Report for Information

Report to	Executive 29 September 2010	8
Report of	Director of Regeneration & Development	
Subject	Norfolk County Council Local Economic Assessment Consultation	

Purpose

To inform members that Norfolk County Council is currently undertaking a consultation on the Norfolk Local Economic Assessment which is expected to provide a common evidence base for Norfolk and its sub-regional economies. District Members, LSPs, the Shaping Norfolk's Future (SNF) Management Board and other stakeholders are being consulted as part of the process.

Recommendations

To approve the Greater Norwich Local Economic Assessment and the Norwich City Council response to the Norfolk Local Economic Assessment and Executive Summary and to the Greater Norwich Executive Summary.

Financial Consequences

The financial consequences of this report are nil.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority "Strong and prosperous city – working to improve quality of life for residents, visitors and those who work in the city now and in the future" and the service plan priority "Build, manage and develop relationships locally, regionally and nationally with and between key economic stakeholders and businesses to drive a shared economic vision and agenda for Norwich."

Executive Member: Councillor Morphew – Leader of the Council

Contact Officers

Sharon Quantrell	01603 212457
Ellen Tilney	01603 212501

Report

Context

1. The Local Democracy, Economic Development and Construction Act (2009) placed a new duty on upper tier authorities to prepare an assessment of the economic conditions of their area. The Government does not require a Local Economic Assessment (LEA) to be produced in line with the published statutory guidance (and may revoke the duty itself); however there is general support for continuing with the LEA.
2. The LEA is an analytical document which gives an agreed assessment of local economic conditions. It is essential to underpin policy development with a good evidence base. Therefore, the economic assessment should influence services delivered by the local authority and its partners, so that they address relevant market failures and tackle disadvantage more effectively.
3. In particular, it will help a new Local Enterprise Partnership to understand Norfolk's sub-regional economies and to prioritise activity to address weaknesses. This is important given the recent announcement of the Regional Growth Fund initiative and the timing for first round bids to the Fund.

LEA Documents

4. The Norfolk LEA comprises a suite of documents:
   - Countywide executive summary
   - Countywide technical assessment
   - Local profiles – main reports and summaries for the Greater Norwich sub-region i.e. Broadland, Norwich and South Norfolk and individually for the other four districts (Breckland, Great Yarmouth, King's Lynn & West Norfolk and North Norfolk).
   - Technical appendix – containing the references, sources and the forecasting model.
5. All the documents (except the technical appendix) can be viewed through the following link:

http://www.norfolk.gov.uk/Business/Economic_intelligence/index.htm

6. After the consultation, the final versions of the documents will be accessed via Norfolk Insight (the county data observatory).

Background

7. The Greater Norwich Economic Assessment was written by Norwich City Council's Economic Development Service on behalf of the Greater Norwich Development Partnership and was initially produced in 2009 and subsequently updated in August 2010. It provides the evidence base for the Greater Norwich Economic Strategy; supporting evidence for the GNDP Joint Core Strategy and feeds into the Norfolk Local Economic Assessment as the "local profile" for Greater Norwich as a whole and for the three individual districts (Broadland, Norwich and South Norfolk).

8. Local profile reports for the other Norfolk districts have been produced by the County Council. In the greater Norwich area: Norwich, Broadland and South Norfolk have prepared a Greater Norwich Economic Assessment.
9. The Norfolk LEA will inform a future review of the economic strategy for the county, together with other strategies and policy - including the Sustainable Community Strategy and Local Development Frameworks.
10. The Norfolk LEA, the Norfolk LEA Executive Summary and the Greater Norwich LEA Executive Summary have been produced by Norfolk County Council.
11. A detailed response has been made to each of these documents using the following consultation headings.
    - *Do you recognise this as an accurate picture of Norfolk / your local area?*
    - *Do you agree with the key findings?*

12. The main thrust of the response is that the 3 reports (countywide executive summary, countywide technical assessment and the Greater Norwich Executive Summary written by Norfolk County Council) underplay the extent and depth of deprivation in Norwich and the significance of the city as an economic driver. The Greater Norwich local profile has been written by Norwich City Council’s Economic Development Team and provides an accurate analysis)
13. The detailed response to each of the reports can be found in the appendices.
14. It is important that the Local Economic Assessment accurately reflects local economic conditions in Norwich as it will be used at a county level to inform strategy and policy.

