stonard had declared an ‘other’ interest in this item)

Councillor Waters, leader of the council presented the report. It was not always financial funding the council provided, it worked with partners and donations were made in kind, such as the use of council assets and officers time as a resource. The council was a provider of services but also project itself through partnership working.

Councillor Carlo asked about members reporting back from outside bodies, in particular the New Anglia LEP and asked if a report could be brought to council in the next civic year.

Councillor Waters said to review the information already in the public domain and said it would be interesting to look at work the council was doing with the LEP around inclusion. The strategy manager said that LEP was in the scrutiny committee's scope to consider including in its work next year.

The chief executive officer noted that the LEP had a monthly newsletter and suggested members could sign up for this.

RESOLVED to note the partnerships, business relationships and contracts and grants in kind, as well as the grants to be awarded for 2019-20.

8. The award of contract for an early intervention rental income management tool – key decision

Councillor Maguire, cabinet member for safe city environment, presented the report. The procurement was sought to purchase software which would enable officers to filter cases of those residents in rent arrears to better manage officer time and target limited resources into early intervention.

RESOLVED to delegate approval for the director of neighbourhoods in consultation with the deputy leader and cabinet member for social housing to award the contract for an early intervention rental income management tool from 01 June 2019.

9. The award of contract for housing mechanical and electrical repairs and maintenance of common areas – key decision

Councillor Kendrick, cabinet member for resources, presented the report.

In response to Councillor Carlo's question Neil Watts, manager major works and services, NPS, said that suppression systems in refuge areas of tower blocks were being pursued where required.

RESOLVED to delegate approval to the director of neighbourhoods in consultation with the deputy leader and portfolio holder for social housing to award the contract for a housing communal area mechanical and electrical repairs and maintenance contract.

10. The award of contract for Winchester Tower and Normandie Tower - replacement of the electrical power distribution system and communal lighting – key decision

Councillor Waters, leader of the council presented the report.

RESOLVED to delegate approval for the director of neighbourhoods in consultation with the deputy leader and cabinet member for social housing to award the contract for Winchester Tower and Normandie Tower - replacement of the electrical power distribution system and communal lighting.

11. The award of contract for architectural services for the potential development of leisure and community facilities at the former Mile Cross depot site – key decision

(Councillor Stonard had declared an 'other' interest in this item).

Councillor Stonard, cabinet member for sustainable and inclusive growth, presented the report. The work was to conduct a viability assessment as to the potential of leisure and community facilities on the site and a full business case would be returning to cabinet in September 2019.

RESOLVED to seek approval to delegate authority to award a contract for architectural services needed to produce a full business case including financial viability for the potential development of leisure facilities at the former Mile Cross depot site.

12. Procurement of postal collection and delivery services

Councillor Packer, cabinet member for health and wellbeing, presented the report.

The director of business services said that work was ongoing to reduce the amount of outgoing post.

RESOLVED to delegate authority to the director of customers and culture, in consultation with the cabinet member for health and wellbeing, to award a contract for postal collection and delivery services.

13. Exclusion of the Public

RESOLVED to exclude the public from the meeting during consideration of items *14 to *17 (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

*14. Managing assets (housing) – key decision (para 3)

Councillor Stonard, cabinet member for sustainable and inclusive growth, presented the report.

RESOLVED to:

(1) the disposal of the freehold interest in the asset on the open market; and

(2) reinvest in the capital receipt from the disposal in the housing capital program for improving, repairing and maintaining our housing stock or for enabling new affordable housing.

*15. Managing assets (non-housing) – key decision (para 3)

Councillor Kendrick, cabinet member for resources, presented the report.

RESOLVED to:

(1) approve the disposal of the freehold interest in the asset; and

(2) delegate the decision to end the tenancy on the property described in this report to the director of regeneration and development in consultation with the portfolio holder for resources and chief finance officer; following satisfactory legal advice in confirmation.

***16. Grant of right to buy one for one receipts – key decision (para 3)**

Councillor Kendrick, cabinet member for resources, presented the report.

RESOLVED to award £1,455,849 in retained right to buy one for one replacement receipts to registered providers to support the development of 85 new affordable dwellings as detailed in the report.

***17. Future provision of contracted services – key decision (para 3)**

Councillor Kendrick, cabinet member for resources, presented the report.

RESOLVED to agree the recommendations as detail in the report.

CHAIR

Report to	Cabinet 12 June 2019	**Item**
Report of	Director of regeneration and development	5
Subject	Revised affordable housing supplementary planning document 2019	

Purpose

To approve the 2019 affordable housing supplementary planning document (SPD).

Recommendation

To adopt the 2019 affordable housing supplementary planning document.

Corporate and service priorities

The report helps to meet the corporate priority great neighbourhoods, housing and environment

Financial implications

There are no direct financial implications arising from this report.

Ward/s: All Wards

Cabinet member: Councillor Stonard - Sustainable and inclusive growth

Contact officers

Judith Davison, Planning Policy team leader	01603 212529
Graham Nelson, Head of Planning	01603 212530

Report

Purpose

1. This report seeks cabinet approval to adopt the affordable housing supplementary planning document (SPD) attached at Appendix 1. The SPD has been produced in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012.

2. The 2015 affordable housing SPD needs to be revised since publication of the 2018 National Planning Policy Framework and updated evidence on local housing need. The revised SPD seeks to maximise provision of affordable housing in Norwich to address the significant local need, particularly for affordable rented accommodation. Once adopted, the SPD will supplement Joint Core Strategy policy 4 (housing delivery) and Norwich Local Plan policy DM33 (planning obligations).

3. For clarification, SPDs build upon and provide more detailed guidance about policies in the local plan. To be lawful they have to be consistent with the local plan. Legally, they do not form part of the local plan itself and are not subject to independent examination, but they are material considerations in determining planning applications.

4. The proposed date of adoption for this SPD is 1 July 2019.

Background

5. There is currently a lack of affordable housing in Norwich to meet local needs. Evidence in the Central Norfolk Strategic Housing Market Assessment 2017 (the 'SHMA') shows that 38% of households in Norwich are in need of affordable housing over the period to 2036, with the predominant need being for social and affordable rented accommodation.

6. Delivery of affordable housing in recent years has not kept up with need. Policy 4 in the adopted Joint Core Strategy for Broadland, Norwich and South Norfolk (JCS) seeks to achieve a target proportion of 33% affordable housing on sites of 16 or more dwellings, however delivery in the past 6 years has averaged 24% of total housing provision. JCS policy 4 seeks a tenure split of 85% social rented and 15% intermediate tenures. It also allows for the affordable housing requirement to be reduced and the balance of tenures amended where it can be demonstrated by the applicant that the site is unviable in prevailing market conditions.

7. The lack of affordable housing forces those in need of housing to rely on the private rented sector. This is often inadequate in terms of housing conditions and there is evidence that more vulnerable people are prone to exploitation by some landlords.

8. However delivery of affordable housing through the application of planning policies is only part of the solution. The council is taking a proactive approach to delivery of affordable housing to meet local needs by working with Registered Providers, working with Norwich Regeneration Limited on a range of sites, and by direct delivery on its own land. Less than 30% of affordable

housing completions delivered between 2011/12 and 2016/17 were on private development sites through S106 agreements, with the remaining approximately 70% either delivered on council land, by the council itself or in partnership with a Registered Provider (RP), or by RPs. It is expected that council involvement in delivery of affordable housing will continue to have a significant role to play going forward.

9. A draft supplementary planning document (SPD) for affordable housing was reported to Sustainable Development Panel on 16th January for comment. Following this, the SPD was consulted upon for a 4 week period in accordance with the council's Statement of Community Involvement (SCI), ending on 14th February.

10. Representations were submitted by 18 respondents during the consultation period, resulting in 70 individual issues raised. A summary of all representations and a revised version of the SPD were reported back to the Panel on 27th February for comment. The report noted that legal advice was being sought in relation to several issues raised by respondents in order to ensure legal robustness of the SPD, and that it was hoped that this advice will be available in time to inform any report to Cabinet. The Panel agreed to endorse the revised affordable housing supplementary planning document (attached at Appendix 2 to that report) and recommend it to cabinet for adoption.

Changes to the SPD since Sustainable Development Panel

11. Legal advice has been received since the Sustainable Development Panel meeting on 27th February. This has informed several changes to the version of the document attached to that report (which can be accessed via the link at paragraph 9 above). The revisions have been made to ensure that the SPD is consistent with the adopted local plan and is legally robust.

12. The key changes proposed to the SPD since Sustainable Development Panel are summarised below. These are reflected in the proposed final version of the SPD set out in Appendix 1 of this report.

    a) The final SPD no longer contains a local definition of affordable housing.

    As background, several representations objected to the council departing from the NPPF definition for affordable housing, particularly in relation to the NPPF requirement to encourage 10% or more of houses on major sites to be available for affordable home ownership.

    The decision to remove the local definition reflects legal advice that it is not appropriate to include a local definition which effectively excludes certain tenures encouraged in the revised NPPF, as this should properly be in local plan policy and is not included in adopted policy JCS4. However JCS4 does require the proportion of affordable housing and the mix of tenure sought to be based on the most up to date needs assessment for the plan area. It is therefore considered appropriate for the SPD to note that the weight to be given to any proposed affordable housing in the determination of individual planning applications must reflect its contribution towards the identified need for affordable housing tenure types as set out in the 2017 SHMA, which is the most up-to-date evidence available on housing need.

The identified need in Norwich as defined in the 2017 SHMA is predominantly for affordable rent rather than for affordable home ownership. The SPD sets out the forms of affordable housing that may be considered appropriate in Norwich which include housing provided for sale, rent or shared equity / ownership, at prices secured in perpetuity below the current market rate, which people in housing need are able to afford.

b) The proposal in the draft SPD to seek affordable housing on purpose built student accommodation and care home development, where proposed on sites allocated for dwellings, is no longer included in the SPD. This is informed by legal advice which concludes that this approach has no policy basis and effectively amounts to a development management policy which should be in a local plan rather than SPD. However, in line with legal advice, the SPD notes that loss of the opportunity for provision of affordable housing on such sites is a matter which can be taken into consideration when considering such planning applications as a matter of planning judgment. In addition the final SPD also notes that use classes will be scrutinised to ensure that proposals do not fall within use class C3 of the Use Classes Order in an attempt to circumvent the affordable housing requirements of JCS4.

c) The SPD provides guidance on viability assessment which is a material consideration in assessment of planning applications for housing development. The section in the SPD on viability has been updated to take account of recent changes to the Planning Practice Guidance for Viability, issued on 9 May 2019. These changes are minor in nature and mostly consist of updated references to the revised PPG.

d) The SPD includes measures, including an affordable housing viability review clause, to incentivise development and promote housing delivery. In line with legal advice, the list of instances where vacant building credit will not apply (set out at paragraph 2.41) has been revised to delete the instance where the site is not allocated for an alternative use, as this goes beyond the criteria in PPG.

13. The document has also been updated by a small number of minor factual changes / clarifications.

14. As a general point, several objectors to the draft SPD cited that the fact that the JCS is over 5 years old means that the NPPF should have primacy over the JCS. This point was used to support objections to use of the local definition of affordable housing rather than the proposed local one (see paragraph 12a), and to the proposal to seek affordable housing provision from student accommodation and care homes development in certain instances (paragraph 12b). Notwithstanding the fact that both proposals have now been dropped from the final SPD, it is relevant to note that the NPPF and PPG do not state that policies more than 5 years old are automatically out of date. The NPPF states that due weight should be given to relevant policies in existing local plans according to their consistency with the Framework. It is up to the decision maker to decide the weight to give to the policies.

Conclusion and next steps

15. In conclusion, the SPD has been revised to ensure its consistency with the adopted local plan and its legal robustness. Its overall aim is to increase the delivery of affordable housing in Norwich to meet local needs. The SPD is only part of the solution however and should be seen in the wider context of the city council's proactive approach to affordable housing delivery.

16. This report seeks a cabinet resolution to adopt the proposed 2019 supplementary planning document for affordable housing under the Town and Country Planning (Local Planning) (England) Regulations 2012 (the '2012 planning regulations').

17. Regulation 12(a) requires that before adoption of a SPD the local planning authority must prepare a consultation statement setting out :

    a) The persons the local planning authority consulted when preparing the SPD;

    b) A summary of the main issues raised by those persons; and

    c) How those issues have been addressed in the SPD.

18. Regulation 14 requires the local planning authority, as soon as reasonably practicable after adoption of the SPD, to make copies of the adoption statement (which clarifies the date the SPD is adopted and the period for legal challenge) and SPD publicly available, and to notify those who made representations. Copies of the adoption statement and the SPD must be made available for inspection and published on the local authority's website for a period of 3 months from date of adoption, in accordance with Regulation 35 of the 2012 planning regulations.

Integrated impact assessment

Report author to complete	
Committee:	Cabinet
Committee date:	12/06/2019
Director / Head of service	Dave Moorcroft / Graham Nelson
Report subject:	Affordable Housing supplementary planning document
Date assessed:	9 May 2019

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☒	☐	☐	
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☐	☒	☐	By increasing the supply of affordable housing to those in housing need.
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☐	☒	☐	By increasing access to affordable housing

	Impact			
Equality and diversity (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☐	☒	☐	By providing affordable housing alongside market housing on site
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☐	☒	☐	By increasing access to affordable housing
Environmental (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	

	Impact			
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	☒		☐	

Recommendations from impact assessment
Positive
The adoption of the affordable housing SPD should increase access to affordable housing to meet local needs in Norwich with positive implications for those in need of affordable housing.
Negative
None
Neutral
The majority of impacts are neutral.
Issues

Affordable housing supplementary planning document
(2019)

This document supplements *Joint core strategy* policy 4 and *Norwich local plan* policy DM33

Cover photograph

Goldsmith Street development by Norwich City Council: 93 units of social housing for completion in 2019.

CONTENTS

APPENDICES

1. Joint Core Strategy policy 4
2. Policy DM33 of Norwich's Development Management Policies Plan
3. Methodology for calculation of payments for off-site affordable housing provision
4. Glossary

EXECUTIVE SUMMARY

The purpose of this draft supplementary planning document (SPD) is to increase the delivery of affordable housing in Norwich.

There is currently a lack of affordable housing to meet needs in Norwich. Evidence in the 2017 Central Norfolk Strategic Housing Market Assessment (SHMA) shows that 38% of households in Norwich are in need of affordable housing over the period to 2036. The predominant need is for affordable rented accommodation.

The lack of affordable housing forces those in need of housing to rely on the private rented sector. This is often expensive and inadequate in terms of housing conditions and there is evidence that more vulnerable people are prone to exploitation by some landlords.

However delivery of affordable housing through the application of planning policies is only part of the solution. The city council is taking a proactive approach to delivery of affordable housing to meet local needs by working with Registered Providers, working with Norwich Regeneration Limited on a range of sites, and by direct delivery on its own land.

Since the 2015 SPD was adopted the government has published a new National Planning Policy Framework ('NPPF' 2018) and local evidence on housing need has been updated in the 2017 SHMA. The SPD has therefore been reviewed to ensure that it complies with relevant national planning policy and guidance and adopted local plan policy. The revised SPD will replace the previous adopted SPD (2015) and supplements Joint Core Strategy policy 4 and Norwich Local Plan policy DM33. The SPD will also apply to housing proposals of 10+ dwellings within the Broads Authority Executive Area of Norwich.

Key aspects of the revised draft SPD include the following:

- The extent to which the proposed affordable housing meets the identified needs in Norwich will be taken into account in the determination of individual planning applications.
- Affordable housing will be required on sites of 10 or more residential units.
- Affordable housing will be encouraged for development proposals for care homes and purpose built student accommodation on residential or residential-led local plan allocations via a commuted sum.
- The SPD provides guidance on on-site provision, and when it is appropriate to seek commuted sums for off-site provision.
- Development viability is a material consideration. The SPD provides guidance on viability assessment and publication of viability information in order to better inform developers of the council's expectations and ease the planning application process.
- The SPD includes measures, including an affordable viability review clause, to incentivise development and promote housing delivery.

1. INTRODUCTION

Background

1.1 The current Affordable Housing Supplementary Planning Document (SPD) was published in 2015 following the adoption of Norwich's Development Management Policies Plan and Site Allocations and Site Specific Policies Plan in December 2014. There is now a need to revise the SPD in the light of the 2018 National Planning Policy Framework (NPPF) and local evidence.

1.2 The role of SPD is to provide guidance to enable the effective implementation of adopted local plan policy. This SPD supplements JCS policy 4 (Housing) and Norwich Development Management Policies Plan policy DM33 (Planning obligations). It is produced in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012.

1.3 Access to affordable housing is increasingly an issue of concern, both nationally and locally. Recent evidence (the Central Norfolk Strategic Housing Market Assessment 2017 – the 'SHMA') identifies a shortfall in the supply of affordable housing to meet objectively assessed needs, with the greatest need being for affordable rented homes (84%) and to a lesser extent (16%) for intermediate tenures. It identifies that 278 units of affordable housing are required to be delivered annually to meet needs in Norwich (or 5,828 units in total) over the period to 2036.

1.4 Delivery of both affordable and market housing in Norwich has fluctuated since the start of the local plan period (2008) as shown in the table below. The housing market was more buoyant in the early part of the plan period but in recent years there has been a reduction in the level of affordable housing provided.

Table 1: Delivery of market and affordable housing since 2008[1].

Year	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Affordable Housing Completions	**235**	**92**	**112**	**171**	**145**	**32**	**50**	**25**	**44**
Total Housing Completions	**527**	**399**	**377**	**280**	**377**	**210**	**249**	**365 (482)**	**445 (650)**
Percentage	**45%**	**23%**	**30%**	**61%**	**38%**	**15%**	**20%**	**7% (5%**	**10%**

[1] Source: Annual Monitoring Report for Broadland, Norwich and South Norfolk 2016-17 (latest published figures). Figures in brackets include the allowance for student and other communal accommodation which can now be counted towards housing delivery.

1.5 Analysis of the latter part of this period (2011/12 to 2016/17) shows that an annual average of 78 units of affordable housing was delivered, representing 24% of total housing delivery.

1.6 The lower rates of affordable housing in recent years can be attributed to a number of factors including wider economic conditions and impacts on development viability, changes to national policy, and introduction of the Community Infrastructure Levy.

1.7 However throughout the whole of the plan period Norwich City Council has pro-actively contributed to the delivery of affordable housing through releasing land to registered providers and more recently through direct delivery. Less than 30% of affordable housing completions delivered between 2011/12 and 2016/17 were on private development sites through S106 agreements, with the remaining approximately 70% either delivered on council land, by the council itself or in partnership with a Registered Provider (RP), or by RPs.

1.8 In the coming years it is anticipated that council involvement in the delivery of affordable housing will have a significant part to play. In 2018/19 131 affordable dwellings were delivered either through direct delivery or by a Registered Provider on council land (including the delivery of 93 dwellings for social rent on Goldsmith Street), and delivery of approximately 140 units of affordable housing is anticipated in 2019/20.

1.9 Although this delivery is predominantly on council land, the figures will be added to by affordable housing from private sector development, potentially including Anglia Square. In addition, the Government has now lifted the cap on Housing Revenue Account (HRA) borrowing which should help boost delivery of affordable housing. The likely increase in affordable housing delivered through public sector activity, whilst very positive, does not however take away from the need to ensure increased affordable housing delivery on private sector developments, as proposed in this SPD.

Scope and status of this supplementary planning document (SPD)

1.10 This draft SPD provides detailed guidance on how policy 4 of the Greater Norwich Joint Core Strategy (JCS) and policy DM33 of Norwich's Development Management Policies Plan should be interpreted and implemented in order to support proposed development and help deliver sustainable communities.

1.11 The draft SPD will be subject to consultation, review of feedback and then formal adoption by the council. Once adopted it will be a material consideration in the determination of planning applications. It should be taken into account in the preparation of planning proposals for residential, mixed use, C2, C4 and residential sui generis development from the pre-application stage on, and while negotiating and undertaking development feasibility.

1.12 This SPD will also apply to housing proposals within the Broads Authority Executive Area of Norwich. The Broads Authority does not have a strategic housing function; this is undertaken by Norwich City Council for the part of the Broads Authority in Norwich. Policy DM34 (Affordable Housing of the adopted Broads Authority Local Plan 2019 states that developments of 10 or more dwellings will be required to provide affordable housing in accordance with the adopted standards and requirements of its constituent district councils (in both Norfolk and Suffolk).

Legislative and policy context

1.13 The Government published the revised National Planning Policy Framework (NPPF) and accompanying Planning Practice Guidance (PPG) in July 2018. This requires local authorities to 'deliver a sufficient number and range of homes to meet the needs of present and future generations. Relevant sections of the 2018 NPPF relating to affordable housing provision include the following:

- Plans should set out the contributions expected from new development, including setting out the levels and types of affordable housing provision required. Such policies should not undermine the viability of the plan. (NPPF paragraph 34)

- Local planning authorities have a key role to play in encouraging other parties to take maximum advantage of the pre-application stage. The more issues that can be resolved at pre-application stage, including the need to deliver improvements in infrastructure or affordable housing, the greater the benefits. (NPPF paragraphs 40-41)

- Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. The weight to be given to a viability assessment is a matter for the decision maker having regard to all circumstances in the case including whether the plan and evidence underpinning it is up to date, and any change in site circumstances since the plan was adopted. (NPPF paragraph 57)

- All viability assessments should reflect the recommended approach set out in national planning guidance, include standardised inputs (such as land value and developer profit), and should be made publicly available. (NPPF paragraph 57)

- The size, type and tenure of homes required for different groups in the community (including but not limited to, those who require affordable housing) should be assessed and reflected in planning policies. (NPPF paragraph 61)

- Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site, unless:

    - off-site provision or an appropriate financial contribution of broadly equivalent value can be robustly justified (for example, to improve or make more effective use of the existing housing stock) and
    - the agreed approach contributes to the objective of creating mixed and balanced communities. (NPPF paragraph 62)

- Provision of affordable housing should not be sought for residential developments that are not major[2] developments. (NPPF paragraph 63)

- To support the re-use of brownfield land, where vacant buildings are being re-used or redeveloped, any affordable housing contribution should be reduced by a proportionate amount. (NPPF paragraph 63 and Planning Practice Guidance)

- Where major housing development is proposed, planning policies and decisions should expect at least 10% of homes to be available for affordable home ownership, subject to some exemptions, or where this would significantly prejudice the ability to meet identified affordable housing needs of specific groups. (NPPF paragraph 64)

- A revised, broader, definition of affordable housing now includes affordable home ownership, including starter homes. (NPPF glossary)

- The creation of high quality buildings and places is fundamental to what the planning and development process should achieve. This is a key aspect of sustainable development, and helps make development acceptable to communities. (NPPF paragraph 124)

1.14 The NPPF’s legal status has been clarified in a Supreme Court decision (10 May 2017). This states that the NPPF is a guidance document only, and should not be treated “as if it were a statute”. Its purpose is to “express general principles on which decision-makers are to proceed in pursuit of sustainable development”. As a guidance document its weight constitutes a material consideration and “it cannot, and does not, purport to displace the primacy given by the statute and policy to the statutory development plan”.

Local policy context

1.15 The local plan for Norwich consists of the Joint Core Strategy for Broadland, Norwich and South Norfolk (JCS), the Site allocations and site specifics policies local plan (the Site allocations plan), the Development management policies

[2] Defined in the NPPF 2018 as sites where 10+ units are proposed, or sites of 0.5 hectares or more.

local plan (the DM policies plan) and the Policies Map. Work is underway on the Greater Norwich Local Plan (GNLP) which will provide strategic planning policies and make site specific allocations. It is supported by a range of evidence documents including a Strategic Housing Market Assessment (SHMA), most recently updated in 2017.

1.16 Policy 4 of the JCS (see Appendix 1) seeks to achieve the following proportion of affordable housing on sites of 5 or more dwellings:

- on sites of 5-9 dwellings (or 0.2-0.4ha), 20% with tenure to be agreed on a site by site basis (numbers rounded upwards from 0.5) (please refer to paragraph 5 & 44 of this document);
- on sites for 10-15 dwellings (or 0.4-0.6ha), 30% with tenure to be agreed on a site by site basis (numbers rounded upwards from 0.5), and;
- on sites of 16 dwellings or more (or over 0.6ha) 33% with approximate 85% social rented and 15% intermediate tenures (numbers rounded upwards from 0.5).

1.17 The policy also states that the proportion of affordable housing may be reduced, and the balance of tenures amended, where it can be demonstrated that the site is unviable in prevailing market conditions.

1.18 The appropriate mix of tenures is also set out in JCS policy 4. For sites of 10-15 dwellings, tenure is to be agreed on a site by site basis. On sites of 16 or more dwellings a split of 85% social rented and 15% intermediate tenures is advocated. However, in accordance with JCS policy 4, this can be negotiated in exceptional circumstances and/or where certain tenures are not appropriate in specific areas of the city. This will also be informed by the latest Strategic Housing Market Assessment (currently the 2017 SHMA update).

1.19 The requirement for affordable housing provision applies to all C3 dwellings, C4 dwellings and sui generis dwellings (eg HMOs), irrespective of tenure or ownership model. Affordable housing will also be encouraged for development proposals for care homes and purpose built student accommodation on residential or residential-led local plan allocations via a commuted sum.

1.20 Provision of affordable housing on-site is the city council’s preferred approach, and is also the preference set out in government guidance. This promotes social inclusion and the design of individual sites should take account of this objective. Details are set out in subsequent sections of this document of the circumstances where the city council would accept a contribution in lieu of on-site provision.

1.21 Other relevant local plan policies include:

- DM33 (planning obligations – see Appendix 2) sets out principles for delivery of essential infrastructure which will be secured via a site specific planning obligation, including delivery of affordable housing. In cases where it can be demonstrated that the impact of the Community Infrastructure Levy (CIL), planning obligations and abnormal development costs make a development scheme unviable, the policy allows for negotiation of specific policy requirements to be reduced to make the scheme viable and deliverable.

- Policies DM2 (amenity), DM3 (design), and DM28 (encouraging sustainable travel) apply to all proposed developments.
- DM12 sets out principles for all residential development) and supplements the general design principles set out in policy DM3. It applies to all forms of housing development including market and affordable housing, houses in multiple occupation (HMOs), residential institutions, and student accommodation.

2. DELIVERING AFFORDABLE HOUSING

2.1 Providing the amount and type of housing that meets the needs of all sectors of the community is a key objective of the Joint core strategy and the Norwich local plan documents. The NPPF in paragraph 61 clarifies that this includes a range of groups in the community including those who require affordable housing, families with children, older people, students and people with disabilities. This section of the SPD provides guidance on a number of issues including the definition of what constitutes affordable housing, the appropriate tenure mix, the type of development for which affordable housing will be sought, affordable housing design, and planning application requirements.

What constitutes affordable housing for the purposes of this SPD?

2.2 The 2018 NPPF has introduced a broader definition of affordable housing compared with the definition in the 2012 NPPF. As noted in paragraph 1.13, it places much greater emphasis on affordable home ownership rather than affordable housing for rent and requires 10% of units on major sites to be affordable home ownership. This change of approach, applied to Norwich, will have the effect of reducing the level of affordable rented housing that can be achieved on development schemes, and therefore will not meet local need as defined in both the JCS policy 4 and SHMA (referred to in section 1).

2.3 Policy JCS4 sets the requirements for the provision of affordable housing in Norwich, as referred to in paragraphs 1.15-1.18 above.

2.4 The 2017 SHMA provides the most up-to-date evidence available relating to housing need. It concludes that:

- There is a local need for affordable housing in Norwich of 5,828 dwellings over the period 2015-2036. This equates to a need for 38% of new homes over the plan period to be affordable;
- The housing mix required in Norwich is for 57% of affordable housing provision to be in the form of 1 and 2-bed flats, and the remaining 43% to be houses.
- In terms of tenure, the predominant need in Norwich is for affordable rented products (84% of total affordable provision). By contrast the need for low cost home ownership products is only 16%.

2.5 The extent to which proposed affordable housing contributes to meeting the identified need for affordable housing in the SHMA is a matter which will be taken into account in the determination of individual planning applications.

2.6 Housing which is not secured as affordable in perpetuity such as Starter Homes (included in the NPPF definition) does not materially contribute to meeting the identified need for affordable housing. The council will therefore seek to ensure that affordable housing is secured as such in perpetuity. Consequently all types of affordable housing must include provisions to remain at an affordable price for future eligible households or for the subsidy / sale proceeds to be recycled to provide alternative affordable housing provision.

2.7 The NPPF requirement in paragraph 64 for at least 10% of housing on major development sites to be affordable home ownership will effectively reduce the level of affordable rented accommodation that can be achieved on major sites. This requirement is also considered incompatible with contributing to the identified need in the SHMA.

