NORWICH City Council

**Cabinet**

**Date:** **Wednesday, 11 October 2017**
**Time:** **17:30**
**Venue:** **Mancroft room**, **City Hall, St Peters Street, Norwich, NR2 1NH**

**Committee members:**

**Councillors:**

Waters (chair)
Harris (vice chair)
Davis
Herries
Kendrick
Maguire
Ryan
Stonard

**For further information please contact:**

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**Information for members of the public**

Members of the public and the media have the right to attend meetings of full council, the cabinet and committees except where confidential information or exempt information is likely to be disclosed, and the meeting is therefore held in private.

For information about attending or speaking at meetings, please contact the committee officer above or refer to the council's website

IN TRAN communication for all

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## Agenda

**Page nos**

**1 Apologies**

To receive apologies for absence

**2 Public questions/petitions**

To receive questions / petitions from the public

Please note that all questions must be received by the committee officer detailed on the front of the agenda by **10am on Friday 6 October 2017**.

Petitions must be received by the committee officer detailed on the front of the agenda by **10am on Tuesday 10 October 2017.**

For guidance on submitting public questions or petitions please see appendix 1 of the council's constutition.

**3 Declarations of interest**

(Please note that it is the responsibility of individual members to declare an interest prior to the item if they arrive late for the meeting)

**4 Minutes**

To agree the accuracy of the minutes of the meeting held on 13 September 2017.

**5 Proposed variations to off-street car park fees and charges** 5 - 20
Purpose: To approve tariff changes to off-street car parks.

**6 New Anglia Local Enterprise Partnership Norfolk and Suffolk Economic Strategy** 21 - 74
Purpose: The New Anglia Local Enterprise Partnership is seeking Norwich City Council endorsement of its new Norfolk and Suffolk Economic Strategy.

**7 Carbon footprint report** 75 - 86
Purpose: To update members on the outcomes of the annual carbon footprint exercise.

**8 Norwich airport industrial estate** 87 - 98

Purpose: To consider the strategy for the future development of the airport industrial estate.



**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.

**Page nos**



- This report is not for publication because it would disclose information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a

Minister of the Crown and employees of, or office holders under, the authority as in para 4 of Schedule 12A to the Local Government Act 1972.

***14 Managing assets (non-housing)**

- 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.

***15 Managing assets (Housing Revenue Account)**

- 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.

**Key decisions**

A ‘key decision’ means a decision which is likely to either –

(a) result in the council incurring expenditure which is, or making savings which are, significant in relation to the council’s total budget for the service or function to which the decision relates (for these purposes the presumption is that “significant” means any sum exceeding whichever is greater of the thresholds established by the European public contracts directive 2004/18/EC for local government in respect of contracts for supplies or services), or;

(b) be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the Norwich city area.

Date of publication**: Tuesday, 03 October 2017**

| | | |
|---|---|---|
| **Report to** | Cabinet | **Item** |
| | 11 October 2017 | 5 |
| **Report of** | Head of city development services | |
| **Subject** | Proposed variations to off-street car park fees and charges | |

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**Purpose**

To approve tariff changes to off-street car parks.

**Recommendation**

To approve the revised fees and charges as set out in appendix C and appendix D to the report, to take effect from 13 November 2017

**Corporate and service priorities**

The report helps to meet the corporate priority a prosperous and vibrant city and the service plan priority to achieve sustainable income growth from off-street parking.

**Financial implications**

The current car park income projection forecast for 2017/18 is £5.65 million. Based on the current level of demand for city centre parking, the recommended increases, if implemented on 13 November 2017, could generate additional estimated income of £45,000 during the current financial year and £95,000 over a full financial year.

There will be estimated costs of £2,500 for the preparation of notices, advertising and changes to signage.

**Ward/s**: All wards

**Cabinet member**:

Councillor Stonard, sustainable and inclusive growth, vice-chair Norwich Highways Agency Committee

Councillor Kendrick, resources

**Contact officers**


David Rogers, client property and parking manager 01603 212463

Andy Watt, head of city development services 01603 212691


**Background documents**

None

# Report

## Background

1. The provision of adequate off street car parking is an important part of maintaining and improving the economic wellbeing and vitality of the city centre. The city council also generates significant income from its off-street car parks fees and charges, currently projected to be £5.65 million for 2017-18.

2. Off-street and on-street parking capacity serving the city centre increased by 2028 spaces to over 10,000 public spaces (excluding park and ride) during the course of 2005 but since that time the Anglia Square multi-storey car park (originally 1,000 spaces) has closed and the new Rose Lane car park has opened - see ***appendix E*** for the current spaces available. A planning cap of 10,000 off-street car parking spaces limits the number of off-street spaces that may be provided.

3. There remains considerable competition for business between operators. This competition has had the effect of driving down some major private operators tariffs (Chapelfield and the Mall) leaving the city council, in most cases, as one of the higher priced volume operators within the city centre.

4. Park and ride currently provide 6 sites of which 5 provide services to the city centre. These are operated by Konectbus, on behalf of the county council offering 3704 spaces at extremely competitive prices for longer stay parking compared with city centre car parking.

5. Access to the city provided through good rail links, bus routes, park and ride and off street car parks means that the number of visitors to the city continues to hold up well and the local economy continues to thrive.

6. The city council's car parks continue to be an important factor in providing high quality and centrally located parking facilities which support access to the city for visitors. However, in order to maintain both standards and income, the council will need to continuously re-invest in its car parks. To this end the city council built and opened a new multi-storey car park at the junction of Rose Lane and Mountergate and has carried out major repairs to both St Andrews and St Giles multi-storey car parks.

7. The city council currently has 20% of public off-street car parking serving the city. A list of current public car parks forms ***Appendix E***.

8. The purpose of this tariff review is to ensure that the council's car parks continue to operate competitively within the wider off-street parking market in Norwich, to effectively manage demand and to generate sufficient income to adequately maintain and re-invest in those facilities.

9. Variations to car parks fees and charges which are approved by Cabinet will be implemented by the Director of Regeneration and Development, who will instruct NPLaw to undertake the necessary statutory procedures to introduce the new fees and charges, by means of a variation under section 35C of the Road Traffic Regulation Act 1984.

**Proposed revisions to fees and charges**

10. Off-street parking tariffs were last revised by the city council in November 2016.

11. There remains very little scope within the current market for across the board price increases. Consequently it is proposed to make selective adjustments to charges where the market and demand will permit.

**Short and medium stay proposals**

12. Comparisons with local competitor short and medium stay charges are set out within ***appendix A***.

13. Comparisons with other regional cities whilst of interest are not material factors given the local parking market in which the council's car parks must compete.

14. City centre short stay facilities are priced between £1.00 and £2.50 per hour. The city council's highest priced short stay car parks are currently priced at £1.90 per hour.

15. There are some very central car parks in the council's portfolio which are relatively small in size and where demand is very high. At these sites a higher tariff can be set in order to manage that demand and ensure continued parking use for the land.

16. There are also some very central car parks where a high tariff is justified in order to maintain availability throughout the day for visitors.

17. The following recommendations are highlighted with regard to short to medium stay tariffs:

    a) Increase the hourly rate (and multiples as laid out within ***appendix C*** up to any maximum day-time rates) to £2.00 (currently £1.90) at Chantry, St Giles, Chapelfield East and Pottergate

    b) Increase the hourly rate (and multiples as laid out within ***appendix C*** up to any maximum day-time rates) to £1.80 (currently £1.70) at St Andrews and Rose Lane

    c) Increase the hourly rate (and multiples as laid out within ***appendix C*** up to any maximum day-time rates) to £1.50 (currently £1.40) at Colegate

    d) Increase the hourly rate (and multiples as laid out within ***appendix C*** up to any maximum day-time rates) to £1.40 (currently £1.30) at Barn Road, Magdalen Street, Queens Road, Rouen Road and Westwick Street.

18. Maximum day-time rates apply to the period between 05:00 and 18:30 only. The evening rate applies from 18:30 through to 05:00. Where a parking duration crosses over between the day-time and evening periods then the two charges are added together.

19. A full list of the proposed tariff changes is set out within ***appendix C*** to this report.

20. As part of the Norwich Area Transportation Strategy (NATS), on-street parking is charged at a premium rate during the day between Monday and Saturday, to

encourage the use of these spaces for very short stays only. Currently these spaces are free of charge in the evenings and on Sundays and this provides an incentive to park on-street at these times. As part of the upcoming review of NATS it is proposed that consideration be given to extending on street charging to cover evenings and Sunday.

**Maximum stay proposals**

21. Comparisons with competitor long stay charges and standard bus fares are set out within ***appendix B***.

22. Competitor long stay surface car parks in the Anglia Square area offer all day parking at £5.00 to £5.50 and the Riverside car park continues to offer all day parking at £6.00 for rail users. NCP continue to offer reduced price long stay parking, at £7.50 all day (compared to £13.00 previously,) at their St Stephens Gate multi-storey car park.

23. Park and ride cash charges are currently £3.50 per adult all-day or £2.50 per person after 12:00 daily. Further concessions are available for groups travelling in the same vehicle.

24. Equivalent bus fares for journeys into the city using First's bus services are currently:

    City inner 2 stop return trip = £3.50

    City Centre from/to All zones = £4.30 round trip

    All zones typically extend out to towns such as Wroxham and Aylsham to the North of the City and to Loddon, Long Stratton and Wymondham to the South.

25. The following recommendations are highlighted with regard to maximum stay day-time tariffs:

    Taking account of current usage trends, competitor tariffs and local transportation strategies, it is recommended to increase the day-time maximum stay rates as follows;

    a) at Westwick Street to £5.00 (currently £4.90)

    b) at Magdalen Street to £5.20 (currently £5.00)

    c) at Rouen Road to £5.40 (currently £5.20)

    d) at St Andrews and Rose Lane to £6.00 (currently £5.90)

26. See 17 above regarding the treatment of charges for evening and day-time periods.

**Evening tariff**

27. Taking account of competitor pricing for evening tariffs, but wishing to continue to encourage visitors to the city during the evening, it is recommended that the evening tariff be increased to £2.20 (currently £2.00) for all car parks.

28. A full list of the proposed tariff changes is set out within a***ppendix C*** to this report.

**Season tickets and contract parking proposals**

29. Taking account of usage trends, competitor tariffs and local transportation strategies it is recommended to increase the following season ticket and contract parking tariffs as follows:

    **Season tickets**

    *a)* Increase the 'St Andrews' and 'Rose Lane' 5 day week rate to £1,030 pa (currently £1,000 pa) and proportionately for the 6 and 7 day week rates

    b) Increase the 'category C' season ticket 5 day week rate to £1,000 pa (currently £980 pa) and proportionately for the 6 and 7 day week rates

    **Contract parking**

    No variations to contract parking tariffs are recommended at this time.

30. It is recommended that the client property and parking manager retains the authority to negotiate price based on volume for organisations seeking to purchase season tickets or contract parking.

31. A full list of the proposed season ticket and contract parking tariff changes is set out within ***appendix D*** to this report.

**Blue Badge concessions**

32. In recognition of the additional time required by disabled people, it is recommended that the council continues to offer time concessions to blue badge holders, as approved by cabinet 16/02/2011.

    These time concesions are:

    At St Andrews, St Giles, Chantry, Chapelfield East, Pottergate, Rouen Road and Magdalen Street car parks:

    a) Buy one hour and get one additional hour free

    b) Buy two hours and get two additional hours free

    c) Buy three hours and get three additional hours free

    d) Buy four hours and park all day.

33. At Barn Road, Colegate, Monastery Court, Queens Road, Rose Lane, St Crispins and Westwick Street car parks, it is not cost effective to replace payment machines

to comply with the relevant British Standard, and where a valid blue badge is properly displayed, parking remains free of charge.

**Norwich Highways Agency Committee (NHAC)**

In compliance with the agency agreement between the city council and the county council, the proposals within this report were presented to NHAC at their meeting on 21 September 2017 for the committee to comment, prior to coming to cabinet for decision. At that meeting members resolved to support the proposals within this report.

# 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:** | 11 October 2017 |
| **Director / Head of service** | Andy Watt |
| **Report subject:** | Proposed variations to car parks fees and charges |
| **Date assessed:** | September 2017 |
| **Description:** | |

| | Impact | | | |
|---|---|---|---|---|
| **Economic**<br>**(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** | ☐ | ☒ | ☐ | Helps enable sufficient income to be generated to re-invest in top quality parking facilities |
| **Financial inclusion** | ☒ | ☐ | ☐ | |
| | | | | |
| **Social**<br>**(please add an 'x' as appropriate)** | **Neutral** | **Positive** | **Negative** | **Comments** |
| **Safeguarding children and adults** | ☒ | ☐ | ☐ | |
| **S17 crime and disorder act 1998** | ☐ | ☒ | ☐ | Enables continued investment to be able to achieve park mark status |
| **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) | 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 | | | |

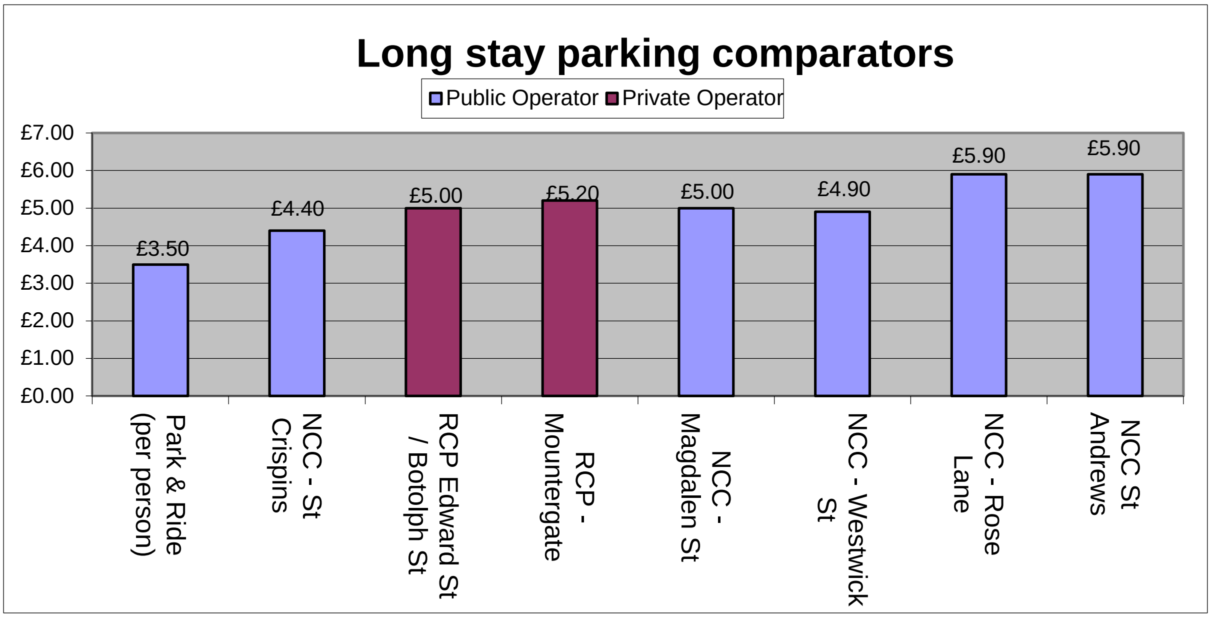
| (Please add an ‘x’ as appropriate) | Neutral | Positive | Negative | Comments |
|---|---|---|---|---|
| Risk management | X | | | |

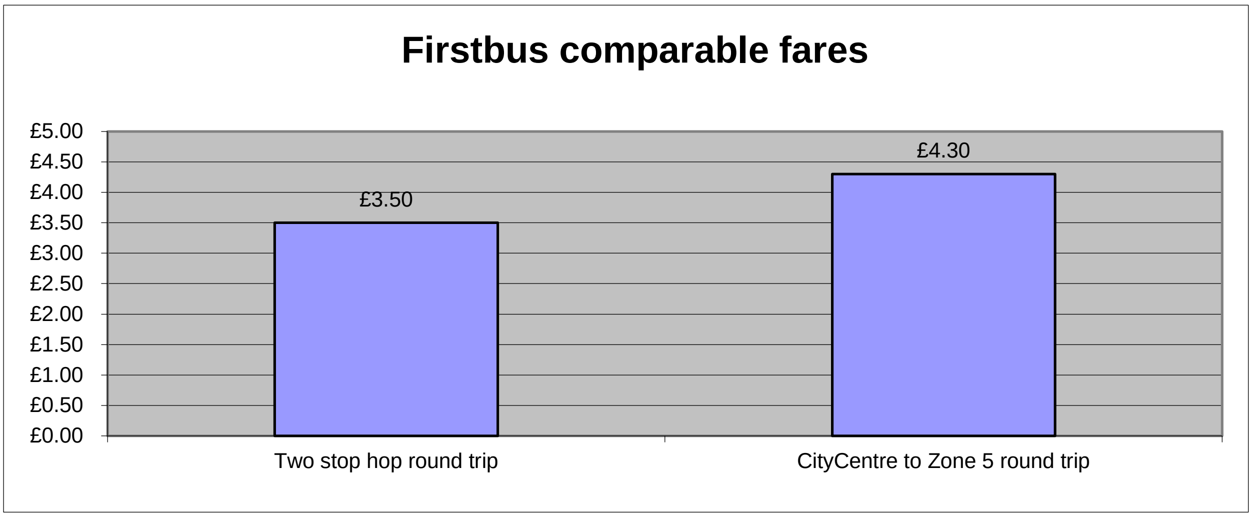
| Recommendations from impact assessment |
| --- |
| **Positive** |
| |
| **Negative** |
| |
| **Neutral** |
| |
| **Issues** |
| |

**Norwich parking comparitors**

| Norwich Comparators | | Spaces | Mon to Saturday 0500 to 1830 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Car Park** | **Operator** | | **1 hr** | **2 hrs** | **3 hrs** | **4 hrs** | **5 hrs** | **6 hrs** | **Eve.** |
| **Botolph Street** | RCP | 160 | 1.00 | 2.00 | 3.00 | 4.00 | 5.00 | 5.00 | n/a |
| **Anglia Square MSCP** | Anglia Square/RCP | Closed | | | | | | | |
| **Anglia Square surface** | RCP | 138 | 1.20 | 2.40 | 3.60 | 4.80 | 5.50 | 5.50 | n/a |
| **Riverside MSCP (rail users £6 up to 24hrs)** | X-Leisure (National Express) | 738 | 2.00 | 2.00 | 3.00 | 4.00 | 5.00 | 20.00 | n/a |
| **St Stephens MSCP * If arrive before 9.30am.** | NCP | 260 | 2.50 | 4.50 | 7.50 * | 7.50 * | 7.50 * | 7.50* | n/a |
| **Castle Mall MSCP** | Mall Corporation | 800 | 1.30 | 2.50 | 3.70 | 5.00 | 8.00 | 12.00 | 1.50 |
| **John Lewis mscp (non-shoppers in brackets)** | John Lewis | 650 | 1.00 (1.50) | 2.00 (3.00) | 3.00 (4.50) | 4.00 (6.00) | 6.50 (8.00) | 10.00 (12.50) | n/a |
| **Forum** | Mill Co | 204 | 1.80 | 3.60 | 5.40 | 7.20 | 9.00 | 10.80 | 2.50 |
| **Chapelfield** | Intu | 1000 | 1.30 | 2.60 | 3.90 | 5.20 | 8.00 | 8.00 | 2.50 from 3pm |
| **NCC Short stay** | Norwich CC | 647 | 1.90 | 3.80 | 5.70 | 7.60 | 8.50 | 15.00 | 2.00 |
| **NCC Medium stay** | Norwich CC | 1016 | 1.40 to 1.50 | 2.80 to 3.00 | 4.20 to 5.00 | 4.90 to 5.90 | 4.90 to 5.90 | 4.90 to 5.90 | 2.00 |
| **NCC Long stay** | Norwich CC | 74 | 1.30 | 2.60 | 3.90 | 4.40 | 4.40 | 4.40 | 2.00 |
| **NCC St Andrews MSCP** | Norwich CC | 1084 | 1.70 | 3.40 | 5.10 | 5.90 | 5.90 | 5.90 | 2.00 |

**Long stay and bus fare comparators**




Zone 1 typically extends to Magdalen Street and Bracondale.

Zone 2 typically extends out to villages such as Spixworth, Rackheath, Blofield, Newton Flotman, Costessey and Horsford.

Zone 5 typically extends out to towns such as Wroxham and Aylsham to the North of the City, Easton to the West, Acle to the East and to Loddon, Long Stratton and Wymondham to the South.

**Summary of proposed revisions to parking charges**

| **Current and proposed parking charges for Council car parks** | | | | **Mon to Sun & Bank Hols 0500 to 1830** | | | | | | Mon to Sun & Bank Hols |
|---|---|---|---|---|---|---|---|---|---|---|
| Car Park | Total spaces | Tariff type *** | | Up to 1 hr | Up to 2 hr | Up to 3 hr | Up to 4 hr | Up to 5 hr | 5hr + | 1830 to 0500 |
| St Andrews MSCP | 1084 | S/M | Existing | 1.70 | 3.40 | 5.10 | 5.90 | 5.90 | 5.90 | 2.00 |
| | | | Proposed | 1.80 | 3.60 | 5.40 | 6.00 | 6.00 | 6.00 | 2.20 |
| St Giles MSCP | 330 | S | Existing | 1.90 | 3.80 | 5.70 | 7.60 | 8.50 | 15.00 | 2.00 |
| | | | Proposed | 2.00 | 4.00 | 6.00 | 8.00 | No change | | 2.20 |
| Barn Road | 147 | M | Existing | 1.30 | 2.60 | 3.90 | 5.20 | 5.20 | 5.20 | 2.00 |
| | | | Proposed | 1.40 | 2.80 | 4.20 | No change | | | 2.20 |
| Chantry | 78 | S | Existing | 1.90 | 3.80 | 5.70 | 7.60 | 8.50 | 15.00 | 2.00 |
| | | | Proposed | 2.00 | 4.00 | 6.00 | 8.00 | No change | | 2.20 |
| Chapelfield East | 17 | S | Existing | 1.90 | 3.80 | 5.70 | 7.60 | 8.50 | 15.00 | 2.00 |
| | | | Proposed | 2.00 | 4.00 | 6.00 | 8.00 | No change | | 2.20 |
| Colegate | 94 | M | Existing | 1.40 | 2.80 | 4.20 | 5.60 | 8.00 | 8.00 | 2.00 |
| | | | Proposed | 1.50 | 3.00 | 4.50 | 6.00 | No change | | 2.20 |
| Magdalen Street | 206 | M | Existing | 1.30 | 2.60 | 3.90 | 5.00 | 5.00 | 5.00 | 2.00 |
| | | | Proposed | 1.40 | 2.80 | 4.20 | 5.20 | 5.20 | 5.20 | 2.20 |
| Monastery Court | 55 | S | Existing | 1.60 | 3.20 | 4.80 | 6.40 | 8.00 | 15.00 | 2.00 |
| | | | Proposed | No change | | | | | | 2.20 |
| Pottergate | 26 | S | Existing | 1.90 | 3.80 | 5.70 | 7.60 | 8.50 | 15.00 | 2.00 |
| | | | Proposed | 2.00 | 4.00 | 6.00 | 8.00 | No change | | 2.20 |
| Queens Road | 61 | M | Existing | 1.30 | 2.60 | 3.90 | 5.20 | 6.50 | 8.00 | 2.00 |
| | | | Proposed | 1.40 | 2.80 | 4.20 | 5.60 | No change | | 2.20 |
| Rouen Road | 187 | M | Existing | 1.30 | 2.60 | 3.90 | 5.20 | 5.20 | 5.20 | 2.00 |
| | | | Proposed | 1.40 | 2.80 | 4.20 | 5.40 | 5.40 | 5.40 | 2.20 |
| St Crispins | 74 | L | Existing | 1.30 | 2.60 | 3.90 | 4.40 | 4.40 | 4.40 | 2.00 |
| | | | Proposed | | | | No change | | | 2.20 |
| Westwick Street | 107 | M | Existing | 1.30 | 2.60 | 3.90 | 4.90 | 4.90 | 4.90 | 2.00 |
| | | | Proposed | 1.40 | 2.80 | 4.20 | 5.00 | 5.00 | 5.00 | 2.20 |
| New Rose Lane MSCP | 600 | S/M | Existing | 1.70 | 3.40 | 5.10 | 5.90 | 5.90 | 5.90 | 2.00 |
| | | | Proposed | 1.80 | 3.60 | 5.40 | 6.00 | 6.00 | 6.00 | 2.20 |

*** Tarrif type S = Short  M = Medium  L = Long

## Summary of proposed revisions to season ticket and contract parking charges

| **Current and proposed charges for Council car park season tickets** | | | **Price per annum** | | |
|---|---|---|---|---|---|
| Season Ticket | Car parks included | | 5 day/wk | 6 day/wk | 7 day/wk |
| St Andrews | St Andrews MSCP | Existing | £1,000 | £1,200 | £1,400 |
| | | Proposed | £1,030 | £1,236 | £1,442 |
| New Rose Lane | Rose Lane MSCP | Existing | £1,000 | £1,200 | £1,400 |
| | | Proposed | £1,030 | £1,236 | £1,442 |
| Category A | Queens Rd, Barn Rd, Colegate, Rouen Rd, Magdalen Street, St Andrews, Westwick St, St Crispins. | Existing | £2,380 | £2,856 | £3,332 |
| | | Proposed | No change | | |
| Category B | Magdalen St, St Crispins, Westwick St, St Andrews. | Existing | £1,195 | £1,434 | £1,673 |
| | | Proposed | No change | | |
| Category C | Magdalen St, Westwick St, St Crispins. | Existing | £980 | £1,176 | £1,372 |
| | | Proposed | £1,000 | £1,200 | £1,400 |
| Category D | St Crispins. | Existing | £780 | £936 | £1,092 |
| | | Proposed | No change | | |

| **Current and proposed charges for Contract Parking** | | **Price per annum** | | |
|---|---|---|---|---|
| **Permit/car park** | | **5 day/wk** | **6 day/wk** | **7 day/wk** |
| St Andrews | Existing | £1375 | £1650 | £1925 |
| | Proposed | No change | | |
| Colegate | Existing | £2600 | £3120 | £3640 |
| | Proposed | No change | | |
| Barn Road | Existing | £1,100 | £1,320 | £1,540 |
| | Proposed | No change | | |
| Westwick Street | Existing | £1,100 | £1,320 | £1,540 |
| | Proposed | No change | | |

**Summary of public parking spaces available**

| | Car Park | Operator | Standard spaces | Disabled spaces |
|---|---|---|---|---|
| | On Street pay and display | City/County Council | 650 | 59 |
| | **Sub Total** | | **650** | **59** |
| Multi-storey | St Andrews | City Council | 1032 | 52 |
| | St Giles | City Council | 319 | 11 |
| | New Rose Lane | City Council | 560 | 35 |
| | Chapelfield | Capital Shop Centres | 954 | 50 |
| | Castle Mall – Farmers Ave | The Mall Group | 76 | 5 |
| | Castle Mall – Rose Lane | The Mall Group | 702 | 25 |
| | The Forum | Forum | 192 | 12 |
| | Riverside | X-Leisure | 735 | 22 |
| | John Lewis | JLP | 635 | 15 |
| | Anglia Square | Closed | 0 | 0 |
| | St Stephens Gate | NCP | 260 | 2 |
| | **Sub Total** | | **5465** | **229** |
| Off Street Pay and Display | Barn Road | City Council | 143 | 7 |
| | Colegate | City Council | 88 | 5 |
| | Chantry | City Council | 75 | 4 |
| | Chapelfield East | City Council | 17 | 1 |
| | St Crispins | City Council | 74 | 0 |
| | Monastery court | City Council | 52 | 3 |
| | Rouen Road | City Council | 179 | 9 |
| | Magdalen Street | City Council | 191 | 10 |
| | Pottergate | City Council | 24 | 2 |
| | Queens Road | City Council | 59 | 3 |
| | Westwick Street | City Council | 105 | 3 |
| | Assembly House | Assembly house | 48 | 3 |
| | Botolph Street | RCP | 160 | 0 |
| | Edward Street | RCP | 22 | 0 |
| | Lower Clarence Road | RCP | 385 | 0 |
| | Anglia Square | RCP | 95 | 0 |
| | St Helens Wharf | Jarrold | 134 | 4 |
| | Mountergate | RCP | 120 | 0 |
| | Hollywood Cinema | RCP | 69 | 0 |
| | Riverside surface | | 1062 | 27 |
| | Sainsbury Queens Road | Sainsbury | 335 | 16 |
| | Toys R Us | Euro car parks | 242 | 8 |
| | Rear of NCFC | NCFC | 400 | 18 |
| | **Sub Total** | | **4079** | **123** |
| Park & Ride | Postwick | County Council | 527 | 25 |
| | Airport | County Council | 591 | 29 |
| | Sprowston | County Council | 756 | 36 |
| | Harford | County Council | 1039 | 49 |
| | Thickthorn | County Council | 750 | 36 |
| | Costessey | County Council | 1051 | 49 |
| | **Sub Total** | | **4714** | **224** |
| | **Total** | | **14908** | **635** |

| | | |
|---|---|---|
| **Report to** | Cabinet | **Item** |
| | 11 October 2017 | 6 |
| **Report of** | Head of city development services | |
| **Subject** | New Anglia Local Enterprise Partnership Norfolk and Suffolk Economic Strategy | |

---

**Purpose**

The New Anglia Local Enterprise Partnership is seeking Norwich City Council endorsement of its new Norfolk and Suffolk Economic Strategy.

**Recommendation**

To endorse the New Anglia Local Enterprise Partnership Norfolk and Suffolk Economic Strategy and further engagement on its implementation to ensure the delivery of inclusive growth for Norwich.

**Corporate and service priorities**

The report helps to meet the corporate priority a prosperous and vibrant city.

**Financial implications**

Nil.