Appendices

Norfolk LEA Consultation Draft - Norwich Response

Response to consultation questions:
Do you recognise this as an accurate picture of Norfolk / your local area?
Do you agree with the key findings?

2. Norfolk the Place

Norwich City Council do not recognise this section as providing a true representation of Norwich's role within the County. Norwich is a major regional service centre and exerts a powerful economic, social and cultural influence over the county. The Norwich urban area is the largest centre of employment in the region and is a diverse knowledge-based economy.

Norfolk has a, relatively self-contained labour market, not as stated "a self-contained economy". If this were the case, the supply and demand for goods and services would only take place in Norfolk. In reality, local economies are not closed economies and are part of the global economy.

Detailed comments:

- 2.2.3 Birmingham and Liverpool can also be reached directly by rail from Norwich
- 2.2.6 This paragraph should state that Norwich is a city
- 2.2.10 Norwich is a *major* regional service centre and exerts a powerful economic, social and cultural influence over the county. The Norwich urban area is also the largest centre of employment in the region and is a diverse knowledge-based economy.
- 2.2.13 The retail footprint 2010 study by CACI ranks retail centres by expenditure and it shows that with spend of £1.18b Norwich is ranked at number 10 in the UK and number 1 in the region

3. Business and enterprise

Norwich City Council believes that this section underplays the importance of the City (and urban areas in general), in employment terms. It should also be noted that while small businesses play an extremely important part in ensuring the sustainability of an economy, the contribution made by large firms, many of which are global players, should not be underestimated.

Detailed comments:

- 3.1.4 Despite being a large rural county, the majority of **jobs** are situated in the urban areas (56%)
- There is no consistency between the length and depth of analysis for each sector e.g. creative industries 6 paragraphs (which actually says very little

about employment in the sector) compared to financial and insurance industries with one paragraph

- Unless (as in the case of Norwich Research Park) there is independent evidence that assesses a sector/industry/enterprise hub as “world class” the term has no place in an analytical document e.g. EPIC and Hethel.
- 3.1.5 The Research Centres based at NRP are not sectors
- 3.1.11 how does tourism employment compare to region and England?
- 3.1.20 Employment data is available for the energy sector and should be included (SIC 2007 06.2, 09.1, 28.11)
- 3.1.32 Why does the analysis in the Business and Professional services sector differ so much from the other sectors? Figure 5 which accompanies the section has little relevance and should be taken out.
- 3.1.34 Although large businesses (200+ employees) account for “just one per cent” of businesses in Norwich, they employ 39% of the workforce (Greater Norwich 35% and Norfolk 27%)

Economic competitiveness

It is widely recognised that wages are only one small factor in what makes an area competitive for business and in what influences the location decisions of organisations. The skills levels of the available workforce play a major part as do the quality and scope of physical and business infrastructures; market demand and links to international markets; institutional infrastructure and networks; a 'culture' supporting civic life and entrepreneurship; indigenous company growth; agglomeration economies and technological development

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Detailed comments:

- 3.2.5 It would be surprising if GVA productivity in Greater Norwich was above the East of England average (which is one of the highest in the country after London and the south east), the only areas in the region that have higher than regional average GVA are those that lie close to London. It can be suggested therefore that agglomeration has an impact on productivity. The following factors may also contribute to relatively low productivity in Norfolk: low levels of large businesses, higher levels of part-time workers and lack of labour mobility and competition
- How do low wages make Norfolk a more competitive place for business? If this were the case surely it would be reflected in higher than average productivity levels? The UK Trade and Investment agency (5/8/2010) cites the flexibility of a workforce as being in the top 5 criteria for inward investment in the UK. This is different to low wages.

Property values

As a UK top 10 retail centre comparison should be made with other similar centres for retail vacancy rates. Norwich's retail sector has weathered the recession well compared to similar-sized cities.

Detailed comments:

- The whole of this section needs to be more focussed and could be condensed into fewer paragraphs.
- This section does not really require a graph. Is it likely that a large rural county would have a shortage of employment land?
- The retail vacancy rate data does not compare rates across the same timescale; data ranges from February 2009 to January 2010 and therefore does not compare like with like. Also Figure 11 refers to business unit vacancies rather than retail units. Is the market towns analysis undertaken on the same basis as Norwich, Gt. Yarmouth and King's Lynn?

Growth Sectors

Norwich City Council does not recognise this section as providing an accurate assessment of "growth sectors". For example, Norfolk has a population comprising a higher proportion of older people than at the national level; therefore health and social care could be expected to be defined as a "growth sector" for the county but it does not appear. Growth sector analysis should be supported by evidence.