2.8 Table 2 below sets out the different forms of affordable housing in Norwich which may be considered likely to meet local need, however individual proposals will be judged on their own merits.

Table 2:
Summary of affordable housing types in Norwich

Rented housing

a) **Social rented housing**: Social rented housing is housing owned and managed by local authorities and registered providers, for which target rents are determined through the Government's rent policy for Social Rent. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England as a condition of grant. Typically social rented housing costs 50-60% of market rented housing.

b) **Affordable Rent housing** – let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent housing must meet all of the following conditions:
    i. The rent must be no more than 80% of the local market rent (including service charges, where applicable) and not exceed the level of the Local Housing Allowance for the size of property, whichever is the lower;
    ii. the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and for Build to Rent schemes, Affordable Private Rent housing is expected to be the normal form of affordable housing provision.

Intermediate housing

Homes for sale and rent provided at a cost above social rent but below market sale and rent levels. It includes a range of low cost home ownership products for households who are not able to access home ownership through the market:

a) Shared Ownership

The purchaser buys a proportion of the value of the home, e.g. 50%, and the remaining share is kept by the freeholder which is usually a registered provider. A subsidised rent is paid on the remainder of the equity. The proportion offered for sale by the registered provider should not be fixed in advance, but tailored to the individual circumstances of the individual household. The initial equity share must be between 25% and 75% and the council expects that at least 50% of each type and size of shared ownership units on each scheme should initially be sold at shares of 35% or below in order to help ensure affordability. When they can afford to, purchasers have the opportunity to 'staircase', i.e. to buy further equity shares until they own 100% of the property. The council requires that all shared ownership properties are affordable to people on the Help to Buy register (or equivalent) for Norwich.

b) Shared Equity

The purchaser acquires the whole of the property but effectively only pays a proportion of the value, e.g. 75%. The remaining 25% is secured by an equity loan without any rental obligation. The council requires that all shared equity properties are affordable to people on the Help to Buy register (or equivalent) for Norwich.

c) Discounted market sale housing

Discount Market Sale is a low cost home ownership product where a new build property is purchased at a discounted price, usually around 20% of the market value, and aims to help low and middle earners get onto the property ladder.

d) Rent to buy

Rent to Buy is a government scheme to help first time buyers, or those returning to the market following relationship breakdown. Households are able to rent a home at 80% of the market value, providing an opportunity to build up a deposit. If after the initial five years of letting the landlord wishes to sell the property, the existing tenant should have the right of first refusal to buy it. Similarly, if after the first five years the tenant submits a request to buy their home, it is expected that the landlord would agree.

2.9 The proportion of Affordable Rent units and discount offered on them may be varied across a development, over time. It may also be possible to explore a trade-off between the level of affordable housing secured and the tenure of that housing, with the proviso being that these should accord with the headline affordable housing contribution agreed with Norwich City Council through the planning permission. The details of such negotiations will need to be set out in a section 106 agreement.

2.10 It is current practice to accept Affordable Rent dwellings only where a developer can provide evidence that social rent is unviable or where evidence is provided that registered providers (RPs) will not accept social rented dwellings. It is considered preferable to accept Affordable Rent dwellings on-site, rather than a commuted sum as this helps build sustainable mixed communities.

2.11 However, if agreement is reached between a developer and Norwich City Council, this requirement can be met by other routes, such as a commuted payment and/or other forms of affordable housing as defined in the National Planning Policy Framework glossary. The details of this must be agreed and set out in a section 106 agreement

2.12 **Build to Rent** is referred above to under the definition of Affordable Rented Housing. This refers to purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development scheme comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control. The NPPF states that "20% is generally a suitable benchmark for the level of Affordable Private Rent homes to be provided (and maintained in perpetuity) in any Build to Rent scheme". The guidance makes clear that Affordable Private Rent should be at least 20% cheaper than the rest of the scheme in line with the Affordable Rent product (see Table 2, (b) above).

2.13 Affordable units within Build to Rent developments are not expected to be managed by a Registered Provider, but should be under common management control by the private operator managing the whole site/block. Affordable units should be distributed throughout the development, being physically indistinguishable from the market rent homes within the development in terms of quality and size. The following matters should be agreed and secured under a Section 106 agreement for Build to Rent applications:

- Management arrangements for the affordable private rent units including the parameters of the lettings agreement, the rent levels, apportionment of the homes across the development, a management and service agreement, and a marketing agreement setting out how their availability is to be publicised.
- Operators of 'build to rent' schemes shall be required to produce an annual statement to be submitted to Norwich City Council. The statement shall provide confirmation of the approach to letting the affordable units, their ongoing status, and clear identification of how the scheme is meeting the overall affordable housing level required in the permission.
- Clauses relating to sale of the development either in whole or in part at a later date should be dealt with in the section 106 agreement to ensure that there is no loss of affordable housing provision in accordance with paragraph 60-007 of Planning Practice Guidance. A 'clawback' arrangement should be introduced in accordance with paragraph 60-008 of the Planning Practice Guidance.

2.14 Market rent assessments should be carried out by Build to rent Developers using the definition of the International Valuation Standard Committee as adopted by the Royal Institute of Chartered Surveyors. Norwich City Council will continue to review this benchmark rate against evidence emerging from the local housing need assessment, and if necessary us this evidence to justify an amendment to the rate required. There is also provision for developers, in exception, to make a case seeking to differ from the benchmark.

2.15 **Discounted market sales housing** and **Rent to Buy** are referred to in the definition at Table 2. At present, Norwich City Council does not have any such schemes but is open to proposals to work in partnership with developers to deliver such forms of affordable housing in the future, subject to meeting the requirement in Table 2 to ensure that any affordable housing should remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

When is affordable housing required?

2.16 Although JCS policy 4 requires affordable housing to be provided on housing sites of 5+ units, the new NPPG requires affordable housing to be triggered on sites of 10 or more units. This policy approach was introduced by the Government via a ministerial statement in 2014, with a view to reducing policy burdens on small developers and encouraging greater delivery of small-scale housing sites and brownfield land.

2.17 Evidence of delivery on small housing sites in Norwich prior to 2014 suggests that seeking affordable housing on sites of 5-9 units is unlikely to deliver significant affordable housing on viability grounds.

2.18 Although the requirement in the 2014 ministerial statement was subject to legal challenge, it was subsequently upheld on appeal. The threshold of 10+ units was included in the 2015 SPD and is now carried forward into this updated SPD. This will apply to all proposals for residential and mixed use development from the pre-application stage on. It will also apply to proposals on residential or housing led local plan allocations as set out below (paragraphs 2.16 – 2.21).

2.19 Affordable housing requirements apply to the net increase of dwellings only (where planning permission is required). For example, if an application is submitted to demolish 10 open market dwellings and replace them with 20 dwellings then the net increase is 10 dwellings; the policy should then be applied to the 10 new dwellings.

Seeking affordable housing on residential allocations

2.20 Both the JCS and Norwich local plan acknowledge the importance of new residential development that contributes to a balance of housing types and tenures, which in turn contribute to mixed and balanced communities. New student accommodation in particular is often proposed on sites that could otherwise be developed for general purpose housing which would include affordable homes as part of a wider tenure mix.

2.21 The growing number of students living in Norwich has an impact on the availability of general market housing. Students who live outside purpose-built accommodation tend to house-share in the private rented sector which can affect the availability and costs of houses in the general market.

2.22 There is currently no policy basis for seeking affordable housing on all proposals for purpose built student accommodation, although this may change with the development of the Greater Norwich Local Plan; it is anticipated that the Regulation 18 draft plan will be consulted upon in late 2019 and the final version of the plan adopted in late 2021.

2.23 There are a number of sites currently allocated in the Site Specific Policies and Site Allocations Plan (2014) for either housing development or housing-led mixed use development, which have not yet been developed. If such sites were to be developed for either care homes (C2 use class) or purpose built student accommodation (PBSA - residential sui generis development) this would result in the loss of the opportunity for provision of affordable housing.

2.24 The loss of this opportunity to meet the identified need for affordable housing in Norwich is a matter which will be taken into consideration in decision-making for any such proposals.

2.25 Proposals for PBSA or care home development on such sites will therefore be expected to contribute to meeting the need for affordable housing by providing policy compliant levels of affordable housing. For applications for purpose built student accommodation, this would be calculated on the basis of 2.5 units of student accommodation equating to 1 unit of general market housing[3]. For example, where a proposal to develop 250 units of PBSA on a site allocated for housing or housing-led development would equate to 100 units of general market housing, leading to a requirement for 33 units of affordable housing[4] (or contribution based on this figure) to be provided. For residential care homes the calculation would be based on a ratio of 8:1.

2.26 It would be acceptable for such provision to be achieved via provision of a commuted sum rather than on site provision, given that incorporating affordable

[3] To be consistent with the Government guidance on student accommodation in the Housing Delivery Test Rulebook, 2018.
[4] Both the PBSA and C2 calculations to be based on the average floorspace measurement in Appendix 3.

housing in a PBSA or residential institution scheme is likely to be difficult to achieve in a satisfactory manner.

2.27 In assessing individual planning applications for PBSA and C2 proposals on such sites, the council will scrutinise proposals to ensure that they do not fall within Class C3 of the Use Classes Order and involve an attempt to circumvent the affordable housing requirements of policy JCS4.

Affordable housing design

2.28 The policies of the DM policies local plan relating to amenity (DM2), design (DM3), and principles for residential development (DM12) along with Section 12 'Achieving well-designed places' of the NPPF should all be adhered to when applying for planning permission for any development of residential dwellings. These standards should be applied to all forms of housing development, including affordable units.

2.29 It is critical that the design process recognises at an early stage the need to accommodate a mix of affordable tenures, and has the ability to incorporate affordable housing which meets the needs of, and is attractive to, RPs including the council. Applicants should undertake early discussions with RPs, considering alternative designs where necessary in order to accommodate on site affordable housing in the first instance. In accordance with NPPF paragraph 39, applicants should also progress active engagement through pre-application advice/discussions with Norwich City Council Planning Department.

2.30 This document outlines the threshold for an affordable housing requirement (10 units+) and the corresponding required percentage of affordable housing to be provided on site. In order to achieve the mixed and balanced communities advocated in JCS policy 4, as a minimum, the following design criteria should be met:

- there should be no distinction between affordable units and market units, (i.e. development should be 'tenure-blind');
- the same levels of car parking provision should be made for the affordable units as for market units (i.e. if 80% of the market housing has a parking space, then 80% of the affordable units should have a parking space), and;
- affordable units should be distributed evenly throughout the development where practicable to promote social inclusion and mixed communities. However it is acknowledged that there may be need for an element of flexibility in relation to the design of affordable housing for older people, for example relating to car parking provision and the even distribution of development.

2.31 It is expected that a proportion of affordable units will be built in accordance with technical standards level 2 as set out in Approved Document M of the

Building Regulations, in line with the requirement in policy DM12. This is broadly equivalent to the Lifetime Homes Standard. Affordable units should be built to provide suitable levels of internal space as set out in the nationally described space standard (https://www.gov.uk/government/publications/technical-housing-standards-nationally-described-space-standard); in accordance with the PPG this should not compromise the viability of providing affordable housing on site.

2.32 Where a flatted development is proposed, the affordable housing units should meet the requirements of the Registered Providers (RPs) taking on the units upon completion of the development.

Application requirements

2.33 All development proposals should be fully policy compliant unless it can be demonstrated through a full viability assessment that this is not possible. Full planning applications should confirm the amount of development proposed, including the amount of affordable housing to be provided, the dwelling mix in terms of tenure and unit size and the location of the affordable homes. If, subject to the criteria outlined in this SPD, the affordable dwellings are not to be provided on site, applicants should use the tables in Appendix 3 of this document to calculate the amount of commuted sum required to be paid in lieu of on-site provision.

2.34 Unless matters of design, layout, scale and external appearance are included within the outline submission, viability assessments of outline schemes will be afforded little weight in the decision making process. Outline planning applications without this level of detail should as a minimum secure the full affordable housing provision in accordance with JCS policy 4. If necessary, subsequent reserved matters applications may review the affordable housing provision and tenure mix in line with guidance on viability set out in section 3 of this document. Submissions should comply with the requirements for a full planning application outlined above.

2.35 Although the NPPF states that it is the responsibility of the applicant to justify the need for review of viability at decision making stage subject to agreement with the determining officer, it also clarifies that the weight given to viability assessment is for the decision maker to determine. Current practice is that the city council gives equal weight to viability assessments irrespective of the applicant and their ability to deliver. This approach can lead to scenarios where a landowner achieves planning consent on a site, then sells it on to a developer at an inflated price, which tends to impact on ability to deliver such sites. As noted in paragraph 3.15, planning practice guidance clarifies that the price paid for land is not a relevant justification for failing to accord with relevant plan policies. The city council therefore proposes to encourage delivery of housing, including affordable housing, by giving limited weight to viability assessments where the applicant is not proposing to deliver the scheme, for example where the applicant is a landowner rather than a developer.

2.36 Sites which are proposed to be developed partly under permitted development rights as outlined in The Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended), and partly requiring planning permission will be considered on a case by case basis regarding viability and resulting planning obligations. In accordance with 'Planning Obligations' Planning Practice Guidance paragraph 005 (Reference ID: 23b-005-20140306), only any area over and above permitted development is accountable for affordable housing, to be provided on the same basis as any other site. This can be worked out using the same method as the vacant building credit calculation (see below).

Artificial sub-division of sites

2.37 Where a site is, or has been, in a single ownership, artificial sub-division to avoid provision of affordable housing will not be permitted. The intention behind this statement is to distinguish between those schemes which are prepared with the intention of circumventing JCS policy 4, and those schemes which have been drawn up addressing legitimate planning considerations, and therefore may not be able to provide affordable housing in accordance with the core strategy policy. Paragraph 68 of the NPPF 2018 favours small parcels of land for improved opportunities for deliverability, and promotes working with developers to encourage sub-division of large sites where this could help to speed up the delivery of homes.

2.38 In circumstances where a large site has been divided into smaller parcels to assist delivery, or where a site is owned by more than 1 party, an outline planning application will be expected for the entirety of the site, with 'parcels' or 'phases' numbers, distribution and timescales agreed for affordable housing upfront.

Vacant building credit

2.39 The government introduced a new measure in 2014 through a ministerial statement (which also raised the threshold for delivery of affordable housing – see paragraph 2.2 above) - the 'vacant building credit'. This measure is now confirmed in the 2018 NPPF: "To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount". Planning practice guidance provides further detail and notes that, in considering how the vacant building credit should apply to a particular development, local authorities should have regard to the intention of national policy to incentivise brownfield development.

2.40 This applies where existing vacant buildings are proposed to be brought back into lawful use or demolished and redeveloped. The government's intention in introducing the vacant building credit is to incentivise development on brownfield sites. It is not intended to incentivise the eviction of existing businesses or neglect of premises which are currently in use.

2.41 Therefore the vacant building credit will not apply where:

- The building is in use at the time the application is submitted;

- The building is covered by an extant or recently expired permission for the same or substantially the same development;

- It appears that the building has been made vacant for the sole purpose of redevelopment; or

- The building has been abandoned.

2.42 In line with the CIL regulation requirements, a building can be regarded as vacant if it has not been in use for a continuous period of at least six months within the past thirty six months. By using a corresponding definition, it will not be possible to claim both CIL exemption and Vacant Building Credit consecutively on a single development in Norwich.

2.43 Further to this, the Council will require the applicant to demonstrate a high standard of evidence to show the circumstances of the building becoming vacant. Unless the site is already allocated for housing, an application for vacant building credit must be supported by detailed evidence of how the site has been actively marketed on realistic terms based on the current lawful use or any potential permitted use for a minimum period of 12 months prior to the submission of a planning application. Evidence such as Council Tax, Business Rates or Electoral Register records may be required to determine whether or not a building is vacant.

2.44 Where the 'vacant building credit' is applicable, it will be calculated in the following way:

- The existing affordable housing requirement is outlined in bullet points 2 and 3 of JCS policy 4, i.e. for proposals of 10-15 dwellings 30% affordable housing will be required, for developments of 16 plus dwellings 33% affordable housing will be required.

- The net affordable housing requirement should be recalculated to take into account the two gross floor areas (the original building floorspace to be demolished or brought back into lawful use, and the proposed replacement building) to arrive at the net maximum affordable housing target for that site. The following formulae will be applied:

A / P x JCS policy requirement (0.30 or 0.33) = R

Where:
P = Proposed floorspace
E = Existing floorspace
A = net Additional floorspace (P-E)
R = Net affordable housing Requirement

2.45 Once the affordable housing requirement has been calculated, all other parts of this SPD should then be applied to the affordable housing contribution.

2.46 For clarity, a worked example for a scheme of 26 dwellings is shown below (the GIA schedule on the following page has been supplied with the application):

- P = 1607.1
- E = 865
- A = 742.1
- R = 742.1 / 1607.1 x 0.33
- The net affordable housing requirement is 15%

Proposed housing

Plot	Beds	GIA Sqm
1	1	46.2
2	1	46.2
3	2	70.2
4	2	64.2
5	2	64.2
6	2	64.2
7	2	64.2
8	1	45.2
9	1	46.2
10	1	46.2
11	2	70.2
12	2	64.2
13	2	64.2
14	2	64.2
15	2	64.2
16	1	45.2
17	1	46.1
18	3	83.2
19	2	70.2
20	2	64.2
21	2	64.2
22	2	64.2
23	2	64.2
24	1	45.2
25	3	84.3
26	3	92.3
Total GIA		1607.1
Average GIA		61.8

Existing vacant retail floorspace

Unit No	GIA Sqm
Unit 1	565
Unit 2	300
Total GIA	865

2.47 If, after such a calculation has been made, development of the site is still not viable, section 3 of this SPD will apply.

3. ESTABLISHING DEVELOPMENT VIABILITY

3.1 Planning law requires that applications for planning permission must be determined in accordance with the development plan unless material considerations indicate otherwise5. The issue of viability can be a material consideration. The NPPF / PPG clarifies that the weight to be given to the viability assessment is a matter for the decision maker.

3.2 The fundamental issue in considering development viability is whether an otherwise viable development is made unviable by the extent of planning obligations or other policy requirements. Figure 1 below illustrates this point, looking at 2 examples: 'Development 1' and Development 2'.

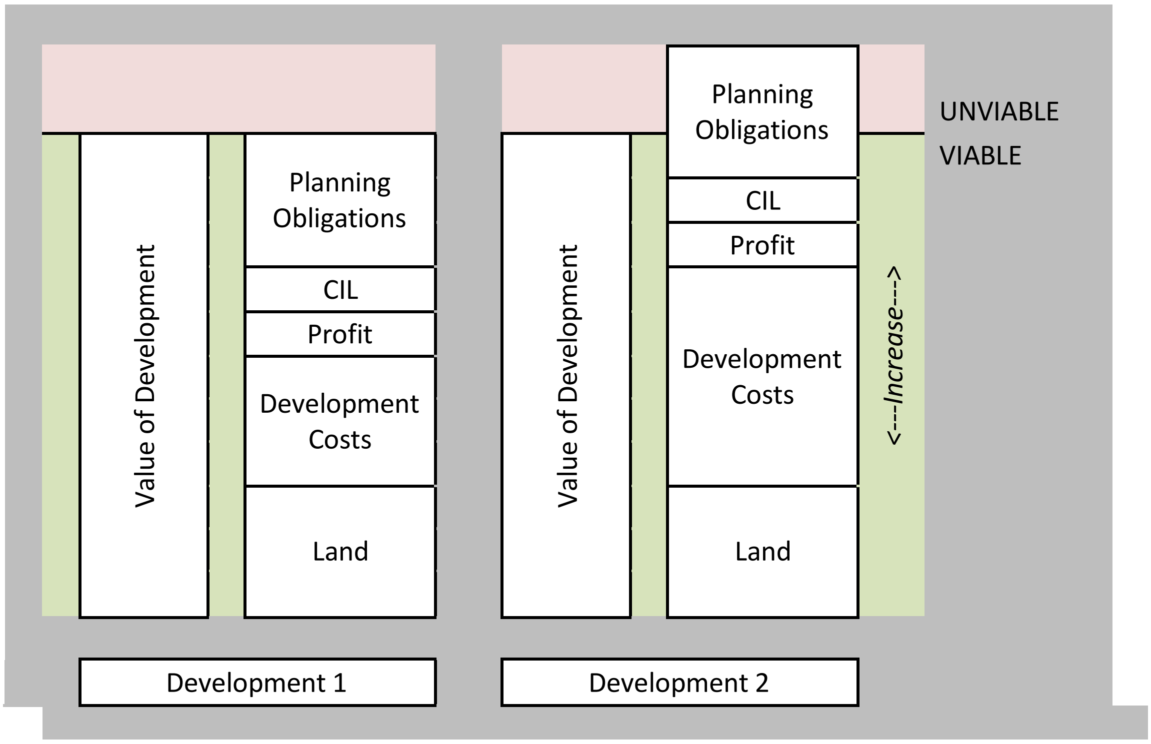

Figure 1: Adapted from RICS 'Financial Viability In Planning' (2012)

3.3 In 'Development 1' the value of the development can be met whilst meeting all planning obligations and costs and maintaining a reasonable return for the developer.

3.4 In 'Development 2' the costs have increased and as a result the development becomes unviable. In such a case a viability assessment would be expected to be provided by the developer.

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[5] Section 38(6) of the Planning and Compulsory purchase Act 1004 and Section 70(2) of the Town and Country Planning Act 1990.

3.5 This section of the SPD sets out the council's requirements for viability assessments. Upon receipt of an assessment, the council will seek verification (where necessary) of the developer's viability assessment to determine the accuracy of the projected development cost, land values and the level of return, and to ascertain those planning obligations that could be negotiated, and to what level, to render the site viable and incentivise the development. The council will expect the developer to pay for such an assessment and the costs of this can be added to the viability assessment.

Viability assessment

3.6 NPPF paragraph 67 states that planning policies and site allocations should identify a sufficient supply and mix of sites. This should enable provision of appropriate levels of affordable housing without undermining the deliverability of the plan, as required in paragraph 34 of the NPPF. The economic viability of sites should be accounted for through production of viability assessments at plan making stage and through further updates of the local plan (guidance is provided in Planning Practice Guidance on Viability).

3.7 The NPPF considers that viability assessment should not generally be necessary at decision making stage, as proposals for development should accord with the relevant policies in an up-to-date development plan. The Viability planning practice guidance states that "[p]olicy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage" (Reference 10-002-20190509). Paragraph 57 and practice guidance paragraph 10-007-20190509 set out circumstances where a decision stage viability assessment may be appropriate and places the emphasis on the applicant to demonstrate whether particular circumstances justify the need for a decision stage viability assessment.

3.8 The Joint Core Strategy was adopted prior to the publication of the NPPF 2018 and supports site-specific viability appraisal at decision making stage. JCS Policy 4 sets target proportions of affordable housing (depending on site size) across the Greater Norwich area. The evidence sitting behind the policy is summarised at Appendix 1 and concluded that a significant proportion of schemes would not be viable at the target level of affordable housing. Therefore on the basis of this evidence the policy supports adjustments to the policy requirement where it can be demonstrated that affordable housing requirements along with site characteristics and infrastructure requirements would render the site unviable in prevailing market conditions.

3.9 Viability assessments shall be required at decision making stage in a variety of circumstances. This includes applications submitted that are not fully policy compliant with the local plan; applications for development on un-allocated land or applications which are not in accordance with the allocation; if the situation is considered to have changed since the plan was issued. In accordance with paragraph 58 of the draft NPPF 2018: "Where proposals for development accord with all the relevant policies in an up-to-date development plan, no viability assessment should be required to accompany the application.

What should a viability assessment cover?

3.10 Where an application does not meet policy requirements for affordable housing, a viability assessment must be submitted in a standardised and accessible format with full supporting evidence to substantiate the inputs used, prior to an application being validated.

3.11 Current Planning Practice Guidance (PPG) sets out the requirements and expectations appropriate to production of viability assessments in relation to deliverability of affordable housing, including:

- Land value definition
- Benchmark land value
- Existing Use Value (EUV) of land
- Premium to the landowner
- Alternative use Value

3.12 Paragraphs 3.13 – 3.18 below clarify how the local planning authority will assess land value uplift and reasonable profit for planning applications in Norwich.

Land Value

3.13 In quantifying viability, it is necessary to establish a benchmark land value; this consists of the existing use value (EUV) of the land, plus a premium for the landowner. Whilst the PPG provides guidance on calculating EUV, it does not specify what is deemed to be an appropriate/acceptable premium for the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The PPG advises: "The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements" (reference 10-016-20190509). This approach is often called 'existing use value plus' (EUV+).

3.14 The uplift above EUV will be considered on a case by case basis, however the Drivers Jonas Deloitte Study which provided the evidence base for JCS policy 4 advocated a 15% uplift on brownfield sites which will be taken as the starting point for consideration.

3.15 PPG clarifies that "…Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan."

(reference 10-018-20190509). This position is supported by recent case law 'Parkhurst Road Ltd. v Secretary of State for Communities and Local Government [2018] EWHC 991 (Admin) May 2018.

Reasonable profit

3.16 Reasonable profit for the developer is a key input into the calculation of the viability of a proposed development. The PPG states that for the purposes of plan making "an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types." (reference 10-018-20190509). For information reasonable profit typically covers the risk to the developer of no sales or lower value sales, which is different to contingency costs which cover the risk to the developer of higher build costs and unknown build costs.

3.17 Given the significant need for affordable housing in Norwich, the council will require reasonable profit for the developer to be at the lower end of the range set out in the PPG (ie at around 15%) but will consider enabling this to rise to 17.5% only if it is demonstrated by the applicant that this is justified on grounds of risk and could impact on delivery of the scheme. However there may be exceptions to this approach, for example, as referenced in the PPG, a lower rate of profit may be more appropriate for affordable housing schemes where the risk to the developer is significantly reduced. Also the level of profit on more complex mixed use developments may need to be a blend of profits relative to risk of the mixture of uses proposed.

3.18 In addition the council will expect that industry standard contingency costs should apply (typically 5% but exceptionally rising up to 10% depending on the risks of the scheme), in order to avoid developers reducing profit but raising contingency assumptions.

Public availability of viability assessments

3.19 Where a viability assessment is required, or is submitted by an applicant to accompany an application at decision making stage, this should be prepared with professional integrity by a suitably qualified practitioner and presented in accordance with current national planning guidance and this SPD.

3.20 In accordance with PPG, any viability assessment should be prepared on the basis that it will be made publically available (including published online) for scrutiny, other than in exceptional circumstances. Even in exceptional circumstances, an appropriate executive summary must be produced which can be made publicly available. The government is in the process of developing a template for an ‘executive summary’. This is expected to be completed and submitted with any viability assessment submitted to accompany a planning application.

3.21 If, in exceptional circumstances, a submitted viability assessment is considered by the applicant to contain commercially sensitive information that would justify this information not being made public. The exceptional circumstances must be identified by the applicant at pre-application stage as well as at the time of submitting the application, with clear justification of why this is considered to be the case.

3.22 Where an exemption from publication is sought, Norwich City Council must be satisfied that the information to be excluded is commercially sensitive. Information held by the council is subject to the Freedom of Information Act 2000. Section 43 of the Act exempts information if it constitutes a trade secret, or is likely to prejudice the commercial interests of any person (including the public authority holding it). Where the council judges that information should be deemed commercially sensitive, it will be necessary for two versions of the viability assessment to be provided; one ‘high-level’ version with potentially commercially sensitive information (i.e. build costs) presented as a total figure, this version should be suitable for publishing in the public domain. A second version containing the full breakdown of quantities, which may be commercially sensitive, should be submitted for scrutiny by Norwich City Council.

3.23 This approach supports transparency in the viability assessment process so that it is clear what policy requirements will inform planning decisions; including the developer contributions that will be expected with regard to the levels and types of affordable housing.

Review of viability as development progresses

3.24 A viability assessment represents a snapshot of development viability at a particular moment in time, and is based upon the best available up to date information at that point. As a result, the assumptions within the viability assessment could change.

3.25 Where reduced on-site provision or off-site provision is accepted by means of a commuted sum it will be necessary to revisit the viability assessment for the development scheme if the scheme has not been commenced. This will ensure that the values associated with the development are still valid should the development be implemented sometime after the viability appraisal was originally undertaken.

3.26 Any Section 106 agreement relating to a development where reduced on-site provision or a commuted sum has been accepted as necessary due to development viability considerations will include an ‘affordable housing viability review clause'. Such a clause will come into effect upon either of the following criteria being met:

- if there has been no commencement of the permission within 12 months of the date of the decision being issued, or;
- if commencement has occurred within 12 months of the decision being issued but where there has been no occupation within a further agreed period of time (defined on a case by case basis) from commencement. For sites with schemes of significant size or complexity, this may need to be staggered, subject to agreement.