**Ward/s**: All wards

**Cabinet member**: Councillor Waters - leader

**Contact officers**

| | |
|---|---|
| Ellen Tilney, economic development manager | 01603 212501 |
| Sharon Quantrell, economic development officer | 01603 212457 |

**Background documents**

None

# Report

**Background**

1. The New Anglia Local Enterprise Partnership (LEP) has produced a new Norfolk and Suffolk Economic Strategy. It is a vision for the economic future of Norfolk and Suffolk, seeking to bring together partners to look at how the area could build on strengths and deliver positive change to maximise the economic opportunities in our region. The new strategy will cover the period up to 2036, with a nod to 2050 to reflect other relevant strategies which are currently being developed.

2. The new strategy has been developed to reflect the evolving local economy and changing external macroeconomic factors such as Brexit; it will set out the ambitions of the area with a view to attracting government and other investment with which to achieve transformational economic change. As such it will provide a strong steer to shape the strategic direction of other local and regional stakeholders including local authorities.

3. The New Anglia LEP will take this strategy to its Board in October with the aim of publication in autumn 2017, and it is seeking the endorsement of local authorities in Norfolk and Suffolk prior to publication. Once the strategy has been adopted, action plans will be created underneath it which will influence a wide range of key decisions.

4. The strategy is supported by an evidence base assembled by Metro Dynamics consultancy and by a group of officer data practitioners, Norwich City Council was represented on this group and provided most of the labour market datasets. Local authorities, businesses and other stakeholders have been involved in the consultation process throughout the first half of 2017. In all, more than 1000 people have been involved in consultation events and individual industry sector groups have also been consulted.

5. The new strategy sets clear ambitions describing Norfolk and Suffolk as the place that collectively all partners want it to be. It then sets out the actions by which the LEP is proposing to deliver future success under five themes:

   - our offer to the world;
   - driving business growth and productivity;
   - driving inclusion and skills;
   - collaborating to grow;
   - competitive clusters, close to global centres.

6. Under these thematic plans Norwich residents should benefit in many ways but particularly in terms of investment in skills, employment, housing and infrastructure including investment in transport and communications. The

document does not heavily focus on place but does set out where growth is expected in the years ahead:

- Ipswich and its surrounding area.
- Norwich and the Greater Norwich area.
- Norfolk and Suffolk Energy Coast.
- Norwich to Cambridge corridor.
- Critical east west growth corridors along the A47 from Great Yarmouth to Kings Lynn and A14 Felixstowe to Cambridge.
- Kings Lynn - and the A10 and rail corridor.

7. Economic indicators and targets will be used to measure success and local authorities and other partners are encouraged to work together to pool resources and coordinate activity in some key areas such as inward investment, skills, place marketing and infrastructure investment. This stronger collaboration and joint effort is vital if the LEP area as a whole is to secure the necessary investment to deliver its objectives.

8. The 2018-2036 Economic Strategy covers the whole of Norfolk and Suffolk; it is a high level document which is closely aligned to the government's Industrial Strategy. Setting out the New Anglia LEP's economic ambition; detail in the form of action and investment plans will be developed over the Autumn and Winter. From a city council perspective Norwich, as the economic driver of New Anglia, should be central to the strategy and to these underpinning implementation plans.

9. In endorsing this strategy Norwich City Council will expect to be fully involved in the development of the associated action and investment plans which are to be developed and that these will articulate a far more detailed examination of opportunity in the city and provide the framework for the LEP's support and engagement in the delivery of Norwich's inclusive growth agenda.

# 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:** | 11 October 2017 |
| **Director / Head of service** | Dave Moorcroft/Andy Watt |
| **Report subject:** | New Anglia Local Enterprise Partnership Norfolk and Suffolk Economic Strategy |
| **Date assessed:** | 11 September 2017 |
| **Description:** | |

| | 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** | ☐ | ☒ | ☐ | New Anglia Economic Strategy has been developed to reflect the evolving local economy, to set out the ambitions of the area with a view to attracting government and other investment with which to achieve transformational and inclusive economic growth. As such it will provide the overarching strategic steer to shape the strategic direction of other local and regional stakeholders including Norwich City Council to secure and channel investment into appropriate activities to deliver inclusive growths in Norwich. More detailed assessments will be made upon development of the underpinning action plans in Autumn 2017. |
| **Financial inclusion** | ☐ | ☒ | ☐ | Delivering inclusive growth is a key strand within the strategy including the delivery of skills provision and jobs growth with a view to supporting more residents to become economically active in sustainable employment which can offer real opportunities for progression. More detailed assessments will be made upon development of the underpinning action plans in Autumn 2017. |
| | | | | |

| | Impact | | | |
|---|---|---|---|---|
| **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** | ☐ | ☒ | ☐ | The strategy has a focus upon inclusive growth, including opportunities for all to engage in employment, skills development and work progression. More detailed impact assessments can be made once the thematic detailed action plans are developed in Autumn 2017. |
| | | | | |
| **Environmental (please add an 'x' as appropriate)** | **Neutral** | **Positive** | **Negative** | **Comments** |

| | Impact | | | |
|---|---|---|---|---|
| **Transportation** | ☐ | ☒ | ☐ | The strategy seeks to secure investment in improved transport and communications infrastructure. More detailed impact assessments can be made once underpinning action plans are developed in Autumn 2017. |
| **Natural and built environment** | ☐ | ☒ | ☐ | The strategy seeks to secure investment in good quality, sustainable development and redevelopment as a means of delivering inclusive economic growth. More detailed impact assessments can be made once underpinning action plans are developed in Autumn 2017. |
| **Waste minimisation & resource use** | ☒ | ☐ | ☐ | It is not currently possible to determine impact from the overarching strategy document, more detailed assessment can be made once underpinning action plans are developed in Autumn 2017. |
| **Pollution** | ☒ | ☐ | ☐ | It is not currently possible to determine impact from this high level strategy document, more detailed assessment can be made in respect of individual projects arising from the underpinning action plans which will be developed in Autumn 2017. |
| **Sustainable procurement** | ☒ | ☐ | ☐ | It is not currently possible to determine impact from the overarching strategy document, more detailed assessment can be made once underpinning action plans are developed in Autumn 2017. |
| **Energy and climate change** | ☒ | ☐ | ☐ | It is not currently possible to determine impact from this high level strategy document, more detailed assessment would need to be made against individual projects that will arise once underpinning action plans are in place. |
| | | | | |
| **(Please add an 'x' as appropriate)** | **Neutral** | **Positive** | **Negative** | **Comments** |

| | Impact | | | |
|---|---|---|---|---|
| **Risk management** | ☒ | ☐ | ☐ | |

| **Recommendations from impact assessment** |
|---|
| **Positive** |
| |
| **Negative** |
| |
| **Neutral** |
| |
| **Issues** |
| |

APPENDIX 1

# THE>EAST

## NORFOLK AND SUFFOLK ECONOMIC STRATEGY

A STRATEGY FOR
GROWTH AND OPPORTUNITY

# CONTENTS



*University of Suffolk Students*

# OUR POTENTIAL

**88,000**
NET NEW JOBS
BY 2036

**140,000**
NEW HOMES
BY 2036

A **HIGHER** PROPORTION OF PEOPLE ENGAGED IN THE LABOUR MARKET THAN ACROSS THE UK BY 2036

GROW OUR ECONOMY BY
**£17.5 BILLION**
IN REAL TERMS BY 2036

GVA PER HOUR OF
**£39**
BY 2036

**30,000**
NEW SUCCESSFUL BUSINESSES BY 2036

**66%**
OF THE POPULATION WITH NVQ3+
BY 2036

INCREASED MEDIAN WAGES BY
**£200**
MORE PER WEEK BY 2036

# OUR PLACE


KEY
Clean Energy Cluster
Finance & Insurance Cluster
Digital Cluster
Life Science, Advanced Food Tech & Biotech Cluster
Food Enterprise Zones
Universities
Enterprise Zone
Oil Rig
Wind Farms
Gas Terminal
Nuclear Power Station
Airport
Shipping Port
The National Stud
RAF Base
75 97.2MW
91 573.3MW
67 402MW
88 316.8MW
Hunstanton
Wells-next-the-Sea
Sheringham
Cromer
Bacton Gas Terminal
To Lincolnshire, & the North
Kings Lynn
Fakenham
North Walsham
Norwich International Airport
1800MW 120
TBC 1800MW
120 1800MW
172 1200MW
Worldwide destinations and markets 45 minutes away
Marham
Norwich
Great Yarmouth
Peterborough
Downham Market
Lowestoft
To the Midlands
Norwich to London 90 minutes
Lakenheath
Thetford
Diss
Ely
Mildenhall
Eye Airfield
Southwold
Europe's All Energy Coast
Bury St Edmunds
Sizewell
102 800MW
TBC 714MW
TBC 800MW
Cambridge
Newmarket
Stowmarket
Haverhill
Aldeburgh
Sudbury
Woodbridge
Ipswich
Hadleigh
Felixstowe
504MW
196
336MW
Harwich
UK's biggest container port handling 40 per cent of all trade
Stansted
48 172.8MW
175 630MW
Ipswich to London 60 minutes
London
A17
A149
A148
A140
A47
A10
A11
A14
A12
A1307
M11
A1
M25
IJmuiden
The Hook
Amsterdam
Rotterdam
Netherlands
Zeebrugge
Brugge
Antwerpen
Calais
Belgium
France
Lille

# FOREWORD

**DOUG FIELD**
Chairman of New Anglia Local Enterprise Partnership

Our economy contributes £35bn to UK plc and investment here delivers growth. Since 2010 our economy has grown by 9%, faster than many "powerhouse" areas. Ours is a diverse economy, but with globally competitive clusters that drive our success. We are well connected to London, Cambridge and wider international markets, with higher than average levels of economic activity. We are ambitious for future growth and we will work with Government and private investors to deliver it.

We have an excellent understanding of our economy and the opportunities ahead. New technologies, techniques and collaborations across sectors will further drive growth, raising productivity and moving firms into new products and markets. Our strategy is to generate growth across all sectors, focussing on creating high value, highly skilled jobs and industries, whilst also providing the technical skills, access to innovative techniques and support that all businesses and the wider workforce needs to succeed.

Norfolk and Suffolk have a number of centres of economic activity, with fast growing urban areas, historic market towns and a large rural economy. Our natural landscape and our rich cultural heritage give Norfolk and Suffolk its distinctive character. We are forward looking and our economy is well positioned to capitalise on the opportunities created by further advances in technology and digital connectivity. We are determined that growth will be inclusive, benefiting all our people. We are looking ahead to the Government's industrial strategy, working together as business leaders, local authorities, the voluntary and community sector, Universities and Colleges to drive future success as a place where businesses and residents can thrive and succeed. We are exploring new models of funding and financing the infrastructure we need, because the evidence shows we can deliver returns and growth.

We are confident in our ambitions because they are built on the success of our original 2014 Strategic Economic Plan. This has delivered more jobs, new businesses and housing. **The numbers tell the story**. Since 2014, **43,600 more jobs** and **5,710 new businesses** have been created and **18,850 new homes built. Over £350m of government funding** has been **secured** and will be invested in the region by 2021 in a wide range of projects to improve skills, drive innovation, support growing businesses and improve transport and other infrastructure. **Over £260m of private sector funding** has also been **unlocked**, outstripping our original commitment of £199m by 2021.

Collaboration and hard work from all partners has been at the heart of this success. Together we have invested and delivered transformative projects and initiatives. MyGo in Ipswich is the first dedicated youth employment centre in the country and we have one of the most established Enterprise Advisor Networks of any region, connecting local business leaders with local schools and colleges helping to motivate and inspire young people.

We have the world's first International Aviation Academy in Norwich, expanded the network of specialist innovation and enterprise centres - Norwich University of the Arts Ideas Factory, University of Suffolk's Ipswich Waterfront Innovation Centre, University of East Anglia Enterprise Centre and King's Lynn Innovation Centre – other investments include the flood alleviation scheme in Lowestoft, the regeneration of the Cornhill - bringing a new heart to the retail centre of Ipswich and19 transport projects including a relief road for Bury St Edmunds to unlock 500 new housing (including 30% affordable), 68 hectares of strategic employment land, a school and leisure centre.

Our Community Challenge fund has provided grants to grassroots voluntary and community groups, supporting people from disadvantaged backgrounds and facing barriers to economic participation.

Sixteen sites across the two counties have secured Enterprise Zone status providing benefit from business rate discounts, simplified planning and access to superfast broadband. Our award-winning Growth Hub has worked with over 6,300 businesses giving 29,300 hours of face to face support. We have achieved much, but there is more to do.

Our Economic Strategy reflects the evolving needs and opportunities of our growing local economy and how it can respond and succeed in a fast changing world. The Government's emerging Industrial Strategy also provides an opportunity to further boost our sectors and drive growth.

> "Together we will deliver the Economic Strategy by prioritising action and investment."

We have an excellent understanding of how our economy is working, how it is changing and what our sectors need. We know that:

- **We make a very significant contribution to UK Plc.** We have excellent business opportunities, high quality and affordable places to live, a good availability of commercial land and a fantastic leisure and cultural environment, all close to London and Cambridge. We need to make sure that this offer is well understood and recognised by Government to make the case for the public and private investment needed to drive future growth.

- **We have strengths in clean energy, digital, life science and high value food production.** These sectors all have high value growth opportunities. They are often concentrated near communities which do not have all the skills needed to fully benefit. Linking investment in skills more closely with the communities and businesses nearby will provide more opportunities for residents.

- **Norfolk and Suffolk is an attractive place to live and work.** People of all ages, including young people, families and skilled professionals move to the area every year. Building on this success, we need to and encourage even more young people and families to stay or locate in Norfolk and Suffolk, showing them the opportunities and careers that exist in our economy for people of all ages.

- **Improving technical skills and adopting new techniques will further drive productivity and growth**. Many businesses across different sectors have increasingly similar technical needs. Developing links between business and our world class universities will help drive further innovation.

- **Recent investment has and will continue to improve our road, rail and digital networks.** This is particularly important given the area's large travel to work areas and with rail commuting increasing. But we can go further and faster. Many of the area's businesses rely on mobile and broadband connectivity and increasingly more will do so as patterns of home and remote working and networked businesses grow.

*Stokes Sauces, Rendlesham, East Suffolk*


Macro-economic changes such as technological advances and automation will change how we maximise these opportunities act on these opportunities in the years ahead. The country's exit from the EU will also alter Norfolk and Suffolk's interactions with partners in Europe and further afield. Opportunities arising from changes to migration, trade and funding should be harnessed to drive the area's economy, whilst recognising that the current uncertainty will impact on business and investor sentiment.

We have major growth locations in Norfolk and Suffolk, with a robust evidence base and detailed understanding of what is needed to continue to drive and unlock their further success. The locations are our priority places and include:

- Ipswich and the surrounding area;
- Norwich and the Greater Norwich area;
- The Norfolk and Suffolk Energy Coast, including Bacton, Great Yarmouth, Lowestoft and Sizewell, with assets on and offshore;
- The Cambridge Norwich corridor growth – connecting two global centres of research;
- The critical east west growth corridors along the A47 from Lowestoft, Great Yarmouth to King's Lynn and the A14 Felixstowe through Ipswich, Stowmarket, Bury St Edmunds, Newmarket and Haverhill to Cambridge; and
- King's Lynn - and the A10 and rail corridor to Cambridge.

Boosting our infrastructure is central to delivering all our ambitions. Our priority places are interconnected, dependent on transport links and draw on many of the same labour markets and supply chains. We will prioritise improvements to our digital and transport infrastructure and utility provision, using our own funding and making the case to Government where national investment is need.

Based on the evidence we have agreed stretching but achievable ambitions. We want Norfolk and Suffolk to be:

- **The place where high growth businesses with aspirations choose to be.**
- **An international facing economy with high value exports.**
- **A high performing productive economy.**
- **A well-connected place.**
- **An inclusive economy with a highly skilled workforce.**
- **A centre for the UK's clean energy sector.**
- **A place with a clear, ambitious offer to the world.**

We will deliver these ambitions by prioritising action and investment in the priority places above and the five themes shown below.

We have set ambitious targets which we will use to measure progress towards our goals. **By 2036**, we will have **added 17.5bn** in real terms **to our economy**, have **created 88,000 new jobs**, **30,000 new successful businesses**, and **140,000 new homes**, have a **GVA per hour of £39**, **increased median wages by £200** more per week and **66% of the population holding NVQ3+ qualifications**.

> "Our economy is most successful when we work together for the benefit of the people of Norfolk and Suffolk. We have achieved much since 2014, but there is plenty more to do."

**OUR OFFER TO THE WORLD**

**DRIVING BUSINESS GROWTH AND PRODUCTIVITY**

**DRIVING INCLUSION AND SKILLS**

**COLLABORATING TO GROW**

**COMPETITIVE CLUSTERS, CLOSE TO GLOBAL CENTRES**

We are an ambitious and inclusive region, contributing significantly to the performance of UK PLC and committed to delivering the standards of living we expect for all our communities.

## THE STRATEGY

Our strategy looks ahead to 2036, but focuses on the actions we need to take over the next four years to secure long term success. It is a dynamic and living blueprint to guide the work and investment of many partners. Together we have:

**Examined the evidence**, making sure we understand our economy in detail and how it works and is changing.

**Set challenging but achievable ambitions**, which are based on the evidence and describe the place and economy we want Norfolk and Suffolk to be.

**Agreed the themes** under which we are going to prioritise action and investment.

**Agreed the priority places** where investment and action is most likely to deliver a strong return.

**Identified Economic Indicators and set targets** to measure success and drive delivery.

# NORFOLK & SUFFOLK ECONOMIC PROFILE AT A GLANCE

CONTRIBUTES
**£35.5BN**
TO UK PLC

**EMPLOYMENT RATE:**
POPULATION AGED 16-64 IN WORK
**78%**

COMPARED WITH
**74%**
ACROSS THE UK

POPULATION OF
**1,626,900**
IN 2015

**61,000**
INDEPENDENT ENTERPRISES

**2ND**
SECOND-FASTEST GROWING AREA FOR
**HIGH-GROWTH FIRMS** IN UK
**62%** SINCE 2012 COMPARED TO
**32%** UK AVERAGE

GROWTH HAS BEEN **FASTER** THAN A NUMBER OF 'POWERHOUSE' AREAS.

- NEW ANGLIA **9.6%**
- MANCHESTER 7 3%
- LEEDS 5%
- HERTFORDSHIRE 8.7%
- COAST TO CAPITAL 9.2%
- NATIONAL RATE 8.6% (EXCLUDING LONDON)

**NVQ QUALIFICATION LEVEL (2015)**

| | LEVEL 4 | LEVEL 3 | LEVEL 2 | LEVEL 1 | NONE |
|---|---|---|---|---|---|
| % NORFOLK & SUFFOLK WORKFORCE 2015 | 37 | 21 | 23 | 15 | 4 |
| % OF UK WORKFORCE 2015 | 43 | 20 | 20 | 13 | 5 |
| % CHANGE 2005-15 | +40 | +17 | +1 | -22 | -48 |

AVERAGE ANNUAL IMPROVEMENT IN PRODUCTIVITY SINCE 2009 IS
**0.04%**
COMPARED WITH 2.2% 1981-2008

**14%**
LIVING STANDARDS 14% BELOW THE UK AVERAGE

MEDIAN PROPERTY PRICES 2016
- NORFOLK £191,700
- SUFFOLK £204,400
- ENGLAND £218,300

**£2.9BN**
OF GOODS EXPORTED EVERY YEAR

# NORFOLK AND SUFFOLK 2017

To underpin our ambitions and make sure we set the right priorities to deliver them we have developed a detailed and accurate understanding of our economy and business base, through a shared analysis and evidence base.

This will inform a wide range of plans and strategies in our region and provides an excellent common understanding of our economy. It can be found in our Evidence Report, published alongside this strategy and is summarised in this section.

## SUMMARY

Norfolk and Suffolk has a £35.5bn economy which has grown by 9% since 2010, faster than a number of 'powerhouse' areas. There are a record number of people engaged in the economy, with 82% of the working age population in Norfolk and Suffolk economically active (compared with 78% across the rest of the UK), high levels of employment (78.2%, against a UK average of 73.8%), and low unemployment (4%, against a UK average of 5.4%).

Norfolk and Suffolk was hit hard by the 2008 recession and in the run up to it, with GVA per head declining from 2006 and not recovering fully until 2011. There was a long-term reduction in economic performance compared with the UK average, largely due to a loss of higher value jobs which were not replaced. Though the 2014 Strategic Economic Plan drove our recovery, the economy has still not completely recovered from this structural hit. Productivity (GVA per hour is 96% of the UK average) and job growth (5.3% between 2010-15, against 6.8% in Great Britain) are still challenges for the area. Norfolk and Suffolk has grown and continues to grow, but needs to do so faster than elsewhere to catch up with the UK and achieve the step change we are striving for.

## A DIVERSE ECONOMY, WITH IMPORTANT SPECIALISATIONS

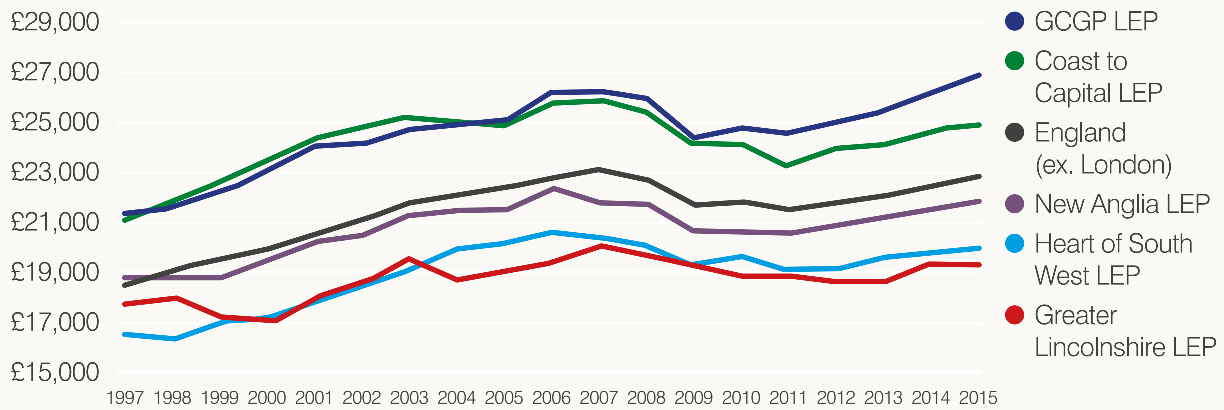
Norfolk and Suffolk has a diverse and well-balanced economy, with growing and important specialisations that make a significant contribution to the national economy. These include globally important clusters in ICT and telecoms, life sciences and genomics, clean energy and financial industries.

The insurance and financial sector continues to be competitive strength for the area, despite declines in the UK as a whole. The sector remains stronger here than the UK average, with important centres in Norwich and Ipswich, including growing numbers of innovative fin-tech firms. Agriculture, food and drink sector is also important, with 111,136 jobs and major brands based in the area. As the number of jobs in traditional agricultural production has declined, there has been job growth in higher value food processing. The area has also seen rapid growth in business services (30.9% between 2010 and 2015) and digital businesses (3000 new jobs over the same period).

The Port of Felixstowe handles over 40% of UK container traffic, alongside ports at Great Yarmouth, Lowestoft and Ipswich. This makes Logistics and port related businesses an important sector, contributing £2.3bn of GVA and employing 47,364 people.

More detail on our nine focus sectors are set out on pages 12 to 14.

### GVA PER HEAD GROWTH 1997-2015: NEW ANGLIA AND COMPARATORS



**PEOPLE AND SKILLS:**

Younger people and families also see Norfolk and Suffolk as an attractive place to live and work. In 2015, significantly more people chose to come to the area rather than leave. This is particularly so for people over 35, many of whom locate with their children from North London, Essex and Cambridgeshire and is helping fill skills gaps. Norfolk and Suffolk also has an ageing population, 23.1% of its population being over 65 compared to 17.8% in the UK. This is an engaged, if older, population with a huge contribution to make.

> “Norfolk and Suffolk has a more economically active population than the UK average.”

Skill levels and wages however are lower, with more jobs than the national average in lower paying industries. Continuing to enable local people to access the skills they need to benefit from and drive future growth sectors such as clean energy, digital, life sciences and higher end business services will be central to continuing to increase wage levels and living standards.

Only 31.2% of Norfolk and Suffolk's working-age residents have a further or higher education degree compared to 36.9% in the UK. However, fewer residents have no qualifications (7.7%) than the UK average (8.8%). The share of managers and senior staff (2015) is in line with the UK average, though there is also a higher than average share of residents in lower value jobs.

**CONNECTIVITY AND COMMUTING:**

Connectivity within Norfolk and Suffolk is extremely important. Whilst external commuting is increasing, 91% of the area's residents work here and 94% of Norfolk and Suffolk workers live in the area. 55,000 residents commute outside Norfolk and Suffolk to work every day, with the main destinations being Cambridge (including Cambridgeshire), Central London and Colchester. Rail use in the region has increased significantly since 2010, particularly on the direct commuting lines to Cambridge. Almost 35,000 workers commute to Norfolk and Suffolk every day, primarily from East Cambridgeshire and Colchester.

Norfolk and Suffolk's transport connections are strong. Ipswich is 60 minutes from London and 45 minutes from Norwich. Improvements to digital and physical infrastructures have been a central part of the LEP's strategy, with a new Greater Anglia rail franchise bringing the biggest new fleet of trains in the UK and associated capacity, reliability and frequency improvements as well as investment in the franchise to the west of our region. Significant improvements in road connectivity, such as the completion of the dualling of the A11, have cut road journey times. Further investment in the road and rail networks will continue to build on this, promoting key arteries to the north, south and west and fulfilling aspirations for improved services between centres including Ipswich and Cambridge, Norwich and Cambridge and King's Lynn and London.

International connectivity is also advantageous. Norwich Airport provides fast connections to and outside Europe as well as to other UK cities. It is also the main base for aviation access to nearby North Sea gas, oil and renewables installations. The region also benefits from its proximity to Stansted, the UK's 4th largest airport by passenger traffic, with more than 170 destinations worldwide. Felixstowe, Lowestoft and the area's other ports at Great Yarmouth, Ipswich and King's Lynn also provide strong international shipping links.

Digital connectivity is strong and improving. Our ambition to increase coverage of Superfast broadband to 95% is becoming a reality, a multi-million pound investment by partners in Norfolk and Suffolk on target to achieve this by 2019. We are also working on improving mobile connectivity, particularly in rural areas. This is a particular problem for encouraging growth in our rural areas, with tourists and high value incomers dissuaded by poor mobile signal.

*Winerack in Ipswich, now & proposal*

## HOUSING AND COMMERCIAL PROPERTY:

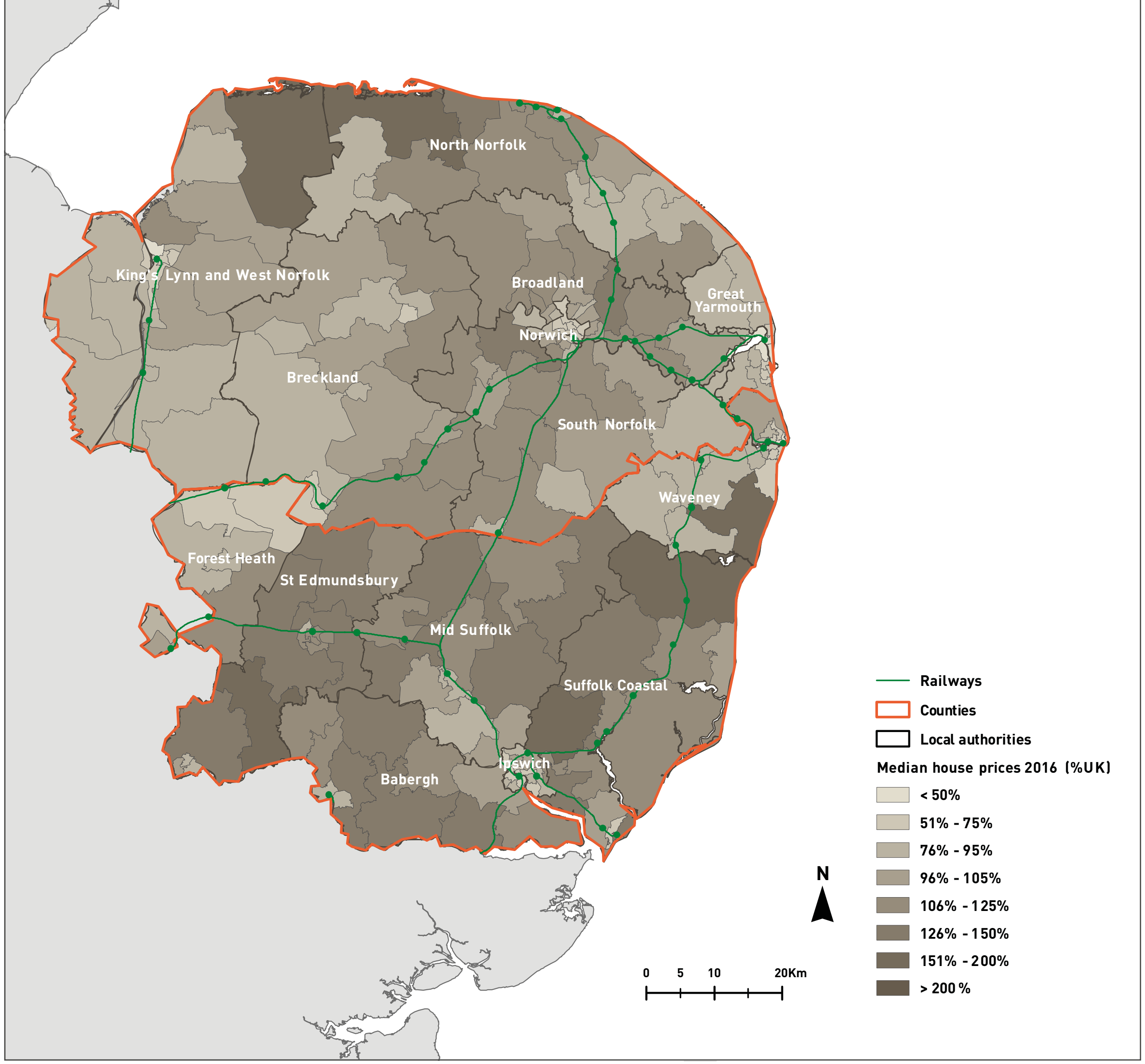
Since the 2014 strategy, 18,850 homes have been built and 253,000 square ft of commercial space constructed. Our enterprise zones have created more than 2,600 jobs, are home to 85 companies, and are beginning to be a magnet for investment, having attracted over £45m of private sector investment to date.