Detailed comments:

- This section needs tightening up and more consideration given to the grouping of sectors in order to make more sense to the reader
- This section vastly underplays Norwich Research Park which leads the world in research in agrifood, health and environmental sciences according to independent analysis - with the John Innes Centre/Sainsbury Laboratory, Institute of Food Research and School of Environmental Sciences being placed first, second and third globally in their respective fields (note they are not independent research centres). NRP has already generated a number of high-value spin-out companies (e.g. in drug development, DNA profiling, genomics and software development).
- 3.2.30 The financial services sector in Norwich, which has been recognised nationally as a "true" cluster should also be expanded

Enterprise and innovation

Small numbers of new businesses alongside higher survival rates generally suggest a less than dynamic business environment. Norwich needs to further increase the number of new business starts to support the sustainability of its economy but the city has a very different dynamic to that of the rest of Norfolk.

Detailed comments

- The terms employed in this section should be made more user friendly e.g. new businesses rather than birth rate, business closures rather than death rate
- Why is the survival rate analysed at district level when births and deaths are not? This should be removed and dealt with in the district Annex. Also small numbers of new businesses alongside higher survival rates generally suggest a less than dynamic business environment.

Business Needs

This section requires further explanation to place it in context. As it stands it does not explain how the needs of Norfolk and Norwich's businesses "fit" with the needs of businesses generally and if the issues should be dealt with at a national or a local level.

Detailed comments:

- Needs an explanation of the scope of the Norfolk Perceptions Study
- How do the needs of local business compare to those identified at the national level? Are they very different?

Labour Market

The county is not an appropriate level for labour market analysis, particularly for Norfolk where the physical size of the county and lack of cross-county public transport links mean that a vacancy in Norwich is unlikely to be accessed by a jobseeker in King's Lynn (with the exception of high level occupations).

Detailed comments:

- 4.2 Higher levels of economic inactivity in Norwich are driven, in part, by the large number of students living in the city
- Vacancies – explain that job vacancies at Jobcentres tend to be at the lower value end.

Skills and education

This section does not accurately reflect the state of skills and education in Norfolk and Norwich. The polarisation of skills in Norwich, which has a large proportion of *residents qualified to degree level and above, alongside low levels of school qualification attainment needs particular consideration. Norwich is a major centre for Further and Higher education but too many of its young people are losing out on the opportunities available because of low school achievement.*

Recently school attainment has got better in Norwich but it remains well below the national average. If school attainment does not improve markedly many of Norwich's young people will face a lifetime of worklessness and economic inactivity as the demand for high level skills increases and the supply of low skill work decreases. This is acutely significant in Norwich which has seen high levels of in-migration and which retains many highly qualified UEA graduates.

- There is nothing about FE/HE institutions in this section

- School leavers – as the data is given in a Table, much of the actual data could be cut out of the text and replaced with analysis of the data e.g. what does this tell us about Norfolk's future workforce?

- 4.3.27 Analysing the implications of the qualifications data is not difficult as stated – the implications of continuing low qualification attainment in Norfolk are that low levels of productivity will continue and wage levels will remain below the regional and national averages. The reasons underlying lower than average qualification attainment in Norfolk are manifold and most are listed in 4.4.20 under barriers to employment

Economic Inclusion

Norwich City Council does not accept this section as an accurate assessment of economic inclusion. Analysis at county level has diluted the problems of worklessness that affect the urban areas.

Detailed comments:

- 4.4.19 "Ethnicity is not a pronounced issue in Norfolk" This statement should be removed.

- 4.4.26 Where is the evidence for the statement "the more deprived urban areas are typically more dependent upon public sector administrative employment"? The only data source available at ward level by occupation and by industry is from the 2001 census - data for deprived urban wards in Gt Yarmouth and in Norwich does not support this statement.

- Employment prospects, duplicates and in some places, contradicts, previous labour market section

Overview of deprivation indicators

This section underplays the extent i.e. the sheer numbers of people suffering deprivation in Norwich and the effect that deprivation has on people's life chances.