3.27 The review will reassess the total affordable housing provision. Such a review may result in additional affordable housing provision either on site or via a commuted sum.

3.28 In accordance with PPG 'Viability' "As the potential risk to developers is already accounted for in the assumptions for developer return in viability assessment, realisation of risk does not in itself necessitate further viability assessment or trigger a review mechanism. Review mechanisms are not a tool to protect a return to the developer, but to strengthen local authorities' ability to seek compliance with relevant policies over the lifetime of the project" (reference 10-009-20190509).

3.29 Large multi-phase schemes determined with an agreed level of provision of affordable housing/commuted-sum at outline application stage will be expected to review the viability as part of any following Reserved Matters application submissions for each phase.

4. PLANNING OBLIGATIONS

4.1 In June 2013 the city council adopted the Community Infrastructure Levy (CIL). CIL is a planning charge, introduced by the Planning Act 2008, as a tool for local authorities in England and Wales to help deliver infrastructure to support the development in their area. It came into force through the Community Infrastructure Levy Regulations 2010.

4.2 Despite the introduction of CIL planning obligations are still relevant in certain circumstances and are required in order to secure acceptable development. Policy DM33 (see Appendix 2) of the local plan outlines when such obligations will be required (see also the city council's published Regulation 123 list). The remaining obligations include (positioning in the list below is not an indication of priority):

- the delivery of affordable housing;
- the delivery of on-site open space and play space required directly to serve the development;
- pedestrian and highway safety improvements necessary to secure satisfactory access to the development via a range of modes of transport, and;
- the transfer of land, for example for a new school.

4.3 In the event that a developer can demonstrate that a development is not viable with the full range of planning obligations being met, the council will undertake an assessment of the priority of those obligations required from the development. Prioritisation of planning obligations will be made on a case by case basis, taking into consideration site specific circumstances and other material considerations.

4.4 The NPPF and CIL regulations set out the tests against which planning obligations should be considered. They should be:

- necessary to make the development acceptable in planning terms;
- directly related to the development, and;
- fairly and reasonably related in scale and kind to the development.

4.5 Where affordable housing provision on site is considered to be a priority, JCS policy 4 and the principles of this SPD should apply, and dwelling numbers and tenures negotiated as appropriate.

4.6 Where affordable housing provision on-site is considered to be of a lesser priority to other site specific planning obligations, or where development remains unviable even when all planning obligations are removed, then the following sections of this SPD will apply.

5. REDUCED ON-SITE AFFORDABLE HOUSING PROVISION

5.1 The council's preferred approach to delivering affordable housing is that it should be provided on-site.

5.2 However if non-viability of development with a policy compliant level of affordable housing can be demonstrated via an open book viability assessment carried out in accordance with the PPG and this SPD, then reduced provision on-site will be considered in the first instance.

5.3 In such cases, the design considerations outlined in this SPD should be applied and dwelling numbers and tenures negotiated as appropriate.

5.4 In addition, Section 3 of this SPD regarding review of viability where non-commencement of development occurs, will also apply.

6. OFF SITE AFFORDABLE HOUSING PROVISION VIA A COMMUTED SUM

6.1 The following sections of this SPD outline the circumstances in which provision for affordable housing to be made off-site via a commuted sum may be considered acceptable whilst not undermining the NPPF objective to create mixed and balanced communities, and whilst still providing a contribution towards provision of affordable homes.

6.2 In accordance with government policy to secure balanced communities, the provision of affordable housing on-site in accordance with JCS policy 4 is favoured and will remain the starting point in all cases. However, in recognition of local evidence, and in the light of government statements about the need for flexibility in the planning system and to stimulate the development economy to increase the rate of provision of homes and jobs, it is considered that in certain circumstances it is pragmatic to accept the provision of off-site affordable housing via a commuted sum to ensure sites are not stalled and much needed housing can be delivered.

6.3 For example on-site provision can create certain practical difficulties and tensions with other policy objectives such as the minimum density requirement. This may lead to single units being required, or flatted forms of development with high service charges which may be unattractive to RPs.

6.4 It is also recognised that the viability of providing affordable housing on site for some developments may be difficult on occasions. RP capacity to take on affordable dwellings on private developments has been limited in recent years but is recovering in a generally more buoyant market. Developers should undertake early discussions with RPs, considering alternative designs where necessary in order to accommodate on-site affordable housing in the first instance.

6.5 This approach of accepting a commuted sum in lieu of on-site provision delivers a valuable funding stream to providing affordable dwellings off-site. This SPD proposes to continue seeking commuted sums for off-site provision, where appropriate, to ensure that potential funding sources are not lost and to ensure affordable housing is provided. The council considers that this approach takes account of the need for flexibility advocated by government in prevailing market conditions which are a material consideration when determining planning applications.

6.6 Examples of situations where it may be acceptable to seek off-site provision of affordable housing via a commuted sum include the following (these are not exhaustive):

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Example1
On any site where after an open-book viability appraisal has been conducted and accepted by the council after independent assessment where necessary (based on a residual method) it can be demonstrated that the site is not sufficiently viable to enable the provision of a single affordable dwelling on site.

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Example 2
On relatively small sites proposed for flatted developments (typically developments of 15 or fewer units on sites of 0.2ha or less) where it can be demonstrated that RPs are reluctant to take on the management of affordable units.
In these cases developers will be expected to provide written evidence that no RP is willing to take on the unit(s) and that their preferred scheme design has difficulty accommodating affordable housing on site and that they have considered alternative arrangements which would be more attractive to RPs. The housing development team will contact the relevant RPs on behalf of the developer if requested

Example 3
On any site with exceptional site specific factors which would not be attractive to RPs (evidence of which will be required), such as inappropriate floor areas or high service charges.
It will be up to the developer to demonstrate that the constraints associated with development of the site make it impractical for development to be brought forward in a form which may be more attractive to RPs and that RPs are not prepared to manage units as proposed. Each application will be considered on its own merits.

6.7 Where it is demonstrated that a development is unviable if a fully policy compliant scheme is sought, or where reduced on-site provision cannot be provided, then a commuted sum for provision of off-site affordable housing will be accepted.

6.8 A schedule of the level of payments that will be used in calculating such a commuted sum in lieu of provision of on-site affordable housing is set out in Appendix 3. These are set at a level that will enable the city council to typically deliver a unit equivalent in type to the those being provided on the site proposed for development i.e. a site providing for 10 one bedroom units and not able to provide three affordable units on site will be expected to make a contribution sufficient to provide for three one bedroom units as part of another development elsewhere in the city. Figures presented in Appendix 3 are accurate at the time of writing however all sums should be index linking using 'BCIS All-in tender price index' back to the date of the SPD.

How will commuted sums be spent?

6.9 Commuted sums collected by the council in lieu of on-site provision of affordable housing will be spent on delivery of affordable housing schemes across the city.

6.10 A clause in the Section 106 agreement will impose a time limit of 10 years on the council within which they must spend the commuted sum received from the development. Such a time limit will start from the date of receipt of the commuted sum.

6.11 Monitoring of planning obligations through section 106 agreements will be recorded using the standard open data monitoring tool as advised by PPG paragraph 024.

APPENDICES

1. Joint Core Strategy policy 4
2. Policy DM33 of Norwich's Development Management Policies Plan
3. Methodology for calculation of payments for off-site affordable housing provision
4. Glossary

Appendix 1: *Joint core strategy* policy 4: housing delivery

Policy 4: Housing delivery

Allocations will be made to ensure at least 36,820 new homes can be delivered between 2008 and 2026, of which approximately 33,000 will be within the Norwich Policy Area (NPA – defined in Appendix 4), distributed in accordance with the Policies for places.

Affordable housing in Norwich

Housing mix

Proposals for housing will be required to contribute to the mix of housing required to provide balanced communities and meet the needs of the area, as set out in the most up to date study of housing need and/or Housing Market Assessment.

Affordable Housing

A proportion of affordable housing, including an appropriate tenure mix, will be sought on all sites for 5 or more dwellings (or 0.2 hectares or more). The proportion of affordable housing, and mix of tenure sought will be based on the most up to date needs assessment for the plan area. At the adoption of this strategy the target proportion to meet the demonstrated housing need is:

- on sites for 5-9 dwellings (or 0.2 – 0.4 ha), 20% with tenure to be agreed on a site by site basis (numbers rounded, upwards from 0.5)
- on sites for 10-15 dwellings (or 0.4 – 0.6 ha), 30% with tenure to be agreed on a site by site basis (numbers rounded, upwards from 0.5)
- on sites for 16 dwellings or more (or over 0.6 ha) 33% with approximate 85% social rented and 15% intermediate tenures (numbers rounded, upwards from 0.5)

The proportion of affordable housing sought may be reduced and the balance of tenures amended where it can be demonstrated that site characteristics, including infrastructure provision, together with the requirement for affordable housing would render the site unviable in prevailing market conditions, taking account of the availability of public subsidy to support affordable housing.

At appropriate settlements, sites that would not normally be released for housing will be considered for schemes that specifically meet an identified local need for affordable homes. Such schemes must ensure that the properties are made available in perpetuity for this purpose.

Housing with care

Mixed tenure housing with care will be required as part of overall provision in highly accessible locations. In particular provision will be required in Norwich, and the major growth locations of Old Catton, Sprowston, Rackheath and Thorpe St Andrew growth triangle, Cringleford, Hethersett, Wymondham and Long Stratton, and at Aylsham, Acle and Wroxham.

Gypsies and Travellers

Provision will be made for a minimum of 58 permanent residential pitches for Gypsies and Travellers between 2006 and 2011 to ensure full conformity with Regional Spatial Strategy Policy H3. These will be provided on the following basis: Broadland 15, Norwich 15, and South Norfolk 28.

Between 2012 and 2026, an additional minimum 78 permanent residential pitches will be provided to ensure full conformity with Regional Spatial Strategy Policy H3. These will be distributed on the following basis: Broadland 20, Norwich 20, and South Norfolk 38.

These will be provided on a number of sites. Generally sites will not have more than 10 to 12 pitches, but may be varied to suit the circumstances of a particular site. The sites will be provided in locations which have good access to services and in locations where local research demonstrates they would meet the needs of the Gypsy and Traveller communities. Some of the allowance to be provided after 2011 is expected to be provided in association with large-scale strategic housing growth.

In addition, 17 transit pitches will be provided, with the expectation that these will be provided by 2011. These will generally be in locations providing good access to the main routes used by Gypsies and Travellers, such as the A11, A47, A140 and A 143/A1066. Again, sites would not normally be expected to accommodate more than 10 to 12 pitches.

Research also shows the need for additional plots for Travelling Show People. The expectation is that 15 additional plots will be provided by 2011 and a further 12 between 2012 and 2026. These will be located on sites within the Norwich urban area, or if sites within the urban area cannot be identified, with easy access to it.

The Government has signalled its intention to revoke the Regional Spatial Strategy. When this is enacted new targets for permanent residential and transit pitches for the period after 2011 will be set, based on local evidence.

Contributes to spatial planning objective 2

Note on evidence relating to affordable housing viability

The evidence base for the Joint Core Strategy Policy 4 is presented in the 'Affordable Housing Viability Study July 2010' produced by Drivers Jonas Deloitte (DJD study), commissioned by Greater Norwich Development Partnership.

The DJD study tested the financial viability of delivering affordable housing under a range of cost and revenue assumptions and compared the results to a range of benchmark land values. The methodology adopted was a residual land value appraisal using a 1 hectare site and applying various different assumptions to run over 25,000 assessments. The DJD study did not outline certain typologies, grouping sites of shared characteristics or even assess specific strategic sites as suggested by revised practice guidance paragraphs 10-004 and 10-005. It did however test a number of greenfield and brownfield scenarios using a range of assumptions and using standardised inputs which were broadly consistent with those listed in the practice guidance. The key variables tested were:

a) Affordable housing targets of 20%, 30% and 40%;
b) Density ranges between 30-100dph;
c) Market values – ranges tested to reflect current and potential future trends;
d) Tenure splits between 85:15 and 60:40 (social rent/intermediate);
e) The effect of social housing grant;
f) Construction costs – ranges tested to reflect current and potential future trends;
g) Unit mix – differing mixes for each of the three Council areas;
h) Market conditions – weak to strong;
i) S106 and CIL costs – CIL was not introduced at the time but the impact of its introduction was tested using assumptions;
j) The impact of different levels of Code for Sustainable Homes compliance;
k) Developer profit ranging from 17.5% to 25%.

The DJD study assumed a number of fixed costs as follows:
a) professional fees at 12% of costs;
b) contingency at 5% of costs;
c) planning costs at £300 per unit;
d) finance at 6.5%;
e) sales and marketing costs at 3.5% of value.

The appraisals were assessed against six different benchmark land values, three for greenfield and three for brownfield. The three brownfield rates assume a former industrial use noting that other values could be seen for other uses (and which were not tested). Brownfield EUV rates between £0.5m-£1.5m per hectare were tested with an uplift of 15% based on relevant case law at the time. Separate studies were also undertaken for small sites of between 5-14 dwellings.

The DJD study used 40% affordable housing as the baseline but did test viability at 30% and 20%. Their recommendations state that "*in our opinion a strategic policy wide target of 40% affordable housing is appropriate. There are however several scenarios where this will not be viable and we would suggest that the policy is worded to allow an applicant to demonstrate that a proposed scheme is not viable*". The DJD study identified that at 40% affordable housing around 30% of scenarios were viable, 10% were marginal and 60% were unviable. If a refined value range is used excluding lower values the results improved to show that 47% of scenarios would be viable, 15% marginal and 36% unviable. Using the un-refined value range, even at 20% affordable housing 45% of scenarios were unviable. Therefore, given that a good proportion of scenarios remained unviable the report and subsequently the policy supported site-specific viability appraisal.

The DJD Study was commissioned following concerns over soundness of JCS policy 4 during the examination. This led to focused changes proposed by the three Councils promoting a target of 40% affordable housing provision but with a commitment to reducing the proportion on the basis of viability assessment.

The affordable housing target was amended following the inspectors report from 40% to 33% and this was based on evidence within the 2006 Strategy Housing Market Assessment (SHMA) on the need for housing.

The DJD study and JCS policy 4 support viability assessment at the decision making stage to establish the level and nature of affordable housing to support where requirements would render the site unviable in prevailing market conditions.

Appendix 2: Policy DM33 of the *Development management policies local plan*

Policy DM33 - Planning obligations

General principles

Delivery of essential infrastructure on or adjoining a site which:
a) is only necessary as a direct consequence of the development proposed; and
b) cannot be secured via condition; and
c) is not identified as infrastructure to be delivered through the Community Infrastructure Levy (infrastructure identified on the "Regulation123 list") will be secured by a site specific planning obligation.

Planning obligations will be required to secure infrastructure which is necessary to ensure:

a) the delivery of sustainable development (through compliance with the policies of this plan, other development plan documents and relevant neighbourhood plans);
b) the delivery of affordable housing;
c) the delivery of on-site open space and playspace required directly to serve the development
d) pedestrian and highway safety improvements necessary to secure satisfactory access to the development via a range of modes of transport.

Viability considerations
In cases where it is demonstrated by independent viability assessment that:

a) the impact of CIL contributions, planning obligations and abnormal development costs either individually or in combination, would result in a proposed development becoming economically unviable; and
b) a viable scheme cannot be achieved by amendments to the proposals which are consistent with the other polices within this plan,

specific policy requirements which would clearly and demonstrably compromise scheme viability may be negotiated, and planning obligation requirements covering specific matters may be reduced, by agreement. Negotiation on planning obligation requirements should be in accordance with the council's approved Planning Obligations Prioritisation Framework (or successor document) or consideration may be given to specific infrastructure which would normally be delivered through a planning obligation being added to the "Regulation 123 list" and delivered instead via CIL.

Appendix 3: Methodology for calculating payments for off-site affordable housing provision in circumstances where provision off-site is considered acceptable.

SOCIAL RENT								
Property type	**Land costs (a)**	**Build costs (b)**	**On costs**	**Total scheme costs**	**RP/LA Borrowing Against rent (c)**	**Shortfall (d)**	**Typical floorspace* (m^2) (e)**	**Shortfall per m² (d/e) (f)**
Studio	£20,000	£50,700	£3,802.50	£74,502.50	£12,282.59	£62,219.91	39	£1,595.38
1B 2P	£20,000	£65,000	£4,875.00	£89,875.00	£27,117.00	£62,758.00	50	£1,255.16
2B 3P	£20,000	£79,300	£5,947.50	£105,247.50	£32,820.18	£72,427.32	61	£1,187.33
2B 4P	£20,000	£102,700	£7,702.50	£130,402.50	£34,326.68	£96,075.82	79	£1,216.15
3B 5P	£20,000	£120,900	£9,067.50	£149,967.50	£39,445.71	£110,521.79	93	£1,188.41
4B 6P	£20,000	£137,800	£10,335.00	£168,135.00	£70,897.74	£97,237.26	106	£917.33
Average	£20,000	£92,733.33	£6,955.00	£119,688.33	£36,140.63	£83,547.70	71.33	**£1,171.23**

SHARED OWNERSHIP –50% equity sold									
Property type	Land Cost (a)	Build cost (b)	On costs	Total scheme cost	RP/LA Borrowing against rent (c)	Capital receipt for 50% equity (d)	Shortfall (e)	Typical floor space*(m²) (f)	Cost per m² (d/e) (g)
Studio	£20,000	£50,700	£3,802.50	£74,502.50	£10,191.94	£44,967.00	£19,343.56	39	£495.99
1B 2P	£20,000	£65,000	£4,875.00	£89,875.00	£15,495.43	£57,650.00	£16,729.57	50	£334.59
2B 3P	£20,000	£79,300	£5,947.50	£105,247.50	£20,798.93	£70,333.00	£14,115.57	61	£231.40
2B 4P	£20,000	£102,700	£7,702.50	£130,402.50	£29,484.36	£91,087.00	£9,831.14	79	£124.44
3B 5P	£20,000	£120,900	£9,067.50	£149,967.50	£36,248.24	£107,229.00	£6,490.26	93	£69.79
4B 6P	£20,000	£137,800	£10,335.00	£168,135.00	£42,520.20	£122,218.00	£3,396.80	106	£32.05
Average	£20,000	£92,733.33	£6,955.00	£119,688.33	£25,788.52	£82,247.33	£11,652.48	71.33	**£163.35**

*Net internal

Average cost of affordable provision per m² floorspace is therefore calculated to be (£1171.23 x 0.85) + (£163.35 x 0.15) = £1020.05.
Total contribution due therefore equals net internal floorspace of development proposed x 0.30 (if 10-15 dwellings), or 0.33 (if 16 plus dwellings) AAm² (affordable housing foregone) Contribution needed to provide this level of provision elsewhere = £1020.05 x AA + flat fee (estimated at £1000 to cover legal costs associated with the land transfer etc.) Figures correct at Sept 2018. Figures should be index linked using BCIS All-in tender.

Appendix 4: Glossary

Term	Definition
Affordability	A measure of whether housing may be afforded by certain groups of households.
Affordable housing (AH)	This can be summarised as housing provided for sale, rent, or shared equity at prices in perpetuity below the current market rate, which people in housing need can afford. Please see full proposed definition at Table 2
Alternative Use value (AUV)	For the purpose of viability assessment alternative use value (AUV) refers to the value of land for uses other than its current permitted use, and other than other potential development that requires planning consent, technical consent or unrealistic permitted development with different associated values. AUV of the land may be informative in establishing benchmark land value. If applying alternative uses when establishing benchmark land value these should be limited to those uses which have an existing implementable permission for that use. (PPG paragraph 017, revision date 24.07.2018)
Bedspaces	The maximum number of full size beds which can be accommodated in the sleeping area of a house.
Benchmark	A comparator for either outputs or inputs into the appraisal, ie Site Value or developers return, etc.
Build to Rent	Purpose built housing typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.
CIL	Community Infrastructure Levy. A levy allowing local authorities to raise funds from owners or developers of land undertaking new building projects in their area. CIL is levied on a wider range of developments and in accordance with a published tariff or charging schedule. This spreads the cost of funding infrastructure and provides certainty to developer of how much they will have to pay. In addition, the charging authority must produce a regulation 123 list of the infrastructure projects CIL monies will be spent on.

Commencement	Commencement of development is taken to be initiated if any material operation or change of use is carried out: Any work of construction in the course of erection of a building; Any work of demolition of the building; The digging of a trench which is to contain the foundations, or part of the foundations of any building; The laying of any underground main pipe to the foundations or part of the foundations of a building, or to any such trench mentioned in bullet point 3 above; Any operation in the course of laying out or constructing a road or part of a road; Any change in the use of the land which constitutes material development.
Commuted payment	Payment made by a developer to the local planning authority (usually secured by means of a Planning Obligation) to fund provision of a facility needed to serve a development, but to be built or provided elsewhere or in some way other than by the developer.
Core strategy	The spatial planning strategy that sets out long term objectives for planning across the authority area.
Current Use Value (CUV)	Market value for the continuing existing use of the site or property assuming all hope value is excluded, including value arising from any planning permission or alternative use. This also differs from the Existing Use Value. It is hypothetical in a market context as property generally does not transact on a CUV basis.
Current Use Value (Plus a premium) (CUV+premium)	Used by some practitioners for establishing Site Value. The basis is as with CUV but then adds a premium (usually 10% to 40%) as an incentive for the landowners to sell. However, it does not reflect the market and is both arbitrary and inconsistent in practical application.
Deliverable	To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. Sites that are not major development, and sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (e.g. they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans). Sites with outline planning permission, permission in principle, allocated in the development plan or identified on a brownfield register should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years.

Density (housing development)	A measure of the average concentration of housing within a given area (normally expressed as number of dwellings per hectare). Net density is a more refined measure of the actual area developed for housing purposes and excludes open space, major distributor roads, landscaped strips and primary school sites from the calculation of the developed area.
Development	Defined in planning law as 'the carrying out of building, engineering, mining or other operations in, on, over, or under land, or the making of a material change of use of any building or land'.
Discounted market sales housing	Discounted market sales housing is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
Entry-level exception site	A site that provides entry-level homes suitable for first time buyers (or equivalent, for those looking to rent), in line with paragraph 71 of the NPPF 2018.
Essential local workers	Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.
Existing Use Value	Existing use value (EUV) is the value of the land in its existing use together with the right to implement any development for which there are policy compliant extant planning consents, including realistic deemed consents, but without regard to alternative uses. EUV is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield. Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence. (PPG paragraph 015, revision date 24.07.2018)

Existing Use Value (plus a premium) (EUV+)	Planning Practice Guidance states that the premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements. The PPG does not specify the amount of uplift but states that this will be an iterative process informed by professional judgement and must be based upon best available evidence informed by cross sector collaboration. (PPG paragraph 016, revised 24.07.2018)
Gross development value (GDV)	The total value achieved on sale of the completed development. It is shown before the deduction of any costs or allowances and is simply the total of funds realised on the sale of the completed development.
Housing Delivery Test	Measures net additional dwellings provided in local authority area against the homes required, using national statistics and local authority data. The Secretary of State will publish the Housing Delivery Test results for each local authority in England every November.
Implementation	Implementation of development is taken to be initiated when, in the case of a change of use, the new use is begun, or, in the case of residential development, upon the development being capable of being occupied.
Intermediate affordable housing	Housing at prices and rents above those of Social Rented, but below market price or rents, and which meet the criteria set out above. These can include shared equity (eg Home Buy), other low cost homes for sale and Intermediate Rent but does not include Affordable Rented housing.
Local plan	The plan for the future development of the local area, drawn up by the local planning authority in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. Current core strategies or other planning policies, which under the regulations would be considered to be development plan documents, form part of the Local Plan. The term includes old policies which have been saved under the 2004 Act. Previously referred to as the Local Development Framework.
Major development	For housing, development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more. For non-residential development it means additional floorspace of 1,000m2 or more, or a site of 1 hectare or more, or as otherwise provided in the Town and Country Planning (Development Management Procedure) (England) Order 2015. (NPPF 2018 – Annex 2: Glossary)
Market housing	Housing for those households who can afford to pay the full market price to buy or rent their home, i.e. occupied on the basis of price

Market value (MV)	The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
Material considerations	Factors which will be taken into account when reaching a decision on a planning application or appeal. Under Section 38 of the Planning and Compulsory Purchase Act 2004, decisions on planning applications 'must be made in accordance with the [development] plan unless other material considerations indicate otherwise'. Material considerations include issues regarding traffic, wildlife, economic impacts and the historical interest of the area (this list is not exhaustive). Issues such as the loss of a view or the impact on property values are not material to planning decisions.
Mixed use developments	Development comprising two or more uses as part of the same scheme (eg shops on the ground floor and residential flats above). This could apply at a variety of scales from individual buildings, to a street, to a new neighbourhood or urban extension.
***National Planning Policy Framework* (NPPF or The Framework)**	This document sets out national planning policies for England and the Government's requirements for the Planning System. The policies in the NPPF must be taken into account when preparing Local Plans. The latest NPPF was published in July 2018.
Permitted development	Certain types of minor changes to houses or businesses can be made without needing to apply for planning permission. These changes can be made under "**permitted development rights**". They derive from a general planning permission granted not by the local authority but by Parliament. The permitted development rights which apply to many common projects for houses do not apply to flats, maisonettes or other buildings.
Planning condition	A condition imposed on a grant of planning permission (in accordance with the Town and Country Planning Act 1990 (as amended)) or a condition included in a Local Development Order or Neighbourhood Development Order.
Registered provider (RP)	Registered providers (RP) are landlords who provide affordable accommodation for rent and/or sale. The way they operate is governed by a government body called Homes England (Previously the Homes and Communities Agency).

Residual land value (RLV)	Land value and referred to as a residual because it is the amount remaining after a calculation that deducts from the GDV (as above) the various costs of development (eg usually comprising of costs including build costs and contingencies, professional fees, site purchase costs, finance costs, developer's profit, marketing and sales expenses). The amount left over (hence 'residual') indicates the land price that can be justified by the calculation and the assumptions used within it.
Section 106 (S106) (Planning obligations)	Legal agreements entered into under Section 106 of the Town and Country Planning Act 1990 (as amended) between a planning authority and a developer, or undertakings offered unilaterally by a developer to ensure that specific works are carried out, payments made or other actions undertaken which would otherwise be outside the scope of the planning permission. Also referred to as Planning Obligations. Section 106 agreements differ to CIL in that whilst they secure monies to be paid to fund infrastructure to support new developments, the agreements are negotiable and not all new development is subject to such agreements.
Self-build and custom-build housing	Housing built by an individual, a group of individuals, or persons working with or for them, to be occupied by that individual. Such housing can be either market or affordable housing.
Shared ownership	A form of intermediate tenure low cost home ownership housing. Homes in which the occupier owns a share of the equity and pays rent on the remaining share.
Site Value (SV) (for financial viability assessments for scheme specific planning applications)	Market Value (MV) subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.

Strategic housing market assessment (SHMA)	Evidence study providing a detailed analysis of housing need in a specified area, to inform how local authorities should plan for new housing development. Typically, a SHMA will define housing market areas and provide analysis of housing need, demand and supply both in the market areas and in individual local authority areas or other geographic areas used for planning purposes. It shows how housing need and demand will be translated into requirements for a specific number of homes and for different sizes, types and tenures of homes in each area in future years. SHMAs also identify the key drivers of need and demand for both market and affordable housing, including the affordability of accommodation, the impact of welfare reform, economic growth and the potential effects of other current and emerging policies. The Central Norfolk SHMA (ORS 2015, updated in 2017) covers the wider Norwich housing market area including Norwich city, Broadland and South Norfolk districts and extending into North Norfolk and Breckland.
Social housing	Housing let at lower than market rents to people in housing need. It includes social rent, affordable rent and intermediate housing tenures and is usually provided by not-for profit organisations including housing associations and councils.
Social rented	Social rented housing is housing owned and managed by local authorities and registered providers, for which target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England (Previously the Homes and Communities Agency) as a condition of grant.

Starter homes	As specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections: "starter home" means a building or part of a building that: (a) is a new dwelling, (b) is available for purchase by qualifying first-time buyers only, (c) is to be sold at a discount of at least 20% of the market value, (d) is to be sold for less than the price cap, and (e) is subject to any restrictions on sale or letting specified in regulations made by the Secretary of State. A "Qualifying first-time buyer" means an individual who is a first-time buyer, is at least 23 years old, but has not yet reached the age of 40 and meets any other criteria specified in regulations made by the Secretary of State. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
Supplementary planning document (SPD)	Guidance published by the local planning authorities to provide further detailed information on how local plan policies are to be applied or interpreted in order to bring forward sustainable development. SPD may be prepared jointly, particularly where a consistent policy approach is required over an area covered by more than one local planning authority.
Viability assessment	An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations/CIL, while ensuring an appropriate site value for the landowner and a market risk adjusted return to the developer in delivering that project.