Norfolk and Suffolk has a dynamic commercial property market, with pockets of relatively low value properties close to major growth opportunities (such as Ipswich and Great Yarmouth). Most large commercial transactions took place in and around Norwich and Ipswich, alongside some significant transactions in King's Lynn, Great Yarmouth and Lowestoft. Bury St. Edmunds and Haverhill have also seen considerable investments in commercial property, as companies look for opportunities further outside London and Cambridge.

Housing affordability is also a diverse picture. The south and west of Suffolk has seen significant house price growth, due largely to the effects of London and Cambridge. Securing additional housing in these areas of growth will continue to be a priority. There are also very high prices in areas of North Norfolk and the Suffolk Coast, driven by second home ownership and holiday lets.

But we have high quality affordable housing in areas that are currently undergoing rapid growth of jobs and population. This includes Greater Norwich and along the A11 and A14 corridors to Cambridge, in the Ipswich and surrounding area and in the centres of activity for gas, oil, nuclear and renewables sectors around Lowestoft, Great Yarmouth and Sizewell. This mix of affordability and growth, combined with Norfolk and Suffolk's recent record of attracting young people and families to the area, is a real opportunity.

**THE MEDIAN HOUSE PRICES CROSS NORFOLK AND SUFFOLK IN 2016, AS A PERCENTAGE OF THE UK MEDIAN.**



# OUR SECTORS

Our diverse economy is a real strength. This strategy identifies nine key sectors in which Norfolk and Suffolk has competitive advantages. In some cases it is the scale of the sector, in others a really focused specialism. The diverse range of sectors provides the biggest opportunity for growth – cross-sector collaboration. This is where specialist skills in one sector can drive growth across other sectors.

## ENERGY

**Global all-energy sector with 50 years expertise in the oil and gas sector, nuclear new build, and the world's largest windfarms in development off the coast with globally competitive renewables supply chain and support industry.**

The East of England Energy Zone is unrivalled in the UK for its unique mix of wind power, gas and nuclear energy production. The supply chain has 50 years of experience and expertise, recognised with Enterprise Zone status. **Bacton Gas Terminal** in North Norfolk is a major component of UK energy infrastructure, providing one third of the UK gas supply making it an essential component in ensuring the future energy security of the UK.

Home to **OrbisEnergy** centre of excellence - a specialist innovation and incubation centre and the **East of England Energy Group** (EEEGR), bringing together over 300 energy businesses. The coast around Greater Yarmouth and Lowestoft is at the centre of the world's largest market for offshore wind. Capital investment in clean energy worth £50bn is planned for the region by 2020, with the world's largest windfarm in development off the coast, the proposed development of **Sizewell C nuclear power station** creating 25,000 jobs, and opportunities in the decommissioning of existing nuclear power facilities and offshore installations.

Home to pioneering companies such as **Connected Energy** in Hethel which is accelerating new approaches to grid load management with their battery storage systems and energy optimisation expertise.

With a growing bioenergy market and longer term plans for the storage of gas and captured carbon in the Southern North Sea, the area has an energy business worth billions. Offshore wind, nuclear, solar, biomass and a range of other renewable clean energy developments create **a large clean energy cluster and centre of expertise that no other region in the UK can match.**

## LIFE SCIENCES AND BIOTECH

**International expertise in the field of food, health and the microbiome, an advanced cluster of animal health and emerging pharmaceutical manufacture on the Cambridge Norwich Corridor.**

With significant strengths in agri-bio tech, food and the microbiome, bioinformatics and industrial biotech, Norfolk and Suffolk's life sciences sector is home to innovative, high-tech businesses and research institutions with close links to the food, health, ICT and agriculture sectors.

**Norwich Research Park** (NRP) - comprising UEA, John Innes Centre, Earlham Institute, Quadram Institute, The Sainsbury Laboratory and Norfolk and Norwich University Hospital - is a world-leading research base, at the forefront of global food and health research. It is Europe's largest single site hub of research, training, education, and enterprise in food and health. The £76m **Quadram Institute** is due to open in 2018 at NRP, which will help create a fundamental shift in the way we understand and address the impact of food on health.

The **Centre for Environment, Fisheries and Aquaculture Science** (CEFAS) is headquartered in Lowestoft, Suffolk. This is the **UK's most diverse centre for applied marine and freshwater science and research,** providing innovative solutions for the aquatic environment, biodiversity and food security. There is also a cluster of animal health firms at Newmarket, focused around Newmarket's world class racing industry and several large pharmaceutical companies at Haverhill, taking advantage of links to the Cambridge life sciences cluster.

## ICT, TECH AND DIGITAL CREATIVE

**Recognised tech clusters centred on Norwich's fast-growing digital creative hub and world-leading centre of innovation in communications technology at Adastral Park and Innovation Martlesham near Ipswich. We are at the forefront of digital innovation, with strengths in telecoms, cyber security, quantum technology, Internet of Things and UX design, with business coming together under the Tech East brand.**

The ICT, Tech and Digital Creative sector is fast-growing, high-value and important in driving productivity across all sectors. Recognised in the **Tech Nation Report** as tech clusters, Norwich and Ipswich have a growing tech community and innovative start-up scene. **Adastral Park** is at the forefront of global telecoms innovation, home to BT Labs Global Research and Development HQ and a growing cluster of 100 high-tech companies, including **Huawei, Cisco, Ericsson and Tech Mahindra.**

Norwich, hosts a growing cluster of digital creative businesses, and a rich ecosystem of interlocking meetup groups catering to a range of tech and digital interests. Two leading universities provide a steady flow of graduates, offering the creative and technical talent needed to fuel growth in the sector.

The **University of East Anglia** plays a key role in Norwich's tech community supporting and connecting many of the active meet-up groups. Businesses include award winning digital businesses such as **Rainbird, EPOS NOW and Further**.

**Norwich University of the Arts** (NUA), with its specialism in arts, design and media is centre of the dynamic creative community and home to the **Ideas Factory** incubation centre for digital creative businesses and UX Lab. The vibrant and growing group of creative businesses include user experience design agency **Foolproof** and creative technology firm **Knit**, along with image and film production companies **FXHome and Lambda Films.**

## ADVANCED AGRICULTURE FOOD AND DRINK

**Home to an advanced and nationally significant farming sector, alongside globally renowed food and drink companies and a world-leading research base centred at Norwich Research Park (NRP).**

Building on Norfolk and Suffolk's historical agricultural strengths the sector is globally renowned and nationally significant. Despite accounting for only 2% of the UK's population, Norfolk and Suffolk represent 11% of its agricultural output, which is more than any other LEP area. Taking advantage of innovative products and processes, the productivity of farm-based agriculture in the two counties is twice that of the UK.

Alongside this are a host of nationally and internationally significant food and drink companies, supported by local supply chain of firms specialising in the manufacture of machinery and equipment to support them. This sector is an important employer in both rural and urban areas including **Kettle Chips** and **Britvic** (Norwich), **Greene King** and **British Sugar** (Bury St Edmunds), **Birds Eye** (Lowestoft) and **Purina** (Sudbury). British Sugar's Wissington site is home to the first industrial scale bio ethanol fuel manufacturing facility in UK and the largest and most efficient sugar beet processing facility in the world. Producer of Copella fruit juices **Konings** in Boxford is another global brand with long term expansion and growth plans. Other key employers include chocolate manufacturer **Kinnerton** in Fakenham and **Albert Bartlett** at Worstead as well as **Mars Foods** in King's Lynn.

These major companies, alongside growing boutique high-value companies, see Norfolk and Suffolk specialise in a wide range of food production and processing whilst we are home to three **Food Enterprise Zone** - located in Stowmarket, Wherstead and Easton.

Home to a world-leading research base centred at NRP, Norfolk and Suffolk is at the forefront of global agri-tech research, whilst innovative and export intensive firms continue to develop commercially successful feeders, spreaders and pesticides.

## VISITOR ECONOMY - TOURISM AND CULTURE

**A varied and rich tourist offer, from coast and countryside, postcard market towns, underpinned by a dynamic and pioneering cultural sector boasting internationally celebrated brands.**

Norfolk and Suffolk is a successful destination, evidenced by a thriving visitor economy which attracts 5m overnight visitors annually. The area has traditional holiday destinations including the North Norfolk Coast, Great Yarmouth, Southwold, Aldeburgh and Felixstowe together with unique natural assets such as the **Broads National Park**, the Brecks, and **Areas of Outstanding Natural Beauty.** It also has the home of horseracing at Newmarket and important heritage sites such as Norwich (England's most complete medieval city) and Sutton Hoo in East Suffolk.

Our area's vibrant cultural sector boasts award-winning theatres, major international festivals such as Aldeburgh and Norwich, **England's first UNESCO City of Literature.** The cultural and heritage sector and natural landscape plays a unique role in creating the 'sense of place' that makes the area a great place to live, work, learn, invest and do business in. The sector is an important employer of 88,000 people and attracts significant investment from national and international funding bodies.

## FINANCIAL SERVICES AND INSURANCE

**One of the largest financial services and insurance clusters in Europe, with growing start up financial service businesses building on a heritage going back 200 years.**

Greater Norwich has been a base for the financial industries for over 200 years and is one of the **largest general insurance markets in Europe**. Recognised as a centre for excellence for financial and professional services, Norwich is home to a significant cluster of global firms including **Aviva, Marsh and Moneyfacts**. Boasting a financially literate, highly-skilled and stable workforce and the **first National Skills Academy in the UK for Financial services**, underpinned by Aviva. Ipswich also has a cluster of global insurance firms, including, **Willis Towers Watson, AXA** and other local and national companies. There are also niche markets around marine insurance linked to the county's ports, farm and crop insurance and thatched property insurance in rural areas, plus a host of small financial service businesses.

Strategically located near to London, the cluster benefits from the close proximity to other hubs of financial and business activity. This sector provides significant number of high value jobs and is a major driver of our economy, in particular supporting our Tech and ICT cluster. The industry is embracing new technology, connecting with extraordinary talent, uncovering breakthrough innovations and developing financial technologies fit for the future.

## TRANSPORT, FREIGHT AND LOGISTICS

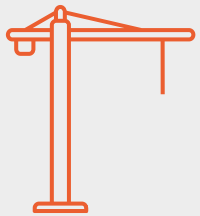
**The UK's largest container port at Felixstowe on the premier EU/ Asia route and the UK's largest exporter of grain at the port of Ipswich.**

The **Port of Felixstowe** is the UK's largest container port, handling over 40% of national container traffic. It is undergoing significant investment and expansion, with capacity expected to grow by an additional million containers by 2025. The diverse nature of the ports in Norfolk and Suffolk means that they serve different markets and are influenced by different factors, with Felixstowe's main competitors the international gateways of Southampton and London Gateway. **Great Yarmouth** and **Lowestoft ports** have a more regional focus relating to the offshore energy sector.

The sector is characterised by a strong logistics sector with international firms such as **Mediterranean Shipping Company** in Ipswich, **Goldstar Transport** in Felixstowe, and a number of smaller offices in Felixstowe and Ipswich.

Clustered around Norwich, there is also a sizable aviation sector, specialising in maintenance and repair, as well as servicing the offshore industry. The recently opened **Aviation Academy**, in collaboration **KLM Engineering,** is a specialist centre of aircraft, overhaul and maintenance.

## CONSTRUCTION AND DEVELOPMENT



**Norfolk and Suffolk have a large and diverse construction and development sector, the UK's largest Urban extension in Broadland and emerging specialisation in modern methods of construction and sustainable design.**

Norfolk and Suffolk's strong economy and attractive location for housing has driven economic success in the construction and development sector. The **Construction Industry Training Board** (CITB), a partner in the national Sector Skills Council for the construction industry is based in Bircham Newton.

The area has significant levels of employment across all construction-related industries. The sector also has an **emerging specialism in modern construction and sustainable design**, with the Fabric First Institute at Easton & Otley College. The sector employs approximately 70,000 people, supporting over 10,000 businesses with major opportunities such as the UK's largest urban extension in Broadland.

With significant numbers of houses needed to support the growth in our economy, the sector in Norfolk and Suffolk is exploring how new technologies and practices like 3D printing, robotics, and modular construction could stimulate innovation and increase productivity. Industry is ready to tackle the challenges and be proactive, piloting new approaches to housebuilding, such as custom and self-build.

## ADVANCED MANUFACTURING AND ENGINEERING

**With several sector specific clusters of national expertise in automotive, civil aviation, composites and pharmaceuticals, manufacturing and engineering in Norfolk and Suffolk supports a number of key sectors.**

The advanced manufacturing and engineering sector in Norfolk and Suffolk reflects the area's diverse economic strengths. The sector links into the supply chain of specialisms such as agriculture and food production, civil aviation, transport, pharmaceuticals and energy. **Hethel Engineering Centre** is the regional hub for innovation and technology and has the potential to expand to meet the demand for incubation space in this growing sector. Businesses are working together with UEA, through the New Anglia Advanced Manufacturing Engineering sector group, to develop a new Institute for Productivity. This will build on UEA's expertise in business education and engineering.

There are several specialist advanced manufacturing and engineering companies in the area, including: **Lotus** (Hethel), a class-leading manufacturer of sports cars; **Multimatic** (Thetford), a specialist in vehicle dynamics; and **Philips AVENT** (Glemsford), producing infant feed and health accessories.





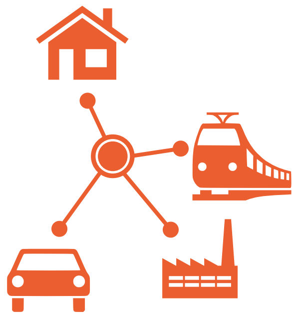




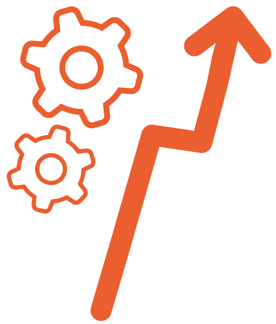
# OUR AMBITIONS
# WE WANT NORFOLK AND SUFFOLK TO BE:

**The place where high growth businesses with aspirations choose to be,** with excellent sites to locate, grow and innovate, with easy access to support and finance. This will drive business growth, jobs growth and GVA.

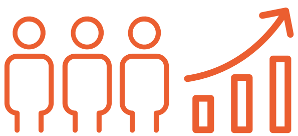
**A well-connected place,** locally, national and internationally. Investment in housing, roads, rail and broadband is coordinated to build the communities and connections that people and businesses need. This will drive housing and GVA.



**A high performing productive economy,** where business have invested in new technology, skills, new techniques, and innovation leading to productivity improvements year on year. This will drive productivity and GVA.



**An international facing economy with high value exports,** where our sectors are producing and exporting more value-added goods and services entering new global markets capitalising on new trade links to other economies. This will drive exports and GVA.



**An inclusive economy with a highly skilled workforce,** where everyone benefits from economic growth and wage levels rise above the national average. Norfolk and Suffolk will continue to promote collaboration between business, HE, FE, schools and the public sector to provide the training opportunities and work experience that enable businesses and people to fulfil their full potential. This will drive skills, employment rate and median wage.

**A centre for the UK's clean energy sector,** capitalising on the strength and diversity of the energy sector and supply chain, our strategic location, skills base, connectivity to other regions. This will drive GVA.

**A place with a clear, ambitious offer to the world,** which showcases the strengths of Norfolk and Suffolk to the UK and world. Offering diverse, high quality and affordable housing where people want to live, with a strong vibrant culture and leisure offers and a clear sense of why people and business chose to live and work here. This will drive GVA, businesses and jobs growth.

# ECONOMIC INDICATORS

The ambitions will be achieved through action and investment in the themes and places in this strategy. To measure our success we will use eight economic indicators. These are GVA, productivity, jobs, businesses, housing, median wage, employment rate and skills. We have set targets for our eight economic indicators to 2036.

Each indicator has been developed using a robust methodology and is based on clear evidence about what is achievable and ambitious. These targets have been developed collectively. They are barometers for our success as a place in achieving our shared ambitions.

Given the long term nature of the strategy, delivery plans will also reflect shorter term targets as appropriate.

For each ambition we have shown which of our indicators most closely reflects progress. Each ambition will also impact on other economic indicators given that many are closely interlinked.

“ This reflects our determination to work across boundaries.”

**GVA**

TARGET: **2% AVERAGE ANNUAL GROWTH**

RESULT: **GROW OUR ECONOMY BY £17.5BN IN REAL TERMS BY 2036**

**PRODUCTIVITY**

TARGET: **1% ANNUAL GROWTH**

RESULT: **GVA PER HOUR OF £39 BY 2036**

**JOBS**

TARGET: **0.5% ANNUAL GROWTH**

RESULT: **88,000 NET NEW JOBS BY 2036**

**BUSINESSES**

TARGET: **2% ANNUAL GROWTH**

RESULT: **30,000 NEW SUCCESSFUL BUSINESSES BY 2036**

**HOUSING**

TARGET: **MEET THE OBJECTIVELY ASSESSED NEED**

RESULT: **140,000 NEW HOMES BY 2036**

INCLUSIVE GROWTH: **MEDIAN WAGES**

TARGET: **1.7% ANNUAL GROWTH**

RESULT: **£200 MORE PER WEEK**

INCLUSIVE GROWTH: **EMPLOYMENT RATE**

TARGET: **CONSISTENTLY HIGHER THAN NATIONAL AVERAGE**

RESULT: **A HIGHER PROPORTION OF PEOPLE ENGAGED IN THE LABOUR MARKET THAN ACROSS THE UK.**

INCLUSIVE GROWTH: **SKILLS**

TARGET: **INCREASE NVQ3+ BY 1.4% AVERAGE (OVER EACH 5 YEAR PERIOD.)**

RESULT: **66% OF THE POPULATION WITH NVQ3+**

# PRIORITY THEMES AND PLACES

We have agreed to focus action and investment on a clear set of priority themes and places to maximise impact and achieve our ambitions and targets, based on our shared evidence base and the engagement and knowledge of all the partners involved in creating and delivering this strategy.

Our priority themes are those economy wide opportunities where the evidence shows that investment and collaborative action will have the greatest impact on our ambitions and how we will deliver growth in all places across Norfolk and Suffolk. Many of these themes are overlapping, which reflects how our economy works. This innovative approach highlights the opportunity for businesses to collaborate and to support each other, and will be reinforced by the public sector commitment to work collaboratively to join up investment locally and nationally.

Our priority places are those where the evidence shows there are significant opportunities and commitment for continued growth. We have a diverse economy, and the combination of business specialisms, infrastructure, housing and population growth and skilled workforce is different in each place. All parts of our region are connected to these centres of employment and business activity, reflecting our different travel to work areas and commuting patterns. Investment in these priority places, for example, will unlock the connectivity improvements needed for all our communities to benefit. This spatial focus will maximise our overall impact ensuring growth benefits all communities.

# OUR OFFER TO THE WORLD

Improving and communicating a clear, ambitious offer to the world is central to all our ambitions and targets and to attracting the people, investors and businesses of the future.

Our economy makes a major contribution to UK plc. We are well connected to London, Cambridge and national and global markets, with internationally important strengths in energy, ICT and biosciences and financial industries. We have major exporters and attract a net inflow of young people and families. We have a large visitor economy attracting 5 million people a year. All partners are committed to working together to pool funding and deliver.

### TOGETHER WE WILL:

- Work across all local authorities to **integrate our inward investment and business location offer**, campaigning at scale in new markets and working with national Government.
- **Attract the highly skilled people we need**, through targeted campaigns at specific groups working with sectors and clusters to show people the opportunities that are here.
- **Make sure that investment markets have the information they need** to take the decision to invest in infrastructure of all kinds. Improve digital connectivity, with a particular focus on super-fast broadband in rural areas and reliable mobile phone coverage for those travelling around the region.
- **Use consistent place branding, with an overarching offer**, supported by our ambitions, unique places, successes, skills, quality of life, culture and diversity.
- Work with Government to **ensure that the unique contribution of our energy sector is well understood and supported**.
- **Build the right kind of housing and commercial space where it is needed** and integrate utility, road, rail, digital and green infrastructure to build the communities and places people want to live.
- **Develop a year-round visitor offer** by investing in the strategic projects such as attractions, heritage and cultural institutions that also will increase visitor spend.
- **Take a more coordinated approach with our Colleges' and Universities' on alumni engagement** and develop a network to better market the area to this group.
- **Use new rail investment to further improve connectivity**, to London and Cambridge making Norwich under 90 minutes from London via rail and Ipswich under an hour. Other local infrastructure improvements such as Ely rail Junction, A14, A11 and A47 will also improve the area's internal connectivity and to wider markets.

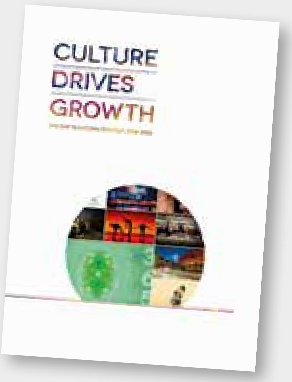
# CASE STUDY

### CULTURE DRIVES GROWTH

**Truly successful places are much more than economic powerhouses. They are underpinned by a sense of creative vibrancy, a manifestly strong quality of life, and a clear sense of cultural identity.**

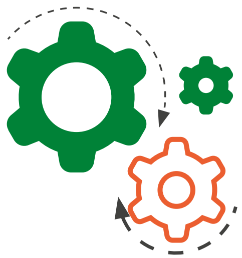
Culture Drives Growth, the cultural strategy for the East, developed by businesses within the sector, sets out the important contribution that arts and culture make to Norfolk and Suffolk, not just economically, but also in asserting that our two counties creative and entrepreneurial. Outlining a clear vision, the strategy focusses on job creation, scaling cultural and creative investment, developing talent and building an inspiring place to live, work and invest.

Ensuring that our cultural assets make the fullest possible contribution to economic growth, the strategy has been a story of successful collaboration, delivering innovative projects such as StartEast, building the cultural and creative economy and Look Sideways East, attracting greater numbers of cultural tourists.




# DRIVING BUSINESS GROWTH AND PRODUCTIVITY

Our diverse economy is a real strength. Our key businesses and institutions see well established businesses and supply chains across our sectors.



But we know that competition will continue to be fierce and global economic conditions uncertain. Many of our successful industries benefit from the advantages and resources offered by our location, with major opportunities for growth into new and developing markets nationally and globally. We also have significant growth opportunities in newer sectors, including health and life sciences and our digital, creative and ICT firms.

Our work to support business will be driven by three goals:

- **Increasing investment**
- **Driving productivity**
- **Helping our firms move into new markets and products**

We will integrate investment in skills, infrastructure, housing, innovation and business support to provide the conditions that both new and enabling businesses need to thrive and grow. And the public sector is committed to empowering businesses through planning, housing and infrastructure. Micro business will be a focus for our business support offer.

### TOGETHER WE WILL:

- **Sharpen our high-quality business support offer** to ensure it meets the changing needs of businesses adapting to new ways of working and new technology. This will include leadership development, and the ecosystem firms need to share knowledge and services across sectors.
- **Enable our SMEs to grow and increase exports** by focusing grant programmes and other support on growth, innovation and productivity.
- **Lead a cross sector "trade global, supply local" campaign**, to open up supply chain opportunities for local businesses.
- **Prioritise digital and physical infrastructure projects** to support businesses to develop and provide the space that new and existing firms need to grow.
- **Set up new schemes to help high growth businesses** and make it easier to access advice and funding for commercial innovation and commercialising business and university R&D.
- **Provide improved access to finance and assisting business capability in identifying skills deficits.** We will make it easier to access these services through a new "front door" for investment funding support.
- **Establish new centres of excellent to improve productivity and innovation** providing new skills for business leaders and employees.

# DRIVING INCLUSION AND SKILLS

Our people, whether in traditional careers, micro businesses, arts and culture or supporting others in the community are central to all our ambitions and goals. We want to raise and support aspiration across all ages. Good progress has been made in raising skill levels, but we want to go further and faster, particularly for those already in work. We will help our young people set their ambitions high and understand the exciting local careers available to them.

Our area is one of significant economic opportunity, with high levels of employment. We will give people the information they need to know to make informed decisions on the skills, capabilities and opportunities they need to succeed. We will encourage businesses to invest in and providers to respond quickly to, the long term needs of people and businesses.

We will design our actions and investment so that they enable growth that directly supports wider community benefits, including wellbeing, health and care.

## TOGETHER WE WILL:

- Through the development of sector skills plans **produce clear statements about the skills businesses need now and in the future**, to influence providers, business investment and personal choices by new students and those already in the workforce.
- **Develop an integrated skills offer for businesses across Norfolk and Suffolk**, to make it easier for them to navigate and access the initiatives and provision that are available. We will focus particularly on the long term development of technical skills in our existing workforce.
- **Prioritise capital investment on provision that will deliver the future skills our sectors and workforce need.** Taking a commissioning approach and being clear about what must be provided. We will use Skill Deals programme to drive innovation aligned to local economic need.
- **Prioritise leadership support for our entrepreneurs and those in new high growth businesses,** through further accelerator support, business mentorship. Providing the ecosystem that new entrepreneurs need to succeed.
- **Deliver the Youth Pledge for all our young people**, providing an integrated offer that shows and inspires young people about the opportunities that exist and provides support to enable them to access them, including support into employment.

**Youth Pledge**

Every young person (16-24) in Norfolk and Suffolk will get the personal support they need to get an apprenticeship, training, work experience or a job within 3 months of leaving education or employment.

- **Step up our efforts to promote and support the delivery of high quality apprenticeships** providing clear entry routes into our focus sectors, directly produce the skills and capabilities our economy needs – including higher level technical skills through degree and higher level apprenticeships.
- **Work with Government to establish an Institute of Technology** that builds on our strengths and meets the increasing need for higher level technical skills in key areas such as energy, engineering and manufacturing.
- **Grow the number of Enterprise Advisers and the number of schools that are engaged.** Further strengthening the link between the business and education community in order to drive young peoples' aspirations and work readiness in line with the requirements of the local economy.

*Hydramec, Great Yarmouth*

- **Expand the education pipeline within our Primary and Secondary Schools,** by engaging children in Science, Technology and Engineering skill development within their curriculum to prepare them as the region's future workforce.

- **Develop new approaches and remove barriers to getting people back into work,** especially for those furthest from the jobs market and provide support for all into sustained employment. This will include our pilot work and health programmes, the delivery of high quality basic skills training in English, Mathematics and ICT and the development of pathways for young people and adults with special educational needs and disabilities (SEND) to move into supported employment. And developing opportunities to capitalise on the skills, knowledge and experience that the over 65's population offer. Our ambition is to extend the principles behind our integrated approach for young people and the Youth Pledge to adults.

> "Driving skills and high quality employment is fundamental to our goals to create a more inclusive economy, with improving wage levels, living standards and attainment."

# CASE STUDIES

### YOUTH EMPLOYMENT

**MyGo is an innovative Youth Employment service for 16-24 year olds in Suffolk.**

The service provides young residents with the support they need to access meaningful, sustainable employment. It provides tailored support to identify training needs and options, plan a career and gain access to local job vacancies, apprenticeships, education opportunities and training courses.

**Norwich for Jobs**, through the support of local employers, offers young people opportunities to take part in work experience placements; attend work taster days; participate in mock interviews with real employers with the aim of realising their employment goals.

*Students at University of Suffolk*

### INTERNATIONAL AVIATION ACADEMY - NORWICH

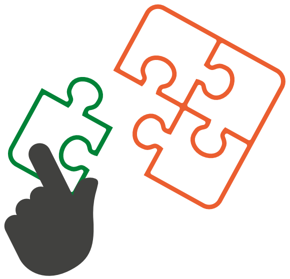
**We have the world's first Aviation Academy in Norwich.**

This will work in partnership with providers and industry to provide pathways for young people through to careers in all aspects of the aviation industry, which is facing a global skills shortage. This offer will be extended to ages 8-18 to embed skills into the academic learning process with a linked FE and HE route for students.

*Official opening of the Aviation Academy, Norwich*

# COLLABORATING TO GROW

The competition we face does not come from within Norfolk and Suffolk. Many of the opportunities we have come from our proximity to Cambridge and London as well as global markets. The new markets and investment opportunities we seek are national and global.



Within both Norfolk and Suffolk, we have developed a strong partnership between businesses, councils, universities and colleges. This is a particularly strength and we have achieved much in the last five years. But the way everyone works is continuing to change fast.

> “Our ability to collaborate across sectors, organisations and geographic and administrative boundaries will be a cornerstone of our future success as we build on what we have already achieved.”


*King’s Lynn Innovation Centre & Ipswich Waterfront Innovation Centre (below)*

### Working across sectors

Many firms have increasingly common requirements for technical know-how and access to new ideas and techniques across sectors that might once have been more distinct, such as telecoms, agricultural and food technology and logistics. The skills and techniques in high demand in our digital and creative sector are also increasingly valuable in start-up and established financial services and insurance firms. Firms and individuals are also increasingly working across larger distances to share ideas and techniques and work together on specific projects.

### TOGETHER WE WILL:

- **Help businesses collaborate on increasingly common requirements for technical know-how and access to new markets and techniques,** for example by making the most of the connections and shared interests between the telecoms specialisms at Adastral Park and applications in high tech agricultural firms.
- **Link up our innovation hubs and wider business support offer,** focussing on specific places where it makes sense to do so, for example in the opportunities to link up culture, digital, fin-tech and creative firms in Norwich.
- **Build on the success of our growth hub and sector groups to help people and businesses find the support and funding needed.**
- **Ensure our work on opening up supply chain opportunities reaches across sectoral boundaries.**

### Working between public and private

To explore innovative approaches to funding and finance, driving returns on investment in infrastructure. We commit to opening up procurement and further empowering businesses through a smoother planning system, linking housing, utilities and infrastructure provision and flexible and integrated investment plans

**TOGETHER WE WILL:**

- **Commit to further supporting businesses through a smoother planning system,** linking housing, utilities and infrastructure provision and flexible and integrated investment plans, working with the Homes and Communities Agency and the Housing Finance Institute.
- **Ensure that local businesses are well placed to help solve the challenges in service provision and design that the public-sector faces,** forging partnerships in technology and information systems that will benefit people and local businesses.
- **Establish more flexible funding for smaller scale research and innovation projects,** working with Government as it shapes national Industrial Strategy.