Detailed comments:

- A simple Table giving local area data would be useful here; the map is too small to provide meaningful information.
- 4.4.40 Deprivation data has been given for Gt. Yarmouth and Norwich but not for King's Lynn although it is referred to in the text. What percentage of the population in King's Lynn live in LSOAs within the most deprived 10% in the country?
- 4.4.41 Although, comparing 2004 and 2007 indices of deprivation, Norwich has marginally fewer LSOAs in the most deprived 10% in the country overall, the number of LSOAs in the most deprived 10% in the country actually increased on the education and health indicators.
- Norwich is ranked as the 49^{th} most deprived district nationally and the most deprived in the region on the Extent measure which measures the proportion of a local authority's population living in the most deprived LSOAs in the country
- Pockets of health deprivation are also notable in Norwich wards (33.02% of Norwich population fall into 10% most deprived areas nationally on health and disability indicator compared to 23.33% in Gt. Yarmouth)
- 4.4.71 Norfolk's low crime rate is a potential selling point for the county not a given. Low crime rates will be considered by individuals and families looking to relocate but there is little evidence that they are a determinant in inward investment decisions, if they did, Norfolk would be more attractive to inward investors than London, Manchester, Leeds etc.

Sustainable economic growth

Sustainable economic growth is more than being "green" although this is very important, it's about a balanced economy and economic growth that is sustainable in the long-term, so it is also about addressing deprivation, home grown jobs and businesses, the sustainability of knowledge economy jobs etc.

Detailed comments:

- Data is available on car use, use of public transport, carbon emissions, recycling of waste etc – it needs to be included here
- The Natural and Historic Environment section does not sit under "Sustainable Economic Growth", it should be in the tourism section. There is nothing in this section that relates to the *sustainability* of the Natural and Historic Environment.
- Sustainable economic growth is more than being "green", it's about economic growth being sustainable in the long-term, so it is also about deprivation, home grown jobs and businesses, the sustainability of knowledge economy jobs etc. Reference should be made to the fact that we are aware of this

Housing and infrastructure

This section is essentially accurate and the significance of the city as an engine of growth and centre of employment has been taken into consideration.

Detailed comments:

- Last bullet point under Transport and Accessibility, “offer potential for modal shift” is jargon and requires rephrasing
- 5.2.37 The statement that “Broadband could also help to empower the disabled and disadvantaged” should be reworded to explain exactly what this means
- 5.2.40 Needs explanation that Babcock is a private sector provider which has been attracted to the city by its critical mass

Recession

Given that this document is an assessment of Norfolk’s economies it should not be necessary to have a “recession” section - this should already have been dealt with in the other sections.

Detailed comments:

- Most of this section is superfluous and could be dealt with in one short paragraph at the beginning of the document.
- Recession in Norfolk duplicates earlier sections

Demographic forecasts

Detailed comments:

- Too much technical detail that should be in a footnote/endnote, which could also note the differences between ONS and County Council projections.
- What does the forecast change imply for the local economy?

Economic forecasts

Detailed comments:

- It has taken 5 paragraphs to say that economic forecasting is an inexact science and the results should be treated with caution. However, despite this, paragraph 8.27 provides a district by district analysis with absolute increases and falls in employment! This should have been kept to a county level or Greater Norwich level analysis.
- 8.2.13 The forecast reduction in Manufacturing employment and 42% fall in engineering employment in Norfolk by EEFM for the period 2008-2031 has not been included in the text.

Conclusions

The conclusions section should be amended to take account of the Norwich City Council response.

Norfolk LEA Executive Summary Consultation Draft - Norwich Response

Response to consultation questions:
Do you recognise this as an accurate picture of Norfolk / your local area?
Do you agree with the key findings?

The main response has been provided to the Norfolk LEA document, detailed comments to the Executive Summary are provided below

Key findings for Norfolk

- 3rd bullet point – Norfolk's remarkable natural environment, built heritage, quality of life and low crime rates are a major attraction for tourism and in-migration but have not yet proved to be a major attraction for inward investment.
- 4th bullet point - Pockets of health deprivation are also notable in Norwich wards (33.02% of Norwich population fall into 10% most deprived areas nationally on health and disability indicator compared to 23.33% in Gt. Yarmouth)
- 7th bullet point – This underplays urban deprivation. Should be rephrased to state that severe deprivation affects urban wards in Gt. Yarmouth, Norwich, King's Lynn and Thetford alongside pockets of deprivation in some rural areas.
- Last bullet point - Are the concerns of Norfolk businesses specific to the locality or do they reflect the concerns of businesses regionally and nationally?