Report to	Cabinet 12 June 2019	**Item** 6
Report of	Director of regeneration and development	
Subject	Norwich Economic Strategy 2019-2024	

Purpose

To seek approval for the Norwich Economic Strategy 2019-2024

Recommendation

To approve the Norwich Economic Strategy 2019-2024

Corporate and service priorities

The report helps to meet the corporate priority of an inclusive economy

Financial implications

None

Ward/s: All Wards

Cabinet member: Councillor Waters - Leader

Contact officers

Ellen Tilney	01603 212501
Sharon Cousins-Clarke	01603 212457

Background documents

None

Report

Economic Strategy

Context and background

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

7. 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.

Consultation

8. 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.

9. 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.

10. 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.

11. Examples of priority areas covered by the strategy include:

   - City Centre - working with the private sector and partners to tackle the challenge to redress the shortage of small to medium modern, flexible office accommodation suitable for growing businesses;

   - Innovation - 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.

- Climate Change - Norwich has substantial scope to grow the low carbon sector, developing and facilitating investment in environmental industries and reducing our carbon footprint

- Labour Market – working with businesses, schools and partners in providing better opportunities to support our young people in getting access to good jobs and training.

Consideration of any alternative options

12. 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.

13. 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.

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

    a) Norwich’s competitive position will continue to deteriorate and growth potential will be constrained.

    b) Inequality will persist and the city will become less balanced and diverse.

    c) The city will be less well positioned to adapt to and benefit from new technologies and ways of living and working.

Conclusion

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

14. 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.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	12 June 2019
Director / Head of service	Dave Moorcroft
Report subject:	Draft Norwich Economic Strategy 2019-2024
Date assessed:	10 May 2019

	Impact			
Economic (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	x			There are no significant financial impacts as a result of this report to Norwich city council
Other departments and services e.g. office facilities, customer contact	x			There are no significant impacts to other departments and services as a result of this report
ICT services	x			There are no significant impacts to ICT as a result of this report
Economic development		x		Improving the economic prospects of the city through the development of a new Economic Strategy will contribute positively to economic development.
Financial inclusion		x		Improving the economic prospects of the city’s residents through the development of a new Economic Strategy may contribute positively to financial inclusion
Social (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	x			There are no significant impacts as a result of this report
S17 crime and disorder act 1998		x		Improving the economic prospects of the city’s residents through the development of a new Economic Strategy may contribute to reducing crime and anti-social behaviour.

	Impact			
Human Rights Act 1998	☐	☒	☐	Improving the economic prospects of the city's residents through the development of a new Economic Strategy may contribute positively to improving human rights, specifically by advocating that everyone is treated equally, with fairness, dignity and respect.
Health and well being	☐	☒	☐	Improving the economic prospects of the city's residents through the development of a new Economic Strategy may contribute positively to resident's health and wellbeing.
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	There are no significant impacts as a result of this report
Eliminating discrimination & harassment	☒	☐	☐	There are no significant impacts as a result of this report
Advancing equality of opportunity	☐	☒	☐	Improving the economic prospects of the city's residents through the development of a new Economic Strategy may contribute positively to equality of opportunity
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	There are no significant impacts as a result of this report
Natural and built environment	☒	☐	☐	There are no significant impacts as a result of this report

	Impact			
Waste minimisation & resource use	☐	☒	☐	Promoting the development of green technologies and better use of resources through the new Economic Strategy may contribute positively to this impact.
Pollution	☒	☐	☐	Promoting the development of green technologies and better use of resources through the development of a new Economic Strategy to mitigate against potential pollution arising from growth may have a neutral impact
Sustainable procurement	☒	☐	☐	There are no significant impacts as a result of this report
Energy and climate change	☐	☒	☐	Promoting the development of green technologies and better use of resources through the development of a new Economic Strategy may contribute positively
(Please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☒	☐	☐	No adverse risks or policy impacts have been identified as associated with this report.

Recommendations from impact assessment
Positive
The Norwich Economic Strategy 2019-2024 supports and feeds into, the council’s 2040 vision: a fair city; a creative city; a connected city and a dynamic city; a liveable city. It provides a clear statement of our economic objectives, priorities and intent to local residents, the business community and our stakeholders and partners.
Negative
There are no negative recommendations
Neutral
Issues

APPENDIX A

Norwich Economic Strategy 2019 -2024

Contents

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

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.

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

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, 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’ 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.

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.

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 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

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.

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.

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.

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 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 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.

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

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 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 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-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.

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

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 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.

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.

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

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:

- 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.

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.

Norwich

Economic Assessment

2018

Content

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

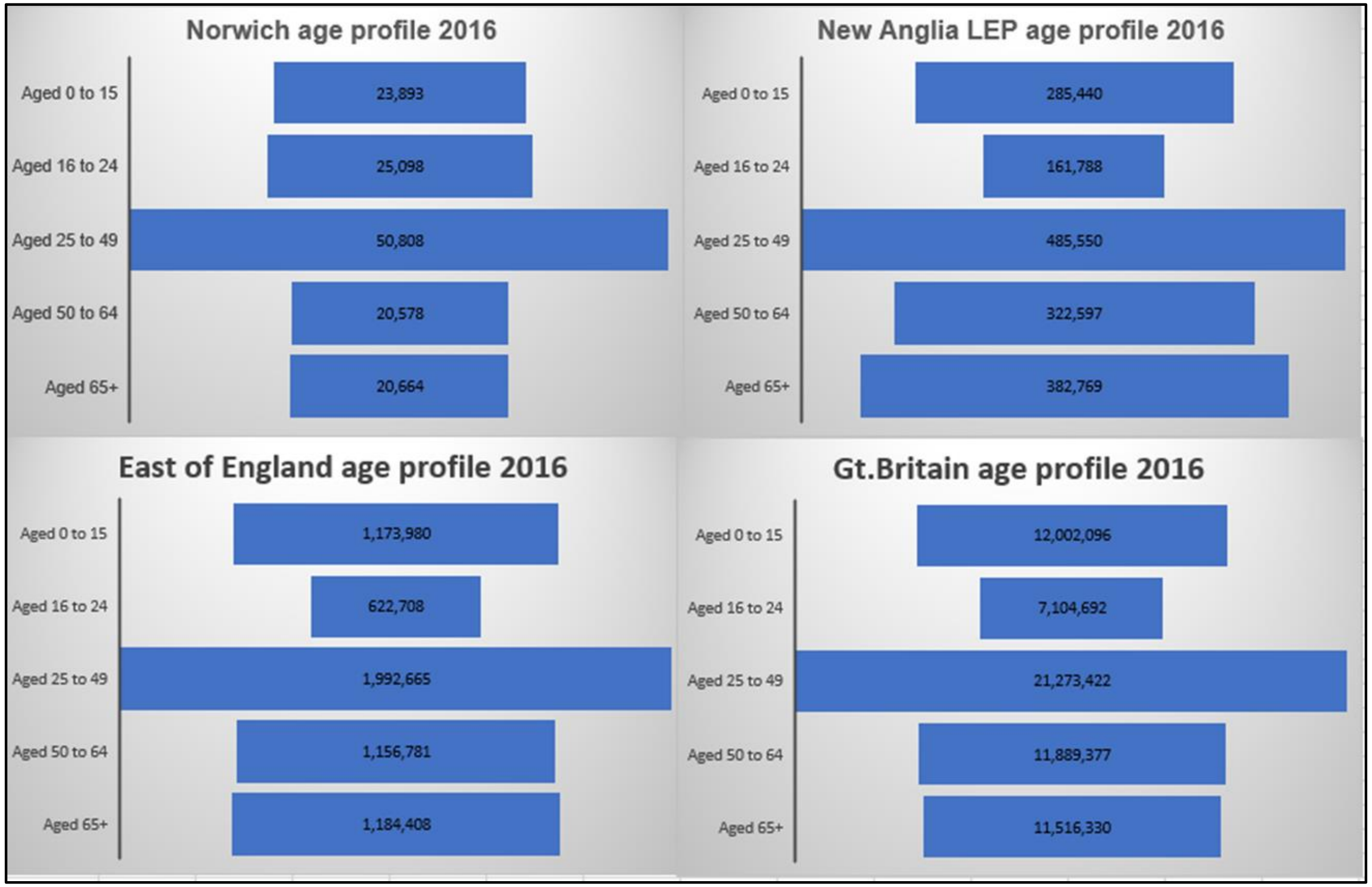
1.2.1 Table 1 summarises the demographic age profile of the Norwich City Council area on a 5-yearly basis alongside comparator areas. Note that there is a marked difference in the proportion of 16-24 year olds and 25-49 years old in the Norwich area compared to that of the LEP, regionally and nationally. 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

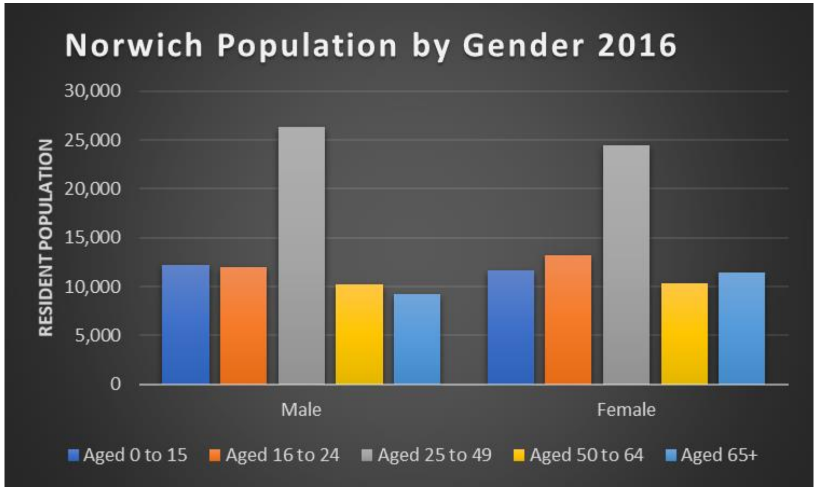
1.3.2 In Norwich the largest growth (2.7 percentage points) in ethnic groups has taken place in the White/Other category which is likely to be through immigration from Europe, most probably Eastern Europe.

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]

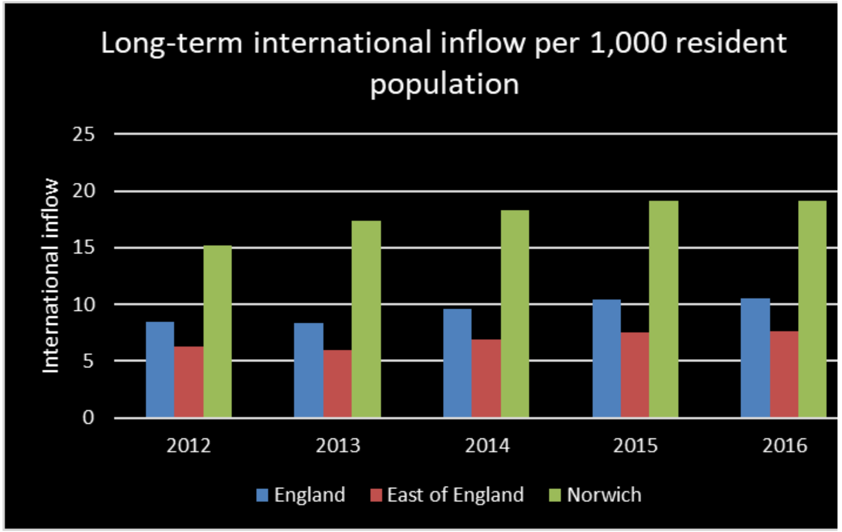


Table 3[vi]
Migrant GP Registrations per 1,000 resident population

	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]

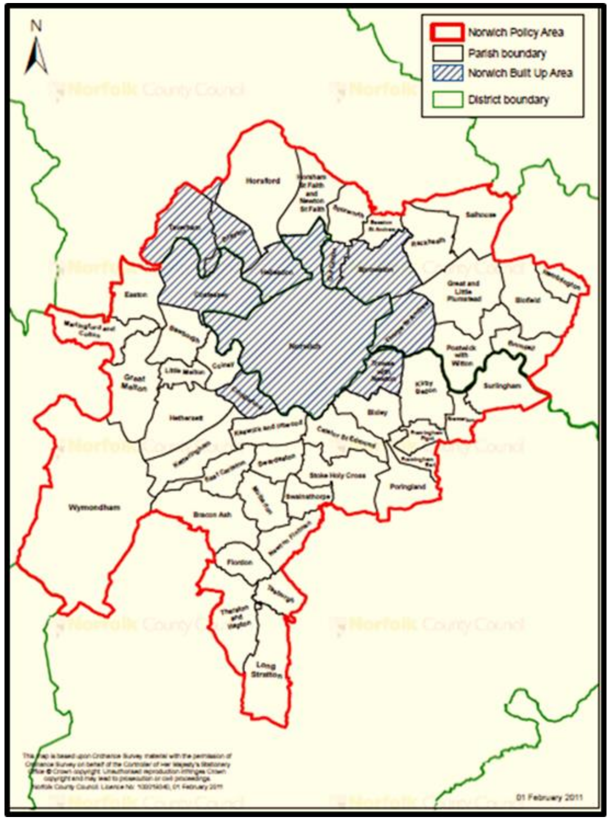
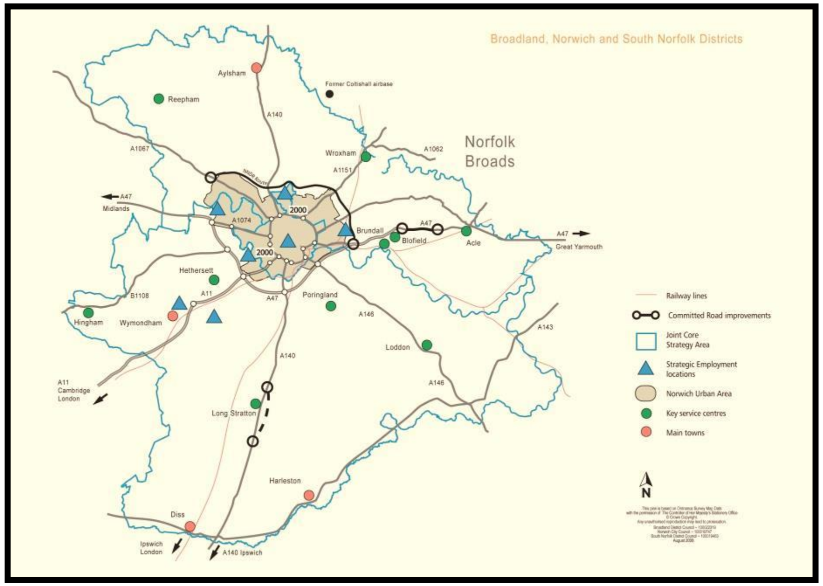


Figure 5 Greater Norwich[ix]



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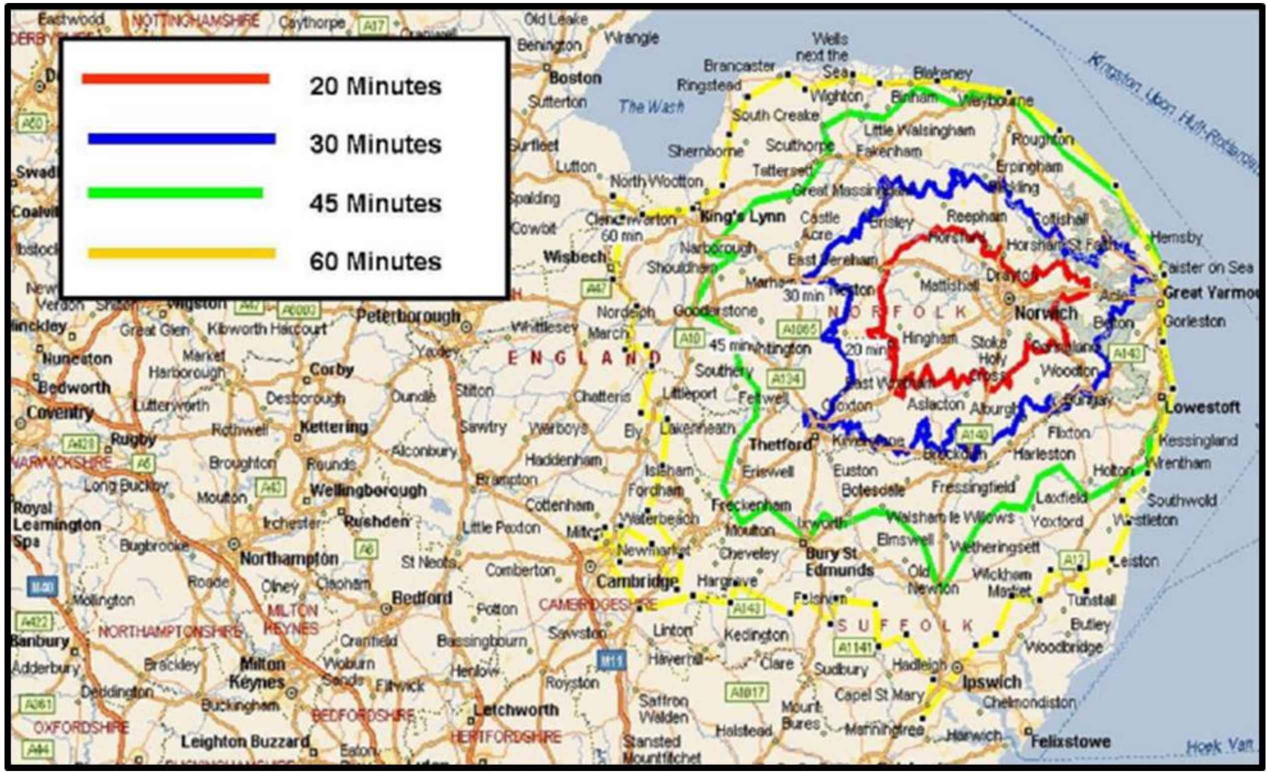
2.2.2. Figure 6 shows the approximate radius drive times from Norwich city centre.

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



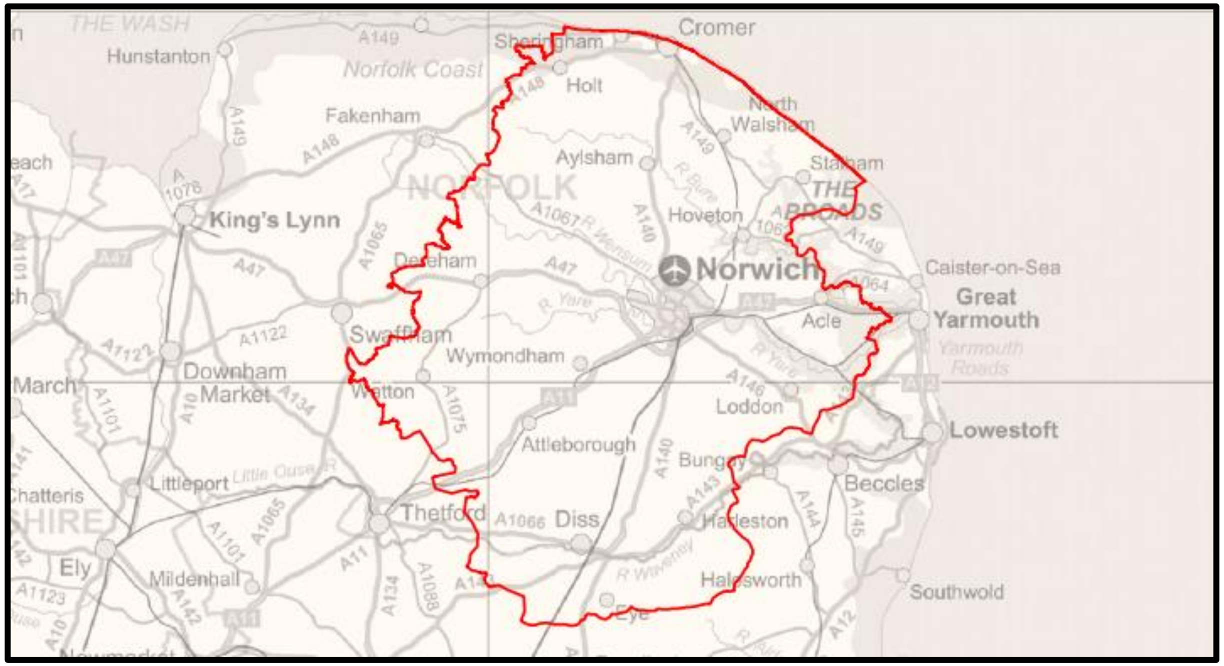
2.2.3. A **Travel to Work Area** (TTWA) is a statistical tool designed by the Office of National Statistics to help with labour market analysis. A city's TTWA is defined as the area within which at least 75 per cent of its resident population also work. The geography of TTWAs is identified by exploring 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

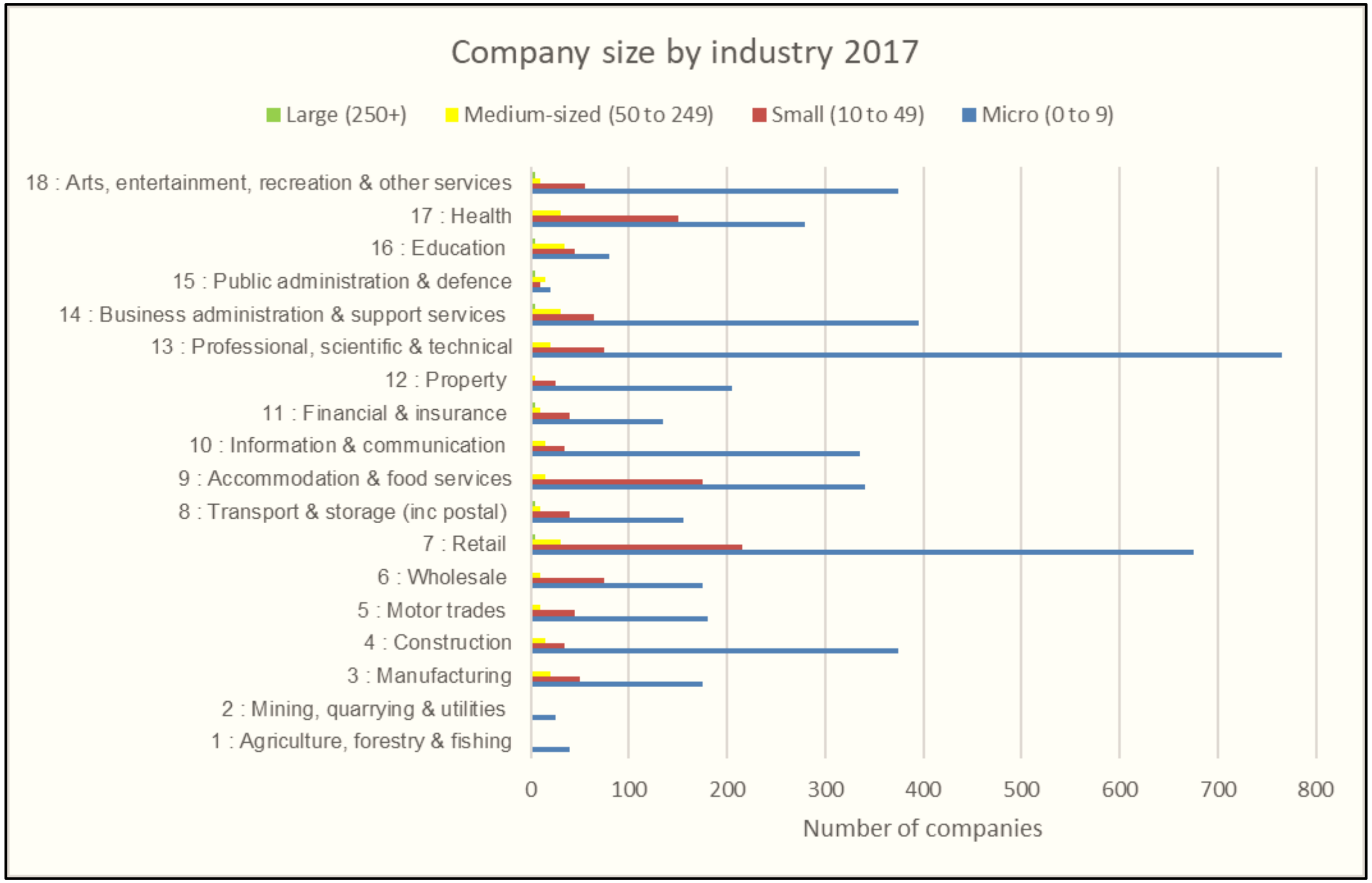
3.2.1. Table 6 demonstrates that the Norwich local authority area and the Norwich urban area have a smaller percentage of micro firms than is seen in the other areas; it has correspondingly bigger proportions of small, medium and large firms.

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.

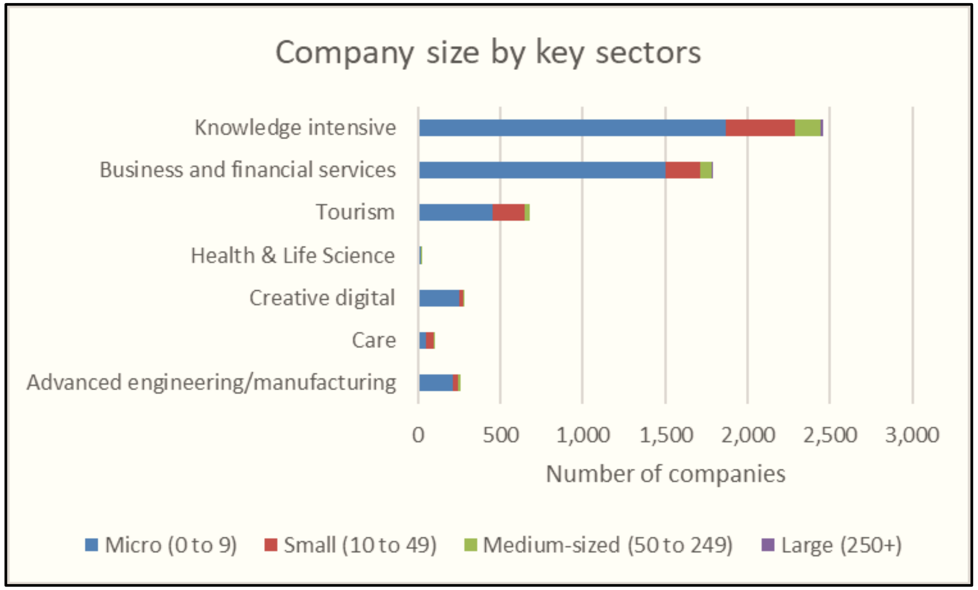
Figure 9[xvi]



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]

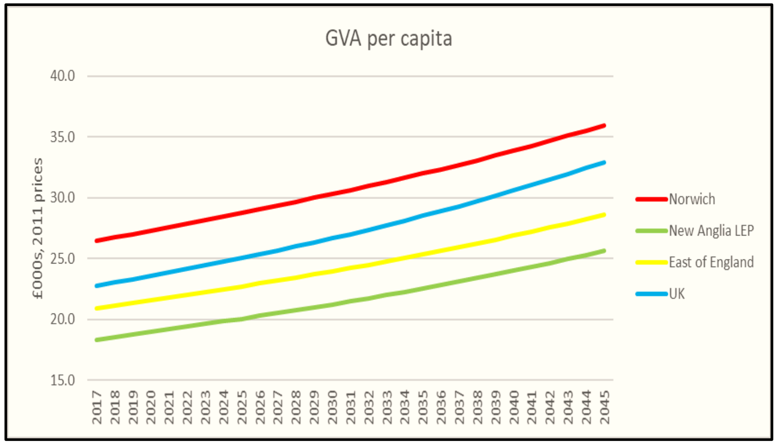
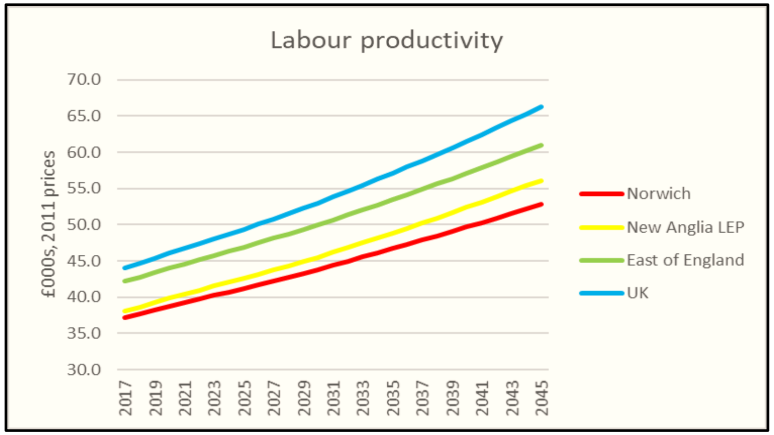


Figure 12[xxiv]



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.