> “We commit to opening up procurement and further empowering businesses through a smoother planning system.”

### Working with other regions

On regional, national and international opportunities.

**TOGETHER WE WILL:**

- **At a regional level, continue to work with other areas in particular Cambridge and Essex on major physical and digital infrastructure improvements,** such as the Local Energy East strategy and proactively identifying opportunities to create bigger gains across the East, joining up the ecosystem that supports our business.
- **Work with other parts of the UK on enhancing supply chains, learning best practices, influencing government and drive efficiency around procurement,** maximising opportunities for our firms who are part of national and global supply chains and sectors. We are also working with the South West to maximise the opportunities associated with the proposed Sizewell C nuclear power station in terms of supply chains, employment and skills opportunities and inward investment.
- **Collaborate with sector groups and trade organisations nationally and globally,** where there is the opportunity for our businesses to work with others **to develop new opportunities and markets.**
- **New Anglia LEP and Greater Cambridge Greater Peterborough LEP are committed to continue to identify opportunities for joint investment in the overlapping areas** of King’s Lynn and West Norfolk, Forest Heath and St Edmundsbury.

## CASE STUDY

**TECHEAST**

**TechEast has a bold vision - to drive the growth of digital tech in the East and underpin the creation of 5,000 additional digital tech jobs by 2020.**

Galvanising the sector by speaking with one voice TechEast aims to be recognised one of the UK’s top five digital tech clusters. An important partner in developing our ambitions, TechEast provides leadership for this growing sector.

Launched in April 2016 as a private sector partnership, TechEast is providing business support to existing and start-up companies, connecting members and investors through networking events, and has established an embassy showcase in London. As sector leaders, TechEast has helped map out the region’s innovation assets, strengths and opportunities in the Science and Innovation Audit, and is leading the charge on the Digital Tech Skills Plan for the region, putting employers at the heart of it.

TECH EAST

*Aviva, Norwich and Offshore in Norfolk and Suffolk*

# COMPETITIVE CLUSTERS CLOSE TO GLOBAL CENTRES

Within our business sectors, Norfolk and Suffolk have a number of recognised national and global clusters of business, with excellent access to national and global markets and to London and Cambridge.

> “Each of our identified clusters has substantial further growth potential and supports high value jobs.”

We will support these clusters and their specialisations, working with each to ensure that the commercial opportunity they represent is fully developed and well communicated to Government and investors. Evidence suggests businesses identify with and benefit from locating in these clusters.

## TOGETHER WE WILL:

**Develop a commercially led plan for each cluster that will:**

- Encourages new companies and commercial investment.
- Establishes global and national links.
- Maximises local supply chain benefits.
- Markets the commercial opportunity.
- Develop the ecosystem that enables the cluster to thrive.

Focussing on our specific sectoral opportunities will deliver real value in sector specific interventions. This will drive economic benefits across our indicators and themes.

## CLEAN ENERGY

Our East coast energy cluster is world class, **the only place in the UK where expertise and operations in oil, gas, nuclear, renewables, solar and micro generation exists in such close proximity.** The potential for new gas extraction and the vast potential of our renewable clean energy resource, together with long term decommissioning opportunities provide major long-term growth potential. This includes the potential to develop new products and techniques through the sharing of expertise and ideas across different disciplines within the sector.

The East Coast College Energy Skills & Engineering Centre, The Engineering & Innovation Centre at West Suffolk College, and a graduate energy engineering school at the University of East Anglia, will provide local people with routes to be involved and benefit as this cluster expands. We will also work with the other parts of the UK to develop new opportunities in our nuclear sector, emphasising the importance of new nuclear to southern economies like ours. Energy sector specific interventions will also contribute towards Norfolk and Suffolk becoming a centre for the UK’s low carbon clean energy sector.

## FINANCIAL SERVICES AND INSURANCE

We have considerable strength in the financial services and insurance sector, with two clusters, concentrated in Ipswich and Norwich. Willis Towers Watson, Axa, Aviva and Marsh are global players in the insurance industry, who sit alongside a growing number of smaller fin-tech businesses, and are important in maintaining this competitive advantage. Technical skills, including in developing new customer platforms and creative interfaces will continue to grow in importance for this sector, and developing the skills and wider eco system needed to support and attract new businesses and skilled people to the sector will be a priority. This cluster also provides huge growth opportunities for our digital cluster, with many of our digital start-up businesses born out of the financial services sector.

## ICT, TECH AND DIGITAL CREATIVE

At Adastral Park, near Ipswich, we have a globally significant ICT cluster and one of the world's leading Innovation Hubs in information technology, home to BT Labs global engineering headquarters. The Adastral Park 2025 vision will take the site to a new level, growing the newly created Tommy Flowers Institute for post-graduate ICT industrial research; the world's largest converged networks research facility and the UK's Centre for Internet of Things (IoT) operations development. These facilities will help it become the national centre for developing the UK's converged digital infrastructure. We will drive the success of this project supporting it through appropriate digital and physical connectivity, linking it to the University of Suffolk and their Ipswich Waterfront Innovation Centre, University of East Anglia and Norwich University of the Arts, as well as national institutes.

*Artist's impression of proposed housing development next to Adastral Park, East Suffolk*

We will also support our digital and creative cluster in Norwich. This is characterised by SMEs and start-ups in the digital and creative sector. These high growth businesses will be provided with tailored business support to allow them to access the tools needed to grow, and we will continue to support them with the appropriate grow-on space needed.

## LIFE SCIENCES AND BIOTECH

At Norwich Research Park, home to the Earlham Institute, John Innes Centre and the Quadram Institute and UEA, and in Lowestoft at The Centre for Environment, Fisheries and Aquaculture Science (CEFAS), we have two major UK life science centres.

The research base provides a concentrated focus to the cluster and can provide a magnet to attract new businesses as well as act as a catalyst to grow existing firms. Hargreaves Plants and Germains Technology are two examples of local businesses who are global leaders in plant and seed research and technology who benefit from proximity to the NRP and to Cambridge.

There is an opportunity through bodies such as Agri-tech East to strengthen the links further between our research centres and the local economy. We will ensure the infrastructure is in place to sustain growth and benefit local businesses and supply chains. Another priority is the microbiome hub at NRP, which will further encourage convergence and translation of the centres assets into commercialised businesses. Newmarket is also a global centre for equine health and science.

*Life Sciences and Biotech*

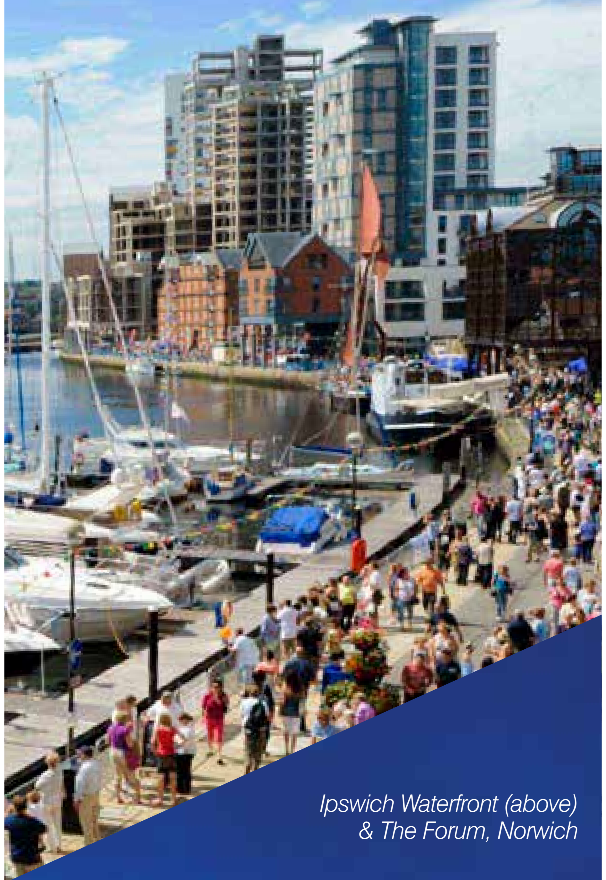
# PRIORITY PLACES

## IPSWICH

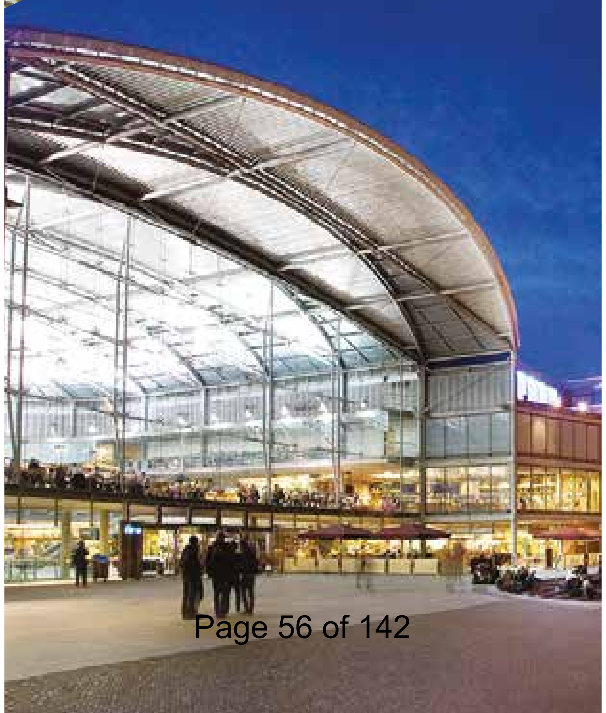
Ipswich and the surrounding area, is a place of huge potential growth, an hour from the heart of London's digital and financial powerhouse at Liverpool Street Station. Ipswich is one of the fastest growing urban areas in the UK. The area is home to several major global assets including Felixstowe and Martlesham Heath in East Suffolk.

Adastral Park, with Innovation Martlesham, is a globally significant ICT cluster and home to BT's Global Research and Development HQ. The Port of Felixstowe is the UK's largest container port and the Port of Ipswich ,is the UK's busiest grain export port. Both are investing in future expansion and support a nationally significant hub of ports and logistics related businesses. These global assets, combined with its proximity to London and development opportunities linked to our Enterprise Zone sites make the area a development location with huge potential.

Securing this potential is a major priority, with recent major investment in public realm, new retail and leisure opportunities. There is a growing and significant cluster of highly skilled finance, insurance and legal services firms, including Willis Towers Watson and AXA, and a fast growing telecoms and digital presence in the area. Further development of the high quality and growing independent arts, heritage and cultural scene, which together with access to high quality leisure activities, coastline and countryside will firmly reinforce Ipswich as an excellent place to live and work.



*Ipswich Waterfront (above) & The Forum, Norwich*



We will drive the investment programme that is regenerating the town centre, with a strategy designed to bring forward projects that will further enhance the town's offer and the successful growth of the waterfront area. A new rail franchise will improve journey reliability, frequency and provide state of the art rolling stock with full high speed wifi connectivity. We will work to secure the northern relief road, vital improvements to the A14, A12 and further improvements to connectivity to unlock further growth in the town and surrounding area.

## NORWICH

Norwich and Greater Norwich, which covers the city and the districts of South Norfolk and Broadland, has seen substantial economic growth over the last five years. The Greater Norwich area has the highest GVA per head of Norfolk and Suffolk districts and the highest percentage of residents with NVQ4+ qualifications. Business creation and survival rates are higher than average, as are employment and economic activity rates. We will support and drive the next stage of this growth, building on the area's long tradition of creative, radical thinking, fostering innovative businesses, a fast growing digital and creative hub and further developing the strong and well established cultural scene.

We will further strengthen links between local businesses and the global excellence of the University of East Anglia and Norwich University of the Arts, providing the ecosystem that new entrepreneurs need to thrive. We will support the continued success of the city's financial services and insurance cluster. This is based on an exciting combination of the long-standing commitment of firms such as Aviva, Marsh and Virgin Money, alongside new start-ups and a growing number of fin-tech companies.

The sector takes advantage of both global opportunities and the tech, creative and digital skills available in the city. These firms tap into the skilled labour market and growing number of young professionals that see area as a great place to live and work. For the same reasons, energy firms with operations on the Norfolk and Suffolk Energy coast also have a significant presence in the area. Norwich Airport is the centre for aviation operations for the southern sector of the North Sea Oil, Gas and Renewables sector.

We will continue to support improvements to connectivity. Significant investment is underway in green transport and improving last mile commuting. We will drive significant housing and commercial growth across the area. Norwich is less than two hours from London with firm plans to make journey times under 90 minutes, linked to Cambridge by the growing A11 corridor, whilst retaining a unique identity. The Norwich Research Park is a centre of world class expertise in genome analysis and manipulation of animal, microbial and plant systems for a wide range of industrial applications. We are determined to exploit the commercial opportunities that this excellence represents and ensure that local businesses benefit.

*Bell Farm track bridge and stabilisation, Norwich Northern Distributor Road*

**NORFOLK AND SUFFOLK ENERGY COAST**

The Norfolk and Suffolk energy coast, branded as part of the East of England Energy Zone, is a global centre of oil, gas, nuclear and renewable energy generation and infrastructure. We are leading the way in delivering sustainable and clean energy solutions to underpin economic growth across the UK. Alongside our Nuclear generation and decommissioning expertise, the Southern North Sea currently plays host to over 150 offshore gas assets, together with 986 offshore wind turbines generating 3.75GW of renewable power directly off the region's coast, with an additional 1,000+ turbines generating some 14GW of offshore wind power to be installed over the next decade. The sector is driving down costs through innovation and collaboration, developing new technologies across our energy system, maximising offshore production and generation. The sector employs more some 8,469 skilled people in more than 834 companies. Significant investment is planned for the A12, supporting the future growth of the Nuclear and wider energy sector.

Norfolk and Suffolk is the only place in the UK where all these forms of resource extraction and energy generation exist together, including expertise on microgeneration and growing local energy networks. Great Yarmouth and Lowestoft form the centre of the area's energy industry, which stretches from Wells in North Norfolk, includes Bacton, where 30% of the UK's gas comes ashore, to Sizewell. Great Yarmouth and Lowestoft offer a huge growth opportunity, with affordable residential and commercial property and investment underway in key infrastructure. However both towns are also amongst the most deprived and low skilled places in Norfolk and Suffolk. We will work to connect residents with the opportunities afforded by the energy sector's growth.

Major firms operating on the coast also have a presence elsewhere, including in Norwich and Ipswich. Huge opportunities exist for linking offshore generation and energy use, technology and product development across oil, gas and renewables. We will work to ensure that Government and investors understand the existing and potential contribution of the area and how it can be maximised, including by developing the strategic case for new infrastructure.

*Greater Gabbard Wind Farm, East Coast*

## CAMBRIDGE – NORWICH CORRIDOR

The Cambridge Norwich Corridor spans over 100km of the A11 and rail links between the two cities. It comprises the UK's most established tech cluster in Cambridge and clusters of business and research excellence across advanced manufacturing, agri-tech, life sciences and digital creative including global firms such as Multimatic, through to Norwich.

> "The area has high jobs and population growth which it is estimated to add over £500m GVA to the regional economy by 2031."

It contains over 12,000 knowledge intensive businesses and is well placed to develop synergies with businesses in both Cambridge and Norwich.

Significant housing and commercial development is underway with further large scale commercial development opportunities all along the corridor including the redevelopment of RAF Mildenhall and Thetford urban extension.

Future priorities such as East-West rail will further drive long term connectivity with Milton Keynes and Oxford.


*Hethel Engineering Centre & Felixstowe Port (below)*

## EAST – WEST CORRIDORS

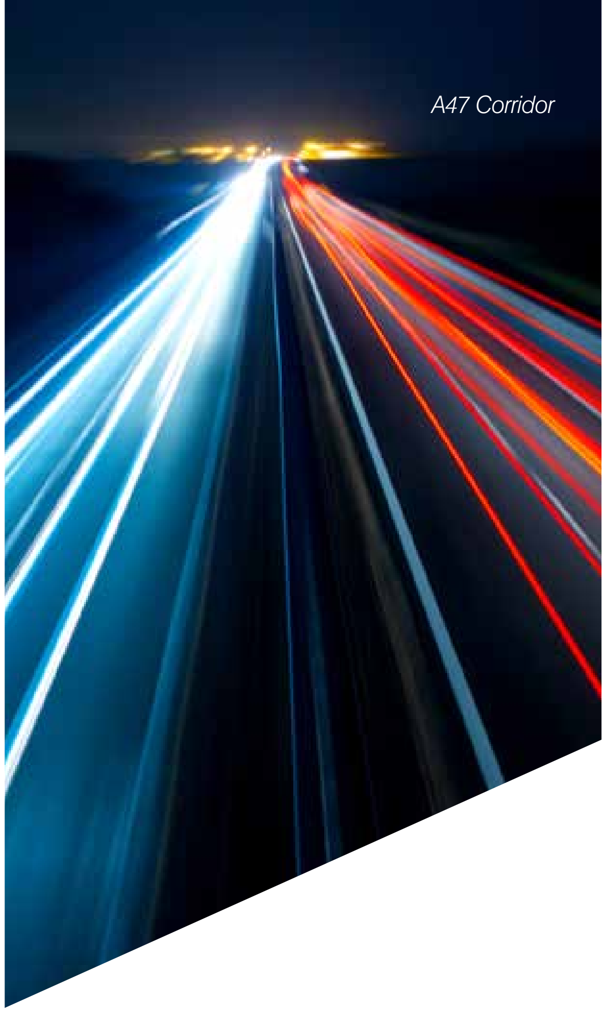
### A14 CORRIDOR BETWEEN FELIXSTOWE AND CAMBRIDGE

Bury St Edmunds has seen strong recent growth in jobs, housing and economic output, including business location and investment. The area is an attractive place to live and work, well connected to Cambridge by road and rail, as well as providing a high quality town centre, cultural offer and natural environment.

There are many long-established and growing businesses around Bury St Edmunds, including Greene King, British Sugar, and Servest. The wider A14 corridor between Felixstowe through Ipswich, Stowmarket, Newmarket and Haverhill to Cambridge is seeing considerable growth and substantial further new housing development is planned.

We will work to secure further road improvements to the A14, A11 and A1307 in West Suffolk. The towns of Haverhill, Newmarket and Stowmarket are all areas of significant housing growth, providing a high quality natural environment alongside comparatively affordable housing.

The area has high commuting levels by both road and rail, driven by proximity to Cambridge and is also the main route for freight traffic from Felixstowe to the rest of the UK. The work of East-West rail will support the aspiration for twice per hour rail services from Ipswich to Cambridge to accommodate increased growth and high commuting levels along the corridor.



*A47 Corridor*

## A47 CORRIDOR BETWEEN LOWESTOFT, GREAT YARMOUTH AND KING'S LYNN

Government has recognised the strategic importance of the A47 with commitment to improve parts of the route. We are committed to securing the full dualling of this major artery between East Anglia to the Midlands, which would unlock growth along its route, including significant commercial and housing developments as well as improve job opportunities in locations such as Swaffham and Dereham as well as supporting links between Lowestoft, Great Yarmouth and Norwich.

## KING'S LYNN

The King's Lynn-Cambridge road and rail corridor offers considerable potential for growth. Unlike other growth corridors to Cambridge, this area offers a direct services to London (100mins) via Cambridge (50mins).

The area has seen significant recent investment and is home to leading firms including Bespak, Cooper Bearings and Palm Paper, centres of excellence, in design and manufacture of commercial refrigeration (Foster Refrigerator and Williams Refrigeration – top two companies in the UK and in top 10 in Europe) and in aerospace engineering at RAF Marham.

Downham Market is also home to a growing number of ICT and digital firms. The area offers low house prices and is also close to Wisbech, a settlement earmarked as a 'garden city' in Cambridge's growth plans.

We are committed to securing the infrastructure improvements in both road and rail needed to unlock the areas growth ambitions, including to achieve half hourly service to London's King's Cross and better road connections to Cambridge and along the A10. This will include working with partners in Cambridgeshire including the Mayoral Combined Authority and its plans for infrastructure improvements.

> "We are committed to securing the infrastructure improvements in both road and rail needed to unlock the areas growth ambition."

## INFRASTRUCTURE

Infrastructure improvements underpin all our priority places and themes:

- Strengthening the reliability of high quality mobile coverage
- Completing the provision of high speed broadband
- Rail improvements, driving reliability, wifi, journey times and frequency through the new franchise and capital investment
- Further development of the A47, A14, A11, A10, bypasses to relieve congestion and last mile connectivity and commuting transport in our priority places.
- Utility provision for business and new communities, including local energy networks.

*Class 90 in new Abellio Greater Anglia livery May 2014*

# MAKING IT HAPPEN

We have agreed ambitions and priorities which will drive investment and action as we make Norfolk and Suffolk the place where people want to live, work, learn, invest and do business. The way we work together is a major strength. Businesses, the LEP, local authorities, third sector organisations, Colleges and Universities who have come together to agree this strategy are all committed to aligning relevant actions and investment to the priorities we have agreed.

We collaborate to deliver shared ambitions rather than focussing on organisational, sectoral or geographic boundaries. Our ambitions will be achieved through using the whole system to deliver, including other local and regional action plans and strategies, including statutory planning documents. This is the best way of integrating action and investment to achieve the value for money and impact that our residents and businesses expect.

We are putting in place the following tools and systems to support this way of working:

**Economic Strategy Evidence (A shared evidence base)** which will continue to evolve and stay live. Updated as new data is available it will guide decisions across all relevant organisations. This shared platform supports the development of plans and strategies across Norfolk and Suffolk, providing partners with a reliable and consistent source of economic data to inform action and investment decisions.

**Delivery and Investments plans** which will set out how the projects and priorities in this strategy will be delivered and funded, the outcomes they will deliver and how partners will be mobilised to achieve them.

Ongoing commitment to work together as local councils, college, universities and business groups to **align strategy, planning and investment** across housing, infrastructure, utilities, transport and skills. Ensuring that our statutory plans, business plans and other strategies reflect the evidence and priorities of this overarching economic strategy.

**A common investment prioritisation framework**, to assess projects and actions relating to growth that emerge from this and related strategies and plans. This provides further transparency for all projects that receive support from one or a range of organisations and ensures that all investment is focussed on those projects that will most effectively achieve our collective ambitions and targets.

**A shared inclusive growth toolkit** will provide assurance that projects are also judged consistently by their capacity to deliver positive impacts for our residents.

**Indicators** which we will use to track progress and prioritise.

**An annual stock-take of progress,** involving all the partners who have been involved in developing and endorsing this strategy. We will hold each other to account, be transparent about progress and review where changes are needed to reflect new economic or policy circumstances.

**This strategy will not be delivered by one partner alone or by one strand of investment or actions. The ambitions and priorities we have agreed provide the direction and strategic case for a wide range of partners to develop their own plans and interventions that contribute to achieving our shared ambitions.**

| AUTUMN 2017 | WINTER 2017 | SPRING 2018 | SUMMER 2018 | AUTUMN 2018 |
|---|---|---|---|---|
| Economic Strategy Endorsed and Published. | Awareness Raising and Capacity Building. | Implementation of Delivery and Investment Plans. | Light Touch Evidence Refresh. | Economic Strategy Annual Progress Review. |
| Align Governance and Agree Implementation Approach. | Delivery and Investment Plans developed and agreed. | Agree Investment Plan for 2019/20. | Monitoring and Reporting on Progress. → | |

Delivery plans will set out the progress we want to achieve and the actions and investments we will deliver up to Spring 2021. Annual investment plans will be agreed each Spring for the following financial year with an annual progress review each Autumn. A full review will take place in 2020 to develop a new Economic Strategy for the 2021 - 2026 period.

**THE ECONOMIC STRATEGY FOR NORFOLK AND SUFFOLK HAS BEEN DEVELOPED IN PARTNERSHIP WITH AND ENDORSED BY A WIDE RANGE OF STAKEHOLDERS:**

THE>EAST

NEWANGLIA
Local Enterprise Partnership
for Norfolk and Suffolk

APPENDIX 2

# THE>EAST

## NORFOLK AND SUFFOLK ECONOMIC STRATEGY

A STRATEGY FOR
GROWTH AND OPPORTUNITY
**EXECUTIVE SUMMARY**

# OUR POTENTIAL

GROW OUR ECONOMY BY

**£17.5 BILLION**

IN REAL TERMS BY 2036

GVA PER HOUR OF

**£39**

BY 2036

**30,000**

NEW SUCCESSFUL BUSINESSES BY 2036

**66%**

OF THE POPULATION WITH NVQ3+ BY 2036

INCREASED MEDIAN WAGES BY

**£200**

MORE PER WEEK BY 2036

**88,000**

NET NEW JOBS BY 2036

**140,000**

NEW HOMES BY 2036

A **HIGHER** PROPORTION OF PEOPLE ENGAGED IN THE LABOUR MARKET THAN ACROSS THE UK BY 2036

# OUR PLACE


KEY
Clean Energy Cluster
Finance & Insurance Cluster
Digital Cluster
Life Science, Advanced Food Tech & Biotech Cluster
Food Enterprise Zones
Universities
Enterprise Zone
Oil Rig
Wind Farms
Gas Terminal
Nuclear Power Station
Airport
Shipping Port
The National Stud
RAF Base
75
97.2MW
91
573.3MW
67
402MW
88
316.8MW
Hunstanton
Wells-next-the-Sea
Sheringham
Cromer
Bacton Gas Terminal
To Lincolnshire, & the North
Kings Lynn
Fakenham
North Walsham
A17
A148
A140
A149
A47
Marham
Norwich
Norwich International Airport
Worldwide destinations and markets 45 minutes away
1800MW
120
TBC
1800MW
120
1800MW
172
1200MW
Peterborough
Downham Market
A10
A11
Great Yarmouth
Lowestoft
Norwich to London 90 minutes
To the Midlands
Ely
Lakenheath
Thetford
Diss
Mildenhall
Eye Airfield
Southwold
A12
Europe's All Energy Coast
A14
Bury St Edmunds
Cambridge
Newmarket
Stowmarket
Sizewell
102
800MW
TBC
714MW
TBC
800MW
A1307
Haverhill
Aldeburgh
Sudbury
Woodbridge
M11
Ipswich
Hadleigh
Felixstowe
504MW
196
336MW
A1
Harwich
UK's biggest container port handling 40 per cent of all trade
Stansted
A12
M25
Ipswich to London 60 minutes
48
172.8MW
175
630MW
London
Ijmuiden
The Hook
Amsterdam
Rotterdam
Netherlands
Zeebrugge
Antwerpen
Brugge
Calais
Belgium
France
Lille









# FOREWORD

Our economy contributes £35bn to UK plc and investment here delivers growth. Since 2010 our economy has grown by 9%, faster than many "powerhouse" areas. Ours is a diverse economy, but with globally competitive clusters that drive our success. We are well connected to London, Cambridge and wider international markets, with higher than average levels of economic activity. We are ambitious for future growth and we will work with Government and private investors to deliver it.

We have an excellent understanding of our economy and the opportunities ahead. New technologies, techniques and collaborations across sectors will further drive growth, raising productivity and moving firms into new products and markets. Our strategy is to support growth across all sectors, focussing on creating high value, highly skilled jobs and industries, whilst also providing the technical skills, access to innovative techniques and support that all businesses and the wider workforce needs to succeed.

Norfolk and Suffolk have a number of key centres of economic activity, with fast growing urban centres, historic market towns and a large rural economy. Our natural landscape and our rich cultural heritage give Norfolk and Suffolk its distinctive character. We are forward looking and our economy is well positioned to capitalise the opportunities created by further advances in technology and digital connectivity.

We are determined that growth will be inclusive, benefiting all our people. We are looking ahead to the Government's Industrial Strategy, working together as business leaders, local authorities, the voluntary and community sector, Universities and Colleges to drive future success as a place where businesses and residents can thrive and succeed. We are exploring new models of funding and financing the infrastructure we need, because the evidence shows we can deliver returns and growth.

We are confident in our ambitions because they are built on the success of our original 2014 Strategic Economic Plan. This has delivered more jobs, new businesses and housing. **The numbers tell the story.** Since 2014, **43,600 more jobs** and **5,710 new businesses** have been created and **18,850 new homes built. Over £350m of Government funding** has been **secured** and will be invested in the region by 2021 in a wide range of projects to improve skills, drive innovation, support growing businesses and enhance transport and other infrastructure. **Over £260m of private sector funding** has also been **unlocked**, outstripping our original commitment of £199m by 2021.

Collaboration and hard work from all partners has been at the heart of this success. We have achieved much, but there is more to do. Our Economic Strategy reflects the evolving needs and opportunities of our growing local economy and how it responds and succeeds in a fast changing world.

**DOUG FIELD**
Chairman of New Anglia Local Enterprise Partnership

### THE STRATEGY

Our strategy looks ahead to 2036, but focusses on the actions we need to take over the next four years to help secure long term success. It is a dynamic and living blueprint to guide the work and investment of many partners. Together we have:

**Examined the evidence**, making sure we understand our economy in detail and how it works and is changing.

**Set challenging but achievable ambitions**, which are based on the evidence and describe the place and economy we want Norfolk and Suffolk to be.

**Agreed the themes** under which we are going to prioritise action and investment.

**Agreed the priority places** where investment and action is most likely to deliver a strong return.

**Identified Economic Indicators and set targets** to measure success and drive delivery.

"Our Economic Strategy reflects the evolving needs and opportunities of our growing local economy and how it responds and succeeds in a fast changing world."

# OUR SECTORS

**ENERGY**
Global all energy expertise with 50 years expertise in the oil and gas sector, nuclear new build, and the world's largest windfarms in development off our coastline with globally competitive renewables supply chain and support industry.