Norfolk the Place

- Paragraph 1 should state that Norwich is a city
- Norwich is a *major* regional service centre and exerts a powerful economic, social and cultural influence over the county. The Norwich urban area is also the largest centre of employment in the region and is a diverse knowledge-based economy.

Business and enterprise

- Despite 64.6% of VAT registered businesses being located in the rural areas of Norfolk, the majority of **jobs** are situated in the urban areas (56%).
- Unless (as in the case of Norwich Research Park) there is independent evidence that assesses a sector/industry/enterprise hub as "world class" the term should not be used as a descriptor in an analytical document e.g. reference to Hethel Engineering Centre
- Employment data is available for the energy sector and should be included (SIC 2007 06.2, 09.1, 28.11)

Economic competitiveness

- How do low wages make Norfolk a more competitive place for business? If this were the case surely it would be reflected in higher than average productivity levels?

Property values

- The retail vacancy rate data does not compare rates across the same timescale; data ranges from February 2009 to January 2010 and therefore does not compare like with like.

Growth Sectors

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- 3.2.30 The financial services sector in Norwich, which has been recognised nationally as a “true” cluster should also be expanded

Enterprise and innovation

- The terms employed in this section should be made more user friendly e.g. new businesses rather than birth rate, business closures rather than death rate
- Small numbers of new businesses alongside higher survival rates generally suggest a less than dynamic business environment.

Business Needs

- How do the needs of local business compare to those identified at the national level? Are they very different?

Labour Market

- The lower level of economic activity in Norwich is driven, in part, by the large number of students living in the city

- Vacancies – need to explain that job vacancies at Jobcentres tend to be at the lower value end.

Skills levels

- Norwich and South Norfolk have markedly higher proportions of the working age population qualified to Level 4+ than the rest of Norfolk.
- Norwich has poor levels of school attainment at age 16 years
- Norwich in particular suffers from a polarisation of skills within the labour market

Overview of deprivation indicators

- Deprivation data has been given for Gt. Yarmouth and Norwich but not for King's Lynn although it is referred to in the text. What percentage of the population in King's Lynn live in LSOAs within the most deprived 10% in the country?
- Norwich is ranked as the 49th most deprived district nationally and the most deprived in the region on the Extent measure which measures the proportion of a local authority's population living in the most deprived LSOAs in the country
- Although, comparing 2004 and 2007 indices of deprivation, Norwich has marginally fewer LSOAs in the most deprived 10% in the country overall, the number of LSOAs in the most deprived 10% in the country actually increased on the education and health indicators.

Sustainable economic growth

- Data is available on car use, use of public transport, carbon emissions, recycling of waste etc – it needs to be included here

Recession

- Recession is a technical term implying 2 successive quarters when the economy shrinks, it cannot be taken down to a county level i.e. if the UK as a whole stays out of recession so will the county.

Greater Norwich LEA Executive Summary Consultation Draft - Norwich Response

Response to consultation questions:
Do you recognise this as an accurate picture of Norfolk / your local area?
Do you agree with the key findings?

In the main, the Greater Norwich LEA Executive Summary is accurate because it has been taken directly from the GNDP's Greater Norwich LEA. However, the following sections require amendment:

Business and enterprise

- Employment in Creative Industries is lower than *regional and national* averages

Economic Activity and Employment

Replace first 2 bullet points with the following redraft:
- The economic activity rate of Greater Norwich's working age population is similar to the regional rate and higher than the national rate. Broadland and South Norfolk have a higher rate of economic activity than in Norwich, where the rate is below regional and national rates and is accounted for, in large part, by the high student population.

Educational attainment and participation

Take out the first bullet point which provides too much detail for an executive summary and which appears to be summarised in the second bullet point.

Economic Inactivity

Replace with the following redraft:
- Greater Norwich's economic inactivity rate is below that of the county as a whole. However, economic inactivity rates differ across the three districts; the rate in Norwich is above that of the county and the region but below the national rate.

Breakdown of full-time and part-time employment

Replace with the following redraft:
- Greater Norwich has a similar proportion of full-time and part-time workers to that of Norfolk as a whole. However, Greater Norwich and each of the three districts have higher proportions of part-time workers than at the regional and national levels.

Jobs Density

Replace with the following redraft:

The jobs density (ratio of jobs to residents) in the Norwich local authority area has remained, consistently, above densities for Norfolk and for the region. This is explained by the relatively high level of employment in the Norwich local authority area compared to the number of residents. Norwich's high jobs density is sustained by commuting levels from Broadland and South