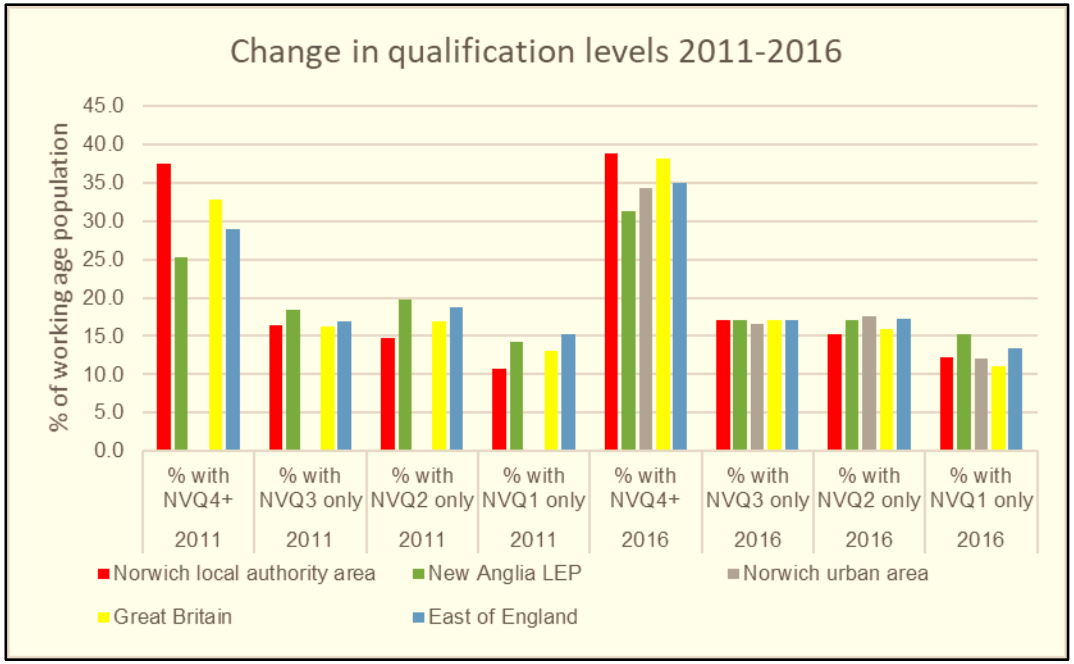
5.1.2 Qualifications or educational attainment are used as a proxy for skill because it is very difficult to measure or monitor skills per se. The qualification profile of the Norwich local authority area working age population is summarised in Figure 12 Just over one-third (39 per cent) of the working 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.

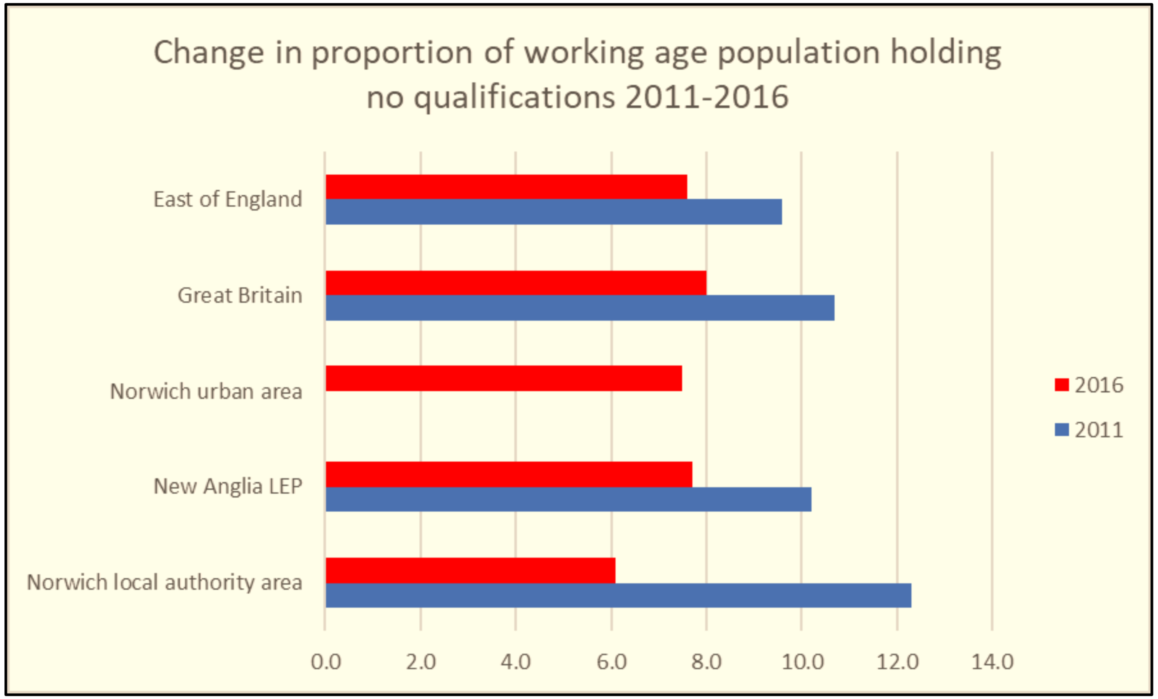
5.1.5 Around 12 per cent of the working age population in both Norwich areas report that the highest qualification they hold is level 1; the corresponding proportion in the LEP area is 15 per cent, regionally 13 per cent and nationally 11 per cent.

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

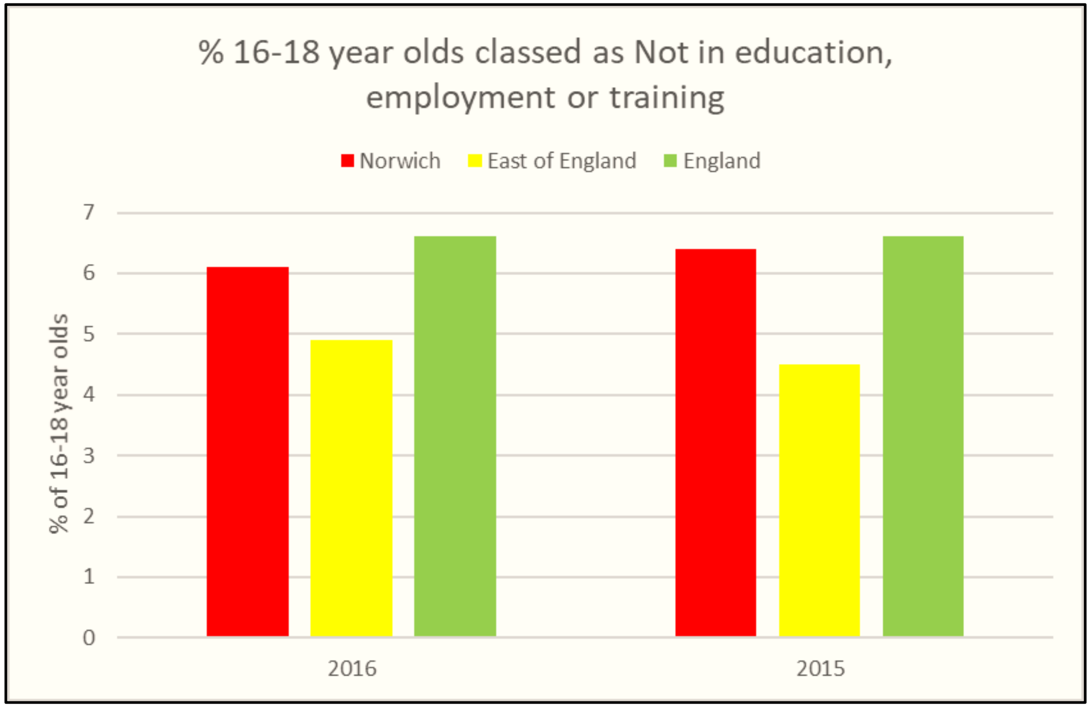
	Norwich local authority area	Norwich urban area	New Anglia LEP	East of England	Gt. Britain
	%	%	%	%	%
2012	14.6	-	11.5	12.1	13.7
2017	10.2	9.1	10.9	11.0	12.7

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

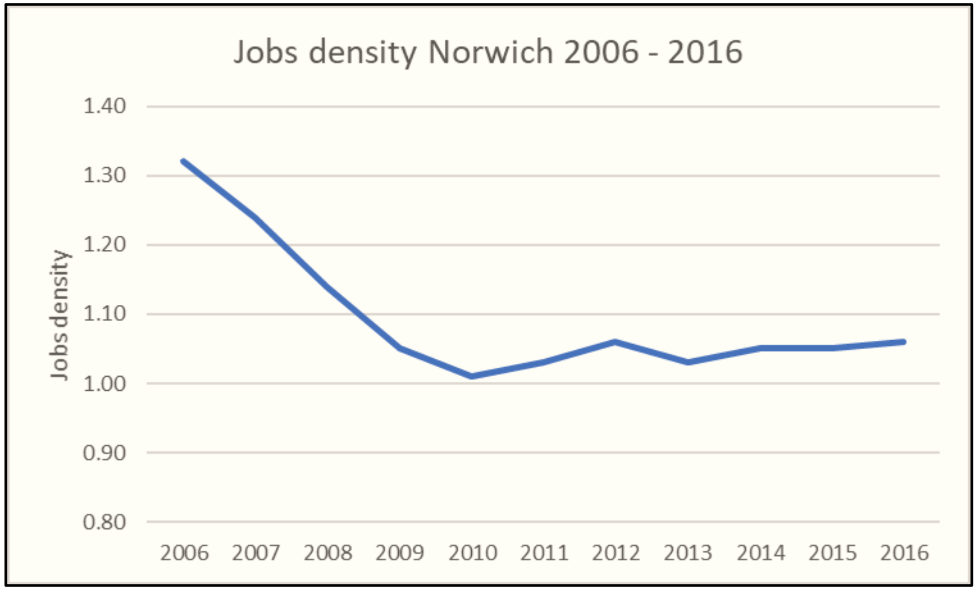
5.5.1 The Norwich local authority area is home to two universities, Norwich University of the Arts (NUA) and the University of East Anglia; City College Norwich also has HE/FE provision including vocational qualifications. The University Technical College Norfolk provides technical courses for 14-18 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

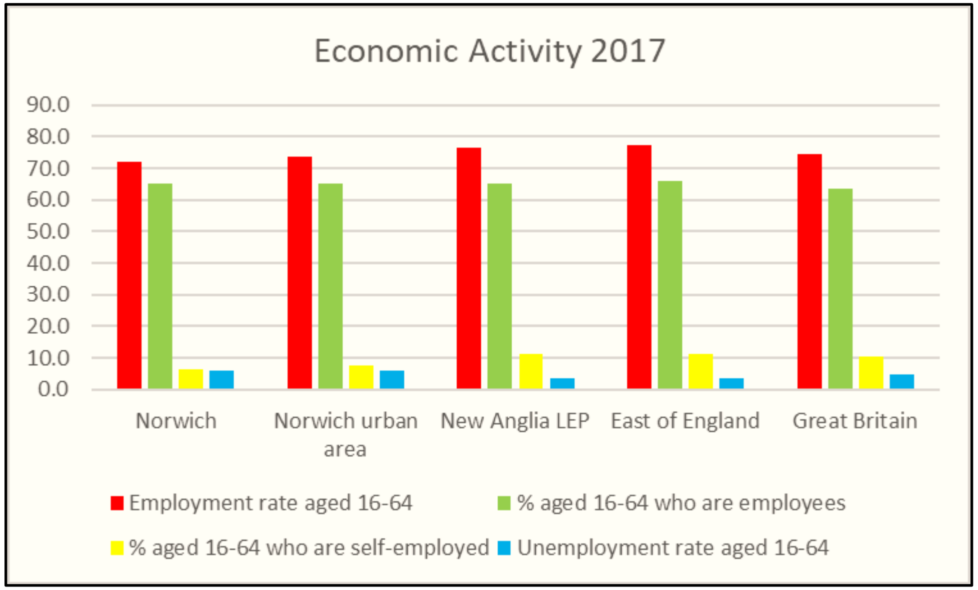
	2017	2012
	%	%
Norwich local authority	76.7	78.3
Norwich urban area	78.2	-
New Anglia LEP	79.6	81.3
East of England	80.2	79.8
Gt. Britain	78.1	76.6

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

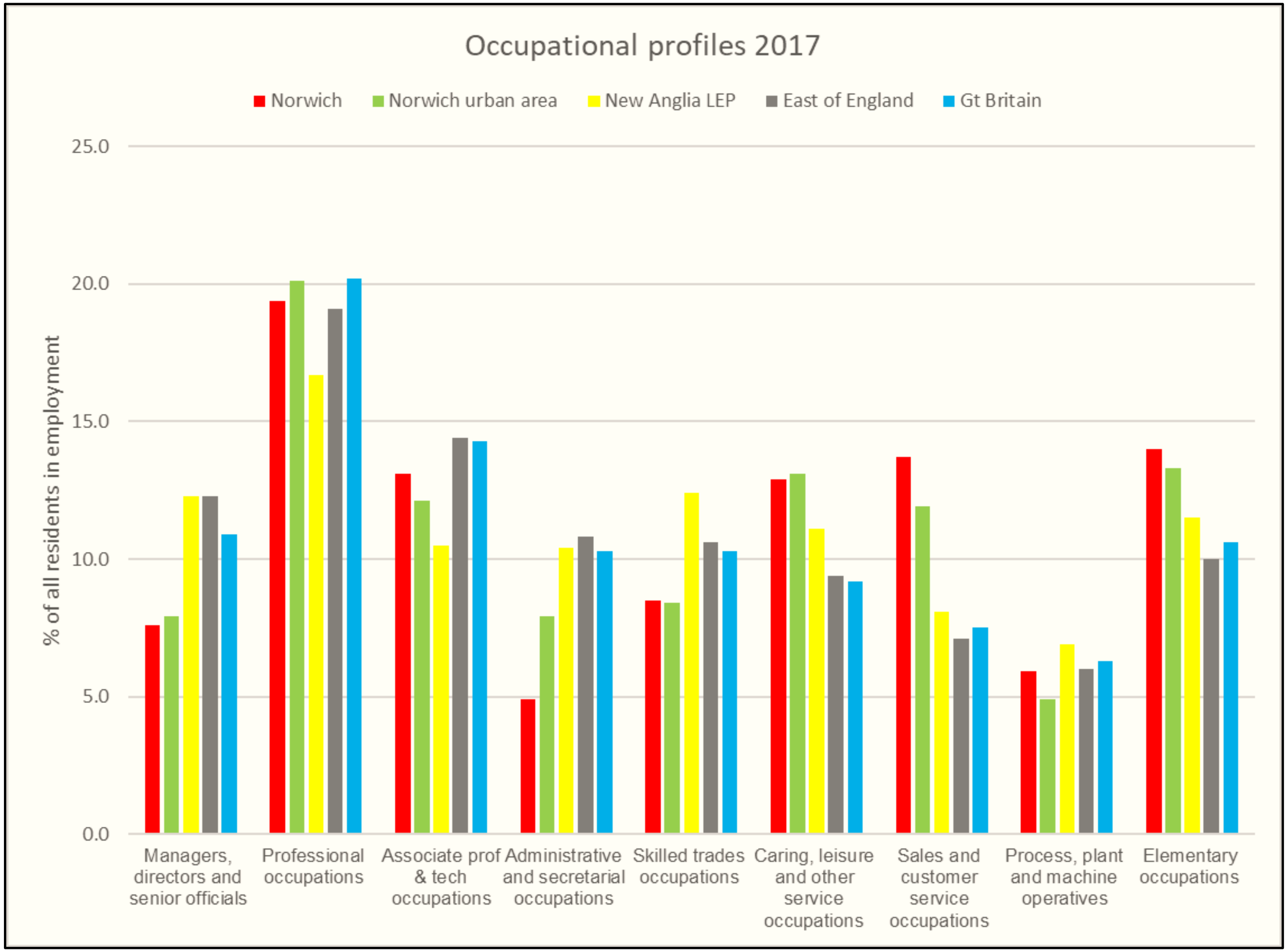
	Employment	Employees	Full-time employees %	Part-time employees %
Norwich local authority area	92,000	90,000	62	38
Norwich urban area	117,000	114,000	63	37
New Anglia LEP	695,000	671,000	64	36
East of England	2,815,000	2,715,000	65	35
Gt. Britain	30,305,000	29,268,000	68	32

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 **male**	Resident **male**	Workplace **female**	Resident **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.

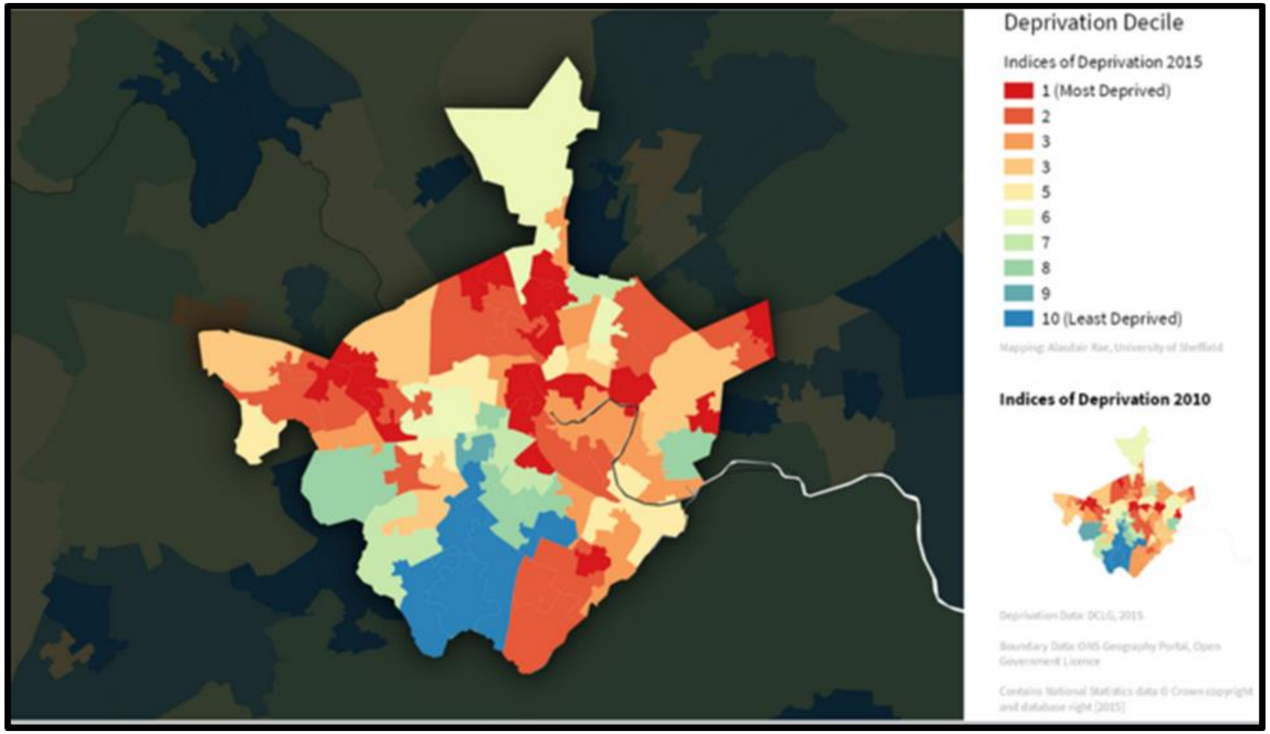
7.1.5. The **Average Rank** and **Average Score** summaries identify the average level of deprivation in the local authority area, taking into account all LSOAs in the area. The main difference is that more deprived Lower-layer Super Output Areas tend to have more 'extreme' scores than ranks. So highly 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**

40

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).

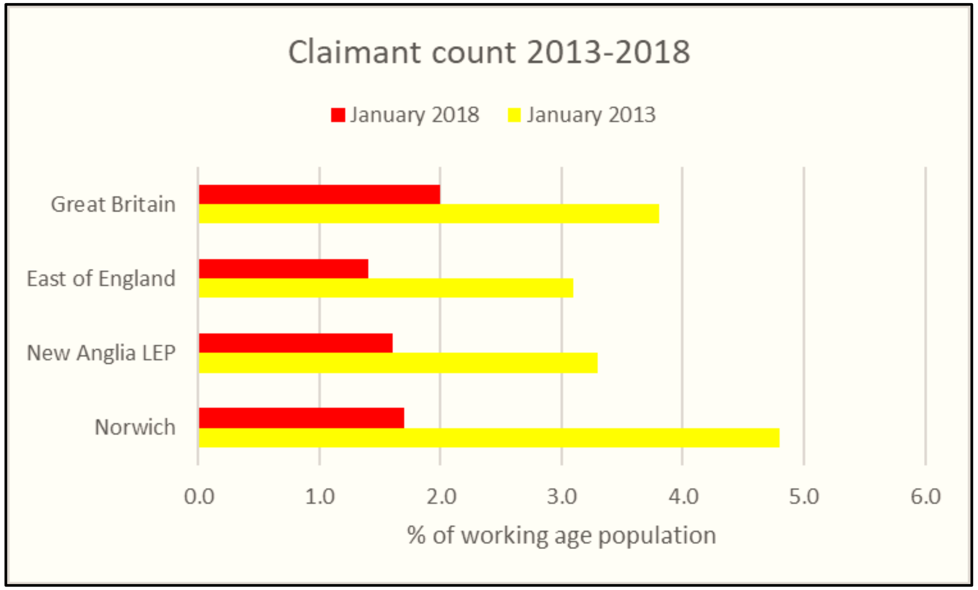
7.2.2. Norwich has eight LSOAs in the most deprived 10 per cent of LSOAs in England on the rank of **Income** score. The wards which the LSOAs are based in and the number of LSOAs affected are as follows: Bowthorpe (1), Crome (1), Mancroft (2), Mile Cross (1), Thorpe Hamlet (1) and Wensum (2). On the 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.

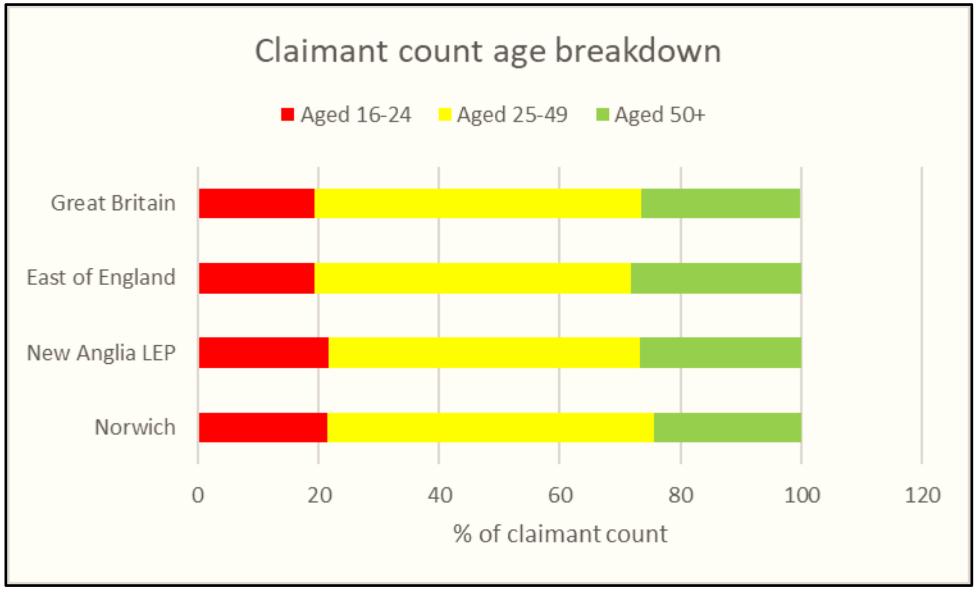
7.3.2 Figure 20 shows that the claimant count in the Norwich local authority area has fallen dramatically over the period January 2013-2018 and at a much stronger rate (by 3.1 percentage points) than in the other reported areas (the LEP area 1.7 percentage points; region 1.9 percentage points; national 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]

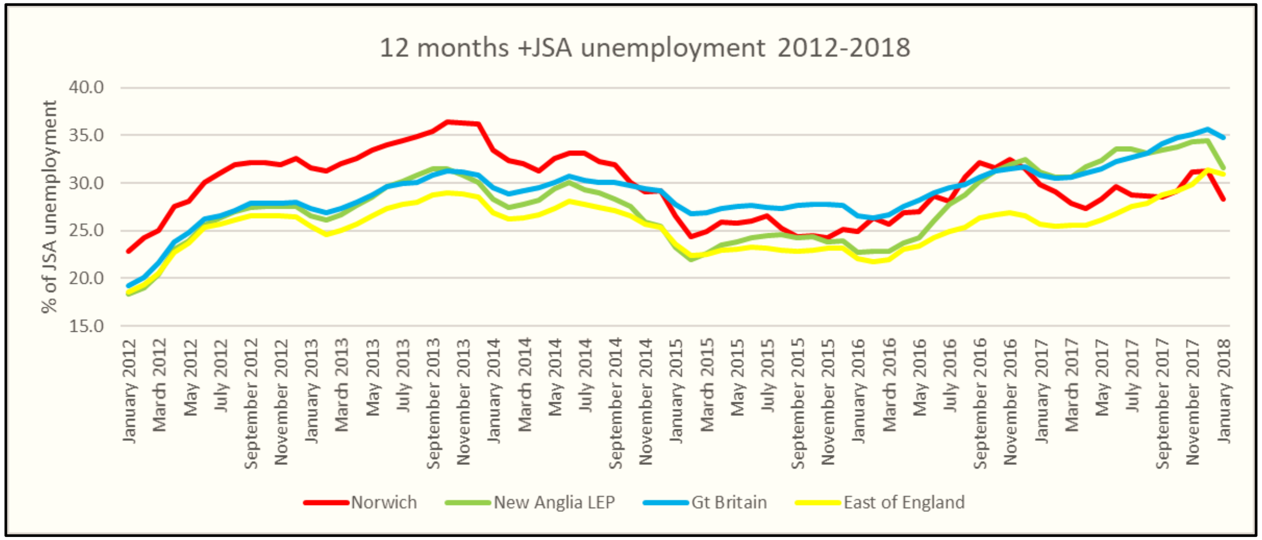
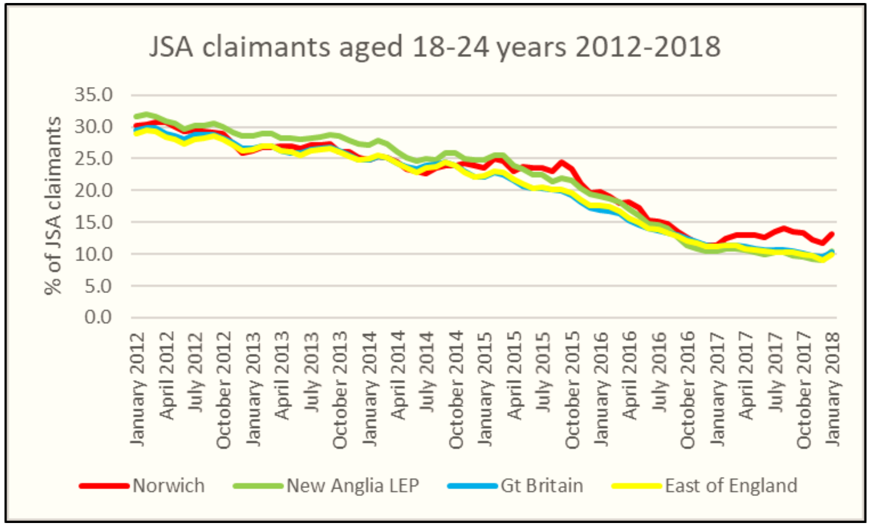