**LIFE SCIENCES AND BIOTECH**
International expertise in the field of food, health and the microbiome, an advanced cluster of animal health and emerging pharmaceutical manufacture on the Cambridge Norwich Corridor.

**ICT, TECH AND DIGITAL CREATIVE**
Centred around Norwich's fast-growing digital creative hub and the world-leading centre of innovation in communications technology at Adastral Park and Innovation Martlesham near Ipswich. We are at the forefront of digital innovation, with strengths in telecoms, cyber security, quantum technology, Internet of Things and UX design, with business coming together under the Tech East brand.

**ADVANCED AGRICULTURE, FOOD AND DRINK**
Home to an advanced and nationally significant farming sector, alongside globally renowned food and drink companies, and a world-leading research base centred at Norwich Research Park (NRP).

**FINANCIAL SERVICES AND INSURANCE**
One of the largest financial services and insurance clusters in Europe, with growing start up financial service businesses building on a heritage going back 200 years.

**VISITOR ECONOMY – TOURISM, HERITAGE AND CULTURE**
A varied and rich tourist offer, from coast and countryside, postcard market towns, underpinned by a dynamic and pioneering cultural sector boasting internationally celebrated brands and festivals.

**TRANSPORT, FREIGHT AND LOGISTICS**
The UK's largest container port at Felixstowe on the premier EU/ Asia route and the UK's largest exporter of grain at the port of Ipswich.

**CONSTRUCTION AND DEVELOPMENT**
Norfolk and Suffolk have a large and diverse construction and development sector, Europe's largest Urban extension in Broadland and emerging specialisation in Passivhaus and sustainable design.

**ADVANCED MANUFACTURING AND ENGINEERING**
Including national expertise in automotive, civil aviation, composites and pharmaceuticals.

"Many of our growth opportunities involve collaboration and partnership between firms in different sectors."

# AMBITIONS, PRIORITY PLACES AND THEMES

**AMBITIONS**
Based on the evidence we have agreed a set of ambitions. We want Norfolk and Suffolk to be:

- **The place where high growth businesses with aspirations choose to be.**
- **An international facing economy with high value exports.**
- **A high performing productive economy.**
- **A well-connected place.**
- **An inclusive economy with a highly skilled workforce.**
- **A centre for the UK's clean energy sector.**
- **A place with a clear, ambitious offer to the world.**

We will deliver these ambitions through action and investment in priority places and themes. These have been chosen based on the evidence and the engagement and expertise of all the partners involved in creating and delivering this strategy.

**OUR PRIORITY PLACES** are the areas where the evidence shows there are significant opportunities and commitment for continued growth:

- Ipswich and the surrounding area;
- Norwich and the Greater Norwich area;
- The Norfolk and Suffolk Energy Coast, including Bacton, Great Yarmouth, Lowestoft and Sizewell, with assets on and offshore;
- The Cambridge Norwich corridor growth – connecting two global centres of research;
- The critical east west growth corridors along the A47 from Lowestoft, Great Yarmouth to King's Lynn and the A14 Felixstowe through Ipswich, Stowmarket, Bury St Edmunds, Newmarket and Haverhill to Cambridge; and
- King's Lynn - and the A10 and rail corridor to Cambridge.

**OUR PRIORITY THEMES** are those economy wide opportunities where the evidence shows that investment and action will have greatest impact on our ambitions and how we will deliver growth in all places across Norfolk and Suffolk.

> "We have agreed to focus action and investment on a clear set of priority places and themes to achieve our ambitions and targets."

**OUR OFFER TO THE WORLD**

**DRIVING BUSINESS GROWTH AND PRODUCTIVITY**

**DRIVING INCLUSION AND SKILLS**

**COLLABORATING TO GROW**

**COMPETITIVE CLUSTERS, CLOSE TO GLOBAL CENTRES**

# OUR OFFER TO THE WORLD

Improving and communicating a clear, ambitious offer to the world is central to all our ambitions and targets and to attracting the people, investors and businesses of the future. Our economy makes a major contribution to UK plc and global markets, with internationally important strengths in clean energy, ICT, biosciences and financial industries. We have major exporters and attract a net inflow of young people and families. We have a large visitor economy attracting 5 million people a year.

**TOGETHER WE WILL:**

- Work across all local authorities to **integrate our inward investment and business location offer**, campaigning at scale in new markets and working with national Government.
- **Attract the highly skilled people we need**, through targeted campaigns at specific groups working with sectors and clusters to show people the opportunities that are here.
- Work together to **make sure that investment markets have the information they need** to take the decision to invest in infrastructure of all kinds.
- **Improve digital connectivity**, with a particular focus on super-fast broadband in rural areas and reliable mobile phone coverage for those travelling around the region.
- **Use consistent place branding, with an overarching offer**, supported by our unique places, culture and diversity.
- Work with Government to **ensure that the unique contribution of our energy sector is well understood and supported.**
- **Build the right kind of housing and commercial space where it is needed** and integrate utility, road, rail and green infrastructure to build the communities and places people want to live.
- **Develop a year-round visitor offer** by investing in the strategic projects such as attractions, heritage and cultural institutions that also will increase visitor spend.

*Ipswich Waterfront & The Forum, Norwich*

# DRIVING BUSINESS GROWTH AND PRODUCTIVITY

Our diverse economy is a real strength. Our work to support business will be driven by three goals – increasing investment, driving productivity and helping our firms move into new markets and products.

**TOGETHER WE WILL:**

- **Re-galvanise our high-quality business support offer** to ensure it meets the changing needs of businesses adapting to new ways of working and technology. This will include leadership development, and the ecosystem firms need to share knowledge and services across sectors.
- **Enable our SMEs to grow and increase exports** by focusing grant programmes and other support on growth, innovation and productivity.
- **Lead a cross sector "trade global, supply local" campaign**, to open up supply chain opportunities for local businesses.
- **Prioritise digital and physical infrastructure projects** to support businesses to develop and provide the space that new and existing firms need to grow.
- **Set up new schemes to help high growth businesses** and make it easier to access advice and funding for commercial innovation and commercialising business and university R&D.

- **Provide improved access to finance and assisting business capability in identifying skills deficits**. We will make it easier to access these services through a new “front door” for investment funding support.
- **Establish new centres of excellent to improve productivity and innovation** providing new skills for business leaders and employees.

*Growth Hub advisor and Advanced Manufacturing and Engineering*

# DRIVING INCLUSION AND SKILLS

Our people, whether in traditional careers, micro businesses, arts and culture or supporting others in the community are central to all our ambitions and goals. We want to raise and support aspiration across all ages. We have made good progress in raising skill levels, but we want to go further and faster, particularly for those already in work. We will help our young people set their ambitions high and understand the exciting local careers available to them.

**TOGETHER WE WILL:**

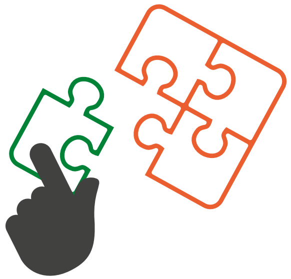
- The development of sector skills plans we will **produce clear statements about the skills businesses need now and in the future**, to influence providers, business investment and personal choices by new students and those already in the workforce.
- **Develop an integrated skills offer for businesses across Norfolk and Suffolk**, to make it easier for them to navigate and access the initiatives and providers that are available. We will focus particularly on long term development of technical skills in our existing workforce.
- **Prioritise capital investment on provision that will deliver the future skills our sectors and workforce need.** Taking a commissioning approach and being clear about what must be provided. We will use higher level apprenticeships and skill deals to drive innovation.
- **Prioritise leadership support for our entrepreneurs and those in new high growth businesses**, through further accelerator support, business mentorship. Providing the ecosystem that new entrepreneurs need to succeed.
- **Deliver the Youth Pledge for all our young people**, providing an integrated offer that shows and inspires young people about the opportunities that exist and provide support into employment.
- **Work with Government to establish an Institute of Technology** that builds on our strengths and meets the increasing need for higher level technical skills in key areas such as energy, engineering and manufacturing.
- **Develop new approaches and remove barriers to get people back into work**, especially for those furthest from the job markets and provide support for all into sustained employment.

“Driving skills and high-quality employment is fundamental to our goals to create a more inclusive economy, with improving wage levels, living standards and attainment.”

# COLLABORATING TO GROW

The competition we face does not come from within Norfolk and Suffolk. Many of the opportunities we have come from our proximity to Cambridge and London as well as global markets. The new markets and investment opportunities we seek are national and global.

**TOGETHER WE WILL:**



- **Work across sectors** to help businesses collaborate on increasingly common requirements for technical know-how and access to new markets and techniques across sectors that might once have been more distinct, such as telecoms, agricultural and food technology and logistics.
- **Work between public and private** to explore innovative approaches to funding and finance, driving returns on investment in infrastructure. We commit to opening up procurement and further empowering businesses through a smoother planning system, linking housing, utilities and infrastructure provision and flexible and integrated investment plans.
- **Work with other regions** on regional, national and international opportunities such as transport and new nuclear.

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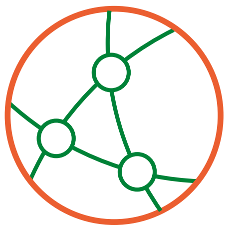
# COMPETITIVE CLUSTERS CLOSE TO GLOBAL CENTRES



Within our business sectors, Norfolk and Suffolk have a number of recognised national and global clusters of businesses with excellent access to national and global markets and to London and Cambridge.

Each of our identified clusters has substantial further growth potential and supports high value jobs. We will support these clusters and their specialisations, working with each to ensure that the commercial opportunity they represent is fully developed and well communicated to Government and investors.

Evidence suggests businesses benefit from locating in these clusters.

**TOGETHER WE WILL:**

**Develop a plan for each cluster that will:**

- Encourage new companies and commercial investment.
- Establish global and national links.
- Maximise local supply chain benefits.
- Market the commercial opportunity.
- Develop the ecosystem that enables the cluster to thrive.

**CLEAN ENERGY**
Our East coast energy cluster is world class, the only place in the UK where expertise and operations in oil, gas, nuclear, renewables, solar and micro generation exist in such close proximity.

**FINANCE AND INSURANCE**
Two clusters, concentrated in Ipswich and Norwich. Aviva, Marsh, Willis Towers Watson, and Axa are global players in the insurance industry, who sit alongside a growing number of smaller fin-tech businesses.

**DIGITAL**
At Adastral Park, near Ipswich, we have a globally significant ICT cluster and one of the world's leading Innovation Hubs in information technology, together with a fast-growing digital cluster in Norwich.

**LIFE SCIENCES AND BIOTECH**
At Norwich Research Park, home to the Earlham Institute, John Innes Centre and the Quadram Institute and in Lowestoft at The Centre for Environment, Fisheries and Aquaculture Science (CEFAS), we have two major UK life science centres.

# ECONOMIC INDICATORS

**To measure our success we will use eight economic indicators. Each indicator target has been developed using a robust methodology and is based on clear evidence about what is achievable and ambitious.**

### GVA

TARGET: **2% AVERAGE ANNUAL GROWTH**

RESULT: **GROW OUR ECONOMY BY £17.5BN IN REAL TERMS BY 2036**

### JOBS

TARGET: **0.5% ANNUAL GROWTH**

RESULT: **88,000 NET NEW JOBS BY 2036**

### HOUSING

TARGET: **MEET THE OBJECTIVELY ASSESSED NEED**

RESULT: **140,000 NEW HOMES BY 2036**

### INCLUSIVE GROWTH: EMPLOYMENT RATE

TARGET: **CONSISTENTLY HIGHER THAN NATIONAL AVERAGE**

RESULT: **A HIGHER PROPORTION OF PEOPLE ENGAGED IN THE LABOUR MARKET THAN ACROSS THE UK.**

### PRODUCTIVITY

TARGET: **1% ANNUAL GROWTH**

RESULT: **GVA PER HOUR OF £39 BY 2036**

### BUSINESSES

TARGET: **2% ANNUAL GROWTH**

RESULT: **30,000 NEW SUCCESSFUL BUSINESSES BY 2036**

### INCLUSIVE GROWTH: MEDIAN WAGES

TARGET: **1.7% ANNUAL GROWTH**

RESULT: **£200 MORE PER WEEK**

### INCLUSIVE GROWTH: SKILLS

TARGET: **INCREASE NVQ3+ BY 1.4% AVERAGE (OVER EACH 5 YEAR PERIOD.)**

RESULT: **66% OF THE POPULATION WITH NVQ3+**

### MAKING IT HAPPEN

Implementation will be delivered and driven through a series of action plans covering each element of the strategy. These will be supported by the evidence base, a common investment prioritisation tool, a shared approach to inclusive growth. We will measure and review progress with all partners annually.

**This strategy will not be delivered by one partner alone or by one strand of investment or actions. The ambitions and priorities we have agreed provide the direction and strategic case for a wide range of partners to develop their own plans and interventions that contribute to achieving our shared ambitions.**

THE>EAST

Our Economic Strategy has been developed in partnership with and endorsed by a wide range of stakeholders:

| | | |
|---|---|---|
| **Report to** | Cabinet | **Item** |
| | 11 October 2017 | 7 |
| **Report of** | Director of regeneration and development | |
| **Subject** | Carbon footprint report | |

**Purpose**

To update members on the outcomes of the annual carbon footprint exercise.

**Recommendation**

To note the progress being made on the delivery of the council's carbon management programme.

**Corporate and service priorities**

The report helps to meet the corporate priority value for money services and the service plan priority percentage reduction in $CO_2$ emissions from local authority operations.

**Financial implications**

None.

**Ward/s:** All wards

**Cabinet member:** Councillor Maguire, safe city environment

**Contact officers**

| | |
|---|---|
| Dave Moorcroft, director of regeneration and development | 01603 212226 |
| Richard Willson, environmental strategy manager | 01603 212312 |
| Claire Tullett, environmental strategy officer | 01603 212545 |

**Background documents**

None

1. In 2008/09 the council produced its first Carbon Management Plan and set a target to achieve a 30% reduction in carbon emissions by 2013/14 (using a 2006/07 baseline). In total over the 5 year period a reduction of 24% (29% when weather corrected) was achieved using previous conversion factors. Following the production of the council's second Carbon Management Plan this target has been re-set to achieve a total reduction of 40% in carbon emissions over the next 5 years (from the 2006/07 baseline)

2. All local authorities were required to annually report their carbon emissions to the Department of Energy and Climate Change. By using a carbon conversion factor emissions from vehicle use (litres/km) and gas and electricity (kWh) use can be directly compared and the amount of carbon emissions reported as $CO_2$kg emitted.

3. There have been requests in previous years that officers present the council's energy consumption (kWh, litres/km) alongside the carbon emissions figures (kg$CO_2^e$). Therefore, both sets of figures have been provided in this report on the understanding that although these figures are related they are not directly comparable due to the use of carbon conversion factors which are influenced by factors at a national level.

4. In order to minimise the effect of spikes in data in any year we have compared this year's figures to a 4 year average figure. This makes comparison over time fairer as it seeks to smooth any sharp increases or decreases in any given year which can happen when one year is directly compared with another and does not allow the scope for a trend over time.

5. Over the period 1 April 2016 to 31 March 2017 the council reduced its carbon dioxide emissions by 1.57%, or 111,175 kg of $CO_2^e$, or over 111 tonnes. In addition, in October 2016 the council changed electricity provider to an OFGEM certified Green Tariff. In effect this means that the electricity the council uses in its own assets is certified to come from a renewable source and therefore does not count towards the council's carbon footprint. When this significant reduction in $CO_2$ is factored in, it means that in the year 2016/17 Norwich City Council has reduced its carbon footprint by 14.6% on the previous year, or 1,031,718 kg of $Co_2^e$. (This is approximately the equivalent of the amount of $CO_2$ created if you were to drive an average car to drive to the moon and back 5 times!)

6. This brings the total reduction, against a 2007 baseline, to 54.1% and exceeds the 40% carbon emissions reduction target set in the council's 2015-2019 environmental strategy.

7. Table A gives an overview of the figures for the 2016-17 period. The data is split out in Scopes as dictated by the DECC/DEFRA carbon footprint requirements and detailed below: The third column of Table A shows the amount of energy use either in kWh, litres of fuel used or km travelled. The fourth column shows this year's figures as a percentage increase or decrease against a 4 year average from 2012-16 in order to allow for one off anomalies in reporting. The fifth column shows the amount of carbon emissions produced by each factor of each scope in the 2016-17 period. Finally, the sixth column shows this year's figures as a percentage increase or decrease against a 4 year average from 2012-16.

Definition of Scopes 1-3

**Scope 1 emissions:** ***Process emissions (owned buildings),*** Data obtained from utility bills (kWh) ***Process emissions (contractor-operated buildings)*** Data obtained from contractor's energy records (kWh) ***Fuel use (owned vehicles)*** Data obtained from fuel invoices (litres).

**Scope 2 emissions:** ***Electricity emissions (own buildings,*** Data obtained from utility bills (kWh). ***Electricity emissions (contractor-operated buildings).*** Data obtained from contractor's energy records (kWh)

**Scope 3 emissions: B*usiness travel (grey fleet and contractor)*** Data taken from officer and member business mileage claim forms (km) Data taken from contractor business mileage records (km) ***Public transport*** Data taken from officer and member business mileage claim forms (km) Data for train journeys taken from rail account invoices (km) ***Fuel use in contractor vehicles,*** Data obtained from contractor fuel records (litres)

**Table A - Data by scope:**

| Scope | Detail | 2016-17 energy use | Inc/ dec on 4 year average (2012-15) | 2016-17 carbon emissions ($kgCO_2$) | Inc/ dec on 4 year average (2012-15) |
|---|---|---|---|---|---|
| 1 | Gas council owned buildings | 13,951,106 (kWh) | Decrease (10.2%) | 2,567,004 ($kgCO_2$) | Decrease (11.2%) |
| | Gas contractors | 100,880 (kWh) | Decrease (4.8%) | 18,564 ($kgCO_2$) | Decrease (5.1%) |
| | Fuel council managed vehicles | 13,163 (litres) | Decrease 8.3% | 7481 ($kgCO_2$) | Decrease (84%) |
| | Total Scope 1 emissions ($kgCO_2$) | | | 2,593,049 | |
| 2 | Electricity council owned buildings | 5,742,922 (kWh) | Decrease (22.5%) | 2,366,371 ($kgCO_2$) | Decrease (34.3%) |
| | Electricity contractors | 234,179 (kWh) | Decrease (17.2%) | 96,525 ($kgCO_2$) | Decrease (31.4%) |
| | Total Scope 2 emissions ($kgCO_2$) | | | 2,462,896 | |
| 3 | Grey fleet (km) | 47,159 (km) | Decrease (4.2%) | 14,617 ($kgCO_2$) | Decrease (49%) |
| | Public transport (km) | 28,632 (km) | Decrease (44%) | 2,821 ($kgCO_2$) | Decrease (62%) |
| | Contractors data (km) | 9,369,944 (km) | Increase (31.3%) | 1,879,866 ($kgCO_2$) | Increase (-42.6%) |
| | Total Scope 3 emissions ($kgCO_2$) | | | 1,897,304 | |
| | Total emissions – All Scopes ($kgCO_2$) | | | 6,953,249 | |

## 8 Overview

8.1 Overall there has been a 10.2% decrease in gas use across council owned assets when compared with the average of the previous 4 years. The trend is for a year on year reduction since 2007.

8.2 In the period 2016/17 there was an overall reduction in gas use by contractors of 4.8% against an average of the previous 4 years. We continue to work with contractors to monitor their energy use, but we do not monitor their data for them and rely upon contractors to provide accurate data.

8.3 There was a decrease of 8.3% on the fuel used by staff through the council owned fleet against the previous 4 year average figure. The environmental strategy team is currently working closely with the transformation team to monitor use of the council's fleet and it is anticipated the outcome of this work will be to reduce the size of the council's pool fleet and/or introduce more hybrid vehicles. For local journeys, as an alternative to pool car and taxi use, the team introduced pool bikes in 2012 and most recently an electric bike has been added to the bike fleet.

8.4 There was a decrease of electricity consumption in kWh of 22.5% across the council's portfolio of properties compared to the four year average figure. However, when we consider the carbon reduction figure (kg $CO_2$) for the same period this shows a saving of 34.3% against a three year average. This is due to the carbon conversion factor which we are required by DECC/DEFRA to use when reporting the annual carbon footprint of the council. The following 'carbon conversion factor' section gives more details on this.

8.5 Officers continue to work with NPS to look for further opportunities to reduce this figure further. We have implemented a wide range of electricity saving projects across our portfolio since 2008 and it is becoming more challenging to find new opportunities. However, 3 variable speed drives have just been installed at Riverside leisure centre, and officers are investigating the replacement of lighting with LED lighting at car parks and churchyards. LED upgrades are being installed at Riverside swimming pool and City Hall. In addition we are looking to install VSD's in several sheltered housing schemes this year, as well as City Hall. Finally a number of social housing trials of LED Landlord Lighting are planned.

8.6 This year has seen a decrease of 17.2% in electricity use by our contractors against a 4 year average. Our figures have been impacted in the past by a lack of consistency in reporting and this may be the reason for decreases this year. Equally the contractors we work with are not always the same each year and the sizes of the contracts also fluctuate depending on demand from the council.

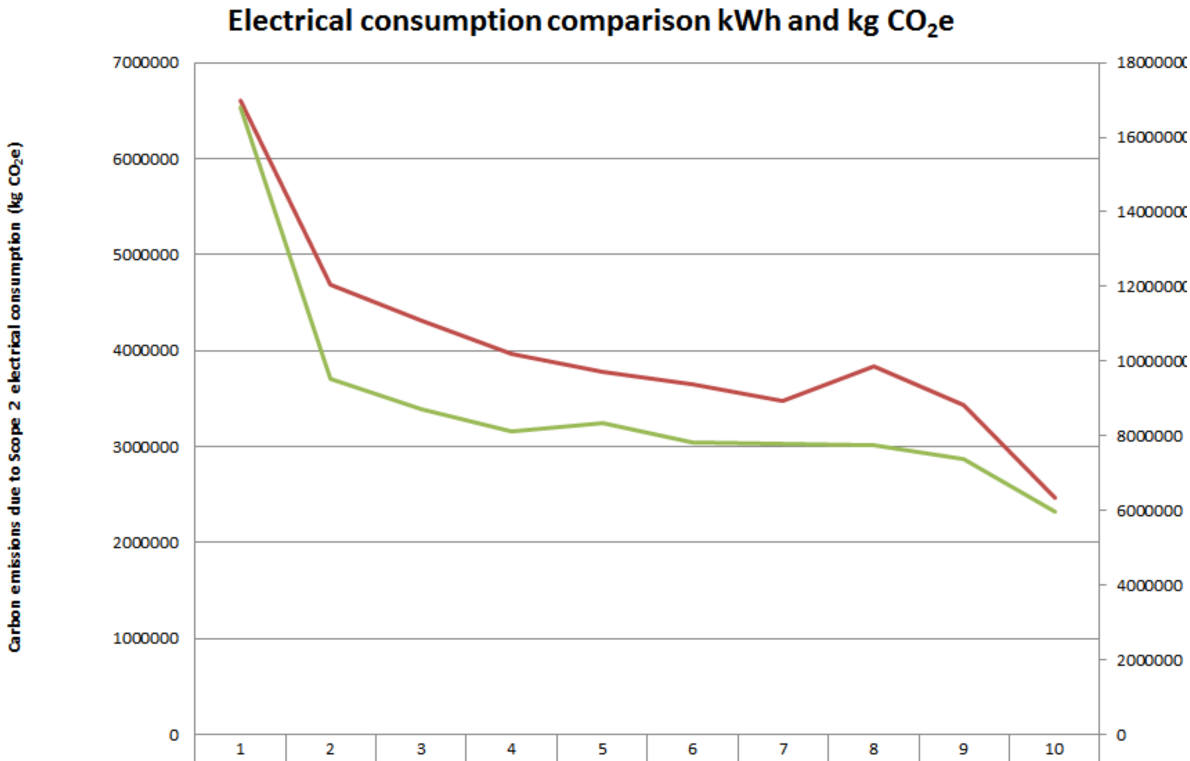
## 9.0 Carbon conversion factor:

9.1 The carbon conversion factor allows litres of fuel used, km travelled and kwh of energy burned to be compared to one another by measuring the carbon emissions produced during each activity. Carbon emissions are measured in kg of $CO_2$. In 2014 DECC/ DEFRA updated their kg$CO_2$ conversion factor. Instead of using a 5 year rolling average figure for electricity reporting they now use a 1 year average figure. The reason for the change was to make reporting easier for those companies who report energy use on a frequent basis.

9.2 This factor is outside of the council's control, but does affect our annual carbon emissions figure quite profoundly. The council's efforts to reduce the energy use through the introduction of energy efficient technologies and behaviour change will either, a) compound any changes in the national grid energy mix which assist with 'greening the grid', thereby further reducing emissions, or b) help to counterbalance changes in the national energy mix which may lead to an increase in carbon emissions at a grid level. We may be 'winners' some years and 'losers' in other years. In order to provide a more accurate picture for members it is intended continue to provide the energy use data e.g. kWh, litres fuel consumed, km travelled alongside the carbon emissions data.

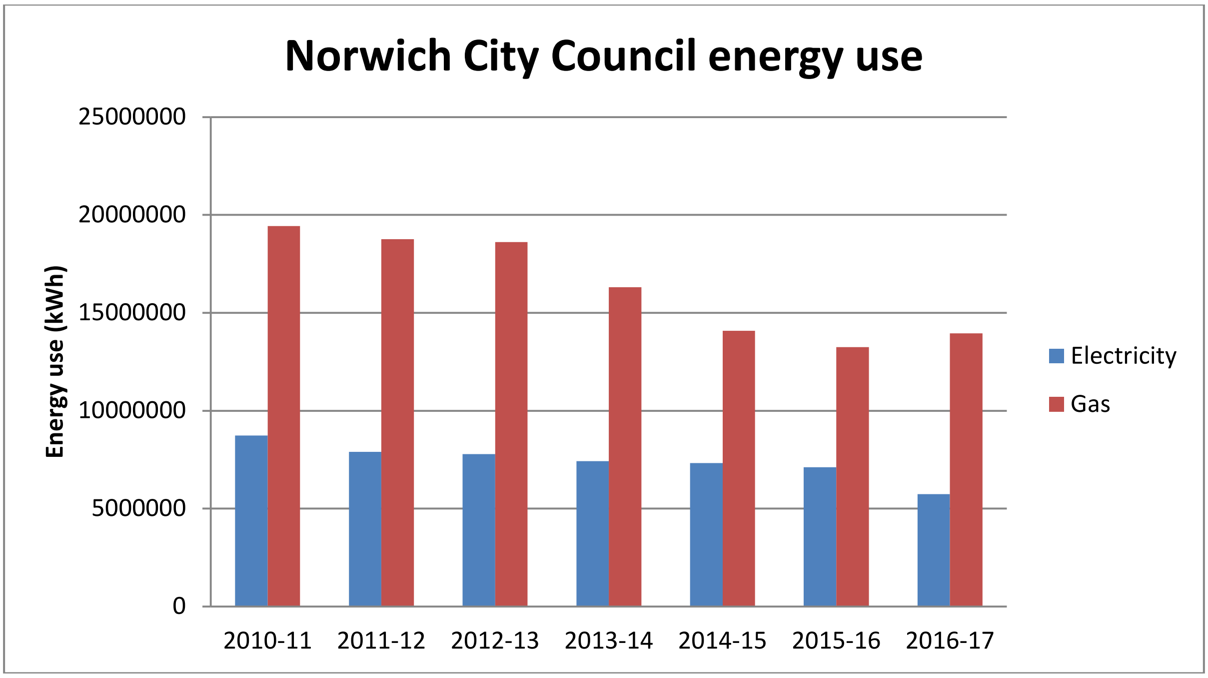
9.3 The Department of Energy and Climate Change has since been abolished and responsibility for energy monitoring at a national level has fallen to the newly formed Department of Business, Energy and Industrial Strategy (DBEIS).