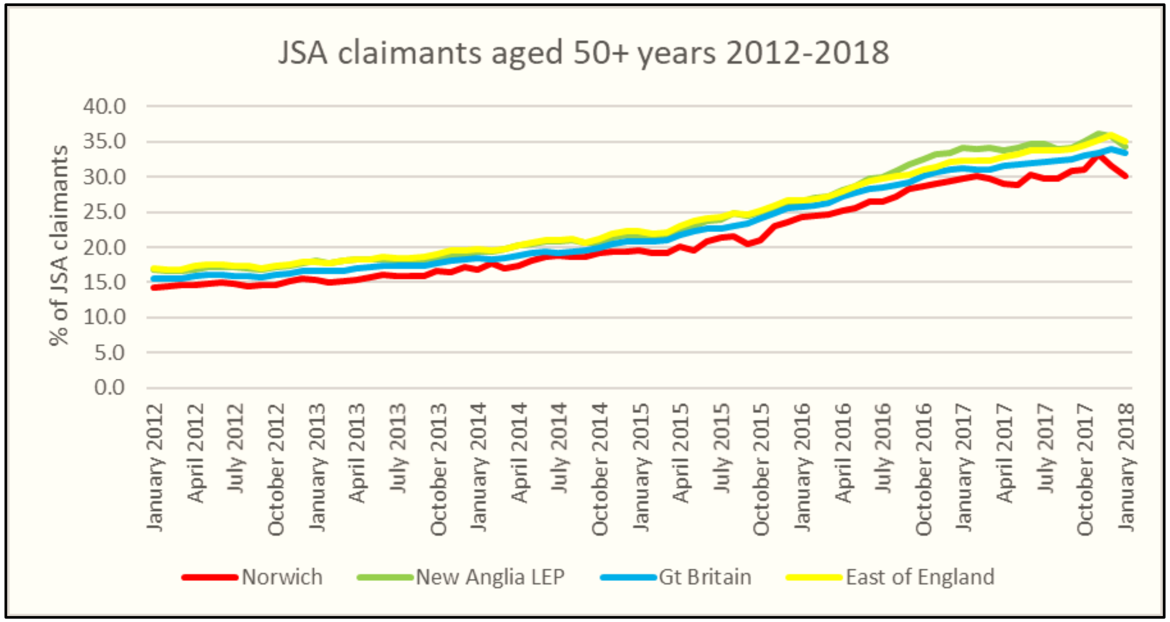
Figure 23[xlii]



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]



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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[xlv]
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)

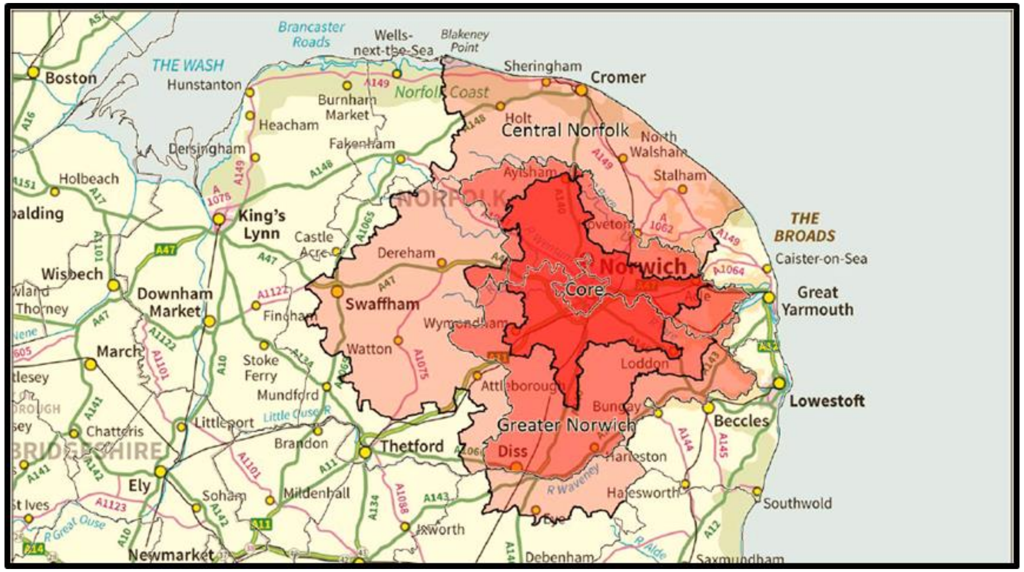
8.2.1. Figure 23 shows the **Central Norfolk HMA** identified by the Central Norfolk Strategic Housing Market Assessment 2015; the Core area of settlements with the strongest connections to the Norwich Urban Area, which is similar, but not identical, to the Norwich Policy Area, and the Greater Norwich 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]

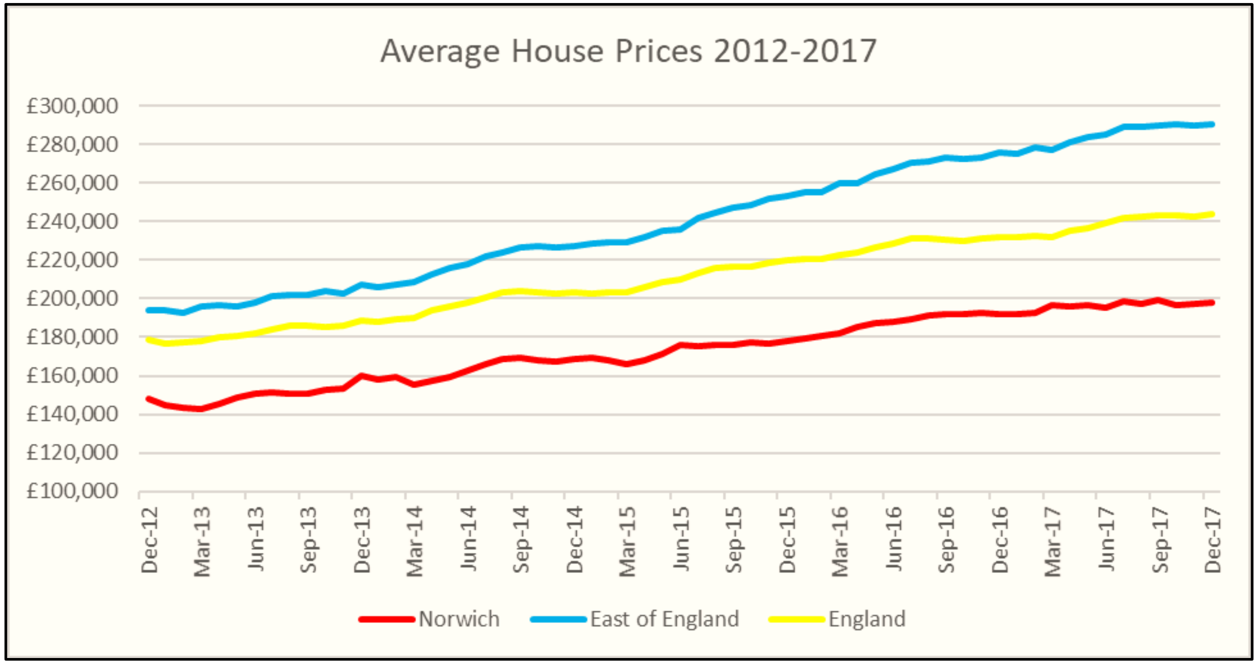


8.3 House prices and affordability

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
xx Table 9 Source: Business Demography, ONS
xxi Table 10 Source: Business Demography, ONS
xxii Table 11 Source: UK Business Counts NOMIS
xxiii Figure 11 Source: East of England Forecasting Model (EEFM)
xxiv Figure 12 Source: East of England Forecasting Model (EEFM)
xxv http://www.ons.gov.uk/ons/rel/regional-trends/regional-economic-analysis/sub-regional-productivity--february-2015
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 %
xxxi Figure 16 Source: Job density, NOMIS
xxxii Table 13 Source: Annual Population Survey, NOMIS
xxxiii Figure 17 Source: Annual Population Survey, NOMIS
xxxiv Table 14 Source: BRES, NOMIS
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

Report to	Cabinet	**Item**
Report of	Chief finance officer (Section 151 Officer)	**7**
Subject	Revenue and capital budget monitoring 2018/19: Final outturn	

Purpose

To update Cabinet on the revenue and capital outturns for the year 2018/19; the General Fund and Housing Revenue Account balances; to seek approval to delegate to officers the approval of carry-forward unspent capital budgets into the 2019-20 capital programme; and to use some of the general fund reserve to fund legal costs.

Recommendations

1) To note the financial outturn for 2018/19 for the General Fund, HRA and capital programme;
2) To note the consequential balance of the General Fund and Housing Revenue Account balances; as detailed in paragraphs 23 & 24
3) To approve the creation of a general fund repairs earmarked reserve; as detailed in paragraph 6
4) To note the transfers to earmarked reserves and the subsequent impact on balances; as detailed in paragraphs 20,21 & 22
5) To note the utilisation of the general fund capital contingency budget; as detailed in paragraph 33
6) To delegate to the chief finance officer, director of regeneration & development and director of neighbourhoods, in consultation with the cabinet member for resources, approval of carry-forward of unspent 2018/19 capital budgets still required, to the 2019/20 capital programme.
7) To approve the release of £0.5m from General Fund reserves to fund planning legal costs.

Corporate and service priorities

The report helps to meet the corporate priority a healthy organisation and the service plan priority to provide accurate, relevant and timely financial information.

Financial implications

The General Fund revenue budget is underspent by £2.792m.
The Housing Revenue Account budget is underspent by £3.966m.
The General Fund Capital Programme is underspent by £53.256m.
The Housing Revenue Account Capital Programme is underspent by £19.703m.

Ward/s: All Wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

Karen Watling, chief finance officer	01603 212440
Adam Drane, finance business partner	01603 212567

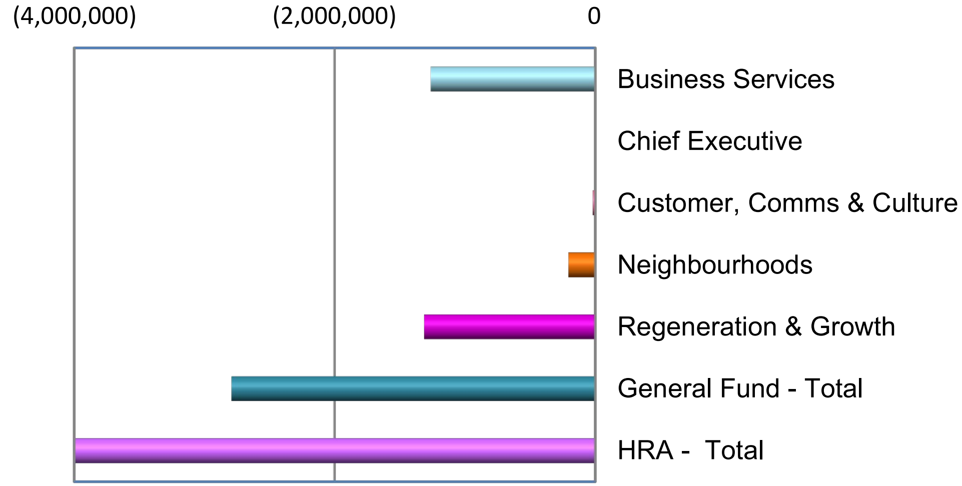
Background documents

None

Financial Position – Final outturn 2018/19 Figures in 000s

General Fund	Current budget	Final outturn	Final variance
Expenditure	154,235	154,779	543
Income	(55,111)	(55,325)	(214)
Grants and subsidies	(99,125)	(102,245)	(3,121)
Total	**0**	**(2,792)**	**(2,792)**

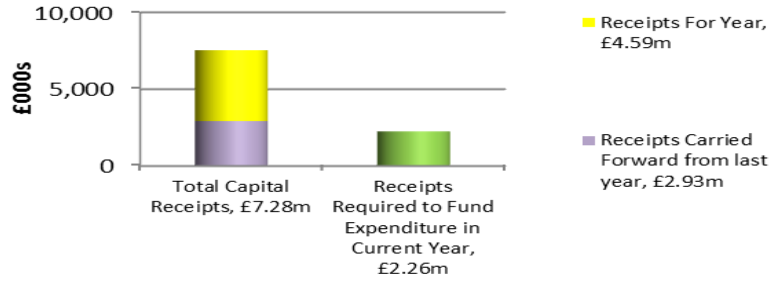
Forecast variances by service area (under) and overspends



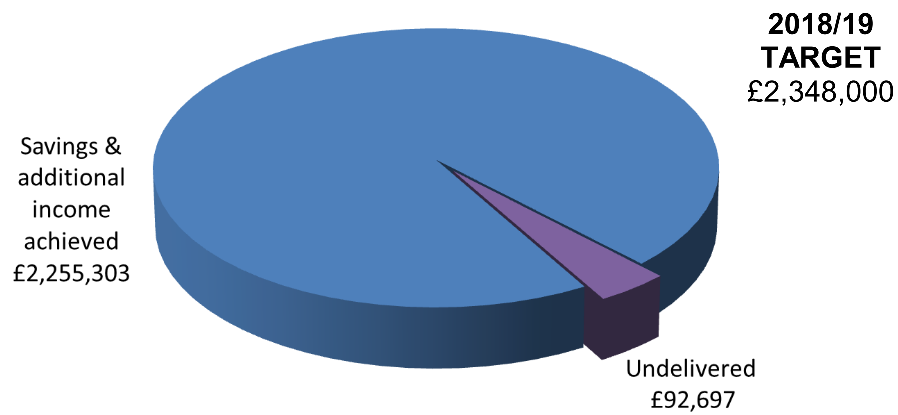
Housing Revenue Account	Current budget	Final outturn	Final variance
Expenditure	69,039	64,697	(4,342)
Income	(69,039)	(68,663)	376
Total	**0**	**(3,966)**	**(3,966)**

Capital programme	Current budget	Final outturn	Final variance
General Fund	80,650	27,394	(53,256)
Housing Revenue Account	45,857	26,154	(19,703)

Non-Housing Capital Receipts



Planned savings



- The General Fund outturn shows an underspend of £2.792m, mainly arising from higher than budgeted net income from new property acquisitions, lower costs due to limited borrowing requirement, staff vacancies and unutilised contingency fund.
- The HRA outturn shows an underspend of £3.966m largely due to savings in the HRA dwellings repair budget and unutilised contingency fund.
- The General Fund capital programme is underspent by £53.256m mainly due to the asset acquisition budget not being fully utilised in 2018/19. £20m of budget is expected to be carried forward to 2019/20.
- The HRA capital programme is underspent by £19.703m mainly due to the tower block regeneration project and new build projects re-profiled into the next financial year, reduction in grants to housing associations and an element of the Goldsmith Street development budget not being required.
- Both the General Fund and HRA reserves currently exceed their respective prudent minimum balances.

General Fund Revenue Budget

1. The final outturn shows a £2.792m general fund underspend at the year-end. This equates to 1.81% of the gross expenditure budget.

   Significant key variances are as follows:

   - £0.9m underspend on budgeted external borrowing costs relating to commercial property acquisitions and lending to the Council's wholly owned subsidiary Norwich Regeneration Ltd. This expenditure has been funded in the short term from internal cash resources, with the expectation that external borrowing will be required in the short to medium term.
   - £0.5m unrequired corporate contingency budget
   - £0.4m underspend on employee costs mainly as a result of staff turnover during the year.
   - £0.3m additional income from car parking.
   - £0.2m additional rental income from new commercial property purchases; this reflects the early delivery of some of the 2019/20 additional income target.
   - £0.2m additional housing benefit new burdens grant income; this was confirmed after budgets were set.
   - £0.2m underspend on building planned and responsive repair costs.

2. The Council continues to conduct regular analysis of budget outturns and where there are consistent underspends assessment is made of whether budgets can be reduced. A number of the underspends have already been incorporated into the 2019/20 budgets, other areas will be reviewed ahead of 2020/21 budget setting.

3. The underspend relating to new commercial property acquisition has been transferred into the Council's Commercial Property earmarked reserve. This was established to reduce the risks associated with holding commercial property by providing funding for any future void and rent free periods as well as repairs and upgrades to the investment property portfolio. Building up this reserve is a key element of the risk management strategy associated with increased commercial activity.

4. The underspend relating to new unrequired external borrowing costs on the Norwich Regeneration Ltd (NRL) loan financing has been transferred into the Council's NRL earmarked reserve. This was established to smooth any fluctuations in income from NRL interest, providing a buffer if the company does not borrow as much or as early from the Council as planned.

5. The remaining net underspend of £1.6m has been transferred to the Invest-to-Save reserve (as approved by Council in March 2019). This will be used to drive forward the key Fit for the Future work streams: property management, digital and information technology and joint venture insourcing.

6. The general fund planned and responsive repairs budgets have been underspent in recent years, however there is a known backlog of repair works that have been identified and reported to the Accommodation Board. In some cases, work on clearing this backlog is not being undertaken as budget is held back in case of unforeseen repairs. The creation of a general repairs earmarked reserve would provide a fund

that could be used strategically to address the significant repairs liabilities on general fund properties on both the revenue and capital sides. Cabinet is, therefore, asked to approve the creation of a general fund repairs earmarked reserve and the transfer of £0.187m into the reserve during 2019/20.

7. The 2018/19 budget included a target of £2.348m of budget savings or increased income. 96% of the target had been delivered by year end. The undelivered element was more than met by unbudgeted savings and additional income. This successful delivery reflects the approach taken of only building adequately planned and robust savings into the budget.

8. The key forecast budget variances by service (those with variances of +/- 100k) are set out below:

Table 1: ***Key General Fund revenue budget variances by service (NB: figures in brackets represent savings or increased income)***

General Fund Service	Final Outturn Variance £000s	Description and commentary
Business Services	(803)	The majority of the variance is due to: • £371k - fewer insurance settlements invoiced than anticipated • £213k - underspend on council tax admin due to staff vacancies and higher than budgeted recovery of costs in relation to council tax recovery assistants • £156k - higher than budgeted housing benefit grant income
Finance	(430)	The majority of the variance is due to: • No external borrowing has been taken in respect of commercial property acquisition and Norwich Regeneration Ltd resulting in £852k lower than budgeted interest costs in the short term, • £115k - due to the timing of the purchases, the minimum revenue provision expense will not be due until 2019/20 • £497k - unrequired element of general fund contingency budget Underspends partially offset by: • £575k lower depreciation credit than budgeted, offset within service areas • £240k net overspend within housing benefit, largely due to reduction in housing benefit overpayment income following improved processing performance

General Fund Service	Final Outturn Variance £000s	Description and commentary
Citywide Services	(179)	The variance is mainly due to: • £191k - vacant posts at the beginning of the year, some of which have now been filled. • £99k - higher than budgeted neighbourhood operations recharge to the HRA Underspends partially offset by: • £105k - markets repairs and security costs higher than budgeted.
Neighbourhood Services	(112)	The variance is mainly due to: • £45k lower than budgeted depreciation charge on community centres • £43k higher than budgeted recharge income • £10k underspend on salaries & training within community enabling • £10k - active hours post was originally planned as 1fte, however actual is 0.8fte
City Development	(1,188)	Variance is mainly due to : • £334k higher than anticipated income from off street and multi-storey car parks • £215k additional income on new property acquisitions • £68k savings on empty rates at the airport industrial estate • £64k unbudgeted rental income due to delay in property sale • £155k higher element of the profit share from Norwich NORSE related to the General Fund rather than the HRA • £196k lower than budgeted depreciation costs

Further detail is set out in **Appendix 1**.

<u>2019/20 Budget Amendment for Legal Costs</u>

9. A planning application was submitted in March 2018 for the comprehensive redevelopment of the Anglia Square area (planning application ref 18/00330/F). On 06 December 2018 the council planning applications committee resolved to approve the application, subject to the Secretary of State not calling in the application, planning conditions and a legal agreement.

10. On 21 March 2019 the council were notified that the Secretary of State had decided to call-in the application and that to consider all the relevant aspects of the proposed development a local inquiry will be held and heard by an independent inspector appointed by the planning inspectorate (PINS).

11. The call-in creates an urgent requirement for further legal advice, in particular to appoint and instruct Counsel and to provide case work and matter management during this legal process.

12. In order to meet these one-off costs, Cabinet is asked to approve the use of £0.5m of General Fund general reserves to fund the legal and staffing costs associated with the call-in. The General Fund general reserves total £11.652m at 31 March 2019.

13. Further detail is provided in the exempt report on the same cabinet agenda.

Housing Revenue Account

14. The final outturn shows a £3.966m HRA underspend at the year end. This equates to 5.7% of the gross expenditure budget.

    The underspend is largely a result of the need for responsive repairs on HRA dwellings and empty property repairs being less than anticipated by £2.7m. Capital investment in planned works over the last six years has meant that old items have been replaced before they start to fail and require funding from the responsive repairs budget. The other significant area of underspending was in HRA general management including staffing costs and the HRA contingency budget.

15. The key budget variances by service are set out below in Table 2.

Table 2: ***Key HRA revenue budget variances by service (NB: figures in brackets represent savings or increased income)***

Housing Revenue Account	**Outturn Variance £000s**	**Description and commentary**
Repairs & Maintenance	(1,637)	The key variances are: • £448k underspend on voids work due to lower demand • £436k underspend on servicing of central heating generated from contract savings. Also, fewer responsive repairs required, which is a benefit of the capital investment in new heating installations over the past few years • £387k underspend on major and minor repairs. Savings have been made on this element of work by changing the method of allocating the work and tightening the specification • £301k underspend on exterior painting; works now programmed across a seven year programme to generate a saving; some work originally due to be undertaken in 18/19 has been deferred • £250k underspend on drainage, as less work carried out in this area • £139k underspend on fire prevention works due to lower demand. This budget funds responsive works that are identified and is in addition to programmed fire prevention works to tower blocks and flats. Additional fire prevention works have also been carried out during responsive repairs. • £136k underspend on asbestos removal, as less work required than anticipated with some asbestos removal work being undertaken as identified during responsive repair work or as part of insulation programme • £130k underspend on small responsive structural repairs due to reduction in requirement • £123k underspend on asbestos register surveys due to being ahead of schedule with 3 year periodic surveys All underspends partially offset by: • £1,096k overspend against budget due to lower leaseholder contributions to capital, offset by underspend against adjustments & financing items

Housing Revenue Account	Outturn Variance £000s	Description and commentary
Rents, Rates, & Other Property Costs	(396)	The key variances are: • £126k underspend due to Anglian Water costs lower than originally budgeted, due to higher number of conversions to private meters than anticipated; partially offset by lower income against service charge budgets • £139k underspend on council tax and empty property rates in relation to void properties • £91k underspend on professional advice and fees; minor asset valuation carried out this year opposed to more expensive major valuation, along with fewer condition surveys • £28k underspend on insurance premiums, due to change of supplier
General Management	(1,136)	The key variances are: • £500k un-required contingency fund • £230k - posts vacant throughout the year • £65k underspend on compensation to tenants • £48k underspend on decoration allowances • £30k underspend on professional advice & fees • £30k underspend on legal fees • £12k – events now planned to take place in 2019/20 • £18k for tenant training as original planned courses not taken up
Special Services	(868)	The key variances are: • £421k on district heating & sheltered housing gas costs; partially offset by lower service charge income • £127k unbudgeted income from the sale of the community alarm service • £86k underspend following sheltered housing smoke detector upgrade review • £66k saving due to reduction in staff • £58k on snow clearing due to mild winter • £56k lower than budgeted spend on sheltered housing fixtures & fittings pending review of property refurbishment requirements
Dwelling Rents	106	Income lower than budgeted due to delivery of new developments extending into next financial year
Provision for Bad Debts	(216)	Reduction in rent arrears during the financial year, therefore provision for bad debt reduced

Housing Revenue Account	Outturn Variance £000s	Description and commentary
Depreciation & Impairment	520	Increase in depreciation costs due to significant increase in the valuation, meaning higher depreciation on the structural element of the properties
Service Charges General	756	The key variances are: • £331k lower than budgeted district heating income due to reduced gas use; partially offset by underspend against district heating within special services • £204k lower than budgeted Anglian Water service charge income due to reduced costs; offset by underspend against rents, rates, & other property costs
Adjustments & Financing Items	(1,002)	Lower capital contribution by leaseholders due to less major work being carried out on leasehold dwellings – offset by corresponding overspend against repairs & maintenance income

Further detail is set out in **Appendix 1**.

Collection Fund

16. The Collection Fund consists of Council Tax and Business Rates. Table 3 shows the performance of the Collection fund in 2018/19.

Table 3

	Business Rates £000s	Council Tax £000s
Council Tax receivable		(80,664)
Business rates receivable (net yield)	(79,890)	
Council Tax Reduction Scheme		13,965
Interest	2	
TOTAL INCOME	**(79,888)**	**(66,699)**
Precepts & Demands	75,360	64,169
Distribution of Estimated Surplus for Previous Years	(2,496)	2,171
Transitional Protection Payable	668	
Costs of Collection	268	
Increase/(decrease) in Bad Debt Provision	(124)	(354)
Increase/(decrease) in Provision for Appeals	492	
Write Offs of uncollectable amounts	1,257	773
TOTAL EXPENDITURE	**75,425**	**66,759**
Collection Fund Balance b/fwd at 1 April	(2,546)	5,324
Surplus / (Deficit) for the year	4,463	(60)
Collection Fund Balance c/fwd at 31 March	**1,917**	**5,264**

Council Tax

17. Council Tax income is shared between the city, the county, and the police and crime commissioner based on an estimated tax base and the council tax rates agreed by each of the preceptors. Any surplus or deficit is shared in the following financial year.

In 2018/19 Council Tax charged totalled £66.7m.

There was an in-year deficit of £0.06m on the Collection Fund due to an increased distribution to the precepting authorities in 18/19 of the brought forward surplus position.

The overall year-end surplus is £5.3m which will be taken into account in considering distribution of balances between the preceptors (city, county, and police) in the future.

The council's share of the closing balance on the council tax collection fund at 31st March 2019 is a surplus of £0.740m (14.05%).

Business Rates

18. Business rates income is shared between the city, the county, and central government. Any surplus or deficit is shared in the following financial year.

In 2018/19 total business rates charged totalled £79.89m.

There was an in-year surplus of £4.46m on the collection fund resulting from higher than anticipated gross rateable values and a lower required contribution to the appeals provision. Any surplus reported on the business rates account will roll forward and be distributed in 2019/20 and 20/21. Norwich City Council's share of the overall collection fund deficit is £0.77m.

The council's share of retained business rates income (including sections 31 grant) exceeded its baseline funding level (set annually by central government) by £1.7m. The Council is required to pay a 50% levy on all growth above the baseline funding level. As Norwich City Council is within the Norfolk Business Rates Pool, this levy is payable into the pool (rather than central government) where it will be used to supplement economic development activity throughout the county. The levy due for 2018/19 is £0.8m; this has been funded from the s31 grants receipts and a contribution from the s31 grants earmarked reserve.

19. The closing balance on the earmarked reserve is £2.0m. This will be used to fund the required deficit payments in future years and offset any volatility in business rates. Council tax collection is currently forecast to exceed budget. Any surplus or deficit on council tax income will be distributed in subsequent years.

Earmarked reserves

20. Net income generated above the Medium Term Financial Strategy savings target will be transferred into the commercial reserve for future use on the commercial property portfolio (to fund void costs, rent free periods and future maintenance needs). The new net income arising from commercial property acquisitions in 2018/19 is £935k higher than the savings target; this amount has been transferred to the earmarked reserve:

Table 4

Commercial property earmarked reserve	**£000s**
Balance at 1 April 2018	123
Transfer of income above target	935
= Balance at 31 March 2019	**1,058**

21. Net income from NRL is £243k higher than the budgeted amount because external borrowing was not required; this amount has been transferred to the NRL earmarked reserve.

Table 5

Norwich Regeneration Ltd earmarked reserve	**£000s**
Balance at 1 April 2018	50
Transfer of additional income from NRL	243
= Balance at 31 March 2019	**293**

22. An Invest to Save earmarked fund was created to allow the Council to support the delivery of savings and efficiencies, through the Fit for the Future Transformation Programme. The fund was created from revenue budget underspends in 2016-17 and 2017-18. The balance on the fund at 1 April 2018 was £2.6m. On 26th February 2019 Council approved the transfer of any 2018/19 outturn underspend to the invest to save fund.

Table 6

Invest to save earmarked reserve	**£000s**
Balance at 1 April 2018	2,648
Transfer of 2018-19 general fund underspend	1,614
= Balance at 31 March 2019	**4,262**

Impact on Balances

23. The prudent minimum level of General Fund reserves has been assessed as £4.232m. The budgeted and forecast outturn's impact on the 2017/18 balance brought forward is as follows:

Table 7

Item	**£000s**
Balance at 1 April 2018	(13,156)
Budgeted contribution from reserves 2018/19	1,504
Final outturn 2018/19	(2,792)
Transfer to commercial property reserve	935
Transfer to NRL earmarked reserve	243
Transfer to invest to save fund	1,614
= Forecast balance at 31 March 2019	**(11,652)**

The General Fund balance is, therefore, expected to continue to exceed the prudent minimum balance.

24. The prudent minimum level of HRA reserves has been assessed as £5.844m. The budgeted and forecast outturn's impact on the 2017/18 balance brought forward is as follows:

Table 8

Item	**£000s**
Balance at 1 April 2018	(30,489)
Budgeted contribution from reserves 2018/19	2,550
Final outturn 2018/19	(3,966)
Transfer to HRA invest to save fund	1,000
= Forecast balance at 31 March 2019	**(30,905)**

The Housing Revenue Account balance is, therefore, expected to continue to exceed the prudent minimum balance.

Capital Programme

25. The general fund capital programme is underspent by £53.256m and the HRA capital programme is underspent by £19.703m at year end.

26. For 2018/19, a sum of £40m was approved in the General Fund capital budget for commercial property acquisition, along with an additional £26m that was carried forward from the previous year. This has enabled the council to continue its programme of upgrading and growing its investment property portfolio by selling smaller, less valuable assets and/or assets that take a lot of management time, and replacing them with better quality and higher yielding investment property.

27. During the year, a total of £18.8m was spent on acquiring three new investment properties and substantially extending another. This investment has continued to increase the commercial rental income which has more than achieved the net commercial rental income target set in the MTFS of £400k in 2018/19 and significantly contributed towards the target of £500k set for 2019/20.

28. The pace at which this budget may be spent is dependent upon suitable investment opportunities becoming available in the market and the availability of relevant specialist advice. During 2018/19, a decision was taken to temporarily pause the purchase of property, until a specialist adviser was appointed in January. As a result, £47m of the budget remains uncommitted and it is expected that a significant proportion will be carried forward into 2019/20.

29. During the 2018/19 financial year, the housing capital programme delivered upgrades to over 4,600 council homes, including heating upgrade works to over 900 properties, over 800 new kitchens, 600 new bathrooms and 300 replacement doors. Additionally, over 500 properties have benefitted from structural or roofing upgrades whilst 470 properties received renewable energy installations or additional insulation.

30. The development of council homes has continued, with 43 new Passivhaus homes completed at the award winning Goldsmith development with a further 50 homes to be completed in 2019/20. In addition, 18 new homes have been completed at Rayne Park by Norwich Regeneration Ltd and purchased by the HRA.

31. A further £9m of budgets for new HRA homes remain unspent, most of which will be carried forward to enable developments to continue in 2019/20.

32. Grants of Right to Buy receipts to Registered Providers have also enabled the development of a further 95 new affordable homes in the city.

Table 9: ***Key capital programme budget variances (NB: figures in brackets represent savings or increased income)***

Capital Programme Group	Final Outturn Variance £000s	Description and commentary
GF Capital Expenditure Programme (Including Capital Contingency)	(1,755)	The following underspends reported within the GF Capital Expenditure programme-: • £94K Grounds Maintenance Equipment. Lower than anticipated purchase costs and delayed acquisition. • £80K Riverbank Stabilisation (River Yare & Wensum). Repairs will be completed in 2019/20. • £80K Earlham Park toilet replacement. Works programmed for 2019/20. • £118K CCTV upgade. Installation will be completed in 2019/20. • £67K Customer Centre re-design. Final cost of remedial works in reception area and to ceiling will be completed in 2019/20. • £934K Three Score Development. Specific costs associated with the Three Score development unlikely to arise in 2018/19 • £110K Finance System. Implementation of new system will be completed in 2019/20. • £157K Park Depot Demolition. Finance System. Project well advanced and on course for completion in Q.1 2019/20. • (£156K) Mile Cross Depot Site. Overspend against 2018/19 budget. On site progress by demolition and remediation contractor in period greater than forecast.

Capital Programme Group	Final Outturn Variance £000s	Description and commentary
GF Capital Section 106/GNGP/CIL	(1,219)	The following underspends reported within the GF Capital S.106/GNGP/CIL funded programme-: • £224K Castle Green & Gardens. Improvements. Project implementation delayed until 2019/20. • £115K Football Pitch Improvements. FA report commissioned and delivered. Project to be implemented in 2019/20. • £103K Riverside Walk Accessibility Improvements. Surveys completed. Outline schemes worked up. Delivery planned in 2019/20. • £305K Riverside Walk (adj NCFC). Delivery delayed pending completion of latest phase of riverside residential development. • £150K CIL Neighbourhood projects. Allocation of budget in 2018/19 was delayed whilst criteria for awarding funding re-assessed.
GF Not Controlled By NCC	(1,228)	The following underspends reported within the GF Not Controlled By NCC programme-: • £203K S.106 funding for further extension of CCAG 20MPH zones. Programme will be completed in 2019/20. • £336K Collection of CIL revenues in 2018/19 lower than forecast. • £685K City Cycle Ambition Grant. Outturn confirms underspend on programme and expenditure on schemes still to be completed.
GF Asset Investment Programme	(47,174)	Decision was taken to temporarily pause the purchase of commercial property in 2018/19 until the Commercial Finance Business partner (now in post) was able to assist with this programme. This work is ongoing and is dependent upon appropriate investments being identified.
GF funding for Norwich Regeneration Limited	(1,881)	Planned funding withheld pending re-appraisal or Norwich Regeneration Limited's borrowing requirements.

Capital Programme Group	Final Outturn Variance £000s	Description and commentary
HRA Neighbourhood Housing	(8,361)	The following underspends reported within the HRA Neighbourhood Housing Upgrade programme-: • £412K Whole House Improvements. Lower than forecast expenditure as a result of fewer void properties requiring complete refurbishment. • £2,117K Tower Block Regeneration. Forecast outturn reflects projects agreed and costed. Scope and timing of delivery of further programme of works being assessed. • £238K thermal comfort - issues with planning and delays in structural repairs means fewer addresses were available for upgrade this year. • £799k Boiler Replacement (Communal) - Outturn reflects revision of programme for replacements in 2018/19 • £1,285k Composite Doors - Installation programme delayed pending outcome of safety checks to ensure doors supplied meet revised building regulations. • £2,442k Structural - Issues arising from termination of contract let to previous contractor led to a delay in tendering for works programmed for 2018/19. • £116k Planned maintenance roofing. - Budget increased in period but delays caused by obtaining leaseholder approval prevented full utilisation. • £369k Independent Living Upgrades. Fewer adaptations were completed in 2018/19. Works completed at lower than historic cost. • £228k Sheltered Housing Regeneration whole home and alarm upgrades. Budgets were no longer required in 2018/19.
New Build Social Housing	(9,087)	The following underspends reported within the New Build Social Housing programme-: • £5,947k Goldsmith Street - Unrequired element of 2018/19 budget. • £1,134k Threescore Phase 2. Delivery of further sections to continue in 2019/20. • £1,208k Ber Street. Work continuing on project in 2019/20. • £693k Northumberland Street. Delivery of new affordable homes by private developer now confirmed for commencement in May 2019/20.

Capital Programme Group	Final Outturn Variance £000s	Description and commentary
RTB Buybacks	(250)	• £250k RTB Buyback budget. No properties meeting current housing requirements identified for buyback in 2018/19.
Grants To Registered Housing Providers	(2,005)	• £2,005k Outturn reflects delayed completion of developments by RP's where grant funding has been approved.

Further detail is set out in **Appendix 2** with funding detail in **Appendix 2a**

33. Utilisation of the General Fund capital contingency fund was approved by the Chief Finance Officer in P12 as follows:

Table 10

Scheme	Current Budget £'000	Virement £'000	Revised Budget £'000	Description
General Fund Capital Contingency	49	(40)	9	Utilisation of GF Capital Contingency budget to ensure sufficient funding is in place to finance the consultancy and implementation costs associated with the delivery of the new E5 finance system.
Finance System	242	40	282	
Total	**291**	**0**	**291**	

Capital carry-forward

34. The carrying forward of capital budgets from one year to the next, allows for the continuation of schemes across the year-end without the need to seek re-approval of capital budgets through the new year's capital programme. This facility caters for schemes starting later than planned and schemes where the expenditure profile is different from that originally envisaged.

To allow flexibility in dealing with any such amendments, and to provide continuity of budget approval, it is recommended that the approval of carry-forward of unspent 2018/19 capital budgets still required, to the 2019/20 capital programme, be delegated to the chief finance officer, director of regeneration & development and director of neighbourhoods, in consultation with the cabinet member for resources.

Such approvals would be within the usual parameters, of being limited to the amounts underspent on each budget in 2018/19, for the purpose(s) for which the existing approval was given, and would be reported to cabinet in the first budget monitoring report of 2019/20.

Integrated impact assessment

NORWICH City Council

Report author to complete	
Committee:	Cabinet
Committee date:	
Head of service:	Chief Finance Officer
Report subject:	Budget Monitoring 2018/19 Final outturn
Date assessed:	23/05/19
Description:	This is the integrated impact assessment for the Budget Monitoring 2018/19 report to cabinet

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The report shows that the council monitors its budgets, considers risks to achieving its budget objectives, reviews its balances position, and is therefore able to maintain its financial standing
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	

Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☐	☒	☐	The report demonstrates that the council is aware of and monitors risks to the achievement of its financial strategy.

Recommendations from impact assessment
Positive
None
Negative
None
Neutral
None
Issues
The council should continue to monitor its budget performance in the context of the financial risk environment within which it operates.

Appendix 1

Revenue Budget Monitoring Summary Year: 2018/19 Final outturn

General Fund Summary

Approved budget	Current budget		Provisional out-turn	Provisional variance
5,491,851	5,493,204	Business Services	4,690,346	(802,858)
462,163	462,163	Democratic Services	435,042	(27,121)
(20,851,765)	(20,935,864)	Finance	(21,365,741)	(429,877)
0	0	Human Resources	2,541	2,541
0	0	Procurement & Service Improvement	(4,301)	(4,301)
(14,897,751)	**(14,980,497)**	**Total Business Services**	**(16,242,113)**	**(1,261,616)**
0	0	Chief Executive	4,560	4,560
204,413	204,413	Strategy & Programme Management	209,324	4,911
204,413	**204,413**	**Total Chief Executive**	**213,884**	**9,471**
2,071,779	2,214,843	Communications & Culture	2,278,224	63,381
(9,537)	(53,173)	Customer Contact	(136,846)	(83,673)
2,062,242	**2,161,670**	**Total Customers, Comms & Culture**	**2,141,378**	**(20,292)**
10,150,063	10,219,155	Citywide Services	10,039,901	(179,254)
1,629,978	1,393,904	Neighbourhood Housing	1,478,982	85,078
800,281	939,588	Neighbourhood Services	827,576	(112,012)
12,580,322	**12,552,647**	**Total Neighbourhoods**	**12,346,460**	**(206,187)**
(2,471,702)	(1,732,254)	City Development	(2,920,791)	(1,188,537)
0	0	Environmental Strategy	2,362	2,362
0	0	Executive Head of Regeneration &	1,232	1,232
1,441,678	1,443,287	Planning	1,394,355	(48,932)
1,080,798	350,734	Property Services	271,487	(79,247)
50,774	**61,767**	**Total Regeneration & Growth**	**(1,251,355)**	**(1,313,122)**
0	**0**	**Total General Fund**	**(2,791,747)**	**(2,791,747)**

Housing Revenue Account Summary

Approved budget	Current budget		Forecast outturn	Forecast variance
13,487,435	13,487,435	Repairs & Maintenance	11,850,263	(1,637,172)
6,339,289	6,339,289	Rents, Rates, & Other Property Costs	5,943,368	(395,921)
11,965,228	12,065,353	General Management	10,929,467	(1,135,886)
4,818,963	4,718,838	Special Services	3,850,465	(868,373)
21,805,082	21,805,082	Depreciation & Impairment	22,325,009	519,927
190,000	190,000	Provision for Bad Debts	(26,239)	(216,239)
(56,968,090)	(56,968,090)	Dwelling Rents	(56,862,372)	105,718
(2,227,988)	(2,227,988)	Garage & Other Property Rents	(2,269,291)	(41,303)
(8,414,324)	(8,414,324)	Service Charges - General	(7,657,901)	756,423
(115,000)	(115,000)	Miscellaneous Income	(17,237)	97,763
9,646,135	9,646,135	Adjustments & Financing Items	8,644,436	(1,001,699)
(426,730)	(426,730)	Amenities shared by whole community	(455,495)	(28,765)
(100,000)	(100,000)	Interest Received	(220,554)	(120,554)
0	**0**	**Total Housing Revenue Account**	**(3,966,079)**	**(3,966,079)**

General Fund summary by type

Approved budget	Current budget		Final out-turn	Final variance
20,556,794	20,559,794	Employees	20,189,102	(370,692)
9,385,168	9,391,747	Premises	9,333,813	(57,934)
282,856	282,856	Transport	243,678	(39,178)
16,090,722	16,191,266	Supplies & Services	17,365,857	1,174,591
4,007,623	3,887,079	Third Party Payments	3,889,967	2,888
83,126,130	83,126,130	Housing Benefits & Business Rates Tariff	83,406,955	280,825
(63,298)	871,477	Capital Financing	2,091,570	1,220,093
800,000	800,000	Rev Contribs to Capital	840,000	40,000
(27,246,405)	(28,181,180)	Fees, charges and rental income	(29,992,434)	(1,811,254)
(99,134,946)	(99,124,525)	Government Grants	(102,526,076)	(3,401,551)
1,013,331	1,013,331	Centrally Managed	827,006	(186,325)
18,111,803	18,111,803	Recharge Expenditure	16,871,473	(1,240,330)
(26,929,778)	(26,929,778)	Recharge Income	(25,332,658)	1,597,120
0	**0**	**Total General Fund**	**(2,791,747)**	**(2,791,747)**

Housing Revenue Account summary by type

Approved budget	Current budget		Forecast outturn	Forecast variance
5,679,599	5,649,599	Employees	5,388,039	(261,560)
22,950,924	22,945,924	Premises	19,369,911	(3,576,013)
112,285	112,285	Transport	79,714	(32,571)
2,777,110	2,812,110	Supplies & Services	1,767,623	(1,044,487)
3,410	3,410	Third Party Payments	0	(3,410)
7,112,273	7,112,273	Recharge Expenditure	7,008,396	(103,877)
5,131,340	5,131,340	Capital Financing	5,337,676	206,336
(68,530,117)	(68,530,117)	Receipts	(68,132,617)	397,500
0	0	Government Grants	0	0
(509,224)	(509,224)	Recharge Income	(530,571)	(21,347)
11,144,366	11,144,366	Rev Contribs to Capital	11,144,366	0
14,128,034	14,128,034	Capital Financing	14,601,385	473,351
0	**0**	**Total Housing Revenue Account**	**(3,966,079)**	**(3,966,079)**

Capital Budget Monitoring Summary Year: 2018/19
Final outturn

Appendix 2

GF Capital Expenditure Programme	Current Budget	Final Outturn	Final Variance
2705 Grounds Maintenance	559,580	465,567	(94,013)
5082 City Hall roof membrane replacement	0	-6,721	(6,721)
5093 Norwich Parks tennis expansion	0	12,228	12,228
5097 Riverbank stabilisation (River Yare &	82,500	2,302	(80,198)
5099 St Giles MSCP - replace central	14,500	13,445	(1,055)
5190 Hewett Yard refurb - Communal toilet	6,600	0	(6,600)
5191 Hewett Yard refurb - Surfacing	19,250	19,502	252
5192 Hewett Yard refurb - Roofing	15,000	4,786	(10,214)
5193 Royal Oak Court - Demolition	38,500	29,265	(9,235)
5194 City Hall - Fire system detector	45,000	22,903	(22,097)
5195 City Hall - Fire System control panels	17,000	16,156	(844)
5196 Community Centre fire detection	21,000	8,667	(12,333)
5198 Earlham Park toilet replacement	86,750	3,650	(83,100)
5199 Eaton Park path replacement	45,000	44,476	(524)
5345 HR System	63,273	46,642	(16,631)
5351 Credit and Debit card upgrade	32,822	32,822	0
5352 Non trafficked pedestrian bridges	21,000	14,405	(6,595)
5353 Strangers Hall stores roof	27,500	1,255	(26,245)
5354 Riverside Footpath District Lighting	21,000	18,594	(2,406)
5355 City Hall heating system	17,250	3,963	(13,287)
5356 Castle Museum windows	29,400	9,250	(20,150)
5357 Pulls Ferry quay heading	16,500	1,873	(14,627)
5362 St Giles MSCP Lift Controller	35,500	27,544	(7,956)
5367 Norwich Historic Churches	15,000	15,000	0
5368 Pilling Park Community Centre	10,600	0	(10,600)
5020 CCTV replacement	250,935	131,998	(118,937)
5332 City Hall external lighting	5,556	21,999	16,443
5350 Parking Management System	65,825	43,993	(21,832)
5040 Customer centre redesign	440,363	372,842	(67,521)
5966 St Giles MSCP	20,000	20,923	923
5512 NaHCASP Threescore	942,877	8,616	(934,261)
5317 IT Investment Fund	348,439	289,538	(58,901)
5343 Finance System	281,869	171,413	(110,456)
5327 Park Depots demolition	316,319	159,052	(157,267)
5490 Investment for regeneration	130,000	113,368	(16,632)
8475 Mile Cross Depot Site	550,000	705,946	155,946
Total GF Capital Expenditure Programme	**4,592,708**	**2,847,262**	**(1,745,446)**

GF Capital Section 106/GNGP/CIL	Current Budget	Final Outturn	Final Variance
5742 Play Sector 3 & 4 improvements	5,815	0	(5,815)
5835 S.106 Bowthorpe To Clover Hill	25,302	997	(24,305)
5837 St Stephens Towers Public Realm	10,000	0	(10,000)
5705 s106 The Runnel Play Provision	40,261	49,617	9,356
5728 S106 Mile Cross Gardens Play	70,717	68,716	(2,001)
5735 s106 Castle Green Play	75,891	1,917	(73,974)
5740 Bowthorpe Southern park	10,000	0	(10,000)
5801 s106 Hurricane Way Bus Link	32,427	44,381	11,954
5813 S106 Green Infrastructure Imps	14,565	0	(14,565)
5823 BRT & Cycle Route Measures	76,283	0	(76,283)
5829 S106 UEA CPZ Extension	37,201	0	(37,201)
5838 S.106 Bus Shelter Installation Clover	4,000	0	(4,000)
5563 CIL GNGB Castle Gardens	150,000	0	(150,000)
5564 CIL GNGB Football Pitch	115,000	0	(115,000)
5565 CIL GNGB Marriotts Way Barn Road	1,760	1,132	(628)
5566 CIL GNGB Riverside Walk	105,408	1,976	(103,432)
5567 GNGB IIF M Way, A Meadow to	6,000	1,187	(4,813)
5569 UEA to Eaton boardwalk extension	30,000	0	(30,000)
5921 Earlham Millenium Green	25,000	3,750	(21,250)
5964 GNGP Bowthorpe Crossing	92,993	89,771	(3,222)
5322 Riverside Walk (adj NCFC)	305,189	0	(305,189)
5596 CIL Crowdfunding matched funding	30,000	0	(30,000)
5598 Mile Cross cycle and pedestrian links	23,857	0	(23,857)
5599 CIL Parish Partnership matched	20,000	0	(20,000)
5558 Co-CIL Nhood Ketts Heig	7,009	564	(6,445)
5559 CIL Nhood 20 Acre Wood	9,062	3,437	(5,625)
5562 CIL Nhood Community Enabling	6,993	0	(6,993)
5592 CIL neighbourhood - Natural	6,491	963	(5,528)
5595 CIL neighbourhood - Netherwood	0	0	0
5557 CIL Neighbourhood Projects	150,000	0	(150,000)
Total GF S106/GNGP/CIL Programme	**1,487,224**	**268,408**	**(1,218,816)**

GF Capital Not Controlled By NCC	Current Budget	Final Outturn	Final Variance
6018 Disabled Facilities Grant	770,000	998,570	228,570
6044 Works in Default	0	44,905	44,905
6047 DFG Residents Contribution	14,075	17,150	3,075
6050 Strong & Well Project	0	8,508	8,508
6052 HIA - Housing Assistance	200,000	332,521	132,521
6058 DFG 2017/18 Social Care Funds	0	143	143
6060 DFG 18/19 Social Care Funding	129,528	129,528	0
5181 CCAG2 Wayfinding	37,600	4,427	(33,173)
5188 CCAG2 20MPH Yellow	203,000	0	(203,000)
5197 Riverside Leisure Centre - Plant	168,000	2,131	(165,869)
5363 Sport England Community Fund	0	16,666	16,666
5570 Cycle safety funding	240,000	86,520	(153,480)
5571 Cycle Safety Grant	125,000	64,996	(60,004)
5580 CIL Contribution Strategic	1,050,000	713,093	(336,907)
5480 Traveller Site	26,000	0	(26,000)
5126 PtP - Yellow - Lakenham/Airport	291,947	0	(291,947)
5145 CCAG2 Fifers Lane/Ives Rd/Heyford	30,000	0	(30,000)
5148 CCAG2 Mile Cross Lane	0	11,578	11,578
5151 CCAG2 Angel Rd	131,872	93,160	(38,712)
5152 CCAG2 Shipstone Rd/Waterloo Rd	0	905	905
5153 CCAG2 Edward Street north	165,295	136,923	(28,372)
5154 CCAG2 St Crispins (St Georges -	714,000	702,887	(11,113)
5156 CCAG2 All Saints	371,000	372,596	1,596
5161 CCAG2 20 MPH areas (Yellow)	300,000	165,366	(134,634)
5162 CCAG2 Cycle Parking (Yellow)	20,500	20,267	(233)
5163 CCAG2 Wayfinding	28,200	15,080	(13,120)
5164 CCAG2 Monitoring inf (Yellow)	3,500	16,560	13,060
5166 Co-CCAG2 A11 north slip	66,000	57,180	(8,820)
5168 CCAG2 Bluebell Road (Connector)	64,000	60,712	(3,288)
5169 CCAG2 Eaton Centre	518,000	501,877	(16,123)
5171 CCAG2 Newmarket Rd (Unthank Rd	29,000	31,992	2,992
5172 CCAG2 Newmarket Rd / ORR &	0	2,352	2,352
5175 CCAG2 Magdalen Rd	1,250	1,518	268
5177 CCAG2 Chartwell Road/St Clements	151,475	22,646	(128,829)
5178 Co-CCAG2 North Walsham	0	842	842
5179 Co-CCAG2 20 mph areas	1,500	1,211	(289)
5180 CCAG2 Cycle Parking (Blue)	0	43	43
5182 CCAG2 Monitoring inf (Blue)	18,115	77	(18,038)
5183 CCAG2 St George's St/Colegate	0	1	1
5185 CCAG2 City Centre Strategy for	190,000	183,205	(6,795)
5186 CCAG2 Administration	50,000	63,000	13,000
5187 Co-CCAG2 Magdalen Gates	0	126	126
Total GF Not Controlled By NCC	**6,108,857**	**4,881,262**	**(1,227,595)**

GF Capital Asset Investment Programme	Current Budget	Final Outturn	Final Variance
5344 Asset Acquisition 1	28,502	28,502	0
5361 Asset Acquisition 3	0	450	450
5348 Asset Acquisition 4	9,954,193	9,926,613	(27,580)
5364 Asset Acquisition 5	3,997,545	3,988,297	(9,248)
5366 Asset Acquisition 6	2,957,250	2,529,493	(427,757)
5365 Asset Acquisition 7	2,405,905	2,399,777	(6,128)
5377 4b Guildhall	73,000	0	(73,000)
5378 26-28 St Giles Steet	40,950	0	(40,950)
8343 144A King Street	19,000	0	(19,000)
5315 Asset investment for income	46,570,691	0	(46,570,691)
Total GF Asset Investment Programme	**66,047,036**	**18,873,132**	**(47,173,904)**

GF Capital Expenditure Programme	Current Budget	Final Outturn	Final Variance
8823 Loan Financing for NRL	1,881,161	0	(1,881,161)
5369 Equity Investment	524,000	524,000	0
Total GF Financing For NRL	**2,405,161**	**524,000**	**(1,881,161)**

GF Capital Expenditure Programme	Current Budget	Final Outturn	Final Variance
5358 Capital contingency	9,500	0	(9,500)
Total GF Capital Contingency	**9,500**	**0**	**(9,500)**

Total General Fund Capital Programme	**80,650,486**	**27,394,064**	**(53,256,422)**

HRA Capital Programme Group	Current Budget	Final Outturn	Final Outturn Variance
Community Upgrades	812,308	787,998	(24,310)
Heating Upgrades	4,917,192	4,110,956	(806,236)
Home Upgrades	6,144,853	5,564,271	(580,582)
Independent Living Upgrades	1,074,089	727,299	(346,790)
Preventative Upgrades	8,605,033	3,905,076	(4,699,957)
Sheltered Housing Regeneration	258,030	23,986	(234,044)
Thermal Upgrades	1,713,316	1,431,619	(281,697)
Window & Door Upgrades	1,798,156	472,244	(1,325,912)
Site Development	100,000	0	(100,000)
New Build Social Housing	17,230,877	8,244,173	(8,986,704)
RTB Buyback Programme	250,000	0	(250,000)
Grants to Registered Housing Providers	2,809,157	803,845	(2,005,312)
CCTV Replacement	144,250	82,420	(61,830)
Total HRA Capital Programme	**45,857,261**	**26,153,887**	**(19,703,374)**

Funding of the 2018/19 Capital Programme

Appendix 2a

Funding of 2018/19 General Fund Capital Programme	**£000**
General Fund Capital Expenditure 2017/18	27,394
Borrowing	(18,873)
CCA Grant	(2,618)
Capital Receipts	(2,256)
Grants & Contributions - Other	(1,824)
Revenue Contribution (RCCO)	(840)
CIL Strategic Pool	(713)
Section 106	(166)
GNGB	(98)
CIL Neighbourhood	(7)
Balance	**0**

Funding of 2018/19 HRA Capital Programme	**£000**
HRA Capital Expenditure 2018/19	26,154
Major Repairs Reserve	(11,633)
Revenue Contribution (RCCO)	(11,157)
Retained One for One RTB Capital Receipts	(3,277)
Leaseholder Contribution	(87)
Balance	**0**

Report to	Cabinet 12 June 2019	**Item**
Report of	Head of neighbourhood housing services	8
Subject	The award a contract for the procurement of warden call replacement systems in sheltered housing	

KEY DECISION

Purpose

To seek approval to award the contract for the replacement and installation of new wardens call systems in sheltered housing schemes.

Recommendation

To award the contract for the replacement of wardens call systems to M English Security Ltd for a term ending 31 October 2021.

Corporate and service priorities

The report helps to meet the corporate priority people living well

Financial implications

The financial consequences of this report is the award of a contract for warden call system replacements for the period ending October 2021. The overall cost for the whole programme is estimated to be £700,000.00 and budgetary provision will be allocated within the Housing Revenue Account on an annual basis in subsequent years. Expenditure will be limited to the approved budget within the Housing Revenue Account for each financial year and the budget for 2019-20 is £240,000.

Ward/s: Multiple Wards

Cabinet member: Councillor Harris - Deputy leader and cabinet member for social housing

Contact officers

Lee Robson, Head of Neighbourhood Housing Services	01603 212939
Neil Watts, Major Works and Services Manager, NPS Norwich Ltd	01603 227172

Background documents

None

Report

1. The council operates sheltered housing schemes across the city, all of which provide a warden call system to each resident. The system ensures that, in the event of a fall, or other need, the resident can speak to a person at the council's alarm centre who will arrange appropriate help.

2. The existing system hardware, excluding that at St James House, has been in place for more than 20 years with the system cabling estimated as being more than 40 years old. Therefore the equipment requires replacement. The current systems are difficult to maintain due to parts becoming obsolete and unsupported by the manufacturer. The systems require upgrading with new equipment and modern software.

3. By using the same system in all of the schemes it delivers streamline repairs and maintenance, in particular, availability of spare parts, and consolidation of knowledge and experience of the engineer's on-call.

4. A full tender exercise was undertaken in 2016 to select a supplier to trial a system as a pilot. This tender process was to obtain best value for the pilot scheme and subsequent schemes if the pilot was successful. The cost of this pilot was £20,000.00.

5. This pilot system was installed during 2016-17 at Meadowsweet sheltered scheme.

6. The prices quoted in the original tender will be used as the benchmark to price the remaining installations over the full 5 year period. As the other schemes are all of differing configuration the council will be requesting individual scheme quotes from the selected supplier.

7. The initial proposed programme was to spread the works across five financial years, commencing 2017-18. At the time each sheltered scheme was placed in a programme, prioritised according to age of system and current reliability. The budget being approved as part of the capital programme,

8. In 2018-19 the first two schemes selected, at Longbow and Forester Close, were completed, following director approval, the value of the works not requiring cabinet approval.