**Graph 1 – Electricity consumption kWh vs kg $CO_2$e over time:**




| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Year | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Scope 2 (kg CO2e) | 6,603,828 | 4,691,648 | 4,311,715 | 3,972,326 | 3,774,122 | 3,644,381 | 3,478,538 | 3836556 | 3,432,985 | 2462896 |
| Scope 2 kWh | 16807292 | 9523676 | 8731528 | 8114237 | 8348903 | 7820415 | 7781522 | 7762223 | 7397128 | 5977101 |

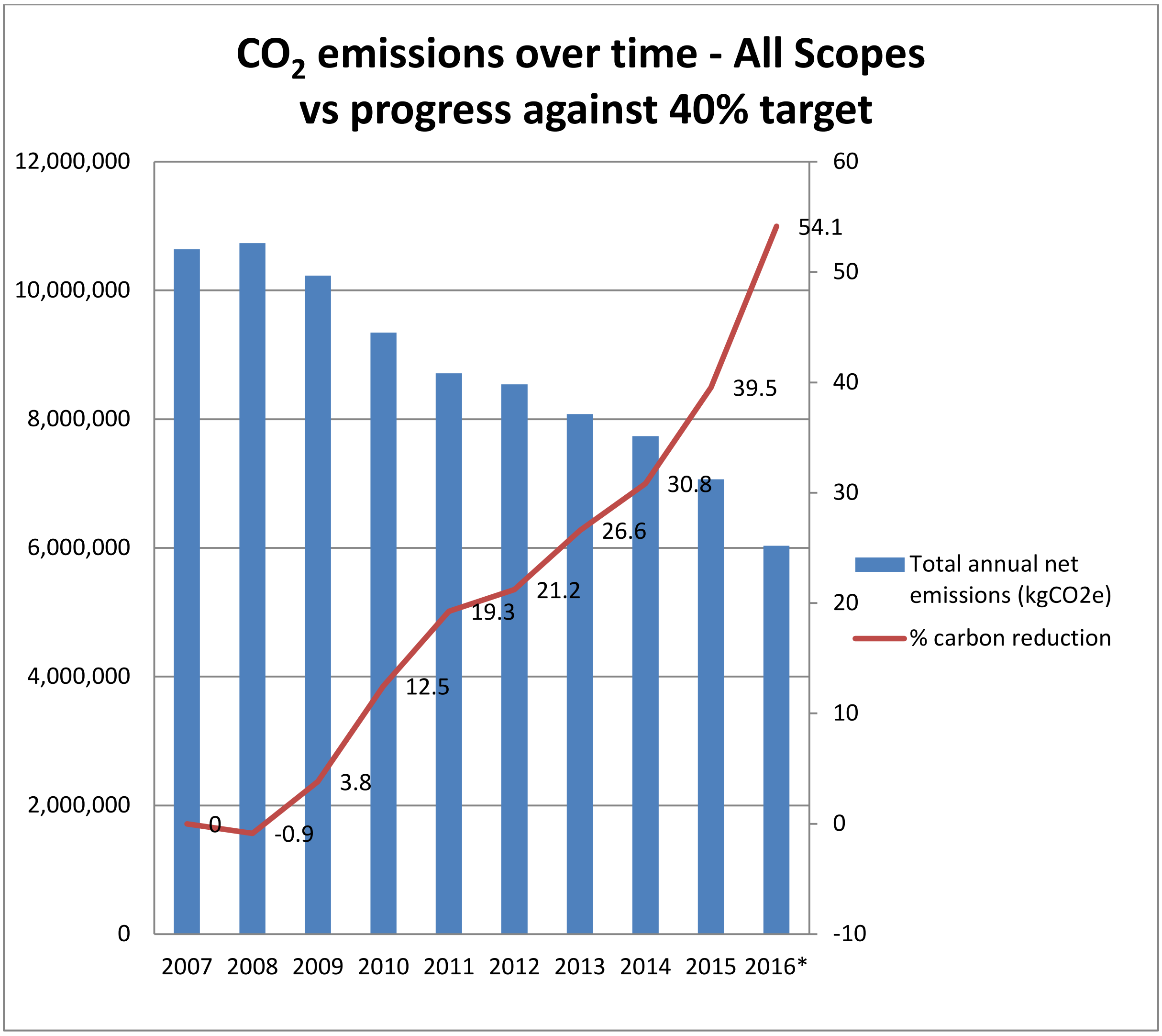
**Graph 2 – Norwich City Council gas and electricity (kWh) consumption over time:**




10 The team have worked with our Asset Management partners, NPS, over a number of years to implement a variety of energy saving technologies across our wide and varied assets. Often these have been at least part-funded by Salix funding, an interest free loan scheme for energy reduction projects.

10.1 Graph 3, below, shows a clear trend over time to lowering the council's carbon dioxide emissions, as we move closer to and then beyond achieving the 40% carbon emissions reduction target.

**Graph 3 – Emissions levels over time – all scopes:**




*Graph 3 includes the additional impact of the electricity green tariff in the year 2016/17.

## 11 Public Reporting

11.1 The council has published a summary of this report on its website.

Norwich City Council Carbon Footprint Report:
www.norwich.gov.uk/downloads/file/4058/carbon_footprint_report_2016-17

# Integrated impact assessment

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:** | 11 October 2017 |
| **Director / Head of service** | Director of regeneration and development |
| **Report subject:** | Carbon Footprint report |
| **Date assessed:** | 21/09/2017 |
| **Description:** | Carbon Footprint report |

| | Impact | | | |
|---|---|---|---|---|
| **Economic (please add an 'x' as appropriate)** | **Neutral** | **Positive** | **Negative** | **Comments** |
| **Finance (value for money)** | | x | | The reduction in fuel use has a positive financial outcome |
| **Other departments and services e.g. office facilities, customer contact** | x | | | |
| **ICT services** | x | | | |
| **Economic development** | x | | | |
| **Financial inclusion** | x | | | |
| | | | | |
| **Social (please add an 'x' as appropriate)** | **Neutral** | **Positive** | **Negative** | **Comments** |
| **Safeguarding children and adults** | x | | | |
| **S17 crime and disorder act 1998** | x | | | |
| **Human Rights Act 1998** | x | | | |
| **Health and well being** | x | | | |
| | | | | |

| | 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 | | Reduction in emissions from travel use |
| **Natural and built environment** | x | | | |
| **Waste minimisation & resource use** | x | | | |
| **Pollution** | | x | | Less emissions and associated pollutants |
| **Sustainable procurement** | x | | | |
| **Energy and climate change** | | x | | Less CO2 and other emissions |
| | | | | |
| **(Please add an 'x' as appropriate)** | **Neutral** | **Positive** | **Negative** | **Comments** |
| **Risk management** | x | | | |

| Recommendations from impact assessment |
| --- |
| **Positive** |
| The reduction in emissions will contrubute towards reducing the councils impact on the environmemnt. (CO2/ NOx/ PM10) In addition there is also financial savings in using less fuel. |
| **Negative** |
| |
| **Neutral** |
| |
| **Issues** |
| |

| | | |
|---|---|---|
| **Report to** | Cabinet | **Item** |
| | 11 October 2017 | 8 |
| **Report of** | Director of regeneration and development | |
| **Subject** | Norwich Airport Industrial Estate | |

**KEY DECISION**

## Purpose

To consider the strategy for the future development of the airport industrial estate

## Recommendation

Members are asked to:

1. Agree to commission Carter Jonas to procure a joint venture partner to regenerate and manage the airport industrial estate
2. Agree that the brief for this work be brought back to Cabinet for approval
3. Agree that the appointment of any joint venture partner is subject to a full business case
4. Agree to establish a subsidiary of Norwich Regeneration Ltd to develop land at Hurricane Way for housing.

## Corporate and service priorities

The report helps to meet the corporate priority a prosperous and vibrant city.

## Financial implications

At this point permission is only sought to prepare the procurement brief and to establish a subsidiary housing company. The costs of the work by Cater Jonas to pre[pare the procurement brief is already budgeted for in an existing contract with costs split 60/40 between county and city councils.

**Ward/s**: All wards

**Cabinet member**:

Councillor Stonard, sustainable and inclusive growth

Councillor Kendrick, resources

## Contact officers

| | |
|---|---|
| Gwyn Jones, city growth and development manager | 01603 212364 |
| Andy Watt, head of City development services | 01603 212691 |

## Background documents

None

# Report

## Background

1. The Norwich Airport Industrial Estate (NAIE) is a significant property asset that is strategically located with the potential to capitalise from local infrastructure improvements and commercial/residential developments such as the Northern Distributor Road (NDR) and the residential development to the East with a phased delivery of 3,500 homes

2. The NAIE is owned by Norwich City Council and held on express trust for Norfolk County Council, effectively giving joint ownership. Income derived from the estate is divided 60% Norfolk County Council and 40% Norwich City Council. The estate is managed on behalf of the partnership by NPS Norwich Limited and the councils currently receive gross income of over £1.05m p.a.

3. The council challenges the use of its property on an ongoing basis. To this end, external agents (Carter Jonas LLP) were procured to provide external independent property advice to review the investigations work carried out to date and provide an assessment about whether the options proposed are achievable and provide the optimum approach in the current and likely future market conditions.

4. The overall site covers 564,920m² (139.56 acres/56.49 hectares) with 120,000 m² of floor space. About 90% (108,00m²) of the floor space is used for light general industrial/warehousing and the remainder for office use. Appendix 1 provides a plan showing NAIE within its wider context.

## Opportunities

5. Both Norwich City Council and Norfolk County Council recognise that substantial reinvestment in the site is required and there is a significant opportunity to deliver increased asset value, potential for growth in non-domestic rates, increased rental income and employment growth. Re-investment will also stimulate wider jobs and increase GVA (Gross Value Added) for the Greater Norwich area.

6. As a result of previous investigations two development zones have been identified and possible redevelopment options proposed. The development zones indicate potential uses and are subject to further market testing (to establish viability) and fit with planning policy. :

   (i) A Southern Development Zone included plans for 20,000m² (215,300ft².) of light industrial units split into 18 units equating to 1,111m² (11,961ft².) each and delivered to BREAAM Excellent Standard. The plans also indicated an area for 33 residential dwellings.

(ii) A Western Development Zone included development proposals for an International Aviation Academy (IAA), delivery of 100 student residential rooms linked to the IAA, an Advanced Manufacturing Innovation Centre (AMIC) consisting of 30 light industrial units extending to 70,000ft² in total with 10% office content to be delivered to BREAAM Excellent standards and 30 units around 2,300ft² each (2016 review), a budget hotel of approximately 100 rooms.

7. There is also the opportunity to look at whether parts of the remainder of the estate could be improved and units (when they become vacant) refurbished or regenerated.

8. Carter Jonas undertook a review of the local property market. The principal findings from this assessment are:

a) Industrial Market:
- The Norwich industrial market is currently performing well with the level of existing industrial availability consistently declining since 2011.
- Demand for stock has been generally on the rise since 2012.
- Industrial rents have been (on average) rising since the end of 2015 (although prime rents have been stable for a number of years).
- The majority of stock on the market at present is dated.
- Although there is a large amount of stock in the pipeline, little has been built over the last few years indicating that there is an opportunity in the market for new, good quality space, delivered to meet current market demand – in particular 'mid-sized' units of around 5,000 to 10,000ft².
- There are a number of competing schemes in the locality, but most are restricted by clauses linking them to the airport.

b) Office Market:
- Generally stable particularly in terms of levels of available space and rental levels.
- Demand for space (principally coming from incumbent occupiers within the business services of government/Non-Government Organisations sectors) has been more cyclical with a drop in take up seen in 2016

9. Following the analysis of the local market Carter Jonas outlined in their report several redevelopment options:

a) General:

- A rebranding exercise should be undertaken alongside general improvements to the public to improve the estate's image and attractiveness to the market

b) Industrial:
- Prepare the site for development by demolishing redundant units and clearing vegetation to improve its appearance.
- Detailed designs should be created (on appointment of a chosen developer) to explore the creation of flexible light industrial terrace(s).

- Market the site on a pre let basis with availability from around 11,961ft² plus (as proposed in the 2016 masterplan review) although retain flexibility to deliver smaller units of say 6,000ft².

c) Residential:
- The development and disposal of residential development land remains appropriate subject to a revision of unit mix (as provided).

d) Branding:
- In respect of estate rebranding, at present, the estate is almost invisible owing to no independent brand identity through media (i.e. website/marketing particulars/adverts etc.) coupled with poor quality estate signage. Therefore this is an opportune time to start anew to establish a brand identity and communication that will attract the desired occupiers.

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**Development Return and Cost Appraisal**

10. The Carter Jonas report included a summary of anticipated gross rental returns pre and post redevelopment of the two development zones along with the wider estate as it stands

11. There is the potential to increase the gross rental income from the estate from around £1.05m pa to £4.1m pa on the basis that all of the proposed buildings are built and occupied at the anticipated rent. There is also the opportunity to look at the management and investment in the current estate, to help retain and develop our current tenants

12. The report outlines the cost for regeneration, however further work is required to understand the extent and the cost of any works to the estate.

13. At this point any figures should be heavily caveated. The nature of any development (for example the size of units) and therefore the capital cost and income will vary.

**Delivery model**

14. Carter Jonas considered a range of delivery options for the regeneration of NAIE ranging from direct delivery by the council, use of a council owned vehicle, various joint venture arrangements and disposal. Their report concluded that a “hybrid” approach should be adopted involving a joint venture arrangement for the industrial/ commercial elements and delivery via a council owned company for the residential part.

15. This approach would allow the councils to manage risk. It will:

- Allow the councils to self-develop the simpler sites (i.e. the residential sites) and realising all the financial benefits while sharing risk on more complex developments in conjunction with a joint venture development partner (i.e. the industrial units / hotel / AMIC) where they will take a profit for constructing the commercial buildings

- Result in a higher return for the councils than the pure joint venture development partner route

- Introduce expert market intelligence and experience to advise on the scale/makeup of the new development rather than pursuing a speculative “build and they will come” approach.

- Provide for the joint venture partner to undertake ongoing management of the whole estate. There will be mechanisms to incentivise the partner to build units which are likely to be let quickly to good tenants and maintain a high occupancy rate

- Enable both councils to provide funding on a 60/40 basis from Public Works Loan Board borrowing loaned to the joint venture partner at commercial rates meaning that no funding is required from the partner and allowing councils to generate a return from interest on the loan as another income stream.

- Limit the risk and exposure for the councils at any given time by not committing to the whole development at once but rather carrying this out on a phased rolling programme.

**The way forward- Options**

16. A number of options have been identified:

a) Do Nothing:
Both councils continue to manage the estate as existing and make no significant investment. It is estimated that within 15 years, operational costs (including empty rates payments) are likely come close to rental income destroying any opportunity for surplus. The estate is ageing and a number of ‘rival’ products will be launched onto the market over the next five years and it will be become increasingly difficult to attract new tenants.

b) Minor Improvement Works:
For a sum of £3-5m some minor works could be undertaken to selected buildings and the estate. Whilst this appears to be a significant sum it will not provide any new space or industrial units/

c) Proceed with the development as recommended by Carter Jonas ie seek a partner to form a “joint venture” for the commercial elements and take forward the delivery of the residential element via a council owned company. This approach will provide expert private sector advice whilst allowing the Councils to have a high degree of control. Use of the city council’s existing company, Norwich Regeneration Ltd would be a convenient vehicle for the residential development. This may require establishment of a subsidiary given the joint ownership of the NAIE.

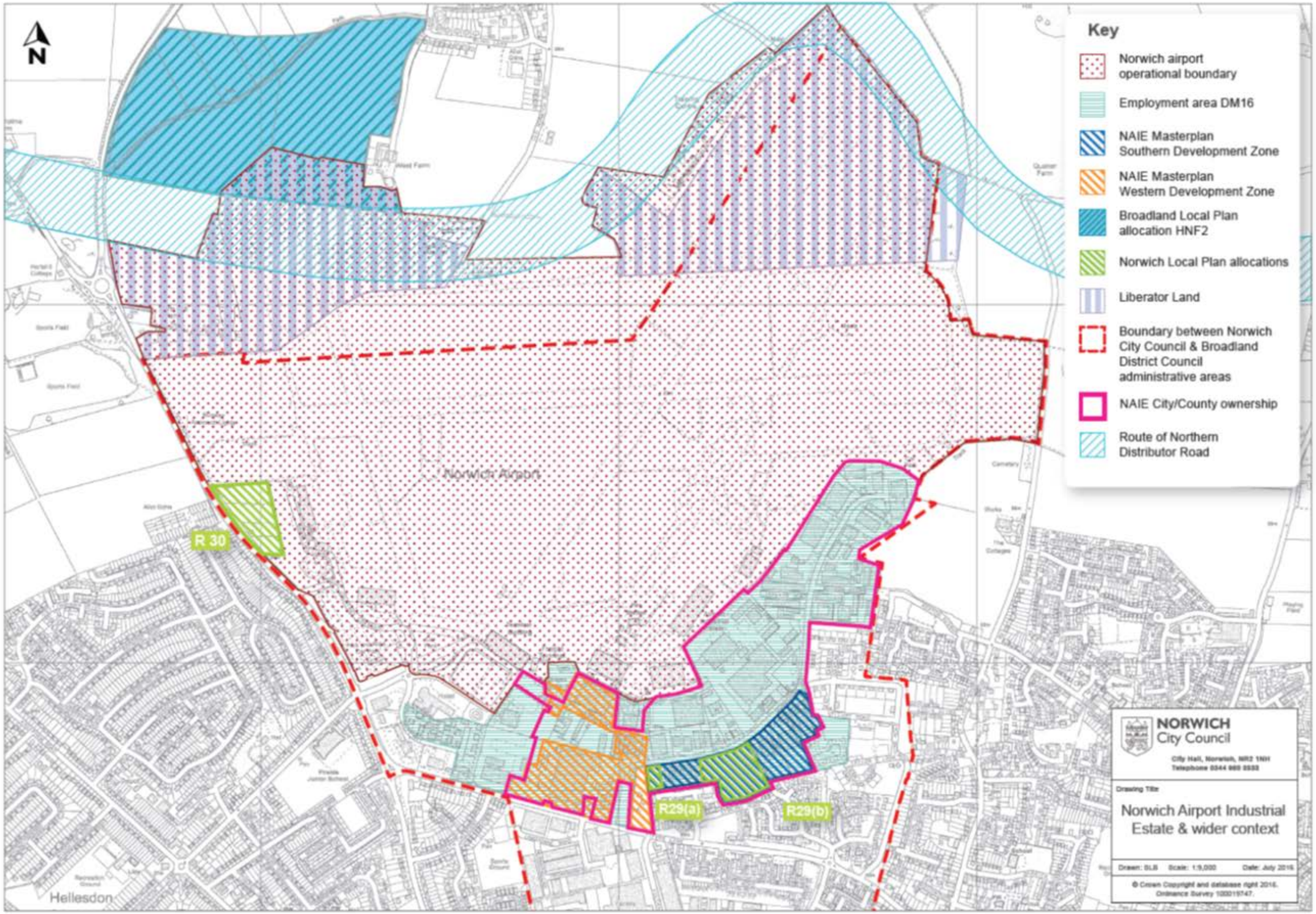
17. In this scenario the joint venture partner would be able to:

- Develop out the regeneration areas on a “Design, Build, Operate, Manage” form of contract. Additional areas could be included, when they became vacant.
- Funding would be provided by the Councils who would then approve all expenditure based on detailed business cases.
- The partner would manage the whole site and take a management fee on lettings. This approach would ensure the partner is “invested” in the site in that “no tenant – no fee”
- The partner would manage the site, looking for opportunities to fill vacant units and using detailed market knowledge, buildings would be refurbished/built based on market trends/pre-lets

**Conclusions**

18. Both Norfolk County Council and Norwich City Council recognise that the current situation of the Norwich Airport Industrial Estate cannot continue.

    To realise a significant opportunity to deliver increased asset value, potential for growth in non-domestic rates, rental income, employment growth and increase GVA (Gross Value Added) for the Greater Norwich area will require major reinvestment in the site. This can be undertaken through a hybrid approach involving direct delivery of residential elements via a council owned company and a joint venture arrangement for the commercial parts. The next steps is to prepare a brief to procure a joint venture partner and establish a suitable vehicle to take forward the residential element.


N
Key
Norwich airport operational boundary
Employment area DM16
NAIE Masterplan Southern Development Zone
NAIE Masterplan Western Development Zone
Broadland Local Plan allocation HNF2
Norwich Local Plan allocations
Liberator Land
Boundary between Norwich City Council & Broadland District Council administrative areas
NAIE City/County ownership
Route of Northern Distributor Road
Norwich Airport
R 30
R29(a)
R29(b)
Hellesdon
NORWICH
City Council
City Hall, Norwich, NR2 1NH
Telephone 0344 980 3333
Drawing Title
Norwich Airport Industrial Estate & wider context
Drawn: SLB Scale: 1:9,000 Date: July 2016
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| | |
|---|---|
| | 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:** | 11 October 2017 |
| **Director / Head of service** | Andy Watt |
| **Report subject:** | Norwich Airport Industrial estate |
| **Date assessed:** | 18 September 2017 |
| **Description:** | To seek approval to procure a joint venture partner to manage, redevelop and regenerate norwich airport industrial estate. To seek approval to set up a sunsidiary of Norwich Regeneration Ltd to develop land for housing at Hurricane Way. |

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

| Recommendations from impact assessment |
| --- |
| **Positive** |
| |
| **Negative** |
| |
| **Neutral** |
| |
| **Issues** |
| |

| | | |
|---|---|---|
| **Report to** | Cabinet | **Item** |
| **Report of** | Chief finance officer | 9 |
| **Subject** | Revenue budget monitoring 2017/18 – Period 5 | |

## Purpose

To update cabinet on the provisional financial position as at 31 August 2017, the forecast outturn for the year 2017/18, and the consequent forecast of the General Fund and Housing Revenue Account balances.

## Recommendations

To note the financial position as at 31 August 2017 and the forecast outturn 2017/18.

## Corporate and service priorities

The report helps to meet the corporate priority value for money services and the service plan priority to provide accurate, relevant and timely financial information.

## Financial implications

The General Fund budget is forecast to underspend by £0.162m. The Housing Revenue Account budget is forecast to underspend by £0.480m.

**Ward/s**: All wards

**Cabinet member:** Councillor Kendrick, resources

## Contact officers


| | |
|---|---|
| Karen Watling, chief finance officer | 01603 212440 |
| Hannah Simpson, group accountant | 01603 212561 |


## Background documents

None

## Report

1. Council approved budgets for the 2017/18 financial year on 21 February 2017.

2. The attached appendices show the forecast outturn and year-to-date positions for the General Fund and the Housing Revenue Account:
   - Appendix 1 shows the General Fund by Corporate Leadership Team responsibilities, and by Subjective Group
   - Appendix 2 shows the Housing Revenue Account in (near) statutory format
   - Appendix 3 shows budget and expenditure for the year to date in graphical format

## General Fund

3. Budgets reported include the resources financing the Council's net budget requirement (which includes a contribution of £0.688m from reserve balances as allowed for in the Medium Term Financial Strategy) so that the net budget totals zero:

| *Item* | *Approved Budget £000s* |
|---|---|
| Net Budget Requirement | 16,152 |
| Non-Domestic Rates | (5,452) |
| Revenue Support Grant | (1,671) |
| Council Tax Surplus (prior years) | (297) |
| Council Tax precept | (8,732) |
| **Total General Fund budget** | **0** |

1. The General Fund has been forecast to underspend by **£0.162m** at year end. Key forecast variances from budget are set out below:

| ***Forecast Outturn P4 £000s*** | ***General Fund Service*** | ***Forecast Outturn P5 £000s*** | ***Commentary*** |
|---|---|---|---|
| (318) | Human Resources | (312) | Lower than budgeted pension liability costs for former employees. The payment value was amended following the triennial valuation of the pension scheme. In addition, vacant posts within service area. |

| *Forecast Outturn P4 £000s* | *General Fund Service* | *Forecast Outturn P5 £000s* | *Commentary* |
|---|---|---|---|
| 375 | Finance | 353 | £173k lower interest income from Housing Company, this is due to a delay in the company requiring the loan to be made. A review of the financial model has been undertaken and loan agreement with the Housing Company being drawn up.<br><br>Net overspend forecast on Housing Benefit of £155k. This is due to government policy changes which have resulted in a reduction to the amount of housing benefit subsidy claimable on short term leased or self-contained licensed accommodation where the local authority is the landlord. The impact of the changes has been partially offset by the Flexible Homelessness Support Grant of £129k. |
| (221) | Citywide Services | (283) | Lower than budgeted pension liability costs for former employees. The payment value was amended following the triennial valuation of the pension scheme.<br><br>This is offset by reduced forecast in relation to income from market rentals and cemeteries. |
| 171 | City Development | 32 | The main reasons for the reduced overspend between period 4 and 5 are:<br>• additional rent being forecast from the pending acquisition of a property; and<br>• bus shelter advertising income coming in higher than budget.<br><br>This income is being used to offset the lower rental income on the property portfolio due to disposals and vacant properties. |

2. The 17/18 budgets included £3.312m of transformation savings/income. Current forecasts indicate that £0.406m of those savings are at risk and these have been included in the overall forecast outturn shown above. Currently unbudgeted savings related to the pension deficit payments, additional income and salary underspends are offsetting these and reducing the forecast to an underspend of £0.162m. All transformation items are closely tracked and actions taken by managers to address shortfalls. The high value items with reduced forecasts are all reflected in the table above.

3. In terms of the actual expenditure and income that has gone through the Council's General ledger, the General Fund shows an underspend against profiled budget to date of **£0.761m**. This variance to date is made up of

multiple debit and credit figures where various income and expenditure lines are ahead of or behind budget profile. The main variances at P5 relate to invoices not being received and processed in line with the expected profile.

4. When setting the 17/18 budget an allowance was made for an expected increase in our pension deficit contributions following the transfer of revenues and benefits staff back into the Council. Due to the timescales required for the actuaries to calculate the impact, the Norfolk Pension Fund has confirmed no additional amount will be invoiced in 17/18 with the impact instead to be reflected in our 18/19 pension deficit payment charge. The impact is that overall the Council's general fund contribution to the pension deficit will be £258k lower in 2017/18. As the cost is distributed across the service areas, it is currently showing in a number of small underspends in all areas.

## Housing Revenue Account

5. The budgets reported include a £10.0m use of HRA balances, so that the net budget totals zero:

| *Item* | *Approved Budget £000s* |
|---|---|
| Gross HRA Expenditure | 59,024 |
| Gross HRA Income | (49,051) |
| Contribution from HRA Balance | (9,973) |
| **Total net HRA budget** | **0** |

6. The Housing Revenue Account has been forecast to underspend by **£0.480m** at year end. Key forecast variances from budget are set out below:

| ***Forecast Outturn P4 £000s*** | ***HRA Division of Service*** | ***Forecast Outturn P5 £000s*** | ***Commentary*** |
|---|---|---|---|
| (386) | General Management | (391) | Reduced requirement for grant expenditure as a result of delayed implementation of Universal Credit and forecast lower expenditure on professional fees and area offices than initially anticipated. Lower than budgeted forecast spend on energy performance certificates and car parking permits, plus vacant posts within the service area. |

7. In terms of the amounts that are currently showing in the General Ledger, the Housing Revenue Account shows an underspend against profiled budget to date of **£1.798m**. This underspend to date is made up of many debit and credit figures where various income and expenditure lines are ahead of or behind budget profile, mainly in relation to the repairs and maintenance budgets. The main variances at P5 relate to invoices not being received and processed in line with the expected profile.

## Risks

8. A risk-based review based on the size and volatility of budgets has identified a "Top 10" of key budgets where inadequacy of monitoring and control systems could pose a significant threat to the council's overall financial position. These are shown in the following table.

| Key Risk Budgets | Budget £000s | Current Variance | Current Var % | Current RAG | Forecast Variance | Forecast Var % | Forecast RAG |
|---|---|---|---|---|---|---|---|
| Housing Benefit Payments & Subsidy | -160 | 169 | -105% | RED | 155 | -97% | RED |
| HRA Repairs - Tenanted Properties | 10,584 | -1,352 | -13% | RED | -78 | -1% | GREEN |
| HRA Repairs - Void Properties | 2,539 | -31 | -1% | GREEN | 0 | 0% | GREEN |
| Multi-Storey Car Parks | -1,315 | 161 | -12% | RED | 7 | -1% | GREEN |
| City Hall | 977 | -70 | -7% | GREEN | -26 | -3% | GREEN |
| HRA Rents - Estate Properties | -57,942 | -25 | 0% | GREEN | -56 | 0% | GREEN |
| Corporate Management including Contingency | -2,097 | -12 | 1% | GREEN | -13 | 1% | GREEN |
| Private Sector Leasing Costs | -290 | 56 | -19% | GREEN | 76 | -26% | GREEN |

9. The red/amber status of items in the "Forecast RAG" column is explained below.

| Key Risk Budgets | Comment |
|---|---|
| Housing benefit payments and subsidy | Net overspend forecast on Housing Benefit of £155k. This is due to government policy changes which have resulted in a reduction to the amount of housing benefit subsidy claimable on short term leased or self-contained licensed accommodation where the local authority is the landlord. The impact of the changes has been partially offset by the Flexible Homelessness Support Grant of £129k. |

10. The 2017/18 budgets approved by Council were drawn up in the expectation of reduced resources as announced by the previous government. There are risks to the current and medium term financial position from:

- Further reductions in government grant – the localisation of Business Rates and of Council Tax reductions has increased the risks to the council's financial position arising from economic conditions and policy decisions. In addition, recent Government announcements indicate that further reductions in Government funding are likely.
- Changes in policy – if further "empowerment" of local authorities is not matched by devolved resources
- Delivery of savings – the budget incorporates both savings measures already in place, and those planned for implementation during the year. If these savings are not achievable in full, overspends will result. With appropriate approvals these may be mitigated through provision made in the corporate contingency, up to the level of that contingency
- Identification of further savings – work is continuing on developing proposals for additional savings to bridge the medium-term budget gap. If these proposals fall short, or are not implemented fully and in a timely manner, further budget shortfalls will result.

11. Forecast outturns are estimates based on management assessments, formulae, and extrapolation. They may not adequately take account of variables such as:

- Bad Debts – budget reports show gross debt, i.e. invoices raised. While allowance has been made in the budget for non-collections, the current economic climate may have an adverse influence on our ability to collect money owed.
- Seasonal Factors – if adverse weather conditions or a worsening economic climate depress levels of trade and leisure activities in the city, there may be a negative impact on parking and other income.
- Housing Repairs & Improvements – the rate of spend on void properties, though closely managed, is heavily influenced by void turnaround, since transfers can create a chain of voids involving significant repair costs.

## Financial Planning

12. Overall levels of overspend and underspend will have an ongoing impact on the budget for following years and the size and urgency of savings requirements.

13. Net overspends and underspends will be consolidated into the General Fund and Housing Revenue Account balances carried forward to 2018/19. These are reflected in periodic updates to the Medium Term Financial Strategy and Housing Revenue Account Business Plan.

## Impact on Balances

14. The prudent minimum level of General Fund reserves has been assessed as £4.161m. The budgeted and forecast outturn's impact on the 2016/17 balance brought forward, is as follows:

| *Item* | *£000s* |
|---|---:|
| Balance at 1 April 2017 | (14,344) |
| Budgeted contribution from reserves 2017/18 | 688 |
| Transfer to earmarked invest to save reserve | 500 |
| Forecast outturn 2017/18 | (162) |
| **= Forecast balance at 31 March 2018** | **(13,318)** |

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

16. The prudent minimum level of HRA reserves has been assessed as £5.885m. The budgeted and forecast outturn's impact on the 2016/17 balance brought forward, is as follows:

| *Item* | *£000s* |
|---|---:|
| Balance at 1 April 2017 | (30,383) |
| Budgeted contribution from reserves 2017/18 | 9,973 |
| Forecast outturn 2017/18 | (480) |
| **= Forecast balance at 31 March 2018** | **(20,890)** |

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

## Collection Fund

18. The Collection Fund is made up of three accounts – Council Tax, the Business Improvement District (BID) account, and National Non-Domestic Rates (NNDR).