9. Cabinet approval is now required to award the remaining estimated contract value which will cover as many of the remaining schemes within the current contract up to 31 October 2021. This will ensure the continued rollout of the systems, subject to available budget approvals in each financial year.

Procurement process

10. A full tender process was initially undertaken in September 2016.

11. The supplier selection process was the same for each contract. The responses given were evaluated against pre-determined criteria. This quality assessment carried a maximum of 70% of the marks. The lowest price was allocated 30% of the marks and marks were then deducted, pro-rata, with each increasing tender price.

12. Eight tenders were returned from the following companies (in alphabetical order):

Cirrus Communication Systems Ltd t/a Apello
Digi Vision Group
M English Security Ltd
Monarch Alarms (Eastern) Ltd
SCCI Alphatrack
Secure Electronics Applications Ltd
Securicom Services Ltd
Tunstall Healthcare (UK) Ltd

13. The supplier with the highest cumulative score is deemed the best value submission. The resulting scores are shown below:

75.23
70.33
68.31
65.00
55.34
44.95
42.67
38.00

14. Prices submitted were (in increasing order):

Submitted amounts
£11,605.00
£18,060.11
£19,897.08
£20,242.28
£20,907.55
£26,668.52
£27,338.00
£29,419.41

15. The prices quoted relate to the supply and installation of the Wardens call system at the Meadowsweet pilot scheme and was made up of a bill of quantities that could be used as a baseline for individual schemes that require replacing in the future.

16. Each individual year of spend is subject to the budget available for that year and will be based upon the sites as prioritised for upgrade works in that particular year.

17. The highest scoring company was M English Security Ltd and it is recommended that they are awarded contracts to install replacement warden call systems over for the remaining contract term, subject to showing best value. Each year's work allocation will be priced and submitted to the director of neighbourhoods for approval to proceed against the yearly budget allocated to cover this requirement.

18. The procurement exercise originally followed adhered to Norwich City Council's Contract Procedures and that it was conducted fairly, transparently and in an open and regularised way and that we conformed to relevant legal requirements.

Integrated impact assessment

Report author to complete	
Committee:	Cabinet
Committee date:	12 June 2019
Director / Head of service	Head of neighbourhood housing services
Report subject:	To award a contract for the procurement of warden call replacement systems in sheltered housing Procurement of warden call systems in sheltered housing schemes
Date assessed:	7 May 2019

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The tender process ensures that the Council achieves the best value for money at that particular time.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☐	☒	☐	Warden call systems ensure that vulnerable adults have access to help when needed.

	Impact			
Equality and diversity (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**

	Impact			
Risk management	☒	☐	☐	1. There is a risk of challenge from an unsuccessful supplier. This risk is mitigated by the fact the value of contracts is below the thresholds in the Public Contracts Regulations. Also the tender has followed an open process with award criteria being based on the lowest compliant tender, but there is always a risk of challenge from unsuccessful suppliers. 2. There is a risk that the appointed supplier could fail during the duration of the contracts. This is low risk due to the relatively short nature of the contracts and the planned nature of the works. In addition to this the Council is not investing in the supplier and so the risk is one of service continuity rather than financial, which is further mitigated by the fact the work is planned not responsive in nature.

Recommendations from impact assessment
Positive
Value for money, health and wellbeing
Negative
Neutral

Issues

Report to	Cabinet 12 June 2019	**Item**
Report of	Head of neighbourhood housing services	9
Subject	The award of a contract for the installation of thermodynamic hot water systems for housing properties 2019-20.	

KEY DECISION

Purpose

To seek approval to award a contract for the installation of thermodynamic hot water systems for housing properties 2019-20.

Recommendations

To award the contract for the installation of thermodynamic hot water systems for housing properties 2019-20 to Impact Renewable Energy Ltd.

Corporate and service priorities

The report helps to meet the corporate priority "Decent housing for all" and the service plan priorities to continue to deliver the programme of making all council homes decent, to maximise the use of our housing stock and to enable new homes.

Financial implications

The value of the contract will be up to £500,000. Funding for this will be taken from the capital budget allocated to improve energy efficiency of council owned homes.

Ward/s: Multiple Wards

Cabinet member: Councillor Harris - deputy leader and cabinet member for social housing

Contact officers

Lee Robson, head of neighbourhood housing services	01603 212939
Jay Warnes, head of strategic property services, NPS Norwich Ltd	01603 227906

Background documents

None

Report

Introduction

1. Thermodynamic hot water systems include a panel which sits on the roof of a property. In addition to reducing the city's carbon footprint, the panels use thermal energy to provide some free hot water all through the year.
2. To date, Norwich city council has successfully installed over 600 thermodynamic hot water systems to its housing properties.
3. Installing thermodynamic hot water systems to housing properties throughout the city assists the council's aim of reducing fuel poverty.
4. In addition to any reduction in fuel poverty, the work can make a contribution to reducing the risk of tenants falling into arrears due to rising energy costs. This may also release money into the local economy that would have otherwise gone towards fuel bills.
5. A procurement process was undertaken, commencing in April 2019 and although a lot of interest was received only one tender was received. This was subsequently evaluated as excellent in terms of quality and being the only return also scored fully for price.
6. The tendering supplier, Impact Renewable Energy Ltd. has delivered these requirements for a number of years and the rates supplied are similar in comparison to tenders previously awarded for these works.
7. Based upon the tender submitted, officers anticipate the installation of approximately 130 thermodynamic systems for 2019-20 targeted to properties/tenancies identified as most at risk of fuel poverty and in need of energy efficient heating/water systems.

Procurement process

8. The procurement exercise adhered to Norwich City Council's Contract Procedures and that it was conducted fairly, transparently and in an open and regularised way and that we conformed to relevant legal requirements.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	12 June 2019
Head of service:	Lee Robson
Report subject:	The award of a contract for the installation of thermodynamic hot water systems for housing properties 2019-20.
Date assessed:	May 2019
Description:	To seek approval to award a contract for the installation of thermodynamic hot water systems for housing properties 2019-20.

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	This procurement process ensures the Council achieves the best value for money. In comparison to previous tender returns, it is competitively priced.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☐	☒	☐	Through employment of local labour, the project assists in social economic benefits for the city and county.
Financial inclusion	☐	☒	☐	The thermodynamic panels will reduce energy bills and fuel poverty for tenants. In lowering energy bills tenants have more money, some of which may be spent on the local economy.
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	

Human Rights Act 1998	☒	☐	☐	
Health and well being	☐	☒	☐	
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☐	☒	☐	The project introduces new and proven technology to these homes thus enhancing the image of the housing stock. Property surveys are carried out ahead of the natural stock condition surveys increasing additional asset data.
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☐	☒	☐	The thermodynamic project will contribute to reducing the council's overall carbon emissions and footprint.

(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	☐	☒	☐	

Recommendations from impact assessment
Positive
Reduced fuel bills therefore preventing fuel poverty, reduction in carbon emissions within the housing stock and for the city contributing to our overall reduction target.
Negative
Neutral

Report to	**Cabinet**	**Item**
Date	12 June 2019	10
Report of	Director of neighbourhoods	
Subject	The award of a contract for external repair and decoration works for housing properties 2019-20	

KEY DECISION

Purpose

To seek approval to delegate authority to award a contract for external repair and decoration works to housing properties.

Recommendation

To delegate authority to the director of neighbourhoods, in consultation with the deputy leader and cabinet member for social housing, to award a contract to the best value supplier for external repairs and painting as tendered using a Eastern Procurement Limited (EPL) framework for 2019-20.

Corporate and service priorities

The report helps to meet the corporate priority great neighbourhoods, housing and environment

Financial implications

The financial consequences of this report is the award of a contract for external repairs and decoration for the council's housing stock to the value of £520,000.00 for the 2019-20 financial year.

An initial £180,000 spend within the current framework has already been approved by the head of neighbourhood housing.

The award will be met from approved budgetary provision within the 2019-20 housing revenue account.

Ward/s: All Wards

Cabinet member: Councillor Harris – Deputy Leader and cabinet member for Social Housing

Contact officers

Lee Robson, head of neighbourhood housing 01603 212939

John Hodson, housing operations manager, NPS Norwich 01603 227911

Background documents

None

Report

1. In order for the council to provide good well-maintained properties, a programme of external repairs and painting was adopted on a five-year cycle commencing 1 April 2013. However the full cycle of works was not achieved over the 5 years of the programme due to time and budget constraints in this budget. An additional year and budget was therefore allocated for the 2018/19 financial year to achieve the full cycle of external decorating identified within the original five year cycle.

2. Within the 2013-18 programme and subsequent additional works undertaken in 2018/19 much of the councils housing stock have already received programmed upgrades to many external items such as doors and windows.

3. However, this still leaves some housing stock that has a need for these upgrades. This is either because the works are outstanding within the programme; or where tenants have previously been offered upgrades but refused; or where some stock requires painting and maintenance to external masonry and internal communal areas.

4. The council's obligation remains to keep and maintain the above-specified areas in a good and well-maintained condition.

5. The budget for this financial year's work is allocated within the HRA revenue programme for 2019-20.

6. The procurement team, together with NPS Norwich have identified that the administrative costs of tendering for the works directly would exceed the cost with no additional benefits from utilising an existing framework. Due to the timescales and nature of the requirement, a framework is recommended as it is quick and easy to use and is compliant to EU and Public Contract Regulations.

7. Eastern Procurement Ltd (EPL) established a framework for cyclical decorations, OJEU reference 2014/S 062-104483, which includes Lot 3: planned internal and external decorations. This framework runs until 01 July 2019. Norwich City Council can utilise this framework under the partnering agreement that is in place. This framework allows direct award to a single supplier.

8. Eastern Procurement Ltd (EPL) is currently undertaking a tender exercise to select a supplier on their priced framework contract. However as there has been a delay in the leaseholder consultation process an award to has not been made and the winning supplier as yet is unknown.

9. To complete the program of works this year a delegation to award is sought to ensure that as soon as a supplier has been appointed to the framework an award of contract and mobilisation can commence with immediate effect.

10. To meet the second year of the additional works in the second five year cycle for this financial year, 19/20, a further award is £520,000.00 is required.

11. No guarantee of volumes or spend will be provided to the contractor and any expenditure in this financial year 2019-20 will not exceed the approved budgetary provision and if further spend is required, cabinet approval will be sought.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with completing the assessment can be found [here]. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	12 June 2019
Head of service:	Lee Robson
Report subject:	Procurement of contract for housing External repairs & external painting
Date assessed:	28th May 2019
Description:	The award of a contract for external repair and decoration works for housing properties 2019-20

	Impact			
Economic (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The new framework agreement currently being tendered, should produce long term stable cost over the next 4 year term.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	
Equality and diversity (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	

	Impact			
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☐	☒	☐	External repairs & decoration helps to maintain the council's housing stock, and improves the aesthetic appearance.
Waste minimisation & resource use	☐	☒	☐	Suppliers appointed to the framework recycle the vast majority of waste material
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**

	Impact			
Risk management	☒	☐	☐	1. Risk of challenge from unsuccessful suppliers: The tender has followed a restricted process carried out by EPL with input from officers in terms of evaluation etc, with award criteria being based on the most economically advantageous tender, but there is always a risk of challenge from unsuccessful suppliers. 2. Risk of supplier failure: There is a risk that the appointed supplier could fail during the life of the contract. This is low risk as a number of suppliers have been appointed to the framework providing some cover should a supplier fail. In addition the Council is not investing in the supplier and so the risk is one of service continuity rather than financial, which is further mitigated by the fact that this contract is planned in nature.

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

Report to	**Cabinet**	**Item**
Date	12 June 2019	
Report of	Head of neighbourhood housing	11
Subject	The award of an amended contract value for external masonry repointing works for housing properties 2019-2020	

KEY DECISION

Purpose

To seek approval to award an amended contract value for external repointing and masonry repairs works for housing properties 2019-2020.

Recommendation

To award an amended contract value for external repointing and masonry repairs works for housing properties 2019-2020

Corporate and service priorities

The report helps to meet the corporate priority great neighbourhoods, housing and environment

Financial implications

The financial consequences of this report is the award of an order for re-pointing and masonry repairs to the value of £700,000.00 for 2019-20 which will be met from approved budgetary provision.

Orders placed will not exceed the approved budgets included within the Housing Revenue Account for 2019/20.

Ward/s: All Wards

Cabinet member: Councillor Harris – Deputy Leader and Social Housing

Contact officers

Lee Robson, head of neighbourhood housing	01603 212939
John Hodson, Housing Operations Manager NPSN	01603 227911

Background documents

None

Report

Re-pointing and Masonry repairs

1. Many of the council's older houses are constructed in masonry brickwork with soft mortar joints. This is worn away with time, and the exposure of the brick joints will cause the bricks to degenerate to a point where it could cause larger scale structural problems, together with a potential for water ingress to the property.

2. To mitigate this the Council has in recent years had a programme of masonry repointing so that the houses most in need are attended to each year. Re-pointing maintains the integrity of the brickwork; improves the overall appearance of the property and helps to prevent dampness by stopping water ingress through the joints.

3. In September 2017, Cabinet approved the award of a two-year framework programme for the renewal of masonry pointing and brickwork repairs to Roalco Ltd via the Eastern Procurement Ltd (EPL) framework for property improvements.

4. Eastern Procurement Ltd (EPL) advised in September 2017 that better value was more likely to be obtained if a longer duration contract was offered to the framework contractors due to their need to lease premises in the city, giving more secure employment to attract, maintain and train new and existing staff and potential savings from higher volume orders with suppliers for materials.

5. In previous financial years the Council has on average programmed and completed some 160-170 properties per year, at an average cost of £4,100.00 per property. Some 1100 properties have been completed to date, and there is an indicative programme of works lasting up to 2030.

6. Cabinet at its meeting of 13 September 2017, delegated approval for works in 2019/20 totalling £319,948.90. However due to some reduced costs, savings on other capital work streams, and the need to complete the identified programme by 2030 a request to increase spending by an additional £380,051.10, taking it up to its full budget allocation of £700,000.00 for this financial year 2019-20 is requested.

7. This request is to allocate an additional £380,051.60 to bring the total award up to the approved budget of £700,000.00 for 2019-20.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with completing the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	June 2019
Head of service:	Lee Robson
Report subject:	The award of an amended contract value for external Masonry repointing works for housing properties 2019-2020
Date assessed:	
Description:	To seek approval to award an amended contract value for external repointing and masonry repairs works for housing properties 2019-2020

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The longer term framework agreement made in 2017 has produced Longer term savings over the length of the term.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	

	Impact			
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☐	☒	☐	Re-pointing helps to maintain the council's housing stock
Waste minimisation & resource use	☐	☒	☐	Suppliers appointed to the framework recycle the vast majority of waste material
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**

	Impact			
Risk management	☒	☐	☐	1. Risk of challenge from unsuccessful suppliers: The tender has followed a restricted process carried out by EPL with input from officers in terms of evaluation etc, with award criteria being based on the most economically advantageous tender, but there is always a risk of challenge from unsuccessful suppliers. 2. Risk of supplier failure: There is a risk that the appointed supplier could fail during the life of the contract. This is low risk as a number of suppliers have been appointed to the framework providing some cover should a supplier fail. In addition the Council is not investing in the supplier and so the risk is one of service continuity rather than financial, which is further mitigated by the fact that this contract is planned in nature.

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

Report to	Cabinet	**Item**
	12 June 2019	12
Report of	Director of neighbourhoods	
Subject	To award a contract for the councils electricity supply requirements	

KEY DECISION

Purpose

To seek approval to delegate authority to the director of neighbourhoods in consultation with the cabinet member for resources to award a contract for the council's electricity supply provision.

Recommendations

To delegate approval for the director of neighbourhoods in consultation with the cabinet member for resources to award the contract for the council's electricity requirements for four year period 1 October 2020 to 30 September 2024.

Corporate and service priorities

The report helps to meet the corporate priority great neighbourhoods, housing and environment

Financial implications

The costs arising from this decision will be met from approved budgetary provision within both the housing revenue account and general fund, being 85% and 15% respectively. The approximately annual value is £700,000, depending on usage and the annual rates obtained for the electricity product.

Ward/s: Multiple Wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

Richard Buckenham, contracts officer	01603 212781

Background documents

None

Report

Introduction

1. The council has multiple sites that require electricity supplies. These are split between housing sites, for example communal areas in flats and other council owned sites, for example council offices and parks. These amount to over 1,000 separate accounts.

2. The current contract comes to an end on 30 September 2020. This contract was awarded via an Eastern Shire Purchasing Organisation (ESPO) framework which is open to local authorities to access.

3. A framework such as this ESPO framework remains the best way to obtain value for money electricity supplies based on the bulk purchasing power available to them.

4. Whilst in recent years the council's energy use has fallen due to the ongoing carbon management programme; building rationalisation and the purchasing of certified renewable energy; over the same period of time the price of energy has increased especially standing charges and government levies which are charged at the same rates by all framework suppliers.

5. Electricity is currently purchased using fully green electricity energy provisions and the proposed supply will be purchased in the same way going forward. Although more expensive than conventionally sourced electricity by using fully certified green electricity the council is able to save over 1,900 tons of CO_2 annually. If the council decided to revert back to non-green or uncertified green energy the council's carbon footprint would increase by 28%.

6. To enable ESPO to purchase at competitive market rates they require up front commitment to enable them to purchase the electricity a year in advance of need.

7. It is recommended that the council commits to the ESPO framework for the four year period from 1 October 2020.

8. A delegation is required as the winning supplier for this period will not be known until ESPO as gone out to market to select the supplier offering the best value for money to administer the contract.

Risk implications

9. If the ESPO framework, or similar, is not used the council would pay current market prices for its electricity requirements. These could be considerably higher than those that will be obtained by ESPO using their buying power.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	12 June 2019
Director / Head of service	Bob Cronk
Report subject:	To award a contract for the councils electricity supply requirements
Date assessed:	20 May 2019
Description:	To seek approval to delegate authority to the director of neighbourhoods in consultation with the cabinet member for resources to award a contract for the council's electricity supply provision.

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	An Eastern Shires Purchasing Organisation framework ensures the council achieves value for money for electricity provision. An open tendering process will be carried out to ensure the supplier selected to provide this service will ensure that best value is achieved.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	x			
Eliminating discrimination & harassment	x			
Advancing equality of opportunity	x			
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	x			
Natural and built environment	x			
Waste minimisation & resource use	x			
Pollution	x			
Sustainable procurement	x			
Energy and climate change		x		Electricity is currently purchased using fully green electricity energy provisions and will be purchased in the same way going forward.

	Impact			
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	☐	☒	☐	1. Risk of challenge from unsuccessful suppliers: Any tenders and frameworks will have followed a restricted process carried out by ESPO, with award criteria being based on the most economically advantageous tender, there is no risk of challenge from unsuccessful suppliers at this stage. 2. Risk of supplier failure: There is a risk that the appointed suppliers could fail during the life of the contract. This is low risk as any supplier selected will be a multi-national company but if it does happen our services would continue to be provided. In addition the Council is not investing in the supplier and so the risk is one of service continuity rather than financial, which is further mitigated by the fact that this contract is planned in nature.

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

Report to	Cabinet	**Item**
	12 June 2019	13
Report of	Director of neighbourhoods	
Subject	To award a contract for the councils gas oil requirements	

KEY DECISION

Purpose

To seek approval to delegate authority to the director of neighbourhoods in consultation with the cabinet member for social housing to award a contract for the council's gas oil provision.

Recommendations

To delegate approval for the director of neighbourhoods in consultation with the cabinet member for social housing to award the contract for the council's gas oil requirements for four year period 1 October 2020 to 30 September 2024.

Corporate and service priorities

The report helps to meet the corporate priority great neighbourhoods, housing and environment

Financial implications

The costs arising from this decision will be met from approved budgetary provisions within the housing revenue account to a value of approximately £40,000 to £50,000 in total for each financial year, depending on the rates obtained for the gas oil product and levels of usage.

Ward/s: Multiple Wards

Cabinet member: Councillor Harris - deputy leader and cabinet member for social housing

Contact officers

Bob Cronk, director of neighbourhoods	01603 212373
Richard Buckenham, contracts officer	01603 212781

Background documents

None

Report

Introduction

1. Normandie Tower high rise block is the only council owned site that has a gas oil supply requirement.

2. The current contract for the supply of gas oil, comes to an end on 30 September 2020.

3. This contract was awarded via an Eastern Shire Purchasing Organisation (ESPO) framework which is open to local authorities to access.

4. A framework such as the ESPO framework remains the best way to obtain value for money gas oil supplies based on the bulk purchasing power available to them and their suppliers.

5. It is recommended that the council agrees to use the ESPO framework for the four year period from 1 October 2020.

6. The selected supplier on the ESPO framework will provide prices at competitive market rates.

7. A delegation is required as the winning supplier for this period will not be known until ESPO has finished their tender exercise, which requires going out to market to select the supplier offering the best value for money in terms of cost and quality.

Risk implications

8. If the ESPO framework, or similar, is not used the council would pay current market prices for its gas oil requirements. These could be considerably higher than those that will be obtained by any framework supplier’s buying power.

9. It is recommended to delegate the award of the contract to the director of neighbourhoods in consultation with the cabinet member for social housing.

Integrated impact assessment	NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	12 June 2019
Director / Head of service	Bob Cronk
Report subject:	To award a contract for the councils gas oil requirements
Date assessed:	20 May 2019
Description:	To seek approval to delegate authority to the director of neighbourhoods in consultation with the cabinet member for social housing to award a contract for the councils gas oil provision.

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	An Eastern Shires Purchasing Organisation framework ensures the council achieves value for money for its gas oil provision. An open tendering process will be carried out to ensure the supplier selected to provide this service will ensure that best value is achieved.
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☒	☐	☐	
Natural and built environment	☒	☐	☐	
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☐	☐	☒	Gas oil is not currently able to be purchased using fully green energy provisions.
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**

	Impact			
Risk management	☐	☒	☐	1. Risk of challenge from unsuccessful suppliers: Any tenders and frameworks will have followed a restricted process carried out by ESPO, with award criteria being based on the most economically advantageous tender, there is no risk of challenge from unsuccessful suppliers at this stage. 2. Risk of supplier failure: There is a risk that the appointed suppliers could fail during the life of the contract. This is low risk as any supplier selected will be a multi-national company but if it does happen our services would continue to be provided. In addition the Council is not investing in the supplier and so the risk is one of service continuity rather than financial, which is further mitigated by the fact that this contract is planned in nature.

Recommendations from impact assessment
Positive
Negative

Neutral
Issues

Report to	Cabinet	**Item**
	12 June 2019	14
Report of	Head of city development services	
Subject	Managing assets	

Purpose

To approve the release of grant funding to facilitate the upgrading of Churchman House.

Recommendations

To:

(1) approve the transfer of Department of Health and Social Care (DHSC) grant funding of £150,000 to NHS Property to pay towards the refurbishment and upgrading of Churchman House to provide a Community Wellbeing Hub

(2) recommend to Council that the 2018/19 General Fund Capital programme is increased by £150,000 to facilitate the payment of the above grant.

Corporate and service priorities

The report helps to meet the corporate priority of people living well

Financial implications

The proposed transfer of grant has no net financial implications for the council. The DHSC grant is held by the council for the purpose of facilitating the refurbishment and upgrading Churchman House to provide a Community Wellbeing Hub. This report is required simply because whilst the grant has been received it was uncertain when and if it would be granted to the council and it was therefore not included within the council's capital programme for 2019/20.

In providing the Community Wellbeing Hub, a tenancy on Churchman House will be created lasting 20 years until break. The rent payable will commence at £30,000 p.a. rising at five yearly intervals in line with the retail price index with a +1% collar and +3% collar.

Ward/s: Mancroft

Cabinet member: Councillor Kendrick - Resources

Contact officers

Andy Watt	01603 212691
Charles Mason	01603 227968
Hannah Simpson	01603 212561

Background documents

None

Report

Background

1. Churchman House is a Georgian grade 1 building on Bethel Street opposite the junction with Cleveland Road. It is a substantial building arranged over 3 floors with a garden and parking (30 spaces) at the rear. The interior of the building is particularly notable for its elaborate plasterwork. Some of the council's portrait collection is kept in the building. It is in good condition.

2. Churchman House was built in 1724 by Alderman Thomas Churchman. It was extended in the middle of the 18th Century by his son and was used as a home, except for a brief period when it was the Norwich High School for Girls, until 1919 when it was purchased by Norwich Corporation.

3. Churchman House was initially used as the health headquarters and it has gone through a number of subsequent health related office uses. In the late 1980s it was refurbished and let to Norfolk County Council as a registration office (the latter moving from City Hall).

4. Churchman House is a stewardship property within the meaning of the council's Heritage Investment Strategy (2014). The strategy recognises that there is a responsibility on the council to ensure that stewardship properties are maintained and managed to protect and maximise their heritage value. Stewardship properties should also only be sold in special circumstances, such as extreme financial need.

5. The county council ended their tenancy in September 2016. NPS Norwich Ltd (NPSN) has marketed the property since then and whilst there has been some interest (from hotel operators for example) nothing specific has materialised. Mindful of its stewardship status disposal has not been considered in any detail whereas in seeking tenants NPSN has been mindful to ensure that the property will be properly maintained.

<u>Community Wellbeing Hub</u>

6. The council was first approached about leasing the building to provide what is now known as a Community Wellbeing Hub in June 2017. Such a hub is based on models in Aldershot, Lambeth and Bradford and is a means of addressing mental distress as opposed to mental health. Mental distress is recognised as an important factor in poor mental wellbeing and the idea of the hub approach is to offer a non-medicalised, easy to access, non-stigmatising safe place for people to access information, advice and support.

7. Equally if an individual is experiencing a crisis episode then the hub may also act as an alternative to formal services. Whilst the focus of the hub is on mental wellbeing its provision in the city centre is of major benefit to residents in Norwich including those vulnerable groups the council provides services to such as the homeless.

8. Negotiations with the relevant Clinical Commissioning Groups (CCG) have been protracted with considerable due diligence required about the suitability of the building given the client group and also given its grade 1 listed status.

9. However there is now agreement on heads of terms whereby the building is leased to NHS property for a term of 20 years. The rent payable £30,000 p.a.

rising at five yearly intervals in line with the retail price index with a +1% collar and +3% cap. There is an opportunity to break at 10 years. The council will continue to be responsible for external repairs (as it was when leased to Norfolk County Council), the Blue Room and any unused parts (which will be 'moth-balled') and the tenant will be responsible for the remainder (representing the greater liability).

Capital investment

10. To provide the Community Wellbeing Hub requires considerable investment in the building to provide the appropriate facilities whilst also respecting Churchman House's grade 1 listed status. Given the value of the anticipated mental health outcomes the CCGs have been able to secure substantial capital funding from the NHS Sustainable Transformation Partnership.

11. In addition the CCGs were successful in bidding for £150,000 grant funding from the DHSC. The nature of the grant funding means it needed to be paid to a third party and as owners of the property to provide the Community Wellbeing Hub the council was willing to be the recipient.

12. Unfortunately the timing of when the grant would be paid was unclear and provision was not made in the council's 2019/20 capital programme to allow it to be paid to NHS property as a contribution to the refurbishment and upgrading works.

13. With the grant now paid to the council, it needs to be transferred to NHS property. Cabinet is therefore asked to recommend to council, that the 2019/20 General Fund capital programme is increased by £150,000 to enable the transfer to take place

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# Integrated impact assessment	NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	12th June 2019
Director / Head of service	Head of city development services
Report subject:	Managing assets
Date assessed:	29th May 2019

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The grant will facilitate the economic use of Churchman House to generate rental income to benefit the council
Other departments and services e.g. office facilities, customer contact	☐	☒	☐	The intended use of Churchman House will help support key client groups of the council and thereby provide support for these services
ICT services	☒	☐	☐	
Economic development	☐	☒	☐	The proposals will see Churchman House in beneficial use rather than continuing as a void property
Financial inclusion	☐	☒	☐	Churchman House is within the city centre which is the most accessible location for the provision of the intended services within the county
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☐	☒	☐	The population of Norwich will benefit from this project through improving their wellbeing and reducing damaging episodes of mental distress

	Impact			
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☐	☒	☐	Churchman House is within the city centre which is the most accessible location for the provision of the intended services within the county
Natural and built environment	☐	☒	☐	Occupation of Churchman House will help ensure its on-going preservation as an important grade 1 listed building
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	

	Impact			
(Please add an ‘x’ as appropriate)	Neutral	Positive	Negative	Comments
Risk management	☒	☐	☐	There are negligible anticipated risks associated with the proposals

Recommendations from impact assessment
Positive
The various positive impacts are consistent with the report recommendations
Negative
There are no negative impacts anticipated
Neutral
n/a
Issues
n/a