  - Council Tax 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.
  - The BID account is operated on behalf of the BID company, to collect their income from the BID levy. Any surplus or deficit is passed on to the BID company.
  - NNDR income is shared between the city, the county, and central government. Since "localisation", any surplus or deficit is also shared, rather than as formerly being borne wholly by the government.

19. There are particular risks attached to NNDR, which are:

  - Appeals – the impact of any appeals will fall on the Collection Fund, and therefore in part on the city. The Valuation Office has cleared a large number of appeals which has adversely affected the council's business rates income levels. However, a backlog of appeals remains and the value of the appeals is not known, nor the likelihood of success, nor the timing of the appeal being determined.
  - NNDR billable – changes in the NNDR billable, e.g. demolition or construction of new billable premises, will impact on the amount billable. Assumptions of growth may also be affected by changes in the larger economic environment.
  - NNDR collectable – arrears and write-offs (e.g. where a business goes into administration) will also impact on the Collection Fund.

20. These risks are monitored and mitigated through normal Revenues operations.

21. A summary of the Collection Fund is provided below:

| *Approved Budget £000s* | *Current Budget £000s* | **Collection Fund Summary** | *Forecast Outturn £000s* | *Forecast Variance £000s* |
|---|---|---|---|---|
| | | **Council tax** | | |
| 63,785 | 63,785 | Expenditure | 63,785 | 0 |
| (63,785) | (63,785) | Income | (63,785) | 0 |
| 0 | 0 | Surplus/(deficit) | 0 | 0 |
| | | **Business Improvement District** | | |
| 656 | 656 | Expenditure | 656 | 0 |
| (656) | (656) | Income | (656) | 0 |
| | | **National Non-Domestic Rate** | | |
| 76,728 | 76,728 | Expenditure | 77,784 | 1,056 |
| (76,728) | (76,728) | Income | (77,784) | (1,056) |
| 330 | 330 | Surplus/(deficit) | 330 | 0 |
| | | | | |
| **0** | **0** | **Total Collection Fund** | **0** | **0** |

22. The variances on national non-domestic business rates are due to transitional relief payments.  Transitional relief limits the percentage a business rates bill can be increased or decreased each year following revaluation. The transitional relief will apply each year until the full amount is due. The overall impact is an increase in the amount collectible of £1.056m all of which will be paid over to the government, leaving no net impact on the collection fund.

23. On Council Tax, actual income is not posted from the council tax system into the finance system until year-end. The actual year-end surplus or deficit will be taken into account in considering distribution of balances between the preceptors (city, county, and police).

24. The council operates the BID account on behalf of the BID company, so no surplus or deficit will fall on the council's accounts.

25. Any deficit reported on the NNDR account will roll forward and be distributed in the 2018/19 budget cycle.

# Integrated impact assessment

NORWICH City Council

| Report author to complete | |
|---|---|
| **Committee:** | Cabinet |
| **Committee date:** | |
| **Head of service:** | Chief Finance Officer |
| **Report subject:** | Revenue Budget Monitoring 2017/18 |
| **Date assessed:** | 25/09/17 |
| **Description:** | This is the integrated impact assessment for the Revenue Budget Monitoring 2017/18 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** | ☒ | ☐ | ☐ | |

| | 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 |
| 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

# Budget Monitoring Summary    Year: 2017/18    Period: 5 (August)

## GENERAL FUND SERVICE SUMMARY

| *Approved Budget* | *Current Budget* | | *Budget To Date* | *Actual To Date* | *Variance To Date* | *Forecast Outturn* | *Forecast Variance* |
|---|---|---|---|---|---|---|---|
| | | **Business Services** | | | | | |
| 3,096,603 | 3,087,489 | Business Services | 891,116 | 282,512 | (608,604) | 3,185,440 | 97,951 |
| 291,867 | 291,867 | Democratic Services | 311,273 | 432,220 | 120,947 | 295,787 | 3,920 |
| (19,214,059) | (19,235,709) | Finance | (5,731,285) | (5,642,345) | 88,940 | (18,882,738) | 352,971 |
| 0 | 0 | Human Resources | 541,632 | 424,590 | (117,042) | (311,917) | (311,917) |
| 0 | 0 | Procurement & Service Improvement | 1,634,765 | 1,105,534 | (529,231) | (53,767) | (53,767) |
| **(15,825,589)** | **(15,856,353)** | **Total Business Services** | **(2,352,499)** | **(3,397,489)** | **(1,044,990)** | **(15,767,194)** | **89,159** |
| | | **Chief Executive** | | | | | |
| 0 | 0 | Chief Executive | 97,350 | 105,664 | 8,314 | (13,174) | (13,174) |
| 201,843 | 201,843 | Strategy & Programme Management | 326,530 | 282,122 | (44,408) | 112,521 | (89,322) |
| **201,843** | **201,843** | **Total Chief Executive** | **423,880** | **387,786** | **(36,094)** | **99,347** | **(102,496)** |
| | | **Customers, Comms & Culture** | | | | | |
| 2,143,249 | 2,161,328 | Communications & Culture | 1,019,577 | 983,353 | (36,224) | 2,150,971 | (10,357) |
| (2,760) | (2,760) | Customer Contact | 825,232 | 803,728 | (21,504) | 31,633 | 34,393 |
| **2,140,489** | **2,158,568** | **Total Customers, Comms & Culture** | **1,844,809** | **1,787,081** | **(57,728)** | **2,182,603** | **24,035** |
| | | **Neighbourhoods** | | | | | |
| 10,229,891 | 10,232,832 | Citywide Services | 3,884,703 | 4,222,295 | 337,592 | 9,950,302 | (282,530) |
| 1,728,634 | 1,728,634 | Neighbourhood Housing | 455,152 | 299,031 | (156,121) | 1,742,452 | 13,818 |
| 807,037 | 841,352 | Neighbourhood Services | 353,798 | 267,413 | (86,385) | 823,767 | (17,585) |
| **12,765,562** | **12,802,818** | **Total Neighbourhoods** | **4,693,653** | **4,788,738** | **95,085** | **12,516,522** | **(286,296)** |
| | | **Regeneration & Growth** | | | | | |
| (1,994,594) | (1,952,389) | City Development | (1,324,925) | (1,004,920) | 320,005 | (1,920,722) | 31,667 |
| 0 | 0 | Environmental Strategy | 57,065 | 47,085 | (9,980) | 33,449 | 33,449 |
| 0 | 0 | Executive Head of Regeneration & | 64,997 | 59,120 | (5,877) | (9,991) | (9,991) |
| 1,500,637 | 1,500,637 | Planning | 456,679 | 452,624 | (4,055) | 1,498,557 | (2,080) |
| 1,211,652 | 1,144,874 | Property Services | 641,831 | 624,691 | (17,140) | 1,205,723 | 60,849 |
| **717,695** | **693,122** | **Total Regeneration & Growth** | **(104,353)** | **178,600** | **282,953** | **807,016** | **113,894** |
| **0** | **(2)** | **Total General Fund** | **4,505,490** | **3,744,715** | **(760,775)** | **(161,706)** | **(161,704)** |

Appendix 2

# Budget Monitoring Report Year: 2017/18 Period: 5 (August)

## HOUSING REVENUE ACCOUNT STATUTORY SUMMARY

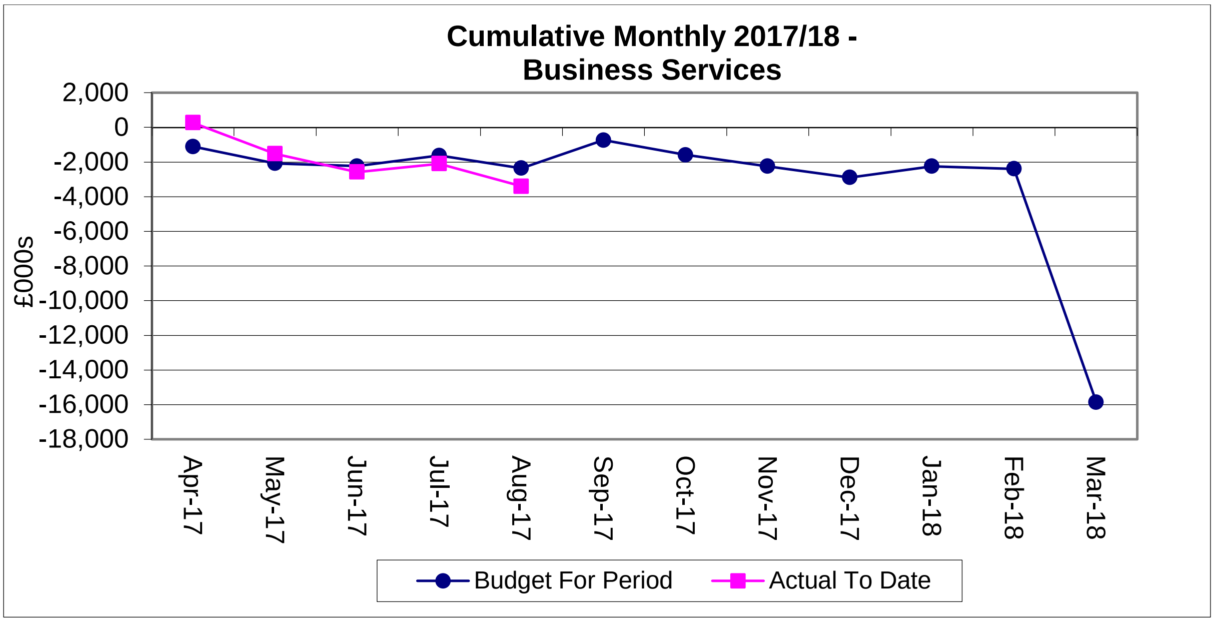
| *Approved Budget* | *Current Budget* | | *Budget To Date* | *Actual To Date* | *Variance To Date* | *Forecast Outturn* | *Forecast Variance* |
|---|---|---|---|---|---|---|---|
| 13,815,288 | 13,815,288 | Repairs & Maintenance | 5,659,549 | 4,267,446 | (1,392,103) | 13,746,536 | (68,752) |
| 5,789,133 | 5,789,133 | Rents, Rates, & Other Property Costs | 2,558,770 | 2,518,341 | (40,429) | 5,870,445 | 81,312 |
| 12,115,683 | 12,115,683 | General Management | 3,006,384 | 2,782,178 | (224,206) | 11,724,359 | (391,324) |
| 5,090,423 | 5,090,419 | Special Services | 1,743,157 | 1,581,289 | (161,868) | 5,189,664 | 99,245 |
| 21,992,115 | 21,992,115 | Depreciation & Impairment | 33,000 | (2,350) | (35,350) | 21,987,115 | (5,000) |
| 223,000 | 223,000 | Provision for Bad Debts | 0 | 7,887 | 7,887 | 223,000 | 0 |
| (57,692,382) | (57,692,382) | Dwelling Rents | (25,390,483) | (25,420,304) | (29,821) | (57,748,827) | (56,445) |
| (2,169,466) | (2,169,466) | Garage & Other Property Rents | (927,122) | (971,942) | (44,820) | (2,233,900) | (64,434) |
| (8,373,746) | (8,373,746) | Service Charges - General | (3,534,327) | (3,474,671) | 59,656 | (8,450,010) | (76,264) |
| (85,000) | (85,000) | Miscellaneous Income | (35,415) | (70,150) | (34,735) | (85,050) | (50) |
| 10,056,112 | 10,056,112 | Adjustments & Financing Items | (97,700) | 0 | 97,700 | 10,058,312 | 2,200 |
| (586,160) | (586,160) | Amenities shared by whole community | 0 | 0 | 0 | (586,160) | 0 |
| (175,000) | (175,000) | Interest Received | 0 | 0 | 0 | (175,000) | 0 |
| **0** | **(4)** | **Total Housing Revenue Account** | **(16,984,187)** | **(18,782,275)** | **(1,798,088)** | **(479,517)** | **(479,513)** |

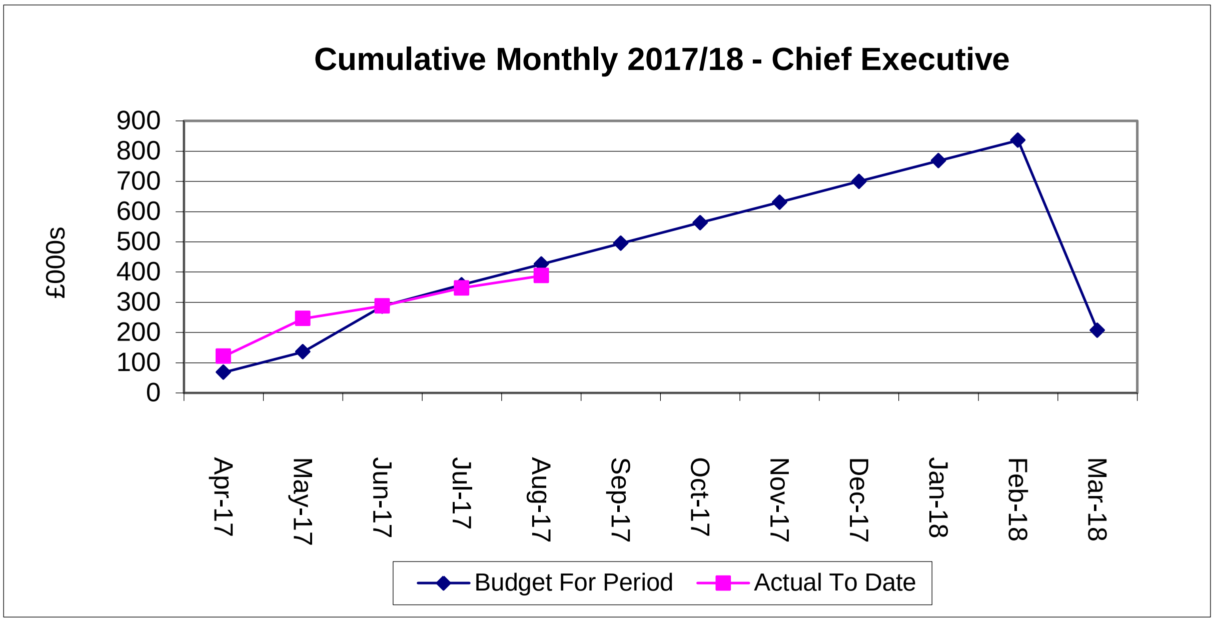
# Budget & Expenditure – Monthly by Service Graphs

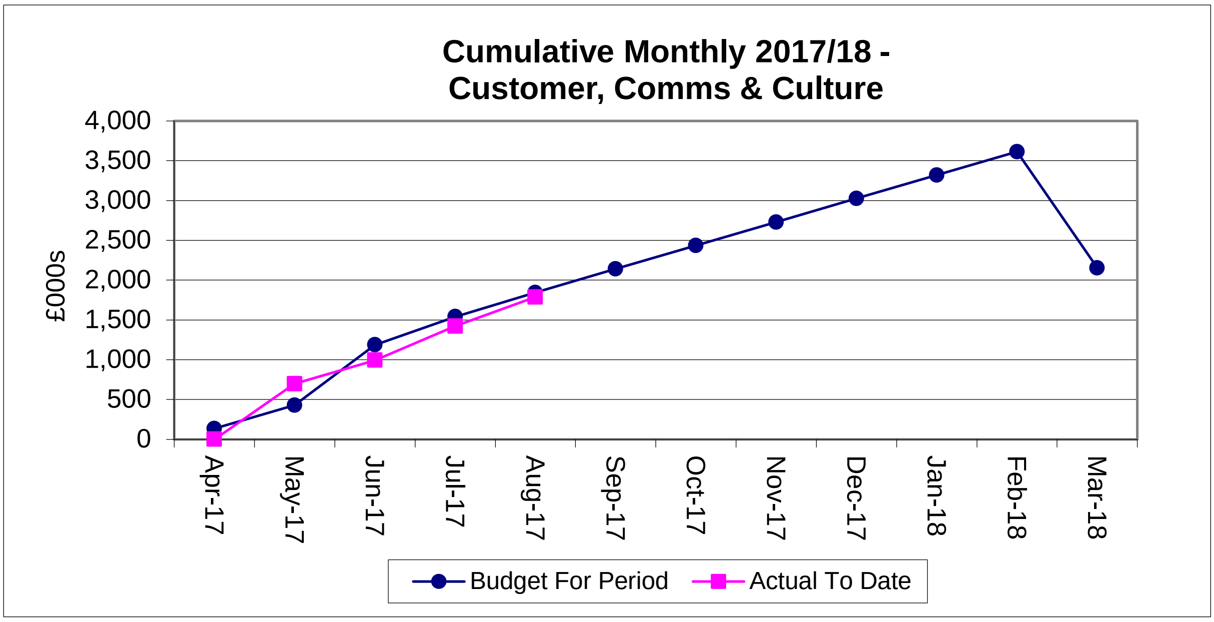
The following graphs show the monthly budget profile and income/expenditure to date for each general fund service for the financial year.

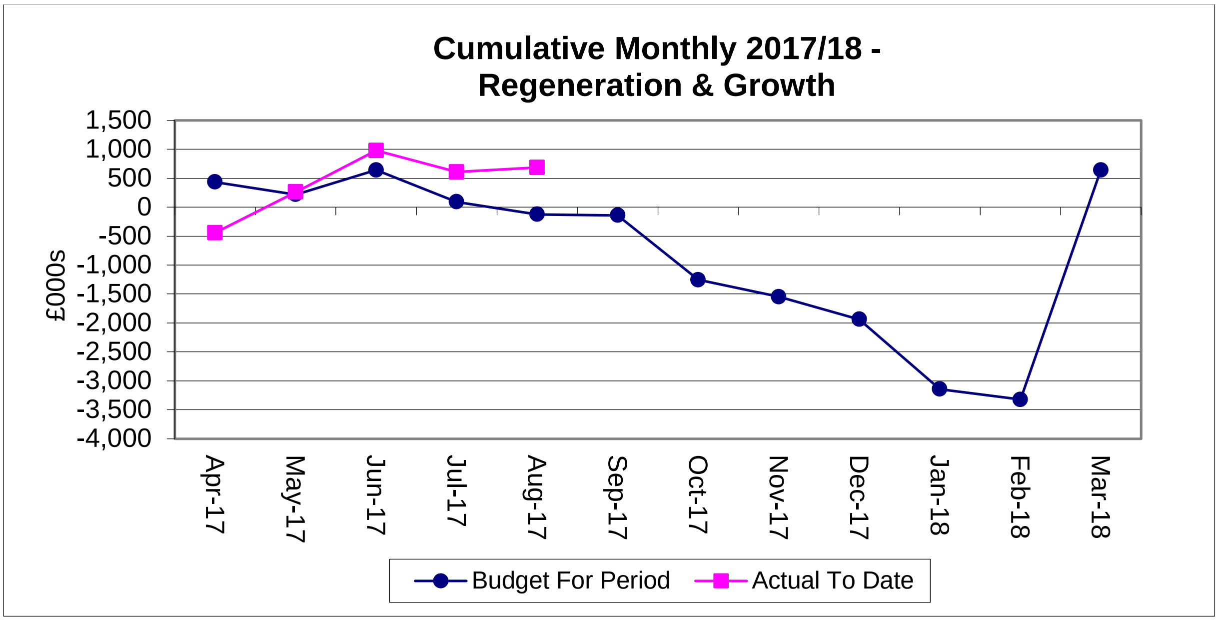
The actual income/expenditure reported is influenced by accrual provisions brought forward from the previous financial year, and by any delays in invoicing and/or payment.

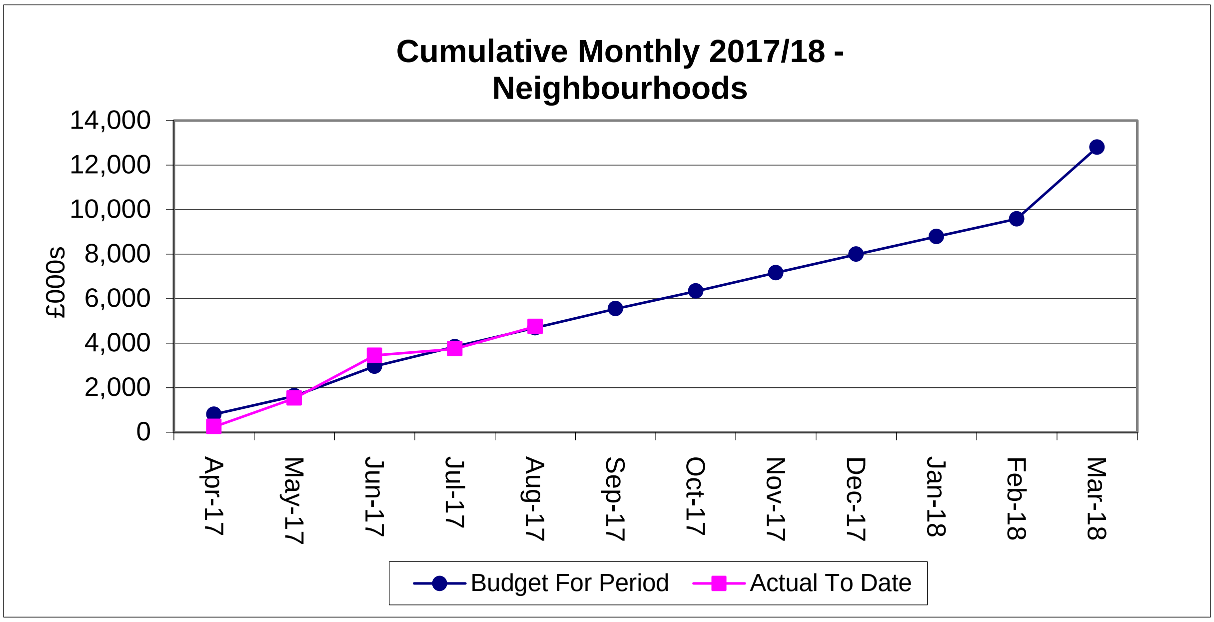
Budgets are profiled to show the expected pattern of income & expenditure, and will be refined and improved during the course of the financial year.

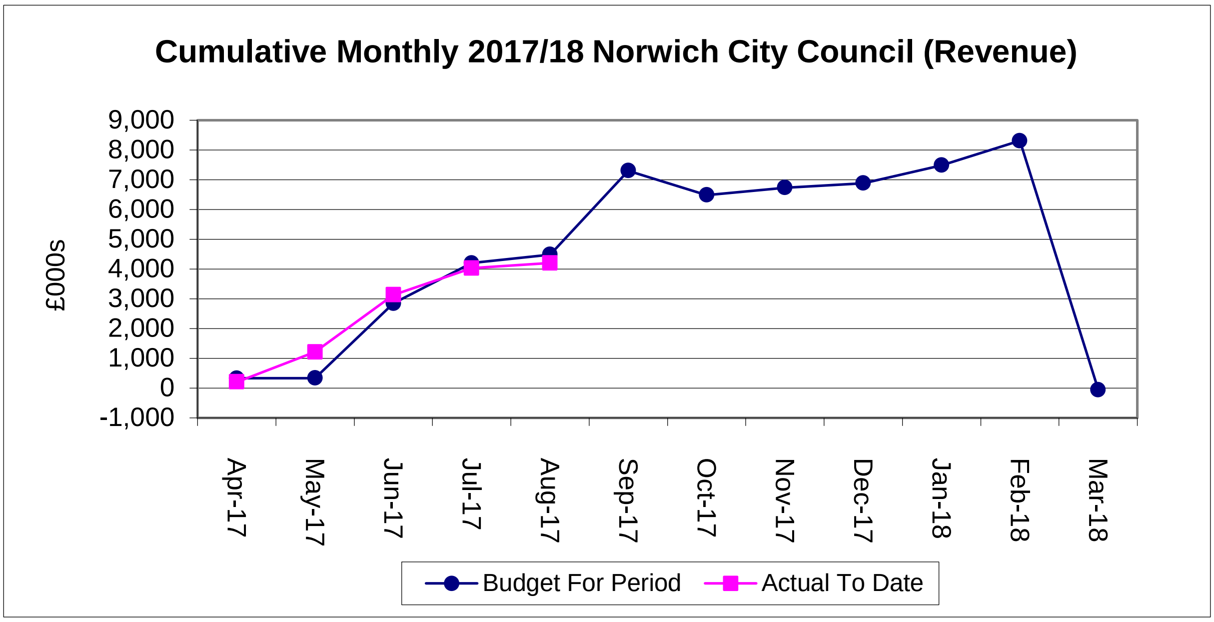



Cumulative Monthly 2017/18 -
Customer, Comms & Culture
£000s
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Apr-17
May-17
Jun-17
Jul-17
Aug-17
Sep-17
Oct-17
Nov-17
Dec-17
Jan-18
Feb-18
Mar-18
Budget For Period
Actual To Date


Cumulative Monthly 2017/18 -
Regeneration & Growth
£000s
1,500
1,000
500
0
-500
-1,000
-1,500
-2,000
-2,500
-3,000
-3,500
-4,000
Apr-17
May-17
Jun-17
Jul-17
Aug-17
Sep-17
Oct-17
Nov-17
Dec-17
Jan-18
Feb-18
Mar-18
Budget For Period
Actual To Date


Cumulative Monthly 2017/18 -
Neighbourhoods
£000s
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
Apr-17
May-17
Jun-17
Jul-17
Aug-17
Sep-17
Oct-17
Nov-17
Dec-17
Jan-18
Feb-18
Mar-18
Budget For Period
Actual To Date


Cumulative Monthly 2017/18 Norwich City Council (Revenue)
£000s
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
-1,000
Apr-17
May-17
Jun-17
Jul-17
Aug-17
Sep-17
Oct-17
Nov-17
Dec-17
Jan-18
Feb-18
Mar-18
Budget For Period
Actual To Date

| | | |
|---|---|---|
| **Report to** | Cabinet | **Item** |
| | 11 October 2017 | 10 |
| **Report of** | Chief finance officer (Section 151 Officer) | |
| **Subject** | Municipal Bonds Agency borrowing framework agreement | |

**Purpose**

To seek approval for the council to enter into the borrowing framework agreement prepared by the UK Municipal Bonds Agency.

**Recommendation**

To approve the council's entry into the UK Municipal Bonds Agency (UK MBA) framework agreement and its accompanying schedules including the joint and several guarantee.

**Corporate and service priorities**

The report helps to meet the corporate priority value for money services.

**Financial implications**

If the council takes borrowing via the UK MBA there will be savings in interest paid when compared with borrowing taken via the Public Works Loan Board (PWLB) and the money markets. These are anticipated to be 0.2 per cent when compared with the PWLB borrowing rates. This would equate to a saving of £20,000 per annum in borrowing costs on a £10m loan.

**Ward/s**: All wards

**Cabinet member**: Councillor Kendrick, resources

**Contact officers**


| | |
|---|---|
| Karen Watling, chief finance officer | 01603 212440 |
| Tina Stankley, senior technical accountant (interim) | 01603 212562 |


**Background documents**

None

# Report

## Background

Cabinet was presented with the report ‘Potential investment in the UK Municipal bonds Agency’ on 10 September 2014. This report outlined the set-up of the UK MBA by the Local Government Association (LGA), its rationale for setting up the UK MBA and its request for investment (in the form of share capital) by local authorities to cover the initial launch and operation of the UK MBA. Cabinet approved the investment of up to £100,000 to fund the mobilisation and implementation phases. The council has, to date, invested £50,000 with the UK MBA.

The council is now at the stage of needing to enter into a Framework Agreement if it wants to access funding from the UK MBA. The agreement includes an accession document confirming that the council has the necessary approvals to sign the agreement and a joint and several guarantee to those lending money to the UK MBA in respect of the borrowing of all other local authorities from the UK MBA.

The Framework Agreement details how the UK MBA expects to interact with the local authority borrowers, including detailing how the joint and several guarantee and contribution arrangement will work and documenting the loan standard terms and conditions.

## Framework agreement and the joint and several guarantee

The Framework Agreement in summary comprises:

- The Framework Agreement itself, which is primarily designed to prevent a call on the joint and several guarantee and lays out how the UK MBA will interact with local authorities.
- Schedule 1: Form of Authority Accession Deed, which local authorities sign to commit them to the Framework Agreement.
- Schedule 2: Form of Guarantee, which is the joint and several guarantee.
- Schedule 3: Loan Standard Terms, which is the loan agreement that covers any borrowing by an authority.
- Schedule 4: Form of Loan Confirmation, which supplements the Loan Standard Terms and confirms details of a loan such as principal, maturity, interest rate etc. It is signed by the UK MBA and a borrower.

By having a framework agreement in place with all authorities that want to borrow from the UK MBA it will be able to;

- issue bonds without having to prepare a full prospectus for each bond issue, thus reducing costs and complexity.
- list the financial instruments on the UK stock exchange
- reduce costs and attract potential investors by not having to have a separate credit rating and assessment of participating authorities for every tranche of financing.

The nature of the framework agreement means, that in practice, having it in place with all participating authorities that all borrowers are collectively and individually guaranteeing the debt of each and every borrower jointly and severally. However the risk of default by a local authority is very low. This has never happened to date. However, with Councils receiving less funding and needing to take on more risks and become commercial, the risk may now increase.

There is a statutory and prudential framework in place, under which local authorities operate, which is extremely strong and designed to prevent such a thing.

Also local authorities have access to the PWLB as lender of last resort and therefore can refinance any borrowings from the UK MBA by the PWLB if it cannot repay its debt to the UK MBA by other means.

Historically, the government has intervened when a local authority has found itself in difficulty or the government has deemed a local authority to be incapable of managing itself effectively.

**Legal advice and opinion**

Legal advice and opinion has been sought by a small group of authorities. This was procured independently of the UK MBA. The group commissioned Allen & Overy, a law firm specialising in financial transactions, to advise on the Framework Agreement. Allen & Overy engaged Jonathan Swift QC to provide senior counsel's opinion.

His main conclusions were:

- local authorities do have the power, in principle, to enter into the arrangement envisaged by the Framework Agreement; and
- whilst it would, in principle, be lawful for a reasonably financially robust local authority to enter into the commitments entailed in the Framework Agreement, the final assessment of whether or not it would be reasonable use of the in principle power must be made taking into account the specific financial position of each local authority, whether it is financially robust and the balance of the advantages and disadvantages of doing so.

The council has the power to enter into the Framework Agreement under Section 1 of the Localism Act 2011 – the general power of competence. Borrowing under the Framework Agreement will be under Section 1 of the Local Government Act 2003 – the power to borrow.

**Borrowing through the UK MBA**

The UK MBA will only lend to UK local authorities who can give a joint and several guarantee.

The UK MBA would prefer all borrowers to become shareholders. This ensures a strong alignment of interest between borrowers and shareholders, and is viewed positively by ratings agencies and the capital markets. This authority is a shareholder and will accordingly benefit from being charged a lower interest rate than if it were not a shareholder.

There is a transparent pricing structure for borrowing via the UK MBA. It will charge local authorities the interest the agency pays to obtain the funds it on-lends, plus any transaction costs up to a maximum of 0.5 per cent of the amount borrowed, plus a margin to cover its costs. This margin is currently set at:

- 0.10 per cent for shareholders; and
- 0.15 per cent for non-shareholders.

Transactions costs include the agency's credit rating agency fees, bank syndicate fees and legal costs. The council has the option to amortise these over the life of the loan or to expense them.

The agency will act as an intermediary, borrowing the money and on-lending it to local authorities on a matched basis to deliver cheaper capital finance to local authorities through periodic bond issues, as an aggregator for loans from other bodies such as the European Investment Bank, and facilitating longer term inter-authority lending via the Agency. Once the first bond issue has taken place local authorities will be able to borrow from the agency in a similar way as it does from the PWLB, although it may take a slightly longer time to go through the whole process than it currently does with the PWLB.

If a local authority wishes to repay a loan early the agency will pass on the cost of early repayment by a local authority (usually referred to as prepayment in financial services) to that local authority. However, the Agency will not profit from the transaction and will assist any local authority seeking early repayment to find the cheapest solution.

**Risks and Advantages**

As entering into the Framework Agreement and borrowing via the UK MBA is different in nature to borrowing from the Public Works Loan Board there are different risks associated with this.

There are inherent risks associated with the proposed structure, not least the joint and several nature of the guarantee. These are:

- the council's guarantee may be called independently of any other guarantee and for the full amount owing by the UK MBA under the financing document that is covered by the guarantee (and, therefore, such participating local authority is potentially liable to pay out amounts to the MBA that exceed the amounts borrowed).
- even though the council can terminate its guarantee, it will continue to guarantee the "Guaranteed Liabilities" entered into by the UK MBA before the termination date. The effect of this is that the Council's liability under its Guarantee may potentially continue in existence for many years after termination.

However, the risks associated with the joint and several guarantee are mitigated by the contribution arrangements. The Framework Agreement is such that the council's exposure, from a practical perspective, is proportional to the amount borrowed by the Council as a proportion of all non-defaulting loans made by the UK MBA.

The risk of a default by a local authority is very it low. Therefore the likelihood of having to contribute to a default is also very low. However, in changing times and Councils receiving less money and being advised to become more commercial, as referred to above this may increase.

There is a risk that the UK MBA does not observe its obligations under the Framework Agreement, but the council is entitled to expect that the UK MBA will do so. The LGA and local authorities control the UK MBA via their shareholdings so could intervene if the UK MBA did not abide by the Framework Agreement.

The prime advantage is the prospect of lower borrowing costs and the possibility to obtain types of loans that are not available from the PWLB. This is important as it is likely that the Council's need to borrow will increase in the immediate future. Borrowing will be required to both fund regeneration and housing schemes managed internally or to lend to council owned companies and Joint Ventures who will undertake the development. Borrowing will also be required to fund the commercial property acquisition programme – which is an important part of the Council's strategy to create new income streams to support the funding of core council services.

Therefore the potential advantage of achieving lower interest rates on Council borrowing more than offsets the low risk that a local authority defaults and the UK MBA is unable to recover the debts owed to it in order to repay the Council any contributions it is required to make.

The Framework Agreement only comes into effect if the council borrows from the UK MBA. If the council does not borrow, there is no risk to it arising from the contribution arrangements or joint and several guarantee. The council is not obligated to borrow via the UK MBA and even if it chooses to legally commit to borrowing via a bond issue, it will not be required to take a loan that is not cheaper than the PWLB, so the bond will not be issued. Therefore, the financial risk of the UK MBA either failing to deliver a saving or the council not borrowing having signed the Framework Agreement is eliminated.

| 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:** | 11 October 2017 |
| **Director / Head of service** | Karen Watling |
| **Report subject:** | Approval to enter into the Municpal Bonds Agency Framework Agreement |
| **Date assessed:** | 28 September 2017 |
| **Description:** | The authority can take borrowing from the Municipal Bonds Agency at a lower interest rate level than offered by the PWLB. however in order to do this it must enter into a framework agreement which would mean that is would be jointly and severally liable to repay the debt of any defaulting authority. this report outlines this and the risks and advantages of doing so. |

| | 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 | ☒ | ☐ | ☐ | |
| | | | | |
| **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** | ☒ | ☐ | ☐ | |
| | | | | |
| **(Please add an ‘x’ as appropriate)** | **Neutral** | **Positive** | **Negative** | **Comments** |
| **Risk management** | ☐ | ☐ | ☒ | |

| Recommendations from impact assessment |
| --- |
| **Positive** |
| |
| **Negative** |
| The use of the UK MBA to obtain external funding widens the options open to the authority and should result in savings in borrowing costs. In order to do this the council is required to enter into a framework agreement and a joint and several guarantee. However there are risks associated with this because of the joint and several arrangement. If an authority defaults on its debt repayments then all authorities who have borrowed from the MBA will be liable for debt and the liability will continue for as long as the loans remain outstanding even if the authority has already repaid all of its debt.<br>The risks are considered to be low and there are actions that can be taken to cover the debt by the defaulting authority before needing to call upon other authorities to cover the debt. |
| **Neutral** |
| . |
| **Issues** |
| |

| | | |
|---|---|---|
| **Report to** | Cabinet | **Item** |
| **Report of** | Chief finance officer | 11 |
| **Subject** | Treasury Management Full Year Review Report 2016-17 | |

## Purpose

This report sets out the Treasury Management performance for the year to 31 March 2017.

## Recommendation

To recommend that council:

1) Approves the actual 2016/17 prudential and treasury indicators in this report; and

2) Notes the Annual Treasury report for the year 31 March 2017.

## Financial implications

The report has no direct financial consequences however it does report on the performance of the council in managing its borrowing and investment resources.

**Ward/s**: All wards

**Cabinet member:** Councillor Kendrick, resources

**Contact officers**

| | |
|---|---|
| Karen Watling, chief finance officer | 01603 212440 |
| Tina Stankley, senior technical accountant interim | 01603 212562 |

## Background documents

None

**Report**

**Background**

1. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual review of its treasury management activities and the actual prudential and treasury indicators for 2016-17. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

2. This report details the results of the council's treasury management activities for the financial year 2016-17. It compares this activity to the Treasury Management Strategy for 2016-17, approved by Full Council on 23 February 2016. It will also detail any issues that have arisen in treasury management during this period.

**Introduction**

3. Treasury Management relates to the policies, strategies and processes associated with managing the cash and debt of the Council through appropriate borrowing and lending activity. It includes the effective control of the risks associated with the lending and borrowing activity and the pursuit of optimum performance consistent with the risks.

4. For the 2016/17 financial year the minimum reporting requirements were that full Council should receive the following reports:
    - an annual Treasury Management Strategy in advance of the year (Council 23 February 2016.
    - a mid-year Treasury Management Review report (Cabinet 14 December 2016).
    - an annual review following the end of the year describing the activity compared to the strategy (this report).

5. The regulatory environment places responsibility on members to review and scrutinise treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the council's policies which have previously been approved by members. This report summarises the following:-
    - Capital activity during the year (section 3)
    - Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement) (section 4)
    - The actual prudential and treasury indicators (section 4)
    - Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances (section 5)
    - Review of treasury strategy and economic factors (sections 6 & 7)
    - Borrowing rates and detailed debt activity (sections 8 & 9)
    - Investment rates and detailed investment activity (section 10)

## The Council's Capital Expenditure and Financing 2016-17

6. The capital programme was revised during 2016-17 from that agreed by full council at its meeting on 23 February 2016. The revised capital programme was reported in the mid-year Treasury Management Review report which was presented to cabinet on 14 December 2016. Actual spending was under budget for the year by £25.345m. Consequently the actual level of revenue and borrowing needed to finance the expenditure was less than that estimated. The actual capital expenditure forms one of the required prudential indicators. The table below shows the estimates and then the actual capital expenditure for 2016-17 and how this was financed in the year:

| **Capital Expenditure** | **2016/17 Original Estimate £m** | **2016/17 Revised Estimate £m** | **2016/17 Actual £m** | **(Underspend) /Overspend** £m |
|---|---|---|---|---|
| Non-Housing Capital expenditure | 35,164 | 23,574 | 6,600 | (16,974) |
| HRA Capital expenditure | 47,340 | 35,506 | 27,135 | (8,371) |
| | 82,504 | 59,080 | 33,735 | (25,345) |
| | | | | |
| **Financed by** | | | | |
| Capital Receipts | 11,682 | 11,709 | 3,692 | (8,017) |
| Capital Grants | 8,812 | 8,045 | 5,441 | (2,604) |
| Capital Reserves | 2,423 | 1,050 | - | (1,050) |
| Revenue | 26,104 | 26,104 | 11,049 | (15,055) |
| HRA Non-dwelling Depreciation | | | 13,553 | 13,553 |
| | 49,021 | 46,908 | 33,735 | (13,173) |
| Borrowing need for the Year | 33,483 | 12,172 | - | (12,172) |

7. Capital expenditure may either be:

- Financed immediately through the application of capital or revenue resources e.g. capital receipts, capital grants, revenue contributions etc.), which has no impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need, which will be satisfied by either external or internal borrowing.

## Council's overall borrowing need

8. The council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). The CFR arises as the Council incurs capital spending and then if it does not apply resources immediately to finance the capital spend, i.e. capital receipts, capital grants, capital reserves or revenue, a borrowing need arises. The 2016-17 CFR year-end balance is the cumulative total of the 2016-17 unfinanced capital expenditure (nil for 2016-17), and prior years' unfinanced capital.

9. Treasury Management includes addressing the funding requirements for this borrowing need; it also includes maintaining a cash position to ensure sufficient cash is available to meet the capital expenditure and cash flow requirements. This

may be sourced through borrowing from external bodies, e.g. the Government through the Public Works Loan Board (PWLB) or the money markets, or utilising temporary cash resources within the Council (known as internal borrowing).

10. Reducing the CFR – the council's (non-HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. This requirement is met by making an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-HRA borrowing need (there is no statutory requirement to reduce the HRA CFR).

11. The total CFR can also be reduced by either:

- the application of additional capital financing resources (such as unapplied capital receipts)
- charging more than the statutory MRP each year through a Voluntary Revenue Provision (VRP).

| | **2016/17 Original Estimate** | **2016/17 Revised Estimate** | **2016/17 Actual** |
|---|---|---|---|
| **General Fund** | **£m** | **£m** | **£m** |
| Opening balance | 38.746 | 19.121 | 32.508 |
| Add: Unfinanced capital expenditure (as above) | 24.373 | 13.812 | (0.064) |
| Less: MRP | (0.250) | (0.250) | (0.363) |
| Closing balance | 62.869 | 32.683 | 32.081 |
| | **2016/17 Original Estimate** | **2016/17 Revised Estimate** | **2016/17 Actual** |
| **HRA** | **£m** | **£m** | **£m** |
| Opening balance | 207.286 | 207.333 | 206.480 |
| Add: Unfinanced capital expenditure (as above) | 9.110 | (0.853) | (0.856) |
| Less: Finance lease repayments | | - | - |
| Closing balance | 216.396 | 206.480 | 205.624 |

12. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External borrowing can be taken or repaid at any time, but this does not change the CFR.

13. The Council's CFR for the year is shown below, and is a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

14. Borrowing activity is constrained by prudential indicators for borrowing and the CFR, and by the authorised limit.

**The actual prudential and treasury indicators**

15. **Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2016/17) plus the estimates of any additional capital financing requirement for the current (2017/18) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

| | **2016/17 Original Estimate £m** | **2016/17 Revised Estimate £m** | **2016/17 Actual £m** |
|---|---|---|---|
| Gross borrowing | 254.779 | 227.701 | 209.897 |
| CFR | 279.265 | 239.162 | 237.705 |

16. **The authorised limit -** the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2016/17 the Council has maintained gross borrowing within its authorised limit.

| | **2016/17 Original Estimate** | **2016/17 Revised Estimate** | **2016/17 Actual** |
|---|---|---|---|
| **Authorised Limit for external debt** | **£m** | **£m** | **£m** |
| Borrowing | 293.107 | 263.917 | 263.917 |
| Other long term liabilities | 1.672 | 1.672 | 1.672 |
| Total | 294.779 | 265.589 | 265.589 |
| **Operational boundary for external debt** | **£m** | **£m** | **£m** |
| Borrowing | 253.107 | 224.083 | 224.083 |
| Other long term liabilities | 1.672 | 1.762 | 1.762 |
| Total | 254.779 | 225.845 | 225.845 |
| | **£m** | **£m** | **£m** |
| Actual external debt | 254.779 | 225.845 | 209.897 |

17. The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

**Actual financing costs as a proportion of net revenue stream**

18. This indicator identifies the shows what the cost of capital is (borrowing and other long term obligation costs net of investment income) as a percentage of the net revenue stream. For the general fund the net revenue stream is the amount that is funded by government grants and council tax payers. For the HRA the net revenue stream is the rental income paid by tenants.

| Affordability of financing costs | 2016/17 Estimate | 2016/17 Actual |
|---|---|---|
| General fund - financing costs as a percentage of net revenue stream | 7.67% | 3.71% |
| HRA - financing costs as a percentage of rental income | 10.65% | 13.13% |

**Treasury Position as at 31 March 2017**

19. The Council's debt and investment position is managed by the treasury management service. All activities are undertaken primarily to ensure security for investments, adequate liquidity for revenue and capital activities, and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices.

20. The council's actual borrowing position at 31 March 2017 and activity during 2016-17 is detailed in the table below:

| Borrowing activity 2016-17 (excluding PFI/finance leases) | PWLB loans £m | Market loans £m | Total £m | Average interest rate % |
|---|---|---|---|---|
| Opening balance 01.04.16 | 213.857 | 5.000 | 218.857 | 4.29% |
| New borrowing taken in 2016-17 | - | - | - | |
| Borrowing matured/repaid in 2016-17 | (10.750) | - | (10.750) | |
| Closing balance 31.03.17 | 203.107 | 5.000 | 208.107 | 4.45% |
| Authorised limit for external debt | | | 293.107 | |

21. The maturity structure of the debt portfolio was as follows:

| Maturity Structure of fixed rate borrowing | Upper Limit per Strategy % | 31-Mar-17 % | £m |
|---|---|---|---|
| Under 12 months | 10% | 1.43% | 2.993 |
| Between 12 months and 2 years | 10% | 2.39% | 5.000 |
| Between 2 years and 5 years | 30% | 0.96% | 2.000 |
| Between 5 years and 10 years | 50% | 57.70% | 120.659 |
| Over 10 years | 95% | 37.52% | 78.448 |
| Total borrowing | | | 209.100 |

22. The difference between the closing balance of £208.107m in paragraph 6.2 above and the total of £209.987m debt disclosed in the table in paragraph 5.2 above is that the debt repayable within 12 months also includes accrued interest of £0.993m for the PWLB & Barclays loans and other liabilities of £0.796m which is largely relates to a perpetually irredeemable 3% loan stock valued at £0.5m.

23. The following table shows the movement in investments in the year.

| Investments | Actual 31 March 2016 | Net movements in year | Transferred between long term & short term | Actual 31 March 2017 |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| **Long Term** | | | | |
| Banks | 3.000 | - | (3.000) | - |
| **Short term** | | | | - |
| Banks | 10.000 | 18.000 | - | 28.000 |
| Building Societies | 25.000 | 0.100 | 2.300 | 27.400 |
| Local Authorities | - | | | - |
| **Cash Equivalents** | | | | - |
| Banks | 10.000 | 0.660 | | 10.660 |
| Building Societies | 2.300 | | (2.300) | - |
| Local Authorities | 8.000 | (0.500) | | 7.500 |
| **Total** | **58.300** | **18.260** | **(3.000)** | **73.560** |

24. The maturity structure of the investment portfolio was as follows:

| £'000 | 31-Mar-17 £m | 31-Mar-16 £m |
|---|---|---|
| Longer than 1 year | | 3.000 |
| Under 1 year | 73.560 | 55.300 |
| | **73.560** | **58.300** |

**The Strategy for 2016-17**

25. The expectation for interest rates within the treasury management strategy for 2016/17 anticipated low but rising Bank Rate, (with the first increase anticipated to be in June 2016), and gradual rises in medium and longer term fixed borrowing rates during 2016/17.

26. Investment returns were expected to remain relatively low during 2016/17 and beyond. Investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

27. Against this background and the risks within the economic forecast, a cautious approach will be adopted with the 2016/17 treasury operations. The Chief finance officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. The treasury strategy would be as to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

**The Economy and Interest Rates**

28. At the time of setting the Strategy in February 2016, the markets were forecasting short-term Bank Rate to increase to 0.75% from 0.50% by December 2016 for the first time since 2008, in response to the low inflation strong growth environment in the UK. However this first increase was pushed further into the future following the Bank of England Inflation Report in May 2016, which pegged back its growth forecast and factored in concerns over a Brexit vote to leave.

29. Long term rates were forecast to rise moderately over 2016/17 by around 0.30%, but remain extremely volatile and difficult to predict due to upside and downside external market influences. There were two major landmark events that had a significant influence on financial markets during the year. This was the UK EU referendum on 23 June 2016 and the election of President Trump in the USA on 9 November 2016

30. The UK voted to leave the European Union in the 23 June 2016 referendum. Shocks to the markets subsequent to this result and fears for Economic Growth led the Bank of England (BOE) to cut Base Rate on 4 August 2016 to 0.25% from 0.50%, for the first time since 2009, and increase Quantitative Easing (QE) by £60bn to £435bn. The graph shows the impact on interest rates due to these events. Short term rates dropped to 0.25% levels following the Base Cut and have remained flat since. Long term rates fell significantly after the Brexit vote but have

rallied since September 2016 as growth and consumer confidence confounded the pessimistic forecasts of the BOE.

31. Annual growth for 2016 was 1.8%, better than most G7 countries. Retail sales was 2.3% in April 2017, 4% higher than a year ago. Inflation rose sharply due to the effects of the sharp devaluation of sterling after the referendum. CPI was 2.7% in March and sterling was 17% down against the dollar. As a result of these figures the BOE did not alter rates during the rest of the financial year, seeing no reason for a further cut or increase. Inflation is not being seen as a problem to address as unemployment fell to its lowest in 42 years (4.6%), subduing any wage inflation inherent in the economy.

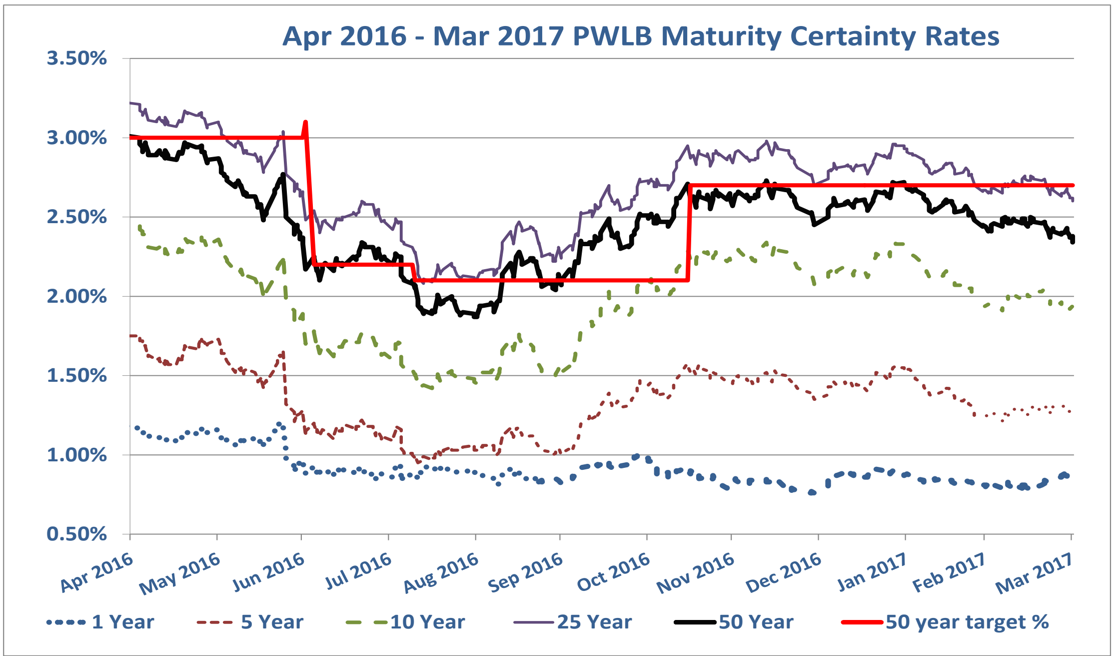
32. Market expectations for the first increase in Bank Rate moved forward to December 2018 by the end of March, in response to the increases in inflation, with the next increase in Base Rate not expected until June 2019.

33. The US voted for President Trump in their election on 9 November 2016. He has promised expansion of infrastructure expenditure in the US at the same time as promising to cut taxes. Stock markets in the US reached record highs since the election. The Fed raised interest rates by 0.25% in December 2016 to 0.75% in response to rising growth and inflation. Annual growth for the US was 1.6% in 2016.

34. The European Central Bank (ECB) announced its commitment to extend QE by another 9 months to December 2017 and cut rates to negative territory in an attempt to boost the European economy and get inflation up from near zero levels. This resulted in an overall growth figure of 1.7% in 2016 for the EU, with Germany achieving a rate of 1.9%, the fastest growing G7 country.

**Borrowing Rates in 2016-17**

35. **PWLB borrowing rates -** the graphs and table for PWLB maturity rates below show for a selection of maturity periods, the high and low points in rates, the average rates, spreads and individual rates at the start and the end of the financial year.

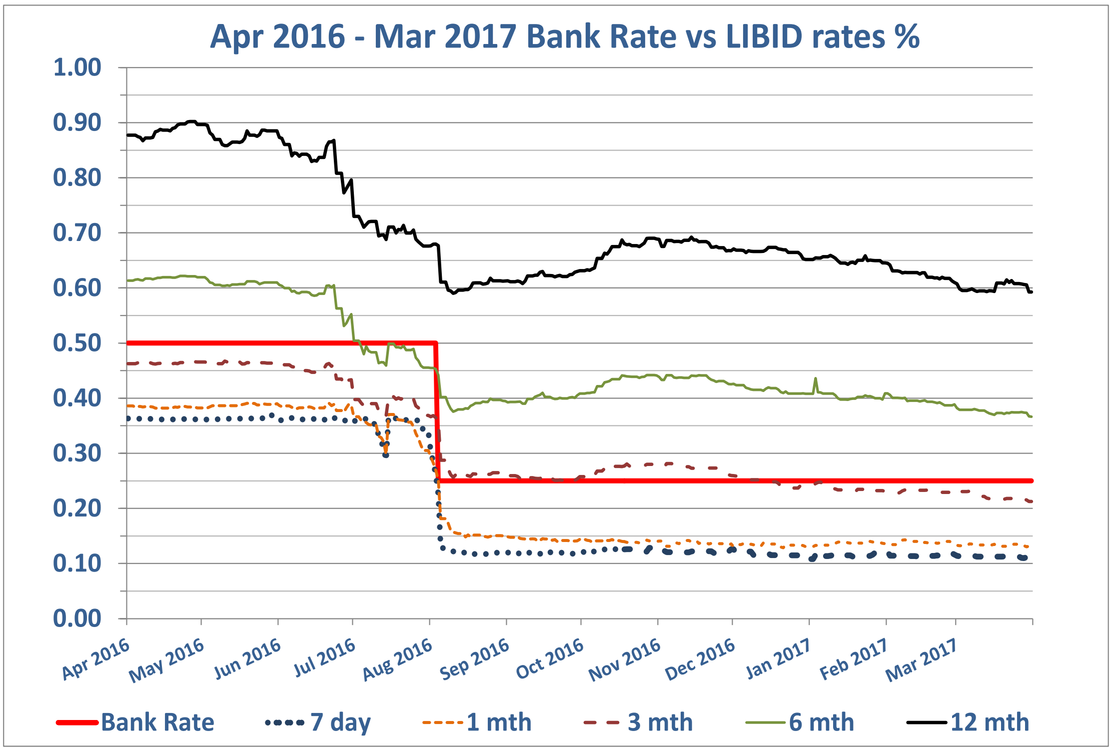


| | 1 Year | 5 Year | 10 Year | 25 Year | 50 Year |
|---|---|---|---|---|---|
| 1/4/16 | 1.13% | 1.62% | 2.31% | 3.14% | 2.95% |
| 31/3/17 | 0.83% | 1.24% | 1.91% | 2.60% | 2.34% |
| Low | 0.76% | 0.95% | 1.42% | 2.08% | 1.87% |
| Date | 20/12/2016 | 10/08/2016 | 10/08/2016 | 12/08/2016 | 30/08/2016 |
| High | 1.20% | 1.80% | 2.51% | 3.28% | 3.08% |
| Date | 27/04/2016 | 27/04/2016 | 27/04/2016 | 27/04/2016 | 27/04/2016 |
| Average | 0.93% | 1.36% | 2.01% | 2.72% | 2.49% |

**Borrowing Outturn for 2016-17**

36. Due to investment concerns about counterparty risk and low investment returns, no borrowing was undertaken during the year. However during 2016-17 £10.750m of PWLB debt was repaid.

37. During 2016-17 the council paid £9.5m in interest costs, this compares to a budget of £9.4m.




**Investment Rates in 2016-17**

38. After the EU referendum, the bank base rate was cut from 0.5% to 0.25% in August and has remained at that level since. Market expectations as to the timing of the start of monetary tightening started the year at quarter 3 2018, but then moved back to around the end of 2019 in early August before finishing the year back at quarter 3 2018. The 2015-16 low levels of Deposit rates continued into 2016-17, then continued to fall. This resulted in MPC at its August meeting making a large tranche of cheap financing available to the banking sector by the Bank of

England. Rates made a weak recovery towards the end of 2016 but then fell to fresh lows in March 2017.

**Investment Outturn for 2016-17**

39. The Council's investment policy is governed by CLG guidance, which was implemented in the annual investment strategy approved by the Council on 23 February 2015. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps [a financial swap agreement that the seller of the CDS will compensate the buyer in the event of a loan default or other credit event]., bank share prices etc.).

40. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

**Resources**

41. The Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources comprised:

| Balance Sheet Resources | 31-Mar-17 | 31-Mar-16 |
|---|---|---|
| | £m | £m |
| Balances | 44.727 | 38.347 |
| Earmarked Reserves | 3.699 | 3.935 |
| Useable Capital receipts | 26.554 | 17.313 |
| Capital grants Unapplied | 4.879 | 3.200 |
| **Total** | **79.859** | **62.795** |

**Investments held by the Council**

42. The Council's year-end balance was £73.560m of internally managed funds. The internally managed funds earned an average rate of return of 0.75%. The target performance indicator was the average 7-day LIBID rate for the year, which was 0.20%.

43. The Council is part of a benchmarking group (run by our treasury management advisors, Capita Asset Services) across Norfolk, Suffolk & Cambridgeshire. The table below shows the performance of the Council's investments when compared with this benchmark group, and also when compared with the non-metropolitan districts and all authorities that use Capita's benchmarking group facility.

| Capita benchmarking - position at 31 March 17 | | | | |
|---|---|---|---|---|
| | **Norwich** | **Benchmark group (11)** | **Non-met districts(87)** | **All authorities (218)** |
| WARoR[1] | 0.75% | 0.69% | 0.57% | 0.55% |
| WA Risk[2] | 5.13 | 4.25 | 3.71 | 3.4 |
| WAM[3] | 149 | 121 | 105 | 97 |
| WATT[4] | 283 | 249 | 204 | 197 |

44. The council's average investments return (0.75%) is higher than that for the benchmark group (0.69%), and it was also higher than both the 87 non-met authorities at 0.57% and the population of 218 local authorities at 0.55%.

1 WARoR – Weighted average rate of return. This is the average annualised rate of return weighted by the principle amount in each rate

2 WA Risk – Weighted average risk number. Each institution is assigned a colour to a suggested duration using Sector's credit methodology. The institution is assigned a number based on its colour and an average, weighted using principal amount, of these numbers is calculated. A number of 5.13 means between 0 to 3 months

3 WAM Weighted average time to maturity. This is the average time, in days, until the portfolio matures, weighted by the principle amount

4 WATT – Weighted average total time. This is the average time, in days, that deposits are lent out for, weighted by the principle amount

# Integrated impact assessment

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:** | 11 October 2017 |
| **Head of service:** | Karen Watling |
| **Report subject:** | Full Year Treasury Management Report |
| **Date assessed:** | 28 September 2017 |
| **Description:** | This report is to inform members of the actual treasury activity for the year and compares that to the treasury management indicators set in the Treasury Management Strategy for 2016-17. |

| | Impact | | | |
|---|---|---|---|---|
| **Economic (please add an ‘x’ as appropriate)** | **Neutral** | **Positive** | **Negative** | **Comments** |
| **Finance (value for money)** | ☐ | ☒ | ☐ | The report has no direct financial consequences however it does report on the performance of the Council in managing its borrowing and investment resources |
| **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 | ☒ | ☐ | ☐ | |
| **(Please add an 'x' as appropriate)** | Neutral | Positive | Negative | Comments |
| Risk management | ☒ | ☐ | ☐ | |

| Recommendations from impact assessment |
| --- |
| **Positive** |
| |
| **Negative** |
| |
| **Neutral** |
| |
| **Issues** |
| |